



YFY Inc.

2024 Annual Report

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• CPA: Chih-Ming Shao and Hui-Min Huang.

Deloitte and Touche

20F, No. 100, Songren Rd., Xinyi Dist., Taipei, 11073, Taiwan | TEL : +886-2-2725-9988

<https://www2.deloitte.com>

V. Stock exchange(s) on which the stock is traded overseas and ways to obtain relevant information: N/A

VI. Company Website : <https://www.yfy.com>

Notice to readers

This English-version annual report is a translation version from the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Chapter 1

Letter to Shareholders

Global economic growth moderated in 2024. While easing inflation and the rise of generative AI helped boost trade and investment in advanced economies, optimism was tempered by heightened geopolitical risks—including the ongoing conflicts in the Middle East and between Russia and Ukraine, as well as the escalating trade tensions between the United States and China. Looking ahead to 2025, major international institutions remain cautiously optimistic, projecting global economic growth in the range of 2.7% to 3.3%. However, geopolitical developments and the economic direction of the newly elected U.S. administration may significantly reshape the global political and economic landscape, adding further uncertainty to the market environment.

In response to the challenges of climate change and the global movement toward net-zero emissions, YFY is committed to reducing carbon emissions and energy consumption, advancing circular economy practices, developing non-plastic materials, and fostering new business models in the climate technology sector—anchored in our core concept of the “Saccharide Economy”. Amid rapid market changes, we are actively transforming our energy infrastructure while maintaining operational stability and responding flexibly to evolving market demands. Through these efforts, we aim to help our customers create greater value and generate long-term returns for our investors.

Financial Performance

In 2024, YFY recorded consolidated revenue of NT\$78.413 billion, with after-tax profit attributable to the Company’s owners amounting to NT\$1.631 billion and earnings per share (EPS) of NT\$0.98. Despite a volatile external environment, YFY benefited from strong contributions by equity-method affiliates. Notably, E Ink Holdings Inc. contributed NT\$1.43 billion in non-operating income, while SinoPac Financial Holdings Co., Ltd. provided approximately NT\$1.072 billion in cash dividends. A summary of YFY’s strategic priorities and future development plans is outlined below.

In response to climate change and the global push for carbon reduction, YFY is accelerating the development of the Saccharide Economy and has transitioned into the climate technology industry, building on a strong foundation established through years of commitment to the circular economy.

We continue to invest in research and development focused on low-carbon, low-energy solutions, non-plastic materials, and circular practices. At the same time, we are expanding our business scope by integrating digital smart energy and low-carbon technologies into value-added services, and developing comprehensive solutions for net-zero emissions—including renewable energy trades, smart energy systems, virtual power plants, and carbon management services.

YFY is actively collaborating with a broad range of enterprises, government agencies, and organizations to jointly advance carbon reduction and drive sustainable transformation. Under this strategic direction, energy transition and material innovation serve as the two primary pillars of the Company’s transformation efforts.

In terms of energy transition, as Taiwan officially enters the era of carbon pricing, companies will begin incurring carbon fees in 2025, payable in 2026. In preparation, YFY has developed comprehensive improvement plans focused on establishing a low-carbon energy structure and optimizing production processes to enhance energy efficiency. To qualify for preferential carbon fee rates, YFY has submitted a voluntary reduction plan and implemented real-time digital monitoring of carbon emissions at each plant through its self-developed carbon management platform. Balancing operational costs with environmental responsibility, YFY is pursuing a model that achieves both business growth and carbon reduction, advancing toward long-term sustainable development.

● Low-carbon Energy Structure

YFY believes that the most systematic approach to addressing climate change is to reduce reliance on fossil fuels. The Company is taking concrete steps to transition toward low-carbon fuels. These include increasing the recycling of paper sludge and high-biomass-content wood to produce wood pellets, utilizing paper rejects and sludge as alternative fuel, and expanding the capacity of biogas power generation at its facilities. Through mix-firing with coal alternatives, these measures will help phase out coal use and accelerate the shift toward a more sustainable energy structure.

In addition, YFY will increase its self-generated electricity to reduce reliance on power purchased from Taiwan Power Company. The Hualien mill houses Taiwan's largest lignin-based biofuel power generation system, a facility that is unique within the pulp and paper industry. Looking ahead, YFY plans to further enhance this technology by increasing lignin concentration from 65% to 85%, with the goal of doubling its current annual green electricity output of 150 million kWh. These efforts will not only improve generation efficiency but also significantly increase the proportion of green power, moving the Company forward to achieving zero-carbon green energy production.

● Process Optimization to Improve Energy Efficiency

In 2024, YFY initiated a series of energy-saving and carbon-reduction equipment projects, focusing on equipment replacement, system integration, and digitalization to reduce emissions and improve operational efficiency.

Key initiatives include:

- Investing in new paper machines to replace outdated, low-efficiency equipment;
- Upgrading steam systems and vacuum turbine pumps to lower steam and electricity consumption;
- Developing a smart Energy Management System (EMS) to integrate resources and enhance energy efficiency;
- Building microgrid energy storage systems to strengthen plant-level grid resilience and leverage digital technologies for optimized energy usage;
- Applying AI technologies to enable smart production, improve yield, reduce rework rates, and minimize energy used in non-productive processes.

YFY will maintain its strategic focus on these areas throughout 2025, supporting its commitment to long-term sustainability and operational excellence.

In terms of material innovation, YFY utilizes agricultural waste as raw material for papermaking, which laid the foundation for the development of the “Saccharide Economy”. Aligned with the global trend of reducing plastic use and shifting toward non-petrochemical materials, YFY has integrated cutting-edge technology and material science to develop a diverse range of innovative paper-based products. These efforts expand the application potential of saccharide-based material and enable carbon reduction at the source—beginning with raw material selection—reinforcing YFY’s commitment to sustainable product innovation.

YFY has developed paper products with bio-based carbon storage properties, extending across all aspects of daily life—from food, clothing, and housing to transportation—turning sustainable living into a tangible, practical part of everyday experience. For example:

- **Food:** The vegetable and fruit bags are produced using YFY’s proprietary dispersible water-based coating technology, offering long-lasting preservation with waterproof and oil-resistant properties. Moreover, the bags are entirely free of 7P plastics, which are known to be harmful to the environment.
- **Clothing:** The innovative plant fiber ECOCELL is made from FSC-certified pulp and serves as a natural, pollution-free green textile material. It is produced using non-toxic, eco-friendly solvents in a closed-loop manufacturing process, ensuring minimal environmental impact. ECOCELL is designed for recycling, repurposing, and remanufacturing, and offers excellent breathability, moisture absorption, and comfort, making it both sustainable and high-performing.
- **Housing:** “Mayflower All-Paper Packaging Boxed Tissues” utilize proprietary patented anti-breakage paper material and hot stamping technology to replace plastic with paper, achieving 100% recyclable, all-paper product.
- **Transportation:** The paper-based RFID tag eliminates the use of acidic and alkaline solvents, adopts flexographic printing, and significantly reduces adhesive consumption, making it the most environmentally friendly IoT identification solution available. It is widely applied in retail, logistics, and warehouse management, delivering efficient and convenient tracking and management capabilities.

In view of the long-term development of the industry and the global trend toward carbon tariffs, products must pass third-party GHG emissions inspections to enter international markets. To address this, YFY has taken a leading role in developing the “Corporate Standard for Carbon Emissions of Paper Products” and has obtained an inspection statement from TÜV Rheinland in Germany. This world’s first carbon emission standard for paper products not only supports producers in lowering supply chain emissions through informed raw material choices, but also empowers consumers to distinguish between similar non-bio based products and make more environmentally conscious purchasing decisions.

Advancing Social Well-Being and Environmental Sustainability

At YFY, we place strong emphasis on environmental protection and social responsibility. In 2024, we sponsored the restoration of the Old Railroad Bridge Wetland in Kaohsiung to enhance biodiversity. Building on this foundation, in 2025 we partnered with industry, government, and academia to launch Asia's first constructed wetland carbon sequestration enhancement project.

As part of this initiative, we also developed Taiwan's first freshwater wetland reduction methodology, which included constructing a carbon budget model for constructed wetlands and quantifying their carbon sequestration capacity. These data-driven results provide a scientific foundation for future wetland enhancement, management, and maintenance across sectors. Additionally, our Hualien mill established an environmental education park, offering hands-on courses to promote circular economy concepts and environmental awareness. YFY remains committed to achieving zero environmental penalties, earning the trust of society, and fostering values that are fairer, greener, and more harmonious.

Future Prospects

At the opening ceremony of YFY's 100th anniversary celebration, President S.C. Ho of YFY Academy remarked, "Saccharide has been fundamental to YFY from its beginning". This statement reflects YFY's long-standing commitment to "promoting sustainable development through the Saccharide Economy" and its strategic transition into the climate technology industry.

In the coming year, YFY will focus on transforming its energy structure, advancing the digital transformation of smart manufacturing, and enhancing operational efficiency. We will also continue to invest in innovative product R&D, promote a high value-added supply chain, and invest in purposeful projects and start up business. These strategic priorities will enable us to stay aligned with evolving market trends, maintain stable profitability, and progress steadily on our journey toward long-term sustainability.

Wishing you all peace, good health, and continued success!



YFY Inc. Chairman
Huey-Ching Yeh



Chapter 2. Corporate Governance Report

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I. Profiles of Directors, Independent Directors, President, VP, VPs, and Managers

(I) Profiles of Directors and Independent Directors

December 31, 2024

Title	Nationality Or Place Of Registration	Name	Gender & Age			Date Elected	Term (Year)	First Elected	Shares Held When Elected		Shares Currently Held		Current Shares Held By Spouse And Underage Children		Shares Held In Names Of Third Parties		Education And Work Experience	Positions Concurrently Held At The Company Or Other Companies	Spouse Or Relatives Within Second Degree Of Kinship Who Also Act As Directors, Supervisors, Or Other Department Heads			Notes
			50-60	61-70	>71				Number Of Shares	Shareholding Percentage	Number Of Shares	Shareholding Percentage	Number Of Shares	Shareholding Percentage	Number Of Shares	Shareholding Percentage			Title	Name	Relation	
Chairman	ROC	Yuen Foong Paper Co., Ltd. Representative: Huey-Ching Yeh	Male			2024/06/20	3	2024/06/20	18,268,073	1.10	18,268,073	1.10	0	0	0	0	Master of Economics, National Chengchi University	Note 1	N/A	N/A	N/A	
				✓					0	0.00	0	0.00										
Director	ROC	Yuen Foong Paper Co., Ltd. Representative: David Lo	Male			2024/06/20	3	2022/02/07	18,268,073	1.10	18,268,073	1.10	0	0	0	0	MBA, Johnson School of Management, Cornell University	Note 2	N/A	N/A	N/A	
			✓						0	0.00	0	0.00										
Director	ROC	Shin-Yi Enterprise Co., Ltd. Representative: Chin-San Wang	Male			2024/06/20	3	2018/06/21	77,794,610	4.69	77,794,610	4.69	0	0	0	0	EMBA, Accounting and Management Strategy, National Taiwan University	Note 3	N/A	N/A	N/A	
					✓				0	0.00	0	0.00										
Director	ROC	Shin-Yi Enterprise Co., Ltd. Representative Chun-Chieh Huang	Male			2024/06/20	3	2021/05/17	77,794,610	4.69	77,794,610	4.69	0	0	0	0	Master of Science and Technology Management Institute, National Chengchi University	Note 4	N/A	N/A	N/A	
				✓					0	0.00	0	0.00										

Title	Nationality or place of registration	Name	Gender & Age			Date elected	Term (Year)	First elected	Shares held when elected		Shares currently held		Shares held when elected		Shares held when elected		Education and work experience	Positions concurrently held at the Company or other companies	Spouse or relatives within second degree of kinship who also act as directors, supervisors, or other department heads			Notes
			50-60	61-70	>71				Number of shares	Number of shares	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relation	
Independent Director	ROC	Jin-Li Hu	Male			2024/06/20	3	2021/05/17	0	0.00	0	0.00	0	0	0	0	PhD in Economics, State University of New York, Stony Brook	Note 5	N/A	N/A	N/A	
			✓						0	0.00	0	0.00										
Independent Director	ROC	Di-Shi Huang	Male			2024/06/20	3	2021/05/17	0	0.00	0	0.00	0	0	0	0	Master of Criminal Justice Management Institute, Oklahoma City University	N/A	N/A	N/A	N/A	
					✓				0	0.00	0	0.00										
Independent Director	ROC	Yie-Yun Chang	Female			2024/06/20	3	2021/05/17	0	0.00	0	0.00	0	0	0	0	LL.D in University of Munich	Note 6	N/A	N/A	N/A	
				✓					0	0.00	0	0.00										

*personal holdings

Note 1.

Director, Chung Hwa Pulp Corp.; Director, Shin Foong Specialty and Applied Materials Co., Ltd.; Director, YFY Mauritius; Chariman, EFFION Eneritech Co., Ltd.; Chariman,,Ensilience Co., Ltd.Corp.; Chariman, San Ying Enterprise Co., Ltd.

Note 2.

President, YFY Inc.; Director, YFY Packaging Inc.; Director, YFY Consumer Products Co., Ltd.; Director, Yuen Foong Yu Consumer Products Investment Ltd. ; Chairman, YFY Corporate Advisory & Services Co., Ltd.; Chairman, YFY Paradigm Investment Co., Ltd.; Chairman, YFY Development Corp.; Director, Fidelis IT Solutions Co., Ltd.; Director, YFY Biotech Management Company; Director, Taiwan Sotck Exchange Corporation; Director, YFY International B.V.; Director, YFY Global Investment B.V.; Director, YFY Mauritius Corp.; Director, Arizon RFID Technology (Cayman) Co., Ltd.; Director, Ensilience Co., Ltd.; Director, Taiwan Venture Capital Association

Note. 3.

Independent Director, Taiwan Cement; Independent Director, Taiwan Navigation Co. Ltd.; Independent Director, DACIN Construction Co., Ltd.; Independent Director, Fulin Plastic Industry (Cayman) Holding Co., Ltd.; Director, Yageo Corporation; Director, T N Soong Foundation

Note 4

Director & President, Huacheng Capital Co., Ltd.; Director & President, Huicheng Capital Co., Ltd. ; Director, YFY Paradigm Investment Co., Ltd. ; Director, CT Micro International Corp. (Cayman); Director, Mennonite Social Welfare Foundation

Note 5

Professor, Institute of Business and Management, NYCU; Executive supervisor, Taiwan Association of Environmental and Resource Economics; Vice President, Association for China Economic Studies; Member, National Council For Sustainable Development

Note 6

Professor, Fu Jen Catholic University of Law; Director, Dadong Resin Chemical Co., Ltd.; Independent Director & Member of Audit and Remuneration Committee, Ocean Plastic Co., Ltd.; Member of the Sustainable Development Committee, Advanced Lithium Electrochemistry (KY) Co.,Ltd.; Legal Consultant, Intellectual Property Office of the Ministry of Economic Affairs; Committee Member, Appeal Review Committee of the Ministry of Transportation and Communications; Committee Member, Public Expenses Study Abroad Review Committee of the Ministry of Education

1. Major Direct and Indirect Institutional Shareholders

(1). Major Direct Institutional Shareholders

December 31, 2024

Name of Institutional Shareholder	Major Direct Institutional Shareholders
Shin-Yi Enterprise Co., Ltd.	S. C. Ho (27.84%), Jucheng Investment & Management Co., Ltd. (12.50%), BRILLIANT PRIDE LIMITED (12.50%), Gao Da Global Ltd. (12.50%), Mei-Yu Ho (12.50%), Guan Yu Investment Co., Ltd. (5.91%), Hui-Shin Ho Tsai (2.48%), Richard Ho (2.18%), Jin Jie Investment Ltd.(1.52%), Hoss Educational Foundation (1.48%), Hoss Cultural Foundation (1.48%)
Yuen Foong Paper Co., Ltd.	Shin-Yi Enterprise Co., Ltd. (27.39%), S. C. Ho (16.65%), Hsinex International Corp. (9.93%), Yu Hai Investment Corp. (9.69%), Hoss Venture Inc. (5.81%), Mei-Yu Ho (3.59%), Jucheng Investment & Management Co., Ltd. (3.59%), BRILLIANT PRIDE LIMITED (3.59%), Gao Da Global Ltd. (3.59%), Hui-Shin Ho Tsai (3.18%)

(2). Major Indirect Institutional Shareholders

December 31, 2024

Name of Institutional Shareholders	Major Indirect Institutional Shareholders
Jucheng Investment & Management Co., Ltd.	RAINBOW TIME LIMITED (Samoa) (100.00%)
BRILLIANT PRIDE LIMITED	LEE SWEE HIONG (100.00%)
Gao Da Global Ltd.	Jin-Xing Lin (100.00%)
Guan Yu Investment Co., Ltd.	Hui-Shin Ho Tsai (57.49%), Jie-Ru Ho (7.50%), Wen-Hua Ho (7.50%), Yi-Jin Huang (6.25%), Yi-Xuan Huang (6.25%), Jie-Xi Liu (3.75%), Jie-Ya Liu (3.75%), Jie-Xiu Ka (3.75%), Jie-Ke Ka (3.75%), Richard Ho (0.01%)
Jin Jie Investment Ltd.	Guan Yu Investment Co., Ltd. (100.00%)
Hoss Educational Foundation	Founded in 2001 with Hui-Mei Chen as the main donor at the time of founding (100.00%)
Hoss Cultural Foundation	Founded in 2004 with Chen-Kuan Sun (95.00%) and Hui-Mei Chen (5.00%) as the main donor at the time of founding
Yu Hai Investment Corp.	Yu Hai Enterprise Co., Ltd. (34.78%), Shan Tao Investment Ltd. (25.04%), Jie Lai Investment Ltd. (19.98%), Ka Feng Investment Ltd. (19.98%), Hui-Shin Ho Tsai (0.18%), Miao-Zhen Lin (0.04%)
Hsinex International Corp.	S. C. Ho (27.13%), Sing-Ju Chang (26.00%), Yi-Jia Ho (24.48%), Felix Ho (22.28%), Cheng Yu Co., Ltd. (0.11%)
Hoss Venture Inc.	Hoss Cultural Foundation (49.07%), Hoss Educational Foundation (40.03%), Yu-Huei Ho (6.81%), Hoss Capital Inc. (3.41%), Hui-Mei Chen (0.26%), Shiou-Chuan Ho (0.19%), De Yong Chen (0.15%), Yo Tian Chuang (0.04%), Hui-Zhu Chen (0.04%)

2.1.1. Disclosure of information on the professional qualifications of directors and the independence of independent directors:

December 31, 2024

Term Name	Professional qualifications and experience	The information of independence	Number of concurrent posts at other listed companies as independent director
Huey-Ching Yeh	Chief Secretary of Ministry of Economic Affairs Chairman, Tatung Forever Energy Co. Ltd. Chairman, Cinzhi Power Co., Ltd.		0
David Lo	Managing Director, UBS Taiwan District, Deputy General Manager of Shin Kong Bank, Director of Capital Operation Division, Chang Hwa Bank		0
Chin-San Wang	Chairman, National Taiwan University EMBA Alumni Foundation, Vice Chairman Deloitte Touche Tohmatsu Limited Associate Professor of Department of Accounting, CPA Associations R.O.C Member of Financial Accounting Committee		4
Chun-Chieh Huang	President, SinoPac Securities Venture Capital Corporation, Vice President, Sercomm Corporation President, Director, Taiwan Venture Capital Association		0
Jin-Li Hu	Dean/Associate Dean, School of Management, National Chiao Tung University, Director, Institute of Management, Associate Professor, Department of Industrial Economics, Tamkang University, Associate Professor, Ming Chuan School of Management Department of Financial Management (accounting or finance expertise)	1. The two years before the election and the term of office meet the independence requirements of Article 3 of the "Measures for the Appointment of Independent Directors of Public Offering Companies and Matters to Be Followed". 2. Signed a declaration of independence of independent directors at the time of appointment.	0
Di-Shi Huang	Deputy Director of Investigation Bureau, Ministry of Justice Director of Taipei City Investigation dept., Ministry of Justice Director of New Taipei City Investigation dept., Ministry of Justice	Same content as Jin-Li Hu	0
Yie-Yun Chang	Dean, Fu Jen Catholic University Academic Associate, Dean and Head of Department of Economics and Law, Fu Jen Catholic University Member of the 6th Fair Trade	Same content as Jin-Li Hu	1

Note 1: For the academic experience of each director of YFY, please refer to Item (1) of Chapter 2 - Information on directors and independent directors. None of the directors of YFY has any of the circumstances specified in

Article 30 of Company Law.

Note 2: The independent directors of YFY have met the requirements for independence in Article 3 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to Be Followed" during the two years before the election and during their tenure.

2.1.2.Diversity and Independence of the Board of Directors :

2.1.2.1.Diversity of the Board of Directors :

2.1.2.1.1. Board Diversity Policy :

On November 13, 2018, the Board passed a resolution to introduce a Code of Corporate Governance. YFY's board diversity policy is set out in Chapter 3 (Composition and Powers of the Board), Article 19 of the Code. This includes adopting a candidate nomination system and complying with the company's Director Election Rules and Code of Corporate Governance to ensure the diversity of board members.

The Board Members' Diversity Management Goals	The Achievement of 2024	<div><p>The Board Members' Diversity Management Goals-The Professional Backgrounds of Board Members</p><p>— Distribution</p><table><caption>Professional Backgrounds of Board Members</caption><thead><tr><th>Professional Background</th><th>Count</th></tr></thead><tbody><tr><td>Risk management</td><td>7</td></tr><tr><td>Business management</td><td>6</td></tr><tr><td>Law</td><td>2</td></tr><tr><td>Financial accounting</td><td>1</td></tr></tbody></table></div>	Professional Background	Count	Risk management	7	Business management	6	Law	2	Financial accounting	1
Professional Background	Count											
Risk management	7											
Business management	6											
Law	2											
Financial accounting	1											
(1) Directors concurrently serving as company officers not exceed one-third of the total number of the board members	Achieved, currently only 1 manager serve as director.											
(2) The board must include at least one female director.	Achieved, currently the board has 1 female director.											
(3) The professional backgrounds of the board members should encompass business management, financial accounting, legal, and risk management.	Achieved, currently among the board members' backgrounds: 7 in risk management, 6 in business management, 2 in law, and 1 in financial accounting.											

2.1.2.1.3. Implementation of Board Diversity Policy

The professional backgrounds of the Board includes industry, management and accounting. The members of our 28th Board of Directors who excel in leadership, operational decision-making, business management and crisis management include directors Huey-Ching Yeh, David Lo and Chun-Chieh Huang, as well as

accountant Chin-San Wang. Our independent directors include Jin-li Hu and Yie-Yun Chang are all university professors; and Di-Shi Huang has expertise in criminal investigation.

Among the members of the Company's Board of Directors, there are 1 directors with employee status. There are 3 independent directors, independent director are all elected as independent directors from 2021. In terms of age, there are 2 directors over the age of 70, 3 directors between the ages of 60 and 70, 2 directors between the ages of 50 and 60. The Company also emphasizes gender equality in the composition of the Board of Directors. The current term of the Board of Directors includes 1 female members.

Name		Huey-Ching Yeh	David Lo	Chin-San Wang	Chun-Chieh Huang	Di-Shi Huang	Yie-Yun Chang	Jin-li Hu
Title		Chairman	Director	Director	Director	Independent Director	Independent Director	Independent Director
Basic	Gender	M	M	M	M	M	F	M
Background	Also serves as manager	Y	Y	N	N	N	N	N
Information	Ranges of age	61~70	51~60	>70	61~70	>70	61~70	51~60
Professional Background	Industry	V	V		V			
	Business Management	V	V		V	V	V	V
	Accounting			V				
Professional Competence	The expertise and relevance of the board members to the company's business.							
Leadership	The current board members recruited are all outstanding professional managers and scholars in their respective fields, possessing excellent leadership in internal	V	V	V	V	V	V	V

Name		Huey-Ching Yeh	David Lo	Chin-San Wang	Chun-Chieh Huang	Di-Shi Huang	Yie-Yun Chang	Jin-li Hu
	communication and problem-solving skill for the company.							
Operational Judgments	YFY's various assets are utilized to generate revenue and profit for the company.	V	V	V	V			
Business Management	Board members review the plan, organization, and control of existing resources of YFY according to their decision-making authority, enabling the management team to achieve profit goals	V	V		V	V	V	V
Crisis Management	In the event of a crisis, providing experiences from various perspectives of industry, government, and academia: 1. How to identify the causes and prevent further damage; 2. How to control risks.	V	V			V	V	V
Industry Knowledge	YFY is an investment company, with board members whose experiences span across various industries including foreign-owned machinery and electrical engineering, banking, chemical consumer goods, venture capital, and more, showcasing rich diversity in business expertise. Among the independent	V	V		V			V

Name		Huey-Ching Yeh	David Lo	Chin-San Wang	Chun-Chieh Huang	Di-Shi Huang	Yie-Yun Chang	Jin-li Hu
	directors, Jin-li Hu has conducted profound research on how international geopolitical developments influence the economy; Hsi-Peng Lu has deep insights and observations on international technology trends and the job market, digital currencies, and e-commerce trends.							
International Market Insights	The board members' educational and professional backgrounds encompass the technical aspects of the company and its subsidiaries, as well as industries related to upstream and downstream suppliers/customers, banking, accounting, information technology, and law. This diverse array of expertise provides multi-faceted industry knowledge and risk management perspectives, contributing to the operational management and analytical decision-making of the company.	V	V	V	V	V	V	V
Risk Management		V	V	V	V	V	V	V

2. Board Independence:

The 29th board of directors of YFY consists of 7 directors, including 3 independent directors, accounting for 43% of all directors. None of the directors of YFY has a spouse or relative within the second degree of kinship as stipulated in Item 3, Article 26-3 of the Securities and Exchange Act. None of YFY's

independent directors, their spouses, or relatives within the second degree of kinship serve as directors, supervisors, or employees of YFY, affiliated companies, or companies that have a specific relationship with YFY, and do not hold company shares. None has not provided business, legal, financial, accounting and other services to YFY or related companies in the past two years.

