NANPAO









2025

Corporate Sustainbility Report

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0.1 About This Report

Editing Principles of the Report

Nan Pao compiles its Sustainability Report in accordance with the Core Option of the GRI Standards and the "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies." The report also references international guidelines, including the OECD Guidelines for Multinational Enterprises, the UN Global Compact (UNGC), the UN Sustainable Development Goals (SDGs), ISO 26000 Social Responsibility, and the Sustainability Accounting Standards Board (SASB) standards for the chemical sector. This report serves as an essential communication channel for non-financial information, helping the Company assess and improve its overall sustainability performance.

This report is compiled by the Sustainable Development Office and is published annually in both Chinese and English as an e-book. The full version is available for download on the Nan Pao Group website.

Reporting Period and Scope

This report covers the period from January 1, 2025, to December 31, 2025. The previous report was published in August 2025 , and the current version is scheduled for release in August 2026. The next report is expected to be published in August 2027.

This report discloses the economic, environmental, and social performance of Nan Pao and its subsidiaries.

I | Economic Performance

Our ESG Report discloses the economic indicators of Nan Pao and its subsidiaries, accounting for 100% of consolidated revenues.

II | Environmental Performance

For environmental indicators, our report covers multiple key locations, including Nan Pao Taiwan, Foshan Nan Pao, Foshan Goodwill, Dongguan Nan Pao, Dongguan Jiaqin, Kunshan Nan Pao, Fuqing Nan Pao, Huaian Nan Pao, Changshu YuBo, Nan Pao Vietnam, Nan Pao Advanced Materials Vietnam, Nan Pao Materials Viet Nam, NNV Vietnam, Nan Pao Indonesia, and Nan Pao Thailand. These locations collectively account for 73.66% of our consolidated revenues and provide comprehensive insight into our impact on the environment.

III | Social Performance

Our ESG Report covers the social indicators of Nan Pao and its subsidiaries, accounting for 100% of consolidated revenues.

Restatement of Prior-Period Information

This restatement mainly involves environmental indicators such as energy and renewable energy use, air pollutant emissions, waste, and water resources. The main reasons include adjustments to data classification, updates to source data, and re-verification of calculation methods. The relevant prior-period data have been updated based on the latest confirmed results, and the historical data disclosed in this report shall be governed by this year's report.

Restated Item	Year(s) Affected	Main Reason	Impact
Energy / Renewable Energy	2022–2024	Re-verification of energy classification and conversion data	Adjustment of historical energy consumption
Waste	2023–2024	Re-verification of the classification of recycling, reuse, and treatment methods	Adjustment of waste classification and total volume
Air Pollution	2023–2024	Re-verification of emissions data and statistics	Adjustment of historical NOx, SOx, and VOC data
Water Resources	2023–2024	Re-verification of water withdrawal, discharge, and consumption data	Adjustment of historical water resource data

External Assurance

The disclosures in this report follow eight sustainability indicators set out in Appendix 1-2 of Article 4 of the "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies," as well as SASB disclosure standards. An independent limited assurance was performed by Ernst & Young in accordance with Assurance Standard No. 3000 issued by the Financial Accounting Foundation of the Republic of China for non-historical financial information. An assurance statement is included at the end of this report.

We welcome your valuable comments or suggestions regarding this report. Please feel free to contact us:

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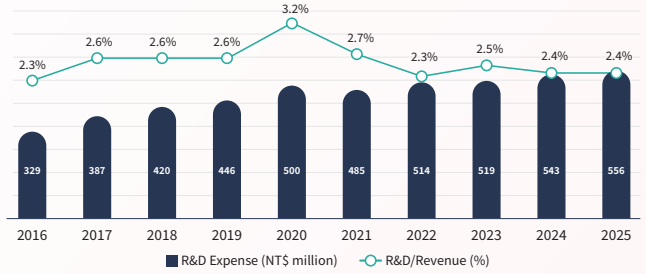
0.2 About Nan Pao

Core Business

Guided by a philosophy of sustainable management, Nan Pao continues to expand its diversified business portfolio and realize overall synergies through diversified operations, with products spanning industrial adhesives, coatings, construction chemical materials, carbon-fiber resins and composites, and biotechnology. Nan Pao Chemical Industry serves as the core of the Group's value chain, linking upstream raw-material and chemical suppliers on one side and connecting to diverse industry applications and end customers on the other. Nan Pao also emphasizes the interaction and cooperation with its partners and local communities, actively establishing inclusive and mutually prosperous partnerships. It is committed to building a resilient and sustainable business ecosystem to fulfill its long-term commitments to the economy, society, and environment.

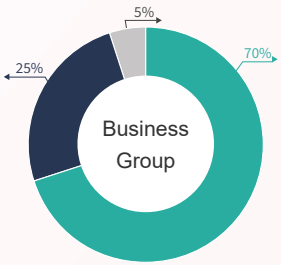
- 2025 Global Sales: NT$23.2 billion
- Market Capitalization (as of February 2026): NT$39.6 billion
- Total Employees: Over 3,000
- 29 Plants in 7 Countries
- R&D Expenditure in 2025: 2.4% of consolidated revenue

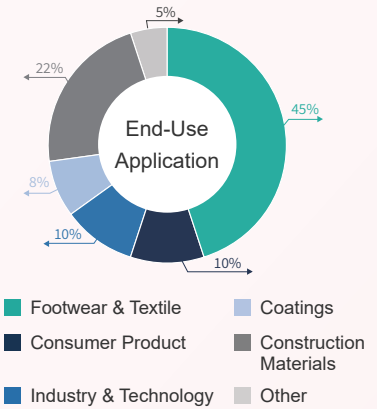


2025 Revenue by Operating Region

Region	Asia (excluding Taiwan)	Taiwan	Australia	Other Regions	Total
2025 Revenue (NT$ million)	15,554	3,719	3,431	496	23,200
%	67%	16%	15%	2%	100%

2025 Revenue Breakdown by Segment







Green products accounted for

84% of total revenue

Note: The revenue share of green products is a preliminary estimate by the company.

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Development History

Diversified Acquisitions

2025	Joint venture with Advanced Echem Materials and Trusval Technology to form Advanced Pao Trusval Technology Co., Ltd., entering the high-end adhesive materials market for advanced semiconductor packaging
2024	Acquired Yun Der Industrial Co., Ltd. and Spark Foamtech Enterprise Co., Ltd.
2023	Acquired Changshu YuBo Polymer Materials Co., Ltd.
2022	Inaugurated new corporate headquarters
2020	Founded Nan Pao New Materials (Huaian) Co., Ltd
2018	Publicly listed with stock code 4766
2015	Established Nan Pao Advanced Materials Co., Ltd. through a joint venture, focused on optical-grade adhesives
2014	Acquired RLA Holdings Pty Ltd, entering the Australian market

Overseas Expansion

2009	Founded ITLS International Development Co., Ltd., expanding into the construction chemical materials market
2004	Established Foshan Nan Pao
1999	Established Vietnam Nan Pao
1997	Established Nan Pao Resins (China) Co., Ltd
1993	Established Nan Pao Resins Chemical Co., Ltd. in Indonesia
1992	Established Fuqing Nan Pao Resins Co., Ltd.
1987	Established the first overseas plant, Thai Nan Pao Resins Chemical Co., Ltd., specializing in adhesives

Rooted in Taiwan

1986	Partnered with Hadfields (UK) to produce electronic insulating varnish
1984	Collaborated with Hayakawa Rubber (Japan) to produce waterproofing and sealant materials
1983	Licensed by Ripolin (France) to manufacture powder coatings and expanded the fifth plant
1981	Established the fifth plant for oil-based and water-based coatings
1979	Co-founded Dalian Chemical Industry Co., Ltd. with Chang Chun to produce vinyl acetate monomer (VAM)
1973	Joint venture with Hoechest (West Germany) to form Bao Li Resins Co., Ltd., producing water-based resins
1971	Established Nan Pao Research Institute—foundation for R&D and innovation

Founding Period

1968	Manufactured grafted chloroprene rubber adhesives
1965	Produced shoe adhesive (Nan Pao's signature yellow glue)
1964	Produced 815 cement paint (Nan Pao's first classic product)
1963	Reorganized as Nan Pao Resins Chemical Co., Ltd
1961	Established Nan Pao Resins Chemical Factory
1953	Founded Nan Pao Dyeing and Finishing Factory (predecessor of Nan Pao)

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0.3 Operational Capability

Financial Performance

In 2025, Nan Pao reported consolidated revenue of NT$23.2 billion, net operating income of NT$3.8 billion, and net profit attributable to the parent company after tax of NT$2.4 billion, with earnings per share (EPS) of NT$20.25. Its revenue and net operating income both increased compared with 2024. In 2025, all business divisions maintained steady operations, and the Company continued to increase the proportion of growth-oriented businesses. In response to intense industry competition, Nan Pao has continued to improve operational efficiency, strengthen cost management, increase manufacturing productivity, and actively invest in product innovation and industry transformation.

Five-Year Financial Performance

Unit: NT$ thousand

	2021	2022	2023	2024	2025
Operating Revenue	17,980,007	22,004,313	20,581,188	22,982,598	23,200,302
Net Operating Income	1,052,194	1,824,375	2,964,382	3,592,749	3,816,207
Consolidated Net Profit After Tax	929,353	1,862,728	2,566,432	2,786,880	2,645,361

Note: For complete financial performance details, please refer to the annual report, page 116.

Product Output for the Past Two Years

Unit: metric tons

Year / Product Category	2024	2025
Adhesives	240,692	231,331
Coatings	15,375	17,956
Other (Note)	—	—
Total	256,067	249,287

Note: Due to the inclusion of subsidiaries covering electronic materials and biotech industries, with measurement units in pcs, bottles, cans, boxes, packs, granules, bars, etc., product categories are highly diverse and thus cannot be converted into a uniform calculation.

Tax Governance

Tax Information for the Past Five Years

Unit: NT$ thousand

	2021	2022	2023	2024	2025
Profit Before Tax	1,202,541	2,385,414	3,393,761	3,756,850	3,630,273
Income Tax Expense	(273,188)	(522,686)	(827,329)	(969,970)	(984,912)

In 2024 and 2025, Nan Pao's effective tax rates were 25.8% and 27.1%, respectively, both higher than the chemical industry's average effective tax rate of 19.13% as published by the CSA.

In terms of cash tax rates, Nan Pao recorded 23.2% in 2024 and 17.6% in 2025. The lower cash tax rate in 2025, compared to the CSA industry average cash tax rate of 20.65%, was primarily due to measures under Taiwan's tax collection regulations in response to the impact of U.S. tariffs, which allowed companies to defer or pay income tax, including provisional income tax payments, in installments without accruing interest.

The Company adheres to the principles of integrity, complies with tax laws and regulations in all jurisdictions of operation, and ensures that tax treatments are aligned with both the intent and substance of applicable regulations, thereby maintaining compliance and transparency. The Company applies the Arm's Length Principle to transfer pricing, ensuring that related party transactions are conducted at prices consistent with economic substance and market conditions. Furthermore, the Company maintains robust tax management and internal control systems, periodically assesses tax risks and policy execution, and enhances tax governance through professional advice and internal controls to support long term and sustainable development.

Nan Pao established the Nan Pao Group Tax Policy in 2023 and subsequently amended it in 2024, committing to enhancing financial transparency, disclosing tax information in accordance with relevant standards and guidelines, effectively managing tax risks, and advancing corporate sustainability objectives.

Nan Pao has not yet met the threshold for filing a Country-by-Country Report (CbCR)—defined as consolidated revenue of NT$27 billion in the preceding fiscal year without meeting safe harbor provisions— and has therefore not issued a CbCR to date.

Nan Pao Group Tax Policy

In order to support policies that contribute to business innovation, research and development, and to control tax risks and pursue sustainable development, Nan Pao Group upholds the following principles and commitments:

- Conduct all operating activities in accordance with local tax laws and regulations in each operating area, fulfilling tax obligations and complying with both the letter and the spirit of the law.
- Consider tax risks and impacts in making important business decisions.
- Do not engage in transactions for the purpose of tax avoidance.
- Do not use tax havens for transactions intended for tax evasion, and do not adopt tax structures that lack commercial substance.
- Do not transfer profits created by the Company to low-tax countries.
- Establish a relationship of mutual respect with tax authorities based on mutual trust and good faith.
- Ensure financial information transparency and disclose tax information in accordance with relevant regulations and standards.
- Conduct transactions between related companies in accordance with customary transaction principles and complies with the internationally recognized transfer pricing standards published by the Organization for Economic Cooperation and Development (OECD).

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Policy Influence

Participation in External Industry and Public Associations

Nan Pao collaborates with cross-industry and interdisciplinary organizations, actively engaging as a member in various associations. Through this participation, we broaden our exchange, stay informed on international trends, and continuously improve and grow.

Organization	Position Held		
	Board of Directors and Supervisors	The Board Member	Member
bluesign®SYSTEM PARTNER			✓
Stichting ZDHC Foundation Signatory			✓
UL GmbH			✓
E.SUN ESG Sustainability Initiative			✓
SATRA Technology			✓
Taiwan Syn thetic Resins & Adhesives Industrial Association	✓		✓
Taiwan Footwear Manufacturers Association			✓
Taiwan Chemical Industry Association			✓
Taiwan Paint Industry Association			✓
Taiwan Regional Association of Adhesive Tape Manufacturers			✓
Association of Taiwan Bio-based and Sustainable Material Industry			✓
The Curtainwall Technology Development Association of Taiwan			✓
Southern Taiwan Textile Research Alliance			✓
Industrial Safety and Health Association (ISHA) of the R.O.C			✓
SAMPE Taiwan Chapter			✓
Tainan Association of Interior Design & Decoration			✓
Taiwan Display Materials & Devices Association			✓
Yi Tsai Club			✓
Water Industry Development and Promotion Association (WIDPA)			✓

Organization	Position Held		
	Board of Directors and Supervisors	The Board Member	Member
Tainan City General Industrial Association			✓
China Adhesives and Tape Industry Association			✓
Precursor Chemicals Management Industry Association			✓
Security Production Association			✓
China National Building Waterproof Association			✓
Shandong Society for Composite Materials			✓
Jiangsu Society for Composite Materials			✓
Taiwanese Chambers of Commerce in Mainland China			✓
ACCOUNTING MSHIP with Chartered Accountants			✓
BCI AUSTRALIA			✓
PLUMBING MERCHANTS MSHIP			✓
SURFACE COATINGS ASSOC			✓
COURBON - ANNUAL SUBS			✓
GS1 AUSTRALIA			✓
MLSA MEMBERSHIP			✓
ACCA MEMBERSHIP			✓
AUSTRALIAN INSTITUTE			✓
SCAA MSHIP D CAPROTTI			✓
VECCI			✓
Taiwan Health Food Industry Association (THFIA)			✓
The Allied Association for Science Park Industries			✓
Total Quality Food Association			✓
Taiwan Biotechnology Industry Alliance			✓
Yunlin County Western Pharmaceutical Commercial Association			✓

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Organization	Position Held		
	Board of Directors and Supervisors	The Board Member	Member
Yunlin County Pharmacists Association			✓
New Taipei City Western Pharmaceutical Commercial Association			✓
Hsinchu County Industrial Park Manufacturer Association			✓
Hsinchu County Pharmacists Association			✓
Taiwan Pharmaceutical Manufacturer's Association			✓
Foshan Precursor Chemicals Management Association			✓
Foshan Association of Work Safety and Emergency Management			✓
Sanshui District Human Resources Association			✓
Adhesives and Tape Industry Association			✓
Leping General Chamber of Commerce in Sanshui District, Foshan			✓
Taiwanese Chambers of Commerce in Vietnam			✓
Taiwan Business Association Dongnai			✓
Taiwanese Chambers of Commerce in Vietnam			✓
Lembaga Getah Malaysia			✓
Malaysia rubber association			✓
Taiwan Sustainable Green Construction Union			✓
Taiwan Metal Industry Association			✓
Rende Industrial Park Manufacturers Association			✓
Tainan County Importers Exporters Chamber of Commerce			✓
Hong Kong Inland Revenue Department			✓
Importers and Exporters Association of Taipei			✓
Taipei Building Materials Commercial Association			✓
Taiwan Biotechnology Industry Alliance			✓
Taipei Commercial Association of Feeds and Animal Health Products			✓
Taiwan Halal Integrity Development Association			✓
Importers and Exporters Association of Taipei			✓

Public Policy Engagement – Climate Alignment

Nan Pao's Net-Zero Emission Commitment

Nan Pao is committed to achieving carbon neutrality by 2050. To support this target, the Company has established a carbon-neutrality roadmap that maps out its future mission and responsibilities. This roadmap aligns with national policies, supports the low-carbon transition, and is consistent with the objectives of the Paris Agreement.

Governance Structure for Public Engagement

Membership in public and industry associations is first reviewed by senior management of each business unit, and then submitted to the CEO for approval. The Sustainable Development Office regularly evaluates whether participation aligns with Nan Pao's sustainability goals and policies, reporting results to the CEO.

Process for Climate-Related Lobbying and Industry Association Participation

Nan Pao has implemented a management system to monitor all sites' involvement in climate-related lobbying and participation in industry associations. Through rigorous assessment and oversight, we ensure that our public climate actions align with our sustainability goals and the Paris Agreement. We regularly review the industry associations we participate in, paying particular attention to those addressing climate change. Through a clearly defined monitoring process, we assess whether these associations' positions and activities align with the Paris Agreement. If discrepancies arise, we initiate dialogue and coordination to ensure alignment with Nan Pao's climate objectives. If alignment is not achieved within two years, Nan Pao will withdraw from the associations.

Direct Lobbying

In 2025, Nan Pao did not engage in any direct lobbying activities related to climate change.

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Industry Association

Nan Pao is a member of various industry associations, with close attention to those engaged in climate-related initiatives.

Association Name	Evaluation
bluesign®SYSTEM PARTNER	Promotes environmental responsibility within the textile and apparel industry by prioritizing actions such as reducing greenhouse gas emissions, enhancing energy efficiency, and utilizing renewable energy. Strengthens transparency and consumer education, aiming to achieve carbon neutrality by 2050.
Stichting ZDHC Foundation Signatory	Committed to reducing hazardous chemicals in fashion and textile production processes, aiming to enhance supply chain transparency and ensure environmental safety and labor protection across industries. Dedicated to the sustainable development of overall business operations.
E.SUN ESG Sustainability Initiative	A public advocacy initiative actively integrating ESG principles to mitigate environmental impact, aligning with the goal of achieving carbon neutrality by 2050, and strengthening Taiwan's competitiveness in the sustainable finance sector.
SATRA Technology	Promotes the use of environmentally friendly and low-carbon materials, assisting in ensuring products meet environmental standards. Encourages the reuse and recycling of materials to reduce resource consumption.
Taiwan Synthetic Resins & Adhesives Industrial Association	Facilitates the development and exchange within the synthetic resin and adhesive industry. Provides technical support to members, conducts industry training, and organizes exhibitions to share trends in carbon reduction. Assists enterprises and SMEs in transitioning towards sustainable development.
Association of Taiwan Bio-based and Sustainable Material Industry	Promotes the development and application of bio-based and sustainable materials, facilitates resource circulation and low-carbon technology innovation, strengthens the industry's sustainability and resilience to climate change.

Major Contributions and Expenditures in 2025 for Political Activities, Industry Associations, and Tax-Exempt Organizations

Unit: NT$ thousand

Organization	Type	Description	$
bluesign®SYSTEM PARTNER	Industry Association	As a bluesign® SYSTEM PARTNER, we are committed to sustainable textile production, ensuring our processes and materials meet stringent environmental and safety standards. Through collaboration with bluesign, we strive to minimize our environmental footprint, enhance resource efficiency, and promote transparency throughout the supply chain.	1,675
ZDHC (Zero Discharge of Hazardous Chemicals)	Industry Association	ZDHC is a global initiative aimed at eliminating hazardous chemicals from the textile, leather, and footwear industries. Our active participation in ZDHC demonstrates our commitment to reducing the discharge of harmful substances and supporting sustainable practices. Through engagement with the ZDHC program, we continuously optimize our chemical management processes to align with industry standards, fostering safer products and contributing to a healthier future for consumers and the environment.	678
Association of Taiwan Investment Enterprises on the Mainland (ATIEM)	Industry Association	The association is dedicated to supporting Taiwanese enterprises investing in Mainland China, providing a platform for communication and collaboration, promoting resource sharing, and advocating for policies conducive to business development. By participating in ATIEM, we stay informed about cross-strait economic trends and actively engage in relevant discussions to advance the development and interests of Taiwanese businesses in Mainland China.	518
		Total	2,871

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The following outlines Nan Pao's contributions and expenditures for political activities, industry associations, and tax-exempt entities in 2025

Unit: NT$ thousand

	2021	2022	2023	2024	2025
Lobbying and Interest Groups	0	0	0	0	0
Political Activities and Candidates	0	0	0	0	0
Chambers of Commerce, Associations, and Tax-Exempt Organizations	191	1,109	7,426	5,293	5,733
Other	0	0	0	0	0
Total	191	1,109	7,426	5,293	5,733

Note:The statistical data presented in this report covers Nan Pao Taiwan in 2021. Starting from 2022, the scope of the statistical data expands to encompass the entire Nan Pao Group.

Government Subsidies Received in 2025

Unit: NT$ thousand

Country	Item	Granting Authority	$
China	Industrial Guidance Fund	Management Committee of Jiangsu Huai'an Economic and Technological Development Zone	23,688
China	Value-Added Tax Credit	LePing Tax Bureau, Sanshui District, Foshan City	8,465
China	Job Stabilization Subsidy	Jiangsu Provincial Human Resources Service Administration Center Employment Security Fund	429
China	Corporate Innovation Funding	Finance Bureau of Changshu Economic and Technological Development Zone	686
Taiwan	Exhibition Fees for Taipei Innovative Textile Application Show 2025	Southern Taiwan Textile Research Alliance	148
	Total		33,416

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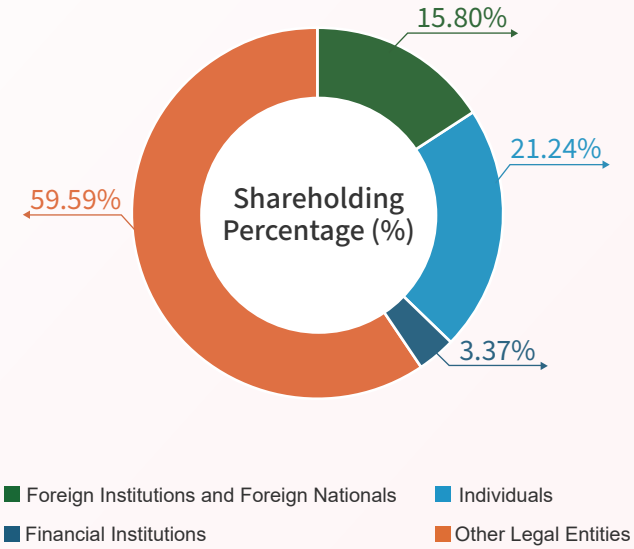
Changes in Location or Operations

A. In 2025, Nan Pao increased its investment in its subsidiary, Nan Pao Materials Resins India Private Limited, to support funding needs for construction of its plant in India. This investment supports the Company's ongoing strategy of expanding overseas markets and localizing customers' supply chains. By establishing a local manufacturing plant, the Company aims to shorten supply chain nodes, reduce the risk of production disruption and export risk, further shorten lead times, lower operating costs, and enhance product competitiveness while expanding its overseas market share.

B. In 2025, Nan Pao formed a joint venture with a strategic partner, Advanced Pao Trusval Technology Co., Ltd., formally entering the high-end adhesive materials market for advanced semiconductor packaging. In response to the demand for advanced packaging driven by the trend toward high integration and low power consumption in AI, high-performance computing (HPC), and mobile communication chips, the Company is focusing on the R&D, performance optimization, and mass-production rollout of pressure-sensitive adhesives (PSA), UV de-bonding adhesives, and advanced packaging materials, while also developing low-dielectric resin materials for high-frequency, high-speed applications. By integrating the Group's technical resources with its strategic partner's strengths, the Company is actively building domestic capacity to supply high-end semiconductor materials, positioning itself to capture the market opportunity expected to grow rapidly from 2027 onward — further deepening the Nan Pao Group's presence in semiconductor materials and enhancing its technological barriers and long-term market competitiveness.

C. Due to adjustments in local chemical industrial park planning and related policy requirements, the site for the original plant construction plan of the subsidiary, Nan Pao Fine Chemical Materials (Anhui) Co., Ltd., must be relocated, with the release of the original land use rights and the related refund process initiated in parallel. The new plant site has been selected in the Lujiang High-Tech Industrial Development Zone, Hefei City, Anhui Province, where the Company plans to build a production base for high-end coatings, adhesives, and supporting resins. The total investment for the new project remains at the original planned scale, with no additional investment required, and the Company can draw on the advantages of the local industrial cluster to enhance operational synergy. Due to the relocation, the planned start of production has been pushed back from the end of 2026 to the end of 2027.

In 2025, there were no significant changes in the shareholding structure, with the equity distribution as follows:



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1.1 Message from the Management

In an era of global industrial restructuring, an accelerated net zero transition, and the rapid evolution of high-tech applications, enterprises face not only market competition but a comprehensive test of their business models, technological capabilities, and sustainable governance. Nan Pao has been established for more than sixty years and has consistently placed technological innovation, stable management, and sustainable development at its core. Nan Pao has continuously refined its operations amid a constantly changing environment, committed to providing customers with high-performance material solutions with low environmental impact, while laying a stronger foundation for Nan Pao's next stage of growth.

Over the past year, Nan Pao has continued to make steady progress in sustainability governance and in strengthening its corporate fundamentals, delivering tangible results. This year, we have been selected for the S&P Global Sustainability Yearbook for the second time and achieved a record high of 83 points in the Corporate Sustainability Assessment (CSA), demonstrating Nan Pao's continued progress across environment, society, and corporate governance, and showing steady improvement in sustainability competitiveness in the global specialty chemicals industry. This is not only an affirmation of our past efforts, but also an indication that Nan Pao has progressively established operational resilience that combines growth and sustainability.

In terms of operational development, Nan Pao has continued to promote the innovation-centered "NextGen" strategy for growth through intensifying research and development, increasing the share of high-margin products, expanding into new customers and new applications, as well as combining strategic partnerships with mergers and acquisitions integration to strengthen its diversified growth engines. We have not only consolidated our existing leading advantage in the field of footwear adhesives, but also continued to extend our core technologies into additional application market segments with growth potential, transforming Nan Pao's role from a traditional specialty chemicals supplier into a provider of innovative materials and high value-added solutions.

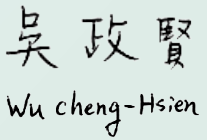
Among these, the strategic deployment of applications in the electronics industry has been one of Nan Pao's most significant developments this year. As demand for semiconductor, optics, and advanced electronic manufacturing processes continues to increase, market requirements for high-performance adhesive materials and functional materials will rise in tandem. We have actively invested in applications within the semiconductor and electronics sectors, including UV debonding tapes for semiconductor processing, as well as optical adhesive materials. We have continuously increased our investment in research and development and resources, expecting to progressively expand our presence in the electronic market and cultivate the next sizable growth driver by leveraging our existing adhesive-synthesis and materials-development capabilities.

Guided by its sustainability mission, Nan Pao continues to advance its Environmental, Social, and Governance (ESG) strategy, deepening its sustainability governance outcomes through transparent disclosure. In 2025, the Company ranked in the top 1% of global chemical companies in the S&P CSA assessment and was selected for the Sustainability Yearbook for the second consecutive year; it achieved the highest leadership level (A-) in both the CDP Climate Change and CDP Water Security questionnaires; and the Taiwan Stock Exchange Corporate Governance Evaluation also ranked the Company in the top 5% of listed companies for the second consecutive year. In addition, the Company continues to disclose climate-related risks and opportunities in accordance with the TCFD framework, enhancing information transparency and strengthening stakeholders' understanding of the Company's sustainability governance and climate resilience.

In addition, Nan Pao has also pursued strategic acquisitions and extensions of its product portfolio, progressively strengthening application areas related to its core business, broadening the coverage of its materials technologies and its overall solution capabilities. By integrating technology, distribution channels, and resources, the Company has strengthened its market competitiveness and simultaneously enhanced the depth and breadth of services provided to global customers, further consolidating its key position within the supply chain.

Looking ahead, Nan Pao will continue to pursue innovation, sustainability, and global expansion as its three principal pillars to steadily advance its corporate transformation. We will continue to invest in research and development of green products, optimize the low-carbon manufacturing process, and pursue expansion into the high-growth application market. We will also deepen collaborative relationships with customers and partners, and respond to market and society expectations for sustainable value through more progressive technologies and efficient operating models.

We have always believed that a truly competitive enterprise should not only deliver results, but also bring about positive change for the industry, the society, and the next generation. Going forward, we will continue to uphold the vision of "making everyone's lives more sustainable," proceed steadily, and advance toward the target of becoming the global leader in innovative and green chemical materials.



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1.2 Sustainable Performance

Vision and Mission

Vision	To develop high value-added solutions that promote human health through innovative products and services.
Mission	To become an indispensable strategic partner across industries by focusing on innovation and environmentally friendly products.
Core Values	Leadership, Integrity, Unity, Efficiency

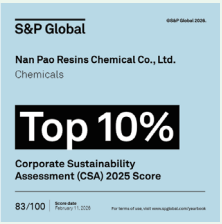
Sustainability Ratings

- **2025** S&P CSA Assessment: 83 points
- **2025** Selected as an S&P Sustainability Yearbook member for the second time
- **2025** FTSE Russell ESG Rating: 3.8
- **2025** TIP Taiwan ESG Rating: AAA
- **2025** Sustainalytics ESG Risk Rating: 16.1
- **2025** SinoPac+ ESG Rating: A
- **2025** Taiwan Corporate Governance Evaluation: Top 5%

2025 ESG Key Performance Indicators

Environment

TCFD	Climate-related financial impact assessment completed
A -	CDP Climate change questionnaire
A -	CDP Water resource questionnaire
- 9 %	Group Water Withdrawal Intensity
+ 41 %	Group self-generated and self-consumed renewable energy
- 22 %	Carbon emissions from low-carbon adipic acid procurement
- 11 %	VOC Emission Intensity of the Group
+ 11 %	The Group's recycled and reused non-hazardous industrial waste



FTSE Russell

Social

5	5 operational sites completed Sedex disclosure (Nan Pao Taiwan, Foshan Nan Pao, Nan Pao Vietnam, Nan Pao Materials Viet Nam, Nan Pao Indonesia)
90 points	Anta social responsibility audit score (Excellent rating)
30%	Number of female managers grew 30%, with the proportion of female managers rising from 15.35% to 18.12%
30%	The proportion of female employees exceeded 30% for the first time, further advancing gender diversity and employee participation
71%	Continued recruitment of international talent increased the proportion of non-Taiwanese employees to 71%, further strengthening workforce diversity
40%	The number of new hires increased by 40%, while the average recruitment cost decreased by 47%, improving both recruitment efficiency and cost-effectiveness

Governance

92%	Positive customer satisfaction rating
43%	Independent director seats
92%	Local procurement ratio (excluding related-party transactions)
Silver Tower Award	Taiwan Continuous Improvement Awards (TCIA)
Bluesign	Obtained bluesign® SYSTEM PARTNER certification
ZDHC	Obtained ZDHC Signatory status; 7 subsidiary plants obtained MRSL V3.1 certification; 100% of products shipped to well-known sports brands obtained the highest, Level 3, certification

台灣持續改善活動 Taiwan Continuous Improvement Activities

bluesign® SYSTEM PARTNER

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Governance and Organizational Commitment

Since 2012, Nan Pao has designated corporate social responsibility (CSR) as a strategic focus, establishing a CSR Committee in 2020 (renamed the Sustainability Development Committee in 2022). This committee regularly reports sustainability performance and plans to the Board of Directors, aligning with global trends and key economic, environmental, and social topics. Directors also undergo ESG-related training to enhance governance-level sustainability expertise.

Through a governance structure and operating system spanning the Board of Directors, management, and all operating units, Nan Pao has built vertical management and horizontal communication and coordination mechanisms to advance sustainability issues covering economic, environmental, and social dimensions. The Company actively responds to stakeholder concerns and fulfills its corporate social responsibility, demonstrating a high level of commitment and follow-through in sustainability from the governance level down to execution. The main structure is as follows:

① Board of Directors and Sustainability Development Committee - The highest level of sustainability governance

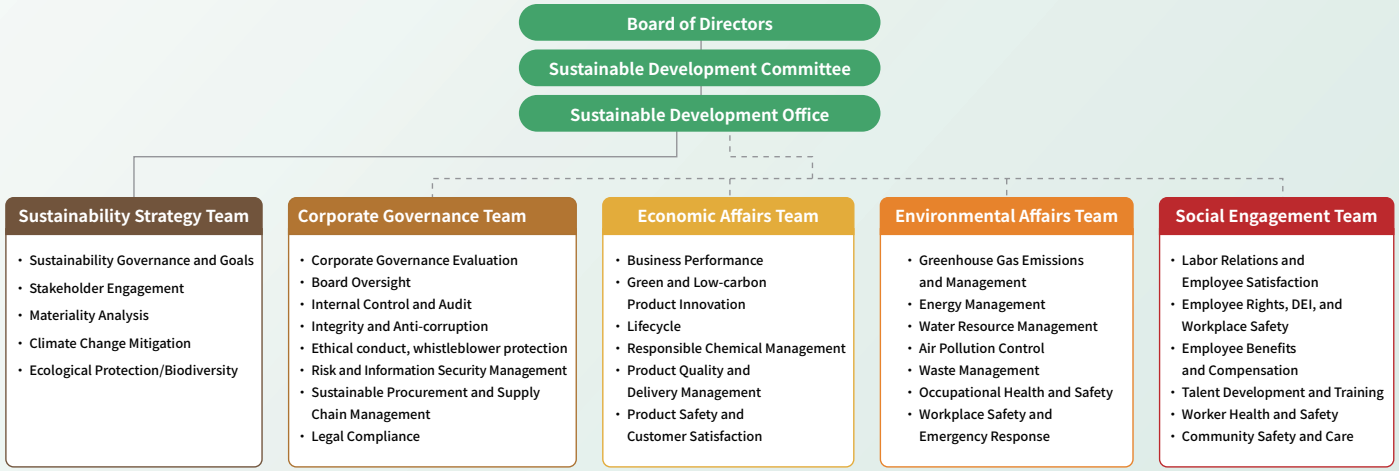
The Company places great importance on sustainable development and has established a Sustainability Development Committee under the Board of Directors as the highest-level functional body responsible for sustainability governance. Both the Chairman and the Chief Executive Officer serve as members of the Committee. Through regular oversight and review by the Board, sustainability-related policies, objectives, and implementation progress are monitored to ensure that the Company's sustainability strategy remains aligned with its core business direction and that the Board effectively fulfills its governance responsibilities for ESG matters.

② Senior Management Advocacy and Leadership

To strengthen the Company's leadership and momentum in advancing sustainable development, in 2024 CEO Hsu Ming-Hsien was appointed concurrently as Chief Sustainable Development Officer, and the Sustainable Development Office was established, led directly by the Chief Sustainable Development Officer, serving as the central unit for the Company's sustainability execution and coordination. The Chief Sustainable Development Officer leads an executive-level Sustainability Task Force comprising senior executives from relevant business and functional units, with support from five cross-departmental working group, integrating resources from business units and functional departments to plan and drive concrete action plans, ensuring the achievement of short-, medium-, and long-term sustainability goals and building lasting momentum for sustainable development within the organization.

③ Active Participation by Middle Management and All Departments

The key driving force behind Nan Pao's sustainability practices comes from the active involvement of middle management. In response to diverse and complex sustainability issues, once the Sustainable Development Office has planned each initiative, unit managers implement it according to their respective responsibilities, connecting cross-departmental and cross-organizational communication and collaboration mechanisms to jointly advance ESG goals. Through the leadership and follow-through of middle management, sustainability action has become embedded in the Company's day-to-day operations, serving as a core force driving continuous organizational progress.



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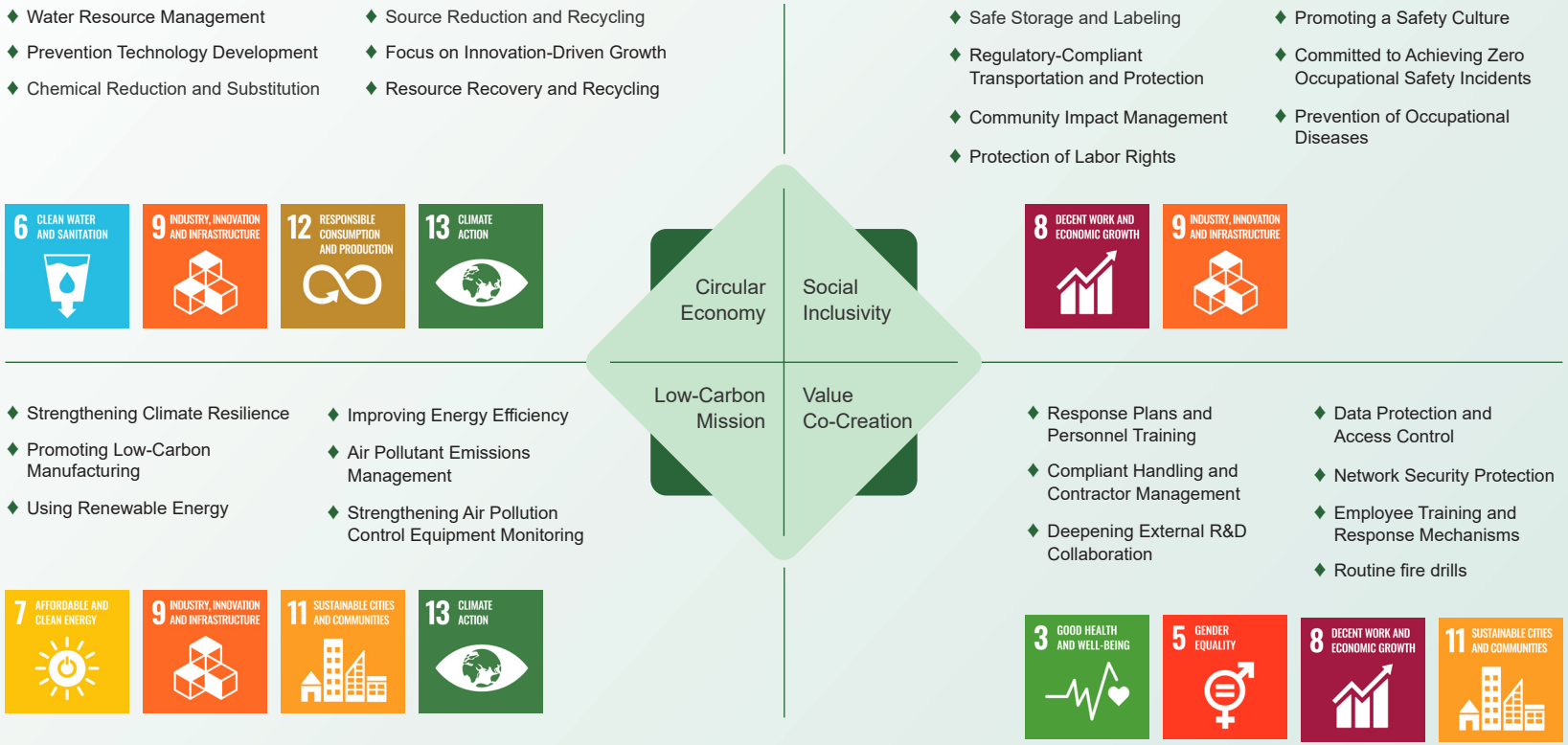
Practicing the United Nations Sustainable Development Goals (SDGs)

In response to the critical challenges faced by humanity, Nan Pao actively advances the United Nations Sustainable Development Goals (SDGs). Led by the Sustainability Development Committee, Nan Pao has built a forward-looking sustainability strategy framework, establishing four sustainability strategy pillars — "Circular Economy," "Low-Carbon Mission," "Value Co-Creation," and "Social Inclusion" — and has selected 9 SDGs highly relevant to its operations. The Sustainable Development Office integrates internal and external resources to formulate 19 specific, measurable, and time-bound long-term goals, working to embed the SDGs into the organizational culture and daily operations. To systematically advance sustainability management, the Company progressively implements concrete action plans and performance management mechanisms across the governance, economic, environmental, and social dimensions, based on its operating characteristics and risk assessment results. Through cross-departmental collaboration, stakeholder dialogue, and data-driven management, the Company deepens the connection between the enterprise and society, continues to identify and create sustainability opportunities, and works with internal and external stakeholders to co-create a shared, sustainable future.

Sustainability Strategy Pillars



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Linking the SDGs with Nan Pao's Sustainability Strategy

SDGS	Nan Pao's Sustainability Strategy	SDGS	Nan Pao's Sustainability Strategy
	♦ Zero occupational diseases caused by chemical exposure ♦ VOC emission intensity to decrease 15% in 2026 vs. 2023		♦ At least one woman or individual from another diverse background promoted to a management role each year
	♦ Water withdrawal intensity to decrease 10% in 2026 vs. 2023		♦ Complete 2,500 KW of self-built, self-consumed renewable energy capacity at plant sites by 2030
	♦ At least 3 mental health and stress management courses held each year ♦ General and special health examinations arranged for employees each year ♦ 100% completion rate for business ethics and anti-corruption training among new employees ♦ Zero incidents of business ethics or anti-corruption violations		♦ Maintain technology leadership by investing 2.5–3% of revenue in R&D annually ♦ Zero incidents of unauthorized disclosure of confidential or sensitive information, including customer privacy information ♦ Zero cybersecurity incidents with a material impact on the Company's operations, reputation, or financial performance
	♦ At least one community visit event held each year ♦ Contribute over NT$700,000 annually to elderly care services ♦ Continue supporting after-school tutoring and summer/winter camps at six elementary schools		♦ The total amount of recycled and reused hazardous industrial waste increased by 5% in 2026 compared with 2023
	♦ GHG emission intensity to decrease 15% in 2026 and 35% in 2030, compared with 2023, reaching carbon neutrality by 2050 ♦ Non-renewable energy consumption intensity decreased by 5% compared with 2024 ♦ Product carbon intensity decreased by 5% compared with 2025, with intensity targets established for each business unit		

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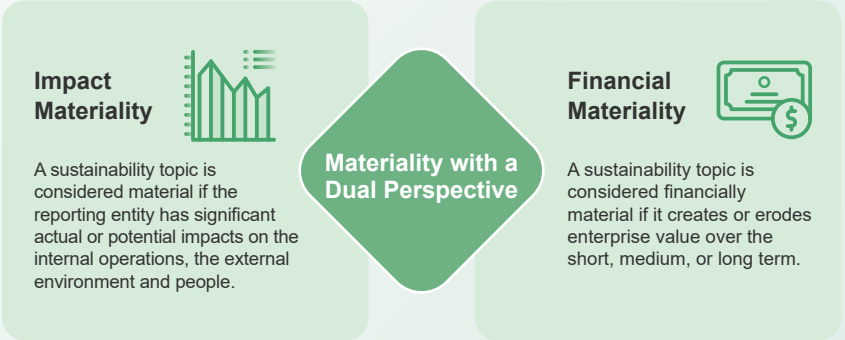
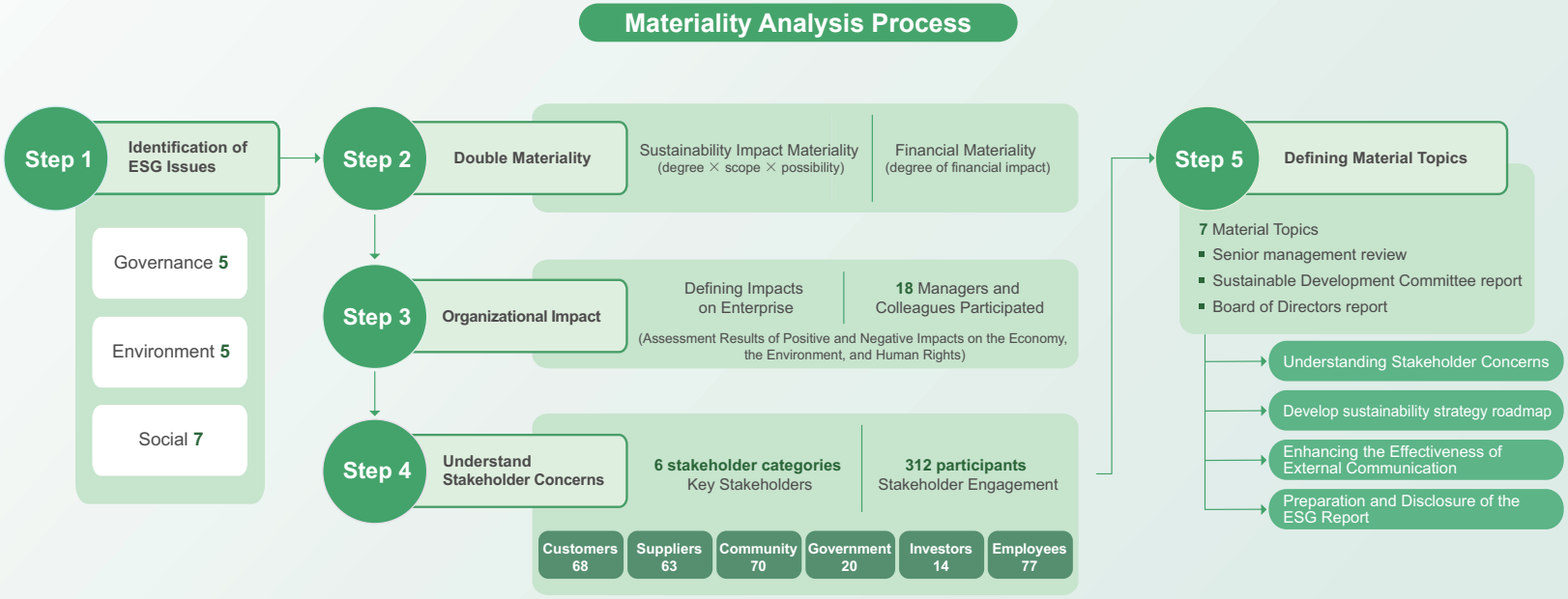
1.3 Material Topics and Stakeholder Engagement

Nan Pao conducts its materiality analysis in accordance with the GRI Universal Standards 2021, specifically GRI 3: Material Topics 2021, and the European Sustainability Reporting Standards (ESRS) issued by the European Financial Reporting Advisory Group (EFRAG) under the Corporate Sustainability Reporting Directive (CSRD). The analysis framework is structured based on the principle of double materiality, which integrates Impacts, Risks, and Opportunities (IRO).

Double Materiality Principle

The double materiality approach considers both financial materiality and impact materiality. It examines how ESG topics present risks and opportunities that may influence the Company's development, performance, and market position from a financial perspective, while also assessing the external impacts of corporate operations on the economy, environment, and people—including human rights. This report is prepared primarily based on sustainability impact materiality, and financial implications are assessed through a structured risk management framework.





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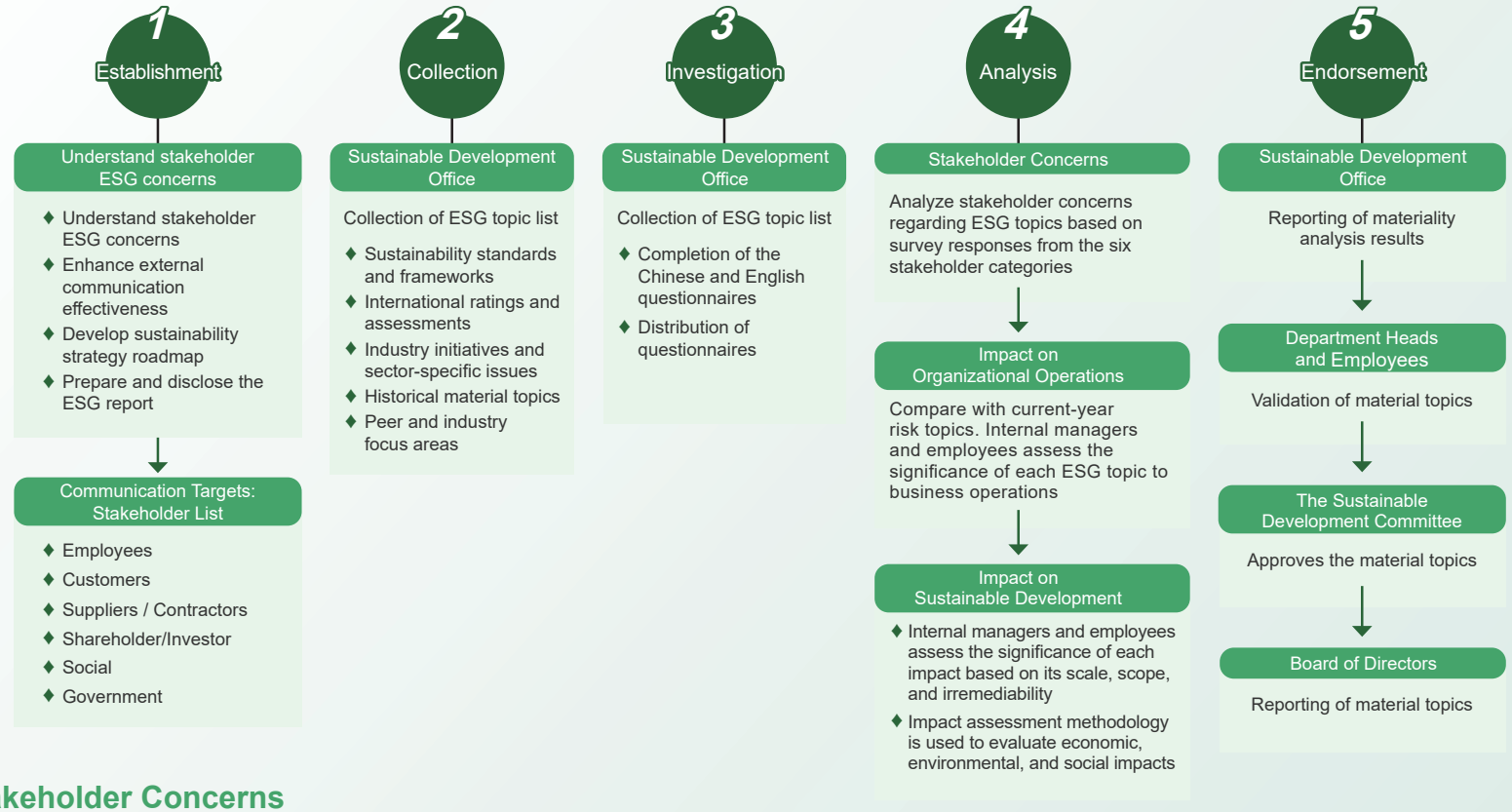
Identifying Positive and Negative Impacts

Nan Pao's materiality assessment process draws upon the AA1000 Accountability Principles (2018) and the GRI Sustainability Reporting Standards. The process adheres to four core principles: Inclusivity, Impact, Materiality, and Responsiveness. Guided by these principles, the Company applies a five-step process— Identification, Collection, Investigation, Analysis, and Validation—to review sustainability topics and conduct the materiality analysis. Sustainability issues are reviewed, and a materiality analysis is conducted every year. The materiality assessment is updated annually on a rolling basis in accordance with Nan Pao's Material Topics Assessment and Management Procedure. The methodology and weighting are reviewed every three years.



Stakeholder Concerns

The results of the Company's internal and external stakeholders' concerns are as follows: the Company collected, via a questionnaire survey, a total of 312 stakeholders' positive and negative concerns for each sustainability issue. After quantitatively analyzing the results, the Company presents them on the material topic matrix chart, using dot size to indicate stakeholders' levels of concern for each sustainability issue. The analysis identifies the top five issues of concern, which are, in order, Information Security Management, Business Ethics and Anti-corruption, Economic Performance, Circular Economy, and Climate Change Mitigation. Overall, besides corporate operations and economic performance, stakeholders also place high emphasis on governance issues such as information security and integrity management, as well as environmental issues such as circular economy and climate change. This indicates that stakeholders hold high expectations for corporate governance transparency, risk management capabilities, and sustainable development performance. These results also serve as an important basis for the Company's material topic identification and sustainability management strategy planning.

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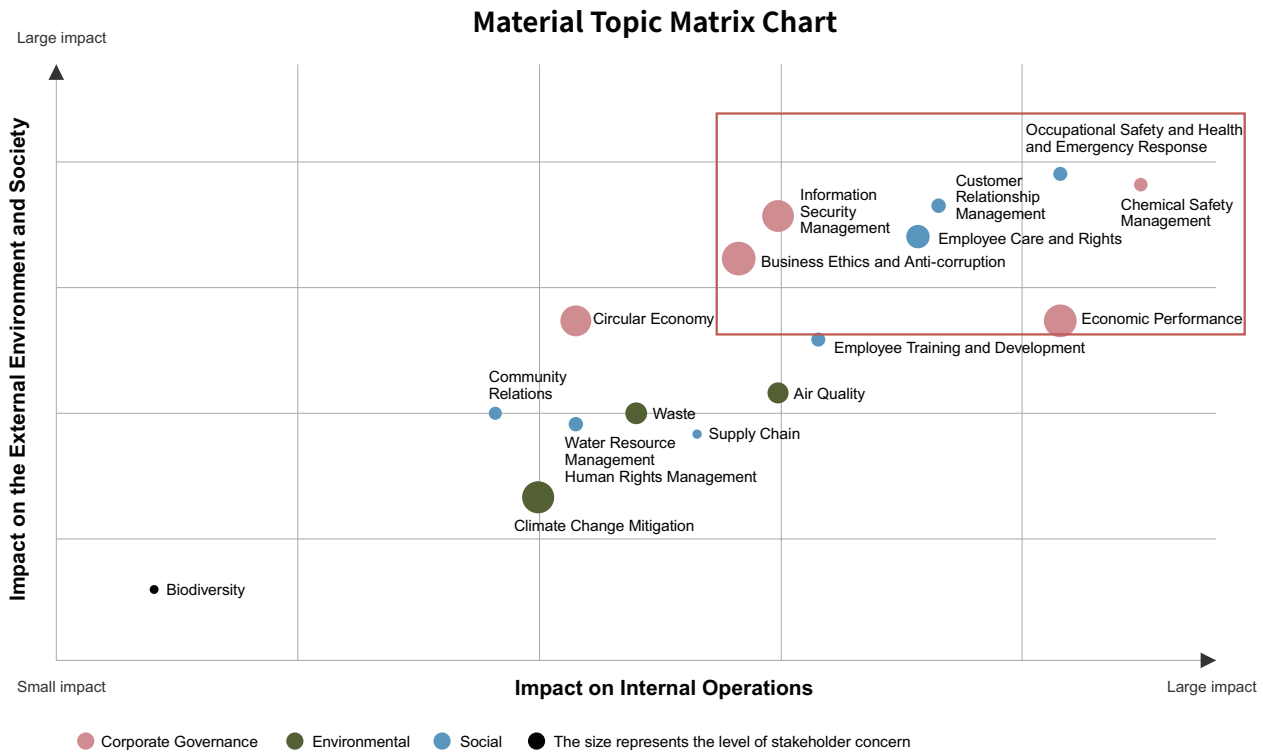
Impact on Organizational Operations

Based on assessments of internal impacts (x-axis) and external impacts (y-axis) identified by 18 senior executives, the Company analyzed the impacts of various issues on corporate governance, the environment, and the economy, and developed a materiality matrix. The assessment results highlight the seven most significant impacts across different issues. Among them, Chemical Safety Management and Occupational Safety and Health and Emergency Response are identified as having the greatest potential impacts and were considered the most critical issues in operational management. If these issues are not properly managed, they could pose significant risks to employee safety, the surrounding environment, and the community, potentially affecting the stability of business operations and stakeholder trust. Economic Performance is identified as having the most significant impact on internal revenue and was closely linked to operational stability and long-term competitiveness. Customer Relationship Management, along with Employee Care and Rights, is closely associated with service quality delivered to customers and employee well-being, thereby affecting operational stability and long-term development. Information Security Management, as well as Business Ethics and Anti-corruption, have significant impacts on the Company's external environment. Inadequate management mechanisms could adversely affect data security, trust in supply chain collaboration, and fair competition in the market. Accordingly, the Company continues to strengthen its information security management systems and anti-corruption policies to mitigate potential impacts on stakeholders and society, and to maintain corporate governance integrity and market trust.

Material Issue Identification Results



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Material Topics and Value Chain

● Direct Impact ○ Indirect Impact

Material Topic	Actual and Potential Impacts				Impact Domain		
	Economic	Environmental	Social	Human Rights	Nan Pao	Upstream	Downstream
Chemical Safety Management	Legal compliance costs and operational interruption risk	Risk of leakage and contamination from hazardous chemicals	Human health and safety	Right to health	●	○	●
Occupational Safety and Health and Emergency Response	Regulatory fines and operational interruptions	Occupational safety incidents may cause environmental pollution	Employee health and safety	Right to health	●	○	
Customer Relationship Management	Customer satisfaction and revenue stability	Demand for green products	Customer service quality	Consumer rights	●		●
Employee Care and Rights	Talent retention and production efficiency		Employee welfare and working conditions	Labor rights	●		
Information Security Management	Protection of intangible assets and trade secrets		Information protection	Right to privacy	●	○	●
Business Ethics and Anti-corruption	Fair competition and corporate governance		Business Integrity	Anti-corruption	●	●	●
Economic Performance	Revenue, profitability, and long term competitiveness	Green investment and efficiency	Employee Employment and Wages	Economic rights	●	●	●

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Material Topic Risk Management

The results of the materiality assessment have been incorporated into the Company's enterprise risk management (ERM) framework. All material issues have been mapped to specific risk factors and assessed based on their likelihood and impact; they have also been linked to corresponding response measures, control mechanisms, and management actions.

The 2025 materiality assessment results were reviewed and approved by Nan Pao's Board of Directors, which also oversees their implementation.

Material Topic	Risk Factor	Management Approach		
		Significance to Nan Pao	Control Activities	Objectives or Strategies
Chemical Safety Management	Changes in the storage environment of raw materials and finished products caused by climate change	Changes in temperature and humidity caused by climate change may affect the storage conditions of raw materials and finished products and the stability of product quality.	Assess the storage environment for raw materials and products and classified suitable storage areas	♦ Response Plans and Personnel Training ♦ Safe Storage and Labeling ♦ Regulatory-compliant transportation and protective measures
	Chemical leakage	Nan Pao Resins places great emphasis on the safe storage and transportation of chemicals both within and outside its facilities. Employees are required to implement appropriate protective measures and ensure that chemical storage information is accurate and complete to reduce the risks of fire and other hazards. Improper chemical management may result in costs related to incident response and regulatory penalties.	A laboratory chemical inventory was established, and the chemicals are stored in a mechanically ventilated chemical storage cabinets and spill-containment trays.	
Occupational Safety and Health and Emergency Response	Fire incident	Fires may result in equipment damage, operational disruptions, and risks to personnel safety.	Establish a system for managing fire- and explosion-protection equipment and hazardous chemicals; reduce fire hazard risks through equipment maintenance, employee training, and fire drills.	♦ Promote safety culture ♦ Comprehensive Health Management with Zero Occupational Safety Incidents ♦ Routine fire drills
	Employee occupational accidents	Occupational accidents may affect employee health and the stability of production operations.	Reinforce laboratory operation and safety training to reduce risks arising from human errors.	
Customer Relationship Management	Product quality issues/ Quality failed to meet customer requirements	Product quality issues or failure to meet customer requirements may affect customer trust, order stability, business operations and brand reputation.	Implement CIT projects, strengthen quality management and client-side training to improve the stability of product quality and customer satisfaction.	♦ Implement the CIT Project. ♦ Customer satisfaction project
	Lag in new product development	We actively collaborate with external manufacturers and academic institutions to develop innovative products, including the application of recycled and bio-based materials. This enhances our R&D capacity and also minimizes resource consumption.	We introduce external technologies and align them with customer requirements, holding regular discussions with customers on the direction of new product development.	♦ Strengthen Industry–Academia Collaboration ♦ Focus on Innovation-Driven Growth
Employee Care and Rights	Protection of migrant workers' rights	Properly safeguarding the migrant employee's labor rights and working environment helps to maintain employee welfare, comply with regulatory requirements, and enhance corporate social responsibility image.	♦ Routine: Conduct dormitory inspections and provide residential life counseling ♦ Non-routine: Respond to material incidents	♦ Establish a migrant worker-friendly System ♦ Cultural adaptation courses ♦ Living services consultation desk
Information Security Management	Operational Data Held Hostage by Ransomware	Information security incidents may cause production interruptions, equipment damage, and data leakage, affecting operational safety and corporate reputation.	Ensure the implementation of backups and off-site backups, and strengthen information security awareness efforts	♦ Data protection and access control ♦ Network security protection ♦ Employee Training and Response Mechanisms
	Implement digitized management of technology R&D to prevent unauthorized access to product formulations or technical information	The leakage of critical R&D information may weaken the Company's technological advantages and market competitiveness, resulting in customer loss, negatively affecting revenue, and hindering the Company's long-term development.	Establish a PLM system to centrally integrate product formulations and technologies at headquarters	
Business Ethics and Anti-corruption	Employees violate the principle of integrity and abuse their official positions to falsify work records	Employees breaching principles of integrity and falsifying work records may affect corporate governance, internal management, and the Company's reputation, while increasing operational and compliance risks.	Adopt the Code of Ethical Conduct and promote the Ethical Management Policy. Enhance corporate governance and employees' integrity awareness through a dedicated task force, training programs, and signing declarations of integrity.	♦ Education and training ♦ Sign declarations of integrity

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Material Topic	Risk Factor	Management Approach		
		Significance to Nan Pao	Control Activities	Objectives or Strategies
Economic Performance	Performance affected by U.S. tariff policies	Changes to U.S. tariff policies may affect product export competitiveness and market demand, consequently impacting the Company's revenue and operational arrangements.	Develop new customers and markets and promote the application of product development	♦ Seek to secure customers' export orders to Japan ♦ Continue development and introduction of new products
	Impact of Geopolitical Risks	Geopolitical conflicts and policy changes may affect the stability of the global supply chain, access to raw materials, and market positioning.	♦ Diversify production bases ♦ Prepare multiple raw-material substitution options for the formulation and select multiple suppliers	Monitor trends in raw material prices; enhance product development capabilities to strengthen control over product costs
	Dumping-driven Price Competition by Chinese Products	Low-price competition from China's products may compress market prices and gross margin levels, thereby affecting the industry's competitive environment.	♦ Seek alternative raw materials to increase the added value of products and services ♦ Import low-cost resins from China for low-price project offerings	♦ Alternative raw materials ♦ Introduce a new product line
	Continual Relocation, Dispersion, and Changes in Layout of the Footwear Industry Chain	The footwear industry's supply chain continues to shift and decentralize, affecting customers' production layouts and market demand, and requiring immediate adjustments to operations and service locations.	Maintain oversight of the footwear supply chain, advance progress on factory establishment, and enhance regional technical capabilities and local service capacity in Central Java.	♦ Continuously monitor and update changes in brand customers' supply chains and demand ♦ Assess the establishment of the fifth liaison office in Java
	Significant Volatility in Interest Rates and Exchange Rates	Changes in the international situation may lead to significant volatility in interest rates and exchange rates, thereby increasing finance costs and foreign currency exposure risk.	Incorporate exchange rate fluctuations into routine financial decision-making and implement natural hedging by increasing foreign currency liability.	♦ Routine management of exchange rates ♦ Execute hedging projects

Targets and Performance of Material Topics

1. Chemical Safety Management
   The Company aims to reduce the use of substances regulated under the EU Restricted Substances List (RSL) in all products by 50% from the 2021 baseline by 2030. As of 2025, the use of relevant substances had decreased by more than 50% compared with 2021, achieving the target ahead of schedule.
2. Business Ethics and Anti-Corruption
   The Company has established ongoing annual targets of achieving a 100% completion rate for business ethics and anti-corruption training for new employees and zero substantiated business ethics or anti-corruption violations. In 2025, the training completion rate for new employees was 100%, and no substantiated business ethics or anti-corruption violations were reported. These targets will continue in 2026.
3. Information Security Management
   The Company has established ongoing annual targets of zero major information security incidents and zero customer privacy violations. In 2025, no major information security incidents or customer privacy violations occurred. These targets will continue in 2026.
4. Customer Relationship Management
   The Company has set 2026 targets of achieving an average customer satisfaction score above 4 and a satisfaction rate of at least 90%. In 2025, the average score was 4.58, and the satisfaction rate was 89%.