II. Profiles of President, VP, AVPs, and Management

December 31, 2024

Title	Nationality Or Place Of Registration	Name	Gender	Date Elected	Shares Held Shares		Shares Held By Spouse And Underage Children		Shares Held In Names Of Third Parties		Education And Work Experience	Positions Concurrently Held At Other Companies	Manager Who Is A Spouse Or Relative Within Second Degree Of Kinship			Notes
					Number Of Shares	Shareholding Percentage	Number Of Shares	Shareholding Percentage	Number Of Shares	Shareholding Percentage			Title	Name	Relation	
President	ROC	David Lo	Male	2022/02/07	0	0	0	0	0	0	MBA, Johnson School of Management, Cornell University	Note 1	N/A	N/A	N/A	
CSO & CTO	ROC	Kirk Hwang	Male	2016/01/01	51,909	0.00	0	0	0	0	Ph.D. in Materials Chemistry, University of Wisconsin	Note 2	N/A	N/A	N/A	
COO	ROC	Cheng-Hsien Chu	Male	2021/11/15	0	0	0	0	0	0	Ph.D., Institute of Mechanical Engineering, National Cheng Kung University	Director, YFY Packaging Inc. Director, YFY Corporate Advisory & Services Co., Ltd. Director, Fidelis IT Solutions Co., Ltd. Director, FS-Tech Company Ltd.	N/A	N/A	N/A	
VP, Human Resources Department	ROC	Jeff Huang	Male	2021/08/02	40,000	0.00	35,000	0.00	0	0	Master of Labor Research Institute, National Chengchi University	Director, YFY Corporate Advisory & Services Co., Ltd. Director, Hwa Fong Paper (Hong Kong) Co., Ltd.	N/A	N/A	N/A	
VP, Finance Control Center	ROC	Vincent Min	Male	2022/09/27	0	0	0	0	0	0	Master of Finance, National Taiwan University	Note 3	N/A	N/A	N/A	
Manager, Accounting Department	ROC	Shu-Fan Lin	Male	2023/07/01	0	0	0	0	0	0	B. Acc., Tamkang University	Note 4	N/A	N/A	N/A	

Title	Nationality Or Place Of Registration	Name	Gender	Date Elected	Shares Held Shares		Shares Held By Spouse And Underage Children		Shares Held In Names Of Third Parties		Education And Work Experience	Positions Concurrently Held At Other Companies	Manager Who Is A Spouse Or Relative Within Second Degree Of Kinship			Notes
					Number Of Shares	Shareholding Percentage	Number Of Shares	Shareholding Percentage	Number Of Shares	Shareholding Percentage			Title	Name	Relation	
AVP, Legal Department and Corporate Governance	ROC	Vincent Chan	Male	2015/07/01	5,470	0.00	2,109	0.00	0	0	LL.B., National Chung Hsing University	Note 5	N/A	N/A	N/A	
AVP, Procurement Department (Resigned on 2024/03/05)	ROC	Claudia Kun	Female	2019/06/17	0	0	0	0	0	0	Master of Management Science, National Chiao Tung University	N/A	N/A	N/A	N/A	
AVP, Procurement Department (Appointed on 2024/03/18)	ROC	Jeremy Chan	Male	2024/03/18	0	0	0	0	0	0	B. Chemical Engineering, National Taiwan University	N/A	N/A	N/A	N/A	
AVP, Auditing Department	ROC	Miles Chang	Male	2023/03/15	0	0	0	0	0	0	Master for Eminent Public Administrators, Social Economics Section, National Chengchi University	N/A	N/A	N/A	N/A	
AVP, New Business Management Office (Resigned on 2024/05/21)	ROC	Jack Su	Male	2021/10/01	0	0	0	0.00	0	0	B. EE, Tamkang University	N/A	N/A	N/A	N/A	
AVP, Treasury Management Department	ROC	Allen Chen	Male	2022/09/27	0	0	0	0	0	0	Master of Finance, National Chengchi University	Supervisor, YFY Packaging (Yangzhou) Investment Co., Ltd.	N/A	N/A	N/A	
Chief Information Security Officer	ROC	York Kuo	Male	2022/11/11	0	0	0	0	0	0	Master of Information Management, National Yunlin University of Science & Technology	President, Fidelis IT Solutions Co., Ltd.	N/A	N/A	N/A	

Note 1.

Director, YFY Packaging Inc.; Director, YFY Consumer Products Co., Ltd.; Director, Yuen Foong Yu Consumer Products Investment Ltd. ; Chairman, YFY Corporate Advisory & Services Co., Ltd.; Chairman, YFY Paradigm Investment Co., Ltd.; Chairman, YFY Development Corp.; Director, Fidelis IT Solutions Co., Ltd.; Director, YFY Biotech Management Company; Director, Taiwan Stock Exchange Corporation; Director, YFY International B.V.; Director, YFY Global Investment B.V.; Director, YFY Mauritius Corp.; Director, Arizon RFID Technology (Cayman) Co., Ltd.; Director, Ensilience Co., Ltd.; Director, Taiwan Venture Capital Association

Note 2

Chairman, Chung Hwa Pulp Corp.; Chairman, Shin Foong Specialty and Applied Materials Co., Ltd.; Director, Shin Foong Trading SDN BHD; Director, Guangdong Dingfung Pulp & Paper Co., Ltd.; Director, Zhaoqing Dingfung Forestry Co., Ltd.; Director, Sustainable Carbohydrate Innovation Co., Ltd.; Director, CHP International (BVI) Corporation; Director, Global Views Educational Foundation; Chairman, Taiwan Paper Industry Association; President, Taiwan Technical Textiles Association; Executive Director, Taiwan Carbon Capture Storage and Utilization Association; Director, Taiwan-US Carbon Capture, Reuse and Storage Industry Promotion Alliance

Note 3

Director & President, YFY Paradigm Investment Co., Ltd; Director, YFY Biotech Management Co., Ltd.; Supervisor, China Color Printing Co., Ltd.; Supervisor, YFY Japan Co., Ltd.; Supervisor, Effion Enertech Co., Ltd.; Supervisor, Arizon RFID Technology Co., Ltd.; Director, Locus Publishing Co., Ltd.; Director, Guangyuan Investment Co., Ltd.; Supervisor, FS-Tech Company Ltd.; Director, Global Investment Holding; Supervisor, Shin Taiwan Kubota Co., Ltd.; Director, China Investment and Development Co., Ltd.; Director, Universal Venture Capital Investment Corp.

Note 4

Supervisor, YFY Packaging Inc.; Supervisor, Union Paper Corp.; Supervisor, YFY Development Corp.; Supervisor, YFY Paradigm Investment Co., Ltd.; Supervisor, San Ying Enterprise Co., Ltd.; Supervisor, Fidelis IT Solutions Co., Ltd.; Supervisor, China Investment and Development Co., Ltd.; Supervisor, Sustainable Carbohydrate Innovation Co., Ltd.; Supervisor, Ensilience Co., Ltd.

Note 5

Supervisor, YFY Corporate Advisory & Services Co., Ltd.; Supervisor, Guangdong Dingfung Pulp & Paper Co., Ltd.; Supervisor, Zhaoqing Dingfung Forestry Co., Ltd.; Director, YFY Paper Mfg. (Jiangyin) Co., Ltd.; Director, Hwa Fong Paper (Hong Kong) Co., Ltd.; Supervisor, Shenzhen Jinglun Paper Co., Ltd.; Supervisor, Yuen Foong Yu Blue Economy Natural Resource (Yangzhou) Co., Ltd.; Supervisor, Shin-Yi Enterprise Co., Ltd.; Supervisor, Fu Hwa Enterprise Co., Ltd.

II. Remuneration to Directors, Independent Directors, President, and VP in the Past Year

(1) Director remuneration

December 31, 2024 Unit: NT\$ thousand

Title	Name	Director Remuneration								Ratio Of Total Compensation (A+B+C+D) To After-Tax Income (%)		Concurrent Employee Remuneration								Ratio Of Total Compensation (A+B+C+D+E+F+G) To After-Tax Income (%)		All Reinvested Businesses
		Remuneration (A)		Severance Pay And Pension (B)		Director's Remuneration (C)		Performance Compensation (D)				Salaries, Incentives And Allowances (E) (Note)		Severance Pay And Pension (F)		Employee's Remuneration (G)						
		YFY	All Companies In The Financial Statements	YFY	All Companies In The Financial Statements	YFY	All Companies In The Financial Statements	YFY	All Companies In The Financial Statements	YFY	All Companies In The Financial Statements	YFY	All Companies In The Financial Statements	YFY	All Companies In The Financial Statements	YFY		All Companies In The Financial Statements	YFY	All Companies In The Financial Statements		
Chairman	Yuen Foong Paper Co., Ltd. Representative : Huey-Ching Yeh	0	0	0	0	13,000	13,000	370	938	13,370 0.8196%	13,938 0.8545%	35,631	41,582	129	129	7	0	7	0	49,138 3.0123%	55,656 3.4120%	286
Chairman	Yuen Foong Paper Co., Ltd. Representative : Jean Liu																					
Director	Yuen Foong Paper Co., Ltd. Representative : Kirk Hwang																					
Director	Yuen Foong Paper Co., Ltd. Representative : David Lo																					
Director	Shin-Yi Enterprise Co., Ltd. Representative : Chin-San Wang																					
Director	Shin-Yi Enterprise Co., Ltd. Representative : Chun-Chieh Huang																					
Yuen Foong Paper Co., Ltd.		0	0	0	0	7,000	7,000	250	250	7,250 0.4445%	7,250 0.4445%	0	0	0	0	0	0	0	0	7,250 0.4445%	7,250 0.4445%	0
Shin-Yi Enterprise Co., Ltd.																						
Independent Director	Hsi-Peng Lu																					
Independent Director	Yie-Yun Chang																					
Independent Director	Jin-li Hu																					
Independent Director	Di-Shi Huang																					

1. The remuneration for the Company's Independent Directors is determined based on the education, experience, and social status of the Independent

Director, salary market surveys, and prevailing standards in the industry. As a principle, the Company provides remuneration that meets general standards in the industry and decides the remuneration based on the Company's business results and the contributions of Independent Directors in their duties. The remuneration is reviewed by the Remuneration Committee and reported to the Board of Directors for approval. The Company shall continue to review the remuneration policy for Independent Directors based on the business status and regulations to ensure the reasonableness of remuneration and the Company's sustainability.

2. Except as disclosed above, remuneration received by directors in the last year for on-balance sheet services (e.g., acting as non-employee consultant) rendered to the Company: N/A.

Note 1: Including car rental expenses of NT\$1,453 thousand

Range of remuneration to all directors	Name			
	Total amount for the 4 preceding remunerations (A+B+C+D)		Total amount for the 7 preceding remunerations (A+B+C+D+E+F+G)	
	YFY	All companies in the financial statements	YFY	All companies in the financial statements
Less than NT\$1,000,000	Huey-Ching Yeh Jean Liu Kirk Hwang David Lo Chin-San Wang Chun-Chieh Huang	Huey-Ching Yeh Jean Liu Kirk Hwang David Lo Chin-San Wang Chun-Chieh Huang	Chin-San Wang Chun-Chieh Huang Kirk Hwang	Chin-San Wang Chun-Chieh Huang
NT\$1,000,000 (incl.) ~ NT\$2,000,000	Hsi-Peng Lu	Hsi-Peng Lu	Hsi-Peng Lu	Hsi-Peng Lu
NT\$2,000,000 (incl.) ~ NT\$3,500,000	Yie-Yun Chang Jin-li Hu Di-Shi Huang	Yie-Yun Chang Jin-li Hu Di-Shi Huang	Yie-Yun Chang Jin-li Hu Di-Shi Huang	Yie-Yun Chang Jin-li Hu Di-Shi Huang
NT\$3,500,000 (incl.) ~ NT\$5,000,000	Shin-Yi Enterprise Co., Ltd.	Shin-Yi Enterprise Co., Ltd.	Shin-Yi Enterprise Co., Ltd.	Shin-Yi Enterprise Co., Ltd.
NT\$5,000,000 (incl.) ~ NT\$10,000,000	Yuen Foong Paper Co., Ltd	Yuen Foong Paper Co., Ltd	Yuen Foong Paper Co., Ltd Jean Liu	Yuen Foong Paper Co., Ltd Jean Liu Kirk Hwang
NT\$10,000,000 (incl.) ~ NT\$15,000,000			Huey-Ching Yeh	Huey-Ching Yeh
NT\$15,000,000 (incl.) ~ NT\$30,000,000			David Lo	David Lo
NT\$30,000,000 (incl.) ~ NT\$50,000,000				
NT\$50,000,000 (incl.) ~ NT\$100,000,000				
More than NT\$100,000,000				
Total	12	12	112	112

- (2). Remuneration to supervisors.

Starting from 2015, supervisors were replaced by the newly established Audit Committee.

- (3). Remuneration to the President and VP

Unit: NT\$ thousand

Title	Name	Salary (A)		Severance Pay And Pension (B)		Bonuses And Allowances (C) (Note)		Employee's Remuneration (D)				Ratio Of Total Compensation (A+B+C+D) To After- Tax Income (%)		Parent Company And All Reinvested Businesses
		YFY	All Compani es In The Financial Statemen ts	YFY	All Companies In The Financial Statements	YFY	All Companies In The Financial Statements	YFY		All Companies In The Financial Statements		YFY	All Companies In The Financial Statements	
								Amount In Cash	Amount In Stocks	Amount In Cash	Amount In Stocks			
President	David Lo	20,197	23,873	375	483	19,114	24,598	29	0	29	0	39,715 2.4347%	48,983 3.0029%	286
Carbontech & Management Group Leader	Huey-Ching Yeh													
COO	Cheng- Hsien Chu													
VP, Human Resources Department	Jeff Huang													
VP, Finance Control Center	Vincent Min													

Note1: Including car rental expenses of NT\$763 thousand.

Note2: The Board of Directors approved the proposed distribution of employee compensation of NT\$1,796 thousand (all in cash) for 2024, but the list of employee compensation distribution has not been decided as of the printing date.

Range Of Remuneration To President And VP	Name Of President And VP	
	YFY	Parent Company And All Reinvested Businesses
Less than NT\$1,000,000	Vincent Min	
NT\$1,000,000 (incl.) ~ NT\$2,000,000		
NT\$2,000,000 (incl.) ~ NT\$3,500,000		
NT\$3,500,000 (incl.) ~ NT\$5,000,000		
NT\$5,000,000 (incl.) ~ NT\$10,000,000	Cheng-Hsien Chu Jeff Huang Huey-Ching Yeh	Cheng-Hsien Chu Jeff Huang Huey-Ching Yeh
NT\$10,000,000 (incl.) ~ NT\$15,000,000		
NT\$15,000,000 (incl.) ~ NT\$30,000,000	David Lo	David Lo
NT\$30,000,000 (incl.) ~ NT\$50,000,000		
NT\$50,000,000 (incl.) ~ NT\$100,000,000		
More than NT\$100,000,000		
Total	5	5

(4). Name of management who distribute employee salaries and distribution status:

Titles		Name	Shares Amount	Cash Amount	Total (Note)	Amounts In Proportion Of Net Profits (%)
Managements	President	David Lo	0	51	51	0.0031%
	CSO & CTO	Kirk Hwang				
	COO	Cheng-Hsien Chu				
	VP, Human Resources Department	Jeff Huang				
	VP, Finance Control Center	Vincent Min				
	AVP, Legal Department and Corporate Governance Officer	Vincent Chan				
	AVP, Procurement Department	Jeremy Chan				
	AVP, Auditing Department	Miles Chang				
	AVP, Treasury Management Department	Allen Chen				
	Chief Information Security Officer	York Kuo				
	Manager, Accounting Department	Shu-Fan Lin				

Note: The Board of Directors approved the proposed distribution of employee compensation of NT\$1,796thousand (all in cash) for the year 2024, and since the list of employee compensation distribution has not yet been decided, this table is an estimate of the proposed amount.

(5). Detailed ratios of total remuneration of YFY's directors, president, and executive vice presidents to after-tax profit with respect to the individual and consolidated financial statements in the past two years, and description of the remuneration policy, standards and combinations, determination of remuneration, and connection to business performance and future risks

1. Detailed ratios of total remuneration of YFY's directors, president, and executive vice presidents to after-tax profit with respect to the individual and consolidated financial statements in the past two years

Recipient	Ratio Of Total Remuneration To After-Tax Profit					
	2024		2023		Differences	
	YFY	All Companies In The Financial Statements	YFY	All Companies In The Financial Statements	YFY	All Companies In The Financial Statements
Director	3.0123%	3.4120%	2.975%	3.554%	0.0373%	-0.1420%
Independent Director	0.4445%	0.4445%	0.454%	0.454%	-0.0095%	-0.0095%
President and VPs	2.4347%	3.0029%	2.940%	2.489%	-0.0543%	0.0629%

2. Description of the remuneration policy, standards and combinations, determination of remuneration, and connection to business performance and future risks :

- (1) The Company's Articles of Incorporation specifies that if the Company sustains profit every year, 0.1% or more of the income shall be set aside as remunerations to employees, and 2% or less shall be distributed as director remuneration. However, an amount shall be set aside first to compensate cumulative losses, if any. The remuneration of directors shall be paid in cash, and the remuneration of employees shall be paid in the form of cash or stock. The recipients of the distribution may include employees of subordinate companies who meet certain conditions, which shall be authorized by the board of directors. The distribution ratio of directors' remuneration, and the payment method and ratio of employee's remuneration shall be determined by the board of directors

with the attendance of more than two-thirds of the directors and a resolution approved by more than half of the directors present, and reported to the shareholders' meeting. When calculating the remuneration of employees and directors, the accumulated losses shall be deducted from the profit of the current year (i.e., the profit before tax deducting the profit before distribution of employees and directors' remuneration), and then the remuneration of employees and directors shall be calculated based on the balance. The standards and procedures for the provision of director's remuneration have been specified and the director's remuneration has been linked to the company's performance. The remuneration rate and amount of directors for the current year have been reviewed and approved by the Remuneration Committee and the Board of Directors, and reported to the shareholders' meeting. The company will review the remuneration distribution policy in a timely manner based on the overall operating environment and corporate operating performance and development strategies to take into account operational risks, corporate governance and safeguarding the interests of shareholders.

- (2) The remuneration of the president and vice presidents is based on individual professional qualifications and with reference to market salary trends, and is submitted to the remuneration committee for discussion and subsequent approval by the board of directors. The fixed monthly salary includes monthly salary, allowances (job allowances, meal allowances, etc.) and other recurring payments. The annual bonuses and employee remuneration are paid separately. The performance appraisal results carried out by the company in accordance with the "Performance Management Measures" are used as a reference for the annual bonus of managers and employee remuneration. Performance appraisal items are divided into work result indicators and core competencies. The indicator setting is based on the company's operating strategy and business unit strategic priorities and job responsibilities, including financial and non-financial indicators.

IIV. Corporate Governance Practice

(I) Board of Directors operating status

A total of 3 meetings of the 28th Board of Directors & 4 meetings of the 29th Board of Directors (be elected on June 20, 2024) were held in 2024. Directors' attendances were described as below:

Title	Name	Attendance In Person	Attendance By Proxy Time(S)	Attendance In Person Rate (%)	Notes
Chairman	Yuen Foong Paper Co., Ltd. Representative: Jean Liu	3	0	100%	28 th
Director	Yuen Foong Paper Co., Ltd. Representative: Kirk Hwang	3	0	100%	28 th
Director	Yuen Foong Paper Co., Ltd. Representative: David Lo	3	0	100%	28 th
Director	Shin-Yi Enterprise Co., Ltd. Representative: Chin-San Wang	2	0	67%	28 th
Director	Shin-Yi Enterprise Co., Ltd. Representative: Chun-Chieh Huang	3	0	100%	28 th
Independent Director	Hsi-Peng Lu	3	0	100%	28 th
Independent Director	Jin-li Hu	3	0	100%	28 th
Independent Director	Di-Shi Huang	3	0	100%	28 th
Independent Director	Yie-Yun Chang	3	0	100%	28 th
Chairman	Yuen Foong Paper Co., Ltd. Representative: Huey-Ching Yeh	4	0	100%	29 th (was elected on June 20,2024)
Director	Yuen Foong Paper Co., Ltd. Representative: David Lo	4	0	100%	29 th (was elected on June 20,2024)
Director	Shin-Yi Enterprise Co., Ltd. Representative: Chin-San Wang	4	0	100%	29 th (was elected on June 20,2024)
Director	Shin-Yi Enterprise Co., Ltd. Representative: Chun-Chieh Huang	4	0	100%	29 th (was elected on June 20,2024)
Independent Director	Jin-li Hu	4	0	100%	29 th (was elected on June 20,2024)
Independent Director	Di-Shi Huang	4	0	100%	29 th (was elected on June 20,2024)
Independent Director	Yie-Yun Chang	4	0	100%	29 th (was elected on June 20,2024)

Other statutory information:

- I. If any of the following circumstances have occurred amid operations of the Board of Directors, the date, period, agenda content, the opinions of all independent directors, and the handling of the opinions of the independent directors by the Company shall be specified:

(I) Matters prescribed under Article 14-3 of the Securities and Exchange Act:

The Company has set up an Audit Committee. Matters prescribed under Article 14-5 of the Securities and Exchange Act include matters prescribed under Article 14-3 of the Securities and Exchange Act. Please refer to the "Operating status of the Audit Committee" for details.

(II) Aside from the above matters, other resolutions adopted by the Board of Directors with regard to which an independent director had a dissenting or qualified opinion that is on record or stated in a written statement.

Operations of the Board of Directors which did not receive dissenting or qualified opinions from independent directors that are on record or stated in a written statement.

- II. Any directors who had to recuse from a proposal to prevent conflicts of interest:

(I) In the Board meeting held on March 14, 2024, the Board discussed the remuneration for directors and the distribution method. A conflict of interest existed for independent directors, Jean Liu, Kirk Hwang, Chin-San Wang, and Chun-Chieh Huang on this matter; therefore, they recused themselves from discussing and voting on this proposal.

(II) In the Board meeting held on March 14, 2024, the Board discussed the remuneration for independent directors and the distribution method. A conflict of interest existed for independent directors, Hsi-Peng Lu, Di-Shi Huang, Yie-Yun Chang and Jin-li Hu on this matter; therefore, they recused themselves from discussing and voting on this proposal.

(III) In the Board meeting held on April 30, 2024, the Board discussed on whether the 3 "independent director candidates" were included in the list for review. A conflict of interest existed for independent directors, Jin-li Hu, Di-Shi Huang and Yie-Yun Chang on this matter; therefore, he recused himself from discussing and voting on this proposal.

(IV) In the Board meeting held on April 30, 2024, the Board discussed on whether the 4 "director candidates" were included in the list for review. A conflict of interest existed for directors, Jean Liu, Kirk Hwang, David Lo, Chin-San Wang and Chun-Chieh Huang on this matter; therefore, therefore, they recused themselves from discussing and voting on this proposal.

(V) In the Board meeting held on June 20, 2024, the Board discussed on appointing members of the 4th "Audit Committee" of the Company. A conflict of interest existed for independent directors, Jin-li Hu, Di-Shi Huang and Yie-Yun Chang on this matter; therefore, they recused themselves from discussing and voting on this proposal.

(VI) In the Board meeting held on June 20, 2024, the Board discussed on appointing members of the 6th "Compensation Committee" of the Company. A conflict of interest existed for independent directors, Jin-li Hu, Di-Shi Huang and Yie-Yun Chang on this matter; therefore, they recused themselves from discussing and voting on this proposal.

(VII) In the Board meeting held on June 20, 2024, the Board discussed on appointing members of the 2nd "Sustainability Committee" of the Company. A conflict of interest existed for directors, Huey-Ching Yeh and David Lo, independent directors, Jin-li Hu, Di-Shi Huang and Yie-Yun Chang on this matter; therefore, they recused themselves from discussing and voting on this proposal.

(VIII) In the Board meeting held on November 13 2024, the Board discussed on re-appointment of the manager of the Company Taipei branch. A conflict of interest existed for director Huey-Ching Yeh on this matter; therefore, he recused himself from discussing and voting on this proposal.

- III. Board of Directors evaluation status: According to "Board of Directors Performance Evaluation Guidelines", the following:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation contents	Evaluation results
The Company completed the performance evaluation of the board and functional committees in 2024 through internal self-evaluation	From November 1, 2023 to October 31, 2024	The scope of the performance included the board, the Audit Committee, Remuneration Committee, and Sustainability Committee	The Performance evaluation methods include self-evaluation of the Board of Directors, self-evaluation of the directors, and self-evaluation of the Audit Committee, Remuneration Committee and Sustainability Committee	The criteria for evaluating the performance of the Company's Board of Directors shall cover the following five aspects: 1. Understanding and recommendations for the operation of the company; 2. Improvement of the quality of the Board of Directors' decision making; 3. Composition and structure of the Board of Directors; 4. Election and continuing education of the directors; 5. Internal control. The criteria for evaluating the performance of the Company's directors shall cover the following six aspects: 1. Familiarity with the goals and missions of the Company; 2. Awareness of the duties of a director; 3. Understanding and recommendations for the operation of the company; 4. Management of internal relationship and communication; 5. The director's professionalism and continuing education; 6. Internal control. The criteria for evaluating the performance of the functional committees shall cover the following five aspects: 1. Understanding and recommendations for the operation of the company; 2. Awareness of the duties of the functional committee; 3. Improvement of the	The meeting organization of the Board of Directors delivered the self-evaluation questionnaire for the performance evaluation to each Director and member of the Audit Committee, Remuneration Committee, and Sustainability Committee before November 10, 2024 and recovered the questionnaires before November 30, 2024. According to the evaluation results, the results of the self-evaluation of the board, board members, Audit Committee,

				quality of the functional committee's decision making; 4. Functional committee composition and election of members; 5. Internal control.	Remuneration Committee, and Sustainability Committee were "excellent".
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The aforementioned performance evaluation results were reported in the meetings of the Audit Committee convened on March 12, 2025 and reported to the meeting of the Board of Directors convened on March 14, 2025 as reference for review and improvement.

IV. Evaluation of targets and performance of the Board's functions for current year and past year:

- (I) The Company's Audit Committee was formed by three independent directors in substitution of supervisors. Matters prescribed under Article 14-5 of the Securities and Exchange Act are submitted to the Audit Committee for discussion and resolution. The convener of the Audit Committee is responsible for reporting the resolutions passed by the Audit Committee to the Board of Directors.
- (II) The Company discloses information regarding attendance to board/shareholders' meetings, director continuing education, and important resolutions passed during board meetings and shareholders' meetings.
- (III) In order to increase information transparency, the Company has disclosed important resolutions passed during Board/shareholders' meetings via the Company website right after the meetings.
- (IV) In consideration of legal risks faced by directors and supervisors, the Company and its subsidiaries have purchased director and supervisor liability insurance for all directors and supervisors.
- (V) In order to encourage directors continuously acquiring new knowledge in the fields of corporate governance, the company has provided subsidies for all the courses' expenses. The Secretary General of the Company's Board of Directors has regularly providing corporate governance related courses for directors who are interested in participating, and registering.

(II). Operating status of the Audit Committee

The Company's Audit Committee was composed by four (the 3rd) or three (the 4th), independent directors. The Committee's purpose was to verify the fair presentation of the Company's financial statements; hiring or dismissal of CPAs, their independence and performance; effectiveness regarding implementation of the Company's internal control system; compliance with relevant regulations and rules; and the Company's control of existing or latent risks.

In the year of 2024, the 3rd Audit Committee has held 2 times, and the 4th Audit Committee (was elected on June 20, 2024) has held 2 times. The key focuses of the year were as below:

1. Review financial reports

The Board of Directors has issued a report on the Company's operations for the year 2023, the financial statements, and earnings distribution proposal. The financial statements have been audited and reported by Deloitte & Touche. The above-mentioned business report, financial statements and proposal for distribution of earnings were examined by the Audit Committee of the Company Board of Directors and were found to be in order.

2. Assess internal control system effectiveness

The Company's Audit Committee assessed the effectiveness of policies and procedures of the Company's internal control system (including finance, operations, risk management, information security, legal compliance, and other control measures) and audited the Company's Auditing Department and CPA, as well as regular reports by managers, including risk management and compliance.

3. Appointment of CPAs and Evaluate the independence and competence of CPAs

The Company's Audit Committee evaluated that the CPAs Chih-Ming Shao, and Hui-Ming Huang of Deloitte have not served as the Company's CPA for more than seven years; did not have direct or indirect interest in the Company that would compromise their independence; established a suitable method to communicate with the Company and its Audit Committee; and fulfill the independence and competence requirements of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Independent directors' attendance to the Audit Committee meetings in 2024 is described below:

Title	Name	Attendance In Person	Attendance By Proxy	Attendance In Person Rate (%)	Notes
Independent Director	Hsi-Peng Lu	2	0	100%	3 rd term
Independent Director	Jin-li Hu	4	0	100%	3 rd term 、 4 th term
Independent Director	Di-Shi Huang	4	0	100%	3 rd term 、 4 th term
Independent Director	Yie-Yun Chang	4	0	100%	3 rd term 、 4 th term

Other statutory information:

1. The date of the meeting, the term, contents of the proposals, independent directors' objections, reservations or major proposals, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be specified under any of the following circumstances in the operations of the Audit Committee:

(1) Matters prescribed under Article 14-5 of the Securities and Exchange Act.

Audit Committee Meeting Date	Session	Agenda Item	Independent directors' objections, reservations or major proposals	Resolutions adopted by the Audit Committee	Actions taken by the Company in response to the opinion of the Audit Committee
2024/03/12	13th meeting of the 3rd Audit Committee	The Company's 2023 consolidated financial statements, CPA's audit report and 2023 business report.	N/A	Approved as proposed.	Approved in the Board meeting on March 14, 2024 and ratified in the 2024 shareholders' meeting
		The Company's 2023 earnings distribution proposal.	N/A	Approved as proposed.	Approved in the Board meeting on March 14, 2024 and ratified in the 2024 shareholders' meeting
		Issue the Company's 2023 Statement of Internal Control System.	N/A	Approved as proposed.	Approved in the Board meeting on March 14, 2024
		Appointment of CPAs and Evaluate the independence and competence of CPAs.	N/A	Approved as proposed.	Approved in the Board meeting on March 14, 2024
2024/05/10	14th meeting of the 3rd Audit Committee	The company's financial report for the Q1 of 2024.	N/A	Approved as proposed.	Approved in the Board meeting on May 13, 2024
2024/08/09	1st meeting of the 4th Audit Committee	The company's financial report for the Q2 of 2024.	N/A	Approved as proposed.	Approved in the Board meeting on August 13, 2024
2024/11/11	2nd meeting of the 4th Audit Committee	The company's financial report for the Q3 of 2024.	N/A	Approved as proposed.	Approved in the Board meeting on November 13, 2024
		The company's 2025 audit plan.	N/A	Approved as proposed.	Approved in the Board meeting on November 13, 2024
		Added the internal control system operating procedures of the company's "Sustainability Information Management Operation"	N/A	Approved as proposed.	Approved in the Board meeting on November 13, 2024
		The company plan to sign a joint construction contract with the YFY Development Corp. for Lingya District, Kaohsiung City	N/A	Approved as proposed.	Approved in the Board meeting on November 13, 2024

(2) In addition to matters above, other resolutions which did not receive the approval of the Audit Committee but were approved by more than two thirds of the entire Board of Directors.

Audit Committee operations which did not receive the approval of the Audit Committee but were approved by more than two thirds of the entire Board of Directors.

2. Any independent directors who had to recuse themselves to avoid conflicts of interest:

No independent directors had to recuse themselves to avoid conflicts of interest.

3. Communications between the Independent Directors, Internal Auditors, and the CPAs

(1) Scheduled

Every month, audit reports will be emailed to each independent director for review. Any inquiries or instructions will be notified to the internal auditors via email or phone.

Every quarter, audit progress updates will be presented at audit committee meeting, detailing the audit status of the company and each of its subsidiaries, as well as any findings and progress on improvement.

For semi-annual and annual financial reports, the CPAs will attend the audit committee meeting and discuss the status of the audits, including methods, scope, report types, key audit items, and financial report analysis.

(2) Unscheduled

Discussions on how to enhance the value of internal audits and improve operational efficiency. Results are normally carried out by conference calls, emails, or physical meetings.

Independent directors are notified in compliance with regulations if any major violations are identified. Diversify and easy communication methods have been established with independent directors and CPAs. Unscheduled audit committee meetings will be held to explain and communicate in cases of major or special events to meet related legal requirements.

The Major Items of Communication between the independent Auditors and the Internal Auditors

(1) Communications between the Independent Directors and Internal Auditors :

Date	The Major Items Of The Communication	Result
2024-11-11 Audit Committee	1. Updated internal audit progress during 3Q24 2. Explained 2025 internal audit plan based on results of risk assessment.	1. Noted and agreed. 2. Approved after deliberation.
2024-08-09 Closed Door Session	Presented the 2024 audit report.	1. Suggested strengthening internal audit control on sustainable information. 2. Processing status: Sustainable information has been included in 2025 plan which was in accordance with the recommendation. 3. Noted and agreed.
2024-08-09 Audit Committee	Updated internal audit progress during 2Q24.	Noted and agreed.
2024-05-09 Audit Committee	Updated internal audit progress during 1Q24.	Noted and agreed.
2024-03-12 Audit Committee	1. Updated internal audit progress during 4Q23. 2. Reviewed 2023 Statement of Internal Control System.	1. Noted and agreed. 2. Approved after deliberation.

(2) Communications between the Independent Directors and CPA :

Date	The Major Items of the Communication	Result
2024-08-09 Closed Door Session	1. Discussed key audit items. 2. Discussed annual audit plan. 3. Explained major legal changes.	1. Noted and agreed. 2. Noted and agreed. 3. Noted and agreed.
2024-08-09 Audit Committee	1. Reviewed 2Q24 financial report methods, scope, and types of reports issued by CPA. 2. Explained 2Q24 financial report review results.	1. Noted and agreed. 2. Noted and agreed.
2024-03-12 Audit Committee	Updated the status of the 2023 annual financial reports.	Approved after discussion.

(III) Corporate governance practice and compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Practice			Compliance With Best Practice Principles And Reasons For Any Discrepancies
	Yes	No	Summary	
I. Does the Company abide by the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies in establishing and disclosing its corporate governance best practice principles?	V		The Company has established the "Corporate Governance Best Practice Principles", which were approved in the 3rd meeting of the 27th Board of Directors on November 13, 2018 and disclosed on the Company website.	Compliant
II. The Company's shareholding structure and shareholders' rights and interests				
(I) Does the Company have in place an internal operating procedure for handling shareholders' suggestions, questions, disputes, or litigation and abide by it?	V		A service department is already in place to handle related matters.	Compliant
(II) Does the Company possess a list of major shareholders and a list of ultimate owners of those major shareholders?	V		Information can be obtained through shareholder service agents at any time.	Compliant
(III) Does the Company have in place a risk management mechanism and firewall against its affiliates or implement it?	V		The companies stay financially independent from each other, and business performance is evaluated on a regular basis.	Compliant
(IV) Does the Company have internal regulations in place to prevent its people from trading securities based on information yet to be public on the market?	V		The Company has established the "Procedures for Prevention of insider trading" & "Ethical Corporate Management Operating Procedures and Code of Conduct" to prevent the Company's insiders from using information yet to be made public on the market to purchase and sell marketable securities.	Compliant
III. Composition and responsibilities of the Board of Directors				
(I) Does the Board of Directors establish and implement a diversification policy for its composition?	V		On November 13, 2018, the Board passed a resolution to introduce a Code of Corporate Governance. YFY's board diversity policy is set out in Chapter 3 (Composition and Powers of the Board), Article 19 of the Code. The nomination and selection of the Company's Board of Directors is conducted in accordance with the provisions of the Company's Articles of Association, using a candidate nomination system and abiding by the "Director Election Rules" and "Corporate Governance Code" to ensure the diversity and independence of the Board of Directors. None of the Directors are spouses or relatives within the second degree of kinship as provided for in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act. The independent director, his/her spouse, and relatives within the second degree of kinship have not served as directors, supervisors, or employees of the company, its affiliated companies, or companies with specific relationships with the company, and do not hold any company shares; nor have they provided any information in the past two years. Business, legal, financial, accounting and other services for companies or related enterprises. The professional backgrounds of the Board includes industry, management and accounting. The members of our 29th Board of Directors who excel in leadership, operational decision-making, business management and crisis management include directors Hury-Chind Yeh, David Lo, and Chun-Chieh Huang, as well as accountant Chin-San Wang. Our independent directors include Yie-Yun Chang, Jin-Li Hu are all university professors; and Di-Shi Huang has expertise in criminal	Compliant

Evaluation Item	Practice			Compliance With Best Practice Principles And Reasons For Any Discrepancies																								
	Yes	No	Summary																									
(II) Besides the Remuneration Committee and the Audit Committee established according to law, has the Company actively established other types of functional committees?	V		<p>investigation.</p> <p>Our Board includes 1 inside director who is also employee of the company. There are 3 independent directors, independent directors are all elected as independent directors from 2021. In terms of age, there are 2 directors over the age of 70, 3 directors between the ages of 60 and 70, 2 directors between the ages of 50 and 60.The Company also emphasizes gender equality in the composition of the Board of Directors. The current term of the Board of Directors includes 1 female members.</p> <p>In addition to setting up the Remuneration Committee and the Audit Committee, the company also sets up functional committees such as the Sustainable Development Committee.</p> <p>The members of the company's Sustainable Development Committee are appointed by resolution of the board of directors, and their number is 5. The Sustainability Committee has six working groups in total: Environmental Sustainability Group, Responsible Supply Chain Group, Corporate Governance Group, Employee Care Group, Social Participation Group, and Risk Management Group. Monthly meetings are held regularly to report work progress in 2024. The Sustainability Committee held three meetings this year, on May 9, August 9 and November 11 respectively, to report the work progress of each working group to the committee and listen to the suggestions of each member.</p>	Compliant																								
(III) Has the Company established and implemented methods for assessing the performance of the Board of Directors and conducted performance evaluation annually? Does the Company submit results of assessments to the Board of directors and use results as the basis for the salary, remuneration, nomination and reappointment of individual Directors?	V		<p>The Company's Board of Directors established the "Board of Directors Performance Evaluation Guidelines" in the board meeting on November 12, 2020. The Company completed the performance evaluation of the board and functional committees in 2024, it will be handled through internal self-evaluation. The performance evaluation of the entire board of directors, individual board members and functional committees in 2024 has been completed before the end of 2024. The company has reported the performance evaluation results to the meeting of the Board of Directors on March 14, 2025.</p>	Compliant																								
(IV) Does the Company periodically evaluate independence of the CPA?	V		<p>Each year, the Audit Committee evaluates CPAs’ independence and competence based on the following indicators, and respective results are reported to the Board of Directors on March 14, 2025.</p> <table><tr><th colspan="4">Evaluation indicator 1: Independence</th></tr><tr><th>Item No.</th><th>Evaluation item</th><th>Evaluation results</th><th>Fulfillment of independence criteria</th></tr><tr><td>1</td><td>Has the CPA submitted an independence declaration?</td><td>Yes</td><td>V</td></tr><tr><td>2</td><td>Does the CPA firm have a system for rotating CPAs?</td><td>Yes</td><td>V</td></tr><tr><td>3</td><td>Has YFY replaced CPAs so that no CPA has certified the Company's financial reports for more than 7 consecutive years?</td><td>Yes</td><td>V</td></tr><tr><td>4</td><td>Has YFY ensured that there are no direct or indirect material financial interests between the CPA and the Company?</td><td>Yes</td><td>V</td></tr></table>	Evaluation indicator 1: Independence				Item No.	Evaluation item	Evaluation results	Fulfillment of independence criteria	1	Has the CPA submitted an independence declaration?	Yes	V	2	Does the CPA firm have a system for rotating CPAs?	Yes	V	3	Has YFY replaced CPAs so that no CPA has certified the Company's financial reports for more than 7 consecutive years?	Yes	V	4	Has YFY ensured that there are no direct or indirect material financial interests between the CPA and the Company?	Yes	V	Compliant
Evaluation indicator 1: Independence																												
Item No.	Evaluation item	Evaluation results	Fulfillment of independence criteria																									
1	Has the CPA submitted an independence declaration?	Yes	V																									
2	Does the CPA firm have a system for rotating CPAs?	Yes	V																									
3	Has YFY replaced CPAs so that no CPA has certified the Company's financial reports for more than 7 consecutive years?	Yes	V																									
4	Has YFY ensured that there are no direct or indirect material financial interests between the CPA and the Company?	Yes	V																									

Evaluation Item	Practice				Compliance With Best Practice Principles And Reasons For Any Discrepancies		
	Yes	No	Summary				
			5	Has YFY ensured that there are no financing or endorsements between the CPA and the Company or directors?	Yes	V	
			6	Has YFY ensured that the CPA is not a relative of the Company's directors, managerial officers, or other individuals in positions that may have significant impact on the audit? (Evaluate at least the relations such as the spouse, underage children, and close relatives)	Yes	V	
			7	Has YFY ensured that the CPA and the Company do not have close business relations? (e.g., joint investments in businesses, strategic alliances for profit, or product co-marketing or promotion)	Yes	V	
			8	Has YFY ensured that no members of the audit service team currently serve or had served as the Company's director, supervisor, managerial officer, or positions that may have significant impact on the audit in the most recent two years?	Yes	V	
			9	Has YFY ensured that the CPA has not accepted valuable (with value beyond regular social norms) gifts or presents from the Company, directors, or managerial officers?	Yes	V	
			10	Has YFY ensured that the CPA is not appointed by the Company to perform routine tasks, receive fixed salary, or serve as a director?	Yes	V	
			11	Has YFY ensured that the CPA is not involved in the decision-making process of the Company?	Yes	V	
			12	Has YFY ensured that the CPA does not provide the Company with appraisal services with material impact on the financial statements or highly subjective appraisals?	Yes	V	
			Evaluation indicator 2: Competence				
			Item No.	Evaluation item	Evaluation results	Fulfillment of competence criteria	
			1	Has the CPA been disciplined or received any other disciplinary action in the past 2 years that would impair his/her professionalism or independence?	Yes	V	
			2	Has the CPA actively provided YFY with the latest information on taxation, and securities supervisory regulations, and updates of IFRS accounting standards?	Yes	V	
			3	Has the CPA assisted YFY in coordinating communication and coordination with competent authorities?	Yes	V	
			4	Have all financial statements been completed within the deadline?	Yes	V	
			5	Has the CPA maintained adequate communication channels with YFY's management, Audit Committee, and Directors?	Yes	V	

Evaluation Item	Practice				Compliance With Best Practice Principles And Reasons For Any Discrepancies																																				
	Yes	No	Summary																																						
			<table><tr><td colspan="4">Evaluation indicator 3: AQIs</td></tr><tr><td>Item No.</td><td colspan="2">Evaluation item</td><td>Evaluation results</td><td>Fulfillment of competence criteria</td></tr><tr><td>1</td><td colspan="2">Has YFY ensured that the CPA whether the experience and training hours are sufficient?</td><td>Yes</td><td>V</td></tr><tr><td>2</td><td colspan="2">Has the CPA spent the number of hours by certified accountants on financial report review is comparable to that of their peers?</td><td>Yes</td><td>V</td></tr><tr><td>3</td><td colspan="2">Does the evaluation result of the case quality control review (EQCR) accountant in the past 2 years in compliance with the regulations?</td><td>Yes</td><td>V</td></tr><tr><td>4</td><td colspan="2">Is the quality control personnel of the accounting firm capable of supporting the same industry level?</td><td>Yes</td><td>V</td></tr><tr><td>5</td><td colspan="2">Does the accounting firm have any plans related to innovation and improvement of audit quality?</td><td>Yes</td><td>V</td></tr></table>				Evaluation indicator 3: AQIs				Item No.	Evaluation item		Evaluation results	Fulfillment of competence criteria	1	Has YFY ensured that the CPA whether the experience and training hours are sufficient?		Yes	V	2	Has the CPA spent the number of hours by certified accountants on financial report review is comparable to that of their peers?		Yes	V	3	Does the evaluation result of the case quality control review (EQCR) accountant in the past 2 years in compliance with the regulations?		Yes	V	4	Is the quality control personnel of the accounting firm capable of supporting the same industry level?		Yes	V	5	Does the accounting firm have any plans related to innovation and improvement of audit quality?		Yes	V	
Evaluation indicator 3: AQIs																																									
Item No.	Evaluation item		Evaluation results	Fulfillment of competence criteria																																					
1	Has YFY ensured that the CPA whether the experience and training hours are sufficient?		Yes	V																																					
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3	Does the evaluation result of the case quality control review (EQCR) accountant in the past 2 years in compliance with the regulations?		Yes	V																																					
4	Is the quality control personnel of the accounting firm capable of supporting the same industry level?		Yes	V																																					
5	Does the accounting firm have any plans related to innovation and improvement of audit quality?		Yes	V																																					
IV. Has the TWSE or TPEx listed company set up a full-time (part-time) unit or appointed designated personnel to handle governance related affairs (including but not limited to supplying information requested by the directors and supervisors, processing company registration and change of registration and preparing minutes of the board meetings and shareholders' meetings)?	V		<p>The Board of Directors resolved in the meeting on May 14, 2019 to appoint Vincent Chan, the AVP of the Legal Department, as the Corporate Governance Officer to protect shareholder interests and strengthen the functions of the Board of Directors. Vincent Chan, the AVP of the Legal Department, has more than three years of work experience in legal affairs in public companies. The Corporate Governance Officer is responsible for related corporate governance affairs including: Handling matters relating to Board meetings and shareholders’ meetings according to law; Producing minutes of Board meetings and shareholders’ meetings; Assisting in work and continuing education of directors; Furnishing information required for business execution by directors and independent directors; and Assisting the Company in complying with laws and regulations governing such meetings.</p> <p>The implementation of corporate governance affairs in 2024 is as follows:</p> <ol style="list-style-type: none">1. Convened one annual general meeting of shareholders and produced meeting minutes of the shareholders' meeting.2. Convened 7 meetings and special meetings of the Board of Directors in 2024 and produced meeting minutes of the Board meetings.3. Convened 4 meetings of the Audit Committee in 2024 and produced meeting minutes of the Audit Committee meetings.4. Issued letters to the directors of YFY in January and July 2024 to verify the information on their concurrent positions to ensure the integrity of information on the directors' positions concurrently held at the Company or other companies.5. Responded to letters from Taiwan Stock Exchange and issued notices to directors and other insiders of YFY to remind them of matters to be reported when they transfer shares of insiders.6. Regularly provided information on material information reporting procedures and regulations to all departments of YFY.7. Cooperated with the Human Resources Department in inviting external lecturers for the continuing education for directors and supervisors of YFY and subsidiaries.8. Provided YFY's Directors with information on continuing education courses for Directors and supervisors organized by				Compliant																																		

Evaluation Item	Practice			Compliance With Best Practice Principles And Reasons For Any Discrepancies
	Yes	No	Summary	
specified deadline?				
VIII. Does the Company have other information that is helpful for understanding its status of corporate governance (including but not limited to employee rights and interests, employee well-being, investor relations, supplier relations, rights of stakeholders, further education sought by directors and supervisors, implementation of risk management policies and risk evaluation standards, implementation of customer policies, the purchase of liability insurance for directors and supervisors, etc.)?	V		<p>We have already notified each director of the related regulations. Directors are notified immediately when there are regulation changes. Regulations relevant to insider trading among listed companies are also explained to directors at Board meetings. When a material issue that may impact the Company's stock prices is encountered during a Board meeting, the Legal Department will remind all directors and managers present that insider trading is strictly forbidden according to Article 157-1 of the Securities and Exchange Act.</p> <p>When the Company organized ethical corporate management training, the external lecturers or the employees of the Legal Department inform employees of the regulations prohibiting insider trading.</p>	Compliant
<p>IX. Please mention any priority matters and measures that require improvement and improvements that have been made according to the Corporate Governance Evaluation results released by TWSE's Governance Center.</p> <p>The Company is committed to strengthening information disclosure in order to enhance corporate governance, and plans to disclose indices that failed to receive points during the Corporate Governance Evaluation. The following section will explain some of the items:</p> <p>Index 1.17: Does the company not have a government agency or a single legal entity and its subsidiaries occupying more than one-third of the board seats?</p> <p>To ensure the diversity and independence of the board of directors, the Company has avoided having a single legal entity and its subsidiaries occupy more than one-third of the board seats, except for independent directors.</p> <p>Index 2.17: Does the company's board of directors regularly (at least once a year) assess the independence and suitability of the certified public accountants with reference to the Audit Quality Indicators (AQIs) and disclose the assessment procedures in detail in the annual report?</p> <p>The Company's Audit Committee and Board of Directors assess the independence and suitability of the certifying accountants at least once a year with reference to the Audit Quality Indicators (AQIs), and disclose the meeting dates and assessment procedures in the annual report.</p> <p>Index 4.22: Does the company invest resources to support domestic cultural development and disclose the support methods and results on the company website, annual report or sustainability report?</p> <p>The Company will devote resources to support domestic cultural development, and disclose the methods & results of the Company's support in the sustainability report.</p>				

Director Continuing Education in 2024:

Title	Name	Duration		Institution	Course	Hours
		Start date	End date			
Representative of Institutional Director	Huey-Ching Yeh	2024/10/01	2024/10/01	Taiwan Corporate Governance Association	How the board of directors develops ESG sustainable governance strategies	3
		2024/12/02	2024/12/02	Taiwan Corporate Governance Association	AI and industrial revolution: based on iFA architecture Generative AI systems new startups	3
		2024/12/02	2024/12/02	Taiwan Corporate Governance Association	New thinking on overall business strategy (Xinjiu Shuo)	3
		2024/12/24	2024/12/24	Taiwan Academy Bank and Finance	Sustainable Development Goals and Information Disclosure Framework	3
Representative of Institutional Director	David Lo	2024/03/05	2024/03/05	Taiwan Corporate Governance Association	Succession plan launched-employee reward plan and Equity inheritance	3
		2024/04/26	2024/04/26	Taiwan Corporate Governance Association	How to understand financial statements - a lesson for directors and supervisors with non-financial backgrounds	3
		2024/06/17	2024/06/17	Taiwan Corporate Governance Association	Net zero emissions 2030/2050 – for global businesses. Sustainability challenges and opportunities	3
		2024/08/20	2024/08/20	Taiwan Corporate Governance Association	The era of "carbon emission has a price" is coming, companies should How to respond?	3
		2024/10/04	2024/10/04	Taiwan Corporate Governance Association	Global trends and risk management in the development of digital innovation technology and artificial intelligence	3
		2024/12/02	2024/12/02	Taiwan Corporate Governance Association	AI and industrial revolution: based on iFA architecture	3
		2024/12/02	2024/12/02	Taiwan Corporate Governance Association	New thinking on overall business strategy (Xinjiu Shuo)	3
		2024/12/02	2024/12/02	Taiwan Corporate Governance Association	Offensive and defensive strategies for non-consensual mergers and acquisitions and related corporate governance issues	3
Representative of Institutional Director	Chin-San Wang	2024/08/08	2024/08/08	Securities & Futures Institute	How directors and supervisors supervise the company to do a good job in corporate risk management and crisis management (including gender equality)	3
		2024/10/29	2024/10/29	Accounting Research and Development Foundation	Special Topic on Corporate ESG Examples: Legal Liability Cases for "Gender Equality and Human Rights"	3
		2024/10/29	2024/10/29	Accounting Research and Development Foundation	Legal responsibilities and case analysis related to the company's "competition for management rights"	3
Representative of Institutional Director	Chun-Chieh Huang	2024/03/01	2024/03/01	Taiwan Corporate Governance Association	How the audit committee interprets and uses audit quality indicators (AQI)	3
		2024/03/05	2024/03/05	Taiwan Corporate Governance Association	Succession plan launched-employee incentive plan and equity inheritance	3
		2024/08/20	2024/08/20	Taiwan Corporate Governance Association	The era of "carbon emission has a price" is coming. How should companies respond?	3
		2024/12/02	2024/12/02	Taiwan Corporate Governance Association	AI and the Industrial Revolution: Generative AI system based on iFA architecture	3
		2024/12/02	2024/12/02	Taiwan Corporate Governance Association	New thinking on overall business strategy (Xinjiu Shuo)	3
Independent Director	Jin-Li Hu	2024/07/05	2024/07/05	Taiwan Corporate Governance Association	The latest trends in corporate governance based on corporate governance evaluation indicators	3
		2024/10/25	2024/10/25	Taiwan Corporate Governance Association	Sharing of management trends in preventing money laundering and combating financial terrorism in the financial industry	3

Title	Name	Duration		Institution	Course	Hours
		Start date	End date			
		2024/12/02	2024/12/02	Taiwan Corporate Governance Association	New thinking on overall business strategy (Xinjiu Shuo)	3
Independent Director	Di-Shi Huang	2024/07/23	2024/07/23	Taiwan Corporate Governance Association	Technology risk development trends in the cloud generation strategies; carbon rights management and net-zero assistance	3
		2024/08/20	2024/08/20	Taiwan Corporate Governance Association	The era of "carbon emission has a price" is coming. How should companies respond?	3
		2024/12/02	2024/12/02	Taiwan Corporate Governance Association	AI and the Industrial Revolution: Generative AI system based on iFA architecture	3
		2024/12/02	2024/12/02	Taiwan Corporate Governance Association	New thinking on overall business strategy (Xinjiu Shuo)	3
Independent Director	Yie-Yun Chang	2024/08/23	2024/08/23	Taiwan Corporate Governance Association	Accelerator for corporate sustainability-CSR, ESG and SDGs	3
		2024/09/03	2024/09/03	Taiwan Corporate Governance Association	Enterprise innovation and growth fully launched	3

(IV) Companies that have established a Remuneration Committee shall disclose the names and responsibilities of its members and committee operations

(1) Information on Members of the Remuneration Committee

December 31, 2024

Requirement		Professional qualifications and experience	Independence	Number of other public companies in which the committee member also serves as a remuneration committee member
Position	Name			
Independent Director (Convener)	Jin-li Hu	Ph.D. in Economic, State University of New York at Stony Brook Work experience including Dean/Associate Dean, School of Management, National Chiao Tung University, Director, Institute of Management, National Chiao Tung University, Associate Professor, Department of Industrial Economics, Tamkang University, Associate Professor, Ming Chuan School of Management Department of Financial Management and the current position of Professor at the Institute of Business and Management, National Yang Ming Chiao Tung University	There are no matters mentioned in Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee" in the two years before the appointment and during the term of office.	0
Independent Director	Di-Shi Huang	Master of Criminal Justice Management Institute, Oklahoma City University Work experience including Deputy Director of Investigation Bureau, Ministry of Justice, Director of Taipei City Investigation dpt, Ministry of Justice, Director of New Taipei City Investigation dpt, Ministry of Justice, Director of Agency Against Corruption, Ministry of Justice Investigation Bureau, and Legal Secretary of Department of Justice in Houston, Ministry of Justice Investigation Bureau	There are no matters mentioned in Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee" in the two years before the appointment and during the term of office.	0
Independent Director	Yie-Yun Chang	LL.D in University of Munich Work experience including Dean, Fu Jen Catholic University, Academic Associate Dean and Head of Department of Economics and Law, Fu Jen Catholic University, Member of the 6th Fair Trade Commission, Adjunct Professor at Department of Finance, National Chengchi University and the current position of professor in the Department of Financial and Economic Law at Fu Jen Catholic University	There are no matters mentioned in Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee" in the two years before the appointment and during the term of office.	1

(II) Operation of the Remuneration Committee

1. There are 3 members in the Remuneration Committee.
2. Current term for the members: From June 2024 to June 2027. A total of 3 Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	Jin-li Hu	3	0	100%	The 6th convener
Convener	Hsi-Peng Lu	2	0	100%	The 5th convener
Committee Member	Di-Shi Huang	3	0	100%	
Committee Member	Yie-Yun Chang	3	0	100%	

Remuneration Committee	Agenda Item And Follow-Up	Results Of Resolution	Actions Taken By The Company In Response To The Opinion Of The Remuneration Committee
5th term Committee 9th Meeting 2024/1/26	1. Reviewed 2023 year-end bonus proposal for executive managers	Approved by all committee members as proposed.	
5th term Committee 10th Meeting 2024/3/12	1. Reviewed the proposal of employee remuneration in 2023 2. Reviewed the proposal of director remuneration in 2023	Approved by all committee members as proposed.	The Board of Directors approved the employee and director remuneration proposals in 2023 and reported to the shareholders' meeting.
6th term Committee 1st Meeting 2024/6/20	1. Review the company's chairman's remuneration proposal	Approved by all committee members as proposed.	