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Stakeholder Engagement Overview

Stakeholder	Concerned Topics	Communication Channels and Frequency	Response and Communication Performance
Employees	♦ Employee compensation and benefits ♦ Performance evaluation mechanisms ♦ Talent development and growth ♦ Physical and mental health and work environment safety ♦ Labor relations ♦ Operational performance ♦ Employee feedback and communication	♦ Employee performance reviews (semi-annually) ♦ Employee training (irregular) ♦ Occupational Safety and Health Committee (quarterly) ♦ Plant Safety Meetings (twice per quarter) ♦ Labor-management meetings (quarterly) ♦ Internal communication meetings (weekly/monthly) ♦ Employee bi-weekly meetings ♦ Internal electronic bulletin board (irregular) ♦ Employee suggestion mailbox (real time) ♦ Whistleblower reporting procedures (real-time)	♦ Conducted semi-annual performance reviews and annual promotion proposals for outstanding employees. 69 employees were recommended for promotion in 2025. ♦ 21,157 total training participations in 2025, averaging 27.06 times per employee, totaling 20,411 hours of training. ♦ Four Joint Occupational Safety and Health Committee meetings and eight plant safety meetings held in 2025. ♦ Completed external Occupational Safety, Health, and Environmental Management System audit (2025.11). ♦ Six labor-management meetings held in 2025. ♦ Held 49 management-headquarters coordination meetings, 12 operational-management meetings, and 68 weekly meetings in 2025, at which managers at all levels shared the Company's operating status and technology developments with employees. ♦ Posted information on the electronic bulletin board on an ad hoc basis, including employee benefits, Employee Welfare Committee updates, key company operational news, training-course information, and annual performance-management activities. ♦ Conducted the first employee experience survey, with 630 participant responses, 79% employee coverage, and 74% of headquarters employees expressing high engagement with the Company (August 2025). ♦ Held the "Shine On, Women in the Workplace" seminar, with 39 participants (March 7, 2025). ♦ Held a Mother's Day appreciation concert by the in-house saxophone club at the employee town hall, with 194 participants (May 7, 2025). ♦ Hosted a visit and performance by children from World Vision, with 315 participants (August 7, 2025). ♦ The saxophone club and the Tobias Social Welfare Foundation jointly held a "Christmas Concert and Wishing Tree Charity Event" event, with 192 participants (December 24, 2025). ♦ Completed 18 internal ESG impact assessments. ♦ Collected 77 internal stakeholder survey responses.
Customers	♦ Customer satisfaction surveys ♦ Innovation and green products ♦ Service/product quality ♦ Marketing communication ♦ Customer protection and communication	♦ Customer satisfaction surveys (annually) ♦ Innovation technology seminars (annually) ♦ Customer service hotline and email (real-time) ♦ Official website and social media (irregular) ♦ Technology innovation exhibitions (annually) ♦ Business contact window (real-time)	♦ The Company conducts annual customer satisfaction surveys, analyses, and follow-up actions. In 2025, a total of 945 questionnaires were distributed, with 798 valid responses received. The surveyed customers accounted for 51.08% of the Group's total revenue. The average satisfaction score was 4.58 out of 5, with 89% of respondents indicating that they were satisfied. ♦ Held 2 technology seminars in 2025: "Trends in Electronics Product Development" (July 25, 2025) and "Applications and Development of Sustainable and High-Performance Materials" (November 11, 2025). ♦ Obtained bluesign® SYSTEM PARTNER certification, confirming its products meet the world's strictest environmental and safety standards (July 2025). ♦ 2024 Outstanding Importer and Exporter Award (August 12, 2025). ♦ Foshan Nan Pao received an "Excellent" rating in Anta's social responsibility audit (June 26, 2025). ♦ Regular external audits of quality control systems (Dec 2025) and internal audits. ♦ Website and Facebook page updated irregularly. ♦ Participated in the Taipei Innovative Textile Application Show (TITAS), showcasing multiple high-performance, sustainable PUD and water-based resin applications (October 2025). ♦ The technical service team provided professional support and solutions for customer product and technical issues on an ad hoc basis. ♦ No information security or privacy breaches in 2025. ♦ Collected 68 stakeholder survey responses.

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Stakeholder	Concerned Topics	Communication Channels and Frequency	Response and Communication Performance
Suppliers/ Contractors	♦ Green supply chain management ♦ Product quality ♦ Business ethics ♦ Compliance with laws and regulations	♦ Supplier evaluations (annually) ♦ On-site supplier audits (annually) ♦ Supplier questionnaires and declarations (irregular) ♦ Contractor safety meetings (annually)	♦ Conducted evaluations of 455 suppliers in January and July 2025. ♦ Conducted risk assessments and on-site audits for 3 key suppliers in 2024, with follow-up assessment of improvement status in March 2025. ♦ Conducted a supplier ESG sustainability risk assessment in the second half of 2025, evaluating 78 raw material suppliers via questionnaire. On-site risk assessments (on-site audits) will be conducted for 4 key suppliers in 2026. ♦ Local procurement ratio of raw materials was 75.7% in 2025. ♦ 94.5% of raw material suppliers signed the Supplier Code of Conduct in 2025. ♦ Contracts signed with suppliers specifying terms and requirements. ♦ Collected 63 stakeholder survey responses from external suppliers/contractors.
Shareholder/ Investor	♦ Corporate Governance ♦ Financial performance transparency ♦ Company operational development ♦ Sustainable development strategies ♦ Risk Management	♦ Market Observation Post System (regular/irregular) ♦ Investor conferences (quarterly) ♦ Official website disclosures (regular/irregular) ♦ Shareholder meetings and annual reports (annually) ♦ Domestic and international investment forums (irregular) ♦ Visits by institutional investors and securities firms (irregular) ♦ Investor relations contact window (real-time)	♦ 2025 TWSE Corporate Governance Evaluation score: 107.29 points, ranked in the top 5% for the second consecutive year. ♦ 2025 S&P CSA rating: 83 points (top 1% among 511 chemical companies), and was selected for the S&P Global Sustainability Yearbook for the second consecutive year. ♦ In 2025, Nan Pao received an FTSE Russell ESG rating of 3.8, outperforming the global specialty chemicals industry average of 2.7. ♦ 2025 Sustainalytics rating: 16.1 points, ranking 10th by risk among 572 chemical companies globally. ♦ Participated in CDP Climate Change and Water questionnaires in 2025, both scored A (Leadership level). ♦ Monthly revenue disclosures on the Market Observation Post System; 44 Chinese/English disclosures each. ♦ Six investor conferences and two video link uploads in 2025. ♦ Regularly issues financial information press releases on the Company website or externally: 12 monthly revenue press releases (monthly), 4 quarterly operating results press releases (quarterly), and 5 additional ad hoc press releases covering ESG sustainability performance, industry conferences, strategic partnerships, and international exhibition participation. ♦ Annual shareholder meeting held on 2025.6.17. ♦ Collected 14 stakeholder survey responses from external shareholders/investors.

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Stakeholder	Concerned Topics	Communication Channels and Frequency	Response and Communication Performance
Social	♦ Community engagement and care ♦ Environmental protection ♦ Volunteer service ♦ Occupational safety and health	♦ Nan Pao Resins Charity Foundation (real-time) ♦ ESG contact mailbox (real-time) ♦ Volunteer activities (irregular) ♦ Project donations and sports sponsorships (irregular)	♦ Since its establishment in late 2007, the Nan Pao Resins Charity Foundation has donated a cumulative NT$94.18 million through 2025. ♦ 2025 Nan Pao Resins Charity Foundation spending: Unit: NT$ ♦ Invited 38 indigenous students from World Vision Taiwan's Rinari Culture Team to visit the Company for a tour and performance, and to participate in a chemistry experiment class designed to spark children's interest in chemistry (August 7, 2025). ♦ The Taipei liaison office supported the "Neihu Thousand-Person Blood Drive" charity event organized by the Taipei Neihu Technology Park Development Association, contributing 103 units of blood (August 12, 2025). ♦ Held the "Christmas Concert and Wishing Tree Charity Event" on December 24, 2025, in which employees fulfilled a wish list of gifts for 57 students provided by the Tobias Social Welfare Foundation, and invited the Tainan Philharmonic Orchestra to perform Christmas music. ♦ Collected 70 stakeholder survey responses from external communities.
Government	♦ Compliance with laws and regulations ♦ Communication with regulatory authorities ♦ Occupational safety and health ♦ Greenhouse Gas Reduction ♦ Environmental protection ♦ Energy Management	♦ Compliance with authority requirements and regular reporting ♦ Participation in authority supervision and audits ♦ Participation in government briefings (irregular) ♦ Non-financial information disclosure: annual ESG report publication	♦ Completed 23 authority questionnaires in 2025. ♦ Annual ESG disclosure completed by June. ♦ Participated in 2 briefings held by competent authorities: the "2025 Listed Company Business Briefing" held by the Taiwan Stock Exchange (October 22, 2025) and the "2026 ESG Evaluation Briefing" (December 4, 2025). ♦ Established an occupational safety and health management system based on ISO 45001, systematically advancing OSH management and ensuring the system's regulatory compliance and effective implementation. ♦ Published the 2024 Sustainability Report (August 2025), disclosing specific actions and outcomes across the Environmental (E), Social (S), and Governance (G) dimensions; the 2025 Sustainability Report is expected to be published in August 2026. ♦ Collected 20 stakeholder survey responses from government agencies.

	Child Education	Care for the Disadvantaged	Community Culture	Elderly Welfare	Other(Note)	Total
$	3,411,543	1,371,800	200,000	840,000	1,557,949	7,381,292
%	46%	19%	3%	11%	21%	100%

Note:Others include emergency assistance, volunteer services, and sports donations.

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2.1 Operational Management and Structure

Board Composition

Nan Pao firmly believes that a sound and efficient Board of Directors forms the cornerstone of good corporate governance. The Company has also established an Internal Audit Office, which conducts regular audits of the headquarters, subsidiaries, and affiliated enterprises each year to assess operational processes and performance. Audit reports are submitted to the Board of Directors on a regular basis.

Nan Pao's Board of Directors, led by Chairman Mr. Wu Cheng-Hsien, receives quarterly reports from the management team covering business performance, environmental safety, investment outcomes, and more, and provides strategic advice accordingly. A smooth communication channel is maintained between the management team and the Board to ensure alignment on corporate goals and to maximize shareholder value.



In accordance with the Company's Articles of Incorporation, the Board convenes at least once every quarter to supervise and understand the implementation of operational plans, the presentation of financial statements, the progress of audit reports, and follow-up actions. In 2025, the Board held eight meetings with an overall director attendance rate of 98.21%, thereby fulfilling its oversight role over operational plans and other key aspects. Important resolutions of the Board are also regularly published on the Company's investor relations section of the website.

To further enhance its supervisory function and strengthen management capabilities, the Board has established three functional committees:

- Audit Committee (established in 2017): Assists the Board in overseeing the appointment and dismissal of certified public accountants, financial reporting processes, internal control systems, and risk management mechanisms.
- Compensation Committee (established in 2017): Assists the Board in evaluating and executing overall compensation policies, targets, and performance appraisals for directors and managers
- Sustainable Development Committee (originally the Corporate Social Responsibility Management Committee, established in 2020): Coordinates the formulation of sustainability policies, the planning of sustainability goals, and the implementation of sustainability-related initiatives.

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Director Professional Qualifications and Independence

Nan Pao adheres to a fair, just, and open nomination and selection process for directors in accordance with the Company Act and relevant regulations. The composition of the Board takes into account organizational culture, operational structure, and long-term development, and implements a policy of Board member diversity. Board members must possess the knowledge, skills, and qualities required to perform their duties. Collectively, the Board should demonstrate competencies in business judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international perspective, leadership, and decision-making.

Requirements / Name	Professional Qualifications and Experience	Independence Status	No. of Other Listed Companies as Independent Director
Wu Cheng-Hsien "S" Committee Member (Note 1)	Chairman Wu graduated from the Department of Chemistry at National Tsing Hua University and later obtained a master's degree from its Institute of Applied Chemistry. ● Industry Experience: He joined Nan Pao in 1977, serving in various leadership roles including Plant Manager of Baoli Plant, General Manager of R&D, Executive General Manager of the Adhesives Division, and President. Since 2013, he has served as Chairman of the Board. ● Risk Management Experience: He is a member of the Company's Sustainable Development Committee, which reviews sustainability risks, compliance risks, and information security risks. Chairman Wu has more than 20 years of experience in the chemical resins industry and is highly skilled in corporate management, strategic leadership, and ESG practices.	1. Concurrently serves as a director or supervisor of the Company's affiliated enterprises (subsidiaries). 2. Is one of the Company's top ten individual shareholders. 3. He otherwise meets the independence requirements set forth in Article 3, Paragraph 1 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies as promulgated by the Financial Supervisory Commission.	0
Pou Chien Enterprise Co., Ltd. Representative: Shih Chih-Hung	Director Shih graduated from the Department of Accounting at Chung Yuan Christian University. He currently serves as Vice President of Pou Chen's Global Supply Chain Management Headquarters, and as a director of San Fang Chemical Industry Co., Ltd. He previously served as spokesperson for Pou Chen Corporation (2021-2022); as Executive Director and Chief Financial Officer of Yue Yuen Industrial (Holdings) Limited (2020-2025), as a director of Elitegroup Computer Systems Co., Ltd. (2021-2023), as Executive Director of Eagle Nice (international) Holdings Limited (2020-2025), and as a director of Evermore Chemical Industry Co., Ltd. (2022-2024). ● Industry Experience: Since 2020, he has held management positions within Pou Chen Group, and in June 2025 was appointed Vice President of Pou Chen's Global Supply Chain Management Headquarters. Director Shih possesses expertise in accounting and corporate management.	1. Is the representative appointed by Pou Chien Enterprise Co., Ltd. — a corporate shareholder holding 5% or more of the Company's issued shares — to serve as director. 2. He otherwise meets the independence requirements set forth in Article 3, Paragraph 1 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies as promulgated by the Financial Supervisory Commission.	0

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Requirements / Name	Professional Qualifications and Experience	Independence Status	No. of Other Listed Companies as Independent Director
Guangrong Investment Co., Ltd. Representative: Hsu Ming-Hsien "S" Committee Member (Note 1)	Director Hsu graduated from the Department of Business Administration at National Sun Yat-sen University and later obtained a master's degree from the Institute of Industrial Management at National Cheng Kung University. He currently serves as the Company's CEO, an Independent Director and a member of the Compensation Committee of Lightel Corporation, and as an Independent Director and a member of the Audit Committee and Compensation Committee of Min Sheng Applied Co., Ltd. ● Industry Experience: He joined Nan Pao in 1986, holding key management positions including Manager of the Corporate Management Office and Deputy General Manager of the Planning Division. ● Risk Management Experience: He is a member of the Company's Sustainable Development Committee, which reviews sustainability risks, compliance risks, and information security risks. ● Information Security Experience: He serves as the convener of the Company's Information Security Committee, overseeing digital transformation and cybersecurity strategies. Under his leadership, the Company obtained ISO 27001 Information Security Management System (ISMS) certification on July 22, 2022, and joined TWCERT/CC. Since his appointment as CEO in 2017, Director Hsu has led the Company steadily toward sustainability innovation, low-carbon manufacturing, and digital transformation, with the vision of becoming an indispensable strategic partner across industries through innovative and eco-friendly products. Director Hsu has more than 20 years of experience in the chemical resins industry and is highly skilled in corporate management, strategic leadership, and ESG practices.	1. Is the Company's CEO, and thus a manager. 2. Concurrently serves as a director or supervisor of the Company's affiliated enterprises (subsidiaries). 3. Was elected director as the designated representative of Guangrong Investment Co., Ltd., one of the Company's top five corporate shareholders. 4. He otherwise meets the independence requirements set forth in Article 3, Paragraph 1 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies as promulgated by the Financial Supervisory Commission.	2
Guangrong Investment Co., Ltd. Representative: Huang Ying-Lin	Director Huang graduated from the Department of Chemistry at the University of Southern California and later obtained a master's degree in Applied Chemistry from Waseda University in Japan. He currently serves as the Executive General Manager of the Company's Footwear Division, and a director of Tungsin Optoelectronics Co., Ltd. and Prince Pharmaceutical Co., Ltd. ● Industry Experience: He joined Nan Pao Resins' New Business Development Center in 2023 and has held positions including Special Assistant to the CEO Office and Executive General Manager of the Footwear Division. Director Huang possesses expertise in corporate management and strategic leadership.	1. Is the Executive General Manager of the Company's Footwear Division, and thus a manager. 2. Concurrently serves as a director or supervisor of the Company's affiliated enterprises (subsidiaries). 3. Holds, in their own name or under another party's name, 1% or more of the Company's issued shares. 4. Is one of the Company's top ten individual shareholders. 5. Was elected director as the designated representative of Guangrong Investment Co., Ltd., one of the Company's top five corporate shareholders. 6. He otherwise meets the independence requirements set forth in Article 3, Paragraph 1 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies as promulgated by the Financial Supervisory Commission.	0

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Requirements / Name	Professional Qualifications and Experience	Independence Status	No. of Other Listed Companies as Independent Director
Chen Yun "A" Convener "C" Convener "S" Convener (Note 1)	Independent Director Chen graduated from the Department of Chemical Engineering at Tunghai University, obtained a master's degree from the Institute of Polymer Science at National Tsing Hua University, and a Ph.D. from the Institute of Synthetic Chemistry at the University of Tokyo. He is currently an Honorary Professor at the Department of Chemical Engineering, National Cheng Kung University. ● Industry Experience: He previously served as a polymer engineer at Hsinchung Fiber Industry Co., Ltd. (1975–1977) and as Deputy Manager of the Joint Research and Development Department at Chien Hsin and Guang Nan Enterprises Co., Ltd. (1977–1984). ● Risk Management Experience: He serves as the convener of the Company's Audit Committee and Sustainable Development Committee, which review financial risks, internal control risks, sustainability risks, compliance risks, and information security risks. Independent Director Chen has devoted more than 30 years to education and research in polymer chemistry, optoelectronic polymer materials, and fluorescent sensing materials, and possesses expertise in ESG-related matters.	The following three Independent Directors on the left have met the qualification requirements stipulated in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and Article 14-2 of the Securities and Exchange Act during the two years prior to their election and throughout their tenure. In accordance with Article 14-3 of the Securities and Exchange Act, independent directors are granted sufficient authority to participate in decision-making and to express their opinions, thereby enabling them to exercise their duties independently.	0
Chiang Yung-Cheng "A" Committee Member "C" Committee Member "S" Committee Member (Note 1)	Independent Director Chiang graduated from the Department of Law at Soochow University. He currently serves as an Independent Director of Lungta Construction Co., Ltd., Chunghsing Security Technology Co., Ltd., and Typo Precision Imaging Co., Ltd., and as a practicing lawyer at Cheng-Bang/Cheng-Yang Joint Law Firm. He previously served as a judge at the Kaohsiung District Court (1986–1997) and the Kaohsiung Branch of the Taiwan High Court (1997–1999), and as a director of Nan Ho Hsing Industrial Co., Ltd. ● Risk management experience: He serves as a member of the Company's Audit Committee and Sustainability Development Committee, which are responsible for reviewing the implementation and operation of risk management in relation to financial risk, internal control risk, sustainability risk, regulatory compliance risk, and information security risk. Independent Director Chiang has practiced law for more than 25 years and possesses expertise in legal affairs and ESG matters.		3
Kuo Chin-Rong "A" Committee Member "C" Committee Member "S" Committee Member (Note 1)	Independent Director Kuo graduated from the Department of Industrial Management Science at National Cheng Kung University and subsequently earned master's degrees from the Graduate Institute of Industrial Management at National Cheng Kung University and the Graduate School of Accountancy at Southern Illinois University in the United States. He currently serves as an independent director of Aethertek Technology Co., Ltd. and Arizon RFID Technology (Cayman) Co., Ltd., managing partner of Kuang Hsin Yi Chun CPAs & Co., and executive supervisor of the Chinese Tax Agent Association. His previous positions include Assistant Professor in the Department of Accounting at Tamkang University (2010–2024), Deputy Chair of the Accounting and Auditing Committee of the Taipei Certified Public Accountants Association (2014–2017), director and supervisor of the National Federation of Certified Public Accountants Associations of the R.O.C. (2015–2021), supervisor of Aubergine Information Systems Co., Ltd. (2017–2023), Chair of the Accounting and Auditing Committee of the Taiwan Provincial Certified Public Accountants Association (2019–2025), and Chair of the Taipei Tax Agent Association (2023–2026). ● Risk management experience: He serves as a member of the Company's Audit Committee and Sustainability Development Committee, which are responsible for reviewing the implementation and operation of risk management in relation to financial risk, internal control risk, sustainability risk, regulatory compliance risk, and information security risk. Independent Director Kuo is a certified public accountant in Taiwan, the United States, and Mainland China. With more than 25 years of experience in accounting practice, taxation, and advisory services, he possesses extensive expertise in accounting, business management, leadership and decision-making, ESG, and taxation.		2

Note 1: Functional Committees: "A" Audit Committee "C" Compensation Committee "S" Sustainable Development Committee
Note 2: After verification, none of the Company's directors currently fall under any of the circumstances listed in Article 30 of the Company Act.

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2.2 Board Composition and Governance

Board Diversity

Nan Pao implements a Board diversity policy, as stipulated in its "Corporate Governance Best Practice Principles," which defines Board diversity standards covering but not limited to the following two dimensions:

（1）Basic Conditions and Values: Gender, age, nationality, race, and culture.

（2）Professional Knowledge and Skills: Professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

At the 2023 Annual General Shareholders' Meeting (June 21, 2023), seven directors were elected, including three independent directors. The Board comprises members with diverse and complementary industry experience and professional expertise in finance, accounting, law, and other areas, thereby meeting the management objectives of the Board Diversity Policy.

Management Objectives	Current Status	Achievement Status
(1) The Board includes at least one female director.	(1) The Board includes one female director, representing 14.29% of the Board;	Achieved
(2) The number of independent directors must exceed one-third of the total number of directors.	(2) Independent directors comprise 42.86% of the Board.	Achieved
(3) The number of directors concurrently serving as managers of the Company must not exceed one-third of directors.	(3) Directors concurrently serving as managers account for 28.57% of the Board.	Achieved
(4) No more than two directors shall have spousal or second-degree relative relationships with each other.	(4) No directors have spousal or second-degree relative relationships.	Achieved
(5) Female directors must account for one-third of the Board seats.	(5) Female directors account for 14.29%, below one-third	Not Achieved

Strengthening Board Structure and Operations

Since 2023, Nan Pao has added one female independent director. All independent directors have not exceeded three consecutive terms. To strengthen corporate governance and enhance Board effectiveness, the Board has appointed Mr. Sun Yu-Ping, Associate General Manager of the Financial Management Department, as the Chief Corporate Governance Officer. The Company has implemented the "Orientation and Continuing Education System for Directors" and continuously revised the "Corporate Governance Best Practice Principles" to align with international corporate governance trends and to address emerging social and international issues.

In the past, the selection of Nan Pao's Board members primarily considered candidates' professional backgrounds, industry and management experience, as well as their level of engagement and contributions to the Company's future development, without specific restrictions on gender representation. To further promote gender equality on the Board, in 2024 the Company introduced a management target of ensuring that female directors account for one-third of all board seats, and will continue to enhance gender diversity in board composition going forward.

Board Independence

The Board of Directors of the Company demonstrates a high level of independence:

1. The Board consists of seven members, including three independent directors, representing 42.86% of the Board. All three independent directors meet the independence criteria set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."
2. None of the independent directors has served for more than three consecutive terms, and none concurrently serves as an independent director in more than three other public companies. Two independent directors have served terms ranging from 7 to 9 years, while one has served a term ranging from 1 to 3 years.
3. No directors have spousal or second-degree relative relationships with each other (i.e., none are subject to the circumstances specified in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act).
4. All directors uphold a high level of self-discipline. For any matters on the Board's agenda that present a conflict of interest involving themselves or the entities they represent, directors must disclose the material aspects of such interests during the Board meeting. If the matter may be detrimental to the Company's interests, the director shall neither participate in the discussion nor vote on the proposal, and shall recuse themselves from voting, without acting as a proxy for other directors.

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Implementation Status of the Board Diversity Policy

	Basic Qualifications			Initial Appointment Date	Years of Independent Directorship	Concurrent Employee Position	Concurrent Managerial Position	Professional Knowledge & Skills						Industry Experience							
	Gender	Age	Nationality					Corporate Management	Leadership & Decision-Making	Accounting	Taxation	Legal	ESG	Chemical Industry	Plastics Industry	Sports & Recreation	Textiles & Fibers	Internet & Communications	Food Industry	Construction Materials	Semiconductors
Wu Cheng-Hsien	Male	71-80	R.O.C.	20140627				✓	✓				✓	✓							
Hsu Ming-Hsien	Male	61-70	R.O.C.	20140627		✓	✓	✓	✓				✓	✓		✓		✓			
Huang Ying-Lin	Male	31-40	R.O.C.	20200616		✓	✓	✓	✓					✓				✓	✓		
Shih Chih-Hung	Male	61-70	R.O.C.	20200520				✓	✓	✓				✓	✓	✓					
Chen Yun (Independent Director)	Male	71-80	R.O.C.	20171212	7-9 Years								✓			✓	✓				
Chiang Yung-Cheng (Independent Director)	Male	61-70	R.O.C.	20171212	7-9 Years							✓	✓							✓	
Kuo Chin-Rong (Independent Director)	Female	61-70	R.O.C.	20230621	1-3 years			✓	✓	✓	✓		✓					✓			✓

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Remuneration Paid to Directors, General Managers and Deputy General Managers

Remuneration Paid to Directors and Independent Directors in 2025

● The Company ▲ From All Consolidated Unit: NT$1,000

Title/Name	Director's Remuneration								Total Remuneration (A+B+C+D) and Ratio to Net Income		Compensation Earned by a Director who is an Employee of the Company								Total Remuneration (A+B+C+D+E+F +G) and Ratio to Net Income (Note 3)		Compensation Paid to Directors from Non-consolidated Affiliates
	Basic Compensation (A)		Severance Pay (B)		Compensation to Directors (C)		Allowances (D)				Salary, Bonuses and Allowances (E)		Severance Pay (F) (Note 2)		Profit Sharing (G)						
															●		▲				
	●	▲	●	▲	●	▲	●	▲	●	▲	●	▲	●	▲	Cash	Stock	Cash	Stock	●	▲	
Chairman Cheng-Hsien, Wu	3,792	3,792	-	-	450	450	-	-	4,242 (0.17%)	4,242 (0.17%)	-	-	-	-	-	-	-	-	4,242 (0.17%)	4,242 (0.17%)	-
Director Pao Chien Enterprise Co., Ltd	-	-	-	-	5,049	5,049	-	-	5,049 (0.21%)	5,049 (0.21%)									5,049 (0.21%)	5,049 (0.21%)	-
Representative: Wang-Chyan, Lin (Note 4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Representative: Chih-Hung,Shih (Note 4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director Guang Rong Investment Ltd.	-	-	-	-	26,055	26,055	-	-	26,055 (1.07%)	26,055 (1.07%)	-	-	-	-	-	-	-	-	26,055 (1.07%)	26,055 (1.07%)	-
Representative: Ming-Hsien, Hsu	-	-	-	-	-	-	-	-	-	-	6,928	6,928	363	363	2,900	-	2,900	-	10,191 (0.42%)	10,191 (0.42%)	-
Representative: Ying-Lin, Huang	-	-	-	-	-	-	-	-	-	-	5,698	5,698	97	97	2,316	-	2,316	-	8,111 (0.33%)	8,111 (0.33%)	-
Independent Director Yun, Chen	240	240	-	-	350	350	-	-	590 (0.02%)	590 (0.02%)	-	-	-	-	-	-	-	-	590 (0.02%)	590 (0.02%)	-
Independent Director Yung-Cheng, Chiang	240	240	-	-	350	350	-	-	590 (0.02%)	590 (0.02%)	-	-	-	-	-	-	-	-	590 (0.02%)	590 (0.02%)	-
Independent Director Chin-Jung, Kuo	240	240	-	-	350	350	-	-	590 (0.02%)	590 (0.02%)	-	-	-	-	-	-	-	-	590 (0.02%)	590 (0.02%)	-
Total	4,512	4,512	-	-	32,604	32,604	-	-	37,116 (1.51%)	37,116 (1.51%)	12,626	12,626	460	460	5,216	-	5,216	-	55,418 (2.26%)	55,418 (2.26%)	-

*Other than disclosure in the above table, Directors remunerations earned by providing services (e.g. providing consulting services as a non-employee of parent company / all consolidated entities/ non-consolidated affiliates) to Nan Pao and all consolidated entities in the 2025 financial statements: None.

Note 1: Directors and Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent:

1. The remuneration of directors is determined by the Board of Directors in accordance with the authorization set forth in the Company's Articles of Incorporation, taking into account each director's level of participation in operations and contribution to the Company, and with reference to industry practices both domestically and internationally. Such remuneration may be adjusted based on the results of the Board performance evaluation.
2. The Articles of Incorporation also provide that the compensation to directors shall be no more than 3% of annual profits.
3. The distribution of compensation of directors shall be made in accordance with the Company's "Rules for Distribution of Compensation to Directors, Functional Committee members and executive officers" based on the following principles:
   (1) Directors who serve as executive officers of the Company are not entitled to receive compensation to directors;
   (2) The Independent Directors also serve as members of the Functional Committees and thus participate in the discussion as well as resolutions of related committee meetings in accordance with the charter of each committee, therefore the Company provides additional compensation;
   (3) If the Company's after-tax net profit for the relevant year decreases by more than 20% compared with the previous year, the growth rate of directors' remuneration shall not exceed that of the previous year;
   (4) In the event of ethical misconduct or any incident that results in a material negative impact on the Company's reputation or image, directors' remuneration may be adjusted downward upon resolution of the Board of Directors.

Note 2: Pensions funded according to applicable law.

Note 3: The remuneration paid to the directors from the Company and from all consolidated entities in 2025, including their employee compensation, both accounted for 2.26% of 2025 net income.

Note 4: Mr. Chih-Hung Shih was appointed as the representative person of Pou Chien Enterprise Co., Ltd. on June 20, 2025, replacing Mr. Wang-Chyan Lin who resigned on the same day.

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Board Succession Planning and Operation

Nan Pao's Articles of Incorporation stipulate that director elections are conducted entirely under a candidate nomination system, and director elections are carried out in accordance with the Articles of Incorporation and the Corporate Governance Best Practice Principles. To ensure that the Board of Directors possesses diversity and professional expertise, its composition is determined not only by the Company's operational and developmental needs but also by considerations of diverse professional backgrounds, including industry experience, financial accounting, corporate management, and strategy planning. The Board currently comprises 7 directors (including 3 independent directors) with diverse, complementary industry experience and professional expertise in law, accounting, and finance; 3 of them concurrently serve in the Company's senior management.

The Chairman is elected by the directors from among themselves in accordance with the Company's Articles of Incorporation and Board operating mechanisms. The Board of Directors' succession planning involves the continuous development of senior managers with operational and managerial capabilities, enabling them to become familiar with the Company's overall operations and industry developments. By participating in Board-related meetings, group strategy projects, and significant management decisions, the talents gradually accumulate governance experience to serve as reserve candidates for future members of the Board of Directors.

Chairman Mr. Wu Cheng-Hsien joined Nan Pao's R&D Department in 1977 and has since held positions such as Plant Manager at Baoli Plant, General Manager of R&D, Executive General Manager of the Adhesive Business Unit, and General Manager. He joined the Board of Directors in 2013 and assumed the position of Chairman, where his primary responsibility is to promote corporate governance. After the Directors' terms expire, in the next Board election in 2026, the Board will elect a qualified candidate possessing industry experience, operational capabilities, and leadership abilities to serve as Chairperson, in accordance with the Company's governance framework and overall structural needs of the Board.

The Company has also established the "Board Performance Evaluation Procedures," which include performance evaluation criteria such as understanding of the Company and its responsibilities, participation in corporate operations, director professionalism and continuing education, and internal controls. These evaluations are conducted to ensure the effective functioning of the Board and to serve as a reference for future director selection.

Implementation of Corporate Governance

1. The Board of Directors fulfills its fiduciary duty of due care to oversee the implementation of sustainable development by the Company, continually reviewing and improving the effectiveness of its initiatives to ensure that sustainability policies are effectively carried out.
2. When promoting sustainable development goals, the Board of Directors fully considers the interests of stakeholders, including the following:
   a. Formulating a sustainability mission or vision, and establishing sustainability policies, systems, or relevant management guidelines.
   b. Integrating sustainability into the Company's operational activities and strategic direction, and approving specific sustainability action plans.
   c. Ensuring the timeliness and accuracy of sustainability-related information disclosure.
3. To enhance sustainability management, the Sustainable Development Committee is authorized to promote and oversee the implementation of sustainability matters, while the Sustainable Development Office executes the implementation of sustainability policies and regularly reports to the Committee.
4. The Company authorizes senior management to handle the economic, environmental, and social issues arising from its operations, with the Sustainability Committee reporting to the Board of Directors on progress and outcomes.

The Company places great importance on the governance and compliance management of the Articles of Incorporation. In accordance with the relevant provisions of the Company Act, the adoption or amendment of the Articles of Incorporation must be approved by the shareholders' meeting. Whenever matters involve amendments to the Articles of Association, the Company follows internal corporate governance procedures. The Board of Directors reviews the proposed amendments and submits them to the shareholders' meeting for resolution after comprehensively considering legal and regulatory compliance, the Company's operational needs, and the protection of shareholder rights and benefits. Through the Board of Directors' prudent oversight and the final resolution mechanism of the shareholders' meeting, the Company continues to strengthen the integrity of its governance framework and the transparency of its decision-making procedures, thereby implementing sound corporate governance.

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The Board's Collective Knowledge

Nan Pao enhances the Board's familiarity with the Company, its industry, and the unique responsibilities of directors through the following measures:

1. In addition to regular meetings of the Board and its functional committees, annual reports from the management team and updates from the Sustainable Development Committee help to strengthen the Board's overall understanding of economic, environmental, and social issues.
2. The Company organizes, on an ad hoc basis, professional training courses for Board members that align with annual strategic development priorities and other operational topics. Individual directors may also attend relevant external training courses as needed.
3. The Company participates in the Yi Tsai Club, an association of listed companies in Tainan, and leverages its publications and training sessions to keep Board members informed of new developments and to help them enhance their competencies.

2025 Director Training Courses and Hours

Training Hours	Corporate Governance	Risk Management	Climate change	Corporate Sustainability	Total
Executive Directors	6	5	15	6	32
Non-Executive Directors	12	4	21	12	49

Enhancing Board Functionality

1. To fully leverage the synergy of the functional committees, the Company is reviewing the diverse professional expertise and experience composition of the next term's independent directors, based on operating needs and the current independent directors' division of responsibilities, and plans to designate conveners with the relevant expertise to lead each functional committee following re-election.
2. To actively strengthen the Board's diverse oversight functions, starting in 2026 the Company plans to regularly report the current senior management development policy, system, and succession talent cultivation status to the Board, in order to strengthen the Board's oversight of senior management development and succession plan outcomes.
3. The Company has clearly defined term-based goals for the Board and each functional committee, designating senior management succession planning, AI enterprise resource planning (AI ERP), AI auditing (AI Audit), and the adoption of the IFRS S1/S2 sustainability disclosure standards as the Board's guiding priorities/objectives for 2026, with each functional committee planning related execution and oversight matters within its respective scope.

Board Performance and Remuneration

To ensure that board performance is aligned with the Company's vision and strategic objectives, core competencies are evaluated, accountability is reinforced, and remuneration is effectively linked to performance. The Compensation Committee, in accordance with the Regulations for Board Performance Evaluation, incorporates sustainability strategy objectives as flexible indicators in determining directors' remuneration. The results of individual board member performance evaluations are also taken into consideration when setting their respective remuneration, creating a tangible link between performance and pay and achieving a win–win outcome.

Directors' remuneration is determined in accordance with the Remuneration Policy for Directors, Functional Committees, and Managers, subject to review by the Compensation Committee and approval by the Board of Directors. Directors who also serve as managers do not participate in the distribution of directors' compensation. Directors' remuneration is linked to the Company's operating performance and annual decisions on directors' pay, taking into account remuneration levels, payment methods, and potential future risks. Furthermore, when the Company experiences significant declines in net profit after tax, the growth rate of directors' remuneration must not exceed that of the previous year. To establish a mechanism that links directors' performance evaluations and remuneration with individual performance and future risks, the Company has also stipulated that, in the event of a moral hazard or other incident that negatively impacts the Company's reputation or goodwill, directors' compensation may be reduced by resolution of the Board.

Annual performance targets cover both job-specific indicators and shared ESG indicators, including carbon reduction, renewable energy use, environmental performance improvement, the proportion of women in senior management, Board gender diversity, green procurement, sustainable supply chain management, and material topics such as chemical safety management, business ethics and anti-corruption, and information security management. These targets are incorporated into senior executives' performance evaluations and linked to remuneration.

Board Performance Evaluation Implementation

To strengthen corporate governance and clearly define performance goals for improving Board function and operating efficiency, the Board approved amendments to the Board Performance Evaluation Measures on February 6, 2026. The key revision requires that, per the reference template for the Board Performance Evaluation Measures, the rules of procedure for each functional committee must include a requirement to conduct an internal committee performance evaluation at least once per year.

Beginning in 2017, at the end of each fiscal year, the Shareholder Affairs Unit distributes related self-evaluation questionnaires, compiles and records the evaluation results in reports, and submits those reports to the Board of Directors for review and improvement. In addition, once every three years, an independent external institution or a team of external experts and scholars conducts an evaluation of the Board's performance and implementation and prepares an external evaluation analysis report.

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2025 Board Performance Evaluation

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Annual	2025.01.01~2025.12.31	Entire Board of Directors	Internal Board Self Evaluation using the "Board Performance Self-Evaluation Questionnaire"	Across five key dimensions—participation in corporate operations, enhancement of Board decision-making quality, Board composition and structure, director selection and continuing education, and internal control—a total of 50 evaluation indicators are applied.
Annual	2025.01.01~2025.12.31	Individual Directors	Director self-evaluation using the "Director Performance Self-Evaluation Questionnaire"	Across five key dimensions—understanding of and accountability for Company goals and duties, participation in Company operations, internal relationship management and communication, participation in company operations, directors' expertise and continuous training, and internal control—a total of 28 evaluation indicators are applied.
Annual	2025.01.01~2025.12.31	Functional committees • Audit Committee • Compensation Committee • Sustainable Development Committee	Internal self-evaluation by each functional committee using the "Functional Committee Performance Self-Evaluation Questionnaire"	Participation in Company operations, understanding of functional committee responsibilities, improving functional committee decision-making quality, functional committee composition and member selection, internal controls, etc.
An independent external institution conducts an evaluation every three years	2024.08.01~2025.07.31	The evaluation covers the operation of the Board of Directors and its functional committees	The performance evaluation is commissioned to the Taiwan Corporate Governance Association.	1. Board composition and division of responsibilities 2. Board guidance and oversight 3. Board authorization and risk management 4. Board communication and collaboration 5. Board self-discipline and continuous improvement

Note: The 2025 Board Performance Self-Evaluation was assessed as satisfactory across all areas, indicating that the board operated effectively overall. The evaluation results were submitted to the Board of Directors in a report dated March 12, 2026. In addition, the overall performance evaluation and recommendations conducted by the external, independent institution Taiwan Corporate Governance Association were submitted to the Board of Directors in a report dated November 10, 2025, to serve as the basis for review and improvement. The Board Performance Evaluation results for each year will be provided to the Compensation Committee as reference for individual director compensation and nomination for reappointment.

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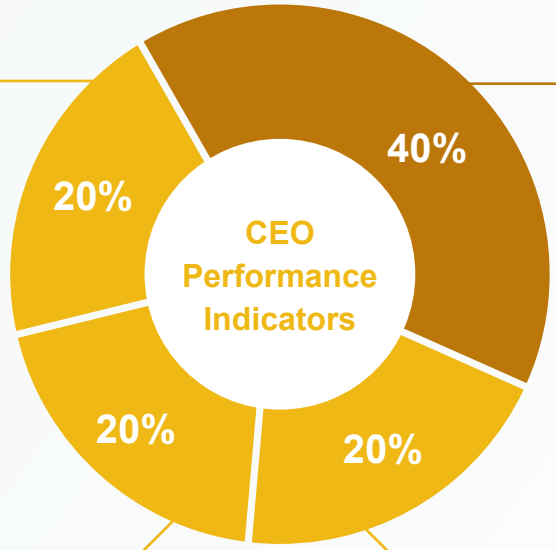
Performance Evaluation of Senior Executives

To implement its sustainability strategy and strengthen long-term operating performance, Nan Pao has established a management system linking senior management performance and compensation to ESG outcomes. This applies to the President, the Executive General Managers of each business division, the heads of each functional unit, the general managers of key affiliated enterprises, and mid- to senior-level managers and professional talent. Based on its sustainability strategy and goals, the Company incorporates ESG key performance indicators (KPIs) into annual performance evaluations, linking them to performance bonuses and short-term incentive compensation. Annual performance evaluations take into account not only individual work goals and ESG goal achievement but also risk management and other indicators in a comprehensive assessment. To strengthen the link between sustainability performance and compensation, if a manager fails to achieve any of their annual ESG goals, the Company may adjust that year's year-end bonus and employee compensation accordingly. Variable compensation for each manager is reviewed by the Compensation Committee and submitted to the Board for approval, to ensure the compensation system is aligned with the Company's sustainability goals. This reflects why chemical safety management, together with business ethics and anti-corruption, and information security management, has been identified as one of the Company's material topics.

President Performance Indicators

Risk Management

- Financial impacts of risks and opportunities related to sustainability disclosure guidelines
- Risk assessments of environmental, social, and corporate governance (ESG) issues relevant to the Company's operations



Financial and Business Performance

- Annual revenue achievement rate, performance target achievement rate of strategic core business groups
- After-tax net income, earnings per share, annual ROE
- Operational efficiency, financial structure, and tax management

Strategic Development

- Development of long-term competitive strategies
- Sustainable development strategies, including international ESG evaluations and progress in achieving ESG targets

Corporate Transformation

- Talent development, system establishment, and digital optimization
- Innovation and process improvement

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The sustainability performance indicators and their respective weights for each senior manager are outlined as follows:

Position	Sustainability Performance Weighting	Sustainability Performance Indicator Content
Executive General Manager, Vice President, and Assistant Vice President of business divisions	15%	• Product carbon emission intensity achievement rate (15%)
President and Vice President, Operation Management Division	20%	• Continued ISO certification and zero occupational incidents/fines/safety incidents (10%) • Environmental management indicator intensity (10%)
Presidents of key affiliated enterprises	20%	• Continued ISO certification and zero occupational incidents/fines/safety incidents (5%) • Environmental management indicator intensity (10%) • Talent diversity goals (5%)
Vice President and Assistant Vice President, R&D and Innovation Division	15%	• Low-carbon product and R&D-related indicators (including carbon emission intensity, green product sales, use of recycled materials, etc.) (15%)
Assistant Vice President, Financial Management Division	15%	• Corporate governance evaluation achievement rate (10%) • Risk management training and information disclosure (5%)
Manager, Strategic Procurement Department	15%	• Supplier ESG risk mechanism (10%) • Low-carbon raw material procurement (5%)
Mid- to senior-level managers and professional talent	Linked mechanism	Linked to the KPIs of the President of their respective business group

Managerial Compensation and Performance

Nan Pao has established the "Regulations Governing Remuneration Payments for Directors, Functional Committees, and Managers," which integrate corporate governance and sustainable development principles to ensure reasonable compensation. The Company has also formulated the "Manager Performance Evaluation Procedures" to effectively evaluate managerial performance, enhance operational results, and strengthen accountability. These evaluations serve as a basis for determining managerial compensation, promotion incentives, and development opportunities.

Policy Purpose	To incentivize managers to achieve and exceed company goals, create profits, and improve operational performance, while taking into account the reasonable correlation with future risks, the compensation of managers is periodically evaluated.
Review Process	The compensation policy, system, standards, and structure for managers shall be reviewed by the Compensation Committee and then submitted to the Board of Directors for resolution. All members of the Compensation Committee are independent directors, and no external compensation consultants are engaged.
Salary Structure	• Fixed salary includes base salary, various allowances, or bonuses, determined based on the individual's professional qualifications and with reference to market compensation levels. • Variable salary includes bonuses and remuneration, determined based on the overall operational results of the Company, the unit's performance, and the individual's relative performance contribution. It aims to realize the Company's core values, demonstrate leadership and management capabilities, and reasonably consider factors such as the correlation with future risks. • The retirement system applies the same as for general employees.
Risk Linkage	• In the event of a major risk incident that significantly affects the Company's reputation, or internal management misconduct, or personnel fraud, the manager's bonuses may be reduced or not granted to achieve risk control effects. • If a manager violates the Group's Employee Code of Conduct and is required to return bonuses, surrender any undue benefits received, and pay punitive damages, such penalties may be increased by a resolution of the Board of Directors. • If, due to fraud or other intentional serious misconduct by a manager, the Company needs to restate its financial results, the manager's variable compensation may be recovered by a resolution of the Board of Directors.

Special bonuses for employees at the section chief level and above are determined based on individual performance and are linked to the previous year's KPI evaluation results. KPIs are set at both the unit and individual levels. For employees involved in sustainability projects, their KPIs are also linked to relevant sustainability indicators. In the future, the Company will continue to increase the proportion of employees whose performance appraisals incorporate sustainability indicators.

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Protecting Shareholder Rights

Nan Pao places great importance on protecting the rights of every shareholder and treats all shareholders equally. The Company has implemented an electronic voting system for shareholders' meetings to encourage shareholder participation in corporate governance. Shareholders can exercise their voting rights at shareholders' meetings to participate in key corporate decisions. Each agenda item—including proposals for approval, discussion, and elections—undergoes individual voting, with results disclosed in real-time during the meeting. By providing shareholders with diverse channels for voting and fully enabling them to exercise their rights, the Company effectively enhances corporate governance.

Nan Pao has established a spokesperson and deputy spokesperson system to ensure the timely and appropriate disclosure of information that may influence shareholder decision-making. The Shareholder Services Department and the Sustainable Development Office are responsible units for handling shareholder suggestions, inquiries, and disputes through a dedicated email channel. Any shareholder litigation is appropriately managed by the Legal Department.

Equal Treatment of Shareholders

To protect shareholder rights and ensure equal treatment of all shareholders, Nan Pao has established the "Procedures for the Management of Insider Trading Prevention and the Handling of Material Internal Information," which explicitly prohibit insiders from trading securities using undisclosed information obtained through their positions within the Company. The procedures also stipulate that directors are prohibited from trading Company shares during the closed period prior to financial statement announcements. The Company regularly reviews and updates these procedures to align with current laws and best management practices. Nan Pao also arranges annual training courses on insider trading prevention for directors and managers. In 2024, the Company further expanded the training to include online educational programs on insider trading prevention for all employees, accompanied by post-training assessments. Before the release of quarterly operating results, the Company reminds directors and insiders of their obligations under Article 157-1 of the Securities and Exchange Act, thereby ensuring the thorough implementation of insider trading prevention measures.



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3.1 Internal Control and Internal Audit

Nan Pao's management philosophy centers on "Leadership, Integrity, Teamwork, and Efficiency." Guided by a spirit of honesty and integrity, Nan Pao promotes sustainable operations and embeds this commitment within its corporate culture. As the Company expands its international footprint, we strictly adhere to domestic and international business conduct and ethical standards. We also invest in R&D patents and prioritize information security and data privacy protection to build a solid foundation for sustainable and steady operations.

Internal Control

Nan Pao's internal control policy is designed in line with the Financial Supervisory Commission's "Regulations Governing Establishment of Internal Control Systems by Public Companies," while considering the Company's actual operational needs. This policy is approved by the Board of Directors and executed by the Board, managers, and other employees. The policy includes controls at both the enterprise and operational levels, defining the scope and standards of internal control systems that each business unit must comply with. This ensures the effectiveness of internal control design and implementation, promoting sound corporate governance.

Internal Audit

Nan Pao has established a Group Audit Office under the Board of Directors. The office assists the Board and management in examining and evaluating the effectiveness of the internal control system, assessing the efficiency and effectiveness of operations, as well as the reliability, timeliness, and transparency of reporting, and compliance with relevant laws and regulations. It also provides timely recommendations for improvement to reasonably ensure the continued effectiveness of the internal control system, serving as a basis for reviewing and revising the system when necessary.

The Group Audit Office appoints one Chief Internal Auditor and an appropriate number of qualified and competent full-time internal auditors, based on the Company's investment scale, business conditions, management needs, and applicable laws and regulations. Internal auditors execute their duties independently, objectively, and impartially. They pursue ongoing training to enhance audit quality and capabilities, continuously improve audit processes and techniques, and actively develop audit tools to boost the efficiency and effectiveness of the auditing function.

The Audit Office has established a risk-based internal audit system. It conducts various audit tasks in accordance with the annual audit plan, covering the internal control systems of the Company and its subsidiaries. It also reviews the self-assessment reports on internal control systems submitted by the Company and its subsidiaries. The results of these reviews, along with improvements to internal control deficiencies and exceptions identified during audits, serve as a basis for the Board of Directors and the President to assess the overall effectiveness of the internal control system and issue internal control declarations.

The Chief Internal Auditor regularly reports and communicates audit results to the independent directors, and presents internal audit reports to the Board of Directors. In the event of any special circumstances, the Chief Internal Auditor immediately reports to each independent director; no such special circumstances occurred in 2025. Additionally, the Audit Office continuously follows up on requests and recommendations from the independent directors, the Audit Committee, and the Board of Directors regarding internal audits, ensuring that issues are resolved and reported within specified deadlines.

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3.2 Anti-Corruption and Ethical Business Practices

Integrity Management Promotion Organization

Integrity is the foundation of Nan Pao's operations. To foster a workplace that meets ethical standards, the Company requires all employees to clearly understand and comply with the Code of Conduct. To effectively implement and continuously strengthen related initiatives, Nan Pao has established the "Integrity Management Promotion Task Force" under the Board of Directors. The Chief Executive Officer serves as the convener and chairperson, while the Associate Vice President of Finance & Corporate Governance Officer serves as the executive secretary. The heads of each functional unit act as members, responsible for formulating and supervising the implementation of integrity management policies and preventive measures.

The Company consolidates the operation and implementation of integrity management initiatives and reports to the Board of Directors at least once a year. In 2025, one report was presented, covering the annual promotion plan and the operations of the Task Force. The Board reviews the implementation and outcomes, and when necessary, urges the Task Force to make adjustments to facilitate execution of related plans. In addition, the Internal Audit Office develops its audit plan based on risk assessments and carries out corresponding inspections. All relevant audit reports are submitted to the independent directors for review and are regularly reported to both the Audit Committee and the Board of Directors.



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Promotion Strategy for Ethical Business Conduct

1

Promote compliance advocacy and integrity education and training to establish a compliance concept.

2

Improve integrity management and revise regulatory systems.

3

Implement integrity management and establish anti-bribery management mechanisms

4

Identify high-risk violations of integrity behavior in business activities at each factory and establish preventive measures

Nan Pao has established a Code of Ethical Conduct for all directors, managers, and employees to follow, while also enabling stakeholders to clearly understand the Company's ethical standards. All employees are expected to comply with these rules in their daily work and business activities in order to earn public trust and ensure the Company's sustainable growth and development. The Company also requires domestic and overseas suppliers to sign a Supplier Code of Conduct, which includes provisions related to ethics and integrity. Through the promotion of these ethical guidelines—covering subsidiaries, suppliers, and contractors—Nan Pao seeks to jointly fulfill corporate social responsibility and promote economic, social, and environmental sustainability.

Nan Pao has established the Code of Ethical Conduct, which explicitly prohibits bribery and the acceptance of bribes, prohibits illegal political contributions, and prohibits improper charitable donations or sponsorships, and sets out rules on gift acceptance, hospitality, and other measures and procedures for preventing and handling improper benefits. In addition, the Company avoids engaging in business with counterparties known to have a record of dishonest conduct, and incorporates integrity management clauses into relevant business contracts to put its integrity management philosophy into practice.

Through its Integrity Management Promotion Task Force, the Company regularly conducts an annual "Unethical Business Risk Assessment Mechanism," analyzing and assessing business activities within its operations that carry a risk of unethical conduct, and continuously reviews and refines its prevention programs based on the assessment results, in order to strengthen its integrity management mechanism and reduce related risk.

On December 18, 2025, the Board approved amendments to the Procedures and Guidelines for Ethical Business Conduct, establishing concrete integrity management practices and measures for preventing dishonest conduct.

2025 implementation status:

1. **Integrity awareness and conflict-of-interest management:** The Group conducts an annual signing of the Employee Code of Conduct Statement and filing of the Conflict of Interest Declaration for Third-Degree Relatives each year. In 2025, 2,677 Employee Code of Conduct Statement were collected, for a signing rate of 98.1%.
2. **Integrity commitment mechanism:** As of the end of 2025, all 62 of the Group's subsidiaries had completed signing of the Nan Pao Group Code of Conduct for Affiliates, a 100% signing rate; separately, 110 managers at section-chief level and above at the parent company and general managers at subsidiaries completed signing of the Integrity Management Statement, an 89.4% signing rate.
3. **Integrity risk self-assessment:** Department heads complete the Unethical Conduct Risk Self-Assessment Form annually; the parent company collected 21 forms in 2025, used as a basis for identifying integrity risks and driving improvement, with continued efforts planned to raise the completion rate.
4. **Key-personnel concurrent-position screening:** Screens whether key personnel — including Group management, personnel in key operating units, and directors, supervisors, and presidents of mainland China subsidiaries — hold concurrent positions with entities in competition with the Company. In 2025, concurrent-position data was reviewed for 352 Taiwan-based managers and related personnel, and the concurrent-position status of 17 senior managers and directors/supervisors at 11 mainland China subsidiaries was reviewed; none were found to be engaged in business in competition with the Company.

Nan Pao expects every employee to strive to help the Company achieve its highest operating goals while upholding a strong sense of ethics, and has accordingly established the Nan Pao Group Employee Code of Conduct, summarized as follows:

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1. **Preventing conflicts of interest:** Employees must prioritize the Company's interests in performing their duties, remain objective and impartial, and must not use the power or opportunities of their position to obtain improper benefits for themselves or third parties.
2. **Prohibition on competing business activities:** Without the Company's consent, employees may not engage in part-time work, investment, or employment that competes with the Company, and must honestly disclose family relationships as required to avoid conflicts of interest.
3. **Confidentiality obligations:** Employees are responsible for safeguarding confidential information obtained through their duties, and may not disclose it without authorization.
4. **Fair dealing:** Employees must treat business counterparties fairly, must not accept or offer improper benefits, and must not influence transactions through dishonest or unfair means.
5. **Protecting and properly using Company assets:** Company assets must be properly safeguarded and used for legitimate business purposes, and must not be misappropriated, misused, or wasted.
6. **Legal compliance:** Employees must comply with relevant laws and Company rules, uphold integrity management and fair competition, and management must comply with insider trading regulations.
7. **Safety and fair treatment:** The Company provides a safe, non-discriminatory work environment, prohibits harassment, discrimination, and improper conduct, and encourages the reporting of unsafe conditions.
8. **Accounting and internal controls:** Employees must comply with accounting standards and internal control systems, ensure transaction records are accurate and complete, and must not compromise the accuracy of financial statements.

The Company places great importance on integrity governance, treating integrity management as a core foundation of its corporate culture and operations management. All employees must sign the Employee Code of Conduct Statement upon joining and regularly receive training on integrity management and regulatory compliance. To implement integrity management, the Company has established a linked rewards-and-penalties mechanism: employees confirmed to have violated the Code of Conduct will be subject to disciplinary action under internal rules and, depending on severity, this may factor into annual performance evaluations as a reference for decisions on performance bonuses, promotion, and continued employment — reinforcing integrity awareness among all employees and a transparent, fair corporate governance culture.

Nan Pao has established an "Employee Feedback Mailbox" and a "Grievance Handling Mechanism." Employees who encounter questions regarding ethical or lawful behavior, or experience unequal treatment in the workplace, may consult the Human Resources Department or use the mailbox to seek advice and file reports. This mechanism helps to identify, prevent, and address misconduct and violations of regulations.

Nan Pao also prioritizes anti-corruption management. Related policies are communicated through email, company website announcements, and employee training. In accordance with laws and regulations, Nan Pao has established internal control systems, including accounting practices, which are subject to annual evaluation, self-assessment, and audit review. For external stakeholders, Nan Pao evaluates agents, suppliers, customers, and other business partners before engagement, assessing the legality and integrity of their practices as well as potential risks of misconduct.

Training and Testing

Nan Pao deepens its commitment to ethical business practices through public commitments, information dissemination, and educational training, shaping a top-down culture of integrity within the organization. The employment contracts for new hires explicitly require compliance with the Company's integrity policies. Each year, the Company also conducts comprehensive internal training sessions for new employees, which include briefings on the "Procedures and Guidelines for Ethical Business Conduct" and the "Code of Ethical Conduct." The implementation status of new employee training across the group in 2025 is as follows:

Course	Number of Attendees	Hours	Completion Rate
New Employee Orientation (In-person)	257	1,617	100%

Note: The new employee orientation training course covers the following topics:

1. Courses related to human rights (Employee Rights Work Regulations and related management measures, Gender Equality in Employment Act and Sexual Harassment Prevention Act, Sexual Harassment Prevention Measures, Complaint and Disciplinary Procedures, Employee Suggestion Mailbox and Complaint Channels).
2. Employee Code of Conduct, Code of Ethical Conduct, Trade Secrets Protection Act, Intellectual Property Rights Promotion, Insider Trading Prevention, Anti-Corruption and Anti-Bribery.
3. Information Security: Personal Data Protection Act, External Hacking Prevention, Internal Data Leakage Prevention, Computer Usage Introduction, and Occupational Safety and Health Act training.

The Company also organizes annual online courses through the Nan Pao e-Learning Academy to strengthen the concepts of integrity and self-discipline, covering topics such as the Code of Ethical Conduct, the Code of Ethical Business Conduct, trade secrets protection, anti-corruption and anti-bribery guidelines, as well as training on the use of the whistleblowing and reporting channels. Regular online tests are administered, and employees must complete the courses and achieve a certain passing score to pass.

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The implementation status of Group educational training activities for 2025 was as follows:

Course	Number of Attendees	Hours	Test Pass Rate
Code of Ethics and Ethical Conduct	1,538	385	100%
Trade Secrets	1,607	243	100%

Note: All of the above training courses include instructions on the use of reporting channels.

2025 Cases of Violations of the Code of Ethics and Ethical Conduct

Category	Number of Violations in 2025
Corruption or Bribery	0
Discrimination or Harassment	0
Customer Privacy and Data	0
Conflicts of interest	0
Money Laundering or Insider Trading	0

In 2025, there were no corruption- or bribery-related convictions or fines.

For 2025, there were no cases of individuals who violated the code of conduct. In addition to orientation briefings for all new employees, the Company also conducts regular employee training to help employees understand ethical conduct, prevent conflicts of interest, avoid pursuit of personal gain, fulfill confidentiality responsibilities, engage in fair dealing, protect and properly use Company assets, and comply with laws and regulations.

Diverse Complaint Channels

The Company has established the "Internal and External Whistleblower Handling Procedures" and provides a dedicated stakeholder communication section on its website. The policy clearly specifies that the Audit Office is the designated unit responsible for receiving whistleblowing reports, as well as defining the reporting channels and handling procedures. Stakeholders can use the communication channels provided to submit suggestions and complaints to the Company. Upon receiving feedback, the responsible unit conducts investigations and follows up as appropriate.

Employees can also use the Company's "Suggestion Mailbox" to submit recommendations. The Company encourages employees and stakeholders to report any suspicious or illegal activities or unethical conduct within the organization or involving business partners. Reports may include, but are not limited to, the following areas:

Violations of the Code of Ethics	**Violations relating to trade secrets**	**Employee complaints and whistleblowing**
Violations of the Ethical Business Conduct Policy	**Breaches of environmental, safety, and health regulations**	**Sexual harassment complaints and handling procedures**

The Company has established the "Internal and External Whistleblower Handling Procedures," which are publicly disclosed on the Company's official website and the internal information-sharing platform. These procedures clearly define the responsible units, reporting channels, and handling processes. In addition, a dedicated stakeholder communication section is available on the Company's website, where stakeholders can submit suggestions and complaints through the provided communication channels. Upon receiving feedback, the responsible unit conducts investigations and follow-up actions as appropriate.

Reports can be submitted through three main channels: in-person reporting, telephone reporting, and letter reporting (either in hard copy or by email). The Company has set up an independent whistleblower mailbox and a dedicated reporting hotline. An email address directly managed by the Audit Committee (Independent Directors) is also disclosed for direct receipt and handling of reports. If a report involves directors or senior managers, it will be forwarded to the Independent Directors for handling. The Company has established a whistleblower protection mechanism with a zero-tolerance policy for retaliation. It strictly protects the confidentiality of whistleblowers' identities and reported information and prohibits any form of retaliation or unfavorable treatment to ensure confidentiality of both the identity of the whistleblower and the contents of the report. The Company is committed to protecting whistleblowers from improper treatment or retaliation as a result of their reports. In 2025, no whistleblower reports related to unethical conduct were received.

Complaint and Whistleblowing Mechanism

Reporting Channels

- Face-to-face/Phone/Physical mail
- Email:
  - audit@nanpao.com (Recipient: Chief Internal Auditor; also forwarded simultaneously to the independent directors' mailbox)
  - auditcommittee@nanpao.com (Recipient: independent directors)
- Website: Handled by the Company Headquarters

Acceptance and Registration

- Investigation Requirements:
  - Name and identity of the reported person
  - Specific facts of the report
  - Date or period of occurrence
  - Evidence available for investigation
- Anonymous reports are generally not accepted

Reporting

- Carefully investigate the matters involved in the reported cases
- Seek assistance from relevant department or external experts if necessary

Investigation

- Report to the appropriate level based on the reported person's identity
  - Employee: Report to the supervisor and CEO
  - Director or manager: Report to the independent director
- An investigation team is designated and formed by the CEO as necessary

Conclusion and Report

- Submit an investigation report, including:
  - Reason for the report
  - Investigation process
  - Handling suggestions
  - Subsequent improvement measures
- Decide whether to report to the board of directors based on the severity of the incident and the amount of impact

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3.3 Avoidance of Conflicts of Interest

Mechanisms to Prevent Conflicts of Interest

Nan Pao has incorporated conflict-of-interest provisions into its Board of Directors Rules of Procedure and Audit Committee Charter. For matters discussed during board meetings in which a director or the corporate entity they represent has a conflict of interest, the director is required to explain the important aspects of their conflict during the meeting. If the conflict is likely to harm the interests of the Company, the director must recuse themselves from both discussion and voting on the matter and may not act as a proxy for another director.

The Company has appointed independent directors who, from an objective and impartial perspective, provide professional and experienced advice. When discussing any agenda items, the Board of Directors considers the opinions of independent directors and records their consent, objections, or opinions in the meeting minutes, ensuring adherence to the conflict-of-interest avoidance principle and effectively protecting the Company's interests. Additionally, no board member holds any cross-shareholdings with the Company's major suppliers. Nan Pao has also established a spokesperson system and maintains a corporate website to serve as a channel for corporate information and communication. An investor relations mailbox is managed by professional staff to handle shareholder suggestions and inquiries.

With directors upholding high standards of moral self-discipline and the effective operation of these mechanisms, no conflicts of interest have occurred since the establishment of Nan Pao's Board of Directors.

Prevention of Insider Trading

Nan Pao places great importance on shareholders' right to information and strictly complies with information disclosure regulations. The Company regularly and promptly provides shareholders with information regarding financial status, business activities, shareholdings of insiders, and corporate governance through the Market Observation Post System or the Company's website.

The Company has established the "Procedures for the Prevention of Insider Trading and Handling of Material Internal Information," which explicitly prohibit directors, managers, and employees from engaging in insider trading or profiting from information asymmetry in the market. Directors are also prohibited from trading the Company's issued securities during the 30 days prior to the annual financial report announcement and during the 15 days prior to the quarterly financial report announcement. The implementation status of the prohibition on directors and insiders trading the Company's issued securities during blackout periods in 2025 is as follows:

Financial Reporting Period	Expected Board Meeting & Announcement Date	Blackout Period	Preventive measures were already implemented	Notes
2024 Financial Report	2025/03/14	2025/02/13~2025/03/14	The Company's corporate governance personnel have issued advance email notifications to relevant insiders (including but not limited to directors) prohibiting any trading of the Company's issued securities during the blackout period as a preventive measure.	Insiders are prohibited from violating Article 157- 1 of the Securities and Exchange Act regarding the information blackout period.
2025 Q1 Financial Report	2025/05/09	2025/04/24~2025/05/09		
2025 Q2 Financial Report	2025/08/08	2025/07/24~2025/08/08		
2025 Q3 Financial Report	2025/11/10	2025/10/26~2025/11/10		

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At the same time, the Company must hold at least one legal briefing each year for Director, Managerial Officer, and employees on laws related to procedures for preventing insider dealing. The implementation status of related educational training and awareness activities for 2025 was as follows:

Course	Target Audience	Number of Attendees	Hours	Test Pass Rate
Internal Equity Reporting and Insider Trading Prevention	Directors, insiders, employees	14	14	N/A
Prevention of Insider Trading	Employees	702	154	100%
2025 Insider Trading Prevention Seminar	Directors	2	6	N/A
2025 Insider Equity Trading Compliance Briefing	Insiders (corporate governance officers)	1	3	N/A

Compliance with laws and regulations

Nan Pao strives to ensure that all business activities comply with relevant laws and regulations. To ensure effective regulatory compliance, we continuously monitor domestic and international policies and legal developments that may impact our operations and embed a culture of legal compliance throughout all our business locations. Nan Pao's Corporate Governance Officer and Legal Department assist the Board of Directors in complying with laws and oversee regulatory compliance across all subsidiaries, ensuring that all operational activities adhere to applicable regulations. Additionally, we incorporate regulatory risk control mechanisms into our risk management assessments to help identify and evaluate potential compliance risks related to business activities. We also require all subsidiaries to promptly report any instances of non-compliance that result in penalties. These cases are then reviewed by the Compliance and Audit Departments, which request improvement plans from the relevant subsidiaries and ensure that corrective actions are implemented to strengthen our corporate governance system.