Other statutory information:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion: None.
2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

(V) Sustainable Development, Deviations from “Sustainable Development Best Practice Principle for TWSE/TPEx Listed Companies” and Reasons

Evaluation Items	Practice			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx listed companies and reasons for deviation
	Yes	No	Summary	
<p>I. Does the Company set up a governance structure and a dedicated function to facilitate sustainability development?</p> <p>Is the sustainable development function managed by senior management, and is authorized by/reports the progress to the Board of Directors</p>	V		<p>YFY has been actively promoting sustainable development since 2013. In 2020, the Company established an independent and dedicated unit—the CSR Office. To further strengthen the promotion of ESG-related issues, the office was renamed the ESG Office in 2022. In the same year, the Company also established its first Sustainable Development Committee, elevating ESG governance to the board level. This committee functions as a functional committee under the Board of Directors, in addition to those mandated by law. In the second half of 2024, the second Sustainable Development Committee was formed, chaired by the Chairman of YFY Inc., with one director and three independent directors as committee members, and the ESG Office serving as the executive secretary.</p> <p>The Sustainable Development Committee oversees a wide range of ESG issues, including corporate governance, environmental sustainability, employee relations, responsible supply chain, social engagement, information security, and risk management. Each issue is led by a senior executive from the YFY Inc., who are responsible for coordinating its operations. Ad hoc working meetings are convened as necessary, bringing together members from functional departments across business groups to implement ESG-related initiatives. Together, they conduct risk assessments and strengthen internal management practices concerning environmental, social, and governance matters relevant to the Company’s operations.</p> <p>The ESG Office reports to the Board of Directors on behalf of the Sustainable Development Committee. In 2024, the reporting agenda, dates, and key oversight matters were as follows: <u>August 13</u> · Approval of the 2023 Sustainability Report. <u>November 13</u> · Approval of the addition of the "Management Procedures for Sustainability Information" to the internal control system.</p> <p>The Sustainable Development Committee convenes at least once every six months and held a total of three meetings in 2024, achieving a 100% attendance rate. The reporting dates and key oversight matters are as follows: <u>May 9</u> · Review of sustainability-related implementation in 2024. · Briefing on the Green Carbon Initiative in the paper industry. <u>August 9</u> · Overview of the preparation and outcomes of the 2023 Sustainability Report. <u>November 11</u></p>	Compliant

Evaluation Items	Practice			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and reasons for deviation
	Yes	No	Summary	
			<ul style="list-style-type: none"> · Review of 2024 risk control outcomes. · Addition of the "Management Procedures for Sustainability Information" to the internal control system. · Key risk management items for 2025. 	
II. Does the company evaluate business-related environmental, social and governance issues and risks based on materiality principles?	V		<p>The risk assessment boundary covers the period from January to December 2024 and is based on GRI Standards, TCFD climate-related financial disclosures, SASB Pulp & Paper Industry Standards, Taiwan's Corporate Governance Evaluation Criteria, and the AA1000 Stakeholder Engagement Principles. It identifies ESG risks in terms of stakeholder inclusiveness, sustainability, materiality, and comprehensiveness. The assessment primarily focuses on key subsidiaries with significant ESG management implications, including Chung Hwa Pulp Corporation (Forest, Pulp & Paper Group), YFY Consumer Products Co., Ltd. (Consumer Products Group), and YFY Packaging Inc. (Containerboard and Packaging Group).</p> <p>In line with the materiality principles, the identified material topics undergo risk assessment and internal management concerning ESG issues relevant to business operations, with corresponding action plans and strategic objectives. Climate-related risks and opportunities across the three business groups' production sites—including carbon reduction and energy efficiency measures, renewable energy adoption, water resource management, occupational health and safety, and regulatory compliance—are addressed through management policies, updated ISO certifications, equipment upgrades, and enhanced employee training, strengthening site resilience.</p> <p>For details on risk identification processes, materiality matrix results, response strategies, management objectives, and implementation progress, please refer to the Company's sustainability report.</p>	Compliant
III. Environmental issues (1) Has the Company established a proper environmental management system based on its industry characteristics?	V		<p>The Company has established environmental management systems at its production sites in Taiwan, Mainland China, and Vietnam, all of which have obtained ISO 14001 Environmental Management System certification and ISO 9001 Quality Management System certification. Each production site has dedicated units responsible for ensuring the effective implementation of environmental management systems in accordance with local environmental regulations. Based on the specific production characteristics of each site, additional relevant management system certifications have also been obtained, including ISO 50001 Energy Management System, FSC Forest Stewardship Council certification, PEFC Programme for the Endorsement of Forest Certification, ISO 14064-1 Greenhouse Gas Inventory, and ISO 14067 Product Carbon Footprint, among others, to address various environmental themes. YFY's circular papermaking process has also been certified under BS 8001 Circular Economy—making the Company the first in the global paper industry to achieve this recognition. The validity periods of all certifications are publicly disclosed via the Company's official website and sustainability report. For detailed information regarding the scope of certified sites and certification validity periods, please refer to the "Certificates and Standards" section in the Company's sustainability report.</p>	Compliant

Evaluation Items	Practice			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and reasons for deviation
	Yes	No	Summary	
(2) Is the Company committed to increase energy efficiency and use renewable materials with low environment impact?	✓		<p>The Company is committed to enhancing energy efficiency and has implemented a range of energy-saving and power conservation measures across its facilities, with monthly progress monitoring. These measures include improvements in pulp and paper plant efficiency, reduction of steam pipeline losses, optimization of paper machine systems, energy savings in vacuum systems, motor upgrades and replacements, pump energy efficiency improvements, compressed air system optimization, energy-efficient pulp refining systems, and management of contracted electricity capacity and demand bidding programs.</p> <p>To further improve energy use efficiency and support the circular economy, the Company adopts Six Sigma management practices and utilizes low-impact renewable materials. Key performance indicators for energy efficiency management include, but are not limited to, the energy consumption intensity per unit of major product output, the proportion of alternative fuel usage, and the ratio of on-site self-generated electricity.</p> <p>The use of renewable materials includes direct conversion of process waste into products, such as agricultural fertilizers, as well as transformation into recovered energy through reprocessing and regeneration—examples include biogas power generation, lignin-based energy, and resource-circulating fuels used in cogeneration systems. In addition, renewable materials are also used in material development, such as environmentally friendly building materials.</p> <p>For data related to energy efficiency and renewable material usage, please refer to the Company’s official website and its sustainability report.</p>	Compliant
(3) Does the Company evaluate present and future climate-related risks and opportunities, and take necessary actions?	✓		For details on YFY’s assessment of climate change-related risks and opportunities, as well as corresponding response measures, please refer to the section titled "Climate-Related Information for Listed Companies" in this annual report and the Company's sustainability report.	Compliant
(4) Does the company count greenhouse gas emissions, water consumption and total waste weight in the past two years, and	✓		<p>Greenhouse Gas Emissions For details on YFY’s greenhouse gas inventory results, assurance status, and emission reduction policies, please refer to the sections titled “1-1 Status of the Company's Greenhouse Gas Inventory and Assurance Over the Past Two Years” and “1-2 Greenhouse Gas Reduction Targets, Strategies, and Action Plans” in this annual report.</p> <p>Water All production sites in Taiwan, Mainland China, and Vietnam assess the risk of water supply interruptions or</p>	Compliant

Evaluation Items	Practice			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and reasons for deviation																				
	Yes	No	Summary																					
formulate policies for greenhouse gas reduction, water use reduction or other waste management?			<p>shortages that may impact production and processes in accordance with the ISO 14001 Environmental Management System. Each site has obtained ISO 14001 certification. In addition, we utilize tools developed by the World Resources Institute to assess water stress levels at each site. The main production sites draw water exclusively from freshwater sources, excluding rainwater, and ensure responsible water use that does not compete with domestic or agricultural needs. Through the implementation of water conservation initiatives, we evaluate water quality requirements in the papermaking process and facilitate online water reuse by redirecting effluents from one stage of production to another, thereby enabling continuous recycling. We maintain strict oversight of water discharge by establishing internal standards that exceed regulatory requirements, aiming to minimize environmental impact on receiving water bodies. In Taiwan, YFY reports its water usage data annually to the Water Resources Agency, Ministry of Economic Affairs. The average water reuse rate at our Taiwanese paper plants exceeds 90%</p> <p>Water Consumption Over the Past Two Years</p> <table> <tr> <th>Year</th><th>Water Withdrawal (Million liters)</th><th>Water Withdrawal Intensity (Million liters/million TWD revenue)</th><th>Water Discharge (Million liters)</th><th>Water Discharge Intensity (Million liters/million TWD revenue)</th></tr> <tr> <td>2023</td><td>30,720</td><td>0.80</td><td>31,182</td><td>0.81</td></tr> <tr> <td>2024</td><td>31,247</td><td>0.80</td><td>32,161</td><td>0.83</td></tr> </table> <p>Data Scope: YFY Taiwan production sites, including Containerboard and Packaging Group–Taiwan (Xinwu, Xinwu Corrugated Container, Taoyuan (include Colored box), Zhunan, Pek Crown, Changhua, Kaohsiung), Forest, Pulp & Paper Group–Taiwan (Jiutang, Hualien, Taitung, Kuanyin), and Consumer Products Group–Taiwan (Qingshui, Yangmei, Ever Growing).</p> <p>Waste All production sites in Taiwan, Mainland China, and Vietnam manage waste in accordance with the ISO 14001 Environmental Management System. This includes regular waste inventories, risk identification, and internal and external audits. All sites have obtained ISO 14001 certification. In alignment with YFY’s commitment to a Net Zero Circularity, waste generated at each site is first assessed for its potential to be repurposed or recycled. Only waste that cannot be reused is sent for incineration or landfill disposal. In compliance with local regulations, sites in Mainland China and Vietnam are required to entrust waste disposal to contracted service providers designated by the authorities. In contrast, waste generated from product processes and water treatment systems in Taiwan is largely reused through circular practices. These include direct conversion into products (e.g., recycled papers or agricultural fertilizers), recovered energy (e.g., biogas, lignin, and resource-circulating fuels), or eco-friendly building materials. The waste-to-resource rate at Taiwan sites is approximately 90%.</p> <p>Waste Generation Over the Past Two Years</p> <table> <tr> <th>Year</th><th>Non-Hazardous Waste</th><th>Hazardous Waste</th><th>Total Weight</th><th>Waste Intensity</th></tr> </table>	Year	Water Withdrawal (Million liters)	Water Withdrawal Intensity (Million liters/million TWD revenue)	Water Discharge (Million liters)	Water Discharge Intensity (Million liters/million TWD revenue)	2023	30,720	0.80	31,182	0.81	2024	31,247	0.80	32,161	0.83	Year	Non-Hazardous Waste	Hazardous Waste	Total Weight	Waste Intensity	
Year	Water Withdrawal (Million liters)	Water Withdrawal Intensity (Million liters/million TWD revenue)	Water Discharge (Million liters)	Water Discharge Intensity (Million liters/million TWD revenue)																				
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Year	Non-Hazardous Waste	Hazardous Waste	Total Weight	Waste Intensity																				

Evaluation Items	Practice					Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and reasons for deviation		
	Yes	No	Summary					
				(Metric tons)	(Metric tons)	(Metric tons)	(Metric tons/million TWD revenue)	
			2023	289,365	5.8	289,370.8	7.6	
			2024	289,947	6.8	289,953.8	7.5	
			Data Scope: YFY Taiwan production sites, including Containerboard and Packaging Group–Taiwan (Xinwu, Xinwu Corrugated Container, Taoyuan (include Colored box), Zhunan, Pek Crown, Changhua, Kaohsiung), Forest, Pulp & Paper Group–Taiwan (Jiutang, Hualien, Taitung, Kuanyin), and Consumer Products Group–Taiwan (Qingshui, Yangmei, Ever Growing).					
IV. Social issues (1) Does the Company comply with relevant international laws and regulations on human rights, and have related management policies and procedures in place?	V		The Company supports the principles of the United Nations Global Compact and aligns with the goals set forth in the Universal Declaration of Human Rights and the International Labor Organization Conventions. A Human Rights Management Policy, approved by the Chairman, has been established to protect the rights of all employees—including full-time, contract, temporary staff, and interns—while fostering a respectful and dignified work environment. We require ourselves, as well as our suppliers and business partners, to eliminate any conduct that violates or infringes upon human rights in the course of business operations. The Company is committed to prohibiting all forms of discrimination, ensuring equal pay, and upholding freedom of association and the right to collective bargaining. We also place particular emphasis on protecting vulnerable and high-risk groups, with strict prohibitions against human trafficking, forced labor, and child labor.					Compliant
(2) Has the Company established and implemented reasonable employee benefits (including remuneration, leave, and other benefits), and ensured business performance or results are reflected adequately in employee remuneration?	V		Balancing external business dynamics with internal fairness and equity, the Company offers a comprehensive compensation structure, a robust benefits program, and a performance management system. We also provide annual leave policies that exceed the requirements of the Labor Standards Act. Guided by the principle of profit-sharing with employees, we aim to attract, retain, develop, and motivate talent. Employee Compensation Our current compensation and benefits packages are aligned with industry and market salary surveys. Salaries are determined based on factors such as educational background, work experience, skillset, and position. Salary adjustments are made promptly upon promotion, and compensation is administered without discrimination based on gender, age, or other personal attributes. According to the Company’s Articles of Incorporation, a minimum of 0.1% of annual profit is allocated to employee remuneration. Bonus distributions are determined by company performance as well as individual job level and performance, ensuring alignment with market standards and providing strong incentives to encourage employee contributions and support shared growth with the Company.					Compliant

Evaluation Items	Practice			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and reasons for deviation
	Yes	No	Summary	
			<p>Diversity and Equality in the Workplace YFY is committed to fostering a diverse and inclusive work environment that reflects a wide range of employee backgrounds — including gender, age, professional expertise, nationality, and persons with disabilities. We also promote gender balance by monitoring the proportion of women in managerial roles at all levels of the organization. As of 2024, female employees and managers account for approximately 20% of the workforce.</p> <p>Employee Benefits For details on the implementation of employee benefits in 2024, please refer to this annual report under “Business Overview > V. Labor Relations > (1) Current Status of Key Labor Relations Practices.</p>	
(3) Does the Company provide a safe and healthy work environment, and provide employees with regular safety and health training?	V		<p>Each department has designated occupational health and safety (OHS) personnel responsible for developing and implementing OHS management plans. These include identifying, assessing, and controlling workplace hazards to ensure a safe and healthy working environment. All employees are required to complete a minimum of three hours of on-the-job occupational safety and health training every three years.</p> <p>All YFY production sites in Taiwan operate in accordance with the “YFY Occupational Health and Safety Management Guidelines” and the “Workplace Safety and Health Code”. We comply with or exceed legal requirements by implementing the ISO 45001 Occupational Health and Safety Management System, supported by a digital Occupational Incident Data Reporting System to monitor and evaluate the effectiveness of each site’s safety and health practices.</p> <p>In 2024, across YFY's three major business groups in Taiwan, a total of 34 occupational incidents were reported. These included cases involving outpatient medical treatment, observation stays, and hospital admissions. The total number of employees who experienced temporary total disability was 13, representing approximately 0.28% of the workforce. There were no fire-related incidents resulting in injury or death during the year.</p> <p>To prevent and address occupational incidents, YFY enforces strict compliance with safety and health</p>	Compliant

Evaluation Items	Practice			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and reasons for deviation
	Yes	No	Summary	
			regulations at all production sites. This includes mandatory pre-operation inspections of machinery and regular monitoring of the work environment. We also place strong emphasis on employee safety education and awareness. As part of our disaster prevention efforts, we have installed flame alarms and sprinkler systems, maintained surveillance equipment for monitoring, and provided enhanced emergency response training for raw material handlers and security personnel. These measures aim to foster a safe, healthy, comfortable, and friendly work environment, with the ultimate goal of achieving zero accidents.	
(4) Does the Company offer its employees effective occupational empowerment training programs?	√		Professional competency courses are tailored to the specific roles and job levels of employees, ensuring they receive the training necessary for their positions. In addition, a diverse range of learning resources is provided, including management development programs, general education courses, and onboarding training for new employees. For details on implementation in 2024, please refer to this annual report under “Business Overview > V. Labor Relations > (3) Employee Training and Development.”	Compliant
(5) Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and does it establish relevant consumer protection policies and grievance procedures?	√		<p>YFY is committed to the development of bio-based raw materials and adheres to the principles of green chemistry in designing specialty paper products and innovative materials. Through sugar-based alternatives to plastics, we continue to produce green products with carbon sequestration potential. All of our paper products are made using environmentally friendly, carbon-storing materials that naturally sequester carbon, delivering significant resource efficiency benefits during their use phase for our customers and end-users.</p> <p>All YFY product specifications comply with national regulatory standards, including but not limited to: UN hazardous materials container factory certification, HACCP food safety control systems, ISO 22000 food safety management systems, environmental labeling certificates, and green product certifications for express packaging. These ensure that consumers are well-informed and can make safe, reliable choices.</p> <p>We uphold our commitment to providing consumers with non-toxic and safe products. Detailed records of ingredients and physical-chemical properties are maintained, and we conduct comprehensive testing for restricted substances in raw materials and finished products. All labeling complies with applicable regulations. Additionally, we rigorously ensure product safety through third-party testing, covering requirements such as fluorescent whitening agent-free verification, food-grade certifications (FDA, TFDA), RoHS (Restriction of Hazardous Substances), SVHC (Substances of Very High Concern), and TPCH-compliant non-toxic, eco-friendly packaging.</p>	Compliant

Evaluation Items	Practice			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and reasons for deviation
	Yes	No	Summary	
			<p>Our customer service hotline offers real-time consultation and a channel for inquiries or complaints. All procedures follow our Personal Data Protection Management Guidelines to safeguard consumer rights and deliver an enhanced product experience.</p> <p>YFY strictly adheres to the Personal Data Protection Act in collecting, processing, and utilizing personal information. Through robust organizational structures, management systems, and control mechanisms, we ensure the security of customer data. In compliance with data protection regulations, our Consumer Products Business Group has established a Personal Data Protection Management Unit, responsible for overseeing data management. When collecting, processing, or using consumer data, we provide clear disclosures on the purpose and method of use, fulfilling our regulatory obligations and commitment to consumer protection.</p>	
(6) Does the Company establish supplier management policies, which require suppliers to observe relevant regulations on environmental protection, occupational safety and hygiene, or labor and human rights? If so, describe the implementation results.	V		<p>YFY has established a Supplier Code of Conduct and Due Diligence Declaration, which all suppliers are required to sign. These documents ensure that our supply chain adheres to standards related to environmental protection, health and safety, labor and human rights, ethical practices, and sustainable procurement.</p> <p>We implement a tiered management system based on a comprehensive evaluation of each supplier's material criticality, external risk factors, and internal governance capability. Through this assessment, key suppliers are identified for focused management. In addition, we have developed a Regular Supplier Evaluation Procedure, under which supplier assessments are conducted at least twice a year. Evaluation criteria include product and service quality, on-time and accurate delivery, cost control, and performance on broader corporate responsibility topics. The results are used to identify potential risks and areas for improvement, and suppliers are required to submit corrective action plans for any identified deficiencies.</p> <p>For suppliers receiving unsatisfactory evaluation results, YFY's procurement department issues a Supplier Improvement Notice, requiring submission of corrective measures. The procurement team also initiates a supplier support program to help identify root causes and develop quantifiable improvement strategies. If a supplier continues to fail to meet standards even after implementing corrective actions, their status as a qualified supplier will be revoked.</p>	Compliant

Evaluation Items	Practice			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX listed companies and reasons for deviation
	Yes	No	Summary	
V. Does the Company refer to international general principle or GRI guideline to prepare sustainability report and other reports that disclose non-financial information by following international reporting standards or guidelines? Has the company received assurance or certification of the aforesaid reports from a third-party accreditation institution?	V		Since 2015, the Company has published an annual sustainability report in accordance with the international GRI Standards. Beginning in 2017, the report has been independently assured each year by third-party verification bodies. In 2024, the Company engaged the British Standards Institution (BSI) to conduct the assurance and obtained a Type 2 Moderate Level of Assurance in accordance with the AA1000 Assurance Standard. The assurance statement is disclosed in the Company's official website and in the appendix of the sustainability report.	Compliant
VI. If the Company has established sustainable development guidelines by following the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe the practice and any discrepancies with regard to the Best Practice Principles: The Board of Directors approved the "YFY Sustainability and Social Responsibility Guidelines" in 2018, and the Company has faithfully implemented its provisions. Details of the implementation are disclosed in this comparison table, the Company's sustainability report, and are concurrently updated in the Company's official website.				

Evaluation Items	Practice			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx listed companies and reasons for deviation
	Yes	No	Summary	
VII. Other key information useful for explaining the status of sustainable development initiatives: (1)Community Engagement: YFY actively supports the development of local culture by encouraging public participation in arts and cultural activities and promoting reading habits. In 2024, the Company contributed a total of NT\$11,334,020 toward cultural initiatives. For more information, please visit the Company’s official website: https://esg.yfy.com/zh-tw/society/31#tab . (2)YFY received several external awards in 2024. For details, please refer to the Company’s sustainability report or official website: https://www.yfy.com/tw/about_award.html .				

Climate-related Information for Listed Companies

1. Implementation of climate-related information

Items	Practice
1. Describe the oversight and governance of climate-related risks and opportunities by the Board of Directors and Executive Management team.	<p>1.Climate oversight and governance at the board and executive levels</p> <p>The Board of Directors has established the “Sustainable Development Committee” as a functional committee, chaired by the Board Chairman, with one director and three independent directors serving as committee members. The committee oversees seven key functional tasks, each led by senior executives. Among them, the Environmental Sustainability team is responsible for climate risk and opportunity assessments and strategies, while the Risk Management team maintains close horizontal communication with the Environmental Sustainability team to ensure comprehensive understanding and management of the Group's climate-related risks. Led by the Chairman, senior executives across various functions convene work meetings as needed to coordinate with business units and functional departments, jointly driving the assessment and internal management of operational and climate-related risks. The committee’s secretariat, the ESG Office, regularly reports to the committee and the Board of Directors annually, receiving oversight and recommendations from the directors.</p> <p>In 2018, the Board of Directors approved the “Sustainability and Social Responsibility Code,” which clearly stipulates that the company must fully consider the environmental impact in conducting business activities and operations. Additionally, the company is required to formulate and promote energy conservation, carbon reduction, and greenhouse gas reduction strategies based on operational status and greenhouse gas inventory results to minimize the impact of business activities on climate change.</p>
2. Describe how identified climate risks and opportunities impact the company's business, strategy, and	<p>2.Short-, medium-, and long-term impacts of climate risks and opportunities</p> <p>YFY follows the TCFD materiality assessment method, considering international climate events, industry trends, domestic and foreign regulations, policies or guidelines, and authoritative research, to identify short-, medium-, and long-term climate risks and opportunities related to the company's operations.</p> <p>Short-term (within 3 years):</p> <p>In response to climate regulations, the company will incur carbon fees in the short term and may potentially face cap-and-trade rules in the future, leading to an increase in operating costs. Strategies include the adoption of alternative fuels instead of coal, energy conservation measures and management at production sites, as well as the promotion of circular economy initiatives and</p>

Items	Practice
finances in the short, medium, and long term.	<p>collaborations.</p> <p>Medium-term (3 to 5 years): The implementation of water and carbon tariffs, along with the increasing electricity prices, capital expenditure for energy conservation and carbon reduction, and the transition to low-carbon energy, will result in higher operating costs. In addition to continuously enhancing water recycling and implementing electricity and energy-saving solutions to decrease water and energy consumption per unit of product, the response strategy will actively communicate YFY's performance in the circular economy and the investment and efforts of traditional industries in sustainable development to stakeholders through various channels.</p> <p>Long-term (more than 5 years): In response to the growing environmental awareness among consumers, the company will persist in investing in the development of eco-friendly products and packaging. Strategies and measures include continually enhancing the procurement of green raw materials, increasing the utilization of FSC/PEFC sustainable forestry certified pulp, seeking relevant product environmental sustainability certifications, and importantly, expanding the availability of carbon sequestration paper products and bio-based materials as alternatives to non-natural plastics and fossil-based raw materials.</p>
3. Describe the financial impact of extreme weather events and transition actions on the company.	<p>3.Financial impact of extreme weather events and transition actions Extreme weather events like typhoons and floods are worsening, leading to power supply instability and equipment damage or product spoilage due to sudden heavy rain, causing production disruptions. Moreover, prolonged rainfall or flooding disrupts raw material transportation, indirectly impacting production stability. The rise in droughts and water scarcity periods raises water usage costs and additional expenses, further increasing operating costs.</p> <p>Climate transition actions encompass active participation in renewable energy initiatives, enhancing energy efficiency, researching and innovating low-carbon products, engaging in carbon trading/renewable energy markets, and leveraging incentive policies. Within these actions, challenges and business opportunities coexist, paving the way for new operational and business models beyond traditional industry norms.</p> <p>Drawing upon its robust research and development expertise in fibers and materials, YFY possesses significant advantages in investing in low-carbon commodities and biomass materials technology. The Group will actively engage in the carbon trading market and invest in renewable energy equipment, voluntary reduction plans, or carbon offset projects to accumulate the necessary carbon credits for future emission offsets.</p>
4. Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	<p>4.Integration of climate risk into the overall risk management system Under the organizational structure of the Sustainable Development Committee, the Environmental Sustainability team, led by the Chief Operating Officer, regularly reviews climate risks and opportunities identified by the management team, response strategies, and the outcomes of targeted initiatives. The team maintains close horizontal communication with the Risk Management team, which is responsible for overseeing the Group's overall risk management, ensuring that significant climate-related risks and opportunities are incorporated into the company's comprehensive risk management framework. In 2024, under the supervision of the Risk Management team and senior management, responsible risk units identified 66 risks, assessing their impact and likelihood to determine risk levels. From these, six key risks were selected and submitted to the Sustainable Development Committee for review. The committee then identified the top two risks, with the highest priority risk being climate transition risk, specifically "the need</p>

Items	Practice
<p>5. If scenario analysis is used to assess resilience to climate change risks, describe the scenarios, parameters, assumptions, analysis factors, and key financial impacts employed.</p> <p>6. If there is a transition plan to address and manage climate-related risks, describe the plan's content, and the metrics/targets used for identifying and managing physical and transition risks.</p> <p>7. If internal carbon pricing is used as a planning tool, state the basis for price setting.</p> <p>8. If climate-related targets are set,</p>	<p>to meet regulatory expectations for energy conservation and carbon reduction.”</p> <p>5.Climate scenario analysis We utilized the Global Warming Worst-Case Scenario (SSP5-8.5), published by the TCCIP-IPCC AR6 team of NSTC, to evaluate the maximum financial impact of physical risks. Physical risks primarily estimate the costs and reduced revenues due to emergency climate change disasters (e.g., typhoons, floods) and also consider the increased costs from long-term climate change extremes (e.g., drought and water shortage). Assuming that under the SSP5-8.5 scenario, the average increase in the maximum number of consecutive rainless days in the middle of the 21st century is 5.5%, and the change rate of typhoon rainfall in Taiwan will increase by 20%. The analysis results indicate that the financial impact of extreme weather events and long-term extreme changes on the company are not significant (financial impact as a percentage of revenue < 0.1%).</p> <p>6.Climate transition plans and management indicators The plan to manage transition risks includes expanding the introduction of biomass alternative fuels and promoting waste recycling, implementing energy management and improving energy efficiency, increasing green electricity, and integrating smart applications for energy creation, storage, consumption, and regulation. The plan to manage physical risks includes establishing a disaster response team, adding diversified and flexible transportation modes, completing groundwater level monitoring and early warning systems, and expanding storm water drainage capacity. Within the company's overall risk management system, we utilize various environmental indicators such as greenhouse gases (carbon emissions), energy (electricity/steam consumption, renewable energy generation and usage ratio, alternative energy input ratio, etc.), water (water consumption), and waste (waster-to-energy ratio, outsourcing treatment volume, etc.) to manage climate risks and monitor environmental performance. We regularly track implementation progress and review it on a rolling basis.</p> <p>7.Internal carbon pricing YFY plans to implement an internal carbon pricing mechanism by estimating the carbon emission and reduction unit costs for each business division. This will be achieved by assessing the carbon reduction costs at each facility, referencing capital expenditures related to carbon reduction, and integrating accounting principles to establish a basis for internal carbon pricing.</p> <p>8.Climate-related targets YFY's greenhouse gas emission boundary covers all production activities of the YFY Inc. (parent company) and all subsidiaries included in the consolidated financial report. We have set a target to achieve net-zero emissions by 2050 and to reduce Scope 1 and Scope 2 emissions by 1% by 2025, compared to 2024 levels.</p>

Items	Practice
provide information such as the covered activities, greenhouse gas emissions scope, planning timeline, and annual progress. Additionally, if carbon offsets or RECs are used to achieve the targets, specify the source and quantity.	Currently, we have not utilized any carbon offset credits or renewable energy certificates to meet our climate goals.
9. Describe the GHG inventory and assurance status, reduction targets, strategies, and specific action plans (answer questions 1-1 and 1-2).	9.GHG inventory, assurance, and reductions For details regarding YFY's GHG inventory and assurance status, reduction targets, strategies, specific action plans, and target progress, please refer to questions 1-1 and 1-2 below.