For domestic regulations, our key compliance focus includes the Securities and Exchange Act, the Securities Investors and Futures Traders Protection Act, the Labor Standards Act, the Occupational Safety and Health Act Enforcement Rules, the Occupational Safety and Health Management Regulations, the Air Pollution Control Act Enforcement Rules, and the Trade Secrets Act. By evaluating, incorporating, and updating internal regulations, as well as through training and announcements, Nan Pao ensures that directors, managers, and employees at all subsidiaries understand and comply with applicable laws and regulations. In 2025, Nan Pao strictly complied with the Company Act, Fair Trade Act, and other key laws and regulations applicable to corporate governance and listed companies. There were no instances of non-compliance with the aforementioned laws. Nan Pao remains committed to achieving a "zero-penalty" goal in all aspects of operational regulatory compliance.

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3.4 Enhancing Risk Culture Awareness

In response to the rapid changes in global trends, enterprises must stay current by analyzing both internal and external factors to understand emerging trends and environmental elements, as well as to identify risks and opportunities. Nan Pao continuously monitors significant external environmental factors—including political, economic, legal, social, cultural, technological, natural disasters, and industry-specific developments—to assess their impact on overall operations and to analyze potential opportunities and threats. For current business operations and future innovative business development areas, Nan Pao identifies potential risks and emerging opportunities, evaluates the organization's current status, and thoroughly understands its strengths, weaknesses, and capabilities. Based on this understanding, the Company develops strategic guidelines and response measures.

Risk management aims to ensure uninterrupted operations, improve customer service quality, and enhance shareholder value. Nan Pao strives to control the risks associated with all business activities within acceptable limits, achieving a balance between risk and return while maintaining sufficient capital adequacy. This approach provides strong support for sustainable business development. Therefore, to effectively identify, assess, monitor, and control various risks, Nan Pao upholds the principle that "no business should override risk management," which serves as the foundation of its risk management practices.

Risk Management Policies

Nan Pao has adopted the ISO 31000 framework and, in accordance with the relevant provisions of the "Regulations Governing Establishment of Internal Control Systems by Public Companies" promulgated by the Financial Supervisory Commission and the "Risk Management Best-Practice Principles for Taiwan Stock Exchange and Taipei Exchange Listed Companies" issued by the Taiwan Stock Exchange, the Board of Directors approved the "Risk Management Policy and Procedure" in 2020, which was amended in 2023 and 2025, as the Company's highest guiding principle for risk management. The risk management policy is as follows:

1. Build and maintain an effective risk management framework to ensure the integrity of risk management operations.
2. Foster a risk management culture, enhance risk awareness, and fully implement risk management practices.
3. Establish comprehensive risk management procedures to keep risks within tolerable levels and achieve a rational balance between risk and return, thereby enhancing corporate value.

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Scope and Procedures of Risk Management

The Company has established a company-wide risk management system in accordance with its Risk Management Policies and Procedures, bringing material risks that could affect enterprise value, operating performance, and sustainable development within its management scope. These span nine categories: internal control, financial, strategic and operational, regulatory compliance, integrity management, information security, sustainable development, quality management, and other emerging risks.

The risk management process includes stages such as risk identification, analysis, assessment, response, monitoring, and review. Each risk category is managed by the responsible unit following this process, continuously reviewing risk changes and improvement measures.

Each year, the Risk Management Task Force identifies, assesses, and discusses the Company's potential and emerging risks across the Environmental, Social, and Governance (ESG) dimensions, comprehensively considering the frequency of occurrence, degree of impact, and control effectiveness, and formulates corresponding response measures. Risk management implementation status is reported regularly to the Board, the Audit Committee, and the Sustainable Development Committee, to continuously strengthen corporate resilience and ensure stable operations and sustainable development.

Risk Identification	Risk Analysis	Risk Evaluation
Regularly collect, identify, and describe potential risks	Assess the likelihood and severity of identified risks and estimate the degree of risk impact	Compare risk analysis results with risk criteria to determine which risks are acceptable

Risk Response

Assign responsible departments to develop and implement appropriate risk mitigation plans or measures

Risk Monitoring and Review

Regularly evaluate the structure, progress, and effectiveness of risk management plans

Risk Management System

Nan Pao is committed to establishing a comprehensive risk management system. The Audit Committee and the Sustainability Committee serve as the highest-level bodies overseeing corporate risk management, assisting the Board of Directors in fulfilling its risk management responsibilities. Overall risk analysis is coordinated and consolidated by the Risk Management Task Force, which reports directly to the CEO. In addition, the Audit Office, which reports to the Board, monitors and audits the risk management mechanism to ensure the effectiveness of risk controls and the proper management of potential risks. Senior executives are required to present risk management indicator assessments in the above meetings and are evaluated against sustainability KPIs, which directly affect their variable compensation.

To integrate sustainability risks into the overall risk management system, Nan Pao identifies ESG issues based on international concerns, SASB industry-specific indicators, and the United Nations Sustainable Development Goals (UN SDGs). Stakeholder surveys are conducted to incorporate diverse perspectives, and a double materiality analysis is applied to identify operational risks. The Sustainable Development Office verifies the causes, areas of impact, assessment methods, corresponding risks, and management measures for seven material issues. It also references the overall Risk Assessment and Analysis Report provided by the Risk Management Task Force to identify risk factors and sustainability management priorities related to the material topics, tracking each responsible unit's risk-mitigation performance and disclosing the results in the Sustainability Report. The materiality analysis is updated annually on a rolling basis in accordance with the Company's internal rules, with methodology and weighting reviewed every three years.



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Organizational Unit	Responsibilities
Board of Directors	Serves as the highest responsible body for the Company's risk management, approves risk management policies and related regulations, oversees the overall implementation of risk management, and ensures effective risk control.
Audit Committee	The committee is composed of independent directors of the Board and is responsible for managing financial and internal control risks.
Sustainable Development Committee	The Committee is composed of at least three directors, with more than half being independent directors, and is responsible for overseeing sustainability, compliance, and information security risks.
Audit Task Force	The Audit Task Force serves as the third line of defense. Each year, based on the five elements of COSO internal control, past audit experience, the draft budget for the following year, and the current organizational structure, the Audit Task Force formulates the annual audit plan. The plan is used to review Nan Pao's management in terms of its ability to oversee internal and external environmental risks, the control of operational risks across business divisions, and the effectiveness of the design and implementation of internal control systems. Upon completion of audit work, audit reports are issued and regularly submitted to the Audit Committee and the Board of Directors.
Risk Management Task Force	The Risk Management Task Force serves as the second line of defense and comprises the heads of each functional units. They are responsible for handling matters assigned by the convener, and for supporting the establishment, implementation, maintenance, and review of the Company's risk management mechanisms. Each unit assigns personnel to act as risk management officers, who, together with relevant staff from operating units, are responsible for carrying out risk management procedures. The company has established a framework for determining risk appetite, led by the Risk Management Task Force and approved by the Board of Directors. For financial risks, quantitative thresholds are applied (e.g., potential losses not exceeding a set percentage of annual revenues). For operational and ESG-related risks, qualitative assessments are used to define acceptable tolerance levels. The determination and review of risk appetite are overseen by senior management, with ultimate supervision by the Board.
Sustainable Development Office	The "Chief Sustainable Development Officer" is the highest management-level officer responsible for sustainability management. A full-time "Sustainability Development Planning Team" has been established to promote implementation. A cross-departmental structure has also been formed, comprising "representatives of each business division/plant" and staff units including "R&D and Innovation," "Financial Management," "Strategic Procurement," "Information Management," "Human Resources," and "Legal Affairs," to facilitate synchronized management and implementation across the Company. The Sustainability Development Office reports work progress to the Chief Sustainable Development Officer on a monthly basis. Climate-related and sustainability-related risks and opportunities are collected by the Sustainability Development Office based on information provided by each member, then consolidated into reports and recommendations for submission to management and the Board of Directors.
Operational Units	Business divisions, plants, and functional units serve as the first line of defense for risk management. They are responsible for identifying, assessing, managing, and continuously monitoring risks arising from their daily operations, implementing relevant control measures and risk management procedures, and regularly reporting on their implementation progress to the Risk Management Task Force.

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Emerging Risks and Response Strategies

To align with sustainability principles, Nan Pao conducts annual reviews of emerging risks by referencing the World Economic Forum's Global Risks Report and MSCI's Annual ESG and Climate Trends to Watch. Core management units discuss and confirm industry context and risk assessments, followed by the implementation of risk responses and monitoring. Through this process, the Company identifies and manages emerging risks, evaluates potential operational impacts and challenges, and develops mitigation measures.

Emerging Risks in 2025	Risk Description	Potential Business Impacts	Adaptation Actions
Geopolitics	As global geopolitical tensions intensify, trade restrictions, tariff adjustments, export controls, and regional conflict risks among major countries continue to increase, potentially accelerating supply chain restructuring and localization trends. For chemical companies whose main production bases are located in Asia and whose raw material procurement and customer footprint span the globe, geopolitical risks may simultaneously affect raw material sourcing, cross-border logistics, export sales, and regional capacity allocation, thereby increasing operational uncertainty.	Geopolitical risks may result in disruptions to the supply of key raw materials, transportation delays, rising procurement and logistics costs, increased export restrictions, tariff burdens, and risks of customer order transfers. If policy restrictions or sanctions arise in certain markets, they may also affect the Group's cross-regional capacity allocation, order delivery, and customer service stability, thereby adversely affecting revenue, gross margin, and market competitiveness.	Nan Pao continues to strengthen the diversification of its global supply chain and production capacity, reducing reliance on a single country, single supplier, or single route. Through regionalized production, development of alternative material sources, safety stock mechanisms, and multi-supplier strategies for key raw materials, the Company enhances supply resilience. At the same time, the Company continues to strengthen geopolitical situation monitoring, alternative logistics solutions, collaborative production scheduling with customers, and financial hedging management to reduce the impact of unexpected events on operations.
Climate Change and Extreme Weather	Climate change is intensifying the frequency and severity of extreme weather events, including high temperatures, torrential rain, floods, droughts, typhoons, water restrictions, and power restrictions, which may affect plant operations, infrastructure, raw material supply, and logistics and transportation. Production processes in the chemical industry are highly dependent on stable energy, water resources, and transportation systems. If major operating regions experience extreme climate events, production and supply stability may face significant challenges.	Extreme weather may cause work stoppages, power outages, water supply interruptions, equipment damage, raw material delivery delays, and logistics disruptions, thereby affecting production efficiency and delivery capabilities. If major plants or suppliers are concentrated in disaster-affected areas, operating costs may increase, orders may be delayed, customers may be lost, and brand trust may be impaired. In the long term, insurance costs, equipment upgrades, and investments in disaster resilience may also increase.	Nan Pao continues to promote climate risk identification and operational impact assessments, while gradually enhancing disaster-prevention resilience at each plant, including backup power, water storage facilities, drainage improvements, protection of critical equipment, and post-disaster recovery mechanisms. At the same time, the Company strengthens energy efficiency, introduces renewable energy, manages water resources, diversifies raw material and production capacity allocation, and conducts supply chain risk inventories and response plans.

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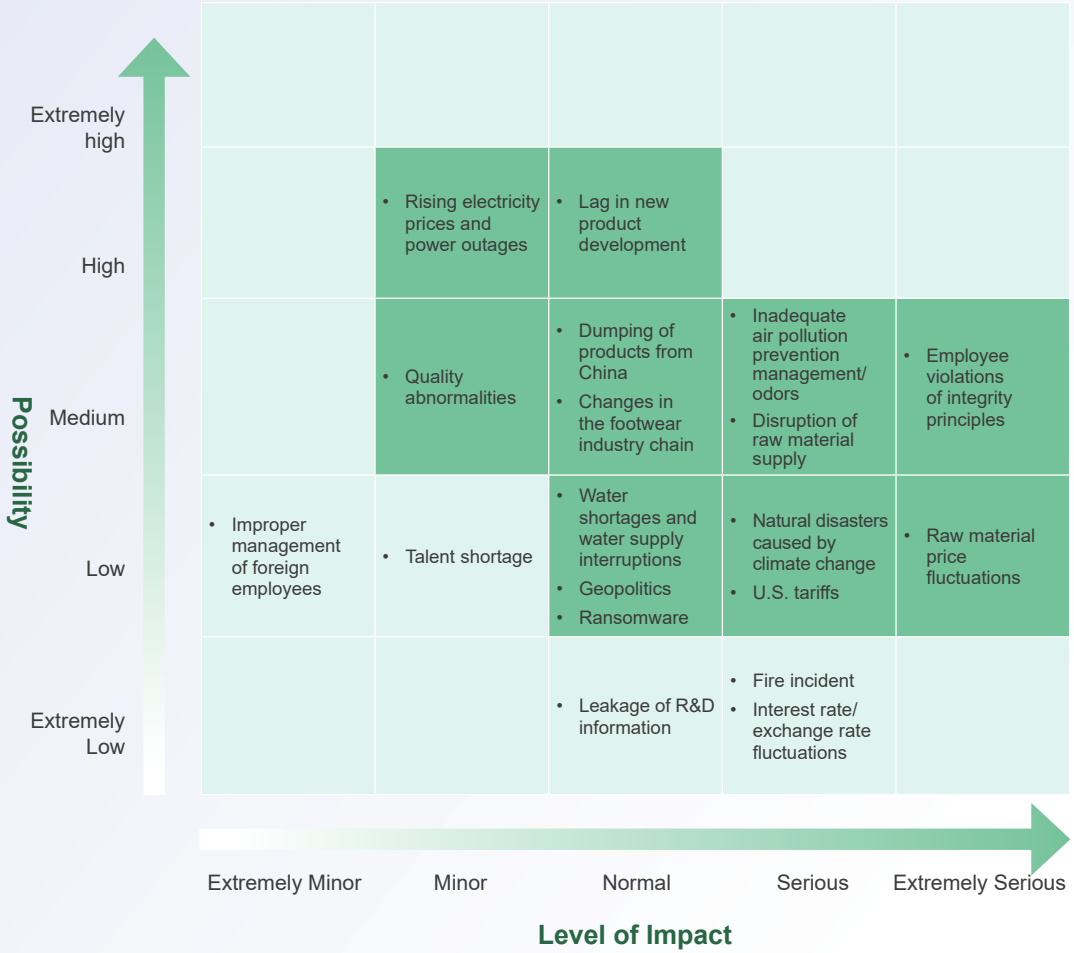
Risk Identification and Mitigation Controls

Nan Pao's Risk Management Task Force annually identifies relevant risk factors and reviews risk exposure to assess risks that may affect corporate sustainable development. Response measures are formulated for each risk, covering mechanisms such as management objectives, organizational structure, allocation of responsibilities, and risk management procedures, and are implemented accordingly. Through these measures, the Company effectively identifies, measures, and controls various risks and keeps material risks within acceptable ranges. In 2025, responsible departments confirmed a total of 19 potential risk categories as follows:

Risk Category	Risk Issue
Strategic and Operational Risks	Water Resource Management: 1 item Sustainable Supply Chain Management: 2 items Customer Relationship Management: 1 item Employee Care and Rights: 1 item Occupational Safety and Health and Emergency Response: 1 item Economic Performance: 3 items Climate Change Mitigation: 1 item
Financial Risks	Economic Performance: 1 item
Compliance Risks	Air Quality: 1 item
Integrity Risks	Integrity and Accountability: 1 item
Information Security Risks	Information Security Management: 2 items
Sustainability Risks	Employee Training and Development: 1 item
Quality Risks	Customer Relationship Management: 1 item
Other Emerging Risks	Economic Performance: 1 item Climate Change Mitigation: 1 item



For the risks identified by each unit in 2025, existing control activities have been implemented. Among them, 14 items were classified as medium-to-high risk, for which the responsible units have developed corresponding response measures and executed risk mitigation plans. Risk management officers continue to track and document the implementation of these measures with the operating units, and the effectiveness of each countermeasure is reviewed and assessed annually based on actual circumstances.

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Risk Event	Mitigation Measures	Risk Event	Mitigation Measures
Rising electricity prices and power outages	• Implement power-saving measures and voltage stabilization systems • Install generators and solar power systems • Participate in Taipower's demand-response incentive programs	Inadequate air pollution prevention management/odors	• Install RCO equipment and other VOC control facilities • Conduct weekly measurements at the water treatment plant, control facilities, and site perimeter for odor • Improve processes and equipment to enhance control capability
Water shortages and water supply interruptions	• Build water storage ponds; implement water conservation, water recycling, and reclaimed water technologies • Improve water storage systems and secure water source suppliers	Natural disasters caused by climate change	• Strengthen disaster-prevention measures • Enhance inventory management
Quality abnormalities	• Implement the CIT project to improve production quality stability • Strengthen technical services to prevent customers from misusing products	Lag in new product development	• Establish a clear R&D target roadmap and allocate R&D resources to key priorities • Introduce external technologies to overcome product development bottlenecks
Geopolitics	• Diversify production bases • Establish a quotation system to control gross margin	U.S. tariffs	• Develop new customers and markets and promote the application of product development • Seek to secure customers' export orders to Japan
Dumping of products from China	• Strengthen brand differentiation and increase product value-add • Strengthen technical and after-sales service • Import low-cost resins from China for low-price project offerings	Raw material price fluctuations	• Set KPIs for procurement price negotiation • Notify business and R&D units of current price increases • Increase the number of suppliers
Disruption of raw material supply	• Continue reducing reliance on single suppliers • Plan a Group-wide list of key raw materials and establish multinational sources of supply	Changes in the footwear industry chain	• Continue monitoring and tracking the current status of the footwear supply chain • Establish subsidiaries to diversify production bases and assess the establishment of additional liaison offices
Ransomware	• Ensure the implementation of backups and off-site backups, and strengthen information security awareness efforts • Introduce ISO 27001	Employee violations of integrity principles	• Establish the Code of Ethical Conduct and Employee Code of Conduct • Promote the integrity management policy • Establish a clear reporting mechanism and protect whistleblowers

Integrating Risk Criteria into Product Development:

Risk criteria are integrated into the Company's product and service development processes to ensure compliance, safety, and sustainability. For instance, to mitigate the risk of product quality issues, we have introduced the CIT project during product development to strengthen quality stability. In addition, to address the risk of delays in product development, we establish clear R&D roadmaps, allocate key resources accordingly, and leverage external technologies when necessary to overcome potential bottlenecks.

Risk Management Training Outcomes:

To strengthen the risk management culture, Nan Pao organizes regular and ad-hoc internal and external training courses on risk management each year. These programs aim to integrate risk awareness into daily operations and workplace practices, thereby enhancing the promotion and implementation of risk management. In 2025, the Group conducted a total of 29,550 training hours with 20,730 participants. The training covered a wide range of topics, including occupational health and safety, chemical safety, climate change management, taxation and finance, ISO-related courses, supply chain management, customer management, and regulatory compliance.

In addition, all directors are required to participate in annual continuing education covering various topics. In 2025, all directors completed at least six hours of training, including risk management-related topics such as sustainability, climate change, carbon trading, supply chain management, and regulatory compliance.

To reduce environmental impacts, personal injuries, and losses to equipment and property that may result from accidents, the Company has established the "Emergency Response Plan" operating procedures, covering response processes for emergencies such as toxic gas leaks, fires, odors, chemical leaks, earthquakes, natural disasters, and power outages. The Occupational Safety and Health Office conducts internal emergency response training at the plants, and through regular drills, plant personnel become familiar with emergency response measures, reporting procedures, and command systems.

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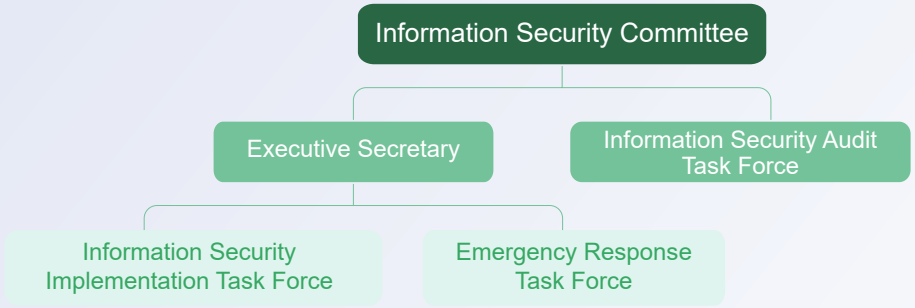
3.5 Information Security Management

Information Security Governance Organization

Nan Pao established the Information Security Committee in 2021, responsible for implementing information security management planning, establishing and maintaining the information security management system, and coordinating the formulation, execution, risk management, and compliance audits of information security and protection policies. The Committee is convened by the CEO, with Associate Vice President of IT, Mr. Kuo Pei-Yi, serving as the Chief Information Security Officer (CISO) and Executive Secretary. The highest-level supervisors of each functional unit serve as committee members. In addition, the Company has set up an Information Security Audit Task Force and an Information Security Implementation Task Force, dedicated to information and physical security planning, related audit matters, and Task Force leading the operation of the Committee.

Information Security Organization Structure



Responsibilities of the Information Security Committee:

- The Information Security Committee is responsible for formulating information security management policies and regulations, and for conducting regular reviews and revisions.
- The Committee holds regular review meetings to ensure the smooth operation of the management mechanisms, and reports annually to the Board of Directors.
- Under the IT Department, the Chief Information Security Officer (CISO), along with information security managers and staff, coordinates all information security policies, implementation efforts, and the planning and establishment of defense frameworks

When a material information security incident occurs, it is escalated to the Information Security Committee according to severity and further reported to the Board, ensuring management and the Board have timely visibility into major information security risks and incident response. The Company's Information Security Committee is composed primarily of members with expertise in information technology, regulatory compliance, and risk management. CEO Hsu Ming-Hsien, who has an IT-related professional background, is responsible for overseeing the overall direction of information security governance.

Information Security Policy

Nan Pao's information security policy applies to the Company and all Group subsidiaries in Taiwan and abroad. Built on the core principles of strengthening information security management to ensure the confidentiality, integrity, and availability of information assets; providing a secure and stable information environment to ensure business continuity; and complying with relevant laws and regulations to prevent information assets from internal or external, intentional or accidental threats — the Company has established a comprehensive information security management system to achieve the following goals:

- Establish an information security management system that meets international standards and regulatory requirements, continuously improving information security governance effectiveness and regulatory compliance capability.
- Continuously strengthen defense-in-depth capability across the four dimensions of organization, personnel, process, and technology, improving the resilience and business continuity of core information systems.
- Regularly conduct information security risk assessments, review management measures, monitor and respond to information security threats, and run incident response drills, continuously improving information security protection capability.
- Implement confidential data protection and data backup/recovery mechanisms to reduce information security risk from human error, deliberate attack, and natural disaster, safeguarding the Company's operations, reputation, and competitiveness.
- Apply consistent, high-standard information protection measures to properly safeguard customer information and personal privacy, without lowering standards based on customer location or differences in local regulation.

All employees are responsible for information security within their roles, must comply with the Company's information security policies and procedures, and must promptly report suspected incidents. The Company also extends its information security management requirements to its supply chain and partners, with clear information security management rules for third-party vendors (including suppliers and external service providers). Partners involved in system integration, data exchange, or access to information assets must agree by contract to comply with the Company's information security requirements and must complete an information security risk assessment prior to onboarding. External AI platform and cloud service providers must hold ISO/IEC 27001:2022 information security management system certification before being connected to the Company's business systems, to ensure information security standards are maintained across the supply chain.

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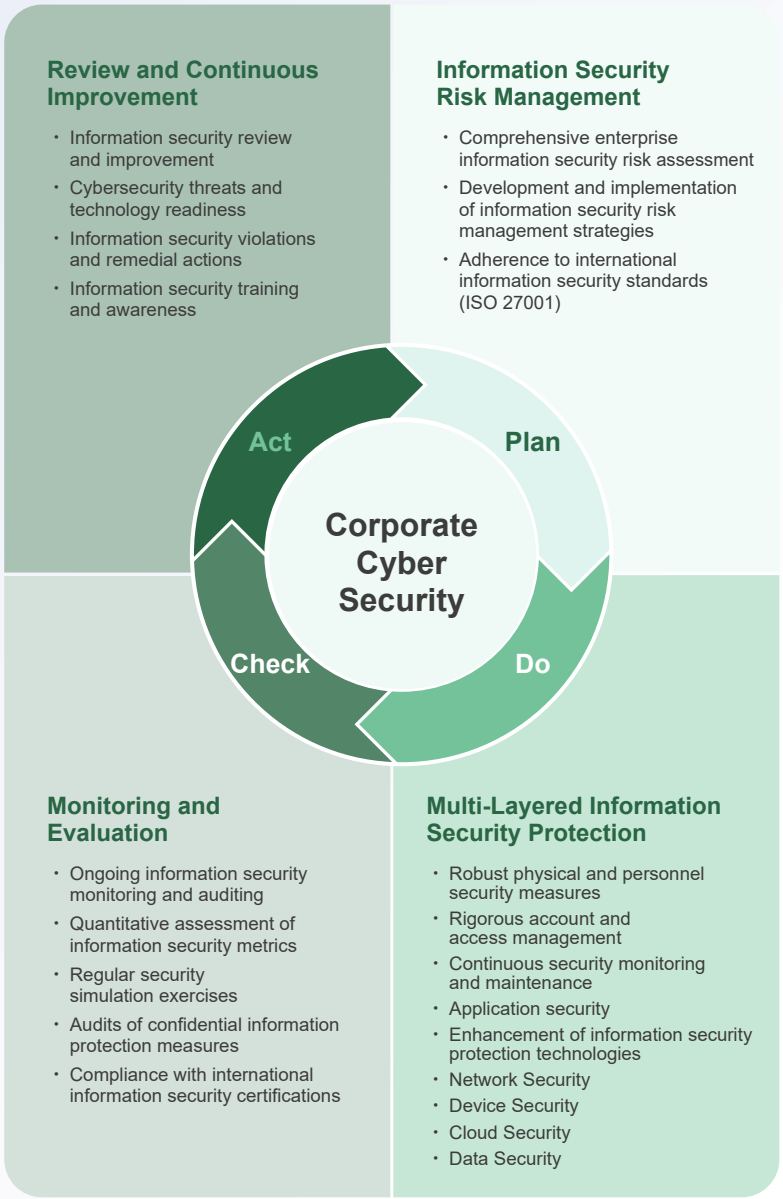
In addition, the Company has established a continuous improvement mechanism for its information security management system, regularly reviewing its information security policy, management procedures, and control measures. The Information Security Committee periodically reviews and revises the relevant systems in response to information security risk, regulatory change, and business needs, continuously improving the maturity of information security governance and ensuring the effectiveness of the information security management system in line with corporate governance requirements.

Nan Pao has implemented a comprehensive Information Security Management System (ISMS) to reduce information security threats from a system, technical, and procedural perspective, thereby creating a secure information environment that meets customer needs. The Company continuously improves its information security through the Plan- Do-Check-Act (PDCA) management cycle.

- Plan Phase: Focuses on information security risk management. To strengthen information security, Nan Pao has implemented the ISO 27001 Information Security Management System certification at key operational sites (Taiwan and Vietnam), ensuring that information systems operate under standard management guidelines. This reduces human error-related security vulnerabilities and operational disruptions. The Company also conducts annual recertification audits to drive continuous improvement.
- Do Phase: Build multi-layered information security defenses, continuously adopt new risk-control technologies, and establish real-time monitoring, reporting, and response mechanisms to detect and address potential threats promptly, improving incident management effectiveness and strengthening information and network security protection processes to safeguard the Company's critical assets.
- Check Phase: Regularly monitors the effectiveness of information security management indicators and conducts annual third-party audits of the management system. Additionally, information security vendors are engaged to perform vulnerability scans on critical systems to ensure continuous improvement of information security management and defense capabilities.
- Action Phase: Review and continuously improve; require employees to comply with information security policy and related rules, and hold them responsible for promptly reporting anomalies and potential risks. Simultaneously, continue company-wide information security training to raise awareness. Employees or contractors found to have violated information security rules and procedures are subject to disciplinary action per Company rules.

Corporate Information Security Risk Management and Continuous Improvement Framework



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Specific Management Guidelines

To achieve the Company's information security policies and objectives, Nan Pao has established an Information Security Defense Map and adopted proactive measures to strengthen cybersecurity. These include the implementation of next-generation firewalls, intrusion prevention systems, malicious email filtering, operating system updates, antivirus software deployment, encryption of confidential documents, and endpoint connection controls. A layered network segregation mechanism has been established, with independent isolation for different types of network services. Operating systems and applications are regularly updated and patched, and critical data and documents are subject to offsite backups. These measures aim to prevent external cyberattacks from penetrating the Company's internal systems and causing widespread damage. Furthermore, the Company has established a business continuity plan and related management mechanisms to ensure uninterrupted operations

Information Security Protection Map



The Company has established a comprehensive information and communication security incident management mechanism. When an abnormal intrusion, system anomaly, or other information security incident is detected, the Information Security Implementation Task Force initiates reporting and response procedures based on the severity of the incident, and the Emergency Response Task Force handles the incident. Material information security incidents are escalated to the Information Security Committee and reported to the Board, ensuring management has timely visibility into the incident's impact and response status. After an incident is resolved, root cause analysis, tracking of improvement measures, and effectiveness review are conducted to continuously refine the information security management mechanism. Employees who identify information security anomalies or suspicious activity must immediately report them to the Information Security Implementation Task Force or the IT department through the internal reporting mechanism.

To ensure business continuity, the Company has built a Storage High Availability (HA) architecture to improve the availability of core systems. Important business data is backed up daily, and a redundancy mechanism is built following the 3-2-1 backup principle, with regular data-restoration testing, to ensure systems and data can be quickly restored in the event of a disaster and to maintain business continuity.

In addition, the Audit Office conducts an internal information security audit of the Information Department at least once a year, covering key areas such as account and access management, system backups, and information security protection measures, and tracks improvement status based on audit findings — serving as a basis for continuously improving the information security management system and risk-control capability.

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Multi-Layered Information Security Protection

Network Security	• Establish internal and external firewalls and abnormal traffic detection mechanisms to filter unauthorized access • Implement secure remote work (WFH) connection architecture in line with information security standards • Participate in the TWCERT/CC joint defense mechanism to stay informed of the latest cybersecurity intelligence
Device Security	• Install antivirus and endpoint detection & response (EDR) software uniformly on all devices • Regularly patch system vulnerabilities and restrict unauthorized software installation • Establish a Storage HA (High Availability) architecture to ensure uninterrupted operation of critical systems
Application security	• Install antivirus and endpoint detection & response (EDR) software uniformly on all devices • Regularly patch system vulnerabilities and restrict unauthorized software installation • Establish a Storage HA (High Availability) architecture to ensure uninterrupted operation of critical systems
Data Security Enhancement Technical Protection	• Maintain ISO 27001 certification with regular internal/ external audits and vulnerability scanning • Establish incident reporting and response procedures for rapid handling and recovery • Implement sensitive data protection and routine monitoring to strengthen overall cybersecurity resilience

Review and Continuous Improvement

Through the Company's internal risk management mechanisms, information system–related risks are regularly assessed, with reports on risk controls and improvement measures presented at management meetings to manage and reduce potential cyber risks.

Each year, information security training courses are conducted to strengthen employees' cybersecurity awareness. In addition, the Company promotes information security policies and knowledge through regular email communications and occasional keynote sessions during weekly meetings, in order to reduce the risk of employees mistakenly clicking on malicious emails. Operating systems and applications are regularly updated and patched, and critical data and documents are secured through offsite backups.

Internal Risk Management Mechanism	• Assess information system–related risks and focus on medium- and high-level risk items • Information security personnel regularly track control implementation and review effectiveness annually • Report on risk controls and improvement measures regularly at management meetings • Commission an external information security vendor annually to conduct vulnerability scans and review system security
Education and Awareness	• Conduct regular training for new employees, specialized information security courses, and provide online self-learning resources • Distribute monthly information security awareness emails and promote cybersecurity knowledge during weekly meetings • Carry out annual social engineering drills to strengthen employees' alertness to phishing attacks • Develop improvement plans based on internal audit results, continuously refining information security protection measures

Resources Invested in Information Security Management

Information and Communication Security Certification	• Nan Pao obtained ISO 27001:2013 information security certification and continued to undergo recertification audits in 2023 to 2024, with no material findings. • In June 2025, the Company upgraded to and passed ISO 27001:2022 information security certification, confirming the management system meets the latest international standard requirements; the certification scope covers key operating sites in Taiwan and Vietnam.
Education and training	• In 2025, all 48 new employees at the headquarters completed a one-hour pre-employment information security training, for a 100% completion rate. • Information security supervisors and personnel obtained completion certificates for the "2025 Information and Communication Security Video Course for Listed/OTC Company Information Security Personnel," held by the Taiwan Stock Exchange, on January 23, January 26, and April 9, 2026, completing a total of 12 hours of training. • Conducted a Group-wide social engineering drill (simulated phishing emails) in January 2026 to assess and improve employees' ability to recognize cyberattacks, with 500 participants.
Information Security Communication	• Announces information security policy at least twice per month via email. • Held an "Information Security Awareness" session at the weekly meeting on March 12, 2025, communicating key information security rules and precautions, with 356 participant-instances and a total duration of 89 hours.
Customer Satisfaction	• No complaints involving loss of customer data were received in 2025, and no information security incidents involving customer personal data occurred.

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Information Security Incidents

In 2025, Nan Pao did not experience any material information and communication security incident, nor any incident affecting customer personal data, and was not penalized by any regulatory authority for an information security incident. To continue improving its information security management and protection capability, the Company continues to advance information security improvement measures, including adopting an IPS (Intrusion Prevention System) to strengthen network threat protection, and adopting the Veeam backup solution to strengthen data backup, recovery, and business continuity capability. In addition, establishment and implementation status of the information security risk management framework for 2025 was reported to the Board of Directors on December 18, 2025 to strengthen the Board's oversight of information security governance.

Information Security Incident Management Outcomes	2025
Total material information and communication security incidents	0
Information security incidents involving customer personal data	0
Total number of affected customers	0
Penalties incurred due to information security incidents	0

AI Governance

As artificial intelligence (AI) technology becomes more widely applied across business operations, Nan Pao upholds the principles of safety, transparency, trustworthiness, and human oversight in advancing Responsible AI governance, ensuring that the adoption and application of AI technology complies with information security, regulatory compliance, ethical principles, and sustainability goals. The Company has established an AI Governance Policy applicable to the Company and all Group subsidiaries in Taiwan and abroad, serving as the basis for AI adoption, use, management, and oversight, with the governance mechanism reviewed on an ongoing basis to reduce potential risk and improve the benefits of AI application.

AI Management Plan

To implement AI governance, the Company has established the following AI management mechanisms to ensure AI applications are properly monitored and managed:

1. AI risk assessment and adoption management: AI systems, models, or tools must undergo a risk assessment prior to adoption, comprehensively considering the purpose of the application, data type, information security, regulatory compliance, and potential impact on stakeholders. Applications involving personal data, confidential information, or high-risk use cases must complete an assessment of necessity, reasonableness, and compliance before adoption. Access to sensitive or high-risk AI capabilities, including facial recognition and surveillance tools, is restricted to authorized personnel and subject to prior approval.
2. AI governance and human oversight: AI serves only as a decision-support tool; material or high-risk matters must still undergo human review by accountable personnel. AI-generated content and AI-supported decision outputs are clearly labeled or logged as appropriate to the use case, and model accuracy, stability, and bias risk are reviewed regularly to continuously improve model governance quality.
3. System controls and continuous improvement: Appropriate system controls and manual verification mechanisms are established for AI-automated processes, ensuring AI output is checked as necessary before being imported into core systems, reducing operational risk. AI application effectiveness is continuously tracked as a basis for optimizing management measures and improving governance maturity. The Company also monitors deployed AI models for drift, performance degradation, and other deviations over time and takes corrective action when issues are identified.
4. Sustainable application, third-party management, and capability building: The Company encourages applying AI to process optimization, quality management, energy management, supply chain risk management, and occupational safety and health, to improve operating efficiency and sustainability performance. When adopting third-party AI services, the Company assesses their information security, data protection, model governance, and service stability, and continues to provide training on AI ethics, information security, personal data protection, and generative AI use to strengthen employees' capability to use AI responsibly.

Governance Promotion Progress

The Company completed the AI Governance Policy in 2026, establishing a governance framework for AI adoption, use, and management, and completed the related management procedures and division of responsibilities, forming the foundation for advancing AI governance and risk management going forward. Management indicators and an implementation-tracking mechanism will be progressively established to continuously review AI application effectiveness and governance maturity.

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4.1 Innovation Capacity

Since establishing the "Nan Pao Research Institute" in 1971, Nan Pao Resins has consistently regarded R&D and innovation as key drivers of corporate growth and sustainable transformation. Through the organizational development and evolution of its R&D Center and R&D and Innovation Division, the Company has built a comprehensive R&D system comprising five major R&D departments and more than 300 R&D professionals. These teams continue to deepen expertise in adhesives, resins, coatings, construction chemicals, and high-performance specialty chemicals.

As global industries move toward decarbonization, circularity, and higher-value applications, Nan Pao Resins continues to integrate the Group's R&D talent, technology platforms, and market application expertise. Through polymer synthesis, material formulation design, and application technology development, the Company continuously enhances the performance and application value of its existing products while transforming conventional chemical materials into sustainable solutions that combine high performance, reduced environmental impact, and greater value for customers.

Throughout the product development process, Nan Pao Resins also actively responds to the sustainability requirements of global brand customers, including carbon reduction, low-VOC solutions, circular materials, bio-based raw materials, and hazardous substance management. Sustainability principles are integrated into product design and R&D processes to continuously develop materials and products aligned with market trends and customer needs, thereby enhancing environmental benefits and application value across the entire product life cycle.

Among these, the "Polyester Polyol R&D Division" continued to focus on the development of recycled PET-based polyester polyol synthesis and application technologies, transforming recycled plastic resources into high-end functional materials and expanding the possibilities for waterborne PU, textiles, footwear materials, foamed materials, and other value-added applications.

Through the introduction of circular raw materials and improvements in product performance, Nan Pao not only reduced its dependence on petrochemical raw materials, but also helped customers develop products with greater environmental benefits and market competitiveness.

In the future, Nan Pao will take "high performance" and "low-carbon chemicals" as the main focus of its R&D efforts, continue to deepen the application of water-based formulations, solvent-free formulations, bio-based materials, recycled materials, and low-carbon manufacturing process technologies, and combine customer needs with international sustainability trends to develop new products with differentiation and high added value. Nan Pao will, on the basis of its many years of accumulated polymer synthesis and application technologies, promote the transformation of R&D achievements into corporate competitiveness and move toward the target of becoming a global leader in high-tech, high-performance adhesives and sustainable material solutions.

Nan Pao R&D Personnel in Taiwan

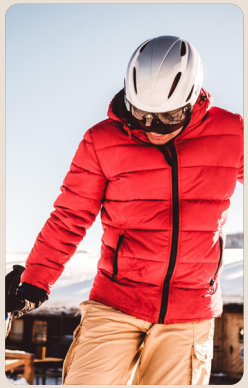
Year	2021	2022	2023	2024	2025
Number of Personnel	97	102	107	109	120

Nan Pao Group R&D Personnel

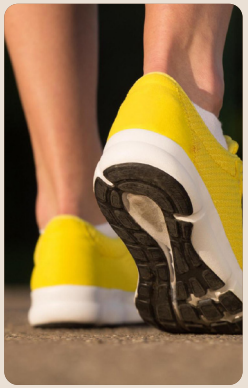
Year	2021	2022	2023	2024	2025
Number of Personnel	320	318	335	344	354



Innovation Development Division



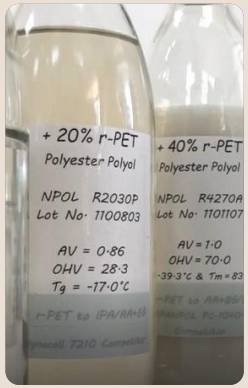
Adhesives R&D Division



Footwear R&D Division



Coatings and Construction Materials R&D Division



Polyester Polyol R&D Division

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R&D Collaboration Performance

To jointly promote sustainable economic development and low-carbon materials development, Nan Pao has continued to integrate the Group's internal R&D capabilities and has actively engaged in R&D cooperation with external technical consultants, industry partners, and professional organizations. By integrating external patent information, application technologies, equipment resources, and practical machine testing experience, Nan Pao was able to accelerate new product development and customer-side validation, shortening the time required to bring R&D results to market.

In 2025, Nan Pao's R&D collaborations focused on low-VOC processes, bio-based materials, high-performance adhesives, optical materials, and bio-based waterborne PU, and continued to develop products that combined performance, environmental benefits, and commercialization potential. Related collaborations not only strengthened Nan Pao's R&D capabilities in polymer synthesis and application technologies, but also promoted technological innovation, industry exchange, and talent cultivation, gradually advancing the transformation of R&D outcomes into low-carbon products and sustainable material solutions.

R&D Cooperation Directions	Partners	Key R&D Priorities	Technological and Sustainability Achievements	2025 Commercialization and Application Achievements
Environmentally friendly adhesive for woodworking PVC veneer application, fast-setting adhesive for carton lamination	French Technical Consultants	Introduced advanced process information related to specialty adhesives and developed processes and formulations that did not require the use of organic solvents.	Adjusting existing formulations and developing adhesives with different performance characteristics helped reduce VOC emissions and enhance the environmental friendliness of the product.	Related product has completed customer-side application validation and entered the shipment stage, with cumulative shipments in 2025 of approximately 5,420 kg.
Development of bio-based PUR adhesive	Industrial Partners	By leveraging the laminating technologies, materials, equipment, and testing resources of partner organizations, accelerate PUR product development and machine testing.	Through successive on-machine testing results, the product development direction was validated and the degree to which the product met customer application requirements was enhanced.	The sales volume of product PUR-284 in 2025 was approximately 17,808 kg, and sales amounted to approximately NT$3.45 million.
UV debonding, optical process protective film, flexible OCA pressure-sensitive adhesive	Japanese Technical Consultants	Special process and application information for the introduction of high-performance optical products such as UV debonding, optical-process protective films, and OCA	Developed a series of UV debonding-related products and optical pressure-sensitive adhesives with different application performance characteristics, thereby strengthening the deployment of high-end optical material applications.	The sales amount for the UV debonding product SD-488 was approximately NT$6.1 million; the high-temperature protective film product has entered application sales; and the flexible OCA product had completed its prototype and was undergoing validation.
Development and production of bio-based moisture-wicking resin	Industrial Partners	Integrate the lamination technologies, materials, equipment, and testing resources of partner organizations to accelerate the development and production-line testing of bio-based waterborne PU.	Promoted PU-type biomass feedstock additives for downstream applications, helping reduce product carbon emissions and enhance the application value of biomass materials	In 2025, the sales volume of T-QB251 products was approximately 4,010 kg, and the sales amount was approximately NT$468,300, with an estimated carbon reduction benefit of approximately 47 metric tons CO_2e.

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Continual Improvement Projects and Teams

To foster a culture of innovation and continual improvement, Nan Pao established the CIT Promotion Office in 2022 to drive Continual Improvement Team (CIT) projects. We developed short-, medium-, and long-term plans to ensure systematic implementation Training programs—covering 8D, Lean tools, statistical testing, DOE, and Minitab—were designed to build employee skills. Structured guidance and an incentive system create an environment that motivates active participation in improvement initiatives.

The 2025 CIT project competition entered its fourth year, with a cumulative total of 44 competition entries from 2022 to 2025. Over 1,300 participants from R&D, Production, Sales, Technical Services, Warehousing, QA, QC, and Procurement have engaged in these activities. We organize mid-term and final presentations to showcase team achievements.

In 2025, top-performing teams represented Nan Pao at the Taiwan Continuous Improvement Activities (TCIA) Golden Tower Award competition, winning two Silver Tower Awards. In addition, to further encourage progress, we held midterm and final presentations in Taiwan, Vietnam, and the Foshan region. At the same time, we established awards such as the Full Attendance, the Outstanding Performance, and Top Three Teams to encourage outstanding individuals and teams.



Figure: Nan Pao Bronze Tower Award Team



Figure: Taiwan Final Presentation

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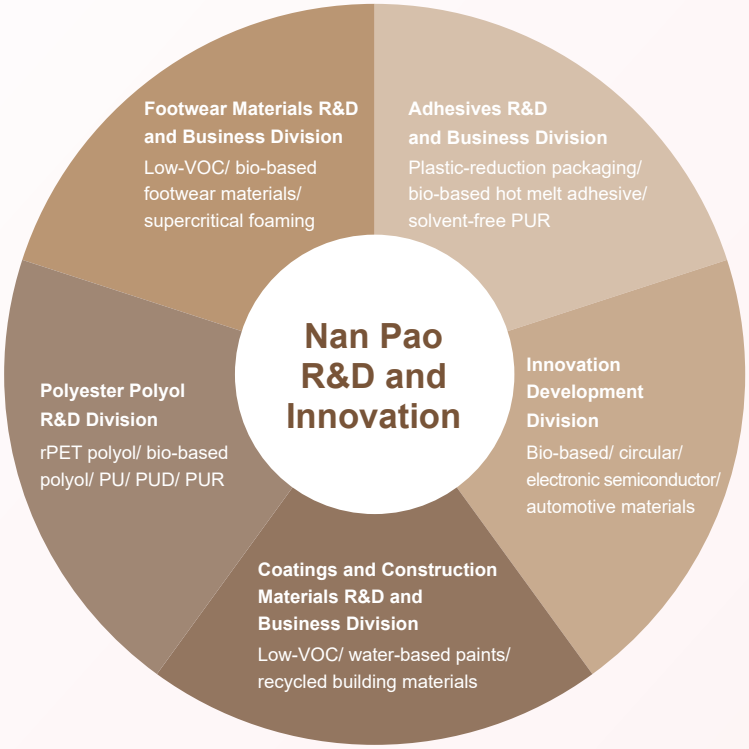
4.2 Business Units and Core Technologies

Nan Pao continued to expand its global footwear adhesive market with innovative products and professional technical services. In addition to maintaining the market share of the supply chain of leading athletic brands, it also actively extended footwear material applications and developed footwear cleaning agents, treating agents, hardeners, water-based PU adhesives, and low-VOC/zero-VOC materials, helping customers improve process efficiency and environmentally friendly performance.

At the same time, Nan Pao extended its polymer synthesis, formulation design, and application technologies into the fields of textiles, technology, flexible packaging, woodworking, hygiene products, automobiles, and building materials, and adopted water-based formulations, solvent-free formulations, bio-based materials, recycled materials, and high-performance materials as the main focus of its R&D. In recent years, it has also more actively positioned itself in electronic and semiconductor materials, focusing on high-end applications such as UV release tape, OCA/OCR optical adhesives, high-temperature-resistant protective films, high-frequency materials, and epoxy resins for packaging, while expanding into the semiconductor manufacturing, optoelectronics display, 5G communications, and automotive electronics markets, thereby continuing to strengthen Nan Pao's competitiveness in high-tech materials and green chemical products.

List of Innovative Products by Business Unit:



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Footwear Materials R&D and Business Division

NextGen Growth Strategy Driven by Innovation

Nan Pao's NextGen strategy focuses on collaborating with leading companies in key industries to jointly develop innovative adhesive solutions, and, under a framework of collaborative cooperation and information sharing, delivers solutions that more quickly best met customer needs.

Strategic Actions

- **Select Key Partners**
  Target industry leaders to increase the proportion of high-margin products.
- **Develop Innovative Solutions**
  Share information early and respond rapidly to customer needs.
- **Become a Global Innovation Leader**
  Expand product applications, increase market share and ROE, and build a preferred innovation platform.

Footwear Adhesives

- Leading global brands seek to develop high-performance running shoes using **new materials.**
- Nan Pao has pioneered **innovative** adhesive solutions that meet **high-performance standards.**

Semiconductor Adhesives

- UV-debonding adhesives in semiconductor processes require strong adhesion and fast debonding.
- Nan Pao has developed innovative materials with **high adhesion, rapid debonding**, and **no residual adhesive**, thereby improving process efficiency and yield.

Woodworking Adhesives

- New flooring materials are **challenging to bond** effectively.
- Nan Pao has developed a high-efficiency adhesive solution that **enhances production capacity by ten times**, while offering advantages such as low shrinkage, heat resistance, and noise reduction.

Carbon Fiber Composites and Supercritical Foaming Technology Collaboration

Nan Pao has established a joint venture, SPARK FOAMTECH, with a strategic partner specializing in supercritical foaming technology.

- The team develops proprietary material formulations and equipment, integrating the entire value chain from equipment to production technology, resulting in cost advantages.
- Expertise in leading high-performance supercritical foamed materials and biobased/ environmentally friendly material formulations provides a competitive materials advantage.

Strategic Objectives

- Leverage Nan Pao's expertise and influence in the chemical sector to strengthen partnerships with international brands and enhance penetration in the footwear industry.
- Utilize the joint venture relationship to facilitate technology exchange and information sharing, shorten R&D cycles, and establish Nan Pao as a leading all-in-one midsole solution provider.
- Optimize cost efficiency through integrated production of material formulations, equipment, and processes.



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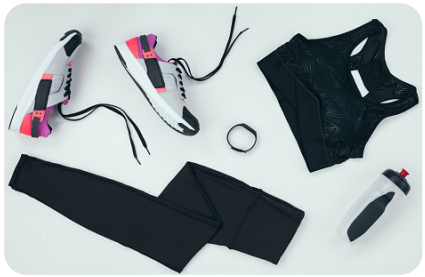
Footwear Materials R&D and Business Division

Recognized and awarded by leading global sports brands

Named Formulator of the Year by a major international sports brand

Footwear & Textile

Bio-based and recyclable products hold strong growth potential



PU Foam Insoles

First Bio-based PU Foam Insole

Nan Pao developed **bio-based materials** using lignin extracted from wastewater generated by the papermaking industry. This material offers high support and low rebound.

Bio-based Products

Recyclable

Low/Zero VOC

Footwear Additives

We are developing environmentally friendly, **carbon-negative** footwear additives, replacing fossil-based raw materials with natural materials.

Textile Adhesives

Nan Pao uses **recycled** carbon dioxide-derived materials which exhibited excellent softness and breathability

Footwear Adhesives

Currently, **75% to 80%** of Nan Pao's footwear materials products are **low-VOC or zero-VOC products.**

Nan Pao is one of the world's top three suppliers of footwear adhesives, serving leading global sports brands. Its footwear adhesive products are not only environmentally friendly but also compatible with both traditional and advanced materials, enabling customization to meet customers' specific process requirements. For example, Nan Pao develops adhesives for automatic outsole coating, focusing on providing stable performance as well as low-viscosity, solvent-free solutions. Backed by a strong R&D team and a responsive technical service team, Nan Pao stands out among its competitors.

The Footwear Materials R&D and Business Division continued to leverage Nan Pao's technological strengths in the global athletic footwear materials supply chain and remained committed to investing in low-VOC, zero-VOC, waterborne PU, bio-based materials, and high-performance footwear material solutions. Through the use of water-based adhesives for footwear, formulation raw material substitution, and the application of supercritical foaming materials, we assisted brand customers in balancing environmentally friendly manufacturing processes, material performance, and product comfort. In the future, Nan Pao will continue to develop bio-based insoles, footwear material additives, hydrolysis-resistant water-based PU adhesives, and footwear material treatment materials that comply with RSL requirements, thereby enhancing the sustainability and high-performance applications of footwear material products.

Footwear Adhesives and Footwear Materials Products

Footwear Materials Category	Product	Purpose
Low/Zero VOC Footwear Adhesive	Water-based PU footwear adhesive, matte-finish water-based PU, hydrolysis-resistant water-based PU	Promoted the water-based and low-VOC conversion of footwear material processes, thereby reducing the use of organic solvents.
Biomass Footwear Materials	Bio-based PU foam insoles, bio-based shock-absorbing materials, bio-based footwear additives	Replacing part of the petrochemical raw materials with natural materials or bio-based feedstocks
High-performance footwear materials	Supercritical foamed materials, footwear treatment agents, and Primer project	Responding to brand customers' demands for lightweight, high elasticity, durability, and environmental standards
Textile and Upper Bonding	Textile adhesives, PUD fabrics/bag materials resins, and fluorine-free water repellents	Expanded footwear materials into applications in textiles, bag materials, and performance apparel

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Adhesives R&D and Business Division

The Adhesives R&D and Business Division focused its main development efforts on consumer goods, packaging, woodworking, automotive, and industrial applications, and continued to promote the application of low/zero VOC, solvent-free, bio-based, and recyclable materials. For packaging materials, Nan Pao developed paperboard coatings without plastic lamination to help paper cups, paper boxes, and paper packaging enhance recyclability and reuse. For woodworking and furniture applications, it developed solvent-free PUR and high-performance woodworking adhesives, balancing bonding strength, heat and moisture resistance, and safe use. Relevant R&D achievements have elevated adhesives from their traditional bonding function to a sustainable material solution that helped customers reduce plastic use, lower carbon emissions, and improve product safety.

Consumer Product

High-performance and bio-based products supporting sustainable living

Bio-based Products
Low/Zero VOC
High-Performance



Hygiene Adhesives

A leading supplier to major domestic diaper brands in mainland China

Nan Pao has developed a superior wet-strength construction adhesive that extends a diaper's **durability** after being wetted by urine.

Nan Pao's ultra-soft adhesive, applied to diaper waistbands and surfaces, delivers excellent product comfort, maintaining a **soft** feel regardless of **hot or cold weather**.

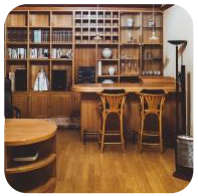


Paperboard Coatings

Plastic-film-free paperboard coatings that allow paper cups and cartons to be recycled as paper, enabling recycling and reuse.

Label-Laminating Hot-Melt Adhesive

A **high bio-content** hot-melt adhesive used for laminating labels onto cans.



Woodpow® – Wood Adhesives

Nan Pao's PUR wood adhesives are **solvent-free**, offering **outstanding heat resistance, moisture resistance, and bond strength**, making furniture safer and more sustainable.

Industry & Technology

Demand for efficient, environmentally friendly solutions has increased significantly

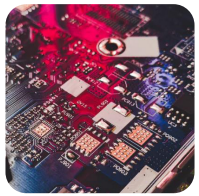
Environment-friendly
Low/Zero VOC
High-Performance



Optical Adhesives for LCD Polarizers and Touch Panels

High temperature and high humidity resistance.

Acid-free adhesive helps customers achieve **low-corrosion**, **low-contamination** design for ITO film.



Semiconductor UV De-bonding Tape

successfully entered the semiconductor supply chain

UV tape is applied in advanced semiconductor processes, protecting the wafer surface during back-grinding and holding the wafer to the frame during dicing.

Under UV exposure, wafers can be easily peeled from the tape, helping to **improve production efficiency.**



Automotive Hot-Melt Adhesive

Nan Pao has developed **water-based products (low/zero VOC)** for automotive interiors, usable in carpets, leather seats, and similar applications.

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Sports adhesives have long been a core strength for Nan Pao. Beyond their application in athletic footwear, Nan Pao adhesives are used in 30% of basketballs worldwide, and 50% of baseballs sold in Japan.



In 2024, in response to environmental sustainability and carbon reduction goals, Nan Pao transitioned the 15-kilogram iron drum packaging for its 3761 white glue product to containers made with 30% recycled plastic. The entire packaging is recyclable and reusable, extending the product's packaging life cycle.



Nan Pao's NANPAOFlex flexible packaging materials, composite packaging materials, and adhesives for soft packaging printing not only meet the needs of lightweight packaging but also incorporate environmentally friendly features. These products comply with various food packaging regulations, including the US FDA 21 CFR175.105, EU 2002/72/EC, and China GB9685- 2008. Additionally, Nan Pao has recently obtained Halal certification, ensuring product safety and quality and providing more diverse options for global markets.

NANPAOFlex



Main Applications of Adhesive Products:



Flexible packaging materials



Non-woven



Tapes



Woodwork



Textile

Adhesives R&D and Business Division Product List

Category	Product	Purpose
Non-woven and household-use rubber	Non-woven adhesives, ultra-soft adhesives, and high wet-strength adhesives	Support for health and quality of life
Packaging and paperboard materials	Excluding plastic-laminated paperware coatings and recyclable paper cup/ carton coatings	Assisted with paper recycling and reduced plastic use
Bio-based hot melt adhesives	Bio-based packaging HMA, metal label hot-melt adhesives	Reducing dependence on petrochemicals through biomass feedstocks
Woodworking and furniture adhesives	Solvent-free PUR, LPUR, and woodworking adhesives	Reduce solvent and formaldehyde risks while enhancing heat and moisture resistance
Automotive/industrial hot melt adhesives	Automotive interior, water-based/low-VOC hot-melt adhesives	Support the reduction of VOCs in automotive materials

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Coatings and Construction Materials R&D and Business Division

The Coatings and Construction Materials R&D and Business Division focused on building energy efficiency, low-VOC coatings, recycled materials, and high-performance industrial coatings. In addition to continuously promoting powder coatings, water-based wood coatings, and low-VOC building material coatings, recycled materials such as recovered toner powder and semiconductor waste silicon wafers were also introduced to develop water-based recycled toner powder cement coatings and epoxy floor coatings, transforming industrial waste resources into building and coating materials with application value. By adopting water-based, powder-based, and recycled material applications, Nan Pao assisted customers in reducing environmental impact during the construction and use phases and in enhancing the durability and circular economy value of building materials products.

Coatings & Construction

Pursuing Energy Efficiency and Comfortable Homes

- Environment-friendly
- Q Low/Zero VOC
- High-Performance



Powder Coatings for Water Supply Pipes

Taiwan's First Supplier

Prevents pipes from leaching chemicals into tap water, supporting the direct-drinking tap water policy and delivering **higher-quality, more sustainable** tap water to users.

Insulating Glass Sealants

Resistant to sunlight, temperature fluctuations, and moisture, helping buildings achieve **energy savings**

Waste Toner Recycled into Water-Based Coatings

Global Recycled Standard (GRS) Certified

In collaboration with the Industrial Technology Research Institute (ITRI) and Fujifilm, **waste toner**—which is inherently hydrophobic—is processed into eco-friendly **water-based coatings** suitable for interior finishes, exterior building surfaces, and furniture.

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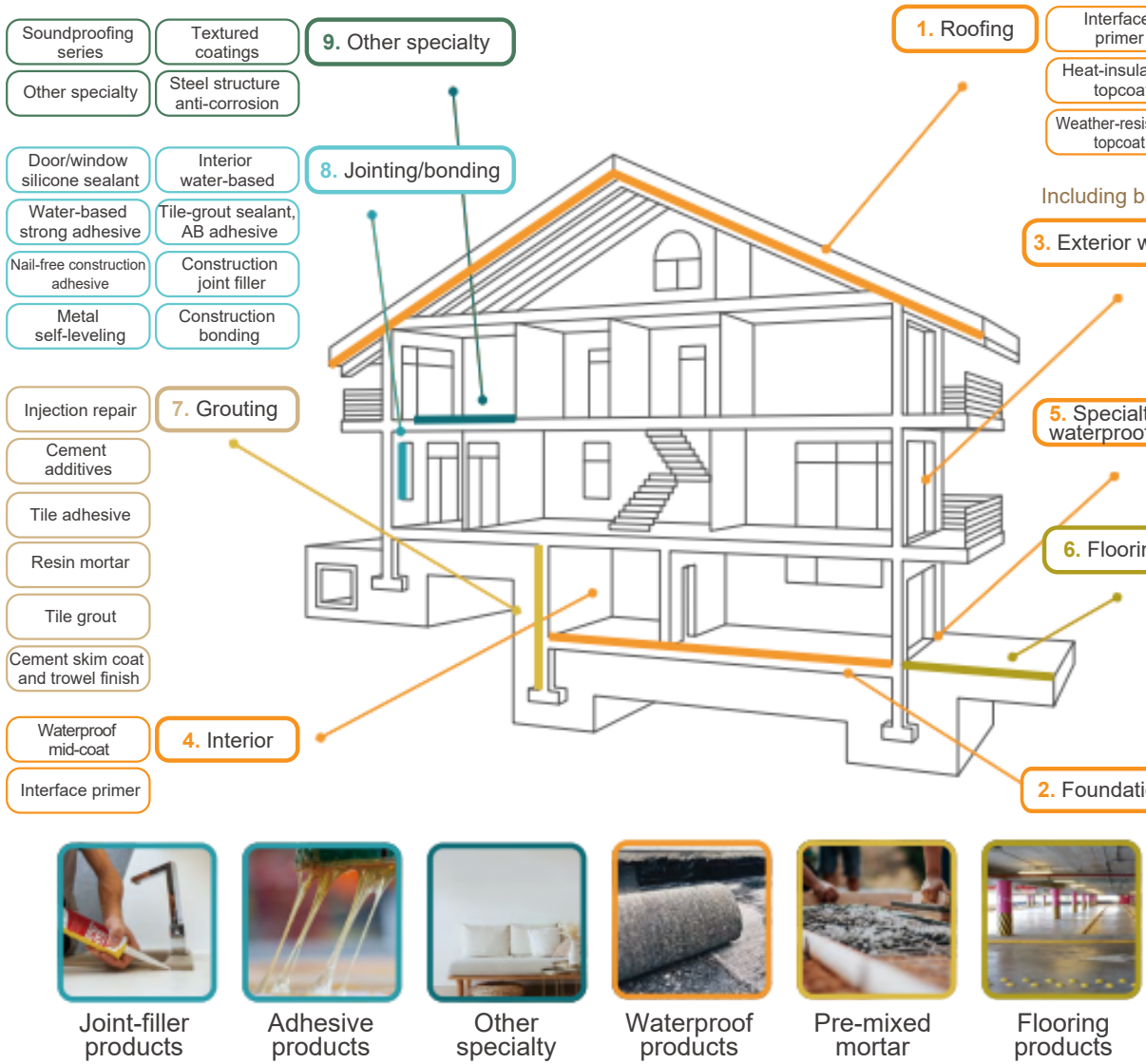
Building Materials Chemical Product Applications



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Application of Recycled Silicon in Epoxy Floor Coating 926HTG

Recognizing the high potential value of recycled semiconductor waste slurry and the global emphasis on circular economy and renewable energy, Nan Pao utilizes purified silicon dioxide derived from semiconductor process waste slurry—recycled by Kwangyu Advanced Materials and certified by RCS—incorporating it into epoxy floor coatings through specialized dispersion and mixing technology. This innovative use promotes the development of circular economy epoxy floor coatings, which can be reapplied in semiconductor factories, basement flooring, machinery, equipment, and other protective and decorative coatings.



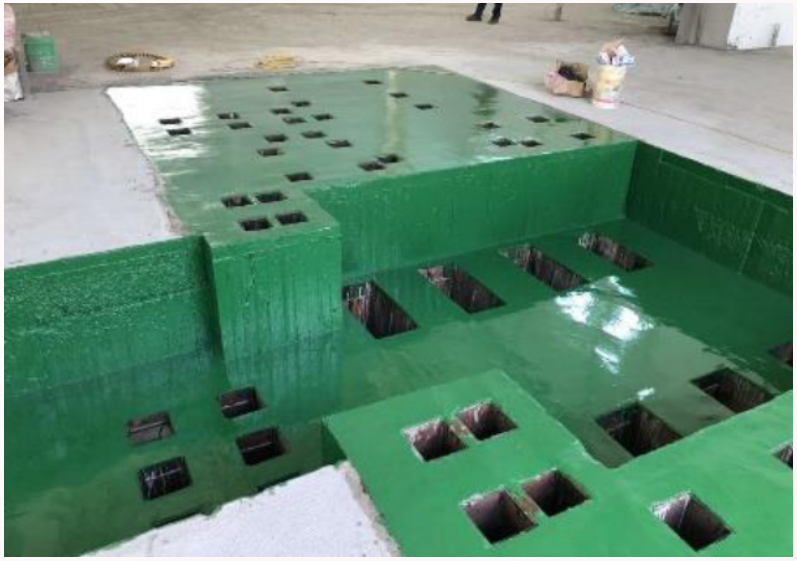

Figure: New Plant Construction Featuring Epoxy Floor Coatings Made from Recycled Silicon

Products of the Coatings and Construction Materials R&D and Business Division

Category	Product	Purpose
Building energy-saving materials	Insulating glass sealants, waterproofing materials, and construction sealants	Assist in building energy conservation and durability
Water-based/low-VOC coatings	Water-based wood coatings, water-based metal baking finishes, low-VOC coatings	Reduce solvent use and construction emissions
Circular recycled coatings	Recycled toner-cement paint, waste silicon wafer epoxy flooring	Transforming industrial waste into coating raw materials
High-performance industrial coatings	Powder coatings, heavy-duty anti-corrosion coatings, and screw baking enamel	Enhance weather resistance, corrosion resistance, and product service life

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Innovation Development Division

The Innovation Development Division served as Nan Pao's platform for cross-business-unit technology integration and new material development, focusing on four major areas: bio-based materials, recycled materials, low-carbon manufacturing process, and high-performance electronic materials. Through core technologies such as PUD, PUR, Acrylic, UV, Epoxy, Polyester, and O/I hybrid, the Innovation Development Department expanded material applications from footwear, textiles, wood processing, and building materials to the automotive, electronics, semiconductor, green energy, and optoelectronics sectors.

In the area of low-carbon and circular materials, the Innovation Development Department continued to develop bio-based PUD, bio-based PU foam, bio-based hot-melt adhesives, fluorine-free water-repellent materials, recycled PET application materials, and coatings derived from renewable sources, and used the 4R principles—Renewable, Recycle, Replace, and Reduce as the guiding principles for product development, in order to reduce dependence on petrochemical raw materials and enhance the value of material circular utilization. In high-performance applications, the focus was on semiconductor UV debonding, high-temperature-resistant protective films, OCA/OCR optical adhesives, high-frequency electronic materials, and low-VOC interior materials for vehicles, helping customers achieve a balance between advanced manufacturing processes and sustainability requirements.

List of Innovative R&D Products

Innovative Technology	Integrated Products	Sustainable Significance
Biomaterial	Bio-based PUD, bio-based PU foam, bio-based HMA, vegetable oils and fats, lignin, oyster shell materials	Reduce dependence on petrochemical feedstocks
Circular materials	rPET, recycled yarn, recovered toner, and waste silicon wafers	Promote resource recycling
Low-carbon manufacturing process	Waterborne PU, solvent-free PUR, LPUR, and low-/zero-VOC automotive materials	Reducing VOCs and process carbon emissions
High-performance applications	UV debonding, OCA/OCR, high-temperature-resistant PSA, QD, MPI, underfill, high-frequency materials	Expand into electronics, semiconductor, and automotive applications

Sustainable Materials 4R Development

4R	Applications
Renewable	Vegetable oils and fats, lignin, oyster shells, bio-based polyol
Recycle	rPET, recycled yarn, recovered toner, and waste silicon wafers
Replace	Water-based PU, bio-based HMA, solvent-free PUR
Reduce	Low VOC, LPUR energy savings, and process carbon reduction

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Polyester Polyol R&D Division

The Polyester Polyol R&D Division was an important technical core for Nan Pao in promoting circular materials and low-carbon products, and it continued to devote efforts to the synthesis and application technologies for converting recycled PET and bio-based raw materials into polyester polyols. Through chemical recycling and resynthesis technologies, recycled PET can be converted into key raw materials applicable to products such as PU, PUD, PUR, and 2K PU, thereby expanding applications in textile lamination, footwear materials, woodworking, foam, and functional materials.

At the same time, Nan Pao also developed bio-based polyol and PU foam materials from raw materials such as vegetable oils and bio-based fatty acids, which were applied in areas including seat cushions, mattresses, insoles, and midsoles. By introducing bio-based raw materials and recycled materials, the Polyester Polyol R&D Division helped the Company reduce its dependence on petrochemical raw materials and enhance the competitiveness of its products in the circular economy and low-carbon materials market.





Polyester Polyol R&D Products

Category	Product	Purpose
rPET polyester polyol	Recycled PET bottles/recycled PET polyol, R2030P	Converting recycled plastics into PU/PUR raw materials
Bio-based polyol	Vegetable fatty acids, bio-based polyol, bio-based PU foam	Support for applications such as bio-based foam, insoles, mattresses, and seat cushions
PU/PUD/PUR applications	Textile coatings, lamination, woodworking, foamed materials	Enhance product low-carbon performance and functionalization
Low-carbon raw material substitution	Low-carbon polyols, bio-based content products	Reduce product life cycle carbon emissions

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A New Standard for Green Offices— A Comprehensive Low-Carbon, Sustainable Seating Solution

Nan Pao was committed to introducing green chemistry and sustainable materials into the workplace. Our innovatively developed conference room seating is not only a product upgrade, but also a concrete demonstration of the Company's implementation of the circular economy. The initiative significantly reduced reliance on petrochemical raw materials through bio-based materials and recycled products, and it implemented a low carbon footprint from structure to details.

- **International Green Certification:** The entire solution complies with RoHS and REACH requirements and has obtained USDA BioPreferred certification, with a bio-based content of 27%, ensuring that chemical substances harmful to human health and the environment are eliminated from raw materials through finished products.

Low-Carbon Sustainability Plan for Conference Room Seating

Fabric:

- Woven from 100% recycled PET fibers
- Combined with fluoride-free water-repellent treatment
- and PUD coating that achieved a 45% reduction in carbon emissions

Wooden Components:

- The handrails and structural components used water-based wood coatings and non-toxic water-based adhesives with 15–20% reduced carbon emissions.



Metal Components:

- The metal parts were sprayed with a rust-resistant coating containing 10% bio-based content.

Bio-based PU Foam:

- The cushion was made of bio-based polyols derived from vegetable fatty acids.
- The bio-based content was as high as 27%, and it has already received USDA Biobased Product Certification.



Figure: The chairs in the international conference room of Nan Pao's headquarters building featured foam cushions with a 27% bio-based content.

Advancing Process and Product Innovation

As a leading adhesive manufacturer in Asia, Nan Pao continually improves and expands its existing businesses while striving to enhance its long-term competitiveness through innovation and R&D. With a world-class R&D team, Nan Pao is dedicated to developing safer and more environmentally friendly products.

Guided by circular economy principles, Nan Pao creates green business opportunities using rigorous scientific methods to ensure product safety. We are committed to ensuring that all products are free from animal testing and comply with stringent quality standards.

Looking ahead, Nan Pao will continue to focus its research and development on high-performance and low-carbon chemicals, and will expand the applications of water-based, solvent-free, bio-based materials, recycled materials, and high-performance electronic materials. Through the technical collaboration of the five major units of the R&D Center, the environmental benefits of our products and customer application value will continue to be enhanced, and, with a product life cycle perspective, efforts will be made to promote raw material substitution, carbon reduction design, and the introduction of circular materials, moving toward the target of becoming a global leader in innovation and green chemical materials.

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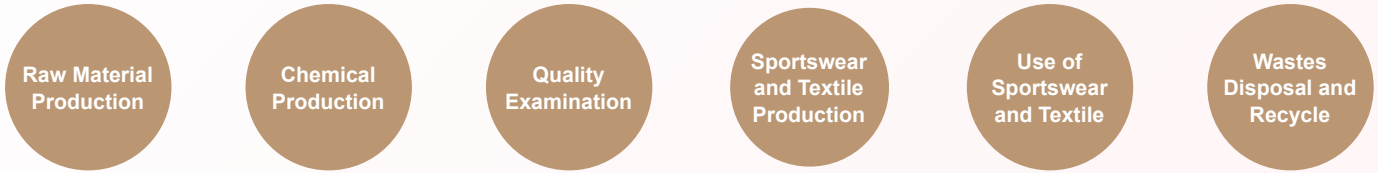
Product life cycle assessment

At Nan Pao's manufacturing facilities, aside from various solvents, products such as adhesives, coatings, construction materials, and carbon fiber composites do not directly involve chemicals that significantly impact health or the environment. For regulated chemicals, comprehensive risk assessments are conducted throughout the product life cycle—from initial development, manufacturing, transportation, storage, and sales to end-of-life disposal. Nan Pao considers the environmental impact at each stage of the product life cycle, including collaboration with customers on product development, raw material production and transportation, and product manufacturing and testing. In addition to managing hazardous substances, preventing pollution, and reducing energy and resource consumption during production, Nan Pao also requires suppliers to adopt environmental protection practices and continuously minimize the environmental footprint of chemicals.

Nan Pao used the Life Cycle Assessment (LCA) results as an important basis for the development of low-carbon products and the management of green products. Based on the analysis results of the existing product environmental footprint, the raw material sourcing stage was the carbon emissions hotspot for most products. Priority should be given to reducing the product life cycle environmental impact by replacing materials with low-carbon alternatives, introducing bio-based materials, applying recycled materials, and optimizing formulation design.

For example, in the development of adhesives and resin products, efforts continued to promote water-based formulations, solvent-free formulations, low-/zero-VOC formulations, and the application of bio-based polyols and recycled polyester polyols. In coatings and building materials products, recycled toner and waste semiconductor silicon wafers were introduced as circular materials. In customer applications, through low-carbon materials and process improvements, downstream customers were helped to reduce solvent usage, VOC emissions, and product carbon footprint.



Environmental Impact Considerations

Nan Pao

- GHG reduction
- Energy and water saving
- Waste reduction and management
- Pollution prevention
- Hazardous substance management
- Environment system management

Customers

- Product group hazardous substances
- Carbon and water footprint
- Product life cycle assessment
- Product energy saving
- Pollution prevention
- Wastes recycle and reuse

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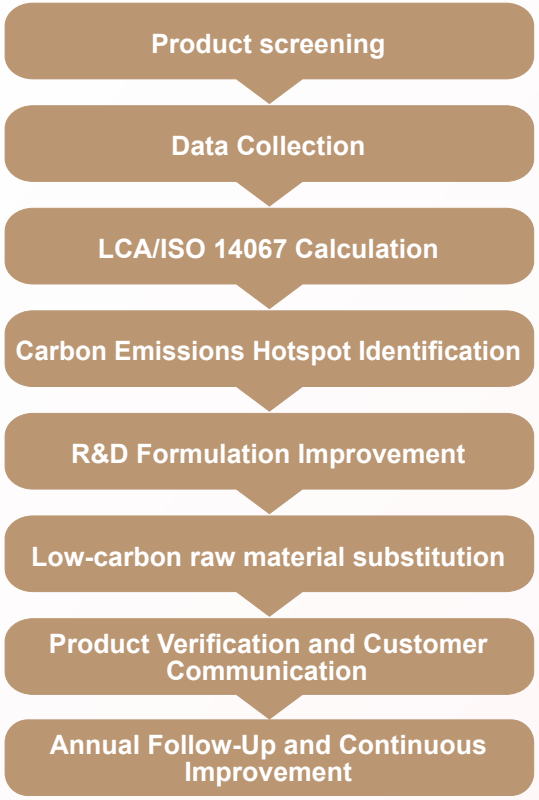
Nan Pao integrated LCA results into its product development and improvement processes. Through the identification of carbon emission hotspots, it prioritized improvements in areas such as raw material substitution, formulation optimization, process improvement, and carbon reduction at the product application end, and used the results as the basis for green products development, customer communication, and supply chain management.



In 2025, Nan Pao Resins conducted environmental footprint assessments for representative products, including water-based PU and water-based white glues 3670 and 3761, in accordance with the ISO 14067 life cycle assessment standard, and obtained ISO 14067 verification statements. Water-based PU and water-based white glue together accounted for 42.82% of Nan Pao Resins Taiwan's revenue in 2025. The assessment results indicated that most of the environmental footprint originated from the raw material acquisition stage. Going forward, the Company will continue to expand the coverage of product LCAs, establish standardized product life cycle assessment procedures, provide internal training for employees, identify carbon emission hotspots, and pursue improvements through the substitution of lower-carbon raw materials to support the development of low-carbon products.

LCA Management Items	Current Status	Subsequent Plan	Sustainable Value
Product screening	Priority was given to conducting ISO 14067 environmental footprint analysis for representative products, such as water-based PU base material and water-based white glue.	Based on revenue contribution, carbon-emission hotspots, customer demand, and the sustainability potential of products, gradually expanded into adhesives, coatings, polyester polyols, and low-carbon products.	Enhance LCA coverage and product management depth
Life cycle scope	Evaluate the stages of raw material acquisition, manufacturing, transportation, use, and disposal and recycling.	Strengthen the collection of carbon emissions data for upstream raw materials.	Enhance scope 3 and value chain management capabilities.
Hotspot analysis	Existing results indicated that most environmental footprints originated from the raw material acquisition stage.	Prioritized the introduction of low-carbon, bio-based, recycled, and circular materials	Reducing product carbon footprint and dependence on petrochemical raw materials.
R&D application	Using LCA results as the basis for product design and low-carbon formula development	Incorporated LCA review into the new product development process	Strengthening eco-design and green product innovation
Procurement link	Requested suppliers to cooperate with environmental protection and chemical substance management	Gradually require critical suppliers to provide supporting evidence for carbon emission coefficients, PCF, or low-carbon raw materials.	Strengthen supply chain carbon reduction and raw material management
Customer applications	Developed water-based, solvent-free, bio-based, and recycled-material products to help customers reduce environmental impact	Description of the carbon reduction benefits of establishing product application scenarios	Supporting customers' sustainable supply chain requirements
External verification	Some products have obtained an ISO 14067 verification statement.	In response to customer and assessment requirements, the number of products subject to third-party verification was gradually expanded.	Enhance data credibility and market communication capabilities.

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Risk Assessment and Sustainable Response Measures in the Product Development Stage

The Company incorporated sustainability considerations at the new product development stage and conducted risk identification and management with respect to product chemical compliance, raw material sources, environmental impact, use safety, and market acceptance. We established a risk assessment mechanism at the early stage of product development to enhance R&D efficiency, reduce failure rates, and ensure that the product complied with regulatory and sustainability requirements at each stage of its life cycle.

The following is a summary of the management practices corresponding to various risk types:

Risk Type	Description	Corresponding Management Measures
Regulatory and compliance risks	Newly emerging regulations (such as REACH and RoHS) have imposed stringent requirements regarding ingredients, labeling, and restricted substances.	Established a product ingredient review system to assess compliance during the design phase and introduced a restricted substances list (RSL).
Raw material and supply chain risk	Special raw materials may have experienced interruptions due to price fluctuations, geopolitical factors, or concentrated supply.	Implemented diversified sourcing arrangements for raw materials and evaluated substitute materials, establishing a tiered supply-risk classification and a backup supplier list.
Environmental and climate risks	If products contain raw materials with high carbon emissions or high VOC content, they will face the risk of carbon taxes and being eliminated from the market.	Promoted the development of low-carbon and water-based adhesive technologies, established a raw material carbon footprint database, and incorporated it into product development evaluation criteria.
User health and safety risks	If odors, skin sensitivity, or inhalation hazards arose during use, product acceptance and corporate reputation would be affected.	Implementation of toxicology database review and on-site safety operating guideline design
Technical compatibility and market risk	If a new product was incompatible with existing customer equipment, it increased the difficulty of adoption and the risk of returns.	Participated in client-side validation testing during the development stage to ensure compatibility between the new formulation and downstream applications.

Through the above mechanisms, the Company was able to advance and systematize risk management and ensure that R&D activities were aligned with the sustainable development strategy. Cross-departmental collaboration will continue to be strengthened in the future to advance a more resilient product design process.

Green Product Policy

Circular Economy

Producing more value-adding product solutions with less raw materials

Social Inclusivity

Improving environment and quality of life with science (lowering VOCs, etc.)

Low-Carbon Mission

Lowering greenhouse gas emission, consistently reducing hazardous substances in products with innovation and process reengineering.

Co-Creation of Value

Leading paradigm shift in customers with ecofriendly products and energy conserving production processes.

To ensure that the product life cycle assessment results could effectively feed back into R&D and product management, Nan Pao gradually established an LCA operational process and, based on the proportion of product revenue, the carbon emission contribution of raw materials, customer demand, and the sustainability potential of products, prioritized representative products for assessment. The existing results showed that the raw material acquisition stage was the main source of the environmental footprint of most products; therefore, the Company will continue to use low-carbon, bio-based, recycled, and circular materials as directions for raw material substitution and will apply LCA results to formula design, process improvement, and customer-side carbon reduction solutions. In the future, coverage of life cycle assessment will be gradually expanded, a product carbon emissions database will be established, and third-party verification will be promoted in light of customer and market demand, so as to strengthen green product development and sustainable supply chain management.

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Low-carbon Chemicals

In response to the growing trends of the circular economy and ESG-driven sustainable development, the Company utilizes bio-based raw materials and recycled materials to advance its sustainability goals of promoting circularity, protecting the environment, conserving energy, and reducing carbon emissions. Depending on the proportion of bio-based content, the bio-based materials currently under development can reduce carbon emissions by approximately 5% to 80%. In 2025, Nan Pao Resins Taiwan reduced carbon emissions associated with the procurement of low-carbon adipic acid, a key raw material, by 11,618 tonnes compared with the 2023 baseline year, while average carbon emissions per kilogram of product decreased by 21.9%. In addition, the Footwear Materials R&D Department reduced carbon emissions from water-based adhesive products by 2,039 tonnes, representing an 2.93% reduction from the previous year. On a carbon-intensity basis, emissions decreased by 2.39% compared with 2024.

Low-Carbon Application Case	R&D Directions	Representative Application	Sustainable Benefits
Application of biomass and recycled raw materials	Bio-based polyol, recycled PET polyol, bio-based PU foam	Insoles, cushions, mattresses, textile lamination, PU foam	Reduce dependence on petrochemical raw materials and increase the share of bio-based and recycled materials.
Low-VOC/solvent-free adhesives	Water-based PU, solvent-free PUR, LPUR, low-VOC PSA	Woodworking, furniture, packaging, textiles, and automotive interiors	Reduce VOC emissions and improve process safety and the environmental burden on customers.
Circular recycled coatings	Recycled PET, recycled yarn, recycled toner, semiconductor waste silicon wafers, oyster shells	Textile coatings, floor coatings, cement paint, building materials coatings, acrylics for textiles	Transforming waste resources into high-value materials to promote the circular economy
Automotive bio-based and environmentally friendly adhesives	Low-VOC automotive adhesives, zero-VOC sealants, bio-based/recycled foam, water-based PUD leather	Seats, door panels, headliners, carpets, trim, and air-conditioning accessories	Responding to the demands for low odor, low emissions, lightweight, and a sustainable supply chain in automotive materials

Automotive applications of bio-based and environmentally friendly adhesives

Nan Pao Resins continues to invest in the development of environmentally friendly and bio-based green materials for the automotive industry. Product applications cover both vehicle exteriors and interior materials, with the health and safety of drivers and passengers incorporated into product development considerations. Depending on the proportion of bio-based content, these products can reduce carbon emissions by approximately 5% to 80%. Among them, bio-based PU foam seat cushions have obtained the U.S. Department of Agriculture (USDA) Certified Biobased Product label. The Company continues to advance related product development with a focus on reducing environmental impacts and enhancing material sustainability.

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車用生質與環保接著劑應用

Zero-VOC Interior Instrument Panel/ Armrest/Accessory Assembly



Zero-VOC Automotive Door Waterproof Seal

Low-VOC Door Adhesion

Protective Film for the Surface of the Metal Decorative Panel

Low-VOC PSA Electric Vehicle Window Lamination

The film has micro pores which can prevent water and dust from penetrating the model.



Zero-VOC Automobile Headliner Lamination

Low-VOC Fixed Interior Materials

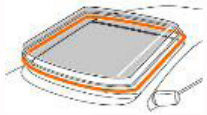
Fixed vehicle roof trimming and shock absorbing foam sheets

Zero-VOC Interior Instrument Panel/Armrest

Low-VOC Automotive Carpet Lamination



Low-VOC PSA Air-Conditioning Accessory Label



Zero-VOC Bumper Accessory Adhesives

Line bundle

High elasticity insulation ethylene tape



Seat

- Low-VOC Adjustable Guide Rail Sliding PSA
- Zero-VOC Waterborne PUD Leather

Low-carbon bio-based/recycled foam

Automotive Parts	Low-Carbon Applications
Seat	Zero-VOC water-based PUD leather, bio-based/recycled foam
Vehicle Doors and Roof	Zero-VOC sealant, low-VOC door adhesives, roof liner laminating adhesives
Carpeting and interior trim	Low-VOC carpet laminating adhesive, interior trim fastening adhesive, dashboard/armrest laminating
Air conditioning equipment and accessories	Low-VOC PSA, metal trim protective film, electric window lamination material

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Circular recycled paint: 815R water-based recycled carbon powder cement paint

Nan Pao and Fujifilm collaborated to convert waste toner into a water-based black slurry, which was then further developed into 815R water-based recycled toner cement paint, enabling the waste toner that originally required disposal to be reintegrated into coating products and putting the circular economy into practice. The product has characteristics such as alkali resistance, water resistance, hiding power, and low VOC content. Its performance was comparable to that of ordinary water-based cement paint, and it has already been applied to the exterior walls of a factory. Since construction began in June 2022, the coating film has retained its gloss and has not shown any peeling, demonstrating the feasibility and durability of incorporating recycled materials into architectural coating products.



Item	815R Water-Based Recycled Toner Cement Paint	General 815 Water-Based Cement Paint	Sustainable Significance
Raw material characteristics	Introduced aqueous black paste made from recycled toner powder	General water-based coating formula	Transforming waste toner into paint raw materials to enhance resource circular utilization
Product type	Water-based cement paint, outdoor/gloss finish	Water-based cement paint, outdoor/ gloss finish	Waterborne formulations were adopted to reduce the impact of solvent-based coatings on the environment and applicators
Alkali resistance	After 72 hours of immersion in limewater, no discoloration, blistering, or delamination was observed	After 72 hours of immersion in limewater, no discoloration, blistering, or delamination was observed	Using recycled materials still maintained the existing product performance
Water resistance	After a 72-hour water immersion test, no dissolution, blistering, or delamination was observed	After a 72-hour water immersion test, no dissolution, blistering, or delamination was observed	Applicable to fields requiring weather resistance, such as building exterior walls
Covering power	More than 7 m²/L	More than 7 m²/L	Conformed to actual construction requirements
Formaldehyde emissions	< 0.12 mg/L	< 0.12 mg/L	Reduce health risks during the use phase
Volatile organic compounds (VOC)	Conforms to CNS 15080_C1, < 100 g/L	Conforms to CNS 15080_C1, < 100 g/L	Aligned with the direction of low-VOC water-based coatings
Practical application results	Applied to the factory exterior wall, the coating film remained glossy and showed no peeling	—	Validate the durability of recycled material products in real-world settings

Looking ahead, Nan Pao will continue to focus its R&D efforts on low-carbon chemicals and high-performance sustainable materials, and will expand the application of bio-based raw materials, recycled materials, water-based technologies, solvent-free technologies, and low-VOC technologies in terminal products. By introducing material innovations into the textile, furniture, packaging, construction, automotive, and electronic materials sectors, we not only enhanced product performance and market competitiveness, but also helped customers reduce the environmental impact of their processes and product life cycle, gradually achieving the target of the co-growth of green chemical products and a sustainable supply chain.

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Classification of Green Products and Sustainable Product Performance

Description of the Dual-Axis Classification System

G Axis | Composition-Friendly Classification (Based on ZDHC MRSL)	S Axis | Sustainable Applications Classification (Function-Oriented)
G1.0 Water-based/solvent-free/powder/hot-melt adhesive	S.1 Mitigate climate change – Building energy conservation (insulating paint) – New energy (wind turbine coating) – Low-carbon transportation (materials for electric vehicles) – High-performance solution (optical adhesive)
G1.1 G1.0 + ZDHC MRSL 3.1 solvents (1J halogenated solvents, 1K organic solvents) compliance	S.2 Promote human health – S2.1 Low VOCs – Clean water and sanitation (drinking water pipeline direct-drink coating) – Food-grade certification/health care
G1.2 G1.1 + ZDHC MRSL 3.1 organotin (1L) and heavy metals (1R) compliance	S.3 Environment-friendly – S3.4 Low-pollution solutions – Bio-based products/biodegradable materials Recycled and reused materials (G1.4)
G1.3 G1.2 + fully complies with ZDHC MRSL 3.1 (highest level)	
G1.4 G1.3 + Bio-based raw materials/recycled materials (circular materials)	
G2.0 solvent-based + ZDHC 1J/1K compliant	
G2.1 G2.0 + 1L/1R compliance	
G2.2 G2.1 + Full ZDHC MRSL compliance	
G2.3 G2.2 + high solids content (>50%, low VOC)	
G0 non-conformance of general goods for G1/G2	

Classification logic: The G axis adopted a stacked, progressive structure

G1.0 → G1.1 → G1.2 → G1.3 → G1.4 is a progressive sequence, and the higher the level, the more stringent the chemical safety certification requirements that have been met. G1.3 (fully compliant with ZDHC MRSL 3.1) was currently the Group's largest sales category; G1.4 additionally required the use of bio-based or recycled raw materials and was the Group's flagship circular economy product. The G-axis classification was based on "ingredient data". Each item was identified by the R&D/quality control units of each subsidiary and then entered into the ESG product database. The S-axis classification was based on "application scenarios" and reflected the product's sustainability contribution at downstream end-use sites.

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Product ESG Classification Implementation Process

Nan Pao established a standardized execution process for product sustainability classification to ensure that the Group's subsidiaries updated their product ESG attributes annually.

Step	Work Item	Execution Instructions	Output
①	Product list inventory	Each subsidiary exported the current year's list of sold products (finished goods, semi-finished goods, and merchandise), including basic information such as part number, product name, and specifications.	Original product list (including corresponding part numbers)
②	Ingredient data verification	The R&D/Quality Control Division checked each item one by one to determine whether the ingredients complied with the various items of ZDHC MRSL 3.1 (including 1J halogenated solvents, 1K organic solvents, 1L organotin compounds, 1R heavy metals, etc.).	Ingredient compliance confirmation form (per SKU)
③	G/S axis ESG attribute determination	According to the G axis (component friendliness, G0 to G1.4) and the S axis (sustainable application scenarios, such as S2.1/S3.4) classification standards, determine the ESG category for each item and register the data in the database.	ESG classification labels (ERP system)
④	Sales data link	Linked ESG attributes with sales amount (NTD) and sales volume (kg), and compiled each subsidiary's green product sales amount and share by category G; some items were designated as "non-mandatory fields" and were reported by each subsidiary based on data completeness.	ESG product sales summary (quarterly/ annual)
⑤	Group consolidation and disclosure	The Sustainable Development Office consolidated group-wide data, calculated the "ratio of green products to total sales", and included the disclosure in the ESG Report and in the relevant questionnaires for the S&P CSA and ESG assessments.	ESG report chapter, CSA questionnaire, ESG evaluation filing

2025 Green Products Sales Performance

In 2025, Nan Pao Resins Taiwan achieved the following green product sales results.

NT$ 4.71 billion	NT$ 3.96 billion	84% (full year)
Total Sales of Nan Pao Resins Taiwan	Sales Revenue of Green Products	Share of Green Product Sales

Note: Green product sales include products independently developed and sold by Nan Pao Resins Taiwan that have been classified under the Company's ESG criteria. Sales from contract manufacturing, resale, and similar activities are excluded.

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Nan Pao Group Sales Details of Green Products

Category	Definition Notes	Group Sales (NT$)	Total Group Sales	Percentage (%)
G1.0	Water-based/solvent-free/powder/hot-melt adhesive	7,481.20 million	20,448.37 million	78%
G1.1	G1.0 + ZDHC MRSL 3.1 halogenated/organic solvent (1J/1K) compliance	28.95 million		
G1.2	G1.1 + ZDHC MRSL organotin (1L) and heavy metals (1R) compliance	66.34 million		
G1.3	G1.2 + fully complies with ZDHC MRSL 3.1 (highest level)	3,872.65 million		
G1.4	G1.3 + Bio-based raw materials/recycled materials (circular materials)	1.21 million		
G2.0	Solvent-based + ZDHC 1J/1K compliant	686.19 million		
G2.1	G2.0 + 1L/1R compliance	7.73 million		
G2.2	G2.1 + Full ZDHC MRSL compliance	2,607.43 million		
G2.3	G2.2 + high solids content (>50%, low VOC)	197.09 million		
S2.1	Low-VOC Products (Compliance with VOC emission limits)	1,006.31 million		
S3.4	Low-pollution solution	0.89 million		
Green products total		15,955.99 million		

Continuous Improvement Plan

Short-term (2026)

- Complete the ESG classification framework for Nan Pao Indonesia and Nan Pao Thailand products, achieving 100% coverage of the Group's core subsidiaries.

Medium- to long-term (2027-2030)

- Nan Pao Resins Taiwan's sales mix of green products reached more than 80%

Resources Invested in Green Products

To continuously expand its green product portfolio, Nan Pao made related CAPEX and OPEX investments in 2025 to support the following initiatives:

- R&D Resources: The Company invests in R&D personnel, laboratory equipment, testing, and product verification to develop low-VOC, water-based, solvent-free, high-solids, bio-based, and recycled-material products.
- Infrastructure Improvements: Nan Pao upgrades relevant production equipment and environmental management facilities to improve green product production capacity and process efficiency while reducing energy, solvent, and raw material consumption.
- Internal Training: The Company provides training on green product classification, sustainable materials, low-VOC product design, and ZDHC MRSL requirements for employees involved in R&D, product development, quality management, and procurement.

Incentive Measures for Sustainable Product Sales

Nan Pao has established a green products classification and sales tracking mechanism, linking product ESG attributes with sales data to track the revenue performance of green products. In 2025, Nan Pao Taiwan's green product sales reached NT$3.96 billion, accounting for 84% of Nan Pao Taiwan's total sales. At present, the Company's business compensation system still uses overall sales performance and customer service performance as its primary basis of assessment, and it has not yet established a dedicated sales bonus for sustainable products.

To further promote the expansion of the green products market, the Company has planned to consider incorporating green product sales performance into the business management and performance tracking mechanism, including setting green product sales targets, strengthening sustainability product training for sales personnel, providing product classification and application selling-point information, and evaluating the feasibility of incorporating future sustainability product sales results into the business incentive or recognition system.

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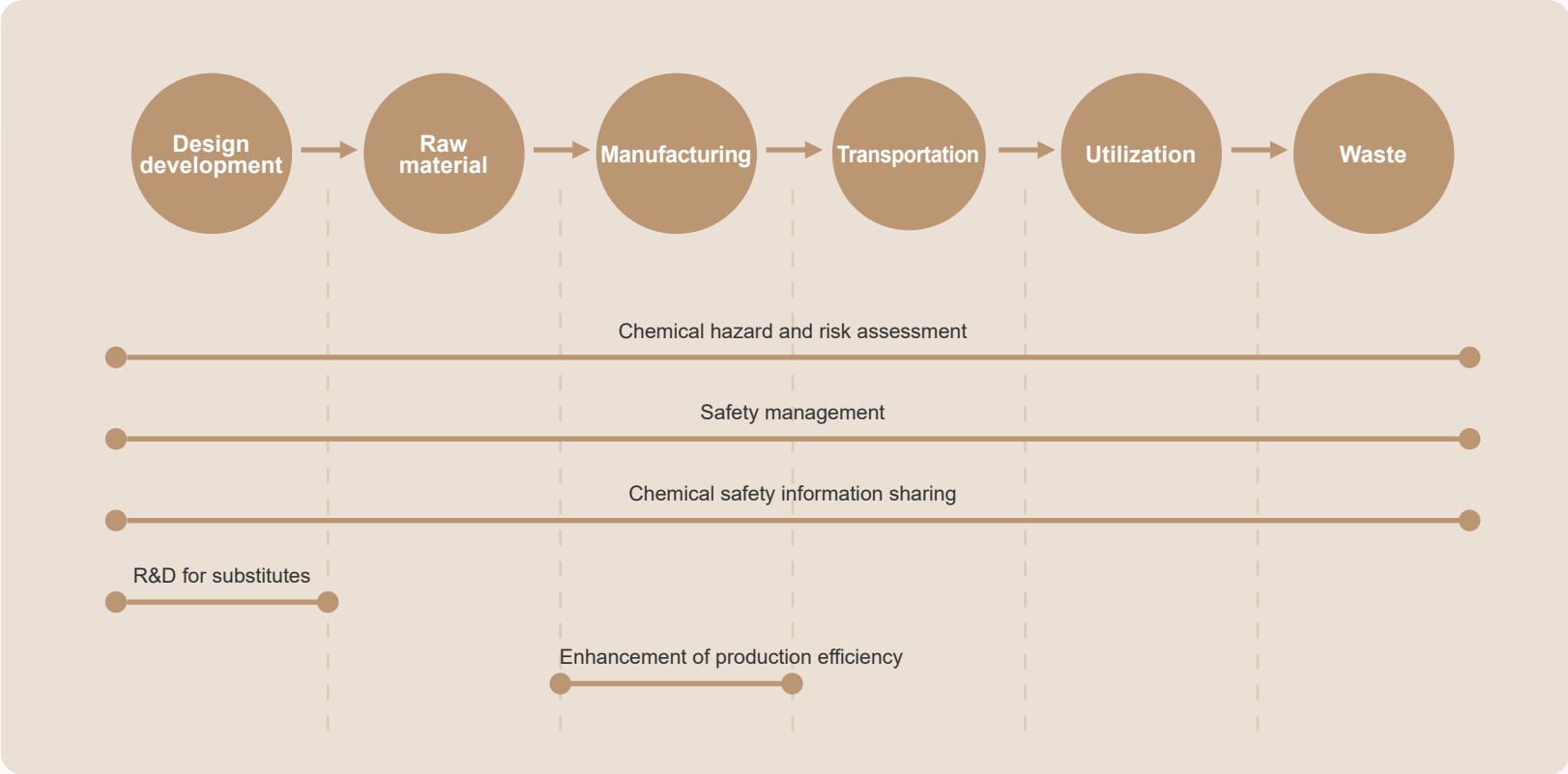
4.3 Responsible Chemical Management

Responsible Chemical Management Strategy

To strengthen responsible chemical management, Nan Pao has incorporated chemical safety and risk control into each stage of the product life cycle, covering R&D design, raw material procurement, manufacturing, transportation, customer use, and waste disposal. The Company reduced the potential impact of chemicals on employees, contractors, customers, consumers, the supply chain, and the environment through mechanisms such as SDS management, GHS classification and labeling, regulatory identification, restricted and prohibited substance lists, product hazard risk assessment, supplier compliance verification, and training.

Nan Pao continues to pay attention to international regulations and brand customer requirements such as REACH, RoHS, SVHC, RSL, MRSL, ZDHC, PFAS, APEO, and formaldehyde, and incorporated the reduction and substitution of high-concern chemical substances into its R&D direction, promoting the development of low-VOC, zero-VOC, water-based, solvent-free, and low-hazard substitute products. At the same time, the Company gradually extended chemical management to suppliers and external service providers, requiring them to provide SDSs, restricted and prohibited substance compliance data, and chemical safety information, in order to strengthen chemical risk management in the supply chain.



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Management Stage	Major Approach	Key management
Product design and R&D	Restricted and hazardous substance screening during the new product development stage.	Avoid using substances of high concern; give priority to the development of water-based, solvent-free, low-VOC, bio-based, and environmentally friendly products.
Raw material procurement	Requested the supplier to provide SDS, RoHS, REACH, and restricted/prohibited substance compliance data.	Verify the sources of raw materials and the completeness of chemical safety information.
Manufacturing and storage	Manage in accordance with GHS classification, SDSs, hazard labeling, storage compatibility, and operating procedures.	Reduce the risks of chemical leaks, mixed storage, fires, and occupational exposure.
Transportation and external warehousing	Sharing chemical safety information with logistics and warehousing service providers.	Ensure that the transportation, loading and unloading, temporary storage, and delivery processes complied with safety requirements.
Customer use	Provide SDS, labels, technical data, and product usage recommendations.	Assist customers in using chemicals correctly and safely.
Waste disposal	Waste was classified, recycled, or treated in accordance with the characteristics of the chemicals and applicable regulations.	Reduce environmental impact in the disposal stage
Continuous improvement	Regularly track the usage volume, substitution progress, and abnormal incidents of high-concern chemical substances.	Promoting the reduction and substitution of hazardous substances

At the site management level, chemical management is jointly overseen by relevant departments at the headquarters and each operating site, including R&D, quality control, and occupational safety and health functions, in accordance with the Company's Chemical Management Procedures. The procedures adopt a chemical life cycle management approach, beginning with source control. Chemicals are assessed and managed prior to introduction, with ongoing monitoring throughout their use at operating sites. The Company also continuously tracks amendments to chemical-related regulations issued by competent authorities, assesses the potential impact of regulatory changes on operations and site management, and develops corresponding measures. These efforts are intended to ensure that chemical management and handling practices at all sites and relevant departments comply with applicable local regulatory requirements, while reducing potential risks to employee safety and health arising from chemical use.

During the product distribution and transportation stages, relevant departments, including transportation and customer service, jointly participate in chemical management. In addition to providing product-related technical support, the Company implements safety management for the transportation and use of chemicals in accordance with applicable management procedures. In 2025, no accidents occurred during the transportation of chemicals.

Hazardous Substances Management Commitment

Nan Pao was committed to chemical safety and sustainable development. The Company has implemented the ISO 14001 and ISO 45001 management systems and established a comprehensive chemicals management framework covering the entire product life cycle, encompassing design and development, manufacturing, transportation, use, and disposal. We complied with international regulations such as RoHS, REACH, and the Restricted Substances List (RSL), and went beyond regulatory requirements to reduce the risks that hazardous substances posed to human health and the environment.

- Management Mechanism: Conducted chemical hazard risk assessment, adopted GHS classification and labeling, and monitored the supply chain to ensure that high-risk substances were effectively controlled.
- Industry Collaboration: Actively participated in industry associations, exchanged information, and jointly developed alternative material solutions.
- R&D Investment: Continued development of alternative materials and adjustment of formulations to promote the substitution of hazardous substances and materials innovation.
- Transparent Disclosure: Relevant progress and results were disclosed on the Company's website and in the annual ESG Report for review and oversight by stakeholders.

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Chemical GHS Classification

Nan Pao Resins follows the United Nations Globally Harmonized System of Classification and Labelling of Chemicals (GHS) and has established a chemical hazard communication and management framework covering the classification and labeling of physical, health, and environmental hazards. This framework enhances the identification and communication of chemical hazard information and serves as a basis for product safety and responsible chemical management.

Nan Pao Resins Taiwan has completed hazard risk assessments for 100% of its products and manages product hazard classification, labeling, and Safety Data Sheets (SDS) in accordance with the GHS. The Group's subsidiaries also follow the management standards established by headquarters and are progressively enhancing their product hazard identification, documentation, and risk management processes across the product life cycle, including manufacturing, storage, transportation, sales, and customer use, to strengthen product safety management.

In 2025, sales of GHS Category 1 products accounted for 12% of Nan Pao Taiwan's total revenue and Hazard Category 2 products for 24%, totaling 36%, a 3% decrease from 2024 and the fifth consecutive year of decline. For chemical products with higher hazard characteristics, in addition to implementing product labeling and safety data sheet management based on GHS classification results, we also strengthen regulatory compliance confirmation, transportation and warehousing safety management, customer safety information provision, and employee education and training in accordance with product characteristics and relevant regulatory requirements. Furthermore, we continuously evaluate the feasibility of substitute substances to reduce the health, safety, and environmental risks that products may generate at each stage of their life cycle.

Management Items	Implementation Status in 2025	Key management
Product hazard risk assessment coverage rate	100%	All products at the Taiwan headquarters have completed hazard identification and risk assessment.
Share of sales revenue from GHS category 1 hazardous products	12%	Implement priority management for products with higher hazard levels
Share of sales revenue from GHS category 2 hazardous products	24%	Established a classification, labeling, and customer communication mechanism
Total percentage of GHS category 1 and 2 hazardous products	36%	Reflecting the characteristics of the chemicals industry, this was also a key focus of responsible chemical management.
Adoption status of the Group's subsidiaries	Continued to implement in accordance with headquarters standards	Reflecting the characteristics of the chemicals industry, this was also a key focus of responsible chemical management.

To strengthen the effectiveness of GHS management, Nan Pao adopted tiered management measures for products of different hazard levels, including:

Management Aspect	Specific Measures
Hazard identification	Completed product hazard classification and risk assessment in accordance with GHS standards
Document management	Established and updated SDS, safety labels, and product safety information
Regulatory compliance	Tracked international regulations and customer requirements, such as RoHS, REACH, RSL, and MRSL.
Warehousing and transportation	Storage, packaging, transportation, and external warehouse management were conducted in accordance with the hazard characteristics of the products.
Customer communication	Provide SDS, labeling information, and safety use recommendations.
Employee safety	Reduced exposure risk through training, PPE, work procedures, and emergency response measures
Alternative R&D	Continued to promote low-VOC, zero-VOC, water-based, solvent-free, and low-hazard alternative products.

Management of Chemical Substances of High Concern

Nan Pao Resins incorporates the management of chemicals of high concern into its responsible chemical management framework. The Company continuously monitors international regulations, customer restricted substance lists, RSL/MRSL requirements, and other relevant chemical safety requirements, and conducts inventories, risk assessments, and reduction management for chemicals of high concern that may be present in its products and manufacturing processes.

For product and raw material management, the Company identifies the use of chemicals of high concern through mechanisms including raw material reviews, formulation management, supplier information verification, Safety Data Sheet (SDS) management, GHS classification and labeling, and product hazard risk assessments. R&D, quality assurance, environmental, health and safety, and other relevant functions jointly evaluate alternative raw materials and formulation optimization solutions. For substances subject to regulatory, customer, or internal management requirements, the Company assesses options based on risk levels and product characteristics, including lower-hazard substitutes, water-based formulations, solvent-free solutions, low-VOC products, and zero-VOC products, with the aim of reducing potential health and environmental risks to employees, customers, consumers, and the environment throughout the product life cycle.

At the site level, the Company has established management requirements for the storage, handling, transportation, use, and disposal of chemicals of high concern. Potential scenarios such as leaks, misuse, fires, and personnel exposure are incorporated into annual emergency response drills. Through scenario-based simulations and response training, employees strengthen their familiarity with procedures for incident reporting, site isolation, personal protection, contamination control, and follow-up actions, thereby enhancing emergency response capabilities and reducing potential impacts on people, the environment, and business operations.

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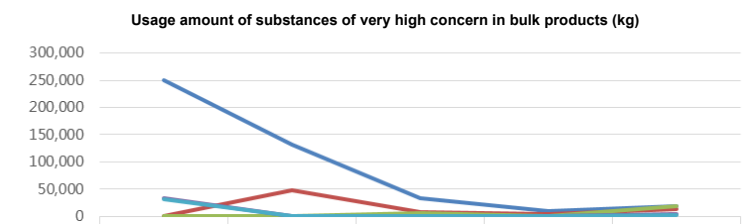
Nan Pao Resins continuously monitors changes in the use of chemicals of high concern in its major products. In 2020, the Company set a target to reduce the use of chemicals of high concern by 50% by 2030 compared with the 2020 baseline. Through the development of alternative raw materials and formulation adjustments, this target was achieved ahead of schedule in 2022. From 2023 to 2025, as formulations remained stable and production volumes gradually recovered, the total use of chemicals of high concern increased accordingly. However, this trend primarily reflected higher production volumes rather than a decline in chemical management performance. The R&D and quality management teams are currently evaluating the next phase of reduction targets and further formulation improvements. Going forward, the Company will continue to expand the development of alternative substances, strengthen upstream supplier management, and enhance chemical risk controls throughout the product life cycle.



	Solvent-based CR (4-tert- Butylphenol)	Water-based treatment agent (2-ethoxyethyl acetate)	PU products (DMF)	PVAC white glue (boric acid)	White glue products (nonylphenol)
2021	250,110	131,776	32,457	8,917	17,887
2022	0	47,851	6,876	3,771	13,120
2023	0	158	5,947	1,000	17,809
2024	33,087	0	4,914	370	3,602
2025	31,304	0	3,790	415	1,978

Note: Only the top five high-concentration chemical substances are listed, based on their usage in Nan Pao's core products.

Third-Party Certification of Chemical Management

Nan Pao placed importance on product safety and responsible chemical substance management, and continued to strengthen the management of hazardous chemical substances in products and supply chain transparency through third-party certifications and the requirements of international brand customers. The Company, based on advanced synthetic resin polymer technology, formulation design, and raw material screening, reduced the use of chemical substances of high concern in its products and, through product development directions such as low VOC, solvent-free, water-based, fluorine-free, and formaldehyde-free, took into account product application performance, user safety, and environmental friendliness.

Nan Pao Resins has become a bluesign® SYSTEM PARTNER, with multiple textile-related products having obtained relevant bluesign® certifications. These products cover a wide range of applications, including textile foam coatings, lightweight windproof coatings, abrasion-resistant high-strength bag coatings, water-based PU for lamination, formaldehyde-free water-based acrylics, PUR adhesives for fabrics and films, fluorine-free water repellents for dyeing and finishing, and high-performance moisture-wicking and quick-drying additives. In accordance with bluesign® system requirements, the Company manages chemicals across raw materials, manufacturing processes, and products to reduce the risks associated with the use of hazardous substances throughout both production and product applications.

For footwear chemical management, Nan Pao Resins has become a signatory to ZDHC (Zero Discharge of Hazardous Chemicals) and has promoted ZDHC Level 3 certification for relevant products in Foshan, Dongguan, Vietnam, and Indonesia. ZDHC Level 3 involves document review, product testing, and third-party audits, with assessments covering hazardous chemical management, MRSL compliance, and supply chain information transparency. In 2024, Nan Pao Resins received the adiFormulator Champion Award from a customer. Among the chemical products supplied to the supply chains of major global sports brands, more than 86% have obtained ZDHC Level 3 certification, reflecting the Company's implementation of product compliance and chemical management for footwear chemicals.

Third-party certifications are also incorporated into the Company's product and chemical management processes and serve as a management reference for new product development, formulation review, raw material selection, supplier information verification, and customer communication. Through certification requirements and related management mechanisms, the Company continues to strengthen product safety, chemical regulatory compliance, and supply chain information management. Going forward, the Company will continue to expand the range of products covered by third-party certifications and, in response to market and customer needs, promote the development of lower-hazard, low-VOC, fluorine-free, water-based, and solvent-free products to reduce chemical-related risks throughout the product life cycle.

Process	Management Action
Product screening	Selected priority-certified products based on customer needs, product applications, chemical risks, and market requirements.
Formula verification	Inspection of the conformity of raw materials, formulations, and restricted/prohibited substances.
Document preparation	Establishment of SDS, test reports, supplier raw material data, and product technical documents.
Third-party resting/review	Testing and third-party audits were conducted in accordance with bluesign®, ZDHC, or customer requirements.
Certification maintenance	Regularly updated product data, recipe change management, and test documentation
Improvement feedback	Integrate certification results into the R&D, quality assurance, procurement, and supplier management processes.

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Products for footwear

- All products are submitted annually to an independent third-party body to obtain reports certifying compliance with brand owners' restricted substances lists
- Attained ZDHC Signatory status



Products Marketed in the EU

- 100% of products must pass quality inspection before shipment
- All exported footwear products comply with EU RoHS and REACH regulations
- Obtained bluesign® SYSTEM PARTNER certification



Pass Rate

- Production lot numbers are assigned and 100% of lots are sampled and inspected
- 100% of products must pass quality inspection before shipment

Product Quality Assurance

Nan Pao Resins integrates product quality and safety into its day-to-day management through a comprehensive mechanism covering R&D and design, raw material management, production processes, finished product inspection, shipment review, and customer feedback. In addition to complying with its quality management systems throughout product development and manufacturing, the Company manages products in accordance with applicable regulations and customer requirements to reduce potential quality, health, and environmental risks during manufacturing, transportation, and use.

During the product R&D stage, formulations are assessed for quality, regulatory compliance, and environmental safety based on product applications, market needs, and customer requirements. Restricted substances and chemicals of high concern are identified and managed accordingly. Where applicable, products are reviewed against requirements such as RoHS, SVHC, RSL, MRSL, ZDHC, and bluesign®. Product development also considers approaches such as low-VOC formulations, water-based solutions, solvent-free technologies, and lower-hazard alternatives to reduce environmental, health, and safety risks throughout the product life cycle.

Raw materials are managed in accordance with quality management procedures. Suppliers are required to provide relevant information on product quality and regulatory compliance, while supplier evaluations, document reviews, and raw material inspections are conducted as part of the management process. Upon arrival, raw materials must undergo inspection and may only be released for production after meeting applicable quality specifications. Non-conforming raw materials are isolated and handled in accordance with established procedures to reduce risks associated with raw material quality and chemicals.

Production and quality management are carried out in accordance with the ISO 9001 Quality Management System and internal operating procedures, covering process control, batch traceability, finished product inspection, product labeling, and shipment documentation review. At the time of shipment, Safety Data Sheets (SDS), GHS hazard classification information, third-party test reports, and other relevant compliance documents are provided in accordance with applicable regulations and customer requirements, enabling customers to obtain information related to product quality, safety, and proper use.

After product delivery, relevant functions, including sales, technical service, quality assurance, and R&D, monitor customer feedback and conduct root cause analysis and corrective actions for issues related to product quality, process applicability, and regulatory requirements. Customer feedback and improvement results are incorporated into formulation optimization, quality management, and new product development, forming a closed-loop management mechanism spanning product development, production, delivery, and feedback.

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Quality Management Process

Management Stage	Key management	Specific Measures
R&D stage	Product safety and regulatory compliance	During new product development, customer and regulatory requirements such as RoHS, SVHC, RSL, MRSL, ZDHC, and bluesign® were reviewed as priorities, and low-VOC, water-based, solvent-free, and low-hazard alternatives were evaluated.
Supplier Management	Sources of raw materials and environmental protection requirements	Requested suppliers to provide environmental protection requirement commitment, SDSs, restricted and prohibited substance compliance data, and related supporting documents, in order to reduce the risks to raw material quality and chemicals.
Raw material management	Incoming quality control	All raw materials must pass quality inspection before entering the plant. Non-conforming materials are prohibited from being used in the production process.
Production management	Process stability and pollution prevention	Controls were implemented by product type, batch number, and process conditions to avoid parallel or cross-contamination of products and ensure stable quality.
Shipment management	Document and label review	Prepared SDS, GHS classification, third-party inspection reports, and compliance documents in accordance with customer and regulatory requirements, and periodically inspected prohibited ingredients.
Customer use	Technical services and problem feedback	The technical service team assisted customers in resolving product usage issues and incorporated the feedback into R&D as well as quality assurance improvements.
Recycling processing	Packaging material reduction and recycling	In coordination with customers, simplified packaging materials, reduced packaging material usage, and promoted packaging material recycling and reuse.

Product Quality and Safety Management Achievements

Management Items	Implementation Status in 2025
Products for footwear	Each year, all products shall be submitted to SGS, a third-party certification body, to certify that forbidden substances are not used, as per requirements of major brands
ZDHC management	Obtained ZDHC Contributor status and continued to promote product compliance with ZDHC requirements
EU regulatory compliance	Products exported to the EU were shipped after inspection, and it was confirmed that the weights complied with relevant regulations such as RoHS and REACH.
bluesign®	Obtained bluesign® SYSTEM PARTNER certification, promoting textile and chemical safety management
Purchasing and production batch number	The purchase lot and production lot numbers were 100% subjected to sampling inspection.
Shipment quality	Products could be shipped only after passing quality inspection.
Product hazard management	The important subsidiary of the Taiwan headquarters has completed 100% product hazard risk assessment and carried out classification and labeling management in accordance with GHS.

Nan Pao linked product quality management with product safety, chemical compliance, and customer responsibility. Through third-party inspections, product hazard classification, restricted and prohibited substance management, customer specification reviews, and a technical service feedback mechanism, it ensured that products not only met quality specifications, but also met customers' supply chain requirements for safety, environmental protection, and sustainable material. In the future, the Company will continue to strengthen product life cycle management and enhance the completeness of product safety data, regulatory compliance, and client application support capabilities, serving as an important foundation for promoting high-quality and sustainable products.

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4.4 Strong Customer Relationships

Technical Services

Nan Pao regarded technical services as an important part of customer relationship management and product responsibility. In addition to providing high-quality products, the Company further assisted customers in resolving material application and process issues at various stages, including product development, pilot run, mass production, and after-sales use, through its professional technical service team. Especially in the footwear materials and sports brand supply chains, we had long assigned resident or regional technical service personnel to key footwear factories, enabling us to grasp our customers' production line conditions at the earliest possible moment and provide immediate support, which was an important foundation for Nan Pao to maintain market competitiveness.

The technical service team assisted customers in improving production stability, reducing the incidence of anomalies, and shortening new product introduction lead times through on-site inspections, troubleshooting, process parameter adjustments, product usage training, and technical seminars. At the same time, client feedback was also fed back to the R&D, quality assurance, and sales units, serving as an important reference for product formulation optimization, quality improvement, and new product development, thereby forming a positive cycle of "customer needs — on-site service — technical improvement — R&D innovation."

In the future, Nan Pao will continue to strengthen its technical service database and cross-functional collaboration mechanisms, accumulate customer issue cases and optimal solutions, enhance service efficiency and knowledge transfer capabilities, and, through localized technical support and a global customer service network, help customers improve product quality, process efficiency, and sustainable supply chain competitiveness.

Service Phase	Technical Service Items	Value to Customers
New product development	Provided recommendations on material selection, formulation application testing, and process condition evaluation.	Shorten the development and pilot run schedule.
Pilot run introduction	Assisted with on-machine testing, adjusted operating parameters, and confirmed material compatibility.	Improve the success rate of mass production introduction.
Mass production stage	On-site at the plant or providing nearby support to troubleshoot production line issues and improve manufacturing processes.	Reduce the anomaly rate and improve production stability.
Issue report	After receiving the customer's report, the technical service unit provided prompt support and coordinated across divisions.	Accelerate the resolution of problems
Education and training	Provided product usage guidance, trouble-shooting training, and technical seminars	Strengthen client-side operational capabilities
Continuous improvement	Incorporated customer feedback into the R&D, quality assurance, and product improvement processes	Promoted product optimization and new product development

Through standardized service procedures, client on-site issues were transformed into technical knowledge that could be tracked, improved, and accumulated, thereby continuously enhancing service quality and product competitiveness.

Customer Requirements/Issue Report ▶ Business and Technical Services Engagements ▶

On-site Diagnosis and Problem Analysis ▶ Proposed Improvement Measures/Process Adjustments ▶

Track and Improve the Results ▶ Feedback for R&D and QA ▶ Accumulated Technical Database

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Customer Privacy and Rights Protection

Nan Pao placed importance on the protection of customer privacy, trade secrets, and transaction data. With respect to the business information, technical data, transaction records, and other information involving customer equity provided by customers in the course of business dealings, product development, technical services, transaction cooperation, and complaint handling, all such information was filed, archived, and subject to access control in accordance with the Company's internal management procedures.

The Company adopted an authorization management principle for access to customer data. Relevant personnel could obtain such data only in accordance with job requirements and approved access privileges, so as to reduce the risk of unauthorized access, misuse, or leakage. At the same time, the Company continued to strengthen information security and personal data protection management, required employees to comply with confidentiality obligations, and, in accordance with the Personal Data Protection Act and relevant regulatory requirements, properly managed customer data and business information. In 2025, Nan Pao did not receive any grievance cases involving customer privacy violations, customer data loss, or data leakage.

With respect to safeguarding customer equity, Nan Pao complied with relevant laws and regulations and customer requirements during product development, product registration, marketing promotion, sales, and technical services, thereby ensuring the accuracy and compliance of product information, technical data, safety data sheets, and marketing materials. With respect to product advertising, trademarks, patents, copyrights, and other intellectual property rights-related matters, the Company also required the relevant units to exercise careful verification to avoid false advertising, counterfeiting, infringement, or misleading customers. In 2025, Nan Pao did not experience any incidents involving product marketing violations, counterfeiting, or infringement.

In addition, Nan Pao continued to collect customer opinions and feedback through its business, technical service, quality assurance, and customer complaint handling mechanisms, and followed up on and improved product quality, delivery schedules, technical support, or service requirements raised by customers in order to safeguard customer equity and enhance customer satisfaction.

Management Aspect	Major Approach	Implementation Status in 2025
Customer data protection	Customer business information, transaction data, technical data, and customer complaint records were managed and archived by the dedicated unit.	No incidents of customer data loss or leakage occurred.
Access control management	Access to customer data was required to be based on job responsibilities and subject to authorized approval.	Continued to implement internal access rights management.
Personal information and trade secret management	Comply with the Personal Data Protection Act and the Company's confidentiality requirements to reduce the risk of misuse and leakage of personal data.	No customer privacy-related grievances were received.
Product information and marketing compliance	Product development, product registration, marketing promotion, and sales activities were conducted in accordance with the relevant laws and regulations.	No marketing compliance violations occurred.
Intellectual property rights protection	Product promotion and marketing content should avoid counterfeiting, infringement, or misleading information.	No counterfeiting or infringement incidents occurred.
Customer equity and grievance handling	Handled customer feedback through the business, technical support, quality assurance, and customer complaint processes.	Continued to track customer feedback and improvement requirements.

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Customer Satisfaction

Nan Pao placed great importance on customer feedback. Through regular customer satisfaction surveys, it understood customers' opinions regarding product quality, service efficiency, transportation and delivery, technical support, and sustainable development, and used these findings as the basis for each business unit to improve service processes and enhance customer relationship management. The surveyed customers accounted for 51.08% of the Group's total revenue.

In 2025, major operating sites across the Nan Pao Resins Group conducted customer satisfaction surveys targeting key customers with annual transaction values exceeding NT$1 million. The surveyed customers accounted for 51.08% of the Group's total revenue. The survey covered four dimensions: Service, Products and Quality Management, Transportation, and Sustainable Development. Overall, the average score for each dimension was 4.58 out of 5. Service received the highest average score at 4.64, followed by Products and Quality Management at 4.60, Transportation at 4.55, and Sustainable Development at 4.54. Overall, 89% of surveyed customers were satisfied with Nan Pao Resins' performance, based on respondents whose average score across the four dimensions reached 4 or above. The results indicate that customers continue to hold a positive overall view of Nan Pao Resins' products and services.

In addition to the quantitative scores, we also compiled and analyzed the areas of dissatisfaction raised by customers. In 2025, the key areas for improvement were concentrated on delivery delays, frequent inventory shortages, and quotations not being updated in a timely manner, reflecting customers' expectations regarding supply stability, lead-time management, and prompt business response. Regarding the above issue, the Company will review it jointly with the Sales, Supply Chain, Quality Assurance, Technical Services, and relevant business divisions, and will continue to enhance customer service quality by strengthening demand forecasting, inventory management, delivery tracking, quotation processes, and customer communication mechanisms.

In the future, Nan Pao will continue to optimize the customer satisfaction survey mechanism. In addition to tracking changes in the scores of each dimension, it will also establish improvement actions and follow-up mechanisms for the major improvement issues, regularly review the effectiveness of improvements, and incorporate customer feedback into the continuous improvement process for product quality, technical service, delivery management, and sustainable product development, thereby deepening long-term cooperative relationships with customers.

2025 Customer Satisfaction Survey Results

Investigation	2025 Average Score	Customer Feedback Key Points	Improvement Directions
Service	4.64	Quotations, order processing, communication channels, and technical services overall performed well.	Continued to improve response efficiency and cross-departmental service consistency.
Product and quality control	4.60	The customer was concerned about product quality, appearance, labeling instructions, color matching speed, and color accuracy.	Strengthening quality stability, labeling clarity, and the product anomaly feedback mechanism.
Transportation	4.55	Customers valued product integrity, driver service, and control over delivery timing.	Strengthen delivery schedule management, packaging integrity, and logistics service quality.
Sustainable development	4.54	Customers were concerned about the environmental friendliness of the products, whether they complied with environmental protection standards, and employee care.	Continued to promote products with low VOC, low-carbon, bio-based, and recycled materials, and strengthened sustainability information communication.

Major Improvement Issues and Action Plan

Major Improvement Issues	Customer Feedback Status	Improvement Action
Delivery delay	The issue with the highest score among the 2025 customer dissatisfaction items	Strengthen delivery tracking, interdepartmental scheduling coordination, and advance warning of delivery exceptions
Inventory frequently out of stock.	The customer reported that there was still room for improvement in the supply stability of some products.	Optimization of safety stock, demand forecasting, and key product stocking mechanisms.
The quotation was not updated in a timely manner.	The client expected quotation information to be more timely and transparent.	Review the quotation process and the division of responsibilities to shorten quotation update time.
Product stability	Some customers reported that product stability still needed improvement.	Strengthened quality control follow-up, technical service feedback, and improvements to R&D formulations.
Packaging and labeling	The customer was concerned about the integrity of the packaging, cleanliness, and labeling instructions.	Improve the package inspection, label clarity, and pre-shipment confirmation process.

Nan Pao incorporated the Customer Satisfaction Survey results into its internal continuous improvement management. For items with low scores or frequent feedback, the relevant responsible units formulated improvement measures and tracked their implementation. For the coming year, customer satisfaction will target maintaining a score of 4 and having more than 90% of customers reach satisfaction. Through the integration of customer feedback, complaint handling, technical services, and quality improvement mechanisms, the Company was able to promptly identify customer needs and transform the feedback results into the basis for product improvements, service process optimization, and supply chain management enhancement.

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Customer Support and Feedback

Management Philosophy and Policy Commitments

Nan Pao focused on "promptly handling customer complaints and improving service quality and efficiency," and regarded customer complaints as an important driver for the continuous improvement of product quality. The Group established the "Customer Complaint Handling Procedures," which applied to complaints and claims from domestic and overseas customers and established a comprehensive closed-loop management mechanism spanning acceptance, investigation, corrective action, and follow-up to case closure. The Company's customer complaints handling process was assessed as part of the external verification of its ISO 9001 quality management system.

Policy Objectives

- Handle customer complaints promptly, eliminate customer grievances, and ensure continued transactions.
- Continuously improve product quality and service processes through customer complaint feedback.
- Enhance clients' confidence in use and establish long-term partnerships.
- Ensure that each customer complaint is fully documented and that corrective action was completed through systematic tracking (UOF electronic system).

Customer Support and Feedback Channels

Nan Pao provided diversified customer communication channels to ensure that both domestic and overseas customers could conveniently submit inquiries, feedback, or grievances, taking into account the communication preferences and regional characteristics of different customers:

Communication Channel	Description
Dedicated contact by sales personnel	Sales personnel promptly went to the customer's site to understand the complaint situation firsthand, conducted face-to-face communication, and provided immediate responses as well as suggestions for improvement measures.
UOF electronic system (online form)	Customers or sales personnel could fill out a complaint report form through the Company's UOF system, which automatically routed the form for approval, ensuring that complaints were logged in a timely manner and that the handling process was initiated, so that no complaint cases were overlooked.
Hotline	The sales division had a dedicated contact telephone line. Customers could directly contact the sales supervisor or customer service personnel to make verbal reports. Sales personnel reported the actual cause and responded to the customer within 7 working days.
Quality abnormality customer notification form	If the sales unit and the customer have agreed that quality abnormalities are to be reported, the formal "Quality abnormality customer notification form" shall be issued and the customer shall be notified by email or in writing to ensure that the customer is informed of the product status.

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Customer Complaint Handling Procedure

Nan Pao's customer complaint handling process was carried out in accordance with the "Customer Complaint Handling Procedures" and established a five-stage standardized closed-loop mechanism from acceptance to case closure, with records retained throughout the process in the UOF electronic system to ensure traceability and the effectiveness of continuous improvement.

Stage	Tasks	Implementation Details	Responsible Unit	Corresponding Form / System
①	Complaint received and reply confirmed	Sales personnel went to the customer's site to understand the complaint situation in person, completed the UOF "Customer Complaint Report Form," and proposed an improvement plan; the system automatically routed it for signature confirmation. Customer immediate receipt of case acceptance confirmation (automated notification)	Sales personnel	Customer complaint report form (UOF)
②	Supervisor review and cause investigation	The sales head approved and executed the action plan based on the customer complaint; depending on the circumstances, representatives from R&D/ Engineering/QC/QA visited the customer site to investigate, and, if necessary, collected samples and brought them back to the Company for analysis and testing to confirm the cause of the issue. After the customer complaint report was submitted to the General Manager of Sales for approval, the Quality Assurance Division assigned responsible personnel to conduct root cause analysis and propose preliminary countermeasures.	Sales Director General Manager of Business R&D/Technical/QC/QA	Customer complaint report form (UOF)
③	Attribution of responsibility and corrective measures	The Executive General Manager confirmed the allocation of responsibility and the apportionment ratio. After the responsible unit received the "Customer Complaint Corrective and Preventive Action Form", it filled in the cause of the complaint, corrective actions, preventive measures, and completion date in detail, and replied to the Quality Assurance Division within one week to ensure that the improvements were implemented. The Quality Assurance Division followed up and issued a closure report.	Executive General Manager, Quality Assurance Division, Responsible Unit	Customer Complaint Corrective and Preventive Action Form (UOF)
④	Customer response (schedule transparency)	The sales division shall report the exact cause within 7 business days after the customer complaint occurs and shall respond to the customer's reaction to the Company's disposition. The relevant information shall be entered in the "Customer Complaint Handling Report" field of the "Customer Complaint Report Form." If the customer specifies a required response period, the response shall be provided within the period requested by the customer, with the schedule kept transparent.	Sales Division	Customer complaint report form (UOF)
⑤	Follow-up and Closure	The Quality Assurance Division regularly tracked the effectiveness of improvements and submitted reports to the Quality Assurance Committee and the quality and control review meeting for discussion; if the meeting determined that the case could be closed, the Quality Assurance Division would carry out the case closure procedure. If a customer complaint recurred, the incident investigation procedure was initiated, and the relevant derelict personnel were disciplined in accordance with the resolution set forth in the incident investigation report form.	Quality Assurance Division, Quality Assurance Committee, Quality Management Review Meeting	Customer Complaint Corrective and Preventive Action Form, Quality Management Review Record

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Integrating Customer Complaints and Feedback into Product and Service Improvements

Nan Pao regarded customer complaint cases as an important source of data for product improvement, and established a systematic mechanism to integrate customer feedback into the R&D, manufacturing process, and quality management processes:

- The Quality Assurance Division assigned the responsible personnel to analyze the root cause of customer complaints. The R&D, Technical, QC, and QA units participated in the joint investigation as needed to ensure that technical improvements were implemented.
- The responsible unit completed the Complaint Correction and Preventive Action Form, listing the corrective actions, preventive measures, and completion dates item by item to establish a traceable record of improvements.
- The Quality Assurance Division regularly compiled customer complaint cases and submitted them to the Quality Assurance Committee and the Quality Management Review Meeting for systematic analysis (such as frequency, type, and root cause), serving as important input for process optimization and new product development.
- After each customer complaint, the sales division proactively confirmed the improvement results with the customer, tracked customer satisfaction, and fed back the improvement outcomes to the business side, forming a complete cycle of "customer complaint → analysis → improvement → verification → customer confirmation".

Claims and Compensation Management Mechanism

In response to claims submitted by customers, the Company established clear review and compensation principles to ensure fair handling and avoid business losses:

Principle	Description
With a claim policy	Compensation could only be made after approval by the Executive General Manager, thereby ensuring the rigor of the authorization hierarchy.
Compensation method	As a general principle, offset compensation was to be used; after compensation had been fully completed, repayments were to be resumed or the matter was to be handled through offsets. If the customer requested a deduction, the matter was to be handled through offsets whenever possible, so as to avoid any outstanding balance resulting from making the deduction first.
Maximum amount of compensation	As a general principle, the compensation amount should not exceed 50% of the Company's average monthly purchase amount in recent years; new customers are not subject to this limitation and shall be handled on a case-by-case basis.
No-claim principle	Carried out in accordance with the resolution rendered by the Acting General Manager; if the customer requested a barter transaction, then it was handled in accordance with the "Sales Return Handling Procedures."
Subsequent actions	Sales personnel shall submit discount applications in the online "Allowance Management System." After approval, the four-part invoice or receipt shall be stamped and used for account offsetting; other forms of compensation shall be supported by vouchers before they may be used for account offsetting.