1-1 Status of the company's greenhouse gas inventory and assurance over the past two years.

1-1-1 Greenhouse gas inventory details : Describe the greenhouse gas emissions (in tonnes CO₂e), intensity (in tonnes CO₂e per million TWD), and data coverage over the past two years.

Starting in 2025, YFY conducts annual inventories of the previous year's greenhouse gas emissions for the parent company as well as all subsidiaries included in the consolidated financial report. The operational control approach is adopted to consolidate greenhouse gas emissions data for the most recent two years. The 2023 data scope includes only the parent company and all production sites under its three business groups: Containerboard and Packaging, Forest, Pulp & Paper, and Consumer Products. Beginning with the 2024 data, the coverage has been expanded for the first time to include the parent company and all subsidiaries within the scope of the consolidated financial report, as detailed in the table below.

		2023		2024	
		Emissions (tonnes CO ₂ e)	Intensity (tonnes CO ₂ e/million TWD revenue)	Emissions (tonnes CO ₂ e)	Intensity (tonnes CO ₂ e/million TWD revenue)
YFY Inc. (parent company)	Scope 1	20		17	
	Scope 2	37		34	
	Subtotal	57		51	
All subsidiaries included in the consolidated financial report	Scope 1	2,128,156		2,152,190	
	Scope 2	366,392		407,212	
	Subtotal	2,494,548		2,559,402	
Total		2,494,605	33.77	2,559,453	32.64

Note: Due to the capacity and scheduling constraints of third-party verification bodies, the aforementioned greenhouse gas emission estimates are subject to change following third-party assurance. Any revisions resulting from such verification will be updated in the sustainability report or published on the official website.

1-1-2 Greenhouse gas assurance details : Describe the assurance status over the past two years, including the scope of assurance, the assurance provider, the assurance standard, and the assurance opinion.

In 2023, YFY Inc. (parent company) reported greenhouse gas emissions totaling 57 tonnes CO₂e. This figure was assured by BSI in accordance with ISO 14064-3, with a reasonable level of assurance. For the three major business groups—Containerboard and Packaging, Forest, Pulp & Paper, and Consumer Products—the total greenhouse gas emissions from all production sites in 2023 amounted to 2.495 million tonnes of CO₂e. Of this, 2.402 million tonnes of CO₂e, representing 96% of the total emissions from these groups, underwent third-party assurance with a reasonable level of assurance. The assurance was conducted by DNV, SGS Taiwan, AFNOR, and designated professional institutions authorized by the Chinese government, in accordance with ISO 14064-3 or other relevant greenhouse gas standards. The verification schedule for the 2024 data is currently under planning, and complete assurance information will be disclosed in the sustainability report or published on the official website. Furthermore, the Company plans to begin disclosing consolidated assurance information for the parent company and its subsidiaries starting in 2027.

1-2 Greenhouse gas reduction targets, strategies, and action plans

Describe the base year for greenhouse gas reduction, including its data, reduction targets, strategies, specific action plans, and the progress of these targets.

In 2025, YFY completed its 2024 greenhouse gas inventory using the consolidated financial reporting boundary; therefore, 2024 is designated as the base year. Scope 1 and Scope 2 emissions for the base year amounted to 2.152 million tonnes of CO₂e and 0.407 million tonnes of CO₂e, respectively. The Company aims to achieve a 1% reduction in greenhouse gas emissions in 2025 compared to 2024 and to reach net-zero emissions by 2050 through the implementation of the following emission reduction strategies and action plans.

Strategies	Action plans
Increase Alternative Fuel Usage	Continue expanding the introduction of biomass alternative fuels and renewable fuels, and promoting waste recycling and reduction to diminish the reliance on fossil fuels and progress toward energy transition.
Energy Conservation Initiatives	Implement measures to reduce energy consumption and improve efficiency, including motor replacement, energy-saving pumps and compressed air systems, heat recovery, and steam pipeline loss reduction.
Investment in Renewable Electricity	Invest in biomass boiler, biogas power, and solar to boost green energy, and participate in Taipower's backup power plan.
Participation in Carbon	• In response to SBTi's science-based targets, we are proposing independent reduction plans.

Strategies	Action plans
Markets	<ul style="list-style-type: none"> ▪ Evaluate investments in voluntary reduction plans and promote demonstration afforestation carbon credit projects in Taiwan. ▪ Monitor domestic and international trends, as well as the development of laws and regulations, and regularly conduct/disclose greenhouse gas inventory while assessing the potential implementation of internal carbon pricing.
Optimization of Production Structure	Improve production allocation and efficiency by optimizing the product structure. Invest in low-carbon R&D and innovative technologies to facilitate green and low-carbon production.
Supply Chain Strategy	Adjust raw material ratio, stabilize sources, and reduce impact of supply chain changes.
Digital and Intelligent Management	Introduce AI to improve production efficiency and quality.

(VI) Deviations of the implementation of ethical corporate management from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation

Evaluation item		Practice			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviation
		Yes	No	Summary	
I.	Establishment of ethical corporate management policy and approaches				
(I)	Has the company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices as well as the commitment of its Board of Directors and senior management to implementing the management policies?	V		The Company's "Code of Operation Integrity" was passed by the Board of Directors and the Company established the "Ethical Corporate Management Operating Procedures and Code of Conduct" to actively prevent dishonest behavior and conflicts of interest, establish whistleblowing channels, and regulate the conduct of relevant personnel.	Compliant
(II)	Does the Company have mechanisms in place to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies?	V		<p>The Company performs regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business and implement programs to prevent unethical conduct. The programs are provided below:</p> <ol style="list-style-type: none"> 1. Prevention of dishonest behavior and the prohibition of bribery acceptance: Detailed information about disciplinary actions and the reporting system are listed in Chapter Four: "Service Regulations" of the Work Rules. 2. Protection of Intellectual Property Rights: Achieved by requiring employees to sign the <i>Integrity and Confidentiality of Intellectual Property Agreement</i> as well as the employment contract. 3. Code of Conduct for Employees: The Code of Conduct for Employees was established to implement the Company's core values, maintain high ethical standards, provide employees with standard compliance requirements when performing their daily duties and tasks, protect the Company's reputation, and earn the respect and trust of our clients, vendors, and other individuals. 4. <i>Ethical Corporate Management Operating Procedures and Code of Conduct</i>: Contain 15 operational regulations and stipulate whistleblowing systems and handling procedures. 	Compliant
(III)	Does the Company have any measures against dishonest conduct? Are these measures supported by proper procedures, conduct guidelines, disciplinary actions and complaint systems? Does the Company review the policies on a regular basis?	V		The Company established the <i>Ethical Corporate Management Operating Procedures and Code of Conduct</i> in accordance with the <i>Code of Operation Integrity</i> to specify disciplinary actions and complaint systems and the Company reviews the policies on a regular basis.	Compliant

Evaluation item		Practice			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviation
		Yes	No	Summary	
II.	Full Implementation of ethical management principles				
(I)	Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	V		In the credit evaluation process of business partners, the Company carefully assesses the integrity of their records. Likewise, we clearly specify in the procurement contract as well as the <i>Honesty and Integrity Declaration Form</i> that absolutely no bribery or dishonest behavior are allowed.	Compliant
(II)	Does the Company have a unit responsible for business integrity on a full-time basis under the Board of Directors, which will report the business integrity policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		The Company's Human Resources Department is responsible for handling the drafting, revision, interpretation, consulting services, notification, and record of the Company's <i>Ethical Corporate Management Operating Procedures and Code of Conduct</i> . The Department supervises the executing unit and reports the implementation status of the ethical corporate management policies and programs for preventing unethical conduct to the Board of Directors once a year.	Compliant
(III)	Does the Company have policies that help prevent conflicts of interests, provide appropriate channels for filing related complaints, and precisely enforce them?	V		Directors who may have a conflict of interest with respect to a proposal discussed during a Board meeting must recuse themselves from the meeting.	
(IV)	Does the Company have effective accounting and internal control systems in place to implement business integrity? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or engage CPAs to perform the audits?	V		An effective accounting system and internal control system are already in place; internal auditors conduct inspections according to the audit plan approved by the Board of Directors.	Compliant
(V)	Does the Company periodically provide internal and external training on ethical corporate management?	V		Regularly hold seminars related to ethical corporate management : The Legal Department and external lecturers jointly conduct seminars on topics such as "Prohibition of receiving improper benefits", "Recusal due to conflict of interest" and "Prohibition of insider trading" every year, which are mandatory for all employees.	Compliant
				New employees are required to complete the digital course "Procedures for Ethical Management and Guidelines for Conduct "during the probationary assessment period. Through the seminars, we promote correct concepts, actively implement the value of honesty and integrity, strengthen corporate governance and risk control, and deeply plant the corporate culture of integrity in the hearts of our employees. In 2024, 296 people attended the seminars "Procedures for Ethical Management and Guidelines for Conduct" and "2024 Ethical Management" related to the theme of "Prevention of Conveyance of Unjust Interests " and "Prevention of Insider Trading", of which a total of 279 hours of classes were held. No dishonest business practices occurred within the company in 2024.	Compliant
III.	Implementation of the Company's whistleblowing system				
(I)	Does the Company have in place a substantial whistleblowing and reward system as well as a convenient reporting channel and appropriate designated personnel with regard to the party being reported on?	V		The Company's <i>Ethical Corporate Management Operating Procedures and Code of Conduct</i> established a whistleblowing and reward system as well as open and diversified reporting channels with the Human Resources Department as the responsible department.	Compliant
(II)	Has the Company established standard operating procedures for investigating reported issues, follow-up measures to be adopted after the investigation, as well as relevant confidential mechanisms?	V		The Company has prescribed the standard operating procedures for investigating report, follow-up measures to be taken after the completion of investigations, and related confidentiality mechanisms in its <i>Ethical Corporate Management Operating Procedures and Code of Conduct</i> .	Compliant
(III)	Does the Company adopt measures to prevent whistleblowers from improper treatment for filing the report?	V		The Company's <i>Ethical Corporate Management Operating Procedures and Code of Conduct</i> expressly pledges the Company's protection of whistleblowers from damages imposed on the legal or contractual rights of whistleblowers as a result of whistleblowing. Should he or she be subject to improper treatment after filing the report, the whistleblower may file grievance report with the Company's Human Resources Department	Compliant
IV.	Reinforcing information disclosure				
(I)	Has the Company disclosed its corporate ethical management principles and progress onto its website and the Market Observation Post System?	V		Important internal policies and the operation of audit units are disclosed on the Company website.	Compliant
IV.	If the Company has implemented its own ethical corporate management principles by following the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, please describe the practice and any discrepancies with regard to the Best Practice Principles: The Company has established the <i>Ethical Corporate Management Guidelines</i> and relevant operational procedures, and incorporated the principles of ethical corporate management into applicable regulations pursuant to the <i>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</i> .				
VI.	Other important information to facilitate better understanding of the Company's implementation of ethical corporate management: (e.g., review/revision of the Company's ethical corporate management principles, etc.): The Company requires all suppliers and third parties to sign the <i>Honesty and Integrity Declaration Form</i> to guarantee their commitment to fulfill their obligations of conducting honest business operations. All contracts between the Company and its suppliers require both parties to comply with the ethical corporate management policy. If the supplier is involved in any dishonest activity, the Company may terminate or void the contract at any time.				

(VII) Other material information that can facilitate the understanding of the Company's corporate governance practice may be disclosed:

1. Please refer to (3) Corporate governance practice and compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
2. Continuing education and training for key managers who participate in corporate governance:

Corporate governance training for key managers in 2024

Topics of the Courses	Organizer	Date	Hours	Participate Managers
Generative AI Systems based on the iFA Framework	Human Resources Department	2024.12.02	3	Huey-Ching Yeh 、 David Lo 、 Cheng-Hsien Chu 、 Vincent Min 、 Jeff Huang 、 Yi-Chia Ho 、 York Kuo 、 Magic Liu 、 I-Pin Chen 、 Ya-Hui Huang 、 Frank Yeh 、 Vincent Zhan 、 Allen Chen 、 Richard Chuang 、 Jeremy Chan 、 Kens Lin 、 Judy Wu 、 Coco Chang and other key managers of investee companies
The Nature of Corporate Groups Strategy	Human Resources Department	2024.12.02	3	Huey-Ching Yeh 、 David Lo 、 Cheng-Hsien Chu 、 Vincent Min 、 Jeff Huang 、 Yi-Chia Ho 、 York Kuo 、 Magic Liu 、 I-Pin Chen 、 Ya-Hui Huang 、 Frank Yeh 、 Vincent Zhan 、 Allen Chen 、 Richard Chuang 、 Jeremy Chan 、 Kens Lin 、 Judy Wu 、 Coco Chang and other key managers of investee companies

(VIII). Status of implementation of internal control system:

1. Statement on the Internal Control System

YFY Inc.

Statement on the Internal Control System

Date: March 14, 2025

In 2024, the Company conducted a self-assessment on its internal control system, and based on its outcomes, hereby declares as follows:

- (1) The Company is clearly aware that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board of Directors and the executives. YFY has established this system accordingly. The purpose is to provide reasonable assurance to the effectiveness and efficiency of business operations (including profitability, performance and security of assets), reliability, timeliness, and information transparency of reports and compliance with relevant regulatory requirements.
- (2) There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. In addition, due to changes in market environment and conditions, the effectiveness of the internal control system may change along with them. Nonetheless, YFY's internal control system has a built-in self-supervision mechanism and once a flaw is detected, the Company is able to make immediate corrections.
- (3) In compliance with the *Regulations Governing Establishment of Internal Control Systems by Public Companies* (the "Regulations"), YFY has adopted a checklist of items for the internal control system in judging the effectiveness of system design and implementation. The checklist items covered in the Regulations are based upon five elements according to the management control process: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Monitoring. Each element comprises several items as detailed in the Regulations.
- (4) The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
- (5) Based on the aforementioned evaluation results, the Company holds that it has reasonably assured the achievement of the aforementioned with the internal control system as of December 31, 2024 (including the monitoring over the subsidiaries), including understanding the effectiveness and efficiency in operation, reliability and transparency in timely reporting, and compliance with relevant regulatory requirements, and that the design and enforcement of internal control are effective.
- (6) This Statement shall become a main part of the annual report and prospectus and be disclosed to the public. If there are any deceptive or concealed statements herein, the Company shall be liable for violations of Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
- (7) This Statement was approved by the Board of Directors on March 14, 2025; all 7 directors present concurred unanimously.

YFY Inc.

Chairman: Huey-Ching Yeh

President: David Lo

2. CPA's internal control special audit report: N/A

(IX). Important resolutions adopted in shareholders' meetings, Board of Directors' meetings, and the Audit Committee meetings in the past year and up to the print date of this annual report:

1. Important resolutions of the 2024 annual shareholders' meeting (June 20, 2024) (summary)

- (1) Approved the acknowledgment of YFY's 2023 financial statements.
- (2) Approved the acknowledgment of YFY's 2023 earnings distribution proposal.

Implementation of resolutions of the 2024 shareholders' meeting:

- (1) The Board of Directors followed Article 230 of the Company Act and prepared and submitted the financial statements to the shareholders' meeting for acknowledgment. Once acknowledged by the shareholders' meeting, the Board of Directors distributed the financial statements and earnings distribution proposals to the shareholders through announcements.
- (2) In 2023, the Company's cash dividends of ordinary stock were NT\$0.9 per share; the ex-dividend date was July 19, 2024, and the distribution date for dividends was August 9, 2024.

YFY have completed the implementation of all tasks in accordance with the resolutions of the shareholders' meeting.

2. Important resolutions of the 12th meeting of the 28th Board of Directors (March 14, 2024) (summary)

- (1) Approved YFY's 2023 financial statements and submitted them to the shareholders' meeting for acknowledgment.
- (2) Approved YFY's 2023 earnings distribution proposal and submitted it to the shareholders' meeting for approval. YFY's 2023 net profit after tax was NT\$1,826,693,089. Surplus from the previous year in terms of accumulated undistributed earnings was NT\$11,940,918,679, confirmed welfare plan re-measurement was NT\$349,519,200, and special reserve reversal was NT\$2,483,227 before subtracting a recognized change of NT\$25,392,379 in the net value of shares held in the investment portfolio to arrive at a total of NT\$14,094,221,816 in unappropriated retained earnings. Excluding a statutory legal reserve of NT\$215,330,314, the distribution of a NT\$0.9 cash dividend of per share, amounting to NT\$1,494,334,346 in total, was conducted. The remaining balance of NT\$12,384,557,156 is reserved to be appropriated in the coming year, July 19, 2024 is the base date for dividend distribution, and August 9, 2024 is the dividend payment day.
- (3) In 2023, the Company set aside NT\$1,981,000 as remuneration for employees and NT\$22,000,000 as remuneration for directors.
- (4) Approved to propose the 29th term of the 7 seats board of directors (4 directors and 3 independent directors) to be elected in the annual general meeting of 2024.
- (5) Approved the proposal to the shareholders meeting to remove the non-competition restriction for YFY's new directors and the institutional entities they represented.
- (6) Approved the time, location, agenda, and other relevant matters regarding the 2024 shareholders meeting.
- (7) Approved the Company's 2023 Statement of Internal Control System.
- (8) Approved the amendment for YFY's "Board of Directors Meeting Procedures".
- (9) Approved the amendment for YFY's "Audit Committee Organizational Rules".
- (10) Approved a resolution to finance YFY's existing short-term loans from banks and replenish the medium-term operational budget as well as improve YFY's capital structure via a five-year syndicated loan with Mega International Commercial Bank, Taipei Fubon Bank, and Taiwan Cooperative Bank, as lead banks.
- (11) Approved YFY's interbank lending credit line application.

- (12) Approved YFY to serve as the joint promissory note maker and the joint and severable guarantor in the interbank lending credit line applications by YFY's subsidiaries, and to issue letters of support for the interbank lending credit line applications by the subsidiaries.
 - (13) Approved YFY's subsidiaries to serve as the joint promissory note maker and the joint and severable guarantor in the interbank lending credit line applications by their subsidiaries.
 - (14) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2023 Q4 to be NT\$16,635,811 thousand.
- 3. Important resolutions of the 17th (interim) meeting of the 28th term's Board of Directors (April 30, 2024)**
- (1) Approved nomination of candidates for the election of the 29th Board of Directors of the Company is Huey-Ching Yeh, David Lo, Chin-San Wang, Chun-Chieh Huang, Jin-li Hu, Di-Shi Huang and Yie-Yun Chang, and at the 2024 General Meeting of Shareholders.
- 4. Important resolutions of the 18th meeting of the 28th Board of Directors (May 13, 2024) (summary)**
- (1) Approved YFY's 2024 Q1 financial statements.
 - (2) Approved YFY's interbank lending credit line application.
 - (3) Approved YFY to serve as the joint promissory note maker and the joint and severable guarantor in the interbank lending credit line applications by YFY's subsidiaries, and to issue letters of support for the interbank lending credit line applications by the subsidiaries.
 - (4) Approved YFY's subsidiaries to serve as the joint promissory note maker and the joint and severable guarantor in the interbank lending credit line applications by their subsidiaries or brother company.
 - (5) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2024 Q1 to be NT\$16,923,060 thousand.
- 5. Important resolutions of the 1st (interim) meeting of the 29th term's Board of Directors (April 30, 2024)**
- (1) To elect Mr. Huey-Ching Yeh as the 29th Chairman of the Company.
 - (2) Approved the appointment of 3 independent directors Jin-li Hu, Di-Shi Huang and Yie-Yun Chang as members of the 4rd term's "Audit Committee" of the Company.
 - (3) Approved the appointment of 3 independent directors Jin-li Hu, Di-Shi Huang and Yie-Yun Chang as members of the 5th "Compensation Committee" of the Company.
 - (4) Approved the appointment of directors, Huey-Ching Yeh and David Lo, and 3 independent directors Jin-li Hu, Di-Shi Huang and Yie-Yun Chang as members of the 2nd "Sustainability Committee" of the Company.
 - (5) Approved Within 3 months from the date when "Professor Jin-li Hu" were elected as independent directors of the Company, the Company completed the signing of industry-university cooperation and academic feedback mechanism contracts with Technology and National Yang Ming Chiao Tung University.
 - (6) Appointing Ms. Jean Liu, the former Chairman of the Company, as a consultant to assist the Group in its ongoing digital transformation efforts.
- 6. Important resolutions of the 2nd meeting of the 29th Board of Directors (August 13, 2024) (summary)**
- (1) Approved YFY's 2024 Q2 financial statements.
 - (2) Approved YFY's Report of Sustainability on 2023.
 - (3) Approved YFY indirectly invested in the mainland "Yong Feng Yu Industrial Paper (Yangzhou) Investment Co., Ltd." through a third-party business. The company used the profits distributed from the mainland business "Yong Feng Yu Paper Enterprise (Guangzhou) Co., Ltd." and other four companies to invest a total of US\$1,000 Million Yuan was transferred to increase the capital of "Yong Feng Yu Paper Mfg. (Yangzhou) Co., Ltd."

- (4) Approved YFY indirectly invested in Guangdong Dingfeng Pulp & paper Co., Ltd. in mainland China through a third-party business. The company used its accumulated surplus of US\$4.2 million to convert into capital.
- (5) Approved YFY's interbank lending credit line application.
- (6) Approved YFY to serve as the joint promissory note maker in the interbank lending credit line applications by YFY's subsidiaries, and to issue letters of support/responsibility comfort for the interbank lending credit line applications by YFY's subsidiaries.
- (7) Approved YFY's subsidiaries to serve as the joint promissory note maker and the joint and severable guarantor in the interbank lending credit line applications by their subsidiaries.
- (8) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2024 Q2 to be NT\$16,847,407 thousand.

7. Important resolutions of the 3rd meeting of the 29th Board of Directors (November 13, 2024) (summary)

- (1) Approved YFY's 2024 Q3 financial statements.
- (2) Approved YFY's 2025 annual audit plan.
- (3) Approved YFY added the internal control system operating procedure "Sustainability Information Management Operation".
- (4) Approved YFY plan to sign a joint construction contract with the YFY Development Corp. for Lingya District, Kaohsiung City.
- (5) Approved YFY re-appointed of the manager of Taipei branch.
- (6) Approved YFY's interbank lending credit line application.
- (7) Approved YFY to serve as the joint promissory note maker in the interbank lending credit line applications by YFY's subsidiaries, and to issue letters of support comfort for the interbank lending credit line applications by YFY's subsidiaries.
- (8) Approved YFY's subsidiaries to serve as the joint promissory note maker and the joint and severable guarantor in the interbank lending credit line applications by their subsidiaries.
- (9) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2024 Q3 to be NT\$16,502,158 thousand.

8. Important resolutions of the 4th (interim) meeting of the 28th Board of Directors (December 20, 2024) (summary)

Approved YFY's 2025 the operating strategies of the company's major investment projects and annual operational budget.

9. Important resolutions of the 5th meeting of the 29th Board of Directors (March 14, 2025) (summary)

- (1) Approved YFY's 2024 financial statements and submitted them to the shareholders' meeting for acknowledgment.
- (2) Approved YFY's 2024 earnings distribution proposal and submitted it to the shareholders' meeting for approval. YFY's 2024 net profit after tax was NT\$1,631,190,180, surplus from the previous year in terms of accumulated undistributed earnings was NT\$12,384,557,156, confirmed welfare plan re-measurement was NT\$258,442,056, and special reserve reversal was NT\$86 before subtracting a recognized change of NT\$76,592,000 in the net value of shares held in the investment portfolio to arrive at a total of NT\$14,197,597,478 in unappropriated retained earnings. Excluding a statutory legal reserve of NT\$181,304,032, the distribution of a NT\$0.8 cash dividend of per share, amounting to NT\$1,328,297,196 in total, was conducted. The remaining balance of NT\$12,687,996,250 is reserved to be appropriated in the coming year, July 19, 2025 is the base date for dividend distribution, and August 8, 2025 is the dividend payment day.
- (3) Approved YFY's 2024 employee and director remuneration proposals and submitted them to the shareholders' meeting. In 2024, the Company set aside NT\$1,796,000 as remuneration for employees and NT\$20,000,000 as

remuneration for directors.