Special Customer Service Mechanism

Nan Pao's customer base consisted primarily of B2B industrial manufacturers, and all customers were corporate legal entities. Business transactions were handled through dedicated sales representatives. With respect to special customer service, the Company adopted the following mechanisms to ensure that all customers could obtain appropriate service support:

- Dedicated account representative responsibility system: Each client had a designated account representative responsible for providing service, ensuring continuity and immediacy of communication, and reducing the risk of service interruption caused by personnel changes.
- On-site visit mechanism: For customers who were unable to use the online system, sales personnel proactively visited the customers in person to understand their needs and issues, and provided a face-to-face communication channel.
- Diverse response methods: Customer complaint responses may be delivered by written notice via email or by verbal explanation by telephone, ensuring that customers received information in the most convenient manner.
- Language adaptation: For overseas clients (subsidiaries in Vietnam, Indonesia, Thailand, Malaysia, and other locations), local subsidiary sales personnel communicated in languages familiar to customers, thereby reducing language barriers.



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4.5 Supplier Management

Supplier Sustainability Management Policy

Nan Pao valued sustainable supply chain management and responsible procurement, and incorporated requirements regarding environmental protection, social responsibility, labor rights, occupational safety and health, Quality Management, and corporate governance into the supplier selection, evaluation, cooperation, and improvement follow-up processes. The supplier shall comply with the "Nan Pao Supplier Code of Conduct" and meet the Company's requirements in terms of integrity management, labor rights, occupational safety and health, environment protection, climate change, information security, privacy protection, and legal compliance.

To further strengthen sustainable supply chain governance, the Procurement Department completed the Nan Pao Resins Group Supplier Management Policy in 2026. The policy covers key areas including the sustainability vision and responsible procurement, tiered supplier management and risk identification, on-site audits and continuous improvement, as well as supply chain resilience and capability building. The policy was submitted to and approved by the Board of Directors in August 2026. Going forward, the Group will use this policy as the overarching framework for supplier management and progressively enhance the consistency and traceability of supplier management practices across its subsidiaries.

In supply chain risk management, Nan Pao implemented tiered management based on supplier type, procurement amount, product criticality, region, and industry risk. It also identified possible environmental, social, human rights, governance, and quality risks in the supply chain through Supplier Code of Conduct sign-offs, ESG risk self-assessment questionnaires, document reviews, human rights due diligence, quality audits, and, where necessary, on-site audits. For high-risk, material deficiencies, or core suppliers, the Company shall require them to submit corrective action plans and complete them within the specified timeframe; if the corrective actions are ineffective or if a serious violation of sustainability standards occurs, Nan Pao may adopt measures such as re-audits, suspension of cooperation, or termination of cooperation to maintain the compliance and stability of the supply chain.

Nan Pao regarded suppliers as long-term partners. Competitive quality, technology, delivery schedules, and cost were also essential conditions for suppliers. In order to achieve the target of sustainable development of the supply chain, the Company ensured that suppliers, in the process of providing products and services, complied with social and ethical standards, understood and followed the law, proactively addressed environmental protection and social issues, and courageously assumed corporate social responsibility while continuously improving and enhancing their performance. In response to evolving sustainable development requirements, the documents "Supplier Code of Ethical Conduct" and "Environmental Protection Requirement Commitment" were integrated into the "Nan Pao Supplier Code of Conduct" to stipulate that all suppliers were prohibited from using child labor and from employing young workers in hazardous work.

Supplier Management

Nan Pao was committed to establishing a stable, responsible, and resilient supply chain management mechanism. In addition to quality, price, delivery schedule, service, and technical capabilities, the Company also took into account suppliers' performance in areas such as environmental protection, labor rights, occupational health and safety, information security, privacy protection, integrity management, and legal compliance when considering cooperation. The Company also continued to promote the joint implementation of sustainable management by suppliers through the Supplier Code of Conduct, ESG risk assessment, self-assessment questionnaires, quality audits, and on-site visits.

In 2025, Nan Pao continued to promote the Supplier Code of Conduct acknowledgment process. The acknowledgment rate for A-grade suppliers reached 96.3%, and the acknowledgment rate for B-grade suppliers reached 88.9%. The 2026 targets were to achieve a 100% return rate for A procurement supplier and 90% for B procurement supplier, in order to enhance suppliers' commitment to and cooperation with Nan Pao's sustainability requirements.

Since 2024, the Taiwan headquarters has managed supplier sustainability in accordance with the Supplier Management and Evaluation Procedures and the Supplier ESG Risk Assessment Guidelines under its ISO 9001 Quality Management System, while progressively incorporating supplier ESG risk assessment results into the procurement management process. In 2025, Nan Pao Resins expanded the assessment scope from raw material suppliers to include material suppliers. Suppliers aligned with the Company's carbon inventory supplier list were selected for ESG questionnaire assessments, covering suppliers representing 80% of raw material procurement value and 65% of material procurement volume. A total of 78 raw material and material suppliers completed the questionnaire.

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Supplier ESG Management Plan

Category	Description
Policies and Commitments	The Company has established the Nan Pao Resins Group Supplier Code of Conduct and, in 2026, completed the Nan Pao Resins Group Supplier Management Policy, which serves as the overarching policy for sustainable supplier management across the Group.
Board Oversight	The Supplier Management Policy was submitted to the Board of Directors for review in August 2026. Going forward, the implementation of supplier ESG management will be regularly monitored through the Board and the Company's sustainability governance framework.
Code of Conduct Review	Suppliers are required to comply with the Supplier Code of Conduct, which covers business integrity, labor and human rights, occupational health and safety, environmental protection, climate change, information security, privacy protection, and regulatory compliance. Procurement practices are reviewed to ensure consistency with the Code and to avoid potential conflicts with ESG requirements.
ESG Rating and Contract Termination Clauses	Risks were identified through suppliers' ESG self-assessments, document reviews, and on-site audits. For suppliers with material deficiencies, a corrective action plan was required; if the improvement was ineffective or the supplier seriously violated sustainability requirements, measures such as re-audits, suspension of cooperation, or termination of cooperation could be taken. Supplier Termination Clauses: • ESG performance-related termination clauses are included in supplier contracts. • If a supplier fails to meet specified ESG performance requirements or is involved in a major ESG incident, Nan Pao Resin reserves the right to terminate the business relationship. • Suppliers are given six months to make improvements. If they fail to improve within this period, the contract will be terminated.
Supplier Selection	In addition to quality, price, delivery, and service, Nan Pao incorporates supplier ESG risks, legal compliance, labor safety, environmental management, and operational stability into supplier selection criteria to support long-term cooperation. Suppliers with stronger ESG performance are preferred in supplier selection and contract awarding.
Procurement Staff Training	Planned training for procurement personnel on supplier ESG management, responsible procurement, Supplier Code of Conduct, risk identification, and improvement follow-up to enhance procurement personnel's capability to implement sustainable procurement.

Supplier Screening Mechanism

Nan Pao conducted supplier screening and risk identification based on supplier business relevance and the dimensions of environment, society, and corporate governance. For new suppliers or key suppliers, the Company not only reviewed their products, services, delivery schedules, quality, and technical capabilities, but also gradually incorporated ESG risk criteria, including environment management, pollution prevention, waste management, greenhouse gas emissions, occupational safety and health, labor rights, integrity management, information security, and legal compliance.

Aspect	Description
Business Relevance	Suppliers that provide the major products or services procured by Nan Pao, have relatively high transaction amounts, have passed the commercial evaluation process, and maintain ongoing cooperative relationships with the Company.
Environment	Includes air pollution, wastewater, waste, hazardous chemical substance management, energy consumption, greenhouse gas emissions, environmental legal compliance, and the environmental management system.
Social	Includes labor human rights, occupational safety and health, working hours and wages, prohibition of child labor and forced labor, employee health, and grievance mechanisms.
Corporate Governance	Includes integrity management, anti-corruption, legal compliance, information security, privacy protection, and business ethics.
Country	Assess the geopolitical risk and trade security conditions of the countries where suppliers are located, including the U.S. export control lists, the OFAC sanctions lists, and conflict mineral source regions. Nan Pao's major supplier manufacturing plants were located in Japan, Korea, China, Vietnam, and Europe and the United States, and it did not procure through high-risk regions.
Industry	For raw material suppliers in high-environment-impact industries such as petroleum and petrochemicals, chemical raw materials, plastics and rubber, and coatings and dyes, a more in-depth environmental risk assessment was conducted, including wastewater discharge permits, VOC emission controls, and greenhouse gas reduction plans.
Product	Based on the item or raw material classification, parts or materials containing special controlled metals (such as conflict minerals 3TG) and hazardous substances (SVHC, phthalates, azo dyes, etc.) were identified, and suppliers were required to provide a non-toxicity declaration or third-party test report, and to comply with the ZDHC MRSL, REACH SVHC, and the customer brand's restricted substances list (RSL).

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Supplier Assessment

Assessment Method	Description
Desktop Assessment	Suppliers representing the top 60% of transaction value are required to complete an ESG self-assessment questionnaire or provide the previous year's ESG report. Nan Pao would review the supporting documents provided by the supplier to assess its ESG commitments, implementation status, and potential risks. The questionnaire content corresponded to the RBA SAQ domains: labor, health and safety, environment, ethics, and management systems.
On-Site Supplier Assessment	For high-risk, material deficiencies, or core suppliers, ESG on-site audits were conducted together with quality audits to verify the suppliers' actual implementation in such areas as environment, occupational health and safety, labor human rights, governance, and legal compliance.
Improvement tracking	If deficiencies or potential adverse impacts were identified, the supplier was required to propose corrective action plans and report improvement progress and supporting documentation within the specified timeframe. Document follow-up or on-site reinspection would be conducted as appropriate.

In 2024, ESG on-site audits were conducted for certain suppliers, and in 2025, supplier improvement responses and supporting documentation were received. After completion of the questionnaire evaluation in 2025, it is expected that at least 2 suppliers will be selected in 2026 for on-site audits, and they will be required to complete and report corrective actions for any deficiencies during the subsequent period.

Supplier Training Mechanism

Nan Pao communicated the Company's requirements regarding environmental protection, occupational health and safety, labor rights, integrity management, climate change, and corporate governance to suppliers through mechanisms such as the Supplier ESG Program, the Supplier Code of Conduct, the ESG self-assessment questionnaire, and on-site audits. In the future, the Company will continue to strengthen supplier capability building, assist suppliers in understanding ESG assessment items, improvement requirements, and the preparation of relevant supporting documentation, and enhance their sustainable management capabilities.

Category	Description
ESG Programs/ Training	Provided suppliers with explanations regarding the supplier ESG management plan, Supplier Code of Conduct, and ESG self-assessment questionnaire to ensure that suppliers understood Nan Pao's requirements regarding environment, society, human rights, and governance.
Provision of ESG Benchmark Information	Regularly provided or communicated to suppliers ESG-related benchmark information, including issues such as legal compliance, environmental management, greenhouse gas inventory, occupational safety and health, labor rights, and information security.
Assistance with Improvement Measures	For deficiencies identified in the written assessment or on-site audit, Nan Pao will provide improvement recommendations and require the supplier to submit an improvement plan, and, when necessary, conduct follow-up on improvements or re-audits.
Deep Support Program	For core suppliers or suppliers requiring improvement, Nan Pao will, through technical exchanges, resource sharing, training, or ESG improvement counseling, assist them in enhancing environmental, occupational health and safety, quality, and supply stability.



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Supplier Evaluation Results

In 2025, Nan Pao Resins continued to conduct supplier ESG risk assessments and expanded the scope from raw material suppliers to include material suppliers. To enhance consistency in ESG management practices, the Company prioritized suppliers that were aligned with its 2025 carbon inventory supplier list for assessment.

Based on the 2025 supplier ESG risk assessment results, Nan Pao will continue to track the risk distribution of suppliers in the areas of environment, society, human rights, and governance, and will plan subsequent improvement measures according to the risk level. In 2026, the Company will select at least 2 suppliers to conduct on-site ESG audits and will require the suppliers to report their improvement progress and supporting documentation within the specified deadline. For items that did not meet the requirements, a six-month corrective action period was provided to continuously enhance supply chain sustainability performance.

ESG Risk Level	Description	Number of Suppliers
LEVEL 1	Top suppliers with extremely low impact on company operations.	29
LEVEL 2	Excellent suppliers with low impact on company operations.	30
LEVEL 3	General suppliers with moderate impact on company operations; recommended to enhance sustainability performance.	19
LEVEL 4	High-risk suppliers with significant impact on company operations; urgent improvements in sustainability performance required.	0
Total		78

Local Procurement

Nan Pao placed importance on local procurement and supply chain stability. By giving priority to collaborating with suppliers in the locations where it operated, it reduced the environmental impact caused by long-distance transportation and supported the development of the local economy. Because Nan Pao's products used chemical raw materials as the primary production inputs, certain special materials still had to rely on foreign suppliers to maintain product quality, supply stability, and customer specification requirements; therefore, the Company adopted a strategy of local procurement and multi-source supply in parallel, supporting the local supply chain while also ensuring the resilience of key raw material supply.

In 2025, Nan Pao classified procurement by nature into three major categories—raw materials, engineering and equipment, and labor services and maintenance—to conduct local procurement statistics. Among these, the labor and maintenance categories were primarily sourced through local procurement, with domestic procurement accounting for 99.9% of the amount; domestic procurement accounted for 84.9% of the amount in the engineering and equipment categories; and, for raw materials, domestic procurement accounted for 75.7% of the amount because certain key chemical raw materials had to be procured from overseas. Overall, in 2025, the total domestic procurement amount accounted for approximately 77.3%, and the number of domestic suppliers accounted for approximately 91.7%.

In the future, Nan Pao will continue to maintain a reasonable proportion of local procurement and will dynamically manage its operations based on factors such as supplier quality, delivery lead times, technical capabilities, ESG risks, and supply stability. For key raw materials, the Company will continue to promote a multi-source supply strategy to reduce the risk of supply disruptions; for engineering, equipment, labor, and maintenance services that can be provided by local suppliers, the Company will continue to prioritize the assessment of local partnership opportunities to strengthen supply chain resilience and connections with the local economy.

Procurement Category	Number of Domestic Suppliers	Ratio of Domestic Procurement Amount	Description
Raw material	468	75.7%	Some special chemical raw materials had to be procured from overseas to ensure quality and supply stability.
Engineering and equipment	108	84.9%	Most engineering work and equipment could be supported by domestic suppliers.
Labor services and maintenance	409	99.9%	Primarily focused on local service and maintenance support.
Total	985	77.3%	Total domestic procurement amount as a percentage of the three major categories

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Supply Chain Environmental Performance

Nan Pao designated the recycling and reuse of packaging and transportation materials in the supply chain as a key initiative for promoting the circular economy. In 2025, the Company expanded the scope of its statistics to 16 subsidiaries within the Group and systematically reviewed the use, recovery, and reuse of pallets, iron drums, plastic drums, and reusable packaging materials. The inventory review showed that large iron drums and large plastic drums had higher potential for recycling and reuse, and some subsidiaries have already achieved a 100% recycling rate; small containers remained a key area for subsequent improvement because a relatively high proportion were exported and used only once. In the future, Nan Pao will use the 2025 audit results as the base to gradually establish recycling targets for various materials, and will link container recycling, circular packaging materials, and supplier environmental management to continuously improve supply chain resource efficiency and environmental performance.

2025 Supply Chain Environmental Performance Summary

Item	2025 Usage	2025 Recycling Volume	Recycling Rate	Reuse Volume/ Results	Reuse Rate/Waste Reduction Benefits	Main Management Significance
Pallet	132,821	37,093	27.9%	17,588	47.4%	Used recycled pallets instead of newly manufactured pallets to reduce the use of wood resources and packaging waste.
Large steel drum (≥ 180 L)	113,222	70,986	62.7%	34,494	48.6%	Large containers had high recycling potential, and some subsidiaries had achieved 100% recycling.
Small steel drum (<180 L)	Approximately 1.62 million or more	3,034	0.2%	—	—	Due to the relatively high proportions of exports and single-use applications, these were the focus of subsequent improvement efforts.
Iron drum total	1,739,411	74,020	4.3%	—	The overall reuse rate was approximately 49.1%.	Large iron drums already had a recycling foundation, whereas a structural recycling plan needed to be developed for small iron drums.
Large plastic drum (≥ 25 L)	122,752	21,410	17.4%	15,694	73.3%	Large plastic drums had a high reuse rate and were worthy of broader promotion.
Small plastic drum (<25 L)	Approximately 1.89 million or more	27,421	1.5%	—	—	High usage volume but a relatively low recovery rate; the recovery mechanism needs to be strengthened.
Plastic drum total	2,013,775	48,831	2.4%	—	Large container reuse rate was 73.3%	Large drums had already achieved results, and small drums were the focus of subsequent management.

Note 1: The 2025 supply chain environmental performance statistics covered 16 subsidiaries. Pallets were counted by piece; iron drums were classified by capacity into large (≥ 180 L) and small (<180 L); plastic drums were classified by capacity into large (≥ 25 L) and small (<25 L). Recycling rate = quantity recycled/quantity used; reuse rate = quantity reused/quantity recycled.

Note 2: The 2024 data primarily disclosed partial results for Taiwan and certain plants. Beginning in 2025, the statistics were expanded to the group level; accordingly, absolute figures were not directly compared year over year, and the main focus was on recycling rate, reuse rate, and the extent to which the scope of management was expanded.

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Value Chain Partner Collaboration and Carbon Reduction Contribution

Nan Pao actively participated in the "Leading Small Manufacturers to Low-carbon and Smart Transformation" of the Industrial Development Administration, Ministry of Economic Affairs, and, as the leading company, assisted upstream and downstream value chain partners in jointly promoting the low-carbon transition. This project centered on low-carbon production technologies for specialty resins and adhesives, linking raw material suppliers, production processes, and downstream users to form a complete low-carbon industrial ecosystem.

This project covered three major carbon-reduction pathways: low-carbon product development (water-based coating resins and bio-based adhesives), process energy conservation (voltage-stabilization power supply systems), and solvent recovery, driving annual carbon-reduction benefits of more than 10,000 tons of CO_2e for the Company and its upstream and downstream value chain partners.

Carbon Reduction Pathway	Approach Description	Major Beneficiary Partner	Carbon Reduction Benefits
Low-carbon-emission textile coating material (water-based)	Promoted the use of waterborne polyurethane to replace solvent-based coating products, thereby reducing the use of organic solvents.	Textile manufacturers	Triggered downstream carbon reduction of approximately 1,633 metric tons CO_2e/year. (estimated)
Biobased polyurethane adhesives	Replace petrochemical feedstocks with bio-based polyols and promote their application in footwear materials, textiles, electronics, and automotive materials.	Low-carbon adhesive processors and upstream raw material suppliers	Promoted upstream and downstream carbon reductions of approximately 1,967 metric tons CO_2e/year. (estimated)
Process stable voltage energy-saving system	Established automated voltage stabilization equipment to improve process energy efficiency	The Company's manufacturing plant	Reduced in-plant process carbon emissions by 644 metric tons CO_2e.
Solvent recovery system	Recycled and reused organic solvents, reducing raw material purchases and transportation carbon emissions.	The Company's manufacturing plant	Recovered approximately 4,500 metric tons of solvent annually, reducing carbon emissions by approximately 7,920 metric tons CO_2e/year

The overall project, including the Company's process improvements, reduced carbon emissions by approximately 9,305 tons/year in total, and drove an approximate reduction of 1,149 tons among our partners.



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As a chemical materials manufacturer, Nan Pao has long understood that energy consumption, greenhouse gas emissions, water resources, waste, air pollution, and chemical management in the course of operations are all closely related to environmental impact and the Company's long-term competitiveness. Faced with global climate change, low-carbon supply chains, requirements from international brand customers, and increasingly stringent environmental laws and regulations in various regions, we continued to incorporate environmental management into operational decision-making and daily management processes, promoting green manufacturing and low-carbon transition.

Nan Pao adopted "environmentally friendly products, comply with regulations, prevent pollution, save energy and reduce waste, involve all employees, and continuously improve" as its environmental management policy, and through mechanisms such as the ISO 14001 environmental management system, greenhouse gas inventory, energy and water resource management, pollution prevention and control, waste reduction, and circular reuse, it systematically reduced the impact of its operations on the environment. At the same time, the Company also actively developed water-based, solvent-free, bio-based, recycled-material, and low-VOC products, extending the low-carbon transition from the manufacturing process to products and customer applications.

As of 2025, Nan Pao Group has completed ISO 14001 environmental management system implementation at Nan Pao Taiwan and 13 other production sites (including the following subsidiaries: Nan Pao Taiwan, Foshan Nan Pao, Foshan Goodwill, Dongguan Nan Pao, Dongguan Jiaqin, Kunshan Nan Pao, Changshu YuBo, Nan Pao Vietnam, Vietnam Materials, Nan Pao Materials Viet Nam, NNV, Nan Pao Indonesia, and Nan Pao Thailand). Together, these sites represent 72% of the Company's total revenue. We progressively strengthen consistency and execution capability in environmental management across sites.

Environmental Sustainability Policy and Management Approach

Management systems and infrastructure

- Formulation of management goals and follow-up on completion rate
- Optimization of management system
- Implementation of education and training

Process optimization and technology adoption

- Application of AI technologies in production management
- Production process optimization and equipment improvement

Supply chain collaboration

- Influence on suppliers, contractors and customers in collectively engaging in environmental protection

Proactively following government policies

- Answering government policies in promoting management programs

This chapter will sequentially describe the management approach and implementation results of Nan Pao in the areas of climate change risk and opportunities, greenhouse gas emissions, energy management, water resource, air pollution prevention, waste management, and ecological protection.

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Environment Policy

Nan Pao has established the "Nan Pao Group Environmental Responsibility Policy" as the Group's highest guiding principle for promoting environmental management, pollution prevention, resource efficiency, and green manufacturing. The policy covered legal compliance, environmental governance, management systems, environmental protection culture, supply chain green procurement, green design, energy and water resource efficiency, waste reduction, chemical substitution, and circular reuse, and applied to Nan Pao and all subsidiaries.

The Company adopted "environmentally friendly products, comply with regulations, prevent pollution, save energy and reduce waste, involve all employees, and continuously improve" as its environmental management policy, and reduced the impact of operations on the environment through the ISO 14001 environmental management system, legal compliance identification, internal audit, and a continuous improvement mechanism. Going forward, Nan Pao will continue to promote green procurement, low-carbon products, resource recycling, and pollution prevention, strengthen the consistency of the Group's environmental management, and move toward the goals of green manufacturing and low-carbon transition.

Nan Pao incorporated KPIs into performance evaluation and directly linked them to monetary incentives at different organizational levels. The Chief Executive Officer's evaluation items included progress toward carbon reduction targets, the use of renewable energy, improvements in key environmental indicators such as energy, water resource, and waste, as well as the implementation of green procurement. The related results were linked to the annual bonus system. The heads of each business unit were evaluated based on the results of product carbon footprint improvement, and their performance was linked to variable remuneration items. The Company also encouraged all employees to participate in environmental and operational improvements and provided cash rewards for valuable contributions, working together to promote Nan Pao's net zero and sustainable transition.

Policy Orientation	Management Direction
Legal compliance	Comply with environmental laws and regulations and international standards, and implement environmental management and internal supervision.
Governance organization	Establish environmental management responsibilities and promote environmental management and continuous improvement
Management system	Implemented ISO 14001 to reduce environmental risks through institutionalized management.
Green supply chain	Promoted green procurement and collaborated with suppliers to develop materials with low environmental impact.
Green design	Developed eco-friendly products and low-carbon materials in accordance with customer requirements and product application scenarios.
Production and manufacturing	Improve energy, water resource, and raw material use efficiency, and reduce emissions and pollution
Circular economy	Promoted waste reduction, recycling and reuse, and material substitution

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Environmental Management and Climate Governance Strategy

Nan Pao incorporated environmental management and climate governance into its corporate sustainability governance framework. Through a tiered management mechanism consisting of the Board of Directors, the Sustainable Development Committee, the Sustainable Development Office, and operating units at all levels, the Company promoted responses to climate change, greenhouse gas management, energy efficiency, water resource management, pollution prevention, waste reduction, Circular Economy, and biodiversity-related environmental issues.

To strengthen the quality of decision-making on environmental and climate-related issues, the Company regularly compiled various environmental performance metrics, legal compliance status, climate risks and opportunities, progress in promoting carbon reduction targets, and the implementation status of major projects, and reported them to the Sustainable Development Committee and the Board of Directors as an important basis for the Company's operating strategy, resource allocation, risk management, and low-carbon transition planning.

Board Level	Meeting Frequency	Responsibilities
Board of Directors	At least once per quarter	Serves as Nan Pao Resins' highest climate governance body, with climate-related issues included on the Board's agenda at least annually, regularly overseeing the Company's overall sustainability strategy, target achievements, and risk management outcomes — including the implementation performance of climate change action plans — and providing appropriate recommendations.
Audit Committee	At least once per quarter	Serves as the highest level of risk management, overseeing distinct categories of risk through clearly defined professional responsibilities across different risk dimensions, and reporting to the Board of Directors.
Sustainable Development Committee	At least twice per year	Primarily responsible for formulating the Company's sustainability and climate-related governance strategy, conducting rolling reviews of internal sustainability promotion strategies and policies, and reporting regularly to the Board of Directors.
Management Level	**Reporting Frequency**	**Responsibilities**
Sustainable Development Office	Reports on a regular basis	Led by the Chief Sustainable Development Officer, who has executive-level responsibility for climate related issues. The identification results of climate-related risks and opportunities, promotes the environmental management system, evaluates environmental regulations and standards, and reports work plans and outcomes to the Sustainability Development Committee on a regular basis.
Risk Management Team	Reports at least once per year	Manages material sustainability and climate-related risks compiled by the Sustainability Development Office. The team comprises the senior-most officer of each functional unit and reports to the Audit Committee, presenting the Company's risk landscape, key risk management priorities, risk assessments, and response measures at regular risk management meetings.
Execution Level	**Reporting Frequency**	**Responsibilities**
Sustainable Development Office	Reports on a regular basis	Integrates the day-to-day management activities related to climate change and energy issues across all of the Company's plants, reviews their implementation quality and effectiveness, and reports to the Sustainability Development Committee on a regular basis.
Risk Management Team	Reports on a regular basis	Covers plant-level energy conservation management and occupational safety and health functions. Ultimate responsibility rests with the President of the Operations Management Headquarters and the presidents of subsidiaries, while the senior production officer at each plant drives the effective operation of the environmental management system. Subordinate execution units are responsible for advancing environmental protection projects and managing material environmental risks and opportunities.

Governance Operation Mechanism

Governance Project	Implementation Method	Management Objectives
Regular environmental performance monitoring	Compiled data on greenhouse gas, energy, water resource, air pollution, waste, and circular reuse	Track environmental performance and improvement trends
Climate risks and opportunities management	Identified climate risks and opportunities under the TCFD framework and tracked corresponding response measures	Strengthening climate resilience and low-carbon transition management
Carbon reduction targets and action tracking	Tracking the progress of scope 1, scope 2, and scope 3 inventories and carbon reduction initiatives	Align with the Company's carbon reduction and net zero transition plan
Review of regulatory and assessment requirements	Regularly reviewed the requirements of the competent authorities, ESG assessments, and customers	Reduce compliance risks and enhance disclosure quality
Material issue reporting	Material environmental incidents, regulatory changes, climate risks, or material investment proposals were reported to senior management or the Board of Directors	Ensure that material environmental and climate issues were incorporated into decision-making
Annual disclosure and improvement	The ESG Report disclosed the results of environmental management and the subsequent improvement plan	Enhance transparency and stakeholder trust

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To ensure the effective operation of environmental and climate governance, Nan Pao established a top-down oversight mechanism and a bottom-up reporting mechanism. Each execution unit was responsible for daily environmental management, data collection, review of regulatory compliance, and implementation of improvement measures; the Sustainable Development Office was responsible for integrating environmental and climate-related Information, tracking the progress of various indicators and target attainment, and submitting material issues to the Sustainable Development Committee for discussion. Issues involving material regulatory changes, material environmental incidents, climate risks, capital expenditures, or cross-departmental resource allocation were submitted in accordance with management procedures to senior management or the Board of Directors for review.

The Company will continue to strengthen the quantitative management of environmental and climate-related issues, tracking indicators such as greenhouse gas emissions, energy consumption, renewable energy, water resource use, air pollution, waste, recycling and reuse, supply chain environmental performance, and low-carbon products. The Company will also disclose the results of its implementation in the annual ESG Report, thereby enhancing the transparency of environmental management and the quality of communication with stakeholders.

Employee Environmental Education and Training

Nan Pao regularly conducted employee environmental education and training on energy efficiency, waste reduction, and water resource management to help employees develop environmental awareness and master practical operational skills. Energy efficiency training focused on optimizing equipment operation, introducing energy-saving technologies, and cultivating energy-saving habits in behavior, encouraging employees to participate in daily production operations with a mindset of proactively reducing energy consumption; waste training covered source reduction, resource recycling and reuse, and the safe handling standards for hazardous waste; water resource training focused on water-saving measures, the recycling and reuse of water resources, monitoring water-use efficiency, and reporting anomalies, assisting each plant in effectively managing water resources. Through these training programs, employees were able to implement sustainability concepts in their daily operations, jointly reducing the Company's overall environmental footprint.

To strengthen the continuous operation and improvement capability of the environmental management system, Nan Pao regularly conducted ISO 14001:2015 environmental management system internal auditor training. The course covered environmental aspect identification, material environmental impact assessment, and auditing techniques, enabling the environmental and safety personnel at each plant to possess systematic inspection capabilities and ensuring the effective operation of the environmental management system. In the area of occupational safety and health, the Company simultaneously conducted ISO 45001:2018 management system training to strengthen hazard identification, risk assessment, and emergency response capabilities; in the area of water resource management systems, in accordance with the requirements of ISO 46001:2019 water efficiency management systems, it regularly provided awareness training on setting water-use performance indicators, evaluating water-saving programs, and conducting scenario analysis of water risks, helping the plant sites establish a systematic water resource management mechanism.

With respect to environmental laws and regulations compliance training, Nan Pao annually conducts regulatory awareness courses for environmental safety and health personnel, process supervisors, and relevant operating personnel, covering areas such as air pollution control, water pollution prevention, industrial waste management, and chemical safety management, to ensure that all plant sites keep abreast of the latest regulatory requirements in their respective localities and implement compliance operations such as emissions monitoring, permit management, and abnormality reporting, thereby effectively reducing the risk of environmental violations.

Compliance with Environmental Regulations at Nan Pao Group

Nan Pao places importance on legal compliance and has continuously managed air pollution, water pollution, waste, chemicals, environmental permits, and related filing procedures in accordance with the regulatory requirements of each location where its operations are based. Each plant site was responsible for tracking changes in local environmental protection regulations through the environmental health and safety unit and relevant management units, and for reducing the risk of environmental noncompliance through routine inspections, internal audits, permit validity management, equipment maintenance, emissions monitoring, and anomaly reporting mechanisms.

In recent years, in addition to requiring on-site units to strengthen operational controls and equipment maintenance, the Company also continuously promoted self-inspections and enhanced monitoring of abnormal areas. For deficiencies in legal compliance or incidents of penalties imposed by the competent authorities, the responsible units were required to provide root cause analyses, corrective measures, and subsequent follow-up in order to reduce the recurrence of similar incidents.

In 2025, the Nan Pao Group had one additional environmental regulatory penalty incident, which occurred at Vietnam Nan Pao. The incident was mainly due to the incomplete completion of the administrative procedures related to the environmental permit, and the penalty amount was VND 65,000,000. The case obtained the environmental permit on June 24, 2025, and the fine payment and corrective measures have been completed. In the future, the Company will further strengthen the management of environmental permits, filing materials, and regulatory deadlines for overseas subsidiaries, and establish a regular inventory and expiration reminder mechanism to enhance the consistency of the Group's environmental legal compliance.

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Summary of Environmental Violations of Nan Pao Group

Year	Region of Occurrence	Type of Pollution/Violation	Number of Cases	Fines Amount	Improvement Status	Year-end Accrued Environmental Liabilities
2021	Taiwan	Air pollution, water pollution, industrial waste	6	NT$1.15 million	Improvements have been completed.	0
2022	Taiwan	Air pollution	2	NT$450,000	Improvements have been completed.	0
2023	Taiwan	Industrial waste	1	NT$60,000	Improvements have been completed.	0
2024	Taiwan	Water pollution	1	NT$420 thousand	Improvements have been completed.	0
2025	Vietnam Nan Pao	Environmental permit administrative procedure	1	VND 65 million	The permit was obtained on June 24, 2025.	0

Note 1: The amount of each year's fines was disclosed in accordance with the content of the penalty decisions made by the competent authorities; the amount of fines in Vietnam for 2025 was in Vietnamese dong and was not converted into New Taiwan dollars.
Note 2: Year-end accrued environmental liabilities referred to fines or environmental remediation costs arising from environmental violations that had not yet been paid as of the end of the fiscal year. All penalty cases in prior years were settled and paid in full during the respective fiscal years, and the accrued liabilities for environmental matters at year-end were 0.

Legal Compliance Management Mechanism

Management Aspect	Management Measures	Purpose
Legal Identification	Regularly tracked the environmental laws and regulations, permits, reporting requirements, and emission standards at each operating location.	Ensure that each plant site was apprised of the latest regulatory requirements.
Permit Management	Establish an environmental permit inventory, validity period management, and expiration reminder mechanism.	Avoiding permit expiration, omission of required processing, or incomplete administrative procedures.
Daily inspection	Pollution prevention equipment, waste, and wastewater treatment inspections were conducted by the environmental safety unit and the site unit.	Identify abnormalities promptly and reduce the risk of contamination
Internal Audit	Regular inspections were conducted in accordance with ISO 14001 and internal management procedures.	Enhance the effectiveness of the environmental management system.
Abnormality report	When an abnormality or a noncompliance risk was identified, reporting, root-cause analysis, and improvement procedures were initiated.	Reduce the risk of the incident escalating and recurring.
Improvement tracking	Requested the responsible unit to propose corrective measures and supporting evidence regarding the penalty or deficiency item.	Ensure the implementation of improvement actions
Management of overseas subsidiaries	Strengthen the inventory of environmental permits, regulatory filings, and management documents at overseas plants	Enhance consistency in group environmental compliance

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Environmental Capital Expenditure and Performance Analysis

Nan Pao incorporated environmental management, resource efficiency, and climate transition into its annual investment and budget decisions, and continued to track the investments made by each operating site in energy conservation, water resource recycling, air pollution control, wastewater treatment, and pollution prevention equipment. In 2025, the Group's environmental capital expenditures at major sites were approximately NT$22.69 million, primarily used to improve energy efficiency, reduce pollutant emissions, strengthen water recycling, and enhance the environmental performance of processes. Based on the current estimate, the related investment could save approximately 1.592 million kWh of electricity, 277,000 kilograms of natural gas, and 25,400 metric tons of water resources annually. Starting in 2025, the Group gradually expanded the scope of statistics on environmental capital expenditures from its Taiwan headquarters to include the Group's major subsidiaries in order to enhance the completeness and transparency of environmental accounting data.

To support low-carbon operations and the net zero transition, the Group has planned short- and medium-term transition investment projects covering the construction of renewable energy facilities, wastewater recycling systems, VOC emissions reduction and process optimization, solvent recycling, and rainwater harvesting. Related investments will be advanced through annual budget allocations and project management mechanisms, and will be categorized as capital expenditures (CapEx) or operating expenditures (OpEx) according to the nature of each project, to ensure that key carbon-reduction and environmental improvement actions receive the necessary resources.

The above investments not only helped reduce greenhouse gas emissions and air pollution emissions, but also enhanced water resource use efficiency and the circular use of process resources, thereby strengthening the Group's resilience in responding to climate change and increasingly stringent environmental laws and regulations. In the future, we will continue to optimize the classification of environmental investments and the tracking of their benefits, distinguishing categories such as energy efficiency, renewable energy, water resources, pollution prevention, and resource recycling. We will also periodically review the amount of investments, execution progress, environmental benefits, and the achievement of targets, as a basis for annual budget planning, adjustments to transformation plans, and management-level decision-making.

Net Zero Transition Investment Plan and Capital Allocation

Looking ahead to 2026 through 2030, the Group will continue to invest in rooftop solar power and other renewable energy installations, with the goal of reaching 2,500 kW of installed renewable energy capacity by 2030; meanwhile, it planned to promote projects such as the wastewater recycling system at Taiwan Plant I, VOC emission reduction and optimization engineering, solvent recycling, and the rainwater recycling system at Nan Pao Materials Viet Nam. The above investments not only helped reduce greenhouse gas emissions and air pollution emissions, but also enhanced water resource use efficiency and the circular use of process resources, thereby strengthening the Group's resilience in responding to climate change and increasingly stringent environmental laws and regulations.



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2025 Environmental Capital Expenditures and Expected Environmental Benefits

Item	2025 Data	Description
Environment capital expenditures	Approximately NT$22.69 million	Investment by the Group's key locations in equipment related to energy conservation, water resource recycling, and pollution prevention.
Estimated energy savings benefits	1,591,860 kWh/year, with estimated savings of NT$6.02 million/year	From variable-frequency equipment, optimization of air compression/chilled water/packaging equipment, solar energy, and process efficiency improvements.
Estimated natural gas savings	276,767 kg/year; estimated annual savings of NT$5.01 million/year	From measures such as improvements in thermal efficiency, RTO heaters, reactor vessel steam, or heat recycling
Estimated water-saving benefits	Approximately 25,400 metric tons/year; estimated annual savings of NT$330,000/year	From RO wastewater recycling, rainwater recycling, water pipeline network improvements, and process water improvements
Estimated annual economy	NT$11.36 million annually	Estimated total amount of savings from electricity conservation, energy conservation, and water conservation
Statistical boundary	Expanded to include the Group's key subsidiaries starting in 2025	Expanded from the Taiwan headquarters to key sites within the Group

Summary of 2026–2030 Transition Investment Plans

Investments	Estimated Amount/Target	Expenditure Type	Estimated Schedule	Corresponding Environmental Benefits
Implementation of renewable energy systems	Target capacity reached 2,500 kW	CapEx	By 2030	Reduce emissions from purchased electricity and support scope 2 reductions
Wastewater recycling system (Nan Pao Taiwan Plant 1)	Approximately NT$10 million	CapEx	2026	Increase water recycling rates and reduce the pressure on water intake and wastewater discharge.
VOC emission reduction and optimization (Nan Pao Taiwan Plant 1)	Approximately NT$12 million	CapEx	2026	Reduce VOC emissions and strengthen air pollution control
Rainwater recycling system (Nan Pao Materials Viet Nam)	Approximately NT$900,000	CapEx	2026	Reduce dependence on municipal water or groundwater and enhance water resource resilience

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5.1 Climate Change Mitigation

Climate-Related Risk and Opportunity Assessment

According to the Global Risks Report 2025 published by the World Economic Forum, five of the top ten global risks over the next decade are environmental in nature, with environmental risks ranked as the most severe. The report identified the top three risks in 2025 as extreme weather events, biodiversity loss, and major changes in Earth systems. Nan Pao integrates these insights into its governance framework by following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Through iterative scenario analysis, the Company incorporates climate-related risk responses into its governance, strategy, risk management, and metrics and targets disclosure processes, thereby strengthening the effectiveness of its climate change management.

In alignment with the TCFD framework, Nan Pao has established a list of climate-related risks and opportunities. With input from plant and departmental managers, the Company evaluates the potential short-, medium-, and long-term operational impacts of climate change across functions such as supply chain, R&D, and operations. Identified material climate-related risks are incorporated into the Company's overall risk management framework and are regularly assessed, controlled, and monitored in accordance with the Nan Pao Group's "Risk Management Policies and Procedures." The relevant operating mechanisms can be referenced in Section 3.4 Risk Management.

Nan Pao continues to monitor climate risks that may affect operations while also identifying opportunities that could provide potential benefits. The Company's assessment process for climate-related risks and opportunities, along with specific measures, is outlined in the following flowchart:

Climate-Related Risk and Opportunity Identification	Climate Risk Assessment	Materiality Identification	Risk Response Measures
Based on TCFD guidelines, international reports, and the Company's characteristics, Nan Pao considers product applications, supply chains, mitigation and adaptation actions, new product and technology development, and production operations. The Company has identified 9 transition risks, 4 physical risks, and 6 potential opportunities.	Risk assessment criteria, including likelihood of occurrence and potential impact, are incorporated into a questionnaire. Department heads score and determine the level of risk and opportunity.	• Thresholds for materiality are established based on the results of risk and opportunity analysis, and are presented in a risk and opportunity matrix. • This year, there are 2 climate risks and 2 opportunities exceeding the threshold.	For material climate risks and opportunities, departments and business units develop response measures and monitoring indicators, with regular followup conducted in accordance with the risk management process to ensure risk control and oversight.

To evaluate the potential impacts of climate change on the Company's strategies and business objectives, Nan Pao has referenced research reports from the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC). Combining these insights with the Company's current development direction, Nan Pao has developed two climate scenarios for analysis. The objective is to assess the possible impacts and challenges of climate change over time under different scenarios, thereby enhancing the Company's resilience to climate risks and serving as a basis for adjusting future operating strategies and resource allocations.

Value Chain	Risk / Opportunity Type	Selected Scenario	Timeframe	Analysis Scope
Raw Material Suppliers	Transition Risk - Policy and Regulation	IEA-STEPS	2026-2050	Taiwan
	Physical Risk - Immediate	SSP5-8.5		Global
Government	Transition Risk - Policy and Regulation	IEA-STEPS & NZE		Taiwan/ Vietnam/ Indonesia/ China
Nan Pao	Transition Risk - Technology	IEA-NZE		Taiwan/ Vietnam/ Indonesia/ China
	Opportunity - Resource Efficiency			
	Physical Risk - Immediate	SSP5-8.5、RCP8.5、GWL2℃		
	Physical Risk - Long-Term			
Customers	Transitional Physical Risk - Market	IEA-NZE		Global
	Opportunity - Products and Services			

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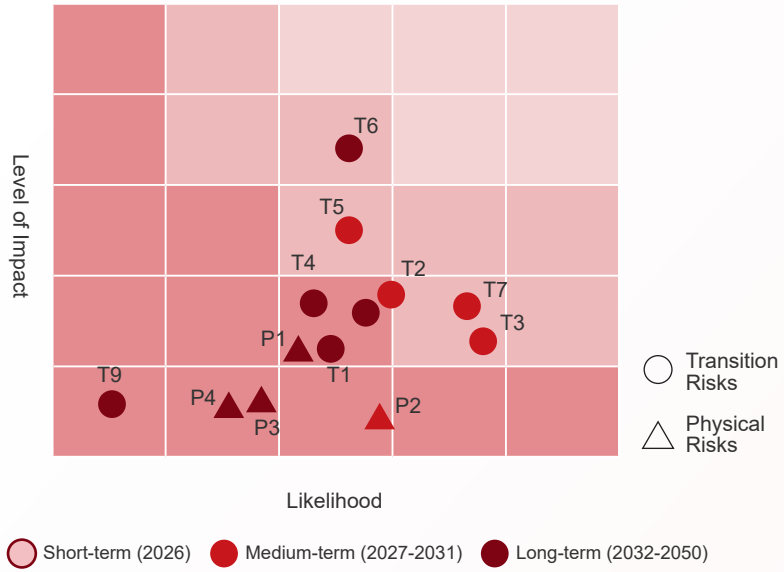
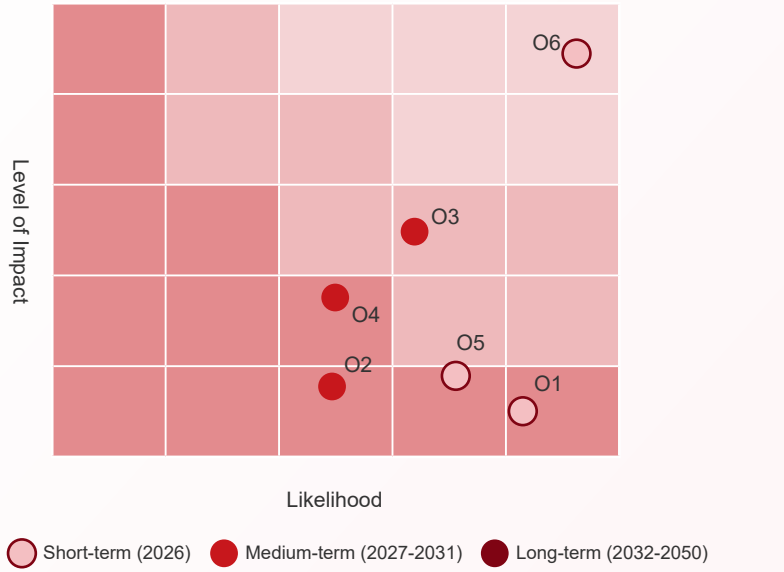
Climate Change Opportunities and Risks Matrix





Transition Risks		
Code	**Risk Type**	**Risk Issue**
T1	Policies and Regulations	Each plant is subject to carbon costs imposed by the respective local regulatory authorities.
T2	Policies and Regulations	Higher selling and administrative expenses incurred to meet ESPR information requirements.
T3	Technology	In response to rising low-carbon requirements, R&D as well as manufacturing costs increased.
T4	Technology	Scope 1 carbon reduction measures increased capital expenditures.
T5	Market	Increased costs resulting from the pass-through of carbon charges on petroleum-based raw materials.
T6	Market	Rising demand for substitute materials pushed up prices and costs.
T7	Market	The increase in the proportion of renewable energy at each plant resulted in higher costs.
T8	Market	Failure to comply with customers' emissions reduction standards affected competitiveness and orders.
T9	Reputation	Investors/financial institutions' willingness to provide the Company with financing and investment

Physical Risks		
Code	**Risk Type**	**Risk Issue**
P1	Acute	The increased severity of extreme weather events, such as typhoons and floods, affected production.
P2	Acute	Extreme weather events caused vessel schedule delays and affected production scheduling.
P3	Acute	Production was affected by power restrictions caused by extreme heat.
P4	Chronic	Changes in precipitation patterns affected production water supplies.

Opportunity		
Code	**Opportunity Type**	**Opportunity Issue**
O1	Resource Efficiency	Intelligentization and energy-saving and water-saving measures reduced operating costs.
O2	Resource Efficiency	Improve solvent recycling to reduce waste and lower costs.
O3	Products and Services	Developed low-carbon adhesive product applications to expand the customer base.
O4	Products and Services	Demand for near-zero-carbon buildings is driving growth in the high-performance building materials market.
O5	Market	The renewal of water supply pipe networks has driven business opportunities for specialty coatings.
O6	Market	Growth in automotive carbon fiber applications drove revenue.

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Financial Impact Analysis of Material Climate-related Risks and Opportunities

2 Climate-related Risks and Opportunities	Scenario	Scenario Analysis Event	Impact on Nan Pao's Operations	Response Strategy	Occurrence Time	Scope of Impact	Management Indicators and Targets
T6 Rising demand for substitute materials pushed up prices and costs	Temperature Increase of 1.5° C (IEA NZE)	As customer demand for substitute raw materials increased, bio-based or recycled raw materials may have risen in price due to supply-demand imbalances.	In the short- to medium-term, the impact from customer requirements and increased bio-based raw material costs is limited; however, in the long term, if customer demand and biomass raw material prices continued to rise, cost expenditures would be affected.	When developing new recycled raw material products, Nan Pao will simultaneously expand green product sales channels to increase market share.	Long-term ○○○●	Upstream Material Procurement ■□□	**Greenhouse Gas Reduction** • Expected to complete the consolidation of the subsidiary scope 1, 2, and 3 ISO 14064-1 carbon inventory in 2027. • Expected to complete the consolidation of the subsidiary scope 1, 2, and 3 ISO 14064-1 carbon inventory assurance in 2029. • Reduced carbon emissions intensity by 15% in 2026 (base year 2023) • Reduce carbon emissions intensity by 35% by 2030 (base year 2023) • Achieve carbon neutrality by 2050 **Renewable Energy Deployment** • Installation of 2,500 kW of renewable energy capacity by 2030 **Green Products** • Nan Pao Taiwan's sales of green products will account for 80% of revenue by 2030.
T5 Increased costs resulting from the pass-through of carbon charges on petroleum-based raw materials		As the carbon fee policy was tightened, upstream suppliers that exceeded the carbon fee levy threshold may have been affected by carbon fee costs and passed them on to downstream parties.	Because upstream suppliers passed on carbon fee costs, Nan Pao saw the cost of raw material purchases rise accordingly.	Collaborated with the supply chain to reduce carbon emissions, leveraging larger firms to assist smaller ones and reduce carbon fee risks across the value chain.	Medium-term ○○●○	Upstream Material Procurement ■□□	
O6 Growth in automotive carbon fiber applications drove revenue		The global electric vehicle market has grown year by year, and the automotive industry has also tended toward vehicle lightweighting to enhance energy consumption efficiency. These related trends have driven growth in the carbon fiber composite materials market.	In recent years, Nan Pao developed carbon fiber composite products and entered the automotive-related market, increasing revenue opportunities.	Invested in the development and testing of lightweight market application products to facilitate entry into emerging markets.	Short-term ○●○○	Downstream market □□■	
O3 Developed low-carbon adhesive product applications to expand the customer base		The customer needed to achieve low-carbon targets and comply with sustainable product requirements.	Nan Pao has been committed to replacing petroleum-based raw materials, and if this met customers' green product requirements, it would help enhance product competitiveness.	Nan Pao continued to develop and promote water-soluble green products, and in the medium term expanded the development of applications for low-carbon raw materials.	Medium-term ○○●○	Downstream market □□■	

Note 1: ●○○○ Reporting year / ○●○○ Short-term / ○○●○ Medium-term / ○○○● Long-term

Note 2: ■□□ Upstream material procurement / □■□ Operations stage / □□■ Downstream market

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Nan Pao Carbon Neutral Roadmap

Since 2022, Nan Pao has implemented a comprehensive GHG inventory process across all production facilities in accordance with the ISO 14064- 1 standard. The Company quantifies and analyzes carbon emissions from its operating plants, identifying key emission sources and assessing energy and resource consumption throughout its processes. Concurrently, Nan Pao has expanded the installation of renewable energy generation systems and, where appropriate, purchases renewable energy certificates. The Company has launched and is actively implementing GHG reduction initiatives, while also exploring the feasibility of energy recycling and reuse projects.

Nan Pao is committed to achieving net-zero emissions by 2050, with a target of reducing Scope 1 and Scope 2 greenhouse gas emissions by 90% using 2022 as the base year, while continuing to advance decarbonization efforts across the Scope 3 value chain. To fulfill this commitment, the Company is actively pursuing a range of decarbonization initiatives.

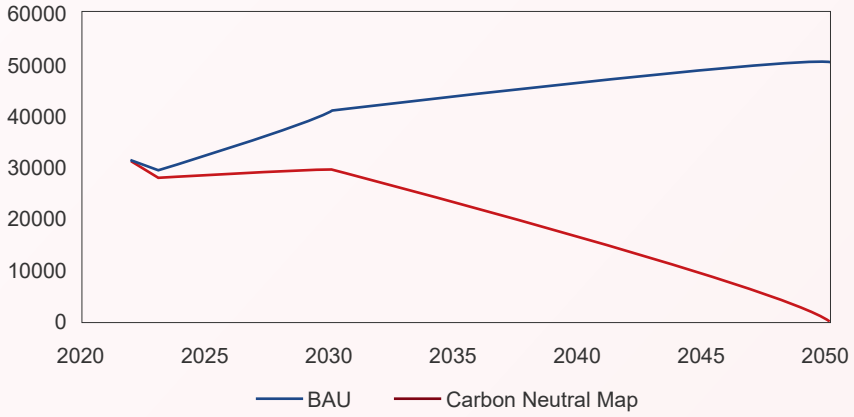
Carbon Reduction-Related Actions	
Scope 1	The Company has actively reduced direct greenhouse gas emissions by transitioning diesel-powered equipment to electric models. Additionally, we have implemented systems to recover waste heat from boilers and reintegrate it into our production processes, thereby reducing the use of natural gas.
Scope 2	To address indirect emissions from purchased electricity, we have upgraded plant equipment to energy-saving models and installed solar power generation systems on-site.
Scope 3	Scope 3 emissions account for approximately 90% of Nan Pao's total greenhouse gas emissions. Accordingly, we are committed to reducing emissions from purchased raw materials by prioritizing the use of bio-based or low-carbon materials to replace high-carbon-emission alternatives. We continuously develop and promote environmentally friendly, low-carbon, high-performance products and building solutions that align with sustainability goals.

For residual emissions, Nan Pao will adopt diverse neutralization and offset measures, including the purchase of carbon credits and investment in permanent carbon removal technologies, to ensure the full realization of its 2050 net-zero emissions commitment.

In addition, Nan Pao also began to implement adjustments to its product portfolio, accelerating the development and deployment of low-carbon chemical manufacturing processes through process and technological innovation and the selection of low-carbon raw materials. In addition, by inventorying the materials and manufacturing processes used in products, the Company established systematic management tools and procedures to ensure the transparency and integrity of the data flow for product carbon footprint, and thereby formulated product carbon reduction plans to drive the value chain and the overall industrial ecosystem to jointly reduce carbon emissions. For the progress of Nan Pao's green products initiatives, please refer to Section 4.2.

Nan Pao's medium- to long-term target is to replace traditional fossil fuels with renewable energy and continue to innovate technologies. Technological innovation relies on long-term development and research investment with external partners and is expected to be realized gradually after 2030. Before then, in order to effectively manage greenhouse gas emissions, Nan Pao will continue to comprehensively optimize its product manufacturing processes.

Nan Pao Group Carbon Emissions Forecast



Emissions from Category 1 and Category 2 (t-CO_2e)

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Internal Carbon Pricing Mechanism

Nan Pao adopted Shadow Price as an internal carbon pricing tool. This was a theoretical cost concept and did not charge each department in practice; rather, it served as a reference standard for identifying hidden emissions risks and supporting strategic decision-making.

Pricing Basis and Setting Logic

The Company adopted an internal shadow price of NT$300 per metric ton of CO_2e, based on two external benchmarks. First, the reference rate set forth in the Fee Collection Regulations for carbon fees issued by the Ministry of Environment pursuant to the Climate Change Response Act, which reflected the lower bound of carbon costs under the local regulatory context; and second, forecasts in international literature, including the IEA's net-zero scenario (NZE Scenario), regarding medium- to long-term carbon prices in various countries, which served as the basis for scenario analysis. The Company recognized that the current shadow price remains conservative relative to the long term carbon price forecast under the IEA NZE scenario, and expected it to be adjusted upward dynamically in line with regulatory trends and market signals in order to remain aligned with potential carbon price levels.

Application Scope and Decision Integration

The shadow price covers 100% of the Company's reported Scope 1 and Scope 2 GHG emissions and is required to be considered in selected business decision-making processes. Its objectives are to support cost-benefit analyses, improve energy efficiency, promote low-carbon investments and opportunities, inform strategy and financial planning, prepare for regulatory developments, support the achievement of climate-related policies and emission reduction targets, reduce carbon-related risks and emissions in the upstream value chain, and stress-test relevant investments against future carbon-price scenarios.

- Capital expenditure assessment: Incorporate a carbon cost of NT$300 per metric ton into the cost-benefit analysis of energy saving and carbon reduction-related investments (such as process improvements, equipment replacement, and renewable energy adoption), thereby enhancing the relative competitiveness of low-carbon investments and helping to identify options with long-term financial resilience.
- Operations management: As a tool for assessing the embedded carbon emissions costs of existing production activities, it identified the potential risk exposure of high-emission links and drove improvements in energy efficiency.
- Procurement decisions: Served as a reference dimension for procurement evaluation, assisting in the identification of carbon-emission cost risks in the supply chain.

Linkage to Long-Term Net Zero Targets

The internal shadow price also serves as a pathway-planning tool for the Company's 2050 carbon neutral commitment, helping management, when formulating medium- to long-term climate strategy and budget allocation, to reflect potential carbon regulatory costs in advance, and to assess the financial feasibility of different emissions reduction pathways, thereby avoiding substantial passive costs in the future when facing stricter carbon regulations.

Based on the CDP climate-related financial disclosure framework, the Company assessed the potential impacts of transition risk, physical risk, and climate-related opportunities on operations and finances, and established corresponding management measures and investment plans for issues such as carbon fees/carbon pricing, customers' value chain decarbonization requirements, market opportunities for low-carbon products, and water shortage risk.



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5.2 Greenhouse Gas Emissions and Management

Nan Pao Taiwan Greenhouse Gas Emissions Management

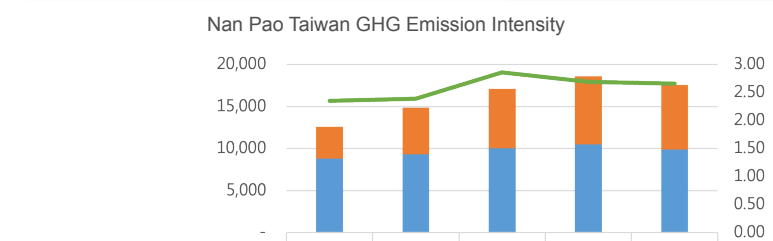
Nan Pao Resins is committed to achieving carbon neutrality by 2050. Using 2023 as the base year, the Company is progressively building and procuring renewable energy, promoting GHG reduction, and continuing to advance toward its long-term net zero goal. The 2023 Scope 1 and Scope 2 GHG inventory covered the Group's main chemical business plants, with third-party verification statements obtained as required. The goal is to complete GHG inventory and management for 100% of the Group's plants by 2028.

To strengthen carbon reduction management and accountability, Nan Pao formally incorporated environmental performance into the KPIs of senior managers starting in 2024. Using 2023 as the base year, the Company set an annual target of reducing GHG emission intensity by 10% from the base year in 2025, and continues to drive Group-wide GHG emission reductions through energy efficiency improvements, renewable energy adoption, and various carbon reduction measures.

Greenhouse Gas Category	Target Value
Category 1 and 2 intensity	10% lower than in 2023

In 2025, Nan Pao Taiwan's Scope 1 (direct) emissions were 7,685.23 tCO_2e and Scope 2 (indirect emissions from purchased electricity) emissions were 9,891.17 tCO_2e, for combined Scope 1 and 2 emissions of 17,576.40 tCO_2e. On carbon reduction measures, the Company continued to pursue boiler energy-saving improvements and process optimization to reduce energy use and GHG emissions, while expanding solar installation capacity at its plants and promoting electricity conservation measures to progressively increase renewable energy use and energy efficiency.

In 2025, Nan Pao Taiwan's revenue excluding related parties was NT$6,596.16 million, and Scope 1 and 2 GHG emission intensity was 2.66, down 6.99% from 2.86 in the 2023 base year. Although 2025 emission intensity improved from the base year, the annual target of a 10% reduction from 2023 was not met. Driven primarily by changes in annual operational scale and energy demand, Nan Pao will continue to expand renewable energy installations at its plants, replace equipment with high-efficiency models, and deepen process heat integration to further improve energy efficiency and narrow the gap to the target.



	2021	2022	2023	2024	2025
Category 1 (metric tons CO_2e)	3,793.00	5,552.80	7,053.69	8,129.21	7,685.23
Category 2 (metric tons CO_2e)	8,821.00	9,312.80	10,054.94	10,478.56	9,891.17
Greenhouse gas emissions (Category 1 + Category 2)	12,614.00	14,865.60	17,108.63	18,607.77	17,576.40
Revenue (NT$million)	5,360	6,212	5,976	6,927	6,596
Greenhouse gas emission intensity (Category 1 + Category 2 [metric tons] /NT$million revenue)	2.35	2.39	2.86	2.69	2.66

In response to the launch of Taiwan's carbon fee system, Nan Pao has assessed the carbon fee impact on its Nan Pao Taiwan plants and, based on the carbon fee rates approved by the Ministry of Environment, incorporated the related costs into internal budget planning. Energy-saving improvements and renewable energy investments serve as the main fee reduction strategies, reducing the carbon fee burden and enhancing low-carbon operating capabilities by lowering energy use and GHG emissions.

Beyond Scope 1 and 2, Nan Pao continues to advance its inventory of Category 3 to Category 6 GHG emissions. The Company first identifies material emission sources and confirms their degree of impact on overall carbon emissions, then progressively conducts systematic inventory and data compilation. In 2025, the main emission source was upstream raw material use, particularly chemical raw materials with high emission factors. To reduce indirect emissions from raw material use, the R&D unit continues to develop low-carbon formulations, including reducing the solvent content of products and prioritizing recycled and bio-based raw materials, while continuously optimizing processes to reduce reliance on high-carbon raw materials, thereby lowering the full life cycle carbon footprint of products and strengthening carbon reduction across the supply chain.

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2025 Nan Pao Taiwan Categories 3–6 GHG Emissions (GHG Protocol)

Item	GHG Protocol Category	Description	Emissions (metric tons CO_2e)		
			2023	2024	2025
Category 3: Indirect emissions from transportation					
Emissions from upstream transportation and distribution of goods	4	Emissions from transporting purchased raw materials and supplies	1,245.80	1,228.55	1,090.11
Emissions from downstream transportation and distribution of goods	9	No reasonable methodology or data collection platform established yet; excluded under indirect-emissions materiality criteria	-	-	-
Emissions from employee commuting	7	Emissions from employee commuting, including transportation between home and workplace	319.61	353.97	328.49
Customer and visitor transportation	-	Relevant, but data is difficult to obtain, so not included in the calculation	-	-	-
Emissions from business travel	6	Relevant, but data is difficult to obtain, so not included in the calculation	-	-	-
Category 4: Indirect emissions from products used by the organization					
Emissions from purchased goods – energy	3	Emissions from energy production for raw materials, fuel, and energy consumed at plant sites (not included in Scope 1/2)	-	-	-
Emissions from purchased goods and services – raw materials	1	Emissions from energy production for raw materials, fuel, and energy consumed at plant sites (not included in Scope 1/2)	163,253.61	176,351.30	168,553.78
Emissions from capital goods	2	No large-scale asset expansion occurred	-	-	-
Emissions from waste disposal (solid and liquid)	5	Emissions from outsourced transportation and processing of waste generated during production	322.09	618.08	560.39
Emissions from asset use	8	Not applicable; Nan Pao has no leasing arrangements with upstream suppliers	-	-	-
Emissions from other purchased services	-	Relevant, but data is difficult to obtain, so not included in the calculation	-	-	-
Category 5: Indirect emissions related to use of the organization's products					
Emissions or removals from product use phase	10、11	No reasonable methodology or data collection platform established yet; excluded under indirect-emissions materiality criteria	-	-	-
End-of-life emissions	12	No reasonable methodology or data collection platform established yet; excluded under indirect-emissions materiality criteria	-	-	-
Emissions from downstream leased assets	13	Not applicable; products are not leased downstream	-	-	-
Emissions from investments	14、15	Each subsidiary calculates its own inventory results	-	-	-
		Total	165,141.11	178,551.90	170,532.77

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2025 Nan Pao Group GHG Emissions by Site

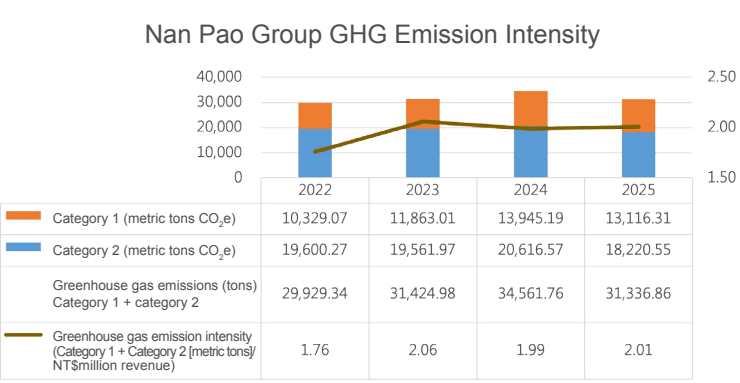
	Nan Pao Taiwan	Foshan Nan Pao	Foshan Goodwill	Dongguan Nan Pao	Dongguan Jiaqin	Fuqing Nan Pao	Vietnam Nan Pao	Nan Pao Advanced Materials Vietnam	Nan Pao Materials Viet Nam	Nan Pao Indonesia	Chemicals Business Total
Category 1 (metric tons CO_2e)	7,685.23	847.08	1,796.61	384.51	9.97	54.67	870.15	1,121.27	119.32	227.50	13,116.31
Category 2 (metric tons CO_2e)	9,891.17	1,073.99	2,367.03	524.44	419.74	192.11	1,623.11	1,593.56	209.22	326.18	18,220.55
Total Category 1 and Category 2 (metric tons CO_2e)	17,576.40	1,921.07	4,163.64	908.95	429.71	246.78	2,493.26	2,714.83	328.54	553.68	31,336.86
ISO 14064-1 verified	●	●	●	●	●	Not yet verified	●	●	●	●	
Category 3 (metric tons CO_2e)	1,418.60	4,058.45	10,738.16	856.07	184.39	-	769.26	423.76	676.36	310.99	19,436.04
Category 4 (metric tons CO_2e)	169,114.17	67,777.98	88,134.71	15,095.58	7,524.07	-	39,548.36	52,406.26	28,302.20	-	467,903.33
Categories 1–4 total (metric tons CO_2e)	188,109.17	73,757.50	103,036.51	16,860.60	8,138.17	246.78	42,810.88	55,544.85	29,307.10	864.67	518,676.23
Category 5 (metric tons CO_2e)	-	-	20,526.18	-	-	-	-	-	-	-	20,526.18
Categories 1–5 total (metric tons CO_2e)	188,109.17	73,757.50	123,562.69	16,860.60	8,138.17	246.78	42,810.88	55,544.85	29,307.10	864.67	539,202.41

Note 1: GHG emission factors used in this inventory are based primarily on the "Greenhouse Gas Emission Factor Management Table, Version 6.0.4" published by the Environmental Protection Administration, Executive Yuan.

Note 2: Global warming potential data from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (2013) is used as the basis for calculation.

Note 3: The Company uses the operational control approach to aggregate Scope 1 and Scope 2 GHG emissions across all production sites; the GHGs inventoried include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride.

To ensure the completeness and credibility of Group GHG data, Nan Pao continues to promote GHG inventories and third-party external verification at each plant. The 2025 Group GHG inventory covered the main chemical business plants, of which 9 plants completed third-party external verification, covering approximately 67% of the Group's chemical business revenue excluding related parties. Fuqing Nan Pao completed its 2025 GHG inventory but did not obtain an external verification statement for the year; its inventory data is nonetheless included in the Group's 2025 GHG emission statistics.



	2022	2023	2024	2025
Category 1 (metric tons CO_2e)	10,329.07	11,863.01	13,945.19	13,116.31
Category 2 (metric tons CO_2e)	19,600.27	19,561.97	20,616.57	18,220.55
Greenhouse gas emissions (tons) Category 1 + category 2	29,929.34	31,424.98	34,561.76	31,336.86
Greenhouse gas emission intensity (Category 1 + Category 2 [metric tons]/ NT$million revenue)	1.76	2.06	1.99	2.01

As inventory and verification work for the year had not been completed at Kunshan Nan Pao, NNV Vietnam, and Nan Pao Thailand, their data is not included in the Group's 2025 GHG emission statistics. Nan Pao will continue to strengthen Group GHG data management and verification mechanisms, restore external verification coverage to 13 or more plants from 2026, and continue advancing toward the goal of completing GHG inventory and external verification for all Group plants by 2028.

The Nan Pao Group's total Scope 1 and 2 GHG emissions in 2025 were 31,336.86 tCO_2e, an increase of 88.12 tCO_2e from 2023, mainly because growth in operating scale and sales drove higher energy and resource use. Scope 1 and 2 GHG emission intensity in 2025 was 2.01, down 2.43% from the 2023 base year, indicating that overall emission efficiency still improved as operations expanded. However, a gap remains against the annual 10% reduction target, and Nan Pao will continue to promote carbon reduction measures such as energy efficiency improvements and renewable energy adoption to progressively close the gap.

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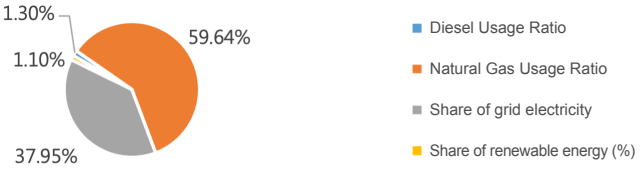
5.3 Energy Management

Nan Pao continues to focus on low-carbon energy and process energy efficiency as the core of its energy management strategy. Through energy audits and management reviews at its operating sites to identify opportunities for improving energy performance, as well as the tracking of energy-saving projects, equipment replacement, and the adoption of renewable energy, the Company enhances energy efficiency and reduces operational carbon emissions. All plants at Nan Pao Taiwan headquarters, Foshan Nan Pao, and the Foshan Gaosheng high-tech plant have obtained ISO 50001 energy management system certification, and the Company continues to strengthen energy management through three strategies: "automated energy management," "energy conservation and carbon reduction project promotion," and "management system optimization and energy conservation," with related performance incorporated into the incentive system.

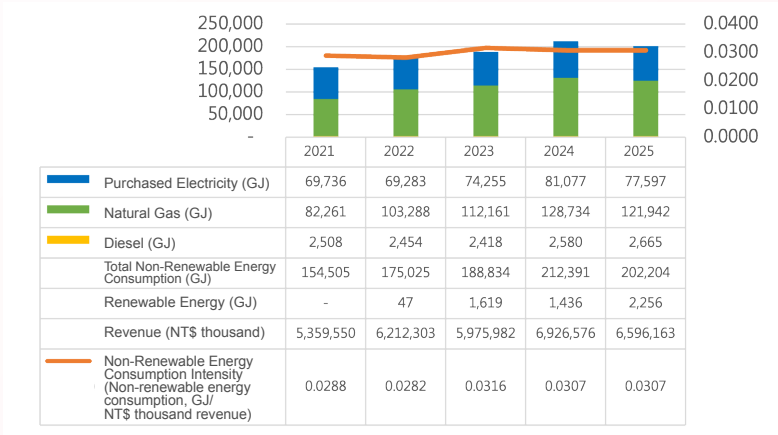
Going forward, Nan Pao's expert team will continue to conduct plant health checks and provide guidance, proposing and helping implement improvements targeting energy use hotspots, and spreading energy-saving experience and improvement benefits through a "large plants leading small plants" approach to drive continuous improvement in overall energy efficiency. From 2025, non-renewable energy reduction performance has also been incorporated into the KPIs of senior managers, with specific reduction targets set as follows to strengthen management accountability and drive results.

Content	Target Value
Non-Renewable Energy Consumption Intensity	5% lower than in 2023

Nan Pao Taiwan Energy Use Ratio



Nan Pao Taiwan Non-renewable Energy Consumption Intensity



	2021	2022	2023	2024	2025
Purchased Electricity (GJ)	69,736	69,283	74,255	81,077	77,597
Natural Gas (GJ)	82,261	103,288	112,161	128,734	121,942
Diesel (GJ)	2,508	2,454	2,418	2,580	2,665
Total Non-Renewable Energy Consumption (GJ)	154,505	175,025	188,834	212,391	202,204
Renewable Energy (GJ)	-	47	1,619	1,436	2,256
Revenue (NT$ thousand)	5,359,550	6,212,303	5,975,982	6,926,576	6,596,163
Non-Renewable Energy Consumption Intensity (Non-renewable energy consumption, GJ/ NT$ thousand revenue)	0.0288	0.0282	0.0316	0.0307	0.0307

Note 1: Natural gas and diesel consumption for 2020–2023 have been recalculated in this reporting year using the unit heating values published for each respective year by the Energy Administration, Ministry of Economic Affairs, resulting in a difference in the calculation of non-renewable energy consumption intensity compared to prior periods.

In 2025, Nan Pao Taiwan's total non-renewable energy consumption was 202,204 GJ, an increase of approximately 7.1% from 188,834 GJ in the 2023 base year. However, revenue for the same period increased from NT$5,975,982 thousand to NT$6,596,163 thousand, representing growth of approximately 10.4%. Therefore, non-renewable energy consumption intensity decreased from 0.0316 GJ/NT$ thousand of revenue in 2023 to 0.0307 GJ/NT$ thousand of revenue in 2025, representing a decline of approximately 2.8% from the 2023 base year and indicating improved energy-use efficiency.

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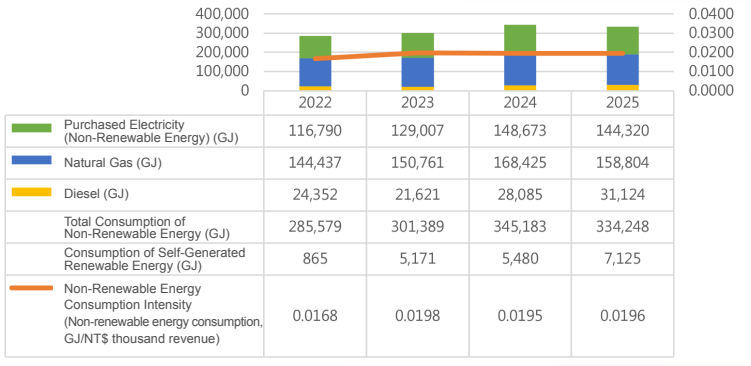
Nan Pao Group Non-renewable Energy Consumption Intensity



	2022	2023	2024	2025
Purchased Electricity (Non-Renewable Energy) (GJ)	116,790	129,007	148,673	144,320
Natural Gas (GJ)	144,437	150,761	168,425	158,804
Diesel (GJ)	24,352	21,621	28,085	31,124
Total Consumption of Non-Renewable Energy (GJ)	285,579	301,389	345,183	334,248
Consumption of Self-Generated Renewable Energy (GJ)	865	5,171	5,480	7,125
Non-Renewable Energy Consumption Intensity (Non-renewable energy consumption, GJ/NT$ thousand revenue)	0.0168	0.0198	0.0195	0.0196

In 2025, the Nan Pao Group's non-renewable energy consumption was 334,248 GJ, an increase of 32,859 GJ from the 2023 base year. Non-renewable energy consumption intensity fell 1% from 2023, short of the target of a 5% reduction from the 2023 base year, mainly due to the expansion of the statistical scope, changes in output and product mix at certain sites, and increased demand for natural gas and purchased electricity. Although the target has not yet been achieved, Nan Pao has continued to promote improvement measures such as power stabilization, equipment efficiency enhancement, LED lighting replacement, electrification of diesel equipment, and renewable energy installation. In the future, it will strengthen the tracking of the actual benefits of energy-saving projects at each plant and continue to reduce the intensity of non-renewable energy consumption. For 2026, the Company plans a steady-progress strategy, with a target of reducing non-renewable energy consumption intensity by 5% from 2024.

To address fluctuations in non-renewable energy consumption intensity and the ongoing need for energy conservation and carbon reduction, the Group has actively invested in on-site renewable energy generation facilities since 2022 to reduce reliance on non-renewable energy. In 2025, the Group's renewable energy consumption increased by 1,714 GJ from the prior year, a growth of 30.83%. Going forward, the Group will continue to identify suitable plant sites for expanding renewable energy generation equipment, further increasing the proportion of renewable energy use, improving its energy mix, and reducing carbon emissions.

The Group conducted a root-cause analysis of the major gaps and planned subsequent improvement actions, as detailed below:

- The expansion of production capacity drove an increase in total electricity consumption, partially offsetting the improvement in energy intensity.
- Improvement of VOC-related equipment at Nan Pao Thailand was still under planning. In 2025, VOC emissions increased by 54.04% year over year, indicating that improvements in energy and process efficiency still need to be accelerated.
- The Group continued to promote equipment replacement and expansion of renewable energy, and the expected improvement in intensity for 2026-2027 was projected to rebound significantly.

2026 Continuous Improvement Plan

Region/ Company	Expected Completion Schedule	2026 Key Initiatives
Nan Pao Taiwan	2026-2027 phased implementation	Continued construction of the solar optoelectronics and energy storage system, the Baoli Plant and 5th Plant voltage stabilization system, secondary steam recycling, and replacement of diesel forklifts.
Foshan Nan Pao	Continued to be promoted in 2026, with some projects expected to be completed in July.	Addition of phase 3 solar power generation, RTO condensed waste solvent, and steam condensate recycling and reuse.
Foshan Goodwill	Execute in 2026	Replacement of inefficient equipment, solar lighting, and condensate recycling.
Nan Pao Dongguan/ Dongguan Jiaqin	Continuously implement in 2026	Promote condensate solvent recycling and solar-powered supply for the circulating water pump house.
All plants in Vietnam	2026	Vietnam Nan Pao and Nan Pao Advanced Materials Vietnam: Continued promoting the replacement of IE3 high-efficiency motors; Nan Pao Materials Viet Nam: Introduced high-efficiency equipment; NNV: The proportion of electrified equipment continued to increase.

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Renewable Energy

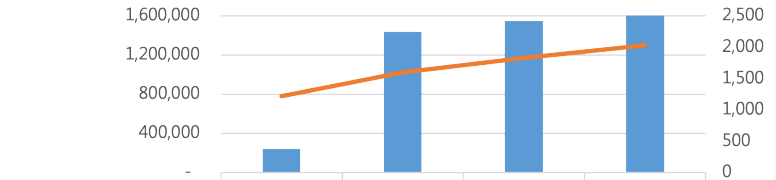
Nan Pao regarded energy and GHG management as an important issue in daily operations and continued to promote energy saving and carbon reduction, improvements in energy efficiency, and the introduction of low-carbon energy. Based on the GHG inventory results, the Group's category 1 and category 2 emissions mainly came from purchased electricity and fuel use. Therefore, in addition to continuing to promote equipment efficiency improvements, process energy conservation, and energy management, the Company also coordinated with local governments' energy policies and promoted self-built, self-use solar power generation equipment at plants that had the necessary installation conditions, in order to gradually increase the proportion of renewable energy use and reduce operating carbon emissions.

In 2025, Nan Pao Group's installed renewable energy capacity reached 2,032 kW, up 27% from 1,600 kW in 2023. Self-built, self-consumed renewable energy generation was 2,020,574 kWh, an increase of approximately 30.8% from 1,544,473 kWh in 2024, and approximately 40.6% from 1,437,387 kWh in 2023. Based on the 2025 electricity emissions factor estimates, self-built, self-used renewable energy generation over the full year could reduce CO_2e emissions by approximately 857 metric tons.

In addition to self-generated renewable energy for own use, Nan Pao also purchases renewable energy certificates (RECs) as appropriate, based on local operating conditions and customers' low-carbon supply chain requirements, as a management tool to supplement low-carbon energy use and respond to customer needs. In 2025, the Group obtained a cumulative 4,435,086 kWh of RECs, an increase of 3,001,086 kWh from 2024, mainly used to supplement renewable energy use and support customers' low-carbon supply chain needs.

To improve the consistency of renewable energy disclosures, Nan Pao will henceforth use "self-generation for own use" as the primary scope for managing renewable energy installed capacity and generation, with non-own-use feed-in or leased sites disclosed separately to avoid confusion with the Company's actual operational electricity use. The Company will continue to assess rooftop conditions, electricity demand, and installation feasibility at each plant, and advance toward a target of 2,500 kW of self-generation-for-own-use renewable energy capacity by 2030, progressively increasing the share of renewable energy and strengthening low-carbon energy management and carbon reduction results.

Nan Pao Group Self-Generated Renewable Energy Power



	2022	2023	2024	2025
Self-Generated Electricity Generation (kWh)	240,410	1,437,387	1,544,473	2,020,574
Installed Capacity (kW)	1,219	1,600	1,826	2,032
Reduced Carbon Emissions (Metric Tons)	119	710	732	857

Note 1: Self-generated renewable energy refers to renewable energy electricity actually used at the Company's operating sites, excluding generation from leased rooftops or electricity sold to the grid.
Note 2: Green electricity certificates/renewable energy certificates were reported separately from self-generated power, based on the actual amounts purchased or retired at each site, to avoid double counting.
Note 3: The amount of carbon reduction was estimated based on the applicable electricity emissions factor for the relevant year. For 2025, the factor used was 0.424 kg CO_2e/kWh; therefore, although power generation increased, the rate of carbon reduction growth was affected by the decline in the emissions factor.







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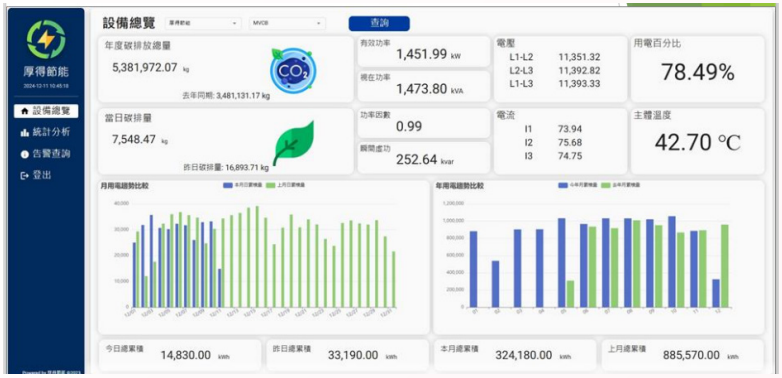
Power Stabilization and Optimization Project

In 2025, Nan Pao Taiwan continued to promote the power voltage stabilization and power optimization projects at the Pao Li Plant and Plant 5, and installed a voltage stabilization system at the high-voltage station of the two plants. By stabilizing plant voltage, improving power usage quality, and reducing power loss, the projects enhanced equipment operating efficiency and reduced energy waste.

This project was completed in 2025 and was implemented and integrated with smart electric meters and the power management system to track changes in electricity usage and energy-saving results. According to the 2025 Nan Pao Taiwan ESG KPIs progress data, the voltage stabilization systems at the Pao Li Plant and Plant 5 were estimated to reduce approximately 26.2 metric tons CO_2e and 210 metric tons CO_2e per year, respectively, for a total reduction of approximately 236.2 metric tons CO_2e per year. In the same fiscal year, measures for energy saving and carbon reduction were also promoted, including the installation of additional solar photovoltaic systems at Pao Li and Plant 5, replacement of diesel forklifts, replacement of LED explosion-proof lighting fixtures, replacement of VOC chillers, and the installation of nitrogen generators.

The AMI platform of the power management system was introduced to carry out data supervision, statistical analysis, and recordkeeping, and also to enable remote monitoring and inquiry into electricity usage conditions. In addition, an alert function was configured in the platform system to send alert messages in real time, thereby avoiding equipment damage caused by time delays.



The 3 major benefits of the power voltage stabilization energy-saving project are: energy savings (reducing electricity consumption), carbon reduction (reducing CO_2 emissions), and voltage stabilization (increasing equipment operating rates).

Figure: AMI platform



Figure: Energy Management Platform



Figure: Plant 1's Energy Saving System

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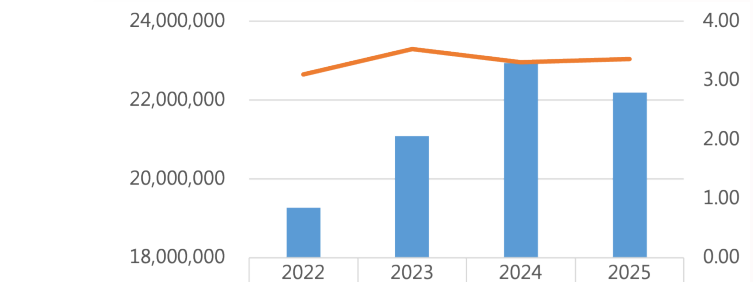
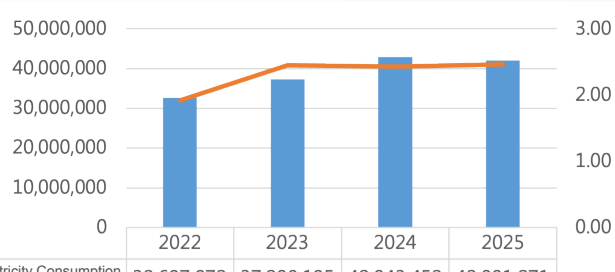
Nan Pao Resins Taiwan Electricity Consumption Intensity



	2022	2023	2024	2025
Electricity Consumption (kWh)	19,267,730	21,086,412	22,931,335	22,192,289
Revenue (NT$ thousand)	6,212,303	5,975,982	6,926,576	6,596,163
Electricity Consumption Intensity (Electricity Consumption, kWh / Revenue, NT$ thousand)	3.10	3.53	3.31	3.36

Nan Pao Resins Group Electricity Consumption Intensity



	2022	2023	2024	2025
Total Electricity Consumption (kWh)	32,697,872	37,290,195	42,843,452	42,091,271
Electricity Consumption Intensity (Electricity Consumption, kWh / Revenue, NT$ thousand)	1.92	2.45	2.43	2.46

In 2025, Nan Pao Taiwan's total electricity consumption reached 22,192,289 kWh, a decrease of 739,046 kWh from 2024, a decline of 3.22%. Because revenue declined during the year, electricity consumption intensity rose 1.51% from the prior year. Meanwhile, Nan Pao Group's total electricity consumption in 2025 was 42,091,271 kWh, a decrease of 752,181 kWh from 2024 (a decline of 1.76%), with electricity consumption intensity rising 1.23%. The Company will continue working to improve energy use efficiency, moving toward a more sustainable operating model.

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5.4 Water Resources

Water Resources Risk Assessment

Water Resources Risk Assessment and Management

To systematically identify water-related risks across all global facilities, the Company adopted the World Resources Institute (WRI) Aqueduct 3.0 water risk assessment tool and used a 40% Baseline Water Stress threshold as the criterion for identifying medium-to-high risks. It conducted site-level screening for a total of 14 direct operating sites in Taiwan, China, Vietnam, Indonesia, and Thailand, covering three categories: physical risk (site flooding caused by heavy rainfall and water shortages for production processes due to drought), regulatory risk (stricter controls on water withdrawal permits and strengthened wastewater discharge standards), and market risk (increased customer requirements for supply chain water resource efficiency).

Risk Classification Results and Corresponding Measures

According to the assessment results of the WRI Aqueduct water risk map, the Company's plants located in water-stressed areas included: Kunshan Nan Pao, the factories in Vietnam (Vietnam Nan Pao, Nan Pao Advanced Materials Vietnam, Nan Pao Materials Viet Nam, and NNV Vietnam), as well as Thailand Nan Pao and Nan Pao Indonesia. Total water withdrawal at these plants in 2025 was 97.661 thousand cubic meters, or 33.38% of the Group's total water withdrawal.

According to the WRI assessment results, the water stress rating for the area where Nan Pao Taiwan Plant (Tainan Xigang) is located was Medium-High, making it the site with the highest water resource risk among the Group's directly operated plants. The plant had adopted a wastewater recycling and reuse system, included water withdrawal intensity KPI in the annual performance indicators for senior executives, and completed an updated WRI quantitative assessment in 2025. The water pressure risk ratings at the factories in Vietnam and Indonesia were low to moderate, and monitoring of process water usage and tracking management of water-saving KPIs continued.

Facilities located in water-stressed areas have established water-use assessment mechanisms based on the ISO 46001 Water Efficiency Management System framework. The assessments identify opportunities to improve water-use efficiency, including wastewater reuse by quality level, rainwater harvesting, and cooling-water recycling. These measures reduce reliance on local water resources and mitigate competition for water between local communities, ecosystems, and the Company.

Nan Pao has identified drought and water stress as key physical climate risks and has established context-specific adaptation measures for each operating location. The assessment and adaptation plans cover 100% of existing operations, with relevant measures implemented or scheduled for implementation within five years and reviewed annually. Physical climate risk assessments and preventive measures are also incorporated into the planning and design of 100% of new projects and facilities.

Base	Major Water Resource Risks	Adaptation Measures
Taiwan	Southern seasonal drought may have affected industrial water supply.	Using municipal water as the primary water source, a short-term water storage buffer was established; when water supply was constrained, production priority management was implemented; and water usage measurement, target management, and review of abnormal events were carried out in accordance with the ISO 46001 concept.
China	Some industrial clusters were located in areas of high water stress.	Use municipal water and legally permitted groundwater; establish early-warning communication with local water authorities; and strengthen discharge compliance, emergency response, and water quality monitoring.
Vietnam	The risk of water shortages during the dry season was more pronounced.	Established a service agreement with the park public utility provider; strengthened equipment inspections and maintenance during the dry season; and set internal production priorities to ensure water supply for critical processes.
Thailand	Severe water shortages during the dry season	Use municipal water and establish a local early warning mechanism; conduct seasonal inspections of equipment and water leakage conditions; promote water conservation outreach and record water usage.
Indonesia	Dry season was prolonged, and surface water was limited in some areas.	Use permitted groundwater in accordance with the law; continuously monitor water quality; establish on-site water storage facilities; and, under extreme circumstances, temporarily adjust the scheduling of noncritical processes.

Water Withdrawal and Reuse

The Company has long focused on water resource management and water conservation, adopting "reduce, reuse, recycle" as its three core water management strategies and continuing to promote water conservation measures and improve water efficiency, starting with day-to-day water management, to reduce water consumption and maximize the value of water resources. The headquarters (Nan Pao Taiwan) has completed implementation of the ISO 46001 water efficiency management system and passed third-party verification, and the Group has incorporated water efficiency into the management indicators linking senior managers to climate performance, strengthening water resource management and achieving water conservation targets.

The 2025 targets are as follows:

Content	Target Value
Water Intensity	10% lower than in 2023

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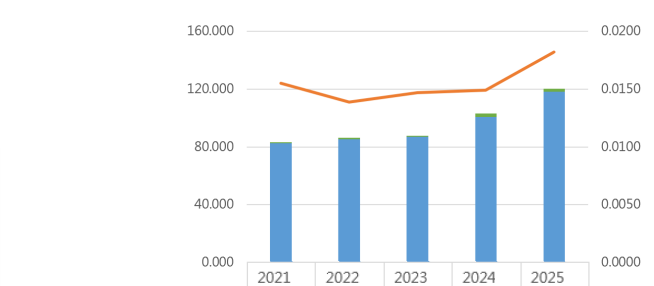
Nan Pao Resins Taiwan Water Withdrawal Intensity

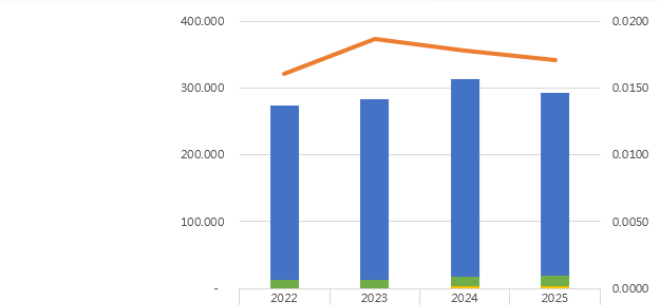


	2021	2022	2023	2024	2025
Rainwater, 1,000 m3	0.853	0.825	0.833	2.516	1.957
Municipal Water: 1,000 m3	82.492	85.509	87.063	100.723	118.368
Total Water Withdrawal (Municipal Water + Rainwater)	83.345	86.334	87.896	103.239	120.325
Water Discharge 1,000 m3	18.940	15.672	10.481	19.089	21.484
Water Consumption (Total Withdrawal - Discharge)	64.405	70.662	77.415	84.150	98.841
Revenue (NT$million)	5,360	6,212	5,976	6,927	6,596
Water Intensity (Total water withdrawal, 1,000 m³ / NT$ million revenue)	0.0155	0.0139	0.0147	0.0149	0.0182

In 2025, Nan Pao Taiwan's total water withdrawal was 118.368 thousand cubic meters, an increase of 32.429 thousand cubic meters, or 36.9%, from 87.896 thousand cubic meters in the 2023 base year, and water withdrawal intensity rose 23.8% from the 2023 base year. This was mainly because expanded operations in 2025 drove higher water withdrawal; although revenue also grew over the same period, the increase was smaller than that of water withdrawal, raising withdrawal intensity per unit of revenue. In response, Nan Pao Taiwan has made water efficiency a management priority, continuing to review water demand and water-intensive processes and promoting process water conservation and water recycling measures to reduce water withdrawal per unit of operating activity.

In response to risks such as extreme climate, drought, water restrictions, and regional water resource competition, Nan Pao manages water resources through a dual-track strategy of "increasing sources" and "reducing expenditures" to continue strengthening water management and operational resilience. On the "reducing expenditures" side, the Company lowers water consumption in production through process improvements, water treatment system efficiency upgrades, and water use management; on the "increasing supply" side, it promotes the recovery and reuse of rainwater, treated effluent, steam condensate, and cooling water according to each plant's conditions to improve water recycling efficiency. Through diversified water sources and recycling mechanisms, Nan Pao has gradually reduced its dependence on a single water source, thereby lowering the risks of production reductions, equipment damage, and operational interruptions that may result from water supply stoppages or water rationing, and continuously enhancing the Group's water resource resilience.

Nan Pao Resins Group Water Withdrawal Intensity



	2022	2023	2024	2025
Municipal Water (million liters)	261.807	271.804	296.923	274.142
Groundwater (million liters)	12.026	11.714	14.430	14.906
Rainwater (million liters)	0.825	0.833	2.706	3.527
Total Water Withdrawal (Rainwater + Groundwater + Municipal Water)	274.658	284.351	314.059	292.575
Water Discharge (million liters)	104.696	111.507	93.773	90.216
Water Consumption (Total Withdrawal - Discharge)	169.962	172.844	220.286	202.359
Water Withdrawal Intensity (Total Water Withdrawal - million liters/NT$million)	0.0161	0.0187	0.0178	0.0171

Note 1: The total water withdrawal included sources such as municipal water, groundwater, and rainwater.

Note 2: Water withdrawal intensity is calculated as total water withdrawal/revenue, expressed in million liters per NT$ million of revenue.

Note 3: Water consumption was calculated based on the Group's consolidated water-use reporting methodology. The water discharge of some subsidiaries may include rainwater, groundwater, reclaimed water, or other discharges not directly derived from water withdrawn for operations in the current year. The Company will continue to optimize the classification of water intake, water discharge, and water consumption volumes at each site to enhance data consistency.

In 2025, the Nan Pao Group's total water withdrawal was 292.575 thousand cubic meters, an increase of approximately 2.9% from 284.351 thousand cubic meters in the 2023 base year. However, as operations grew, water withdrawal intensity fell from 0.0187 in 2023 to 0.0171 in 2025, a decrease of approximately 8.6%, indicating improved overall water efficiency. Although the established reduction target has not yet been fully met, the Company will continue to use 2023 as the base year in 2026 and set a target of reducing total water withdrawal intensity by 10%, continuing to strengthen water reduction, recycling, and reuse measures to improve water efficiency and progressively reduce water withdrawal per unit of operating activity.

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Water Sources

The water sources at Nan Pao's operating sites mainly included municipal water, groundwater, industrial water, and rainwater recycling. They were reasonably allocated and managed in accordance with the regulations of each plant's location, water resource policies, process requirements, water supply stability, and the water usage conditions of surrounding communities. Water sources at Nan Pao's operating sites mainly include tap water, groundwater, industrial water, and harvested rainwater, which are reasonably allocated and managed according to local regulations, water resource policies, process needs, supply stability, and water use in surrounding communities at each plant.

Given the increase in extreme weather events in recent years and the potential for greater instability in water supply and intensified competition between industrial and residential water use, Nan Pao will continue to strengthen water risk identification and management at each operating site, assess local water stress, supply stability, and regulatory changes, and prioritize improvements at high water risk sites. Through diversified water source allocation and water recycling mechanisms, the Company reduces the risk of production, equipment, and operational disruptions from water outages or rationing, continuously enhancing the Group's overall water resilience.

Water Sources Table

Water Sources	Primary Use	Management Method	2025 Group Proportion
Municipal Water	Used for process operations, cooling, cleaning, domestic use, and general operations.	Based on water bills, flow meters, or internal records for statistical purposes, as the basis for managing water withdrawal intensity.	Approximately 93.7%
Groundwater	Some plants used supplementary water sources for operations in accordance with local regulations and permits.	Managed in accordance with the water intake permit, measurement records, and the requirements of the local competent authorities.	Approximately 5.1%
Rainwater Collection	Landscape irrigation, cleaning, wastewater treatment system supplementation, or non-contact use.	Through management via rainwater collection ponds, recycling pipelines, or storage tanks.	Approximately 1.2%
Industrial Water/ Reclaimed Water	Used for process, cooling, or utility systems, depending on local water supply conditions.	Managed according to the local water supply system, reclaimed water records, and in-plant usage conditions.	Statistics based on the actual circumstances of each plant.

Note 1: Total water withdrawal included municipal water, groundwater, rainwater, and other water sources reported by each plant site.

Note 2: Rainwater recycling referred to the volume of water collected within the plant area and used for operational or auxiliary purposes.

Note 3: The Company would continue to optimize the classification of water sources at each site and gradually improve the consistency of statistics on water intake, wastewater discharge, water consumption, and reclaimed water.

Note 4: The source of water withdrawal and the method of water withdrawal were both handled in accordance with local regulations and permit requirements, and were managed based on local water resource conditions and community needs.

Group Water Withdrawal and Response Measures for Water-Resource-Stressed Areas

Climate change has altered water resource conditions, making water quantity and quality an urgent global issue. Nan Pao has surveyed its sites located in water-stressed areas and analyzed them using the World Resources Institute's Aqueduct Water Risk Atlas, a publicly available and credible assessment tool. The assessment found that several of the Company's plants in mainland China and Southeast Asia are located in water-stressed areas. Although current water stress has not yet affected plant operations, Nan Pao continues to strengthen management of water-stressed sites, setting water management goals to reduce water withdrawal, and actively works to understand and respond to local social and environmental impacts, jointly safeguarding precious water resources.

In addition to managing water consumption, the Group also attached importance to effluent quality monitoring. Each plant periodically tested water quality indicators such as chemical oxygen demand (COD), biochemical oxygen demand (BOD), suspended solids (SS), ammonia nitrogen, and phenols in accordance with the requirements of local regulations. In 2025, the Group's major effluent quality indicators all complied with local regulatory discharge standards, and no material water pollution penalties or material excessive discharge incidents occurred. For sites with higher water stress or greater water consumption, the Group will continue to promote process water optimization, reclaimed water utilization, and equipment improvements to reduce the impact of operations on water resources.

Group Water Intake, Discharge, and Consumption Table

Indicators	Base Year 2023	Data for 2024	2025 Data	Change in 2025 Compared with 2023	2025 Change Rate Compared with 2023
Groundwater water withdrawal	11.714	14.430	14.906	+3.192	+27.2%
Municipal water withdrawal	271.804	296.923	274.142	+2.338	+0.9%
Rainwater withdrawal	0.833	2.706	3.527	+2.694	+323.4%
Total water withdrawal	284.351	314.059	292.575	+8.224	+2.9%
Water discharge	111.507	93.773	90.216	-21.291	-19.1%
Water consumption	172.844	220.286	202.359	+29.515	+17.1%

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The Group used 2023 as the base year for its water resource management target and continued to track water intake, wastewater discharge, and water consumption at each operating site. In 2025, the Group's total water withdrawal was 292.575 million liters, an increase of 8.224 million liters, or approximately 2.9%, compared with the 2023 base year figure of 284.351 million liters; however, it has declined compared with 314.059 million liters in 2024, indicating that the Group's overall water withdrawal has receded over the past year.

In 2025, the main source of water withdrawal remained municipal water, with a water withdrawal volume of 274.142 million liters, accounting for approximately 93.7% of total water withdrawal; groundwater withdrawal was 14.906 million liters, accounting for approximately 5.1%; and rainwater withdrawal was 3.527 million liters, accounting for approximately 1.2%. Rainwater withdrawal increased significantly compared with 2023; however, because the 2023 base year was lower, the rate of change was relatively higher.

In 2025, the Group's total water discharge was 90.216 million liters, a decrease of 19.1% compared with 2023; water consumption was 202.359 million liters, an increase of 17.1% compared with 2023. Because water consumption was calculated as total water withdrawal less total water discharge, it may have been affected by process consumption, reclaimed water usage, evaporation, or differences in the destination of water discharge. The Group will continue to strengthen tracking of high water-use sites and promote process water recycling, rainwater recycling, condensate recycling, wastewater reuse, and improvements to high water-consuming processes.

Water Sources Table

Indicators	2024 Data	2025 Data
Group Total Water Discharge	93.773 million liters	90.216 million liters
Chemical Oxygen Demand (COD), weighted average	63.081 mg/L	59.323 mg/L
Biochemical Oxygen Demand (BOD), weighted average	18.376 mg/L	19.606 mg/L
Suspended Solids (SS), weighted average	19.538 mg/L	15.445 mg/L
Weighted Average Ammonia Nitrogen	0.786 mg/L	1.753 mg/L
Weighted Average of Nitrate Nitrogen	4.979 mg/L	6.479 mg/L

The Company's main effluent quality indicators for the Group in 2025 all complied with the regulatory discharge standards at the locations of each plant, and no production interruptions resulting from water outages or water resource-related incidents occurred in the past four fiscal years.

The Group continued to conduct effluent quality monitoring in accordance with the regulatory requirements of the jurisdictions where its operating sites were located, and compiled major water quality indicators on a water-discharge-weighted basis to reflect the Group's overall discharge conditions. In 2025, the Group's total water discharge was 90.216 million liters, a decrease of 3.8% compared with 2024. Among the major water quality indicators, the weighted averages of COD and SS all decreased compared with the previous year; however, BOD, ammonia nitrogen, and nitrate nitrogen increased compared with the previous year. The Group will continue to monitor changes in nitrogen-based pollutants and, through the operational management of wastewater treatment facilities, optimization of process water use, and regular testing, ensure that the effluent water quality complies with local regulatory requirements.

Wastewater Management

Wastewater Management Approach

Management Aspect	Main Approaches
Legal Compliance	After wastewater treatment, it complied with local effluent standards and was discharged into a water body approved by the competent authorities.
Routine Monitoring	The internal environmental protection laboratory conducted daily COD testing and outsourced testing in accordance with regulations.
Stakeholder Requirements	Complied with the inspection requirements of customers/brands such as bluesign®.
Ecological Conservation	Test heavy metals, fish egg toxicity, and other items to reduce impact on the aquatic ecosystem.
Recycle and Reuse	Full recycling of effluent, zero discharge of wastewater, recycling of condensate water, recycling of rainwater, and reuse of treated sewage

Rivers and surrounding water bodies were not only an important water resource at the operating location, but also provided a diverse habitat for flora and fauna. Nan Pao valued the potential impact of its operations on the water environment and incorporated wastewater discharge management into the Group's environment management and water resource management priorities. Each operating location shall establish or commission qualified treatment facilities in accordance with the requirements of the laws and regulations of its locality. After the wastewater has undergone chemical treatment, biological treatment, activated sludge treatment, MBR membrane treatment, or other applicable treatment procedures, it shall be confirmed to meet the local effluent standards before being discharged into a receiving water body or discharge system approved by the competent authorities.

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To strengthen the stability of effluent quality, Nan Pao established mechanisms for daily monitoring and periodic testing. The Taiwan plant conducted daily testing of water quality indicators, such as COD, through its internal environmental protection laboratory and regularly commissioned a third party, in accordance with regulations, to perform effluent sampling tests. The test items covered COD, BOD, SS, ammonia nitrogen, nitrate nitrogen, heavy metals, and fish egg toxicity (zebrafish embryos), to confirm that the effluent water quality complied with local laws and regulations and the requirements of stakeholders such as bluesign®. In 2025, the Group monitored all key effluent quality indicators in accordance with the regulatory requirements of each jurisdiction, and no material water pollution penalties or material excessive discharge incidents occurred.

In addition to complying with regulatory effluent standards, the Group has also gradually expanded its wastewater management from "end-of-pipe treatment" to "source reduction, process recycling, and reuse." Nan Pao Taiwan had planned to promote full recycling and zero discharge of effluent from Plant 1, and had incorporated automation of wastewater at Plant 1 into subsequent smartification engineering initiatives. Going forward, the Group will continue to track the water intake, water discharge, water consumption, and effluent water quality performance of its operating sites, and will take water resource intensity, water quality compliance, water discharge recycling, and water resource reuse as its management priorities, gradually enhancing the water use efficiency of its processes and the quality of effluent management, and reducing the impact of its operations on the surrounding water environment and ecosystem.

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5.5 Water-Related Compliance Records of Nan Pao Group in 2025

Air Pollution Prevention and Control and VOC Reduction Management

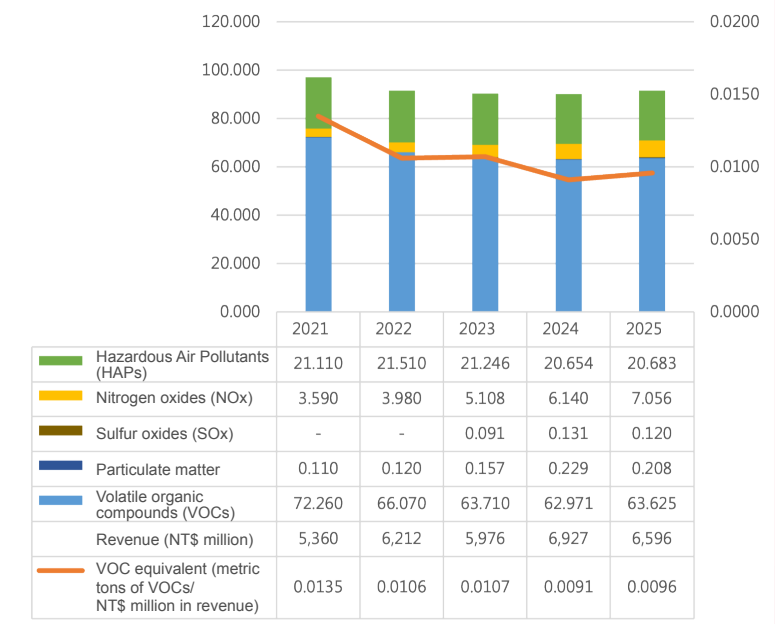
Nan Pao, in air pollution control, primarily controlled emissions of volatile organic compounds (VOCs), nitrogen oxides (NOx), sulfur oxides (SOx), particulate matter, and hazardous air pollutants (HAPs). Each operational site carried out monitoring, testing, and reporting of air pollutant emissions in accordance with the requirements of local regulations, and implemented classified collection and treatment based on the characteristics of the pollutants. Through equipment such as sealed systems, fume hoods, baghouse dust collectors, condensation recycling systems, RTO regenerative thermal oxidizers, RCO regenerative catalytic oxidizers, and wet scrubbers, the impact of process exhaust gas and VOCs on the environment was reduced. Foshan Nan Pao has introduced RTO since 2020, while Nan Pao Taiwan has introduced RCO, a wet scrubber, and a condensation system in 2022 to strengthen VOC collection and reduction management.

To strengthen management accountability and performance tracking, Nan Pao incorporated reductions in air pollutants into environmental performance management and used VOC emissions intensity as the primary tracking indicator. According to the SASB Chemicals Industry Standard, the key disclosures for air quality include emissions of nitrogen oxides, sulfur oxides, volatile organic compounds, and hazardous air pollutants; therefore, in addition to disclosing the assurance-scope data of Nan Pao Taiwan, the Company also simultaneously compiled air pollutant emissions at the Group's major operating sites in response to stakeholders' expectations regarding air quality management, pollution reduction, and environmental compliance.

In 2025, the Group incorporated air pollutant emissions into the management indicators linking senior management performance to climate outcomes, with the following target set:

Content	Target Value
VOC emissions intensity	10% lower than in 2023

Nan Pao Taiwan VOC Emission Intensity



	2021	2022	2023	2024	2025
Hazardous Air Pollutants (HAPs)	21.110	21.510	21.246	20.654	20.683
Nitrogen oxides (NOx)	3.590	3.980	5.108	6.140	7.056
Sulfur oxides (SOx)	-	-	0.091	0.131	0.120
Particulate matter	0.110	0.120	0.157	0.229	0.208
Volatile organic compounds (VOCs)	72.260	66.070	63.710	62.971	63.625
Revenue (NT$ million)	5,360	6,212	5,976	6,927	6,596
VOC equivalent (metric tons of VOCs/ NT$ million in revenue)	0.0135	0.0106	0.0107	0.0091	0.0096

Note: Since 2021, Nan Pao has strengthened management of hazardous air pollutant (HAP) emissions in accordance with the "Emission Standards for Hazardous Air Pollutants from Stationary Sources" issued by the Ministry of Environment, and has tracked HAP emission statistics since that year. In addition, no Nan Pao site generates, imports, exports, or emits any ozone-depleting substances (ODS), continuing to uphold the Company's environmental protection commitment.

In 2025, Nan Pao Taiwan's VOC emissions were 63.625 metric tons, with a VOC emission intensity of 0.0096, down approximately 10.28% from the 2023 baseline of 0.0107; however, compared with 0.0091 in 2024, it increased, primarily due to changes in annual production volume, product mix, order structure, and process activities. Subsequently, Nan Pao Taiwan will continue to promote measures such as extending VOC control to RCO, diverting process exhaust gas, improving storage tanks and pipelines, and enhancing condensation recycling efficiency, so as to reduce VOCs emission intensity. The "VOC Control RCO" has been listed as an improvement project for reducing VOC emissions, and it was planned to be jointly promoted by the Environmental Protection Division, Pao Li, and Plant 5.

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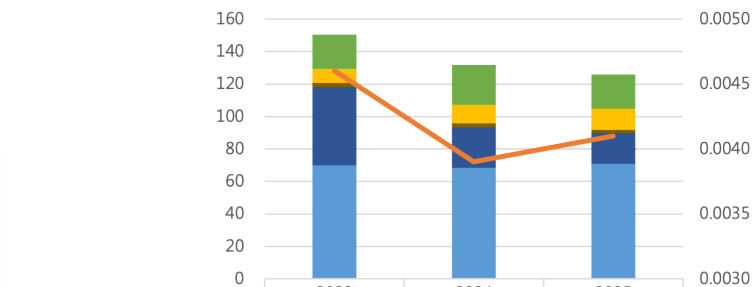
VOC Emission Intensity of Nan Pao Group



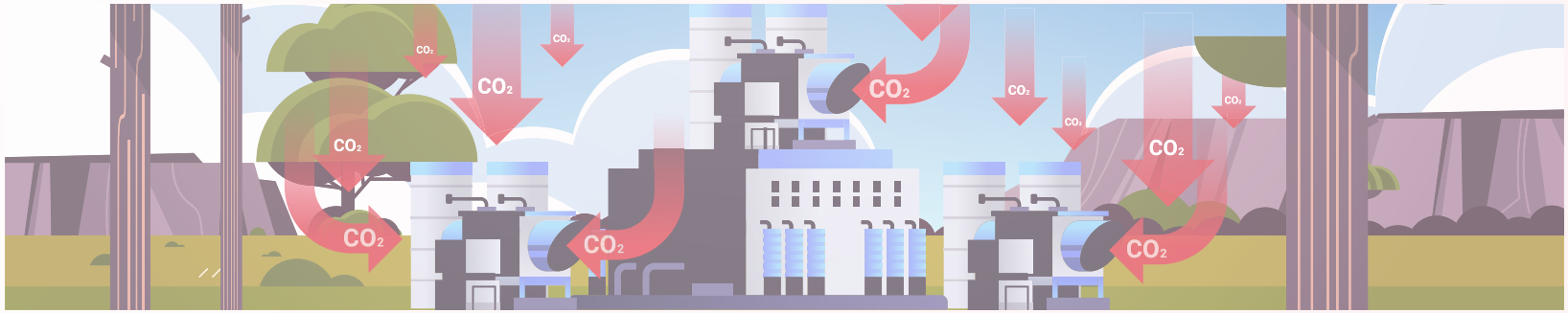
	2023	2024	2025
Hazardous Air Pollutants (HAPs)	21.246	24.360	21.232
Nitrogen oxides (NOx)	8.588	11.698	12.973
Sulfur oxides (SOx)	2.711	2.515	1.737
Particulates	48.257	24.922	19.098
Volatile organic compounds (VOCs)	69.812	68.270	70.899
VOC emissions intensity	0.0046	0.0039	0.0041

With respect to the Group's overall performance, the Group's VOC emissions in 2025 were 70.899 metric tons, and VOC emission intensity was 0.0041, representing a decrease of approximately 10.9% from the 2023 base year level of 0.0046 and thereby achieving the management target of reducing VOC emission intensity in 2025 by 10% compared with 2023. Although the absolute VOCs emissions in 2025 increased slightly compared with 2023, under changes in operating scale and product mix, emissions intensity per unit of revenue continued to decline, indicating that the Group's process management and pollution prevention measures have gradually begun to take effect.

In addition to Nan Pao Taiwan, the Group also promoted each subsidiary to implement air pollution prevention and improvement measures in accordance with local process characteristics. Nan Pao Fuqing enhanced the maintenance of exhaust gas equipment, regularly replaced activated carbon, and had VOCs treatment equipment maintained monthly by a third party in order to improve pollution prevention efficiency. In 2025, Nan Pao Fuqing's VOC emissions were affected by production activities, product mix, and changes in process emissions in the fourth quarter. Overall annual performance still left room for improvement compared with the originally established reduction target. The Group has already classified this matter as a key item for subsequent follow-up and has continued to strengthen exhaust gas collection, maintenance of treatment equipment, activated carbon replacement, and review of abnormal emissions in order to improve the effectiveness of VOCs management.

Air Pollutant Management Measures

Management Aspect	Major Measures
Legal Compliance	Conduct regular testing of air pollution and report to the competent authorities.
VOCs Reduction	RTO, RCO, washing tower, condensation recycling, activated carbon adsorption
Source Management	Process exhaust gas classified collection, closed system, gas collection hood
Product Improvement	Launch low-VOC chemicals and water-based products that complied with REACH, bluesign®, ZDHC, and other requirements.
Objective Management	VOCs emission intensity decreased by 10% compared with 2023.
Intelligent Monitoring	Gas detection, VOC system connection, anomaly alerting.



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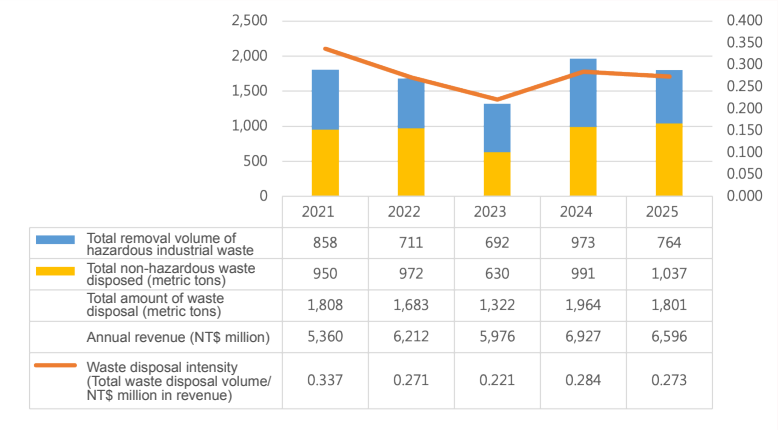
5.6 Waste Management

Waste Management Policy and Plan

Nan Pao incorporated waste management into its key initiatives for environmental management and the promotion of the circular economy. In accordance with the regulatory requirements applicable at the locations of its operating sites, it carried out waste sorting, storage, labeling, reporting, collection, and treatment, and, based on the ISO 14001 Environmental Management System, identified waste types, quantities generated, and flow paths through regular waste inventories as the basis for continuous improvement.

Nan Pao commits to not using banned substances or materials and actively promotes waste reduction and recycling. In selecting raw materials and suppliers, the Company applies strict, careful management, continuously pursuing technical improvements or seeking environmentally friendly alternative materials. The Company also complies with environmental regulations and customer requirements related to its business and product/service offerings, striving to meet or exceed its established environmental targets.

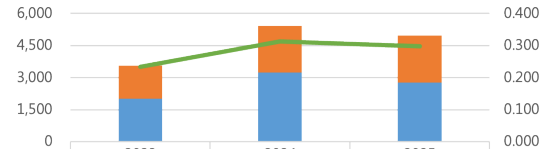
Nan Pao Taiwan Waste Disposal Summary



	2021	2022	2023	2024	2025
Total removal volume of hazardous industrial waste	858	711	692	973	764
Total non-hazardous waste disposed (metric tons)	950	972	630	991	1,037
Total amount of waste disposal (metric tons)	1,808	1,683	1,322	1,964	1,801
Annual revenue (NT$ million)	5,360	6,212	5,976	6,927	6,596
Waste disposal intensity (Total waste disposal volume/ NT$ million in revenue)	0.337	0.271	0.221	0.284	0.273

In 2025, Nan Pao Taiwan's total waste disposal volume reached 1,801 metric tons, a decrease of 163 metric tons (8.30%) from the previous year. Waste disposal intensity was 0.273, down 3.9% from 2024.

Nan Pao Group waste disposal intensity



	2023	2024	2025
Non-hazardous industrial waste (metric tons)	1,566	2,184	2,200
Hazardous industrial waste (metric tons)	2,006	3,246	2,771
Total amount of waste disposal	3,572	5,430	4,971
Waste disposal intensity (Total waste disposal volume - metric tons/NT$million in revenue)	0.234	0.313	0.298

In 2025, the Nan Pao Group's total waste disposal volume was 4,971 metric tons, a decrease of 459 metric tons (8.5%) from the previous year, and the Group's waste disposal intensity fell from 0.313 in 2024 to 0.298, indicating that total waste volume has been effectively controlled.

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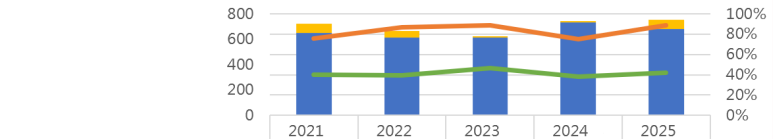
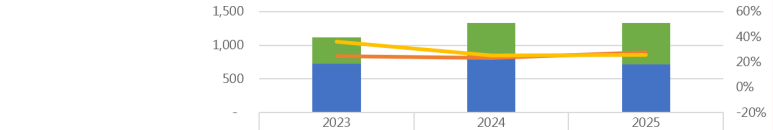
Nan Pao Taiwan Waste Recycling and Reuse



	2021	2022	2023	2024	2025
Recycled and reused non-hazardous waste (metric tons)	74	53	4	11	75
Recycled and reused hazardous waste (metric tons)	649	615	615	732	679
Total non-hazardous waste disposed (metric tons)	950	972	630	991	1,037
Total removal volume of hazardous industrial waste	858	711	692	973	764
Waste recycled and reused (total waste recycled and reused / total waste) × 100%	39.99%	39.69%	46.82%	37.83%	41.87%
Hazardous waste recycled and reused (hazardous waste recycled / total hazardous waste) × 100%	75.64%	86.50%	88.87%	75.23%	88.87%

Nan Pao Group Waste Recycling and Reuse



	2023	2024	2025
Recycled and reused non-hazardous industrial waste (metric tons)	390	512	608
Recycled and reused hazardous industrial waste (metric tons)	729	817	719
Hazardous industrial waste (metric tons)	2,006	3,246	2,771
Non-hazardous industrial waste (metric tons)	1,566	2,184	2,200
Recycled and reused non-hazardous industrial waste (%) (Recycled and reused non-hazardous industrial waste/total waste disposal) * 100%	24.90%	23.44%	27.64%
Recycled and reused hazardous industrial waste (%) (Recycled and reused hazardous industrial waste/total waste disposal) * 100%	36.34%	25.17%	25.95%

The Company's primary management strategies are "total waste reduction" and "waste resource recovery," working to reduce waste generation and increase recycling and reuse rates through source-level measures such as process technology optimization and reduced raw material use. In 2025, Nan Pao Taiwan made notable progress in waste resource recovery, with total waste recycled and reused reaching 754 metric tons, up 135 metric tons (21.81%) from 2023. Nan Pao Group's total waste recycled and reused in 2025 reached 1,327 metric tons, up 208 metric tons (18.59%) from 2023; of this, hazardous waste recycled and reused was 719 metric tons, with the recycling rate decreasing from 36.34% to 25.95%, while non-hazardous waste recycled and reused was 608 metric tons, with the recycling rate rising from 24.90% to 27.64%, indicating that waste management is gradually shifting toward resource recovery.

2026 Group Waste Management Target

Item	Content
2026 Group Target	The total amount of recycled and reused hazardous industrial waste increased by 5% compared with 2023.
2023 base value	729 metric tons
2026 target value	Approximately 765 metric tons
Key management	Expand channels for the reuse of hazardous waste, and strengthen solvent recycling, source separation, process waste reduction, and collaboration with suppliers/processors.
Expected benefits	Enhance the resource recycling results for hazardous waste, reduce the final disposal volume, and strengthen group-level circular utilization management.

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Six Key Requirements of the Waste Management Plan

Requirement 1	Waste audits were conducted in accordance with the ISO 14001 Environmental Management System	The Company regularly conducts waste audits and internal audits to identify waste types, quantities generated, and disposal destinations, and to identify opportunities for improving waste performance and implementing waste reduction measures. The waste tracking system records the flow of each type of waste, and certificates of completed disposal are required from external waste contractors to ensure traceability.
Requirement 2	The quantitative targets were set as follows for waste management objectives and were incorporated into senior managerial officers' KPI performance management	2025/2026 Target 【2025】 The recycling and reuse rate for hazardous waste increased by 5% compared with 2023 (target: 93.31%) - actual performance: 77.49%, not achieved. 【2026】 The Group's hazardous waste recycling volume increased by 15% compared with 2023 (target: ≥ 838 metric tons).
Requirement 3	The following specific measures were implemented under the waste reduction action plan to promote waste source reduction	• Process technology optimization and improvement of material utilization efficiency • Installed sludge treatment equipment to reduce waste volume. ›Used recycled pallets (2024 utilization rate: 76.6%). • PP environmental boxes replaced cardboard boxes, reducing waste packaging materials. • In 2025, the Group's total waste volume decreased by 8.5% compared with 2024.
Requirement 4	The R&D Innovation Investment allocated R&D resources and reduced waste at the source through chemical technology innovation	• Distillation and recycling of waste solvent from waterborne PU, with acetone reused in the production process › Waste toner made into waterborne coating (GRS certified) • Recycling semiconductor waste silicon for use in epoxy floor coatings • Bio-based raw materials replaced petrochemical raw materials, reducing process waste.
Requirement 5	Waste reduction training: Regularly conducted waste management education and training, with the curriculum covering	• Awareness of waste classification and source reduction • Waste recycling and reuse procedure ›Hazardous waste safety handling guidelines (GHS classification) • Waste removal declarations, legal compliance, and manifest management
Requirement 6	The recycling integration plan prioritized in-plant resource recycling to reduce the amount of waste sent to landfilling	• Waste solvent distillation recycling: 6,411 metric tons were included in the 2025 statistics. ›Mixed solvents: 8,139 metric tons were produced (statistics for separated reuse were still being established). • Iron drums, plastic drums 2025 estimated carbon reduction benefits: 19,193 metric tons CO_2e

Waste Resource Recycling Management Procedure

STEP 1
Audit and Inventory of ISO 14001
Waste identification

STEP 2
Classified and graded as hazardous/non-hazardous
Compatibility storage

STEP 3
In-house resource recycling
solvent distillation
Container recycling and reuse

STEP 4
Qualified outsourced hauler
GPS tracking route

STEP 5
Performance tracking KPI management
Group target returns

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Hazardous Waste Management

The hazardous industrial waste generated within the plant primarily included waste solvents, waste containers after holding hazardous chemicals, waste liquids, and other hazardous industrial waste recognized by law. The Company complied with local waste management regulations and internal environmental management procedures, and implemented the classification, labeling, temporary storage, declaration, collection and transportation, treatment, and final disposal management of hazardous industrial waste. It also prioritized the assessment of waste streams with reuse or resource recycling potential in order to reduce the amount of final disposal and the risk of environmental pollution.

Before hazardous industrial waste was outsourced for cleaning and disposal, the plant stored it separately by waste type, hazardous characteristics, and compatibility, and had measures in place to prevent leakage, seepage, and for emergency response. All related waste was entrusted to qualified collection, treatment, or recycling/reuse organizations holding permits issued by the environmental competent authorities for cleanup, and the receipt, removal, treatment, and reporting procedures were completed in accordance with regulations. After collection and transportation were completed, the Company required the vendor to provide a certificate of completion of cleanup or related disposal records to ensure that the destination of hazardous industrial waste remained traceable.

To strengthen outsourced processing risk control, the Company tracked the collection and transport routes and final disposal locations through the vehicle GPS positioning system. Environmental personnel also conducted unannounced on-site inspections by accompanying the vehicles, following them, or commissioning the cleaning contractor from time to time to confirm that the collection, storage, processing, and final disposal operations complied with contractual and regulatory requirements. If any abnormalities were found in a processor's permit documents, incomplete declaration data, irregular collection and transportation routes, or deficiencies in on-site management, corrective action would be required within a specified period. If necessary, cooperation would be suspended or a qualified processor would be replaced to reduce the risk of illegal dumping, secondary pollution, and supply chain environmental liability.

In addition to end-of-pipe cleanup management, the Company also incorporated hazardous industrial waste management into its circular economy and process waste reduction strategy. For major hazardous waste streams, such as waste solvents and solvent-containing waste liquids, the feasibility of process recycling, solvent regeneration, reuse treatment, and the use of alternative raw materials was given priority for evaluation. In addition, through source segregation, optimization of process conditions, improvement of material use efficiency, and development of reuse channels, the resource recycling rate of hazardous industrial waste was gradually increased.

Group Waste Management Performance Indicators

Performance Indicator	Unit(s)	2023	2024	2025
Waste disposed per unit revenue	Waste disposed, metric tons / NT$ million	0.234	0.313	0.298
Non-hazardous waste disposed per unit revenue	Waste disposed, metric tons / NT$ million	0.103	0.126	0.132
Hazardous waste disposed per unit revenue	Waste disposed, metric tons / NT$ million	0.132	0.187	0.166

Hazardous Waste Management Measures

Management Aspect	Current Measure
Source classification	Stored separately according to waste type and hazard characteristics
Legal Compliance	Entrusted to a qualified removal and disposal contractor for cleanup
Disposal Tracking	GPS tracking of collection routes and final disposal locations
Handling merchant management	Accompanying vehicles, riding along with vehicles, and on-site inspections conducted on an irregular basis
Risk control	Confirm that the outsourced vendor handle it properly
Resource recycling	Waste solvent recycling and reuse
Objective Management	In 2026, the Group's hazardous waste recycling and reuse volume increased by 15% compared with 2023.

The management of hazardous industrial waste was an important initiative in Nan Pao's waste management and circular economy efforts. In addition to ensuring that the disposal and treatment procedures complied with regulatory requirements, the Company also continued to strengthen the management of outsourced treatment vendors, tracking of collection routes, verification of final disposal, and development of reuse channels. Through solvent waste recycling, source separation, and process waste reduction, the Company gradually reduced the proportion of hazardous industrial waste sent for final disposal, and incorporated the related results into tracking against the Group's waste management targets. We will continue to enhance the completeness of waste data, including generation volume, recycling and reuse volume, incineration, landfilling, and other disposal methods, in response to stakeholder expectations regarding environmental compliance, pollution prevention, circular economy, and climate risk management.

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Solvent Recycling

The Company regarded solvent recycling and reuse as an important measure for promoting the circular economy and carbon reduction management. The Company introduced a waste solvent distillation recycling mechanism in the waterborne PU manufacturing process, and reused the waste solvent generated in the process after distillation and purification, returning it to the process for repeated use. Among them, acetone could be reused as a process feedstock; other recoverable chemicals generated after distillation recycling, such as butanone, could also be sold or reused in accordance with quality specifications, thereby enhancing resource utilization efficiency and reducing the need for raw material procurement and waste disposal.

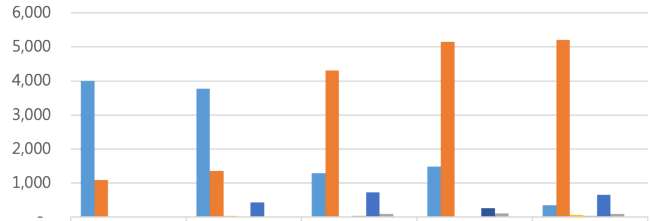
In 2025, Nan Pao Taiwan produced 8,139 metric tons of mixed solvents during the manufacturing process. The mixed solvents could subsequently be processed and separated into solvents such as acetone and methyl ethyl ketone for reuse. However, because the quantities of the various solvents resulting from the subsequent reprocessing of mixed solvents in fiscal year 2025 has not yet been fully tallied, and in order to avoid duplicate counting or overstating the recycling and reuse performance, the output of such mixed solvents was not included for the time being in this year's solvent recycling statistical table and carbon reduction benefits estimation.

Excluding the output volume of the foregoing mixed solvents, the quantity of recovered solvents included in the statistics for Nan Pao Taiwan in 2025 was 6,410 metric tons, a decrease of 644 metric tons from 7,054 metric tons in 2024, representing a decline of approximately 9.13%. Although the annual volume included in the statistics for recycling decreased compared with the previous year, the Company continued to reduce the demand for newly purchased solvents and the burden of waste solvent treatment through process recycling and reuse. Subsequently, tracking of data on the separation, reuse, and sales of mixed solvents will be strengthened, and a more comprehensive performance management mechanism for solvent circular utilization will be established.

Based on the currently established emissions factors and quantifiable recycling items, the carbon reduction benefits of Nan Pao solvent recycling in Taiwan in 2025 were approximately 12,735 metric tons CO_2e. The carbon reduction benefits were attributable to avoid emissions generated from solvent recycling and reuse and were not used as a direct offset against the organization's greenhouse gas inventory emissions. In the future, the Company will continue to improve the management of the calculation boundary and coefficients for the types of recycling solvents, reuse volume, sales volume, and carbon reduction benefits, so as to enhance the completeness and comparability of the disclosure of circular economy economic responsibility performance.