- (4) Approved the amendment for YFY's Articles of Association.
- (5) Approved the time, location, agenda, and other relevant matters regarding the 2025 shareholders meeting.
- (6) Approved the Company's 2024 Statement of Internal Control System.
- (7) Approved the Compliance of the CPAs' independence and accountability after evaluation as required by the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
- (8) Approved the company's accountant visa remuneration case is NT\$4,250,000 each for 2025 and 2026.
- (9) Approved YFY's interbank lending credit line application.
- (10) Approved YFY to serve as the joint promissory note maker and the joint and severable guarantor in the interbank lending credit line applications by YFY's subsidiaries, and to issue letters of acknowledge for the interbank lending credit line applications by the subsidiaries.
- (11) Approved YFY's subsidiaries to serve as the joint promissory note maker.
- (12) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2024 and calculated these at the end of Q4 to be approx. NT\$15,786,371 thousand.
- (13) Approved the appointment the Chief Information Security Officer of the Company is Mr. Richard Chuang.

10. Important resolutions of the 13th meeting of the 3rd Audit Committee (March 13, 2024) (summary)

- (1) Approved YFY's 2023 financial statements the proposal is filed to the Board of Directors for approval.
- (2) Approved YFY's 2023 earnings distribution proposal to distribute NT\$0.9 cash dividend per share. The proposal is filed to the Board of Directors for approval.
- (3) Approved YFY's 2023 Statement on the Internal Control System, and filed to the Board of Directors for approval.
- (4) Approved the compliance of the CPAs' independence and accountability after evaluation as required by the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reported this to the Board of Directors.
- (5) Approved YFY's "Audit Committee Organizational Rules", and filed to the Board of Directors for approval.
- (6) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2023 Q4 to be NT\$16,635,811 thousand, and filed to the Board of Directors for approval.

11. Important resolutions of the 14th meeting of the 3rd Audit Committee (May 9, 2024) (summary)

- (1) Approved YFY's 2024 Q1 financial statements the proposal is filed to the Board of Directors for approval.
- (2) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2024 Q1 to be NT\$16,923,060 thousand, and submitted this to the Board of Directors for approval.

12. Important resolutions of the 1st meeting of the 4th Audit Committee (August 9, 2024) (summary)

- (1) Approved YFY's 2024 Q2 financial statements the proposal is filed to the Board of Directors for approval.
- (2) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2024 Q2 to be NT\$16,847,407 thousand, and submitted this to the Board of Directors for approval.

13. Important resolutions of the 2nd meeting of the 4th Audit Committee (November 11, 2024) (summary)

- (1) Approved YFY's 2024 Q3 financial statements the proposal is filed to the Board of Directors for approval.
- (2) Approved YFY's 2025 annual audit plan and submitted it to the Board of Directors for approval.
- (3) Approved YFY added the internal control system operating procedure "Sustainability Information Management Operation". The proposal is filed to the Board of Directors for approval.
- (4) Approved YFY plan to sign a joint construction contract with the YFY Development Corp. for Lingya District, Kaohsiung City. The proposal is filed to the Board of Directors for approval.

- (5) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2024 Q3 to be NT\$16,502,158 thousand, and submitted this to the Board of Directors for approval.

14. Important resolutions of the 3rd meeting of the 4th Audit Committee (March 12, 2025) (summary)

- (1) Approved YFY's 2024 financial statements the proposal is filed to the Board of Directors for approval.
- (2) Approved YFY's 2024 earnings distribution proposal to distribute NT\$0.8 cash dividend per share. The proposal is filed to the Board of Directors for approval.
- (3) Approved YFY's 2024 Statement on the Internal Control System, and filed to the Board of Directors for approval.
- (4) Approved the Compliance of the CPAs' independence and accountability after evaluation as required by the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and filed to the Board of Directors for approval.
- (5) Approved the company's accountant visa remuneration case for 2025 and 2026 is NTD 4,250,000, and filed to the Board of Directors for approval.
- (6) Approved the acknowledgment of the total amount of liabilities in endorsements and guarantees as of 2024 Q4 to be NT\$15,786,371 thousand, and filed to the Board of Directors for approval.

(X) The content of any resolution of the Board of Directors which received any dissenting opinions from a director or supervisor that are supported by appropriate records or written statements: N/A

IV. Information on Fees to CPA

Unit: NT\$ thousand

Name Of Accounting Firm	Name Of Cpas	Audit Period	Audit Fee	Non-Audit Fees	Total	Notes
Deloitte and Touche Taiwan	Hui-Ming Huang	2024	3,750	2,365	6,115	Non-audit fees list : I. Information security enhancement II. Tax Compliance Audit III. Non-Supervisory Salary Review IV. Audit Committee Document Review
	Chih-Ming Shao					

V. Information on change/replacement of CPA:

The Company has not changed its accountant in the past two years.

VI. The Chairman, President And Financial Or Accounting Managerial Officer Of The Company Who Has Worked For The CPA Firm Or Its Affiliate In The Past Year:

This event did not occur at the Company.

VII. Equity Transfers And Changes Of Equity Interests By Directors, Supervisors, Managers, And Major Shareholders Holding More Than 10% Of The Shares In Last Fiscal Year And Up To The Print Date For This Annual Report

(I). Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Website: <https://emops.twse.com.tw/server-java/t58query>

(II). Share transfer information: This event did not occur at the Company.

(III). Share pledge information: This event did not occur at the Company.

VIII. Information Disclosing the Spouse, Kinship Within Second Degree, And Relationship Between Any Of The Top Ten Shareholders

April 22, 2025

Name	Shares Held By The Individual		Shares Held By Spouse And Underage Children		Total Shares Held In Names Of Third Parties		Titles, Names And Relationships Between Top 10 Shareholders (Related Party, Spouse, Or Kinship Within The Second Degree)		Notes
	Number Of Shares	Shareholding Percentage	Number Of Shares	Shareholding Percentage	Number Of Shares	Shareholding Percentage	Name	Relation	
Ho Tze Yi Enterprise Co., Ltd. Representative: S. C. Ho	164,652,028 0	9.91% 0	0 0	0 0	0 0	0 0	1. Hsin-Yi Foundation, Shin-Yi Enterprise Co., Ltd., Hsinex International Corp. 2. Ru Yi Enterprise Co., Ltd. 3. Mei-Yu Ho 4. Chen Yu Co., Ltd. 5. Felix Ho	1. S. C. Ho serves as Director and spouse of the representative 2. S.C. Ho serves as Director and father of the representative 3. Siblings with the representative 4. Representatives are husband and wife 5. Father and Son with the representative	N/A
Hsin-Yi Foundation Representative: Sing-Ju Chang	94,004,485 0	5.66% 0	0 0	0 0	0 0	0 0	1. Ho Tze Yi Enterprise Co., Ltd. 2. Ru Yi Enterprise Co., Ltd. 3. Mei-Yu Ho 4. Felix Ho	1. Representatives are husband and wife 2. Representatives are mother and daughter 3. Related to the representative as relative-in-law within second degree of kinship 4. Mother and son with the representative	N/A
Shin-Yi Enterprise Co., Ltd. Representative: Sing-Ju Chang	77,794,610 0	4.69% 0%	0 0	0 0	0 0	0 0	1. Ho Tze Yi Enterprise Co., Ltd. 2. Ru Yi Enterprise Co., Ltd. 3. Mei-Yu Ho 4. Felix Ho	1. Representatives are husband and wife 2. Representatives are mother and daughter 3. Related to the representative as relative-in-law within second degree of kinship 4. Mother and son with the representative	N/A

Name	Shares Held By The Individual		Shares Held By Spouse And Underage Children		Total Shares Held In Names Of Third Parties		Titles, Names And Relationships Between Top 10 Shareholders (Related Party, Spouse, Or Kinship Within The Second Degree)		Notes
	Number Of Shares	Shareholding Percentage	Number Of Shares	Shareholding Percentage	Number Of Shares	Shareholding Percentage	Name	Relation	
Hsinex International Corp. Representative: Sing-Ju Chang	67,114,895 0	4.04% 0	0 0	0 0	0 0	0 0	1. Ho Tze Yi Enterprise Co., Ltd. 2. Ru Yi Enterprise Co., Ltd. 3. Mei-Yu Ho 4. Felix Ho	1. Representatives are husband and wife 2. Representatives are mother and daughter 3. Related to the representative as relative-in-law within second degree of kinship 4. Mother and son with the representative	N/A
Cheng-Ting Ho	48,419,959	2.92%	0	0	0	0	N/A	N/A	N/A
Supervisory Committee of Workers' Pension Reserve Funds of YFY Inc. Representative: Jeff Huang	46,396,624 40,000	2.79% 0.00%	0 35,000	0 0.00%	0 0	0 0	N/A	N/A	N/A
Ru Yi Enterprise Co., Ltd. Representative: Yi-Jia Ho	44,618,000 10,950,000	2.69% 0.66%	0 5,837,000	0 0.35%	0 0	0 0	1. Ho Tze Yi Enterprise Co., Ltd. 2. Hsin-Yi Foundation, Hsinex International Corp. 3. Hsin-Yi Foundation, Shin-Yi Enterprise Co., Ltd., Hsinex International Corp. and Chen Yu Co., Ltd. 4. Felix Ho	1. Representative as father and daughter 2. Representative as director 3. Representatives are mother and daughter 4. Related to the representative as siblings	N/A

Name	Shares Held By The Individual		Shares Held By Spouse And Underage Children		Total Shares Held In Names Of Third Parties		Titles, Names And Relationships Between Top 10 Shareholders (Related Party, Spouse, Or Kinship Within The Second Degree)		Notes
	Number Of Shares	Shareholding Percentage	Number Of Shares	Shareholding Percentage	Number Of Shares	Shareholding Percentage	Name	Relation	
Mei-Yu Ho	44,053,664	2.65%	3,959,112	0.24%	0	0	1. Ho Tze Yi Enterprise Co., Ltd. 2. Hsin-Yi Foundation, Shin-Yi Enterprise Co., Ltd., Hsinex International Corp. and Chen Yu Co., Ltd.	1. The representative is a sibling 2. Related to the representative as relative-in-law within second degree of kinship	N/A
Chen Yu Co., Ltd. Representative: Sing-Ju Chang	38,364,498 0	2.31% 0	0 0	0 0	0 0	0 0	1. Ho Tze Yi Enterprise Co., Ltd. 2. Ru Yi Enterprise Co., Ltd. 3. Mei-Yu Ho 4. Felix Ho	1. Representatives are husband and wife 2. Mother and daughter with the representative 3. Related to the representative as relative-in-law within second degree of kinship 4. Director and representative as mother and son	N/A
Felix Ho	35,529,953	2.14%	0	0	0	0	1. Ho Tze Yi Enterprise Co., Ltd. 2. Shin-Yi Enterprise Co., Ltd. and Chen Yu Co., Ltd. 3. Hsin-Yi Foundation, Shin-Yi Enterprise Co., Ltd., and Hsinex International Corp. and Chen Yu Co., Ltd. 4. Ru Yi Enterprise Co., Ltd. Enterprise Co., Ltd.	1. The representative is the father and son 2. Director 3. Mother and son with the representative 4. The representative is a sibling	N/A

IX. Numbers Of Shares Held In Invested Enterprises By The Company, The Company’s Directors, Independent Directors, And Managers, And Enterprises Directly Or Indirectly Controlled By The Company And The Consolidated Shareholding Ratio

December 31, 2024 Unit: thousand shares; %

Equity Method-Accounted Investments	Investment By The Company		Investments By Directors, Independent Directors, The President And Directly Or Indirectly Controlled Entities		Consolidated Investment	
	Number Of Shares	Shareholding Ratio	Number Of Shares	Shareholding Ratio	Number Of Shares	Shareholding Ratio
YFY Packaging Inc.	467,260	100.0	0	0	467,260	100.0
YFY Consumer Products Co., Ltd.	158,005	59.1	22,333	8.4	180,338	67.5
Union Paper Corp.	19,584	18.9	17,526	16.9	37,110	35.8
Yuen Yan Paper Co., Ltd.	6,179	50.9	9	0.1	6,188	51.0
China Color Printing Co., Ltd.	32,896	49.7	888	1.3	33,784	51.0
YFY Development Corp.	258,000	100.0	0	0	258,000	100.0
Fidelis IT Solutions Co., Ltd.	2,857	100.0	0	0	2,857	100.0
Shin Foong Specialty and Applied Materials Co., Ltd.	50,968	48.0	0	0	50,968	48.0
YFY Paradigm Investment Co., Ltd.	192,358	100.0	0	0	192,358	100.0
San Ying Enterprise Co., Ltd.	2,500	100.0	0	0	2,500	100.0
YFY Global Investment B.V.	79,000	100.0	0	0	79,000	100.0
YFY International B.V.	363,690	100.0	0	0	363,690	100.0
YFY Japan Co., Ltd.	0.2	100.0	0	0	0.2	100.0
Effion Enertech Co., Ltd.	70,000	100.0	0	0	70,000	100.0
Chung Hwa Pulp Corp.	627,827	57.8	61,017	5.6	688,844	63.4
YFY Corporate Advisory & Services Co., Ltd.	3,000	100.0	0	0	3,000	100.0
Sustainable Carbohydrate Innovation Co., Ltd.	3,000	100.0	0	0	3,000	100.0
Ensilience Co., Ltd.	15,000	100.0	0	0	15,000	100.0

Chapter 3. Capital and Shares

- I. The Company's Capital And Shares, Corporate Bonds, Preferred Shares, Global Depositary Receipts, Employee Stock Options, Restricted Shares And Mergers (Including Mergers, Acquisitions, And Demergers)
- II. Implementation Of Capital Allocation Plans

I. The Company's Capital and Shares, Corporate Bonds, Preferred Shares, Global Depositary Receipts, Employee Stock Options, Restricted Shares and Mergers (including Mergers, Acquisitions, and Demergers)

(I) Source of Share Capital

Unit: NT\$ thousand/thousand shares

Year/Month	Issue Price	Authorized Capital		Paid-In Capital		Notes		
		Number Of Shares	Amount	Number Of Shares	Amount	Share Capital Source	Shares Acquired By Non-Cash Assets	Others
2011.08	10	2,200,000	22,000,000	1,660,372	16,603,715	Undistributed earnings	-	Jing-Shou-Shang No. 10001196670 dated August 26, 2011

Unit: thousand shares

Shareholding Type	Authorized Capital			Notes Outstanding Shares
	Outstanding Shares	Unissued Shares	Total	
Ordinary Shares	1,660,372	539,628	2,200,000	Publicly traded shares

(II) List of Major Shareholders

April 22, 2025

Name		Shares	Number of Shares	Shareholding Ratio
Ho Tze Yi Enterprise Co., Ltd.			164,652,028	9.91%
Hsin-Yi Foundation			94,004,485	5.66%
Shin-Yi Enterprise Co., Ltd.			77,794,610	4.69%
Hsinex International Corp.			67,114,895	4.04%
Cheng-Ting Ho			48,419,959	2.92%
Supervisory Committee of Workers' Pension Reserve Funds of YFY Inc.			46,396,624	2.79%
Ru Yi Enterprise Co., Ltd.			44,618,000	2.69%
Mei-Yu Ho			44,053,664	2.65%
Chen Yu Co., Ltd.			38,364,948	2.31%
Felix Ho			35,529,953	2.14%

(III) Dividend policy and implementation:

1. Dividend policy:

In making its dividend policy, the Company takes into account future capital expenditures and working capital requirements for the upcoming years. Based on this policy, an appropriate percentage of the remaining surplus is retained as needed to support the ongoing business operations, and dividends are distributed in a way that at least 20% is distributed as cash dividends and the remainder as share dividends. However, for the purpose of meeting other capital expenditure requirements, the Company may distribute the aforementioned remaining surplus in the form of share dividends only.

2. Dividend distribution to be proposed to the shareholders' meeting:

With respect to the earnings distribution for 2024, the Company proposed to distribute NT\$0.8 per share and total of NT\$1,328,297,196 in cash dividends. Proposal was approved by board on Mar 14 2025.

(VI) Impact Of Stock Dividends Proposed At This Shareholders' Meeting On Business Performance And Earnings Per Share: N/A.

(V) Remuneration Of Employees, Directors, And Independent Directors:

1. Percentages or ranges of remuneration of employees, directors, and independent directors under the Articles of Incorporation:

According to current policies, if the Company sustained profit every year, 0.1% or more of the income shall be set aside as employee remuneration, and 2% or less shall be distributed as director remuneration. However, an amount shall be set aside first to compensate cumulative losses, if any.

Directors' remuneration may be distributed by way of cash dividends, and employees' remuneration may be distributed by way of cash dividends or stock dividends. The Board of Director shall be authorized to define the qualification requirements of employees entitled to receive shares or cash, including the employees of subsidiaries of the Company that meet certain specific requirements. The distribution ratio of directors' remunerations, and the method of distribution and ratio of employees' remunerations shall be resolved by a majority vote at a Board meeting attended by more than two thirds of the directors, and shall be reported at the shareholders' meeting.

Employee and director remunerations are calculated deducting the cumulative losses from the profit for the year (i.e., the profit before employee and director remunerations is deducted from profit before tax).

2. Basis for estimating the amount of remuneration of employees, directors, and independent directors; basis for calculating the number of shares to be distributed as employee remuneration; and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:

The estimated employee and director remunerations were recognized as expenses at the distributable

amounts for the current year according to Articles of Incorporation. Any change in the amounts on the date of resolution by the Board of Directors shall be treated as accounting adjustments and recognized as adjustments for net profit and loss of the year approved by the Board of Directors. If it was decided by the Board of Directors to distribute employee remuneration in the form of shares, the number of shares shall be determined by dividing the approved remuneration by the fair price of the shares. The fair price of the shares will be calculated based on the closing price on the day before the date of the Board meeting.

3. Remuneration proposals approved by the Board of Directors:

- (1) Distribution of NT\$1,796,000 in cash as employee remuneration; no stock shares shall be distributed. Directors' remuneration shall be NT\$20,000,000. The amounts listed above did not differ from the expense estimates for 2024.
- (2) Amount in stock distributed as employee remuneration as a percentage with respect to the after-tax profit in current period's individual financial statement and total employee remuneration: None.

4. Any difference between actual distribution (including number, amount, and price of shares) of employee remuneration and director and independent director remunerations from the previous year and recognized employee remuneration and director and supervisor remunerations, and the reasons as well as corresponding treatments:

In 2023, the actual remuneration distributed to employees was NT\$1,981,000 in cash and no stock shares were distributed. Director remuneration was NT\$22,000,000. The aforementioned amount did not differ from the amount approved by the Board of Directors.

- (VI) Buyback of treasury stock: This event did not occur at the Company.
- (VII) Issuance of corporate bonds: The Company does not issue corporate bonds.
- (VIII) Issuance of preferred stocks: The Company does not issue preferred stocks.
- (IX) Issuance of global depositary receipts (GDR): The Company does not issue global depositary receipts.
- (X) Exercise of employee stock option plan (ESOP): The Company does not provide employee stock option plans.
- (XI) Restricted stock awards: The Company does not issue restricted stock awards.
- (XII) Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies:
The Company did not engage in mergers and acquisitions, or issue new share for acquisition of shares of other companies.

II. Implementation Of Capital Allocation Plan

- (I) Plan content: The Company has no special plans for utilization of funds.
- (II) Implementation status: N/A

Chapter 5. Business Overview

- I. Business Scope
- II. Market Outlook
- III. Employee Information In The Last Two Years And Up To The Print Date Of The Annual Report
- IV. Environmental Protection Expenditure
- V. Human Capital
- VI. Information Security Risk Management
- VII. Material Contracts

I. Business Scope

(I) Business Scope

1. Key scope of business:
Industry investment holding.
2. Key operations and products of invested companies:
Forest, pulp, and paper business group
 - Production, marketing, and distribution of pulp, paper, and paperboards.Containerboard and packaging business group
 - Paperboards for industrial use; production, processing, and marketing of cardboard boxes.Consumer products business group
 - Household paper products; production, marketing, and distribution of cleaning products.Carbontech & Management Group
 - Intelligent energy, circular economy and innovative energy businessesOther businesses
 - Production, marketing, and distribution of electronic related products.
 - Production and marketing of chemical products.
3. Revenue breakdown:
 - Manufacturing and trading of paper products account for the largest portion of revenue at approximately 84%.
 - Other items accounted for approximately 16%.
4. New products in development:
 - Special material.

(II) Industry Overview

Macroeconomic Environment

Amid recent developments in the global economy, easing inflation and the surge in generative AI have supported a rebound in trade and investment among advanced economies. However, ongoing geopolitical tensions—such as the prolonged conflicts in the Middle East and Ukraine, as well as the escalating trade friction between the United States and China—have dampened overall market optimism.

Looking ahead to 2025, Taiwan's economic growth is expected to be supported by domestic demand, while external demand is also regaining its role as a key growth driver.

On the external demand front, although the base of comparison for information and communication technology (ICT) products continues to rise—potentially leading to a moderation in export growth—recent export orders indicate sustained strong demand for emerging technologies. In addition, a gradual recovery in traditional industries is anticipated, which should help maintain steady external demand growth.

On the domestic side, both retail and food service sales have shown steady year-over-year growth. Coupled with a stable labor market, low unemployment rates, and positive real wage growth beginning in 2024, private consumption is expected to remain well-supported going into 2025.

In terms of investment, robust demand from emerging technologies has driven a significant increase in semiconductor equipment purchases since the second half of 2024. Imports of machinery and electrical equipment remain high, while leading domestic chipmakers have expanded capital expenditures and accelerated net-zero transition investments. These trends have also attracted additional investment from major international players, which is expected to continue contributing positively to Taiwan's economic growth.

Overall, due to base-year effects, Taiwan's economic growth in 2025 is expected to follow a pattern of a slower start followed by stronger momentum in the latter half of the year.

Amid this macroeconomic environment, the various business units under YFY Inc. will continue to rely on their experienced management teams to focus on operational fundamentals and supply chain risk management. By closely aligning with government policy measures and response strategies, the Group is committed to demonstrating strong execution capabilities to ensure stable operations and the continued growth of its businesses.

Major Business Groups' Current Market Condition and Development:

1. Forest , Pulp and Paper Business Group

Current trends and outlook of the industry:

The pulp and paper market is highly sensitive to economic cycles and policy shifts. Traditional industries have been significantly impacted by China's economic stagnation and excess production capacity, resulting in a weaker-than-expected recovery momentum.

Product competition and development trends:

In recent years, due to zero-tariff policies, the domestic cultural paper market has seen a significant increase in imports, leading to intense price competition between importers and local manufacturers.

On the demand side, as the world continues to move toward a digital era, changes in reading habits have resulted in a global decline in demand for cultural paper. However, demand for packaging paper remains stable, supported by the rapid growth of e-commerce. In addition, the development of specialty papers is expected to grow steadily, driven by the advancement of Industry 4.0 and the Internet of Things (IoT).

To manage the impact of international pulp price fluctuations, Chung Hwa Pulp strategically supplies short-fiber pulp to its affiliated mills within the Group, helping to mitigate market volatility on overall profitability. In the cultural paper segment, the company will adopt flexible production and sales strategies and continue to expand its trade-based sales model to maintain reasonable profit margins and market share.

Beyond that, Chung Hwa Pulp remains committed to the development of high value-added specialty papers, fully circular products, and specialized materials, as part of its broader effort to diversify applications and strengthen its market position.

2. Containerboard and Packaging Business Group

Current trends and outlook of the industry:

The upstream raw materials for industrial paperboard and converted paper products primarily consist of imported long-fiber pulp and recycled paper (or recycled pulp). These materials undergo processes such as disintegration, screening, refining, papermaking, and drying to produce various paper types.

In response to the needs of carton manufacturers, craft linerboard and corrugated medium are further processed into corrugated boxes with different specifications and strength levels. These products are widely used in the packaging applications of downstream industries such as electronics, information technology, food, and textiles.

Product offerings include:

Kraft paperboard, white paperboard, corrugated board, corrugated boxes, food containers, color boxes packaging containers.

Product competition and development trends:

In Taiwan, major domestic paper manufacturers include YFY, Cheng Loong, and Long Chen, with these three companies—together with their affiliated plants—accounting for approximately 60% of total market sales. They primarily supply industrial paperboard to downstream board and carton processing plants.

To meet growing market demand for small-volume, diverse, and high-quality products, YFY continues to upgrade and replace aging production lines and invest in automated manufacturing equipment. The company is also focused on developing differentiated products, consistently improving quality and delivering premium services, earning the continued trust of its customers.

With the continued development of industrial and commercial economies, environmental issues such as global warming have become increasingly severe. Since the adoption of the Kyoto Protocol in 1997 and the Paris Agreement in 2015, the global community has continued to advance climate action.

At the UN COP26 Climate Summit in 2021, for the first time, agreements were made to reduce coal usage and cut methane emissions. In 2024, the UN COP29 Climate Summit introduced three major global energy initiatives: the Global Energy Storage and Grid Commitment, the Green Energy Commitment, and the Hydrogen Declaration. The summit also emphasized the development of climate finance mechanisms and the establishment of a global carbon credit market—all aimed at facilitating the global energy transition and achieving the goal of net-zero emissions by 2050.

In 2022, Taiwan’s Ministry of Economic Affairs released the “Net-Zero Transformation Pathway for the Manufacturing Sector by 2030,” outlining three key strategic pillars: process improvement, energy transition, and circular economy.

In 2023, the Taiwan Carbon Trading Exchange was established, and carbon inventory initiatives have since been gradually implemented. With the introduction of carbon fees set to begin in 2025, regulatory measures on carbon emissions are becoming increasingly stringent. In this context, transitioning to net zero has become not only a necessity for maintaining industrial competitiveness, but also a strategic advantage for corporate development.

As a green industry centered on the recycling and reuse of natural resources, the papermaking sector is inherently aligned with circular economy principles. The Containerboard and Packaging Business Group is actively advancing energy-saving and carbon-reduction technologies, placing equal emphasis on production efficiency and resource recovery from production by-products. By raising its own environmental standards and adopting eco-friendly practices, the Group continues to explore all feasible options for energy reuse, working toward the full realization of a circular economy.

3. Consumer Products Business Group

Current trends and outlook of the industry:

The subsidiary specializing in consumer products focuses on manufacturing, promoting, and distributing an array of household paper and cleaning items. Its flagship offerings encompass toilet paper, hand towels, paper towels, and various other domestic cleaning essentials. The production supply chain for our toilet paper spans from upstream pulp suppliers to downstream entities like retailers, distributors, and ultimately, the end users. Similarly, the supply chain for our cleaning products connects upstream suppliers of key ingredients, including

orange oil and natural fragrances, with an extensive network of retailers, distributors, and end consumers down the line.