Nan Pao Taiwan Solvent Recovery

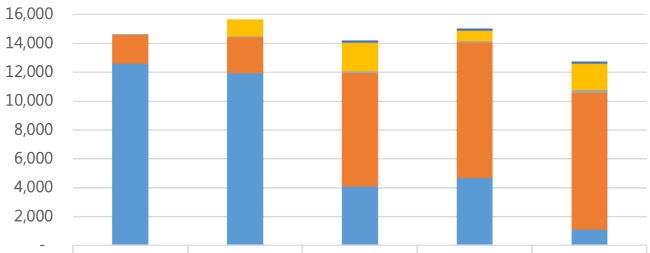
Unit: metric tons



	2021	2022	2023	2024	2025
MEK	3,995	3,782	1,292	1,482	349
Acetone	1,100	1,362	4,317	5,151	5,203
EAC Ethyl Acetate	30	39	21	30	66
(Recycled) EAC Ethyl Acetate	-	-	41	26	39
2339RE (70% methyl ethyl ketone + 30% acetone)	-	436	731	259	659
THF	-	-	99	106	94
Total Volume of Recycled Solvent	5,125	5,619	6,501	7,054	6,410

Nan Pao Taiwan Solvent Recovery — Carbon Reduction Outcomes

Unit: metric tons



	2021	2022	2023	2024	2025
Greenhouse gas reduction	14,641	15,663	14,221	15,040	12,735
THF	-	-	169	181	161
2339RE (70% methyl ethyl ketone + 30% acetone)	-	1,199	2,011	713	1,813
EAC	55	72	114	103	193
Acetone	2,002	2,479	7,857	9,375	9,469
MEK	12,584	11,913	4,070	4,668	1,099

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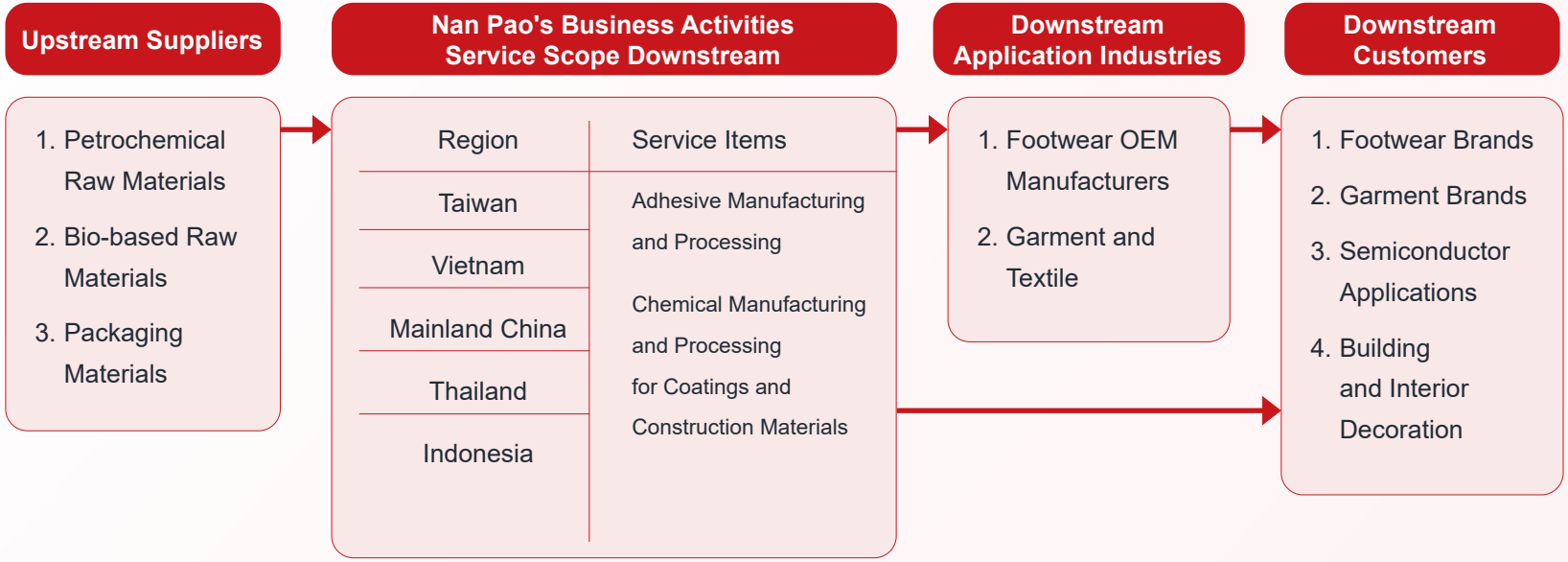
5.7 Ecological Conservation

All of Nan Pao's production sites were located in industrial development zones approved by the local government, and were not within biosphere reserves or sensitive habitats. No species listed as endangered by the International Union for Conservation of Nature (IUCN) or included in the national conservation list were found. During the early planning stage, the Company assessed the relevant environmental laws and regulations, and was committed to avoiding operational impacts on biodiversity. It also improved treatment efficiency through pollution prevention and control equipment to reduce environmental impact. In addition, Nan Pao also formulated a biodiversity policy, advancing management measures from the perspectives of prevention, mitigation, and monitoring, and calling on supply chain partners to participate in and support these efforts.

Nan Pao further referred to the framework of the Taskforce on Nature-Related Financial Disclosures (TNFD) and combined the ENCORE assessment tool with domestic and international species and protected area databases to analyze the Company's dependence on and impacts to natural capital. It also adopted the LEAP methodology to systematically assess the interaction between Nan Pao and natural capital, thereby strengthening the company's ability to address nature-related risks and seize opportunities, promoting a balanced coexistence with nature, and continuing to make positive contributions toward a sustainable future.

Nature-Related Strategy and TNFD LEAP Positioning Analysis

Identification of Biodiversity-Sensitive and Priority Areas in the Value Chain



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Based on LEAP, Nan Pao initially identified the natural footprint and potential sources of risk across each stage of its operating sites and the value chain, covering upstream suppliers (such as chemical raw material and packaging material vendors) and its own operating activities (such as the manufacturing, storage, and related facilities for synthetic resins and adhesives). This assessment referenced ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure), a tool jointly developed by the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) and the Capitals Coalition, to identify dependencies on and impacts to natural capital and ecosystem services in the course of operations, and further analyzed the interface between such items with potential high and very high levels of dependency and impact and natural resources. The results showed that Nan Pao's overall operations had a low degree of dependence on most ecosystem services, with the main focus on issues related to water resources and disaster prevention and protection; at the driver level, the most direct types of impact were "disturbance," "toxic soil and water pollution releases," and "water consumption."

Scope of Operating Activities		Ecosystem Services								Impact Drivers					
		Substance	Adjust flow rate		Maintain physical, chemical, and biological conditions			Mitigation of waste, toxic substances, and other nuisances		Resource exploitation	Climate change	Pollution			
		Water supply	Flood control	Storm mitigation	Soil and sediment retention	Flow regulation	Rainfall pattern regulation	Solid waste remediation	Clean water	Water consumption	GHG emissions	Interference	Air pollution emissions	Toxic soil and water pollution emissions	Generation and release of solid waste
Manufacturing raw materials	Petroleum and coal products manufacturing	Medium	Medium	Medium	Medium	Medium	Not Involved	Low	Low	Low	High	Very High	High	Very High	High
	Basic chemical materials manufacturing	Medium	Medium	Medium	Medium	Medium	Very Low	Low	Medium	Medium	Medium	Very High	Medium	Very High	Medium
	Plastic raw materials manufacturing	Medium	Medium	Medium	Medium	Medium	Medium	Low	Medium	High	Medium	Very High	Medium	Very High	Medium
	Synthetic rubber raw materials manufacturing	Medium	Medium	Medium	Medium	Medium	Medium	Low	Medium	High	Medium	Very High	Medium	Very High	Medium
	Paints, dyes, and pigments manufacturing	Medium	Medium	Medium	Medium	Medium	Not Involved	Medium	Medium	Medium	Medium	Very High	Medium	Very High	Medium
Packaging materials	Corrugated paperboard and paper container manufacturing	Medium	Medium	Medium	Low	Medium	Medium	Medium	Not Involved	Medium	Medium	Medium	High	Medium	High
	Other metal container manufacturing	Medium	Medium	Medium	Low	Medium	Not Involved	Medium	Medium	Medium	Low	Medium	Low	Very High	Low
	Other plastic products manufacturing	Low	Medium	Medium	Low	Medium	Very Low	Low	Medium	Low	Medium	Medium	Medium	Very High	Medium
	Plastic film and bag manufacturing	Low	Medium	Medium	Low	Medium	Very Low	Low	Medium	Low	Medium	Medium	Medium	Very High	Medium
Direct operations	Nan Pao Group's operating plants	Medium	Medium	Medium	Medium	Medium	Medium	Low	Medium	High	Medium	Very High	Medium	Very High	Medium

Very High High Medium Low Very Low Not Involved

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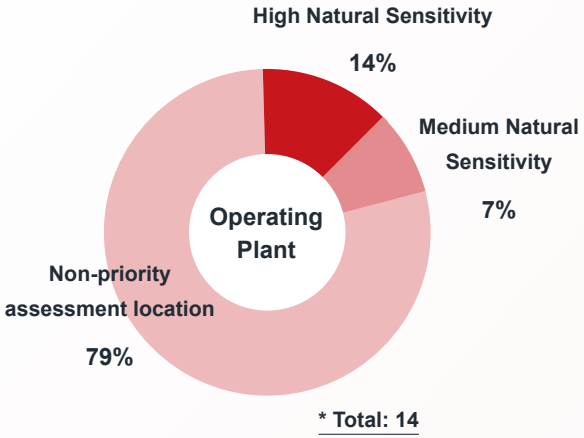
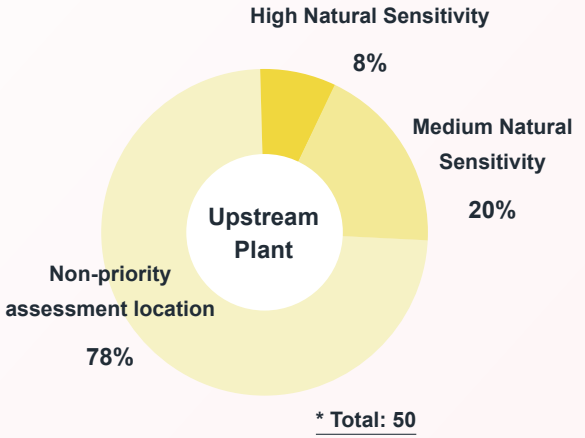
Considering that the ENCORE database conducts analyses at the industry level, it remains necessary to incorporate the spatial relationships between each site and its surrounding natural ecosystems when assessing nature-related topics. Given that Nan Pao's value chain extends across multiple regions in Asia, a 2.5-kilometer radius around each operating plant was selected as the potential area of influence. Spatial analysis was conducted by overlaying data on biodiversity hotspots and species distribution designated by conservation agencies. Further integration of global and regional biodiversity datasets was carried out to assess the spatial connectivity between each site and local ecosystems. Indicators such as Key Biodiversity Areas (KBA), water stress, ecological integrity, and Red List species distribution were also considered to determine whether any operational sites are located in or near areas of high biodiversity sensitivity. Based on the overlay analysis, approximately 21% of Nan Pao's operating plants are situated in areas of medium or higher natural sensitivity. Moreover, approximately 28% of plants within the value chain may be located in ecologically significant areas that warrant close attention. These findings serve as a foundation for identifying and managing nature-related risks.





According to the TNFD (Taskforce on Nature-related Financial Disclosures) guidelines, the identification of priority areas should consider both the dependency and impact analysis of the industry within the value chain, as well as the nature sensitivity assessment. This means that, in addition to evaluating the inherent potential impact of value chain operations on ecosystem services, it is also essential to consider whether the locations of the facilities intersect or overlap with highly sensitive species or ecosystems, which may result in external contact and potential impacts. Based on this logic, combined with Nan Pao's practical management experience, we defined priority areas as those that are both located in areas of medium or higher natural sensitivity and belong to industries that account for more than 5% of procurement expenditure and demonstrate a high (H) or very high (VH) dependency and impact on nature. Through this screening process, Nan Pao identified a total of 17 priority sites during this reporting year. Moving forward, further analysis will be conducted on the interactions between operational activities and natural capital at these sites to ensure that nature-related risks are effectively managed and addressed.

Natural Carbon Sink Strategy Planning

Based on the ongoing promotion of biodiversity assessments, Nan Pao has initiated preliminary inventory work on issues related to natural carbon sinks. Based on the natural capital assessment foundation established with reference to the TNFD framework and the LEAP methodology, the Company initially conducted a TNFD positioning analysis, identified ecologically sensitive areas, and analyzed the dependence on and impact to natural ecosystems of each operating location, laying the groundwork for the subsequent formulation of a natural carbon sink strategy.

Natural carbon sinks encompass the carbon sequestration capacity of ecosystems such as forests, soils, and wetlands, and are potentially related to raw materials upstream in the Company's supply chain (including biomass feedstock and packaging materials) as well as the ecological environment surrounding each plant site. The Company is expected to further promote issue assessment for natural carbon sink projects from 2026 to 2027, and to study the feasibility of incorporating natural carbon sinks into its overall climate- and nature-related strategy, while integrating such efforts with the existing greenhouse gas reduction pathway and carbon neutral target, and continuing to move toward a direction that balances ecological conservation and the Company's sustainable development.

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6.1 Human Rights Policy

Nan Pao places great importance on human rights issues and continuously revises its work rules to comply with domestic and international regulations. Working hours, wages, leave, and other rules are adjusted in accordance with the latest amendments to the Labor Standards Act, enabling every employee to work with peace of mind and enjoy protection and safeguards in the workplace, as the Company continues to build a high-quality, employee-friendly work environment.

To uphold the fundamental human rights of Nan Pao and its subsidiaries' (hereinafter collectively referred to as "Nan Pao") employees and value chain partners including customers, suppliers/contractors, agents, joint ventures, and local communities and to promote the sustainable development of the environment, society, and economy, Nan Pao has established a Human Rights Policy. This policy supports and respects the international human rights norms set out in the Universal Declaration of Human Rights, Principles 1 and 2 of the United Nations Global Compact, the three pillars of Protect, Respect, and Remedy under the UN Guiding Principles on Business and Human Rights, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Nan Pao also strictly adheres to the laws and regulations of the countries in which it operates, to ensure the effective implementation of human rights protection.

Core Commitments	Specific Requirements	Responsible Unit
Prohibition of Forced Labor and Child Labor	• Strictly prohibit forced labor, human trafficking, and the employment of individuals under the legal working age • Respect employees' personal freedom, do not withhold any identification documents, and allow employees to resign freely	Human Resources Department and Human Resources teams of all subsidiaries
Workplace Diversity and Equality	• Conduct recruitment and hiring without discrimination based on race, gender, age, religion, or other factors, and ensure equal pay for equal work • Implement a gender-equal remuneration policy and prohibit all forms of harassment, discrimination, and bullying	Human Resources Department
Compensation	• Ensure wages comply with local labor regulations and meet the living wage standards of each region • Provide overtime pay and all types of leave in full in accordance with the law, and conduct remuneration audits regularly	Human Resources Department; Finance Department
Working Hours Management	• Manage employee working hours in compliance with local labor regulations, with monitoring through an attendance system and overtime alerts • Nan Pao continues to optimize workforce allocation to reduce unnecessary overtime • Provide employees with at least one day of rest every seven days	Human Resources Department
Safe and Healthy Workplace	• Establish a safe and healthy workplace, with the Chairman personally signing the occupational safety and health policy commitment and setting a target of zero accidents • All 13 manufacturing sites across Nan Pao, located in Taiwan, China, Vietnam, Thailand, and Indonesia, have obtained ISO 45001:2018 certification	Occupational Safety and Health Unit; Human Resources Department
Freedom of Association and Collective Bargaining	• Respect employees' freedom to form or join labor unions and do not interfere with or suppress such activities • Hold labor-management meetings regularly and allow labor representatives to express their views on an equal footing. In the event of mass layoffs, notification is provided at least 30 days in advance in accordance with the law	Human Resources Department
Privacy Protection	• Manage personal data in compliance with Taiwan's Personal Data Protection Act and the EU GDPR • Conduct regular information security vulnerability assessments, strictly control access privileges, and continue to strengthen information security protection	IT / Information Security Department

Note 1: Highest Governance Level: The Human Rights Policy was signed by the Chairman and approved by the Board of Directors. The Sustainable Development Committee oversees its implementation and reports on implementation results to the Board of Directors annually. The full text of the policy is published in the ESG section of the Company's official website.

Note 2: Please refer to the Company website for Nan Pao's Human Rights Policy.

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Framework for Human Rights Due Diligence (HRDD) Implementation

In accordance with the UN Guiding Principles on Business and Human Rights (UNGPs) and Taiwan's Corporate Human Rights Due Diligence Operational Manual (2025), Nan Pao established a six-step HRDD implementation framework. Centered on the Human Rights Policy, the framework advances risk identification, response measures, effectiveness tracking, and communication and disclosure in a continuous cycle, supported by an independently operated grievance and remedy mechanism:

Human Rights Policy	Risk Identification	Response Measures
• Approve the Human Rights Policy by the Board of Directors in September 2025, applying it to all employees and the supply chain across Nan Pao • Oversee implementation by the Sustainable Development Committee and publish the policy in the ESG section of the official website • Provide new employees with human rights-related training from their first day of employment	• Launch the employee human rights risk identification questionnaire in 2026, using severity-based prioritization (scale x scope x remediability) • Launch the first-tier supplier HRDD questionnaire in 2026 to establish baseline human rights data for suppliers • Developed a risk matrix based on the questionnaire results, with severity on the horizontal axis and likelihood on the vertical axis • Completed the supplier human rights baseline survey in 2025, covering 55 questionnaires and two on-site visits	• Develop mitigation measures for high-risk issues and integrate them into existing management processes, including occupational safety and human resources • Employee side: Correct infringements directly and provide financial or non-financial remedies • Supplier side: Adopt a three-stage management approach, consisting of issue identification, required improvement within a specified timeframe, and termination of cooperation in serious cases • Align the above mechanisms with the UNGPs' principles for responsible business conduct, prioritizing the use of leverage to promote improvement

Effectiveness Tracking	Communication and Disclosure	Provision of Remedy (Independent and Permanent)
• Process Indicators: Training completion rate, questionnaire response rate, and commitment letter signing rate • Outcome Indicators: Occupational injury rates (TRIR/FR), number of grievances and closure rate, and improvement rate for high-risk suppliers • Report annual implementation results to the Sustainable Development Committee and disclose them in this report	• Internal: Conduct annual communication and training by each department to ensure that all employees are aware of the Human Rights Policy and grievance channels • External: Disclose information annually through the Sustainability Report, and publish the Human Rights Policy, grievance channels, and annual implementation results in the ESG section of the Company website • Report statistics on grievance mechanism effectiveness, including the number of cases, processing timeliness, and closure rate, to the governance level annually and publicly disclose them	• Establish multiple grievance channels, including employee mailboxes, hotlines, internal audit reporting, supplier mailboxes, and external customer service • Confirm receipt within three business days after acceptance, complete the investigation within 30 business days, and respond to the complainant • Publicly disclose information on grievance channels, with the applicable scope covering employees, suppliers, and external stakeholders

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2025 Human Rights Management Infrastructure

In 2025, Nan Pao completed the following human rights management infrastructure, laying the foundation for comprehensive HRDD risk identification in 2026:

❶ Human Rights Policy and Governance Framework

- Submitted the Human Rights Policy to the Board of Directors for approval in September 2025, making it Nan Pao's first human rights policy formally approved by the highest governance level
- Designate the Sustainable Development Committee as the supervisory body for human rights management, responsible for tracking and reporting annual implementation results
- Provide new employees with human rights training from their first day of employment, including sexual harassment prevention, labor rights, and personal data protection
- Include contractor personnel in the scope of human rights-related training

❷ Occupational Health and Safety Management System

- Obtain ISO 45001:2018 occupational health and safety management system certification for all 13 manufacturing sites across Nan Pao, located in Taiwan, Foshan, Dongguan, Kunshan, Vietnam, Thailand, and Indonesia.
- Convene the Safety and Health Committee quarterly and hold internal plant safety meetings every two weeks, with employee representatives participating throughout the process
- Conduct hazard identification (HAZID) and risk assessment (HIRARC) annually, covering all employees and contractors
- Conducted safety and health training in 2025 for 1,568 participants and 4,309 hours at Nan Pao Taiwan, and for 4,493 participants and 11,643 hours group-wide

❸ Supplier Human Rights Baseline Survey (Conducted in 2025)

In 2025, Nan Pao incorporated human rights-related requirements into its supplier management system. The specific implementation results are as follows:

Results of the 2025 Supplier Human Rights Baseline Survey

Survey Targets: key first-tier raw material suppliers of Nan Pao Taiwan;

Responses Received: 55

On-site Visits: 2 suppliers (on-site audits)

Group target for Supplier Code of Conduct signing rate: 100%

The HRDD questionnaire distributed to Nan Pao Taiwan's first-tier suppliers in 2026 covers the following ten human rights audit dimensions, with questions 7 to 10 newly added in 2026.

	Audit Dimensions	Questionnaire Content (Excerpt)
1	Labor Relations and Employee Rights Documents	Are relevant documents in place to clearly define labor-management relations and employee rights?
2	New Employee Training Mechanism	Is there a new employee training mechanism in place, covering occupational safety, rights awareness, scope of work, and other topics?
3	Compliance with Working Hours, Wages, and Statutory Benefits	Do employees' minimum age, working hours, wages, and statutory benefits comply with legal requirements?
4	Occupational Safety Meetings and Records	Are occupational safety meetings held regularly and are meeting records maintained?
5	Diversity and Inclusion, Gender Equality, and Anti-Sexual Harassment Policies	Are regulations and policies in place for diversity and inclusion, gender equality, and anti-sexual harassment?
6	Supply Chain Labor Rights Risk Management	Are plans in place to manage labor rights risks in the supply chain, such as the prohibition of child labor?
7	Freedom of Association and Collective Bargaining	Is employees' freedom to form or join labor unions respected, and are lawful collective bargaining procedures supported?
8	Protection of Foreign and Migrant Workers	Is it ensured that foreign and migrant workers are not required to pay any recruitment fees and that their passports and identification documents are not withheld?
9	Employee Grievance Channels	Have accessible and confidential grievance channels been established to ensure that employees can anonymously report human rights or labor issues?
10	Human Rights Management Extended Down the Supply Chain	Have human rights or labor-related requirements been imposed on first-tier suppliers, such as signing a code of conduct or incorporating such requirements into procurement contract terms?

The survey results show that the participating suppliers demonstrated sound overall awareness of human rights compliance, with no major violations identified. Starting in 2026, the Company will establish a risk matrix based on the questionnaire results and initiate enhanced audits and improvement tracking mechanisms for high-risk suppliers.

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Grievance Channels and Effectiveness

Nan Pao Group has established multiple grievance channels applicable to employees, suppliers, and external stakeholders. Nan Pao is committed to handling each grievance in a confidential and impartial manner and tracking the implementation of improvements:

Channel	Contact Information	Applicable Parties
Employee Human Rights Grievance Mailbox	995@nanpao.com	All employees (including direct and indirect employees)
Employee Grievance Hotline	06-7965837	All employees and contractor personnel
Internal Audit Whistleblowing Channel	audit@nanpao.com	Employees reporting violations of laws, regulations, or company policies; suppliers and external stakeholders
External Customer Service Mailbox	info@nanpao.com	External parties, including customers and community members

Grievance Handling Procedure: Confirm acceptance within three business days after a grievance is submitted. The Human Resources Department or Legal Department conducts a confidential investigation and provides the investigation results and response measures within 30 business days. Annual grievance statistics (including the number of cases, types of cases, and closure rate) are reported annually to the Sustainable Development Committee and disclosed in this report.

Commitment to Continuous Improvement

Nan Pao Group is committed to continuously strengthening its human rights management mechanisms and will prioritize the following initiatives in 2026:

- Officially launch the employee human rights risk identification questionnaire survey and first-tier supplier HRDD questionnaire to establish a structured risk matrix
- Compile complete statistics on grievance mechanism effectiveness for the first time, including the number of cases, processing timeliness, and closure rate, and report them to the Sustainable Development Committee
- Establish specific quantitative management targets based on the HRDD risk identification results and disclose them in the following year's report

Human rights management targets will be formally established after the first structured risk identification is completed, ensuring that target setting is data-based and aligned with actual risk priorities

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6.2 Workforce Composition and Benefits

Diverse Recruitment

High-caliber talent is the core element of Nan Pao's success. Upholding the philosophy of "matching talent to roles and putting people first," the Company has established a fair and inclusive employment system. Recruitment and selection are conducted without discrimination based on race, gender, age, religion, or political affiliation, ensuring equal pay for equal work and equal opportunity.

Nan Pao actively expands diverse recruitment channels, including social media, campus internships, in-house talent, and industry-academia collaboration. Nan Pao also promotes industry-academia collaboration programs with multiple colleges and universities, providing students with short-term internships and industry-academia collaboration opportunities to help them connect with the industry at an early stage.



Figure: Internships for International Student



Figure: Internships for University Students

Care for Employees with Disabilities

Nan Pao pays special attention to employees with disabilities and actively implements visual training and professional development programs. We employ a number of disadvantaged individuals that exceeds legal requirements, and we collaborate with the Tainan City Labor Bureau to provide vocational training for employees with disabilities. Through guidance and instruction from experienced employees and supervisors, employees with disabilities are able to integrate smoothly into the workplace and complete their tasks. In Taiwan, Nan Pao employed nine employees with disabilities in 2025 (representing 1.23% of total employees), in compliance with the legal requirements under the "People with Disabilities Rights Protection Act."

In 2025, labor contracts for all employees at each operational site were executed in compliance with local laws. There were no incidents of discrimination, sexual harassment, child labor, violations of indigenous rights, or forced labor.



Figure: Functional Skills Integration for Employees with Disabilities



Figure: Functional Skills Integration for Employees with Disabilities



Figure: Worksite Visit for Interns with Disabilities



Figure: Career Assessment and Planning for Employees with Disabilities

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Employee Composition and Retention

As of 2025, Nan Pao Group had a total workforce of 3,549 employees. The Taiwan headquarters had a total of 729 employees, comprising 203 female employees and 526 male employees. In recent years, Nan Pao has actively promoted a gender-equal working environment, which has helped attract female employees. In 2025, the proportion of female managers increased by 18.05% compared to the previous year (rising from 15.35% to 18.12%). As the Company operates in the chemical industry, which is inherently labor-intensive in nature, male employees account for over 70% of the workforce. In terms of age composition, more than 70% of Nan Pao Resins' employees in 2025 were concentrated in the 30-to-50 age group, representing the prime working-age population.

Nan Pao recognizes that a diverse workforce enhances corporate resilience and contributes to overall business performance. The Company therefore continues to foster a diverse and inclusive workplace, and aims to further increase the proportion of female employees, female managers, and foreign managers, as part of its ongoing commitment to building a gender-friendly workplace. Nan Pao also places emphasis on diversity in employee nationality and composition, with each operating location primarily employing local talent from its respective country.

Nan Pao (Taiwan) Employee Distribution

Year	2022				2023				2024				2025			
Age / Gender	Male	%	Female	%	Male	%	Female	%	Male	%	Female	%	Male	%	Female	%
<30	61	12%	17	10%	55	11%	18	10%	82	16%	28	14%	91	17%	31	15%
30-50	373	76%	110	64%	376	73%	117	65%	372	70%	132	64%	368	13%	132	20%
>50	85	16%	45	26%	83	16%	46	25%	75	14%	45	22%	67	70%	40	65%
Total	519	100%	172	100%	514	100%	181	100%	529	100%	205	100%	526	100%	203	100%

※ In 2025, Nan Pao Taiwan had a total of 729 employees, with women accounting for 27.85%. More than 70% of employees were between the ages of 30 and 50.

Nan Pao Group Employee Distribution

Year	2022				2023				2024				2025			
Age / Gender	Male	%	Female	%	Male	%	Female	%	Male	%	Female	%	Male	%	Female	%
<30	351	16%	195	22%	319	14%	184	20%	410	18%	209	21%	475	19%	252	24%
30-50	1,527	70%	605	67%	1,580	71%	636	69%	1,622	69%	679	69%	1,695	13%	718	9%
>50	302	14%	103	11%	322	15%	101	11%	315	13%	98	10%	312	68%	97	67%
Total	2,180	100%	903	100%	2,221	100%	921	100%	2,347	100%	986	100%	2,482	100%	1,067	100%

※ In 2025, the Group had a total of 3,549 employees, including 2,482 men and 1,067 women, with women accounting for 30.06%.

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Employment Overview

As of the end of 2025, the Nan Pao Resins Group had 3,549 employees in total, of whom 2,482 were male and 1,067 were female. In 2025, there were 3,521 full-time employees and 28 part-time employees, with no other employment types. The number of employees increased by 216 (approx. 6.5%) from 2024, mainly due to the Group's operational and talent needs; there was no significant abnormal fluctuation in the overall workforce structure.

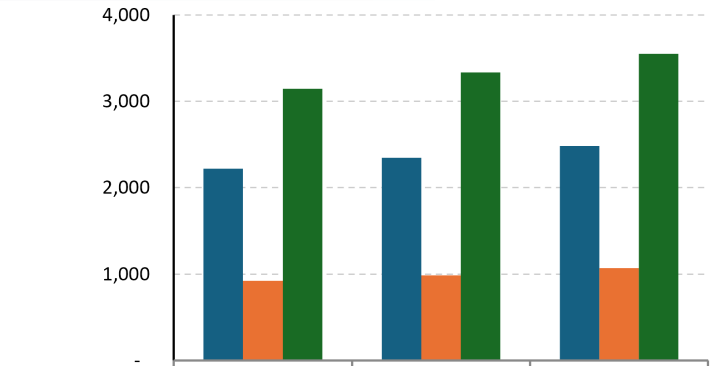
Region	Full-time		Part-time		Other Types		Grand Total		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Taiwan	716	385	0	0	0	0	716	385	1,101
China	688	272	0	0	0	0	688	272	960
Vietnam	530	247	10	3	0	0	540	250	790
Australia	201	64	10	5	0	0	211	69	280
Indonesia	178	39	0	0	0	0	178	39	217
Thailand	16	17	0	0	0	0	16	17	33
Malaysia	33	9	0	0	0	0	33	9	42
Others	100	26	0	0	0	0	100	26	126
Total	2,462	1,059	20	8	0	0	2,482	1,067	3,549

Total Employees and Annual Fluctuation

Year	Male	Female	Total Employees	Change from Previous Year	Rate of Change
2023	2,221	921	3,142	59	1.9%
2024	2,346	987	3,333	191	6.1%
2025	2,482	1,067	3,549	216	6.5%

Note: This table reports the number of employees at the end of the reporting period (headcount). Apart from full-time and part-time employees, there are no other employment types; in 2025, there were no significant abnormal fluctuations caused by major mergers, acquisitions, disposals, or organizational restructuring.

Group Total Employees Trend



	2023	2024	2025
Male	2,221	2,346	2,482
Female	921	987	1,067
Total Employees	3,142	3,333	3,549

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Percentage of Female Managers

The Company is committed to promoting gender equality and narrowing gender gaps through institutional measures. In terms of gender diversity indicators, women accounted for 30.06% of Nan Pao Group's total workforce, 18.12% of management positions, and 10.87% of senior management positions, the latter representing an increase of 2.30% compared to 2023. These results reflect Nan Pao's ongoing efforts to diversify its management team. Going forward, the Company will continue to set targets for improvement as part of its commitment to building a gender-friendly workplace.

Number of Female Managers in Nan Pao Taiwan

	2022			2023			2024			2025		
	Female	Total	%	Female	Total	%	Female	Total	%	Female	Total	%
Total	172	691	24.89%	181	695	26.04%	205	734	27.93%	203	729	27.85%
All Managers (including Senior, Middle, and First-Line Managers)	11	98	11.22%	12	96	12.50%	12	99	12.12%	13	100	13.00%
First-Line Management	3	32	9.38%	5	36	14.71%	4	37	10.81%	3	36	8.33%
Middle Management	7	49	14.29%	7	46	15.22%	8	45	17.78%	10	48	20.83%
Senior Management	1	17	2.88%	-	16	0.00%	-	17	0.00%	-	16	0.00%
Production Department Employees	61	380	16.05%	33	379	17.41%	74	402	18.41%	67	400	16.75%
R&D / Technical Department Employees	33	102	32.35%	36	107	33.64%	45	118	38.14%	47	120	39.17%

Number of Female Managers in Nan Pao Group

	2022			2023			2024			2025		
	Female	Total	%	Female	Total	%	Female	Total	%	Female	Total	%
Total	903	3,083	29.29%	921	3,142	29.31%	986	3,333	29.58%	1,067	3,549	30.06%
All Managers (including Senior, Middle, and First-Line Managers)	53	354	14.97%	54	388	13.92%	64	417	15.35%	83	458	18.12%
First-Line Management	15	104	14.42%	15	97	14.46%	22	125	17.60%	33	140	23.57%
Middle Management	33	199	16.58%	36	234	15.38%	36	222	16.22%	40	226	17.70%
Senior Management	5	51	9.8%	3	57	5.26%	6	70	8.57%	10	92	10.87%
Production Department Employees	315	1,384	22.76%	324	1,418	22.85%	367	1,557	23.57%	408	1,693	24.10%
R&D / Technical Department Employees	92	318	28.93%	104	335	31.04%	110	346	31.79%	116	354	32.77%

Note:

1. First-Line Management: Section Manager level (inclusive) to Manager level (exclusive)
2. Middle Management: Manager level (inclusive) to Director level (exclusive)
3. Senior Management: Director level and above

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Nan Pao Taiwan and Nan Pao Resins Group Ratio of Managerial to Non-Managerial Positions

	Nan Pao Taiwan Ratio of Managerial to Non-Managerial Positions		
	Male	Female	Total
Non-Managerial	439	190	629
Managerial	87	13	100
Total	526	203	729

	Nan Pao Resins Group Ratio of Managerial to Non-Managerial Positions		
	Male	Female	Total
Non-Managerial	2,107	984	3,091
Managerial	375	83	458
Total	2,482	1,067	3,549

Note: Managerial employees refer to those at the section manager level or above.

Talent Recruitment and Retention

Nan Pao believes that employees are the Company's most important asset. Through a well-established promotion management system, training programs, and employee welfare programs, the Company encourages employees to continuously develop and enhance their capabilities. In addition to conventional recruitment channels, Nan Pao actively participates in campus recruitment activities to attract more young talent to the stable and steadily developing chemical industry. To retain competitive talent, the Company strives to create a friendly working environment, promote work-life balance, and provide employees with training and development opportunities, thereby supporting continuous self-improvement and long-term career development.

As Nan Pao operates in the chemical industry, most new hires across the Group are operating personnel, R&D personnel, and managerial employees between the ages of 30 and 50. In 2025, in response to the Group's rapid business growth, the new hire rate was 12.76% at Nan Pao Taiwan and 26.46% across the Group.

2025 Manager Distribution by Nationality and Job Level – Nan Pao Resins Group

	Total		First-Line Management		Middle Management		Senior Management	
	Number of Personnel	%	Number of Personnel	%	Number of Personnel	%	Number of Personnel	%
Taiwan	1,042	29.36	69	49.30	122	53.98	61	66.30
China	937	26.40	48	34.29	65	28.77	20	21.74
Vietnam	828	23.33	5	3.57	4	1.78	-	0.00
Australia	293	8.25	2	1.43	14	6.19	4	4.35
Indonesia	234	6.59	12	8.57	6	2.66	2	2.17
Thailand	56	1.58	1	0.71	1	0.44	-	0.00
Malaysia	29	0.82	1	0.71	6	2.65	1	1.09
Philippines	53	1.49	1	0.71	1	0.44	1	1.09
Bangladesh	20	0.56	-	0.00	1	0.44	-	0.00
India	24	0.68	1	0.71	4	1.77	-	0.00
Hong Kong	6	0.17	-	0.00	1	0.44	1	1.09
Korea	2	0.06	-	0.00	-	0.00	2	2.17
Italy	2	0.06	-	0.00	1	0.44	-	0.00
Colombia	1	0.03	-	0.00	-	0.00	-	0.00
Zimbabwe	1	0.03	-	0.00	-	0.00	-	0.00
New Zealand	5	0.14	-	0.00	-	0.00	-	0.00
Brazil	1	0.03	-	0.00	-	0.00	-	0.00
Congo	4	0.11	-	0.00	-	0.00	-	0.00
Serbia and Montenegro	1	0.03		0.00	-	0.00	-	0.00
Greece	1	0.03	-	0.00	-	0.00	-	0.00
Cambodia	5	0.14	-	0.00	-	0.00	-	0.00
Somalia	3	0.08	-	0.00	-	0.00	-	0.00
Total	3,549	100.00	140	100.00	226	100.00	92	100.00

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Nan Pao Taiwan New Hire Headcount and Ratio

Year	2023				2024				2025			
Age/Gender	Male (No.)	Male New Hire Rate (%)	Female (No.)	Female Hire Rate (%)	Male (No.)	Male New Hire Rate (%)	Female (No.)	Female Hire Rate (%)	Male (No.)	Male New Hire Rate (%)	Female (No.)	Female Hire Rate (%)
Under 30	29	6%	10	6%	42	8%	15	7%	32	6%	17	8%
30-50	44	9%	12	7%	48	9%	28	14%	30	6%	12	6%
Over 50	1	0%	1	1%	1	0%	1	0%	2	0%	-	0%
Total New Hires	97				135				93			
Total Employees	695				734				729			
Overall New Hire Rate (%)	14%				18%				13%			

New Hire Headcount and Ratio by Plant – Nan Pao Group

Year	2023				2024				2025			
年齡 / 性別	Male (No.)	Male New Hire Rate (%)	Female (No.)	Female Hire Rate (%)	Male (No.)	Male New Hire Rate (%)	Female (No.)	Female Hire Rate (%)	Male (No.)	Male New Hire Rate (%)	Female (No.)	Female Hire Rate (%)
Under 30	138	6%	69	7%	193	8%	67	7%	251	10%	146	14%
30-50	220	10%	75	8%	256	11%	113	11%	328	13%	163	15%
Over 50	22	1%	9	1%	32	1%	9	1%	40	2%	11	1%
Total New Hires	533				670				939			
Total Employees	3,142				3,333				3,549			
Overall New Hire Rate (%)	17%				20%				26%			

Note 1: New Hire Rate (%) = number of new hires in the given category during the year / total year-end headcount of that category for the year

Note 2: New hire figures are not adjusted for employees who subsequently left during the year.

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Nan Pao Recruitment Cost and Percentage of Positions Filled Internally (%)

	2021	2022	2023	2024	2025
New Hire	97	710	533	670	939
Percentage of Positions Filled Internally (%)	13%	2%	2%	3%	2%
Average Recruitment Cost (NT$)	1,186	34,412	11,778	14,101	7,534

Note 1: Prior to 2021, the reporting scope was Nan Pao Taiwan; 2022 onward, the reporting scope is Nan Pao Group.

Note 2: Following the incorporation of Group-wide workforce data starting in 2022, the high recruitment cost of RLA Australia drove up the overall average recruitment cost. In 2025, as RLA Australia's hiring volume decreased, the average recruitment cost declined accordingly.

Nan Pao has continued to enhance recruitment efficiency. The average recruitment cost in 2025 was NT$7,534, a substantial decrease from NT$34,412 in 2022, primarily due to the active development of an internal referral program and deeper campus recruitment partnerships, which effectively reduced reliance on external headhunting and recruitment advertising. The percentage of positions filled internally has remained between 2% and 3%, standing at 2% in 2025 (16 internal transfers in total). This reflects the Company's encouragement of cross-departmental experience for internal talent, leveraging transfer and job rotation systems to invigorate the organization and provide employees with diverse career development pathways.

Employee Turnover Statistics

In turnover management, when an employee expresses the intention to resign, in addition to the department supervisor proactively showing concern and understanding, the Human Resources (HR) Department immediately arranges an exit interview as needed to gather feedback and understand the reasons for leaving. Efforts are made to retain employees through personalized care and support, as well as by providing suggestions for improvement or adjustments across management levels. The HR Department regularly analyzes turnover data, including job categories and seniority, to monitor workforce trends. Internal job rotation or open recruitment is arranged periodically to ensure optimal talent allocation and sustainable development. When an employee submits a resignation, both the supervisor and the HR Department conduct an exit interview to determine the actual reason for leaving. They also assess the employee's skills and explore the possibility of adjusting job responsibilities, work location, or providing internal transfer opportunities to encourage retention.

In 2025, voluntary employee resignation at the Taiwan plant totaled 83. When an employee submits a resignation, both the supervisor and the HR Department conduct an exit interview to determine the actual reason for leaving. They also assess the employee's skills and explore the possibility of adjusting job responsibilities, work location, or providing internal transfer opportunities to encourage retention.

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Number and Rate of Departing Employees – Nan Pao Taiwan

	2023		2024		2025	
	Male	Female	Male	Female	Male	Female
Voluntary						
Departures (No.)	86	24	64	18	57	26
Retirements (No.)	13	2	9	2	6	2
Turnover Rate (%)	74%	19%	72%	20%	64%	28%
Involuntary						
Departures (No.)	8	1	6	2	5	3
Turnover Rate (%)	6%	1%	6%	2%	5%	3%

Number and Rate of Departing Employees by Plant – Nan Pao Group

	2023		2024		2025	
	Male	Female	Male	Female	Male	Female
Voluntary						
Departures (No.)	302	119	347	124	450	221
Retirements (No.)	24	8	22	6	13	8
Turnover Rate (%)	65%	25%	65%	23%	64%	32%
Involuntary						
Departures (No.)	43	8	54	13	25	9
Turnover Rate (%)	8%	2%	10%	2%	3%	1%

Note 1: Turnover Rate (%) = number of departures in the given category during the year / total number of departures during the year.

Note 2: The number of departing employees includes voluntary resignations, involuntary terminations, and retirements.

Nan Pao Resins Group Voluntary Turnover Rate Statistics

	2022	2023	2024	2025
Number of Departures	625	504	566	726
Number of Voluntary Departures	542	421	471	671
Number of Employees	3,083	3,142	3,333	3,549
Turnover Rate	20.27%	16.04%	16.98%	20.46%
Voluntary Departures	17.58%	13.40%	14.13%	18.91%

Note 1: Turnover rate = Number of departures / Number of employees

Note 2: Voluntary turnover rate = Number of voluntary departures / Number of employees

In 2025, Nan Pao Taiwan's turnover rate was 13.6%, with a voluntary turnover rate of 12.5%. The turnover rate continued to decline for two consecutive years, from 19.1% in 2022 to 13.6% in 2025, showing that the Company's employee retention efforts continued to deliver results. Only eight involuntary departures, including layoffs, were recorded, accounting for 1.1% of the total headcount. This reflects a stable workforce structure and indicates that layoffs were not used as a workforce adjustment measure. Nan Pao Group's overall turnover rate rose to 20.5% in 2025 due to higher personnel changes at newly included overseas sites, while the turnover rate at Nan Pao Taiwan remained at a stable and low level.

To continue strengthening employee retention, Nan Pao implemented various measures, including improving its compensation and benefits system, introducing flextime, establishing an employee stock ownership trust (2025 participation rate: 73.39%), and enhancing employees' sense of organizational identification through diverse career development paths.

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Barrier-Free Labor-Management Communication

Nan Pao convenes labor-management meetings on a quarterly basis in accordance with legal requirements. Representatives from labor and management communicate fully, and the Company promotes labor-management relations based on the philosophy of "labor-management harmony and mutual benefit" while complying with relevant laws and regulations, including the Labor Standards Act and the Occupational Safety and Health Act.

The membership rate of the Nan Pao Taiwan employee labor union was 48%. Labor union officers and Company representatives hold regular meetings, and the union chairperson is also invited to attend Company business meetings to ensure that employees fully understand the Company's operational direction. The Company has not yet signed a collective bargaining agreement and handles labor-management affairs through direct communication and negotiation, while respecting employees' individual choices and continuing to improve working conditions and employee benefits.

Reasons Nan Pao Taiwan Has Not Entered into a Collective Bargaining Agreement

1. Respect for employees' freedom of choice: Nan Pao Taiwan's current union membership rate is 48%. The Company respects employees' free will and right to decide whether to join the union and does not treat employees unfairly because no collective bargaining agreement is in place. Individual decisions are respected while employees are supported in balancing individual and collective interests.
2. Flexibility and diversity: The Company seeks to remain flexible and diverse in response to market and business changes. Without a collective bargaining agreement, it can make decisions more quickly and adjust organizational structure and workforce deployment more flexibly to improve competitiveness and operational efficiency.
3. Direct communication and consultation: The Company maintains open channels for direct dialogue and consultation, enabling employees to express views, raise concerns, and seek solutions. Employees are encouraged to participate in decision-making, and their views are fully heard and considered.
4. Flexible employee benefits and compensation: The Company provides flexible benefit and compensation programs to meet individual needs and expectations. Performance rewards consider employee performance and market competitiveness, supported by competitive compensation and benefit programs.
5. Continuous improvement of working conditions: The Company continuously improves working conditions, including the work environment, safety measures, and training opportunities. Internal policies and procedures are used to protect employee rights and interests rather than relying solely on a collective bargaining agreement.



Figure: Union General Assembly

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Compensation Management

Nan Pao's Remuneration Committee assists the Board of Directors in implementing and evaluating the Company's overall remuneration and benefits policies and the remuneration of directors and managers.

The main responsibilities of the Remuneration Committee are as follows:

1. Periodically review the Remuneration Committee charter and propose amendments.
2. Establish and periodically review the policies, systems, standards, and structure for the annual and long-term performance goals and remuneration of the Company's directors and managers.
3. Periodically evaluate the achievement of performance goals by the Company's directors and managers and determine the content and amount of their individual remuneration.

Director remuneration at Nan Pao is determined based on each director's degree of participation in and value contributed to the Company's operations, with reference to industry peers, and is reviewed by the Remuneration Committee before submission to the Board of Directors for resolution. If the Company is profitable in a given year, no more than 3% is allocated as director remuneration in accordance with Article 25 of the Articles of Incorporation. Nan Pao's remuneration management regulations also clearly specify job allowances and bonuses; the remuneration of the Chief Executive Officer, President, and Vice Presidents takes into account their professional qualifications and refers to the Company's, peer, and market pay levels, with related bonuses granted based on the Company's annual operating performance, financial position, operating conditions, and individual performance. If the Company is profitable in a given year, 2% to 6% is allocated as employee remuneration in accordance with Article 25 of the Articles of Incorporation.

Compensation and Benefits

Nan Pao has established a performance-based, incentive-driven variable compensation system founded on both individual and organizational performance. Salaries are linked to tenure and performance, and do not vary based on age, gender, ethnicity, or similar factors; the Company's average salary level also exceeds that of industry peers. Guided by a philosophy of profit-sharing with employees, Nan Pao attracts outstanding talent and motivates and retains existing employees by allocating a portion of profits as the basis for employee bonuses, sharing earnings with colleagues. The Company also assists employees with long-term investment and retirement planning, encouraging employees to hold Company shares.

Nan Pao Group (including its Taiwan headquarters and overseas subsidiaries) complies with local labor laws and regulations governing employee compensation and benefits; in 2025, no operating site was found to be in violation of regulations relating to employee compensation and benefits. For entry-level specialists in the same job category, compensation for newly hired employees is set at an appropriately consistent level; for personnel with relevant expertise and experience, compensation is evaluated according to standardized criteria based on the individual's education, experience, professional qualifications, and certifications, ensuring that compensation is allocated fairly and equitably. In 2025, the average annual salary adjustment in Taiwan was 3.77%, with the highest individual adjustment reaching 16.28%.

Nan Pao has established an Employee Welfare Committee. Welfare expenditures for all companies in Taiwan are allocated in accordance with statutory contribution rates — 0.5% of salaries, 0.11% of revenue, and 30% of proceeds from the sale of scrap materials — and are used to fund various welfare activities for both domestic and foreign employees. Welfare expenditures at overseas operating locations are determined in accordance with local statutory requirements. The allocation of expenditures by each branch of the Employee Welfare Committee in Taiwan is determined by committee members and employees themselves, and includes regular travel activities, employee raffles, club activities, health check-ups, scholarships, various cash gifts, holiday bonuses/gifts for the three major traditional festivals, and group employee insurance, among others.

Disclosure of Gender Pay Ratio

In 2025, Nan Pao's gender pay ratio in Taiwan was analyzed by managerial and non-managerial positions, comparing the annual compensation ratio between female and male employees. There is no difference in the pay ratio between male and female employees, whether in non-managerial or managerial positions. Entry-level specialists in the same job category receive equal compensation; for personnel with relevant expertise and work experience, compensation is determined based on the individual's education, experience, expertise, and certifications, without regard to gender or ethnicity.

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Nan Pao's compensation system offers a comprehensive and competitive structure that does not vary based on age, gender, ethnicity, or similar factors; the Company's average salary level also exceeds that of industry peers. Guided by a philosophy of profit-sharing with employees, Nan Pao attracts outstanding talent and motivates and retains existing employees. Nan Pao Group (including its Taiwan headquarters and overseas subsidiaries) complies with the compensation and benefits requirements of each operating location, and in 2025, no operating location recorded any violation of employee compensation or benefits regulations.

Nan Pao Compensation Policy

1. Compensation: Salary adjustments are made based on the Company's overall operating conditions and individual performance.
2. A portion of profit is allocated as the basis for employee bonuses, sharing profits with colleagues.
3. Employees are encouraged to hold Company shares through a trust-based stockholding program, helping employees pursue long-term investment planning and retirement preparation.
4. In addition to conducting annual employee performance evaluations, multiple incentive programs are used to recognize, reward, and motivate outstanding employee performance, such as: festival bonuses, production performance bonuses, project bonuses, suggestion bonuses, outstanding contribution bonuses, team collaboration bonuses, outstanding employee bonuses, and long-service employee bonuses.

2025 Nan Pao Taiwan Gender Pay Ratio

Position Category	Gender	2023		2024		2025	
		Number of Employees	Ratio	Number of Employees	Ratio	Number of Employees	Ratio
Managerial Staff	Male	69	0.93	72	0.92	74	0.93
	Female	12	1	12	1	14	1
Non-Managerial Staff	Male	431	0.96	441	0.99	443	0.99
	Female	164	1	189	1	197	1

Note 1: Managerial staff includes employees at the supervisor to manager level (inclusive); non-managerial staff is below supervisor level (exclusive).

Note 2: Employees who have been employed for less than six months due to new hires, resignations, or unpaid leave during the year are excluded from the statistics.

2025 Nan Pao Taiwan Gender Pay Ratio

Position Category	Middle Management		First-Line Management		Non-Managerial Staff	
	(Base Salary)	(Full Salary)	(Base Salary)	(Full Salary)	(Base Salary)	(Full Salary)
Male	1	1	1	1	1	1
Female	1.15	1.12	1.09	1.08	1.07	1.05

※ When compared at the same job grade, women's base salary and total remuneration at all levels were slightly higher than men's, showing that Nan Pao's compensation allocation demonstrated positive gender equity.

※ Definitions: Middle management = manager level and above, excluding the assistant vice president level; first-line management = section manager level and above, excluding the manager level; non-managerial employees = section manager level and below.

⚠ The table above presents data for Nan Pao Taiwan. The Group's remuneration ratio is affected by differences in wage levels across countries. It is recommended that the Group gradually establish a group remuneration disclosure framework in the future.

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2025 Nan Pao Taiwan Pay Equity Indicators

Regarding compensation equity, the median gender pay gap at Nan Pao Taiwan was only 0.79% in 2025, and the median variable bonus for women was slightly higher than that for men (-2.70%), indicating a high degree of fairness in compensation allocation. When compared by job grade, women's base salary and total remuneration at all levels were slightly higher than men's. The total remuneration ratio for women in mid-level management was 1.12, and the total remuneration ratio for non-managerial women was 1.05, reflecting Nan Pao's implementation of gender equity in compensation design.

The 5.02% average gender pay gap was mainly attributable to differences in job level structure, as senior positions are currently still predominantly held by men. It does not reflect unequal pay for equal work. As the proportion of female managers continues to increase, the gap is expected to narrow gradually.

Pay Equity Indicator	Difference (%)
Gender pay gap (mean)	5.02%
Gender pay gap (median)	0.79%
Gender variable bonus gap (mean)	3.55%
Gender variable bonus gap (median)	-2.70% (slightly higher for females)

※ Definition: Nan Pao Taiwan, excluding personnel at the assistant vice president level and above; gap = (male average - female average) ÷ male average. A negative value indicates that the figure for females is slightly higher than that for males.

Salary of Full-time Non-supervisory Employees

The Company continues to provide competitive compensation and benefits and regularly reviews employee salary levels. The salary data of full-time non-supervisory employees over the past three years are as follows:

Year	Number of Full-time Non-supervisory Employees	Average Salary	Change from Previous Year	Median Salary	Change from Previous Year
2023	657	NT$882,000	—	NT$767,000	—
2024	687	NT$946,000	7.3%	NT$819,000	6.8%
2025	704	NT$935,000	-1.2%	NT$806,000	-1.6%

Note 1: In 2025, there were 704 full-time non-supervisory employees, with an average salary of NT$935,000, a decrease of approx. 1.2% from 2024, and a median salary of NT$806,000, a decrease of approx. 1.6% from 2024

Note 2: Compensation information for certain senior executives is disclosed on page 34 of this report, and the average and median salaries of full-time non-supervisory employees are disclosed on page 154. Considering that the compensation of the highest-paid individual and its rate of change involve personal privacy and confidential compensation management information, the relevant compensation ratios are not disclosed, in accordance with the GRI principle of "confidentiality constraints".



Figure: Birthday Celebration



Figure: Employee Social Gathering



Figure: Science Experiment Activity



Figure: International Women's Day Activity

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Employee Stock Ownership Trust

Nan Pao has established an employee stock ownership trust. Employees may voluntarily contribute a portion of their monthly salary to their individual trust accounts, while the Company makes corresponding incentive contributions to encourage long-term savings and wealth accumulation among employees. The employee participation rate reached 73.39% in 2025, indicating employees' strong confidence in the Company's long-term development.

Nan Pao Taiwan Retirement System and Implementation Measures

In compliance with relevant Taiwan laws, the Company enrolls employees in labor insurance, National Health Insurance, and group insurance. Employees who joined on or after July 1, 2005 are all covered by the new pension system under the Labor Pension Act, with pension contributions made at no less than the statutory rate. Employees who joined on or before June 30, 2005 could, from July 1, 2005, choose between the new and old pension systems at their own discretion. The Labor Retirement Reserve Supervisory Committee reviews and supervises the use of pension funds. Retirement reserves are contributed monthly and in full to the dedicated pension account at the Bank of Taiwan as required by law to protect the rights of retired employees. 100% of full-time employees participate in the retirement plan. Achieved a 100% participation rate of regular employees in the retirement plan

1. The Company has established Labor Retirement Regulations.
2. A Labor Retirement Reserve Supervisory Committee has been established in accordance with the law, with pension contributions made monthly and in full to the Trust Department of the Bank of Taiwan.
3. Since July 2005, the new labor pension system has been implemented in accordance with the law, with 6% of each employee's monthly wages contributed monthly to the employee's individual account at the Bureau of Labor Insurance based on the Monthly Contribution Wage Classification Table.
4. In accordance with IAS 19, an actuary is engaged to assess and calculate the labor retirement reserve and issue an actuarial valuation report.

Pension system	Old system	New system
Legal basis	Chapter 6 "Retirement" of the Labor Standards Act and related sub-laws	Labor Pension Act and related sub-laws
Contribution method	Monthly contributions to the labor retirement reserve (contribution rate of 15%) into the dedicated account at the Bank of Taiwan	6% of each employee's monthly salary contributed to the employee's individual account at the Bureau of Labor Insurance based on the Monthly Contribution Wage Classification Table
Contribution amount	As of January 1, 2026, the balance of the labor retirement reserve account was NT$382,991 thousand	Contributions in 2025 totaled NT$27,472 thousand

The retirement reserve is reviewed and supervised by the Labor Retirement Reserve Supervisory Committee and is regularly assessed by actuaries in accordance with IAS 19 to ensure that the rights and interests of retired employees are fully protected.

Family-Friendly Childcare Measures

The Company and the Employee Welfare Committee have also signed agreements with reputable childcare providers near the plants to offer employees childcare services at preferential rates. In support of the government's parental leave policy, employees may apply to the Company for unpaid parental leave in accordance with the Act of Gender Equality in Employment and the Regulations for Implementing Unpaid Parental Leave for Raising Children, may apply for extensions based on individual needs, and may return to work early. Labor and health insurance coverage through the Company continues during parental leave.

Nan Pao is committed to building a work system and environment that is friendly to employees of all genders, implementing gender equality in employment, and actively responding to government policies promoting parental-friendly workplaces. The Company and the Employee Welfare Committee have entered into agreements with reputable childcare institutions near its plants to provide employees with subsidized childcare services, taking concrete action to support employees in balancing work and family caregiving needs.

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Maternity Protection Measures

To ensure the health of female employees who are planning a pregnancy, are pregnant, are less than one year postpartum, or are breastfeeding, as well as the health of their fetuses, the Company arranges environmental testing, hazard assessments, and risk controls for work that may involve maternity health risks, with the joint assistance of occupational safety and health personnel, nurses, and unit supervisors.

Occupational medicine physicians and occupational health nurses provide case management based on individual circumstances, as well as interview guidance, health risk assessments, risk classification management, and recommendations for appropriate work arrangements.

Workplace nurses also provide regular stage-based care to ensure that the health needs of female employees at different stages of pregnancy are addressed. After an occupational medicine physician confirms that there are no health concerns, the relevant information is communicated to the employee, and her willingness to work is respected to ensure the implementation of employment equality and maternity protection principles.

Specific Maternity Protection Measures

- Provide pink uniforms for pregnant employees to facilitate identification and prevent potential collisions or accidents in the workplace
- Provide dedicated parking spaces for pregnant employees and coordinate security personnel to assist with traffic control and carrying items to ensure their safety
- Establish lactation rooms in accordance with the law and provide lactation breaks as required by the regulations of each site
- Sign agreements with high-quality childcare institutions near the plant site to provide employees with childcare services and preferential rates
- Establish an unpaid parental leave system in accordance with the law, allowing employees to maintain Labor Insurance and National Health Insurance coverage through the Company during parental leave
- Allow employees to apply for extensions of unpaid parental leave based on individual needs and to arrange for early reinstatement

Parental Leave Without Pay Statistics

In accordance with the government's unpaid parental leave policy, employees may apply to the Company for unpaid parental leave in accordance with the Act of Gender Equality in Employment, the Regulations for Implementing Unpaid Parental Leave for Raising Children, and other relevant regulations. Employees may also apply for extensions based on individual needs or arrange for early reinstatement, and may maintain Labor Insurance and National Health Insurance coverage through the Company during parental leave. The following presents Nan Pao Taiwan's unpaid parental leave statistics for 2025:

Item	Female	Male	Total
Number of Employees Who Actually Applied for Unpaid Parental Leave in 2025	5	2	7
Number of Employees Expected to Return from Unpaid Parental Leave in 2025	3	2	5
Number of Employees Who Returned from Unpaid Parental Leave in 2025	2	1	3
Return-to-Work Rate from Unpaid Parental Leave	66%	50%	60%
Number of Employees Who Returned from Unpaid Parental Leave in 2024	5	1	6
Number of Employees Who Remained Employed for One Year After Returning from Unpaid Parental Leave in 2024	5	1	6
Retention Rate After Returning from Unpaid Parental Leave	100%	100%	100%

※ The return-to-work rate from unpaid parental leave in 2025 was 60%, as some employees' parental leave periods had not yet expired and they were expected to return to work later. The return-to-work rate is calculated using the number of employees expected to return as the denominator.

※ The retention rate after returning from unpaid parental leave reached 100% in 2024, showing that the Company's friendly workplace measures effectively supported employees' return to the workplace.

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Group Maternity and Paternity Leave System

Nan Pao complies with local regulations at each operating site and provides employees with maternity and paternity leave that meets or exceeds statutory standards, fully demonstrating its commitment to a family-friendly workplace. The following presents the number of maternity leave weeks and paternity leave days provided by each Group region in 2025, implemented in accordance with local regulations:

Based on the weighted average across operating sites, the Company provides approximately 18 weeks of paid parental leave to primary caregivers and approximately 1.3 weeks (about 9 days) to non-primary caregivers.

Region	Maternity Leave (Weeks)	Paternity Leave (Days)	Number of Employees (by Region)	% of Total Group Workforce
Taiwan	8	7	1,027	28.94%
China	25	15	970	27.33%
Indonesia	12	2	217	6.11%
Vietnam	24	5	884	24.91%
Thailand	14	–	33	0.93%
Philippines	15	7	18	0.51%
Australia	20	14	325	9.16%
Malaysia	14	7	42	1.18%
Bangladesh	16	–	9	0.25%
India	24	15	24	0.68%
Total			3,549	100.00%

※ Maternity and paternity leave in each region are determined in accordance with local labor regulations. In regions where paternity leave is not stipulated by regulation, a dash (" — ") is shown.

※ The number of employees and proportions are based on 2025 Group employee statistics.

Friendly Workplace Support Measures

In addition to regularly organizing activities, Nan Pao encourages employees to participate in clubs, providing diverse outlets for physical and mental relaxation outside of work, helping employees achieve work-life balance and better physical and mental health. Participation in these activities also helps employees build stronger connections with colleagues, family, and the local community. Nan Pao encourages employees to form and join clubs; to date, employees have independently established a wide variety of clubs, including oil painting, yoga, tai chi, saxophone, badminton, softball, basketball, and golf clubs.





Figure: Softball Friendly Match



Figure: Golf Club Practice



Figure: Essential Oil Stress Relief





Figure: Saxophone Club Practice

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A Happy Workplace

- Myofascial Release Program: Combines relaxing music with expert instruction, using tennis-ball massage techniques along energy meridians to achieve a relaxing effect.
- Essential Oil Stress Relief: Uses natural essential oils to promote physical and mental calm through the sense of smell.
- Weight Loss Program: Combines exercise and dietary control to help participants achieve their weight-loss goals.
- Health Seminars: Based on statistics on the ten most common health check-up abnormalities, health educators are arranged to provide relevant health education and consultation on health check-up results.

Nan Pao Taiwan's health promotion activities in 2025 are listed as follows:

Program Name	Participants	Hours
Essential Oil Stress Relief	20	1
InBody Body Composition Check	74	1
Weight Loss Program	27	1
Overcoming Stress Traps and Building a Friendly, Happy Workplace	23	1
Hepatitis Seminar	31	1
Body Composition Measurement Activity	65	1
Tennis Ball Myofascial Release	18	1
Foam Roller Myofascial Release	21	1
Upper-Body Muscular Endurance for Middle-Aged and Older Adults	18	1
Lower-Body Muscular Endurance for Middle-Aged and Older Adults	18	1
First Aid Training Course	17	1
Caring for Your Mood Seminar Series	17	1



Figure: Hepatitis Seminar



Figure: Weight Loss Program



Figure: InBody Body Composition Measurement

Employee Health Promotion Programs

Nan Pao Group commissions a third-party institution each year to conduct an employee satisfaction survey, which serves as an important basis for understanding employee experience and optimizing human resources management.

Basic Information on the 2025 Employee Satisfaction Survey

Survey Period: August 11 to August 22, 2025

Benchmark: general manufacturing industry peers

Number of Survey Participants: 630 (497 respondents)

Valid Samples: 445

Valid Response Rate: 71%

Completion Rate: 79%

Survey Framework: 7 major dimensions and 25 employee experience facets (5-point Likert scale)

Based on the 2025 Employee Satisfaction Survey, the Company's overall Employee Experience Percentile Rank (PR) was 52, outperforming the average level of the same industry (general manufacturing).

Assessment Dimension	2025 Percentile Rank	Relative to Industry Peers	Description
Overall Employee Experience	PR 52	Above industry peers	Overall work experience, including job satisfaction, workplace happiness, work-related stress, influencing value alignment, effort commitment, and retention intent.
Value Alignment	PR 53	Above industry peers	Sense of purpose and alignment with Company values, driven by environmental protection, social contribution, and career development.
Effort Commitment	PR 50	In line with industry peers	Willingness to contribute, supported by corporate governance and a positive work environment.
Retention Intent	PR 54	Above industry peers	Intention to remain with the Company, supported by career development and internal fairness.

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Experience Scores Across Eight Dimensions (Compared with the General Manufacturing Industry)

	Dimension	Percentile Rank	Relative Performance	Key Observations
1	Sustainability Strength	PR 56	▲ Outperformed industry peers	Environmental Protection (PR 54) and Social Contribution (PR 59) performed well, while Corporate Governance (PR 55) was recognized by employees.
2	Leadership Strength	PR 55	▲ Outperformed industry peers	Supervisor Communication (PR 56) and Supervisor Motivation (PR 57) performed better, while Supervisor Accountability and Team Building still have improvement potential
3	Workforce Strength	PR 54	▲ Outperformed industry peers	Job Achievement (PR 54) and Operational Processes (PR 56) performed well, while Work-Life Balance and Job Autonomy require improvement
4	Cultural Strength	PR 56	▲ Outperformed industry peers	Overall organizational cultural alignment was higher than that of industry peers
5	Collaboration Strength	PR 50	—— In line with industry peers	Cross-Team Collaboration (PR 50) and Peer Collaboration (PR 51) still have improvement potential
6	Development Strength	PR 50	—— In line with industry peers	For Career development (PR 50) and Performance Management (PR 50), employees expected more comprehensive systems
7	Promotion Strength	PR 50	—— In line with industry peers	Organizational Communication (PR 48) was identified as a risk area, and the information flow requires improvement
8	Compensation Strength	PR 50	—— In line with industry peers	The Benefits System (PR 43) was identified as the item most in need of priority improvement

Key Findings and Improvement Plan

Key Strengths and Highlights

- Sustainability Strength (PR 56): Social Contribution (PR 59) scored the highest across all dimensions, reflecting employees' strong recognition of the Group's ESG efforts
- Environmental Protection (PR 54): Employees rated their experience with the Group's environmental management policies highly, with performance above industry peers, making this a highlight of the employer brand
- Corporate Governance (PR 55) and Supervisor Communication (PR 56): Employees rated governance transparency and direct supervisors' communication capabilities positively.
- Retention Intent (PR 54): The score was higher than industry peers, indicating sound overall employee stability and helping reduce employee turnover costs.

Priority Areas for Improvement

- Benefits System (PR 43): This was the lowest-scoring dimension in the survey and was also a key driver affecting the three major indicators of value alignment, effort commitment, and retention intent. The Group will assess employee characteristics, optimize benefits measures that meet employee needs, and re-evaluate the design of its benefits system in 2026.
- Organizational Communication (PR 48): This affects information flow among employees and their understanding of Company policies. The Group will establish diverse communication channels, regularly release organizational information, and increase opportunities for direct dialogue between senior management and employees.

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6.3 Employee Communication and Development

Human resource development and cultivation are the cornerstone of sustainable business operations and continuous improvement. Nan Pao's talent development policy centers on "developing organizational capabilities in line with the Company's vision and strategic development," embedding corporate culture and values in employees' daily work behaviors, continuously strengthening core competencies, building a competitive organization, and cultivating well-rounded, international management talent.

In 2025, the average training expenditure per employee at Nan Pao Taiwan was approximately NT$1,633. Training hours were broken down by gender and job level to ensure that employees at all levels had access to sufficient development resources.

2025 Nan Pao Taiwan Training Hours

	2023				2024				2025			
	Total Hours		Average Hours		Total Hours		Average Hours		Total Hours		Average Hours	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Senior Management	566	6	31.44	6.00	592	-	27.14	-	629	-	36.98	-
Middle Management	3,351	733	76.16	104.71	3,056	533	74.73	65.54	1,883	413	53.81	51.56
First-Line Management	4,742	385	51.54	35.00	4,687	623	48.47	49.04	3,881	472	45.65	47.19
Engineer	2,766	626	55.32	56.91	3,408	749	57.36	36.82	3,154	1,078	55.33	51.35
Professional Staff	1,424	898	21.91	24.27	2,027	1,332	30.68	31.89	1,443	933	22.90	21.69
General Staff / Operators	3,791	1,555	11.74	13.52	5,112	2,557	18.15	17.19	4,302	2,254	14.63	15.23

※ In 2025, male employees at Nan Pao Taiwan received an average of 229.30 training hours per person, while female employees received an average of 187.02 hours per person. The average training expenditure was approximately NT$1,633 per person.

2025 Group Training Hours

	2024				2025			
	Total Hours		Average Hours		Total Hours		Average Hours	
	Male	Female	Male	Female	Male	Female	Male	Female
Senior Management	1,341	122	213.53	50.66	1274.23	106	110.98	106
Middle Management	3,922	1,286	203.83	225.73	2592.71	961.26	122.2	182.62
First-Line Management	6,961	965	209.36	134.73	5730.61	540.69	150.05	103.69
Engineer	4,910	841	141.34	94.92	7674.59	1727.26	165.62	94.62
Professional Staff	2,605	1,965	92.94	106.36	2774.29	3867.09	52.49	100.04
General Staff / Operators	10,244	4,371	1,014.60	479.93	6080.77	2489.97	75.39	56.05

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Summary of Key Training Programs in 2025

Training Program	Training Category	Taiwan Participants	Taiwan Training Hours	Group Participants	Group Training Hours	Quantitative Benefits
New Employee Orientation (Human Rights/ Integrity/Information Security/Occupational Safety)	New Employee Orientation	137	213	257	1,617	Achievement rate: 100%
Code of Ethics and Ethical Conduct (Nan Pao e-Learning Academy)	Integrity and Ethics	1,538	384.5	Under implementation across the Group	—	Strengthened compliance culture
Trade Secret Protection (Online; 100% pass rate)	Legal Compliance	1,607	243	—	—	Pass rate: 100%
Risk Management Training (Occupational Safety and Health/Climate/ Regulatory/Finance and Tax)	Risk Management	9,977	20,956	20,730	29,550	Covered the entire Group
ISO 9001 Internal Auditor	Technology / Quality	30	—	—	—	Certificate acquisition rate: 100% (30 participants)
ISO 14001/45001 Internal Auditor	Technology / Environmental Safety	90	—	—	—	Certificate acquisition rate: 100% (90 participants)

Diverse Employee Development Program

Nan Pao has established diverse employee development programs that deliver both business and human resource benefits. Applicable to all full-time employees, these programs cover the following learning formats and program types:

Development Plan Category	Specific Details
Digital Learning & Transition	Launched the Nan Pao e-Learning Academy online learning platform and online English learning system to create a digital learning environment unrestricted by time or location. Courses cover the code of ethics, trade secrets, regulatory compliance, and other topics, enabling employees to learn independently and apply what they learn immediately in the workplace.
Leadership Development	Organized CIT (Continuous Improvement Training) results presentations and management capability training for management personnel. Through cross-site management exchange meetings, Nan Pao strengthened managerial perspectives and strategic capabilities, building a high-performance management pipeline.
Coaching / Mentoring	Supervisors proactively understand employees' development aspirations through performance interviews (once every six months for KPI personnel and once a year for non-KPI personnel) and daily observation, plan on-the-job training or project experience for employees, and provide promotion or transfer opportunities at appropriate times.
Teams & Networks	Promoted cross-departmental learning communities and weekly toolbox meetings to encourage employees to raise questions and improvement suggestions in the workplace. CIT (Continuous Improvement Training) is held regularly to facilitate cross-unit knowledge sharing and innovation exchange.
Cultural Education	Provided code of ethics orientation to new employees on their first day of employment, covering integrity, conflict of interest prevention, confidentiality obligations, fair trade, and legal compliance. Relevant regulations and policies are regularly announced on the internal platform to strengthen a culture of compliance among all employees.
Transition Support (Transition Program)	When employees leave the Company, supervisors and the Human Resources Department conduct exit interviews to understand the reasons for departure and provide appropriate assistance. Retired employees are entitled to pension protections in accordance with the law, and the employee stock ownership trust system helps support long-term financial planning to ensure quality of life after retirement.

※ The above development programs apply to all full-time employees of Nan Pao Taiwan. Subsidiaries across the Group implement corresponding programs based on local needs.

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Labor-Management Communication and Employee Relations

To ensure smooth labor-management communication channels, Nan Pao regularly convenes labor-management meetings, biweekly meetings, department head exchange meetings, forums, toolbox meetings, and provides various employee grievance channels, including suggestion boxes and the Chairman's mailbox. If violations or illegal conduct are identified within a unit, employees may file grievances or reports through the relevant channels. Labor-management meetings are held regularly, during which Company management and labor-management meeting representatives discuss matters of concern and direct relevance to employees and propose effective and feasible response measures.

Channel Name	Target Audience	Content Description	Frequency
HR Mailbox	All employees	Reporting misconduct, sexual harassment complaints, and personnel-related grievances	Anytime
CEO Hotline	Employees and investors	Communication channels for the Company's operational issues	Anytime
Website Customer Service Mailbox	All employees and external personnel	Any topic	Anytime
Biweekly Safety Meeting	All employees	High-level management and section chiefs (and above) report to all Nan Pao employees on operational policies and performance	Biweekly
Labor Union Employee Forum	Members of Labor Union	Employee benefits, labor-management issues, and communication with union members	Annually
Toolbox Meetings	Production unit employees	Employees may raise work-related questions or workplace concerns, which are promptly answered by supervisors and responsible personnel	Weekly
Labor-Management Meeting	Representatives from both labor and management	Management and labor representatives discuss matters directly related to employees and propose effective and feasible response measures	Convene regularly
Employee Welfare Committee Meetings	Members of the Employee Welfare Committee	Explanation of employee welfare activities and fund usage to welfare committee representatives at each plant	Quarterly

Performance Management and Career Development

Nan Pao implements systematic performance evaluations in accordance with its Employee Performance Appraisal Management Regulations to ensure that the evaluation process is fair and objective and closely linked to employee career development:

- KPI Personnel: Conduct performance evaluations once every six months, twice per year in total. Evaluation results serve as the basis for compensation adjustments, promotions, and training planning
- Non-KPI Personnel: Conduct performance evaluations once per year, with supervisors providing objective evaluations based on employee performance and target achievement
- Performance Interview: Supervisors understand employees' work status through interviews and provide appropriate assistance and career development recommendations
- Development Planning: Supervisors plan necessary on-the-job training and project experience for employees through daily observation and interaction, and provide promotion or transfer opportunities at appropriate times
- All regular employees, excluding consultants, probationary personnel, and trainees, shall undergo annual performance evaluations to ensure that the talent management system covers all employees.

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Training and Communication on the Code of Ethics

Nan Pao has issued the Nan Pao Group Employee Code of Conduct, ensuring stakeholders understand the ethical standards employees are expected to uphold when performing their duties.

- Nan Pao conducts Code of Conduct orientation on new employees' first day, ensuring all staff are aware of behavioral expectations; regularly posts updates on the Code of Conduct, the Trade Secrets Act, and other regulations on the internal platform, helping employees understand ethical conduct, conflict-of-interest prevention, avoidance of self-dealing, confidentiality obligations, fair dealing, protection and proper use of Company assets, and legal compliance.
- Nan Pao has established a Code of Conduct for all directors, managers, and employees to follow. All employees are expected to comply with these rules in their daily work and business activities in order to earn public trust and ensure the Company's sustainable growth and development.
- Nan Pao has established a Code of Ethics for all directors, managers, and employees to follow, expecting all staff to comply with relevant Company rules in the course of daily work and business activities, in order to earn public trust and ensure the Company's sustainable growth and development.

※ In 2025, Nan Pao recorded no material incidents involving violations of the Employee Code of Conduct.



Figure: Taiwan Continuous Improvement Awards - Silver Tower 1-Star Award



Figure: CIT Final Presentation



Figure: Risk Training Course

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6.4 Safe Workplace Environment

To establish a safe, healthy, and comfortable working environment and continue reducing the incidence of occupational accidents, the Company has established an Occupational Safety and Health Policy as the highest guiding principle for its safety and health management. Safety in operations is treated as the top priority, with continuous improvement at the core of management, as the Company actively enhances the workplace environment, manufacturing equipment, and work methods to safeguard the safety and health of employees and all stakeholders.

Since 2000, Nan Pao has promoted the OHSAS 18001 Occupational Health and Safety Management System, and beginning in 2020, its production plants and subsidiaries progressively transitioned to and obtained certification under the ISO 45001:2018 Occupational Health and Safety Management System. The Company has established hazard identification, risk assessment, and control planning procedures that apply across its overall operations, employees, and contractors, and effectively prevents safety and health incidents at its plants through management, oversight, and improvement measures.

To fully implement occupational safety and health management, Nan Pao established the Safety and Health Committee as the highest deliberative and consultative body for safety and health management, with management representatives from each plant serving as chairperson on a rotating basis. The Committee is responsible for planning, coordinating, and overseeing the implementation of environmental, occupational safety and health, and health-related matters across all plants. The Occupational Safety and Health Committee convenes quarterly meetings and engages in consultation with employee representatives. In addition, plant-level safety meetings are held every two weeks to discuss deficiencies identified during audits and to establish concrete action targets, in an ongoing effort to prevent occupational accidents.

Safety and Health Policy

Compliance with regulations, workplace safety, environmental hygiene, employee participation, consultation and communication, continuous improvement.

Strategies

1. Implement the ISO 45001 Occupational Health and Safety Management System
2. Provide safe and healthy working conditions
3. Comply with occupational safety and health laws, regulations, and other requirements
4. Ensure that all employees and contractors understand, comply with, and implement all occupational safety regulations, supported by continuous education and training
5. Eliminate hazards and reduce occupational safety and health risks

Management Approach and Objectives

In accordance with the Occupational Safety and Health Policy and strategies, the Company is committed to reducing personnel health and safety incidents, enhancing process safety protection, and continuously improving occupational safety and health performance.

Emergency Response Management

As a chemical manufacturer, Nan Pao places particular emphasis on emergency response management throughout its operations, given the nature of the industry. Each plant has established emergency response procedures, and an emergency response team is convened annually to conduct on-site drills. These efforts help ensure the effective implementation of environmental and occupational safety and health systems, prevent accidental incidents, and maintain readiness for emergency rescue and response operations — enabling the prompt activation of response measures when an incident occurs, so as to immediately prevent or mitigate personnel injury, property loss, and production disruption, while also controlling the extent of damage and supporting post-incident recovery.

To ensure that correct and effective response strategies and procedures are in place in the event of an emergency — thereby minimizing potential personnel injury, property loss, and environmental impact — Nan Pao has developed dedicated training programs for relevant personnel. These programs are designed to continuously strengthen employees' awareness of emergency response and enhance the plants' overall rescue and response capabilities.The programs include:

1. Emergency Response Information: Including plant layout diagrams, equipment distribution maps, and response procedure flowcharts.

   Firefighting Equipment: Including fire suppression systems and public address systems.

   Response Equipment: Including various types of protective clothing, personal protective equipment, self-contained breathing apparatus, portable detectors, leak containment equipment, and warning devices.
2. Standardization of response procedures to strengthen personnel training.
3. The Company conducts regular personnel training to build proficiency in emergency response skills, including incident reporting, rescue operations, on-site control, casualty treatment, and support for rescue facilities. Training types include:

   Emergency Response Team Training: Including basic, advanced, and response-specific courses.

   Fire Safety Training: Company-wide fire safety training is conducted annually in accordance with the law.

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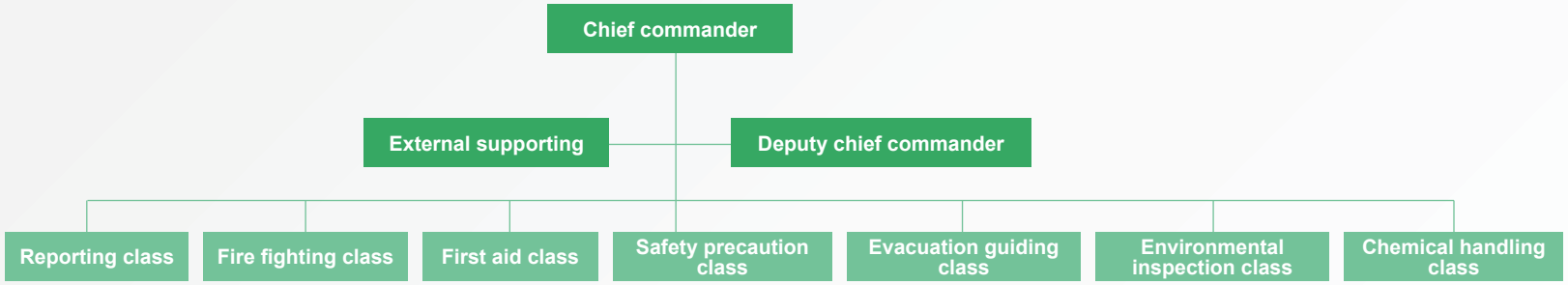
Emergency Response Program Chart



Occupational Health and Safety Management System

Nan Pao has promoted the OHSAS 18001 occupational health and safety management system since 2000, and in 2020, its production sites and subsidiaries were gradually transitioned to and certified under the ISO 45001:2018 occupational health and safety management system.

We have established Hazard Identification, Risk Assessment, and Risk Control (HIRARC). The relevant procedures apply to the Company's overall operations, employees, and contractors. Through management, supervision, and improvement measures, we effectively prevent the occurrence of various safety and health hazards within plant sites.

Plant Site	Nan Pao Taiwan	Foshan Nan Pao	Foshan Goodwill	Dongguan Nan Pao	Dongguan Jiaqin	Kunshan Nan Pao	Fuqing Nan Pao	Huaian Nan Pao	Changshu YuBo	Vietnam Nan Pao	Nan Pao Advanced Materials Vietnam	Nan Pao Materials Viet Nam	NNV Vietnam	Nan Pao Thailand	Nan Pao Indonesia
Certification Status	●	●	●	●	●	●	Implementation postponed due to relocation planning	Not yet certified	●	●	●	●	●	●	●

Hazard Identification and Risk Assessment

- Conduct hazard identification (HAZID) and risk assessment (HIRARC) for each operating process on a regular annual basis
- Establish special operation management procedures for high-risk operations, including work at heights, confined spaces, electrical work, hot work, and hazardous gases/chemicals
- Use safety climate indicators to implement an early warning mechanism and dynamically adjust the intensity of safety and health management
- Regularly conduct Safety Walks and behavior-based safety observations (BBS)

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Figure: Emergency Response Training

Incident Investigation and Corrective Action Mechanism

Nan Pao prioritizes the work environment and employee safety and has established accident reporting and investigation mechanisms. Workplace nurses provide immediate treatment and assistance to injured employees at the first opportunity. During employees' recovery from injuries, follow-up care and tracking are also conducted, and occupational medicine physicians are asked to assist in evaluating whether the employees' work duties need to be adjusted or changed. We enhance personnel safety awareness regarding the proper use of personal protective equipment to reduce chemical exposure incidents among employees.

All occupational accident cases are subject to incident investigation and root cause analysis, and improvement plans are developed and implemented. Incident investigation forms and corrective and preventive action forms are processed through an electronic approval system to significantly reduce process time and track improvement progress more efficiently. Group incidents are also consolidated into Group reports and announced regularly each month, providing subsidiaries with references for the parallel implementation of relevant improvement measures.

Nan Pao investigates and corrects occupational injuries at its ISO 45001-certified sites, has established a Nonconformity Handling Procedure, and jointly evaluates the need for corrective actions to eliminate the root causes of nonconformities with the participation of workers and other interested parties.

Workplace Safety and Occupational Health Training

2025 Nan Pao Resins Occupational Health and Safety Training Statistics

	Category	Pre-Job Training (New and Transferred Employees)	Legal Certification		On-the-Job Training (Specific or General Personnel)	Additional Safety and Health Training	Total
			Initial training	Refresher training			
Nan Pao Taiwan	Number of Attendees	46	60	231	1,233	1,046	2,616
	Hours	138	1,219	986	851	623	3,817
Nan Pao Group (including overseas subsidiaries)	Number of Attendees	251	99	510	14,528	-	15,388
	Hours	2,482	1,635	2,882	15,539	-	22,538

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Occupational Disease Prevention and Long-Term Health Risk Management

As a chemical manufacturer, Nan Pao has established the following comprehensive prevention mechanisms for potential long-term health hazards, including corrosive substances, organic solvents, coating monomers, and polymer materials:

Chemical Exposure Control

- Regularly conduct work environment monitoring to assess concentrations of hazardous substances in the air at each plant site and ensure compliance with Permissible Exposure Limits (PEL)
- Arrange special health examinations for special hazard operations, such as exposure to organic solvents and acidic or alkaline substances
- Promote standardized use of personal protective equipment (PPE) and conduct education and training to strengthen employees' awareness of PPE use
- Automate and enclose manufacturing processes to reduce opportunities for personnel to be directly exposed to hazardous substances

Occupational Medicine Support

Nan Pao Taiwan has hired full-time occupational health nursing personnel and established a health center to provide employees with first aid, one-on-one health consultations, and health management services, helping employees access more medical resources and professional guidance. Occupational medicine physicians also conduct monthly on-site visits to identify and improve operational hazards, and to provide health consultations, follow-up management, and intervention services.

For management personnel at Level 2 and above, Nan Pao provides personal health guidance and arranges consultations with occupational medicine physicians and occupational disease prevention training as appropriate.

Health Examinations

The Company arranges annual general health examinations and special health examinations for employees. Examination items exceed statutory requirements and include electrocardiograms, abdominal ultrasounds, cancer screenings (CEA, AFP, PSA), thyroid examinations, and the four major cancer screening services provided in conjunction with government subsidies. Health examination results are subject to health classification management. Occupational health nursing personnel enter the results into the health management system for subsequent follow-up and health education consultations.

Safety Management of Work Partners

Nan Pao has established the Contractor Occupational Health and Safety Management Regulations to ensure the safety of both the Company's and contractors' personnel working within the plant premises. Contractors are subject to strict management upon entering the facility. High-risk activities—including work at heights, confined space entry, electrical hazards, hot work, and potential leaks of hazardous gases/chemicals—are designated as key areas of focus for training, education, and inspections.

The Company also engages in regular communication with suppliers and contractors on environmental, safety, and health issues, encouraging them to improve their environmental, safety, and health performance. To ensure project safety, the Company trains safety supervisors in areas such as general work, hot work, work at heights, roofing, confined spaces, and lifting operations. Qualified personnel receive certification badges after passing the required examinations. When construction work is underway, safety and health inspections are initially conducted by trained on-site safety supervisors, in order to reduce and prevent the occurrence of construction-related safety hazards.

Nan Pao convenes an annual contractor conference to brief all attendees on the implementation of health and safety standards and measures. Additionally, it requires contractors to cooperate with the Company on safety management matters and sign the Safety Partner Declaration.

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Figure: Contractor Conference

Nan Pao Taiwan 2025 Occupational Injury Statistics (Excluding Commuting Traffic Accidents)

Indicators	2022	2023	2024	2025
Full-Time Employees				
Total Hours Worked (Hours)	1,498,752	1,208,712	1,223,472	1,243,144
Total Workdays	187,344	151,089	152,934	155,393
Work-Related Fatalities	0	0	0	0
Total Disabling Injury Cases (Excluding Traffic Accidents)	6	2	5	3
Total Occupational Diseases	0	0	0	0
Total Lost Workdays	207	22	31	177
Contractor				
Total Hours Worked (Hours)	35,040	20,272	24,112	25,184
Total Annual Workdays	4,380	2,534	3,014	3,148
Number of Recordable Work-Related Injuries	0	0	0	0
Work-Related Fatalities	0	0	0	0

Note: Nan Pao Taiwan did not employ any contract/temporary personnel in 2025.

Nan Pao investigates and corrects occupational injuries at its ISO 45001-certified sites, has established a Nonconformity Handling Procedure, and jointly evaluates the need for corrective actions to eliminate the root causes of nonconformities with the participation of workers and other interested parties.

In 2025, the Nan Pao Group recorded 14 occupational accidents involving 14 injured workers, accounting for 0.39% of the total employee headcount at the end of the year. Among these, there were 14 disabling injury cases, resulting in a disabling injury frequency rate of 2.49. Consequently, the target of zero occupational safety incidents for 2025 was not achieved.

	Group
Number of Employees (as of December 31, 2025)	3,549
Total Hours Worked (sum of actual hours worked by employees)	5,754,636
Number of Disabling Injury Cases (Excluding Traffic Accidents)	14
Number of Disabling Injury Cases Caused by Traffic Accidents	4
Lost Workdays	432
Disabling Injury Frequency Rate (FR) (FR = (Disabling injuries / total hours worked) × 1,000,000)	2.49
Disabling Injury Severity Rate (SR) (SR = (Total lost workdays / total hours worked) × 1,000,000)	75.07
Lost-Time Injury Frequency Rate (LTIFR) (LTIFR = (Lost-time injuries / hours worked) × 1,000,000)	2.43

Note: The above Group occupational injury performance statistics include Nan Pao Taiwan, as well as the following subsidiaries: Nan Pao Foshan, Nan Pao Dongguan, Kunshan Nan Pao, Nan Pao Fuqing, Nan Pao Vietnam, Vietnam Materials, Nan Pao Materials Viet Nam, NNV, Nan Pao Indonesia, and Nan Pao Thailand.

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Nan Pao Taiwan Process Safety Indicators (%)

Year	Process Safety Incident Count (PSIC)	Direct and Indirect Employees Total Recordable Incident Rate (TRIR)	Direct and Indirect Employee Fatality Rate (TRIR)	Process Safety Total Incident Rate (PSTIR)	Process Safety Incident Severity Rate (PSISR)	Disabling Injury Severity Rate (SR)	Disabling Injury Frequency Rate (FR)
2022	0	0.80	0	0	0	138.11	4.00
2023	0	0.33	0	0	0	18.20	1.65
2024	0	0.82	0	0	0	25.34	4.09
2025	0	0.47	0	0	0	139.55	2.37

Process Safety Indicator Formula:

TRIR = number of recordable incidents × 200,000 / total hours worked; SR = (total days lost to work-related injuries × 10^6) / total hours worked; FR (disabling injury frequency rate) = (total number of disabling injuries × 10^6) / total hours worked

Violation Records and Compliance Management

Nan Pao is committed to compliance-based operations. The 2025 safety, health, and environmental violation records are as follows. All violations have been remediated.

Region	Category	Date of Disposition	Summary of Violation	Penalty Amount	Corrective Actions
Vietnam	Environmental Protection	2025/03/14	Environmental permit not obtained (obtained on June 24, 2025)	VND 65,000,000	Environmental permit completed
Taiwan Plant V	Occupational Safety and Health	2025/02/14	Improper oven operation resulted in gas explosion injury	NT$100,000	Revised SOP, inspected equipment, and conducted education and training
Taiwan Plant V	Occupational Safety and Health	2025/07/29	Crushing injury caused by failure to secure materials with ropes during transport	NT$100,000	SOP communication and personnel education and training

※ In 2025, the Company was not subject to any material penalties, other than fines, such as work suspension or license revocation, imposed by competent authorities due to violations of occupational safety and health laws and regulations.

Health Center and Health Examinations

Nan Pao Taiwan has hired full-time occupational health nursing personnel and established a health center to provide employees with first aid, one-on-one health consultations, and health management services, helping employees access more medical resources and professional guidance. In addition, occupational medicine physicians conduct monthly on-site visits to identify and improve operational hazards, and to provide health consultations, follow-up management, and intervention services.

To prevent disease and protect employee health, the Company arranges annual general health examinations and special health examinations for employees. Examination items exceed statutory requirements, and the Company provides the four major cancer screening services in conjunction with government subsidies. Health examination results are subject to health classification management, followed by health education consultations.

For special operation sites, based on environmental monitoring results provided by occupational safety and health personnel, annual health examinations for operations involving special health hazards are arranged, with comprehensive classification management conducted. For management personnel at Level 2 and above, consultations with occupational medicine physicians and occupational disease prevention education and training are arranged as appropriate.

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The Nan Pao Group operates manufacturing facilities across Taiwan, mainland China, Vietnam, Thailand, and Indonesia. As a chemical manufacturer, we recognize that our plants are not only providers of employment opportunities for surrounding communities but also neighbors that must fulfill their responsibilities. Chemical manufacturing processes involve risk factors such as volatile organic compounds (VOCs), high-pressure gases, and hazardous waste. If not properly managed, these risks may affect residents' quality of life and, in more severe cases, pose threats to community health and safety.

Accordingly, Nan Pao's community engagement strategy is built upon the principle of "Protect First, Contribute Second." Before proactively investing in philanthropic and charitable initiatives, we prioritize ensuring that every manufacturing site serves as a guardian of community safety rather than a source of risk. This approach aligns with the requirements of the SASB Chemicals Standard (RT-CH-210a.1) regarding stakeholder engagement processes, which emphasize that effective community management must begin with environmental safety and operational transparency in order to establish a genuine foundation of social trust.

7.1 Chemical Plants and Community Safety: Our Responsibility to Protect

Aligned SDGs: SDG 3 Good Health and Well-Being | SDG 11 Sustainable Cities and Communities

For chemical manufacturers, securing a Social License to Operate from local communities is fundamental to sustainable business operations. Nan Pao has implemented a standardized community safety management framework across all of its global manufacturing sites. Through source-based pollution control, comprehensive emergency response mechanisms, and proactive communication with local residents, we have established a robust community safety protection network.





Figure: Nan Pao donates an ambulance to the Xigang Fire Brigade (December 2025)

Nan Pao has been deeply rooted in Xigang District, Tainan, for decades. As the district continues to experience population growth due to its proximity to the Southern Taiwan Science Park and faces the challenges of Taiwan's rapidly aging society, the demand for firefighting and emergency medical services has increased significantly. In response, Chairman Wu Cheng-Hsien personally attended a donation ceremony on behalf of the Group, contributing an ambulance and advanced emergency medical equipment valued at a total of NT$4.83 million. The donated equipment included an automated CPR device, a powered stretcher, and specialized pediatric emergency rescue equipment. This contribution directly addresses local emergency medical resource needs and enhances the community's emergency response capacity, helping safeguard the lives and well-being of local residents.

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Source Control: Preventing Our Facilities from Becoming a Burden on the Community

Nan Pao's manufacturing processes utilize organic solvents and chemical raw materials. As a result, odors and VOC emissions are among the most immediate impacts that neighboring residents may experience in their daily lives. To address these concerns, we focus on improvements at the source of production:

- Taiwan Headquarters Plant: The traditional open manhole charging method for reaction vessels has been replaced with a closed diaphragm-pump feeding system, preventing direct contact between chemicals and ambient air. This significantly reduces process-related odor emissions, including those associated with EA. In addition, aging seal-less motors have been replaced, blind flanges have been installed on process openings, and self-inspection programs have been strengthened to continuously improve odor control within the facility.
- Group-wide Operations: VOC reduction is incorporated into the product development stage across the Group. By lowering VOC content at the source, we reduce solvent emissions throughout the manufacturing process. Our goal is to ensure that the odor boundary of our chemical plants does not extend beyond the facility perimeter.
- Vietnam Operations: We continuously monitor the impact of our facilities on the surrounding environment. Improvement measures include upgrading fire-resistant wall systems, repairing corroded perimeter fencing, and maintaining a clean and orderly plant appearance to minimize any negative visual impact on neighboring communities.
- Information Transparency: In Taiwan, our facilities regularly report workplace environmental monitoring results to the competent authorities in accordance with regulatory requirements. We also disclose PRTR emissions and carbon emissions data through the IPE Blue Map platform, allowing public access and external oversight.







Figure: Community Plant Tour Program hosted by Nan Pao

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Emergency Preparedness: Ensuring Communities Are Not Left Vulnerable During Disasters

Nan Pao Resins is committed to implementing robust occupational safety and health management. General occupational safety and health training is provided to new employees, employees undergoing job transfers, and foreign workers. In addition, personnel such as occupational safety and health supervisors, high-pressure gas operation supervisors, operators of hazardous machinery or equipment, employees engaged in special operations, and first-aid personnel receive the professional training required for their respective duties to ensure adequate safety knowledge and competency. The Company also conducts two self-defense fire drills and two toxic chemical emergency response drills each year to strengthen employees' emergency response, evacuation, and escape capabilities.

In addition, chemicals presenting risks at each operating site are properly labeled in accordance with applicable requirements, chemical inventories are established, and Safety Data Sheets (SDS) are made available. Hazard communication training is also provided to reinforce chemical safety management. For high-risk working environments involving organic solvents, dust, and noise, the Company establishes workplace environmental monitoring plans in accordance with relevant regulations and reports the monitoring results to the central competent authority to help ensure a safe working environment.

The Company has also established comprehensive protection mechanisms for general disasters, natural disasters, and chemical spills. Through regular drills and ongoing monitoring, the Company seeks to minimize the potential impacts of emergencies on surrounding communities, the environment, and local residents. Nan Pao Resins continues to stay attentive to community development, respect local cultures and values, actively fulfill its corporate social responsibility, and build sustainable partnerships based on harmonious coexistence with local communities.

The most significant community safety risks associated with chemical manufacturing facilities arise from unexpected events such as fires, chemical spills, or natural disasters. To minimize the potential impact of such incidents on surrounding communities, Nan Pao has established a systematic emergency response framework across all manufacturing sites.

Group Emergency Response Framework (Applicable to All Facilities)

- Establish seven dedicated emergency response classes: Reporting Class, Fire Fighting Class, First Aid Class, Safety Precaution Class, Evacuation Guiding Class, Environmental Inspection Class, Chemical Handling Class
- Conduct at least two self-defense firefighting drills and two hazardous chemical incident response drills annually
- Equip each manufacturing site with emergency response equipment, including personal protective equipment, self-contained breathing apparatus, and chemical spill containment and cleanup materials
- Develop and maintain facility layout maps, equipment distribution maps, and standard emergency response procedure charts to ensure the rapid activation of response measures during emergencies

In 2025, all employees at the Taiwan headquarters manufacturing site completed emergency response training. Across the Group, ISO 45001 Occupational Health and Safety Management System certification was achieved, covering 13 major production sites, including Taiwan; Foshan (Nan Pao Foshan and Foshan Great-Will); Dongguan (Nan Pao Dongguan and Jia-Chin); Kunshan; Changshu YuBo; Vietnam (Nan Pao Vietnam, NP Materials, NP Advanced Materials, and NNV); Thailand; and Indonesia.

In 2025, none of the manufacturing sites received any complaints, grievances, or petitions related to significant adverse impacts on local communities. Furthermore, no community complaints were reported concerning chemical spills or environmental pollution incidents.

Community Engagement: Helping Our Neighbors Understand Us

Transparent communication is one of the most effective ways to build trust with local communities. Nan Pao adopts a proactive disclosure approach by regularly inviting community residents to participate in environmental performance sharing and engagement activities. These initiatives provide stakeholders with firsthand insights into the environmental management measures implemented at our manufacturing sites and the progress achieved through continuous improvement efforts. In terms of talent recruitment, when employment opportunities arise, priority is given to qualified candidates from neighboring communities. By creating local employment opportunities, the Company seeks to transform its presence into a source of economic value for the surrounding area, while strengthening positive relationships and fostering long-term community partnerships.

Indicators	2025 Performance	Notes
Major Community Safety Complaints	0 cases	Across all Group manufacturing sites
ISO 45001-Certified Sites	13 sites	Includes all major production facilities
Annual Emergency Response Drills	At least 4 drills per site	Firefighting and hazardous chemical incident response drills
Environmental Monitoring Reporting	Conducted on a regular basis	Reported in accordance with applicable regulatory requirements in each country

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7.2 Rooted in Local Communities: Social Contributions Across Global Sites

Aligned SDGs: SDG 1 No Poverty | SDG 3 Good Health and Well-Being | SDG 8 Decent Work and Economic Growth | SDG 13 Climate Action | SDG 15 Life on Land | SDG 17 Partnerships for the Goals

The Nan Pao Group believes that wherever we operate, we should leave a positive impact. Across all overseas manufacturing sites, we allocate community resources based on the most pressing local social needs, demonstrating a "Glocal" approach that integrates global vision with local action to foster inclusive and sustainable community development.

Nan Pao Indonesia

- Support for Vulnerable Groups: Provided medical assistance funding to local cancer support homes, and extended support to community schools and orphanages, helping disadvantaged children access education and essential living resources.









- Health Promotion: In collaboration with the Indonesian Red Cross, annual blood donation campaigns are held. In 2025, employee participation reached 30%, with over 10,000 cc of blood donated, helping alleviate local blood supply shortages.

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Nan Pao Thailand

- Medical Assistance: Financial support was provided to Phutthamonthon Hospital in Nakhon Pathom Province to strengthen basic healthcare capacity in rural areas and improve access to medical services for local residents.







- Ecological Initiatives: Implemented the "Let's Zero" tree-planting program, including mangrove restoration efforts, to promote biodiversity conservation and protect local ecosystems (aligned with SDG 13 and SDG 15).





- Supply Chain Collaboration: In partnership with footwear customer OSI, collaborative tree-planting activities were carried out, extending sustainability commitments to supply chain partners and symbolizing a shared growth and long-term partnership.





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Nan Pao Vietnam / Vietnam NNV

- Inclusive Employment: Employed visually impaired individuals to provide wellness massage services for employees, promoting physical and mental well-being while creating employment opportunities for disadvantaged groups, reflecting an inclusive business model (aligned with SDG 8).



- Community Donations: Regular donations of daily necessities (such as electric fans and household items) to orphanages, and participation in rural infrastructure improvement projects such as road paving in remote areas.







- Industry-Academia Collaboration: NNV has established partnerships with a leading Vietnamese university to provide internship opportunities for students, along with preferential hiring pathways for outstanding graduates, contributing to local talent development (aligned with SDG 4 and SDG 17).





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7.3 Deep Rooted Commitment in Xigang: Community Integration at Taiwan Headquarters

Aligned SDGs: SDG 1 No Poverty | SDG 4 Quality Education | SDG 3 Good Health and Well-Being | SDG 10 Reduced Inequalities | SDG 11 Sustainable Cities and Communities

Xigang District in Tainan City is the hometown of Nan Pao, where our main manufacturing site is located and where our longest-standing community commitments have taken root. Since the establishment of the Nan Pao Resins Charity Foundation in 2007, Nan Pao has contributed a cumulative donation of NT$94.18 million (as of 2025). Our ongoing efforts focus on three key areas: child education, elderly welfare, and support for disadvantaged groups, continuously giving back to the local community.

Child Education (SDG 4)

As a rural area in Tainan, Xigang has a lower income level compared to the national average, and many children lack access to after-school learning resources. The Nan Pao Resins Charity Foundation has long-term partnerships with six local elementary schools (Xigang, Chenggong, Houying, Songlin, Gangdong, and Wenei Elementary Schools) to implement the following programs:

- Year-round after-school tutoring programs to strengthen students' foundational learning
- Winter and summer camps offering diverse courses in arts, sports, and other enrichment activities
- Book donations to school libraries to enhance reading resources
- In 2025, a total of 38 indigenous students from World Vision Taiwan were invited for a factory visit and educational performance program, including hands-on chemistry experiments designed to inspire interest in science education (with a total of 315 participants)









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Elderly Welfare (SDG 3, 11)

With Taiwan's rapidly aging population, care for elderly individuals living alone in rural areas has become increasingly important. The Nan Pao Resins Charity Foundation has maintained a long-term collaboration with the Xigang Angel Station of the Huashan Social Welfare Foundation:

- Distribution of care packages during major festivals (Dragon Boat Festival, Mid-Autumn Festival, and Lunar New Year), delivered personally by professional social workers through home visits
- Provision of transportation services for elderly residents in Xigang, supporting medical visits, meal delivery, and bathing assistance as part of in-home care services
- Funding support for the Tainan City Senior Welfare Association's Double Ninth Festival activities, and collaboration with the Shulin Community Development Association in Qigu District to establish a daytime senior care center (Black-faced Spoonbill Day Care Academy)
- In 2025, the Foundation invested approximately NT$840,000 in elderly welfare initiatives









Figure: Elderly Care Activity



Figure: Organic rice donation initiative in collaboration with Feng Tay Foundation





Figure: Christmas concert and Wishing Tree event co-hosted with Tainan Philharmonic Orchestra and Tobias Social Welfare Foundation

Support for Disadvantaged Groups (SDG 1, 10)

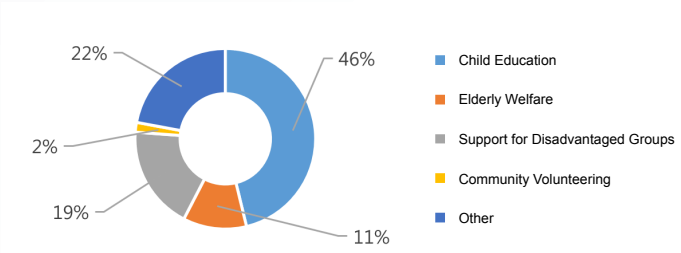
The Nan Pao Charity Foundation provides funding support to cover partial budget shortfalls for multiple social welfare organizations across Taiwan, including the Genesis Social Welfare Foundation, Tobias Social Welfare Foundation, Chao Hsing Foundation, Eden Social Welfare Foundation, Holy Light Mental Care Foundation, and World Vision Taiwan. In addition, the Foundation offers individual emergency assistance and funeral subsidies, ensuring that care and support are extended to those most in need.

Over the past five years, the types and amounts of contributions made by the Nan Pao Charity Foundation to community engagement initiatives are summarized as follows:

(Unit: NT$)

Category	2021	2022	2023	2024	2025
Child Education	2,268,652	2,429,600	3,116,866	2,615,000	3,411,543
Elderly Welfare	670,000	730,000	740,000	830,000	840,000
Support for Disadvantaged Groups	938,713	1,538,113	1,687,573	1,610,500	1,371,800
Community Volunteering	144,800	109,400	244,047	250,150	128,449
Other	1,803,500	1,290,030	1,205,530	1,908,000	1,629,500
Total	5,825,665	6,097,143	6,994,016	7,213,650	7,381,292

Breakdown of 2025 Community Investment by Type (%)



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7.4 Crossing Boundaries: Advancing Social Responsibility with Supply Chain Partners

Aligned SDGs: SDG 12 Responsible Consumption and Production | SDG 17 Partnerships for the Goals | SDG 8 Decent Work and Economic Growth

Nan Pao recognizes that the impact of a company extends beyond the boundaries of its own facilities. Through collaboration across the supply chain, we are able to amplify and extend the benefits of social responsibility to a broader system level.

We have partnered with footwear customer OSI to conduct collaborative tree-planting initiatives. This partnership reflects a shared commitment to sustainability, and symbolizes a long-term relationship that, like trees, continues to grow and take root over time.



In parallel, we continue to enhance the proportion of products compliant with ZDHC MRSL standards. Currently, 720 product formulations have obtained ZDHC Level 3 certification. All relevant certification data is registered on the ZDHC Gateway platform, enabling brand customers to verify compliance and ensuring the protection of end-user health and safety.

Social Responsibility Certification Milestones
ZDHC MRSL Level 3 Certified Products: 720 formulations
ISO 45001 Certified Sites: 13 sites (covering all major production facilities across the Group)
ISO 14001 Certified Sites: 12 sites

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7.5 From the Inside Out: Employee Volunteer Culture

Aligned SDGs: SDG 17 Partnerships for the Goals | SDG 11 Sustainable Cities and Communities

Nan Pao's community engagement is not solely driven by financial contributions, but also by the active participation of employees. When employees step beyond offices and factory sites to engage directly with local communities as corporate citizens, the commitment to "giving back to society" becomes truly meaningful and tangible.



Figure: Nan Pao Thailand "Let's Zero" tree-planting initiative



Figure: Nan Pao Vietnam material donation activities



Figure: Nan Pao Vietnam material donation activities



Figure: Nan Pao Vietnam cooking competition



Figure: Nan Pao Materials Viet Nam occupational safety and health competition

Employee Volunteer Participation:

- Beach Cleanup & Tree Planting: Employees across Group sites regularly participate in community environmental initiatives, including large-scale beach cleanups and tree-planting activities, helping protect ecosystems surrounding our facilities.
- Community Service: Employees are actively involved in blood donation drives, rural chemistry education programs, elderly care visits for seniors living alone, and recreational activities at childcare institutions, demonstrating a strong presence in community support initiatives.
- Christmas Wish Program: In December 2025, the Company's saxophone club partnered with the Mei-Shan Foundation to organize a "Christmas Concert and Wishing Tree Charity Event." Employees fulfilled gift wishes for 57 participants, while the Tainan Philharmonic Orchestra was invited to perform a selection of Christmas music. The event recorded a total of 192 participations.
- Family & Community Integration: Various sites organize employee sports and cultural activities such as football tournaments, cooking competitions, yoga classes, and hiking events. Family Days are also held across facilities to strengthen the connection between employees, their families, and the broader community.



Figure: Nan Pao Taiwan large-scale beach cleanup activity



Figure: Nan Pao Vietnam rural road improvement project

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7.6 Stakeholder Engagement and Social Impact Assessment

Aligned SDGs: SDG 16 Peace, Justice and Strong Institutions | SDG 17 Partnerships for the Goals

Nan Pao has established a systematic community engagement process in accordance with SASB Chemicals Standard RT-CH-210a.1. The Company regularly assesses both positive and negative impacts of its operations on local communities and responds to stakeholder concerns through multiple communication channels.

2025 Stakeholder Engagement Outcomes:

- Collected 70 stakeholder survey responses from external communities.
- Completed 18 internal ESG impact assessments.
- Collected 77 internal stakeholder survey responses.
- Continuous response to community needs through the Nan Pao Resins Charity Foundation, ESG dedicated contact email, and employee volunteer programs.

Nan Pao Community Relationship Management Framework	
Risk Identification	Regular assessment of potential community impacts from chemical leaks, odors, wastewater, and waste management across all manufacturing sites
Community Engagement	Community visits, surveys, and resident dialogue meetings to understand and respond to local concerns
Emergency Response	Site-level emergency response plans with annual drills to ensure community safety during incidents
Transparent Disclosure	Regulatory compliance reporting and public disclosure of PRTR and carbon emission data via the IPE Blue Map platform
Local Employment	Priority hiring of local residents near operating sites to convert corporate presence into local economic opportunity

Aspect	2025 Key Results	SDG Alignment
Community Safety	0 major community safety incidents; 13 sites certified to ISO 45001	SDG 3、11
Taiwan Social Contributions	Cumulative donations reached NT$94.18 million; approx. NT$7.38 million in 2025	SDG 1、4、10
Child Education	Supported 6 rural schools; education accounts for 46% of donations	SDG 4
Support for Disadvantaged Groups	Supported 10+ welfare organizations; 19% of donations allocated	SDG 1、10
Elderly Welfare	Ongoing collaboration with Huashan Social Welfare Foundation; approx. NT$0.84 million invested	SDG 3、11
Overseas Community Programs	>10,000 cc blood donation (Indonesia); tree planting (Thailand); inclusive employment (Vietnam)	SDG 3、8、15
Supply Chain Responsibility	Higg FSLM verified ; 720 products obtained ZDHC certification, covering a total of seven subsidiaries.	SDG 8、12
Employee Volunteer Service	Multiple community initiatives; total participation >700 participants	SDG 17

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Topic	Indicators	Chapter	Page	Type	SASB No.
Greenhouse Gas Emissions	Scope 1 GHG emissions (metric tons CO_2e); percentage of Scope 1 GHG emissions subject to regulatory limits (%)	5. Green Manufacturing and Low-Carbon Transition	115	Quantitative	RT-CH-110a.1
	Management strategies or plans for Scope 1 GHG emissions, including reduction targets and performance evaluations	5. Green Manufacturing and Low-Carbon Transition	115	Discussion & Analysis	RT-CH-110a.2
Air Quality	Air emissions of the following pollutants: (1) Nitrogen oxides (2) Sulfur oxides (3)Volatile organic compounds (4)Hazardous air pollutants	5. Green Manufacturing and Low-Carbon Transition	129	Quantitative	RT-CH-120a.1
Energy Management	(1) Total energy consumption (GJ) (2) Share of grid electricity (%) (3)Share of renewable energy (%) (4)Self-generated energy (GJ)	5. Green Manufacturing and Low-Carbon Transition	119	Quantitative	RT-CH-130a.1
Water Management	(1) Total water withdrawal (2) Total water consumption (3)% of operations in high/extremely high water-stress areas	5. Green Manufacturing and Low-Carbon Transition	125-126	Quantitative	RT-CH-140a.1
	Number of water-related violations	5. Green Manufacturing and Low-Carbon Transition	No such incident	Quantitative	RT-CH-140a.2
	Water risk management and mitigation strategies	5. Green Manufacturing and Low-Carbon Transition	124	Discussion & Analysis	RT-CH-140a.3
Waste Management	Amount of hazardous waste generated, percentage recycled	5. Green Manufacturing and Low-Carbon Transition	131	Quantitative	RT-CH-150a.1
Community Relations	Discussion of engagement processes to manage risks and opportunities associated with community interests	7. Community Engagement	170-171	Discussion & Analysis	RT-CH-210a.1
Worker Health and Safety	For employees and non-employees: (1) Total recordable incident rate (TRIR) (2) Fatality rate	6. Value Co-Creation	168	Quantitative	RT-CH-320a.1
	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	6. Value Co-Creation	168	Discussion & Analysis	RT-CH-320a.2

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Topic	Indicators	Chapter	Page	Type	SASB No.
Product Design for Use-phase Efficiency	Revenue from products designed for use-phase resource efficiency	4. Sustainable Supply Chain	82	Quantitative	RT-CH-410a.1
Safety & Environmental Stewardship of Chemicals	Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment	4. Sustainable Supply Chain	86	Quantitative	RT-CH-410b.1
	Development strategies for high-concern substances and alternative products that reduce human and environmental impacts	4. Sustainable Supply Chain	86-87	Discussion & Analysis	RT-CH-410b.2
Genetically Modified Products	Percentage of revenue from genetically modified products	No use of genetically modified (GM) raw materials	No such incident	Quantitative	RT-CH-410c.1
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	2. Robust Corporate Governance	8-10	Discussion & Analysis	RT-CH-530a.1
Operational Safety, Emergency Preparedness & Response	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	6. Value Co-Creation	168	Quantitative	RT-CH-540a.1
	Number of transport incidents	4. Sustainable Supply Chain	85	Quantitative	RT-CH-540a.2
Community Relations	Operations with significant actual and potential negative impacts on local communities	7. Community Engagement	172	Qualitative	
	Specific, effective mechanisms and actions taken by the Company itself and its suppliers to reduce negative impacts on the environment or society	4. Sustainable Supply Chain	97-99	Qualitative	
Product Output	Product output by product category	0.3 Operational Capability	6	Quantitative	RT-CH-000.A

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GRI Content Index

Statement of Use	The reporting organization, Nan Pao, has reported the content from January 1, 2025 to December 31, 2025 in accordance with the GRI Standards.
GRI 1 Standard	GRI 1: Foundation 2021

GRI Standards	Disclosures	Page	Notes
GRI 2: General Disclosures 2021			
THE ORGANIZATION AND ITS REPORTING PRACTICES			
2-1	Organizational details	4	
2-2	Entities included in the organization's sustainability reporting	3	
2-3	Reporting period, frequency and contact point	3	
2-4	Restatements of information	3	
2-5	External assurance	3	
ACTIVITIES AND WORKERS			
2-6	Activities, value chain and other business relationships	96	
2-7	Employees	144	
2-8	Workers who are not employees	167	
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2-9	Governance structure and composition	28	
2-10	Nomination and selection of the highest governance body	29-31	
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2-12	Role of the highest governance body in overseeing the management of impacts	18-19	
2-13	Delegation of responsibility for managing impacts	19	
2-14	Role of the highest governance body in sustainability reporting	28	
2-15	Conflicts of interest	47-48	
2-16	Communication of critical concerns	18-26	
2-17	Collective knowledge of the highest governance body	36	
2-18	Evaluation of the performance of the highest governance body	36	
2-19	Remuneration policies	36	
2-20	Process to determine remuneration	152	
2-21	Annual total compensation ratio	154	
STRATEGY, POLICIES AND PRACTICES			
2-22	Statement on sustainable development strategy	13	
2-23	Policy commitments	16	
2-24	Embedding policy commitments	17	
2-25	Processes to remediate negative impacts	35	
2-26	Mechanisms for seeking advice and raising concerns	35	
2-27	Compliance with laws and regulations	48	
2-28	Membership associations	7-9	
2-29	Approach to stakeholder engagement	19	
2-30	Collective bargaining agreements	No collective agreements have been signed.	

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GRI Standards	Disclosures	Page	Notes
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	19	
3-2	List of material topics	20	
3-3	Management of material topics	22-23	
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	4	
201-2	Financial implications and other risks and opportunities due to climate change	112	
GRI 202: Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	152	
202-2	Proportion of senior management hired from the local community	146	
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	99	
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	44	
205-2	Communication and training about anti-corruption policies and procedures	44-46	
205-3	Confirmed incidents of corruption and actions taken	46	

GRI Standards	Disclosures	Page	Notes
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	100	
301-2	Recycled input materials used	100	
301-3	Reclaimed products and their packaging materials	68,71,73	
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	118-119	
302-2	Energy consumption outside of the organization	Not applicable	
302-3	Energy intensity	118-119	
302-4	Reduction of energy consumption	119	
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	125	
303-2	Management of water discharge-related impacts	126	
303-3	Water withdrawal	124	
303-4	Water discharge	124-125	
303-5	Water consumption	124-125	
GRI 304: Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	137	
304-2	Significant impacts of activities, products and services on biodiversity	136	
304-3	Habitats protected or restored	137	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	No species affected	

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GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	115-117	
305-2	Energy indirect (Scope 2) GHG emissions	115-117	
305-3	Other indirect (Scope 3) GHG emissions	116	
305-4	GHG emissions intensity	115,117	
305-5	Reduction of GHG emissions	113	
305-6	Emissions of ozone-depleting substances (ODS)	128-129	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	128-129	
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	131	
306-2	Management of significant waste-related impacts	132	
306-3	Waste generated	130	
306-4	Waste diverted from disposal	133	
306-5	Waste directed to disposal	133	
GRI 307: Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations	107	
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	97	
308-2	Negative environmental impacts in the supply chain and actions taken	97	

GRI Standards	Disclosures	Page	Notes
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	147,149	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	151	
401-3	Parental leave	155	
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	163	
403-2	Hazard Identification, Risk Assessment, and Incident Investigation	165	
403-3	Occupational health services	168	
403-4	Worker participation, consultation, and communication on occupational health and safety	166	
403-5	Worker training on occupational health and safety	165	
403-6	Promotion of worker health	157	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	166	
403-8	Workers covered by an occupational health and safety management system	167	
403-9	Work-related injuries	167	
403-10	Work-related ill health	167	
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	159	
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	146	
405-2	Ratio of basic salary and remuneration of women to men	152	

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GRI Standards	Disclosures	Page	Notes
GRI 412: Human Rights Assessment 2016			
412-1	Operations that have been subject to human rights reviews or impact assessments	139	
412-2	Employee training on human rights policies or procedures	140	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	None	
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	97	
414-2	Negative social impacts in the supply chain and actions taken	97	
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	86-87	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No such occurrences	
GRI 417: Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	86	
417-2	Incidents of non-compliance concerning product and service information and labeling	No such occurrences	
417-3	Incidents of non-compliance concerning marketing communications	No such occurrences	

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Sustainability Disclosure Indicators - Chemical Industry

	Indicators	Indicator Type	Annual Disclosure Status	Unit(s)
1	Total energy consumption, percentage of purchased electricity, utilization rate (renewable energy/total energy), and total self-generated and self-use energy. (Note 1)	Quantitative	Nan Pao Taiwan's total energy consumption in 2025 was 204,460 GJ, with purchased electricity accounting for 37.95% of the total, and self-generated and self-consumed energy accounting for 1.10% of total purchased electricity.	Gigajoules (GJ), percentage (%)
2	Total water withdrawn, total water consumption, mandatorily or voluntarily disclosed total wastewater (sewage) discharged.	Quantitative	In 2025, Nan Pao Taiwan recorded a total water withdrawal of 120.325 thousand m³, total water consumption of 98.841 thousand m³, and wastewater discharge of 21.484 thousand m³.	Thousand cubic meters (1,000 m³)
3	Total quantity of hazardous wastes generated during the production process of products required to be disclosed under the law or to be disclosed voluntarily.	Quantitative	In 2025, Nan Pao Taiwan generated a total of 764 metric tons of hazardous waste during production, with a recycling rate of 88.87%.	Metric tons (t), percentage (%)
4	Number of employees in and rate of occupational accidents	Quantitative	In 2025, Nan Pao Taiwan recorded 3 cases of occupational injuries (excluding commuting accidents), with a Total Recordable Incident Rate (TRIR) of 0.47 for direct and indirect employees.	Amount, percentage (%)
5	Operations with significant actual and potential negative impacts on local communities	Qualitative description	To minimize potential negative impacts on local communities, Nan Pao Taiwan has implemented the following measures: 1. Annual fire drills and emergency response exercises at each plant. 2. Inviting community residents to visit facilities to better understand operations and safety management.	Not applicable
6	Specific, effective mechanisms and actions taken by the Company itself and its suppliers to reduce negative impacts on the environment or society	Qualitative description	96.3% of suppliers have signed the Nan Pao Taiwan Supplier Code of Conduct, which sets forth environmental and ethical requirements for suppliers.	Not applicable
7	Product output by product category	Quantitative	Production Volume & Output Value for the Past Two Years Production Volume of Main Products (Metric Tons) / 2024 / 2025 Adhesives: 240,692 / 231,331 Coatings: 15,375 / 17,956 Other (Note): — / — Total: 256,067 / 249,287	Varies by product type

Note 1: The total self-generated and self-use energy refers to the definition provided in the "Renewable Energy Development Act," "Implementation Regulations for Renewable Energy Certificates," or relevant subsidiary laws.

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No.	Item	Execution (Page(s))
1	Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	105
2	Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	112
3	Describe the financial impact of extreme weather events and transformative actions.	112
4	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	110
5	If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	110
6	If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	112
7	If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	114
8	If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	112
9	Greenhouse gas inventory and assurance status	117

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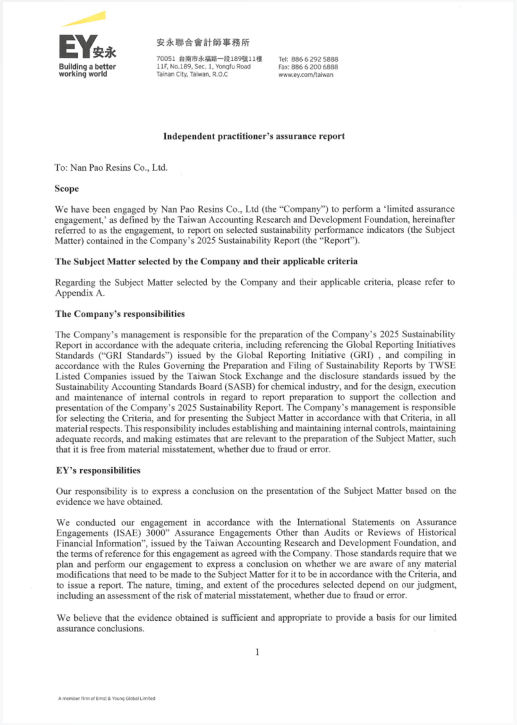

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Independent practitioner's assurance report

To: Nan Pao Resins Co., Ltd.

Scope

We have been engaged by Nan Pao Resins Co., Ltd (the "Company") to perform a 'limited assurance engagement,' as defined by the Taiwan Accounting Research and Development Foundation, hereinafter referred to as the engagement, to report on selected sustainability performance indicators (the Subject Matter) contained in the Company's 2025 Sustainability Report (the "Report").

The Subject Matter selected by the Company and their applicable criteria

Regarding the Subject Matter selected by the Company and their applicable criteria, please refer to Appendix A.

The Company's responsibilities

The Company's management is responsible for the preparation of the Company's 2025 Sustainability Report in accordance with the adequate criteria, including referencing the Global Reporting Initiatives Standards ("GRI Standards") issued by the Global Reporting Initiative (GRI) , and compiling in accordance with the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies issued by the Taiwan Stock Exchange and the disclosure standards issued by the Sustainability Accounting Standards Board (SASB) for chemical industry, and for the design, execution and maintenance of internal controls in regard to report preparation to support the collection and presentation of the Company's 2025 Sustainability Report. The Company's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Statements on Assurance Engagements (ISAE) 3000" Assurance Engagements Other than Audits or Reviews of Historical Financial Information", issued by the Taiwan Accounting Research and Development Foundation, and the terms of reference for this engagement as agreed with the Company. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

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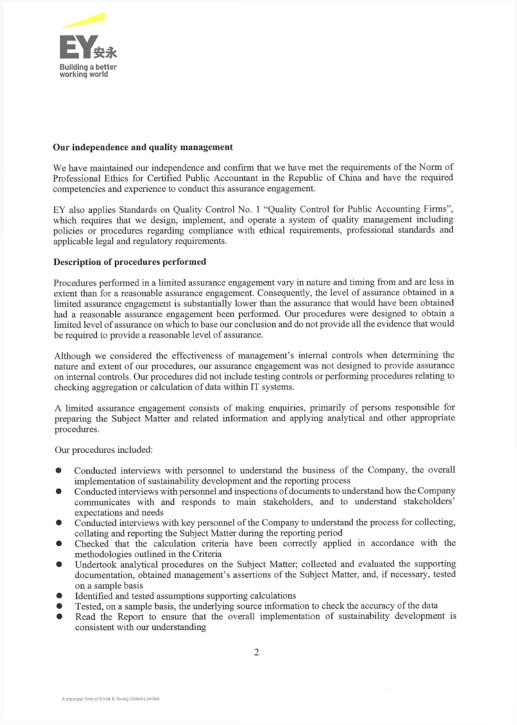

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Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China and have the required competencies and experience to conduct this assurance engagement.

EY also applies Standards on Quality Control No. 1 "Quality Control for Public Accounting Firms", which requires that we design, implement, and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with personnel to understand the business of the Company, the overall implementation of sustainability development and the reporting process
- Conducted interviews with personnel and inspections of documents to understand how the Company communicates with and responds to main stakeholders, and to understand stakeholders' expectations and needs
- Conducted interviews with key personnel of the Company to understand the process for collecting, collating and reporting the Subject Matter during the reporting period
- Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria
- Undertook analytical procedures on the Subject Matter; collected and evaluated the supporting documentation, obtained management's assertions of the Subject Matter, and, if necessary, tested on a sample basis
- Identified and tested assumptions supporting calculations
- Tested, on a sample basis, the underlying source information to check the accuracy of the data
- Read the Report to ensure that the overall implementation of sustainability development is consistent with our understanding

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Inherent Limitation

Non-financial information contained within the Sustainability Report are subject to measurement uncertainties. The selection of different measurement techniques can result in materially different measurement. Also, assurance engagements are based on selective testing of information being examined, and it is not possible to detect all of the existing material misstatements whether resulting from fraud or error.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter for the year ended December 31, 2025, in order for it to be in accordance with the applicable Criteria.

Hung, Kuo-Sen

Hung, Kuo-Sen

Ernst & Young

August 21, 2026

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Appendix A:

No.	Page	Corresponding Chapter	Corresponding Report Contents	Applicable Criteria	Supplementary Explanation
1	117	5.3 Energy Management	The consumption of purchased electricity, the total energy consumed and the grid electricity usage ratio in 2025.	The Company calculates the energy consumption data of each plant based on natural gas bills, electricity bills, and renewable energy certificates.	According to Attachment 1.2 Sustainability Disclosure Indicators, Article 4 of "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" – (1) total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy (Note)[1]. Refer to the accounting metrics of SASB RT-CH-130a.1.
2	123	5.4 Water Resources	The total tap water intake and total water consumption of Taiwan's water resources data in 2025.	The Company calculates the water intake and discharge data of each plant based on water bills and waste (sewage) discharge surface water declaration tables.	According to Attachment 1.2 Sustainability Disclosure Indicators, Article 4 of the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" - total water withdrawal, total water consumption and volume of effluent required to be disclosed under the law or to be disclosed voluntarily. Refer to the accounting metrics of SASB RT-CH-140a.1.
3	129	5.6 Waste Management	Total amount of hazardous industrial waste and the recycling percentage in Taiwan facilities in 2025.	Based on the details indicated in the three-part form of business waste entrusted to joint treatment control delivery declared by the Company.	According to Attachment 1.2 Sustainability Disclosure Indicators, Article 4 of the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" - total quantity of hazardous wastes generated and recycling percentage during the production process of products required to be disclosed under the law or to be disclosed voluntarily. Refer to the accounting metrics of SASB RT-CH-150a.1.

Note: The total amount of self-generated and self-consumed energy is defined in the "Renewable Energy Development Act", "Implementation Regulations Governing Renewable Energy Certificates" or related sub-laws.

No.	Page	Corresponding Chapter	Corresponding Report Contents	Applicable Criteria	Supplementary Explanation
4	166	6.4 Safe Workplace Environment	Total injury statistics and fatality rate in 2025.	Based on the information declared by the Company in the occupational disaster statistical summary table.	According to Attachment 1.2 Sustainability Disclosure Indicators, Article 4 of the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" – illustrating the number of persons involved in and rate of occupational accidents. Refer to the accounting metrics of SASB RT-CH-320a.1.
5	167	6.4 Safe Workplace Environment	Process Safety Incident Count (PSIC), Process Safety Total Incident Rate (PSTIR) and Process Safety Incident Severity Rate (PSISR) in 2025.	The Company evaluates whether each incident recorded in the accidents summary report meets the definition of Process Safety incidents (PSI) in accordance with the Process Safety Leading and Lagging Metrics.	According to Attachment 1.2 Sustainability Disclosure Indicators, Article 4 of the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" - illustrating the number of persons involved in and rate of occupational accidents. Refer to the accounting metrics of SASB RT-CH-540a.1.
6	48-53 162-167	3.4 Enhancing Risk Culture Awareness 6.4 Safe Workplace Environment	Methods for evaluating operations that have significant and actual or potentially negative impact on the local communities.	According to GRI 3, the Company has identified actual and potential negative impacts on the economy, environment and people (including human rights).	According to Attachment 1.2 Sustainability Disclosure Indicators, Article 4 of the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" - operations that have significant and actual or potentially negative impacts on local communities.
7	86	4.3 Responsible Chemical Management	Responsible Chemical Management Strategy		
	134	5.7 Ecological Conservation	Nan Pao Group Biodiversity Policy		

No.	Page	Corresponding Chapter	Corresponding Report Contents	Applicable Criteria	Supplementary Explanation
	138-161	6.1 Human Rights Policy 6.3 Employee Communication and Development	Human Rights Protection Measures of Nan Pao Employee Grievance Mechanisms	According to GRI 3, the Company has identified actual and potentially negative impact on the economy, environment and people (including human rights), related policies or commitments, and the actions taken regarding the aforementioned impacts.	According to Attachment 1.2 Sustainability Disclosure Indicators, Article 4 of the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" – the specific and effective actions taken by the enterprise and suppliers to reduce negative impact on the environment and society.
	162-167 169	6.4 Safe Workplace Environment 7.1 Chemical Plants and Community Safety: Our Responsibility to Protect	In order to impose the protective measures against general disasters, natural disasters and chemical leakage disasters, various safety drills are regularly carried out every year to minimize the environmental impact on the communities if a disaster takes place.		
	42 95-100 138	3.2 Anti-Corruption and Ethical Business Practices 4.5 Supplier Management 6.1 Human Rights Policy	Suppliers are committed to social and environmental responsibility by signing the Supplier Code of Conduct		
8	6	0.3 Operational Capability		Based on the tonnage recorded in the production and sales table as well as the product output statistics table.	According to Attachment 1.2 Sustainability Disclosure Indicators, Article 4 of the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" - production by reportable segments. Refer to the accounting metrics of SASB RT-CH-000. A.

	Production (Metric Tons)
Adhesives	231,331
Coating	17,956
Others	–
Total	249,287

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2025 Sustainability Report: Issued in August 2026

Feedback

We would appreciate any feedback you have on the contents or activities of this report.
Please do not hesitate to contact us if you have any questions or suggestions.

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