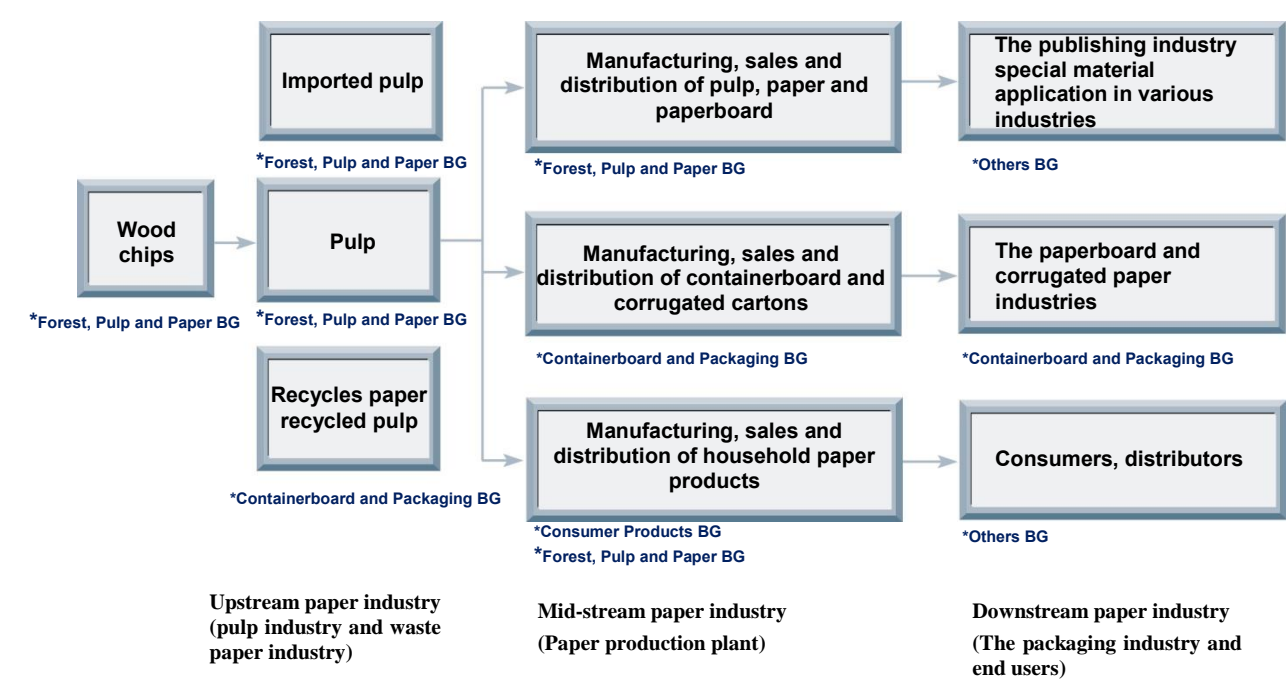
Product competition and development trends:

Competition in the household paper market in Taiwan is intense. YFY's brands such as “Mayflower”, “Delight”, and “Tender” have been leading in market share in Taiwan, and continue to meet the diversified needs of consumers with high-quality innovative products. Kimberly-Clark, Cheng Loong, and Golden Century Paper are main suppliers in Taiwan.

In the realm of cleaning solutions, we persist in rolling out products of superior quality that reassure our consumers. Orange House has introduced the market's first eco-friendly laundry liquid pods, distinguished by their sustainable approach from formulation to packaging. These pods are not just antibacterial; they also cut down plastic usage by 91% through eco-conscious packaging, safeguarding both our families' health and the planet. Orange House has established itself as a frontrunner in Taiwan for eco-friendly cleaning products. Furthermore, our expansive marketing efforts for "Delight detergent" have effectively secured its place within the mid-tier segment of the cleaning products market.

Our commitment to customer satisfaction drives our innovation and enhances the quality and experiences of our products. We are dedicated to pioneering new product developments in the antibacterial sector, catering to consumers who demand superior quality, environmental sustainability, and diverse market needs. Our strategy includes expanding our range to include household, personal, and commercial items, focusing on the creation of high-value products aimed at the premium market. We are deepening our market penetration, understanding the preferences of new consumers, and addressing the growing concern for environmental sustainability in line with global ESG trends. By embedding sustainability principles into our innovations, we aim to not only meet but exceed consumer expectations and solidify our status as a leading brand in the consumer goods industry.

Relationships with upstream, mid-stream, and downstream companies:



4. Carbontech & Management Business Group

Current trends and outlook of the industry:

With the growing impacts of global warming and extreme weather events, the goals of reducing greenhouse gas emissions and slowing the pace of climate change have become a shared focus of environmental policies around the world, and a central objective of the global energy transition.

In response to this trend, the international community has reached multiple agreements and formed a consensus on climate action, with countries setting their own carbon reduction targets. Since the 2015 Paris Agreement, the Conference of Parties (COP) has urged the world to limit global temperature rise to 1.5°C above pre-industrial levels. The 2023 COP28 summit marked the first “Global Stocktake” under the Paris Agreement, with countries agreeing on the need to gradually move beyond the fossil fuel era.

Under the European Green Deal, launched in 2019, the European Union has set a clear path toward carbon neutrality by 2050, including the implementation of the Carbon Border Adjustment Mechanism (CBAM), accelerating the integration of green and digital technologies, and streamlining regulatory frameworks to support green innovation.

In Taiwan, the Climate Change Response Act, amended in 2023, formally established the country’s goal to achieve net-zero emissions by 2050. The government is preparing phased regulatory targets across key sectors such as energy, manufacturing, residential and commercial buildings, transportation, agriculture, and the environment.

Under the framework of this Act, the Ministry of Environment has begun issuing key regulations, including the Guidelines for Voluntary Greenhouse Gas Reduction Projects, the Draft Guidelines for Application and Review of Self-Regulated Reduction Plans, and mechanisms related to carbon fees, carbon offsets, and carbon trading.

Driven by these environmental factors, international brand companies have increasingly announced net-zero targets, incorporating supply chain carbon footprints and carbon reduction performance into their procurement evaluation criteria. Suppliers are now expected to participate in joint de-carbonization efforts. As a key part of the global supply chain, Taiwanese companies continue to face mounting pressure from clients to reduce emissions.

In addition, the implementation of policies such as the Climate Change Response Act and the Sustainability Development Roadmap for TWSE/TPEX-Listed Companies has prompted many Taiwanese businesses to invest in energy transition and carbon management initiatives.

In this context of global carbon regulation, a new business model has emerged—centered on three key pillars:

- Creating a positive cycle between business growth and environmental protection,
- Enabling corporate de-carbonization and low-carbon supply chains, and
- Making high-efficiency technologies the mainstream approach.

The Carbon Management Business Group was established based on YFY Group’s “Sugar Economy” low-carbon strategy, integrating with digital technologies to form a new generation of businesses. Its mission is to accelerate the development of smart low-carbon energy solutions, and to create added value through sustainable net-zero action.

Product competition and development trends:

The Carbon Management Business Group operates under a carbon technology model centered on circular economy and smart energy.

The circular economy is increasingly recognized as a key solution that balances business development with environmental protection—particularly through biomass-based power generation, which has become one of Taiwan’s renewable energy sources.

In Taiwan, biomass energy generation includes a range of sources such as:

Power generation from municipal and agricultural waste through waste-to-fuel processes, and

Biogas power generation from livestock manure and food waste.

This integrated approach highlights YFY’s commitment to leveraging circular resource use and smart energy technologies to contribute to a low-carbon future.

Currently, solar and wind power are the primary sources of renewable energy in Taiwan. However, enhancing the role of biomass energy and increasing its generation capacity has become a critical development issue within the framework of a circular economy—with the goal of making it a reliable and scalable renewable energy source for Taiwan.

Key opportunities to unlock the potential of biomass energy include:

Developing new biotechnologies to improve power generation efficiency,

Expanding access to biomass feedstock, and

Establishing biomass project sites to effectively collect and utilize a wide range of organic resources.

These efforts represent the future direction of biomass energy as a vital component of Taiwan’s sustainable energy strategy.

In the area of smart energy, Taiwan implemented a major policy shift following the 2017 amendment of the Electricity Act, which introduced the “green energy first” policy. This reform opened the market to renewable electricity retailers, enabling a market mechanism where users can freely choose their electricity provider and pricing.

Further progress was made with the 2019 amendment to the Renewable Energy Development Act, which introduced green power obligations for large electricity consumers. These regulations have since been integrated into corporate energy systems, requiring companies to incorporate renewable energy, energy storage, and energy usage management into their operations.

With the continued rollout of related policies and measures, the importance of intelligent energy management systems has become increasingly evident.

Whether on the generation side or the user side, energy systems must incorporate advanced ICT technologies, equipment, and big data analytics. These systems should also integrate weather forecasting, load prediction models, and artificial intelligence algorithms to enable real-time and day-ahead forecasting of both power generation and consumption—achieving optimal demand response and energy usage efficiency.

As power systems become more decentralized, smart energy management systems must also evolve—capable of integrating renewable energy, energy storage, and various generation assets. This evolution leads to the development of smart micro grid management systems, which enhance dispatch coordination among different energy resources and improve overall energy efficiency.

Looking ahead, micro grids across different regions can be linked through virtual power plants (VPPs)—a new ICT-based smart system that connects distributed energy resources. VPPs not only allow companies to remotely manage loads and participate in electricity market trading, but also bring greater flexibility to power utilization.

As a result, corporate energy infrastructures must align with national power system trends, moving toward greater decentralization, digitization, and de-carbonization—laying the foundation for future-ready smart energy management systems.

As the world continues to face the challenges of climate change, circular economy and smart energy have emerged as key solutions for enabling corporate energy transition. However, to truly achieve net-zero transformation, companies must go a step further—through carbon management.

From international brands requiring their supply chains to reduce emissions, to the EU’s implementation of carbon border adjustment mechanisms, to Taiwan’s Financial Supervisory Commission releasing the Sustainability Roadmap for Listed Companies, and the government’s upcoming introduction of carbon fees—a series of carbon-related regulations is giving rise to new business opportunities in carbon management. These include services related to carbon inventory, verification, reduction strategies, and carbon credit management.

Carbon management aims to establish a new business model that helps companies implement various reduction initiatives—ensuring compliance with regulations and enabling participation in emerging carbon market mechanisms.

(III). Overview of Technology and R&D

1. R&D investments during the latest year

In 2024, directly attributable research and development (R&D) expenses amounted to approximately NT\$615.411 million, excluding other costs related to application development.

As of the publication date in 2025, directly attributable R&D expenses amounted to approximately NT\$133.941 million.

2. New launching and application of new technology products

Guided by the vision of a “full circular economy,” YFY is committed to achieving its carbon reduction goals, with development focused on three core strategies: low emission, low energy consumption, and non-plastic materials.

In 2024, YFY continued to achieve breakthroughs in materials science, including the successful development of a process to dissolve pulp fibers and spin them into yarn. These fibers are fully biodegradable, enabling a zero-waste, fully circular solution and positioning them as an emerging material for the textile industry.

In addition, YFY developed a post-consumer garment recycling process, converting used clothing into raw textile fibers—realizing a “clothes-to-clothes” circular economy model for sustainable fashion.

The company also introduced an all-paper produce bag, made with water-based coating to replace traditional plastic packaging. This innovation not only eliminates plastic use but also offers excellent moisture retention, significantly extending the shelf life of fresh produce and enhancing product competitiveness at the retail level.

In the pulp and paper segment, modified cellulose has been adopted as a green solution for wet-end processes. It has already demonstrated effectiveness in energy savings during pulp refining and improving paper strength, and development continues for broader industrial applications.

YFY's bio-based water-resistant coating technology—featuring waterproof, oil-resistant, and heat-sealable properties—is made entirely from natural materials and is fully biodegradable after use. This innovation represents a true step forward in achieving non-plastic, carbon-reducing packaging solutions.

YFY's "Sugar Economy" technologies have been progressively applied across various fields, including bio-based materials, green packaging, and alternatives to fossil fuels.

Looking ahead, we will continue to develop more low-emission, fully circular sustainable products, while actively collaborating with global green supply chains to drive the growth of a circular economy.

Through these efforts, we aim to support Taiwan's steady progress toward achieving net-zero carbon emissions.

3. Breakthrough Developed Technologies or Products

A. Pulp Products:

R&D efforts for pulp products have focused on enhancing production efficiency and reducing wood chip consumption, in order to ease cost pressures caused by rising raw material prices.

Molded pulp products not only offer the strength and durability of traditional paper materials but can also be customized into various shapes to meet load-bearing, positioning, and cushioning needs of different packaged goods. These products present a viable, eco-friendly alternative to foam plastics in packaging applications.

B. Paper Products:

By incorporating new technical elements, YFY is developing specialty papers designed for multiple fields and diverse applications, aiming to increase product added value and expand market potential.

(IV). Long and short-term business plans:

1. Forest, Pulp and Paper Business Group

Short-term development plans

- (1) Actively improve processes and management to strengthen momentum for transformation.
- (2) Enhance R&D of niche products, focusing on the development of plastic alternatives to establish a firm position in the eco-friendly product market.
- (3) Vertically integrate the supply chain and strengthen collaboration with downstream converters to enhance overall industry competitiveness.
- (4) Improve information integration by leveraging big data analytics to increase efficiency in procurement, production, and sales processes.
- (5) Offer innovative financial and logistics services to customers, reinforcing market responsiveness and control.

Long-term development plans

- (1) Develop eco-friendly, sustainable, and high value-added plant-based fiber materials, and continue to drive transformation in product structure.

- (2) Commit to circular sustainability by adopting the R³ approach (Recycle, Rebuild, and Revalue) to improve material utilization and promote diversified product evolution.
- (3) Implement talent development programs and build a strong succession team, aiming to position the company as a world-class materials enterprise.

2. Containerboard and Packaging Business Group

Short-term development plans

Containerboard Taiwan operations

In Taiwan, the industrial paper segment continues to focus on improving production efficiency and reducing costs, while expanding the scale of biogas power generation and promoting resource recovery from production by-products. The introduction of coal alternatives is helping to reduce coal consumption, reinforcing YFY's commitment to the circular economy model.

- (1) Continue developing new products and optimize the industrial paper product mix to enhance profitability and strengthen the sales team.
- (2) Integrate the production and sales supply chain of industrial paper and corrugated packaging to leverage the advantages of vertical integration and expand market share.
- (3) Adapt to market changes and improve raw material sourcing, while continuing to develop a green supply chain.
- (4) Ensure stable quality in recovered paper sourcing and increase the level of reuse.
- (5) Optimize process digitalization and smart management, enhancing product competitiveness in the market.
- (6) Continue advancing energy-saving and carbon-reduction technologies, replacing outdated equipment and automating processes to improve production capacity, energy efficiency, and product quality.
- (7) Maximize the performance of biogas renewable energy systems, while ensuring smooth operation of the zero-coal combined heat and power system. This enhances the efficiency of zero-coal boilers and reduces coal use. The Group continues to implement five key circular applications—water, paper, renewable energy, agriculture, and carbon sinks—to realize a circular economy built on the principle of turning waste into energy.
- (8) Continue conducting carbon inventories and systematically implement carbon reduction measures, with rigorous execution of the greenhouse gas reduction plan.

Corrugated Packaging

In addition to leveraging upstream-downstream integration through comprehensive supply chain planning—aligning industrial paperboard with converted paper products—YFY continues to strengthen its competitive advantage by advancing equipment automation, process standardization, flexible production scheduling, and talent development. The company offers comprehensive packaging solutions to enhance service quality and efficiency for customers.

YFY is also actively capitalizing on the rapid economic growth in Southeast Asia, particularly by expanding its investments in Vietnam, seizing growth and profitability opportunities.

- (1) Continue expanding the operational capacity of Vietnam's packaging plants in line with the country's economic growth.
- (2) Upgrade and replace equipment to enhance automation and smart manufacturing, with the goal of improving service quality.
- (3) Expand customer development efforts, focusing on niche markets and fostering growth with customers through an optimized packaging supply chain.
- (4) Advance green packaging R&D and applications to achieve plastic reduction and carbon mitigation, fulfilling corporate social responsibility in support of environmental sustainability.

Long-term development plans

- (1) Persistently worked towards lowering and managing the per-unit cost, aiming for mutually beneficial outcomes for both clients and investors.
- (2) Embraced smart management and innovation, enhancing and modernizing equipment for better energy efficiency.
- (3) Steadily advocated for minimizing production waste, committed to reducing coal usage, and adopted practices for sustainable circular economy operations and achieving zero carbon emissions.
- (4) Persistently focused on enlarging the production capabilities of Vietnam Corrugated Packaging to stimulate growth.
- (5) Advanced automation in production, refined production methodologies, and embraced a digital overhaul.
- (6) Focused on attracting and developing expertise in technical, operational, and business areas, invested in staff development, and fostered the growth of the leadership team.

3. Consumer Products Business Group

Short-term development plans

- (1) Expand growth in hygiene products, maintaining the commitment to natural, green, and healthy branding, while developing premium product lines.
- (2) Strengthen brand differentiation in tissue products to enhance the consumer experience, grow the high-end market segment, and cultivate long-term customer loyalty.
- (3) Diversify across product categories, offering safe and healthy products under the vision of caring for families and the planet, and delivering a better quality of life.
- (4) Drive core product growth in e-commerce, integrating emerging micro e-commerce models with traditional platforms to develop a comprehensive OMO (Online-Merge-Offline) strategy.
- (5) Embed green and circular concepts into the entire product lifecycle, from eco-friendly raw materials and packaging to reduced usage and the adoption of renewable energy.

- (6) Enhance automation in production through upgraded processing equipment and AOI (Automated Optical Inspection) systems, to improve both manufacturing efficiency and product quality.

Long-term development plans

- (1) Continuously optimize organizational efficiency and management practices, with a strategic focus on developing next-generation talent.
- (2) Strengthen brand management by investing in innovative product development, enhancing brand value and product competitiveness, and deepening engagement in premium market segments.
- (3) Expand export markets and develop strategic partnerships to create synergistic growth opportunities.
- (4) Advance product R&D toward low-carbon solutions, continuously reducing greenhouse gas emissions during production. By working collaboratively with suppliers, the company aims to minimize environmental impact, fulfill social responsibility, and position itself as a sustainable global consumer goods enterprise.

4. Carbontech & Management Business Group

Short-term development plans

- (1) With a focus on waste-to-resource and waste-to-fuel transformation, the company is fully committed to developing green energy and actively supporting the government's net-zero emissions policy. Key initiatives include SRF (Solid Recovered Fuel) as a coal alternative, waste-to-energy solutions, and biogas-to-green power projects—all aimed at helping customers achieve the goals of coal phase-out, zero waste, low carbon, and renewable energy adoption.
- (2) Targeting energy management and digitalization, the company leverages Taiwan's strength in ICT industries to position itself as a comprehensive integrator of innovative smart green energy systems. It offers customers intelligent energy solutions and green electricity procurement and sales services. Through the ongoing accumulation of smart energy system applications, the company is progressively building the foundational framework for a virtual power plant through power aggregation.

Long-term development plans

- (1) Simultaneously develop the "Virtual Power Plant" platform and the "Energy Management Center" platform, and further establish the "Carbon Management Center" to actively engage in the market deployment of the carbon management business.

II. Market Outlook

(I) Market analysis

Analysis of each business unit's product market is as follows:

1. Forest, Pulp and Paper Business Group

Market overview:

In the pulp segment, prices in the first half of 2024 were strongly supported by factors such as cost pressures on pulp mills and supply reductions due to labor strikes, leading to a steady upward trend in pulp and paper prices. However, in the second half of the year, weak global economic conditions and sluggish end-user demand affected market sentiment. Confidence was further undermined by announcements of new production capacities—amounting to millions of tons—coming online in China and South America.

As global environmental policies tighten and both corporate and consumer awareness of sustainability continues to rise, pulp and paper products—made from sustainable wood fibers—are gaining importance. In response, Chung Hwa Pulp will place greater emphasis on the development of environmentally friendly products, promote energy-saving and carbon-reducing production processes, and move toward green, low-carbon operations as part of its commitment to building a robust green manufacturing system.

In response to global plastic reduction regulations and the carbon reduction trend, the Pulp and Paper Business Group has been actively undergoing transformation since 2021. The Group has invested in the production of carbon-sequestering fiber-based materials, and has successfully repositioned itself as a supplier of fully recyclable and circular materials.

Leveraging its strength in pulping technology, the Group now produces end products designed for full circularity, with the circular economy at the core of its development strategy.

Business overview:

In 2024, the Pulp and Paper Business Group produced a total of 342,491 metric tons of pulp, of which 226,640 metric tons were used internally and 70,898 metric tons were sold externally. In paper production, the Group produced 358,633 metric tons of paper during the year. Paper sales totaled 391,027 metric tons, including 168,532 metric tons sold domestically and 222,495 metric tons exported. For paperboard, total production reached 122,260 metric tons, with domestic sales of 122,084 metric tons and exports of 36,558 metric tons, totaling 158,643 metric tons in sales. The Pulp and Paper Business Group will continue to enhance product quality, strengthen the stability of raw material sourcing, pricing, and supply, expand the market applications of its products, and reinforce customer service to improve overall market competitiveness.

Competitive niche and countermeasures:

The Pulp and Paper Business Group continues to expand its supply of green products while actively pursuing carbon reduction within its own operations. Chung Hwa Pulp has completed third-party carbon footprint verification for its green electricity generation, based on a full life cycle assessment (LCA), and has obtained ISO 14067 product carbon footprint certification. Additionally, it achieved Taiwan's first ISO 13065 certification for power sustainability (the international standard for the sustainability of bioenergy), earning strong recognition from multiple international brands and multinational corporations.

Chung Hwa Pulp continues to support companies in meeting RE100 supply chain requirements.

Looking ahead to 2025, the company will actively align with the Taiwanese government's green procurement regulations. In addition to offering a complete line of FSC-certified products, it will further expand its portfolio of products carrying eco-labels and carbon footprint certifications, extending beyond copy paper to include cultural printing paper and paperboard

2. Containerboard and Packaging Business Group

Market overview:

According to data from the Taiwan Paper Industry Association, total containerboard paper production in Taiwan reached 3.151 million metric tons in 2024, representing a 5.1% decrease compared to 2023. Domestic sales totaled 2.497 million metric tons, marking a 2.4% increase year-over-year. Export volume was 1.159 million metric tons, a 15.4% decline compared to 2023.

Based on data from the Taiwan Carton Industry Association, sales volume of converted paper products increased by 5.86% in 2024 compared to the previous year. Domestic demand in Taiwan remained stable, supported by strong private consumption momentum. As a result, the containerboard paper market in Taiwan showed signs of recovery and growth compared to the previous year.

Business overview:

In 2024, global inflation gradually eased, and the U.S. and Europe began interest rate cut cycles in the second half of the year. The U.S. economy moved toward a soft landing, while China's economy remained under pressure due to the ongoing real estate crisis, overcapacity, and weak demand.

Taiwan's exports maintained growth momentum, driven by information and communications technology (ICT) products. Non-ICT exports began to recover gradually in the third quarter, following earlier declines caused by China's overproduction. Domestic demand in Taiwan showed steady growth, with private consumption gradually recovering.

Taiwan's containerboard paper and downstream converted paper products sectors benefited from the stable recovery in domestic demand, resulting in higher domestic sales volumes compared to the previous year. However, containerboard paper exports declined, mainly due to the lackluster recovery of Southeast Asia's packaging market.

On the cost side, consumer demand in U.S. and European markets remained weak, while extreme weather conditions disrupted the collection of recovered paper, tightening global supply. As a result, international recovered paper prices rose through the third quarter of 2024. In Taiwan, electricity prices were raised twice, in April and October.

However, due to oversupply in the packaging market and intensified competition from imported and domestic paper products, rising costs could not be reflected in product prices, leading to significant margin compression. As a result, the profitability of Taiwan's containerboard paper sector declined notably in 2024, resulting in underwhelming financial performance.

The Containerboard and Packaging Business Group continues to focus on growth through rigorous cost control, enhancement of production equipment efficiency, and optimization of product mix and sales channels. With a strong emphasis on quality and service, the Group is introducing smart machinery across its packaging plants to deepen its presence in the Taiwan market and better respond to evolving downstream customer needs.

By strengthening upstream and downstream integration of containerboard paper and converted packaging products in Taiwan, the Group aims to improve profitability. The successful operation of zero-coal boilers has achieved solid fuel reuse and carbon reduction targets, while biogas power generation has enabled the recycling of process wastewater, furthering the Group's circular economy initiatives.

As carbon emission regulations continue to be implemented, the Group is actively promoting energy-saving and carbon emission reduction technologies, expanding the use of renewable energy, and rigorously executing greenhouse gas reduction plans. It is also integrating energy generation and storage systems to improve overall energy efficiency.

Through smart manufacturing and process optimization, the Group continues to enhance cost competitiveness, seize market opportunities, and develop niche products—all while fulfilling its commitment to environmental responsibility.

The Business Group continues to focus on containerboard paper manufacturing in Yangzhou, China. In 2024, the real estate downturn in China severely impacted end-market consumer confidence and contributed to weakened economic growth. To address these challenges, the Group in China increased efforts in promotional activities and the development of customized paper solutions to improve customer satisfaction and maintain full-capacity production and sales. On the cost side, initiatives to reduce raw material procurement costs and upgrade equipment to enhance production efficiency were actively pursued.

However, due to persistent overcapacity in the containerboard paper market and intensified competition from imported paper, product prices remained under pressure. As a result, the China operations continued to incur losses in 2024.

The Converted Paper Products segment in China focuses on delivering differentiated and value-added services, integrating packaging solutions to expand its market presence. Despite weakened end-user demand in China, sales volume remained comparable to the previous year. However, due to industry-wide overcapacity and intense internal competition, profitability declined compared to 2023.

Starting in the fourth quarter of 2024, the Chinese government introduced a series of consumption stimulus policies aimed at revitalizing the economy. In response, the Business Group continues to proactively capture the momentum of demand recovery and work toward profit improvement. Given the relatively high degree of policy fluctuation in China, the Group is also focused on improving equipment reliability, and maintaining strict control over inventory, credit management, and cash flow in order to reduce operational risks.

Benefiting from global supply chain shifts and the signing of multiple international trade agreements, the Vietnam region experienced a relatively strong economic recovery in 2024, driven by growth in industrial manufacturing, agricultural exports, and tourism.

The converted paper products business in Vietnam focused on meeting the packaging needs of high-growth industries, actively expanding its market presence. Efforts to optimize product and customer mix, improve quality, and enhance customer satisfaction led to notable year-over-year growth in both production and sales volumes.

On the cost side, raw material prices rose in the first three quarters of 2024, following the uptrend in global recovered paper prices. However, due to overcapacity in the Southeast Asian packaging market, intensified price competition significantly compressed gross margins, resulting in declined profitability for the year.

To mitigate risks, the Vietnam operation maintained strict control over inventory, credit, and cash flow, while promoting local talent development to ensure stable and sustainable operations. Leveraging Vietnam's demographic advantages and tariff benefits, the Group actively targets growth industries emerging from supply chain realignment and seizes opportunities created by trade agreements. At the same time, it continues to expand its international brand customer base, scale up operational capacity in Vietnam, and improve production efficiency through internal cost-saving measures—working steadily toward profitability improvement.

Competitive niche and countermeasures:

The global economy is expected to remain challenging in 2025, with uncertainties stemming from the policy direction of the newly elected U.S. president, divergent monetary policies among major economies, and increased risks related to China's real estate market and heightened trade tensions with the U.S. Potential shifts in the global supply chain and a resurgence of inflation could have significant impacts on global trade and economic performance.

Major international institutions forecast that global economic growth in 2025 will remain modest and largely unchanged from the previous year. For Taiwan, downside pressures are expected due to global trade uncertainties and tariff risks, as well as a high base effect from 2024. As a result, Taiwan's economic growth in 2025 is projected to be lower than in 2024, with growth mainly supported by domestic demand.

Nonetheless, the reshoring of ICT supply chains, increased foreign investment from multinational companies, and the private sector's growing investment in green energy and carbon reduction technologies are expected to provide momentum for private investment and partially offset the external headwinds.

The Containerboard and Packaging Business Group continues to offer comprehensive packaging solutions, with a strong focus on quality and customer satisfaction. The Group is actively expanding into high-growth industry segments and addressing emerging packaging needs. In response to the global drive for plastic reduction and carbon mitigation, the Group is advancing the development and application of green packaging, creating product differentiation and value, and enhancing overall operational efficiency.

Looking to the long term, packaging demand for industrial sectors and logistics distribution is expected to remain robust. Notably, international regulations such as the European Union's Packaging and Packaging Waste Regulation (PPWR), formally legislated in 2024, are reinforcing the global shift toward eco-friendly and plastic-reducing packaging, which is anticipated to drive further growth in containerboard paper demand.

The outlook for the containerboard and carton market remains optimistic, with an expected improvement in demand. At the same time, the Group remains vigilant in managing potential risks from geopolitical tensions, extreme weather events, and labor shortages, which may impact supply stability and cost structures.

The Containerboard and Packaging Business Group responds prudently to market fluctuations by leveraging group-wide resources and strengthening vertical integration across the value chain. This approach allows the Group to seize opportunities arising from market changes and enhance its overall operational competitiveness.

The Group continues to make strategic investments in production equipment, as appropriate, while actively promoting the development of renewable energy, energy conservation, coal reduction and carbon mitigation, and environmental protection systems. Through these efforts, the Group is committed to positioning itself as a model industry for the circular economy in Taiwan.

3. Consumer Products Business Group

Market overview:

According to statistics from the Taiwan Paper Industry Association, domestic production of household paper reached 285,000 metric tons in 2024, representing a 2.5% increase compared to 2023. Imports totaled 122,000 metric tons, reflecting a slight 0.4% decline.

In terms of sales, domestic consumption amounted to 392,000 metric tons, up 0.8% year-over-year. Exports totaled 14,000 metric tons, showing a significant 28% increase compared to the previous year.

Business overview:

In 2024, the Consumer Products Business Group produced 160,000 metric tons of household paper, representing a 6.5% increase compared to 2023. Domestic sales reached 92,000 metric tons, an increase of 7.9% year-over-year. This growth was mainly driven by strategic adjustments to the product portfolio and the successful introduction of high-quality new products that gained strong consumer approval, effectively boosting overall product value. Export volume totaled 82,000 metric tons, reflecting a 2.2% decline compared to 2023. The decrease was primarily due to oversupply in the China market and aggressive price undercutting by local competitors

The Taiwan household paper market remains highly competitive. As a market-leading brand, the management team has continued to drive growth and innovation. Following the success of "Mayflower Thick Roll" and "Mayflower Kitchen Towels", both of which have secured the No.1 market share in the premium segment, Mayflower launched Taiwan's first all-paper packaged facial tissue, featuring exclusive patented tear-resistant paper and heat-sealing technology. The 100% recyclable packaging delivers a green and sustainable lifestyle for environmentally conscious consumers.

In the hygiene and cleaning product segment, the Group continues to introduce high-quality, worry-free products that meet rising consumer expectations for health and safety. The "Orange House" brand, in response to increasing demand for wellness and eco-friendly products, has relaunched its entire product line with an upgrade. The brand remains committed to its principles of no added fragrance, no optical brighteners, and no harmful chemical residues.

A new series of laundry detergents and capsules—which eliminate odors without masking them with artificial scents—was also launched. The packaging uses single-material bottles that are easy to recycle, extending the brand's core values from family health protection to environmental sustainability. Orange House continues to lead as Taiwan's top natural and health-conscious cleaning brand.

YFY Consumer Products Corporation remains dedicated to sustainable development, providing consumers with a healthier, safer, and more enjoyable lifestyle. The company's brand image has been significantly enhanced and widely recognized by the investment community. Guided by its commitment to consumers, the management team will continue to deliver superior living experiences, develop innovative products aligned with consumer needs, and work to expand market share

Competitive niche and countermeasures:

The Consumer Products Business Group will continue to advance its commitment to sustainable development, firmly integrating Environmental, Social, and Governance (ESG) principles into its operations. A strong brand image and clear corporate vision will contribute to talent development and foster diverse innovation, enabling the Group to consistently provide consumers with safer, healthier, and more enjoyable lifestyle experiences.

The team remains focused on product innovation and upgrades, achieving industry breakthroughs through effective channel strategies and continuously optimizing the production and sales structure to improve investment efficiency. Ongoing efforts to refine the supply chain and optimize cost structures are supported by the expansion of domestic and international sales networks.

With strengthened adaptability and improved operational performance, the Group continues to capture new business opportunities arising from the post-pandemic economy, the stay-at-home economy, and the green economy—paving the way toward new peaks in profitability.

4. Carbon Management Business Group

Market overview:

In the energy market, Taiwan Power Company (Taipower) has planned for 1,000 MW of energy storage capacity by 2025, with a total estimated investment of NT\$3 billion. The development of virtual power plants (VPPs)—which aggregate distributed energy resources for use in factories and commercial buildings—presents significant long-term potential.

Between 2023 and 2024, the front-of-the-meter energy storage market experienced a slight slowdown, while behind-the-meter storage systems for industrial and commercial users have shown accelerated growth. These systems allow end-users to adjust electricity usage based on their specific needs and have broad applications, including peak shaving, backup power, and integrated solar-plus-storage solutions. These use cases represent the key development directions for the behind-the-meter energy storage industry.

In terms of renewable electricity trading, the total volume in 2024 reached approximately 2 billion kWh, with the market continuing to expand. It is projected that annual green power transactions could reach 10 billion kWh in the coming years.

Business overview:

In 2023, the Carbon Management Business Group successfully established Taiwan's first behind-the-meter dual heat and electricity energy storage system, with a total installed capacity of over 5 MWh. This system enables real-time monitoring, and when a factory's electricity usage spikes, the storage system automatically discharges to prevent exceeding the contracted demand limit, thereby avoiding penalty charges. The system also integrates with the factory's production scheduling and power usage patterns to design an optimized Taipower contract capacity, resulting in both electricity cost savings and reduced demand on the grid.

In 2024, the Group assisted a client in completing a 5 MW front-of-the-meter energy storage system, which became one of the few projects in Taiwan to fully obtain Voluntary Product Certification (VPC) from the Bureau of Standards, Metrology and Inspection (BSMI).

In early 2024, the Group also obtained a license to operate as a renewable electricity retailer, enabling it to supply green power to private-sector enterprises seeking to meet their sustainability goals.

Competitive niche and countermeasures:

As global energy trends continue to move toward decentralization, de-carbonization, and digitalization, energy storage has become an essential component in achieving net-zero carbon emissions by 2050.

Looking ahead to 2024, the implementation of the new "Mega Electricity Consumer Regulation" will introduce updated storage requirements. Behind-the-meter energy storage systems will offer further benefits, including electricity cost reductions and the ability to release stored energy into the electricity trading market.

Building on the successful deployment of its behind-the-meter system, the Carbon Management Business Group plans to replicate and scale this model across future projects. At the same time, the Group will develop regional smart energy systems and operate a distributed green electricity network in Taiwan, actively participating in the local electricity market.

(II). Application and production of key products

Forest, pulp and paper business group

- **Pulp:** Based on the specific needs of paper mills, suitable tree species are selected and processed through chipping, cooking, washing, bleaching, pulping, and drying to produce various types of pulp.
- **Paper products:** The primary raw material is pulp, which undergoes processes such as disintegration, refining, cleaning, forming, dewatering, drying, winding, and conversion to produce various types of paper. If the surface is treated with coating and calendering, the paper gains excellent printability, making it suitable for cultural printing papers such as coated and wood free papers, commonly used for text and color printing. Other outputs include specialty papers for industrial and commercial applications—such as label papers and tape base papers—as well as food packaging papers.
- **Adhesive Tapes:** In response to growing market demand for plastic reduction and environmental sustainability, specific base materials are selected according to different product applications. These materials are then processed through coating with specialized adhesives, followed by winding and slitting into suitable widths for end use. Product offerings include masking tapes, primarily used in the automotive and construction industries, as well as green packaging tapes suitable for a wide range of industrial applications.

Containerboard and Packaging business group

- **Containerboard Paper:** The primary raw material is recovered paper, which is processed through stages including disintegration, contaminant and debris removal, screening and cleaning, deinking, refining, pulp

blending, sheet forming, and drying. The recycled pulp is then used to produce various types of paper, serving as the raw material for manufacturing corrugated board and corrugated boxes.

- **Corrugated Cardboard Boxes:** Kraft linerboard and corrugated medium are processed through corrugators—which perform fluting, lamination, creasing, and cutting—and then further processed by printing and die-cutting machines for printing, slotting, and gluing, to produce corrugated boxes used for packaging a wide variety of products.

Consumer products business group

- **Household Paper Products:** Made primarily from virgin wood pulp, the production process includes disintegration, refining, cleaning, forming, dewatering, drying, winding, and converting to produce a range of essential consumer goods, such as toilet paper, facial tissues, paper towels, and kitchen rolls.

Carbon Management business group

- **Circular Economy:** Business development related to coal alternatives such as SRF (Solid Recovered Fuel) and TDF (Tire-Derived Fuel), as well as biogas, along with the operation of waste-to-energy facilities.
- **Smart Energy:** Focused on integrated energy technology services, providing microgrid systems, energy storage systems, smart energy management, and operation outsourcing as comprehensive energy transition solutions.

(III). Supply Status Of Primary Raw Materials

Departments	Product (Service)			Key Raw Material(S)		
	Name	Primary Market(S)	Distribution Method	Name	Main Source(S)	Supply
Paper making	Paper	Taiwan and Asia	Distributors and direct marketing	Diverse types of paper making fibers	Imported from foreign countries	<p>1. Labor strikes in Europe and North America occur from time to time, leading to supply shortages and heightened risks in both sea and land transportation, along with the emergence of various additional surcharges.</p> <p>2. Extreme weather events—such as heavy rainfall, droughts, and wildfires—have increasingly resulted in natural and man-made disasters. In addition to causing damage to production equipment, severe incidents may lead to disruptions in supply continuity lasting for several months.</p> <p>3. Political and economic instability, along with rising geopolitical risk indicators, could escalate into full-scale conflict if tensions are not contained.</p> <p>4. With rising costs across the board, pulp mills are facing continuously increasing production expenses. In severe cases, some mills may choose to cease operations entirely, resulting in the termination of supply.</p>

(IV). List Of Clients Who Accounted For At Least 10% Of Total Sales And Procurement In Any Of The Last Two Years And Corresponding Amounts And Percentages

1. Major suppliers in last two years

No supplier has accounted more than 10% of the total procurement in the last two years.

2. Major sales clients in last two years:

No client has accounted for more than 10% of the total sales in the last two years.

III. Employee Information In The Last Two Years And Up To The Printed Date Of This Annual Report

(I) Employee information in the last two years and up to the printed date of this annual report:

Year		2023	2024	Current Year Up To The Printed Date Of This Annual Report
Number Of Employees	General Personnel	5,483	5,536	5,504
	Technicians	6,410	6,558	6,574
	Total	11,893	12,094	12,078
Average Age		40.23	40.21	39.95
Average Of Service Years		9.74	9.75	9.74
Academic Qualifications	Master's Degree Or Higher	5.04%	4.89%	4.82%
	Bachelor/College Degree	40.53%	41.31%	40.87%
	Senior High School And Below	54.43%	53.80%	54.31%

(II) Authority-designated certification by employees whose jobs are related to transparency and disclosure of financial information:

Certifications	Finance And Accounting	Auditing
CPA of ROC	7	0
CPA of USA	3	0
Certified internal auditor (CIA) organized by Institute of Internal Auditors	0	8

IV. Environmental protection expenditures

Losses arising as a result of environmental pollution in the recent year up until the publishing date of this annual report; quantify the estimated losses and state any response actions, or state any reasons why losses cannot be reasonably estimated.

In response to deficiencies identified by the competent authorities, YFY has promptly implemented corrective measures. To mitigate and prevent environmental impacts, the Company and its subsidiaries strictly require that all by-products generated during the production process be handled in full compliance with relevant local environmental regulations. In addition, we continue to enhance the professional knowledge of relevant personnel through targeted training and regulatory awareness programs. As of the publication date of this annual report, the losses incurred by the Company due to deficiencies identified by the competent authorities, along with the corresponding response measures, are summarized in the table below:

Contents of violation	Contents of penalties	Penalty date	Penalty number	Response measures
Article: Article 18 of the Water Pollution Control Act and Article 10, Paragraph 1 of the Regulations Governing Water Pollution Control Measures and Testing Reporting. Content: A violation of Article 18 of the Water Pollution Control Act and Article 10, Paragraph 1 of the Regulations Governing Water Pollution Control Measures and Testing Reporting has been identified. Penalties have been imposed in accordance with Article 46 of the Water Pollution Control Act. Additionally, pursuant to Article 23, Clause 2 of the Environmental Education Act, participation in environmental education sessions has been mandated.	The total fine was NT\$25.5 thousand	2024/11/11	30-113-110015	1. Before starting construction of the factory, confirm all relevant regulations and requirements with the local Environmental Protection Bureau. 2. Follow the recommendations and regulations provided by the bureau to implement preventive measures in advance.
Article: Article 14, Paragraph 1 of the Water Pollution Control Act. Content: Violation of Article 14, Paragraph 1 of the Water Pollution Control Act has been penalized in accordance with Article 45, Paragraph 2 of the same act. Additionally, pursuant to Article 23, Clause 2 of the Environmental Education Act, participation in environmental education sessions has been mandated as part of the penalty.	The total fine was NT\$60 thousand	2024/08/26	30-113-080042	1. The hose was removed on-site and sealed with a pipe cap (immediately rectified on May 5). 2. A retraining session for personnel involved in wastewater treatment was conducted at 08:00 on May 6. 3. On May 11, valves were installed before and after the original pipeline's water meter. Moving forward, closing the valves during meter removal will prevent water pressure issues.
Article: Article: Article 21, Paragraph 2 of the Water Pollution Control Act and Article 21, Paragraph 2 of the Regulations Governing the Establishment and Management of Dedicated Wastewater Treatment Units or Personnel. Content: 1. The regulations governing the establishment of dedicated units or personnel, including the qualifications, training, certification acquisition, revocation, annulment, and other compliance requirements for dedicated personnel, shall be stipulated by the central competent authority.	The total fine was NT\$27.5 thousand	2024/06/27	30-113-060002	The required documents were subsequently submitted and the declaration was completed correctly.

Contents of violation	Contents of penalties	Penalty date	Penalty number	Response measures
<p>2. During the period when a business or wastewater sewerage system has not yet appointed a substitute as required, if circumstances described in Article 21, Paragraph 1, or Article 19, Paragraph 1 occur, the entity must immediately assign a person who has completed training for the same or a higher level of dedicated wastewater treatment personnel or an individual familiar with the operation and management of wastewater treatment to act as a substitute. If a dedicated wastewater treatment personnel member is unable to perform their duties for more than 15 consecutive days for reasons other than resignation or transfer, or if a resignation or transfer occurs, the business or wastewater sewerage system must report the situation in writing to the municipal or county (city) competent authority within 15 days of the incident. Furthermore, a substitute must be appointed and approved by the municipal or county (city) competent authority within 30 days in accordance with the regulations.</p>				
Article: Article 28, Paragraph 1 of the Water Pollution Control Act.				The corrective actions have been completed, and the Environmental Protection Bureau confirmed the completion on June 11, 2024.
Content: Maintenance and preventive measures shall be adopted for those circumstances in which there is concern of the leakage through negligence of pollutants or wastewater or sewage into a water body from the conveyance or storage equipment installed by an enterprise or sewage system; for those circumstances in which leakage through negligence causes the pollution of a water body, emergency response measures shall be adopted promptly and the local competent authority notified within three hours of the occurrence of the accident. In addition to ordering the adoption of necessary control measures, the competent authority shall, for those serious circumstances, also order the suspension of business or the partial or complete suspension of work.	The total fine was NT\$118.35 thousand	2024/07/19	30-113-070022	
		2024/04/10	30-113-040007	The corrective actions have been completed, and the relevant documentation was submitted on June 27, 2024, and official filed with the competent authority for record.
Article: Article 7, Paragraph 1 of the Water Pollution Control Act.				The secondary sedimentation tank renovation was completed at the end of September 2024, restoring its original removal efficiency.
Content: Those enterprises, sewage systems or building sewage treatment facilities that discharge wastewater or sewage into surface water bodies shall comply with effluent standards.	The total fine was NT\$1.0044 million			
		2024/03/20	30-113-030001	The equipment malfunction has been resolved, and additional measures have been taken to strengthen water quality monitoring, sampling, and operator training.
Article: Article 20, Paragraph 1 of the Air Pollution Control Act.	The total fine was NT\$4.305 million	2024/05/23	20-113-050026	The SCR ammonia pump for the pollution control system has been fully repaired.

Contents of violation	Contents of penalties	Penalty date	Penalty number	Response measures
Content: Public and private premises with stationary pollution sources that emit air pollutants shall comply with emission standards.		2024/03/14	20-113-030001	Detection instruments have been installed to enhance monitoring, and further training on handling equipment malfunctions has been reinforced.
		2024/01/15	20-113-010007	
		2024/01/15	20-113-010006	
Article: 22, Paragraph 3 of the Air Pollution Control Act.				
Content: 1. Public and private establishments with stationary pollution sources designated and announced by the central competent authority must install automatic monitoring equipment within the specified timeframe. This equipment must continuously monitor the operation or emissions of air pollutants and be submitted for approval by the municipal or county (city) competent authority. For those required to establish a connection as designated and announced, the monitoring equipment must be connected to the municipal or county (city) competent authority's system within the specified timeframe and made publicly accessible on the authority's official website. 2. For pollution sources not covered in the previous paragraph, the competent authorities at all levels may, if deemed necessary, designate and announce that the entities must conduct regular inspections and testing, either on their own or through accredited testing agencies. 3. The results of the monitoring or inspections described in the preceding two paragraphs must be recorded and reported to the municipal or county (city) competent authority in accordance with regulations. The rules for recording, reporting, preserving, and connecting monitoring or inspection data, as well as the specifications for completing installations or connections, deadlines, and other compliance requirements, shall be established by the central competent authority.	The total fine was NT\$1 million	2024/05/13	20-113-050011	1. The review of the monitoring verification report has been completed. 2. Weekly alternative monitoring will be implemented moving forward.
			20-113-050012	
			20-113-050013	
			20-113-050014	
			20-113-050015	
			20-113-050016	
			20-113-050017	
			20-113-050018	
			20-113-050019	
			20-113-050020	
Article: Article 24, Paragraph 2 and 4 of the Air Pollution Control Act and Article 23 of the Administrative Measures for the Establishment, Operation, and Fuel Use Permits of Fixed Pollution Sources.				
Content: 1. After the installation or alteration of fixed pollution sources, they shall apply for and obtain an operation license from the competent authority of the municipality directly under the Central Government, county (city) or the authority entrusted by the central competent authority, and operate in accordance with the content of the issued permit. 2. The central competent authority shall determine the procedures for the application, examination procedures, examination principles, disclosure contents, issuance, revocation, repeal, entrustment or termination	The total fine was NT\$200 thousand	2024/03/18	20-113-030022	The corrective actions have been completed, and the relevant documentation was submitted on June 24, 2022, and officially filed with the competent authority for record.
			20-113-030021	

Contents of violation	Contents of penalties	Penalty date	Penalty number	Response measures
<p>of the entrustment by the central competent authority, and other matters to be complied with for the application of the permit for the installation and operation of fixed pollution sources.</p> <p>3. Public and private places shall be operated only after obtaining a license for the operation of fixed pollution sources, and shall operate in accordance with the approved content of the permit.</p>				
<p>Article: Article 31, Paragraph 1, Subparagraph 1 of the Waste Disposal Act</p> <p>Content: A business waste disposal plan must be submitted to the competent authority of a municipality, county (city), or an agency entrusted by the central competent authority for review and approval before operations can commence. The same applies in cases of changes related to the generation, disposal, or management of business waste.</p>	The total fine was NT\$6,000	2024/03/26	40-113-030019	The required documents were submitted afterward, and the declaration was properly completed.
<p>Article: Article 31, Paragraph 1, Subparagraph 2 of the Waste Disposal Act</p> <p>Content: Waste generation, storage, disposal, treatment, recycling, export, import, transit, or re-export must be reported to the competent authority of a municipality or county (city) via internet transmission, using the format, items, content, and frequency specified by the central competent authority. However, if the central competent authority specifies reporting in written form, such cases are exempt from this requirement.</p>	The total fine was NT\$12 thousand	2024/03/26	40-113-030020	The required documents were submitted afterward, and the declaration was properly completed.
<p>Article: Article 36, Paragraph 1 of the Waste Disposal Act Enforcement Rules.</p> <p>Content: Methods and facilities for storage, clearance and disposal of industrial waste shall meet regulations designated by the central competent authority. Standards for methods and facilities for storage, clearance and disposal of industrial waste in the foregoing paragraph shall be determined by the central competent authority.</p>	The total fine was NT\$12 thousand	2024/03/26	40-113-030021	The required documents were submitted afterward, and the declaration was properly completed.

* Data Scope: YFY Inc. and the Taiwan production sites of the three business groups.

V. Human Capital

(I) Present Status of Employee Relations

YFY Taiwan offers comprehensive coverage for its full-time employees, including labor insurance, group health insurance, accident insurance, and labor pension benefits. For employees in our China locations are entitle to encompass endowment insurance, medical insurance, occupational injury insurance, unemployment insurance, and maternity insurance. The "YFY Joint Employee Welfare Committee" administers our welfare programs, ensuring extensive support and care for our employees.

1. Employee Benefits

- Special prizes for holidays, Labor Day, and birthday
- Subsidies for weddings, funerals, child birth, hospitalization, and disability
- Scholarships for employees' children, and on-the-job training allowance
- Free monthly subscription of preschool publications and magazines
- Retirement allowance besides pensions
- Employee of the year and senior awards
- Group insurance for employees and their dependents
- Medical staff on site to promote occupational safety and employees' health awareness
- Reimburse employee physical check-ups and exam frequency better than the Labor Health Protection Regulation standards
- Provide massage services to employees in the Taipei office
- Provide better than regulation standard annual leave allowances to promote work-life balance. Employees who are pregnant, suffering from illness or need to work remotely due to family care and other reasons can work from home or work flexible hours on a case-by-case basis.
- Wages pay on the 20th of each month includes 10 days' pay advance.

Employee Engagement and Recreation Programs

- Club activities for employees
- Celebrations for employee birthdays, sporting events, and group travel opportunities
- On-site recreational amenities and entertainment systems

2. Retirement Plan

YFY Inc. has implemented the Labor Retirement Regulations and created the Supervisory Committee for Workers' Pension Reserve Funds to support our employees' post-retirement needs. Annually, we dedicate funds for the legacy pension scheme to a designated account at the Bank of Taiwan, determined by actuarial assessments, ensuring the protection of employees' rights.

Additionally, our company embraced the Labor Pension Act (new labor pension system) on July 1, 2005, committing to deposit an amount equal to 6% of each employee's salary into their individual pension accounts. For employees opting to contribute extra to their pension, YFY facilitates the deduction of these additional contributions, based on the chosen rate, directly from their salaries into their dedicated personal pension accounts at the Bureau of Labor Insurance.

The contents of the YFY's Labor Retirement Regulations are as follows:

- Eligibility for voluntary retirement includes:
 - (1) Employees aged 55 or above with over 15 years of service, encompassing time spent at both this company and its affiliate enterprises.
 - (2) Individuals who have dedicated more than 25 years to the company, including periods employed at our affiliated enterprises.
 - (3) Staff members aged 60 or above who have contributed more than 10 years of service, considering roles held within this organization and its affiliated entities.
- Guidelines for mandatory retirement include:

The company will only mandate retirement in the following circumstances:

(1) When an employee reaches the age of 65.

(2) In cases where an employee is deemed mentally unfit or physically incapable of continuing their duties.

The assessment of mental or physical incapacity must align with disabilities levels 1 through 6 as classified by Labor Insurance. Furthermore, employees required to retire due to disabilities acquired in the line of duty will receive an additional 20% atop the calculation based on Article 55, Paragraph 1, Subparagraph 2 of the Labor Standards Act.

● **Service Duration and Pension Calculation:**

(1) The calculation of an employee's service duration commences from their start date, including periods both prior to and following the enactment of the Labor Standards Act, as well as after the introduction of the Labor Pension Act. This calculation will consider the actual continuous service time at this company.

(2) Service years for employees who are either deployed to affiliated enterprises or transferred from such enterprises to our company for work purposes will be aggregated for the purpose of calculation.

(3) For employees who have worked both for our company and an affiliated enterprise and choose to retire in compliance with set regulations, the total pension amount will be determined based on the proportional duration of service in each entity and disbursed accordingly by the respective companies.

● **2024 Summary of YFY's Contributions to the Labor Pension Reserve**

(1) Contributions for the Year: NT\$60,000,000.

(2) Asset Balance as of Year-End: NT\$459,996,000.

3. **Labor-management communications**

YFY regularly convenes Labor-management meetings to communicate and coordinate with employees, and subsequently adjusts measures according to the consensus of both parties.

(II) Losses due to labor disputes in last year and up to the printed date for this annual report

Unit: NT\$

Contents Of Violation	Amount Of Penalties	Event Date	Case Number	Response Measures
Article: Article 22, Paragraph 2 of the Labor Standards Law Wages are not paid directly to workers in full amount	The total fine was NT\$ 20,000	2024/01/10	1130008338	HR will review all entities policies for calculating and distributing business bonuses to comply with regulations.
Article: Article 32, Paragraph 2 of the Labor Standards Law The extension of working hours beyond the legal limitation, which were combined with the regular working hours shall not exceed twelve hours a day; the total number of overtime shall not exceed forty-six hours a month	The total fine was NT\$50,000	2024/03/29	1130067268	HR will ensure extended working hours for all employees do not exceed the legal limit to comply with regulations.
Article: Article 34, Paragraph 2 of the Labor Standards Law When changing shifts as mentioned above, there shall be a minimum of eleven consecutive hours of rest between shifts	The total fine was NT\$20,000	2024/08/07	1130170930	HR will be assigned the responsibility to coordinate staggered employee attendance in response to special circumstances, in order to ensure compliance with regulatory requirements.
Article: Article 32, Paragraph 3 of the Labor Standards Law Employers with more than thirty employees failed to extend working hours in accordance with applicable regulations	The total fine was NT\$50,000	2024/10/04	1130193783A	The subsidiary will be instructed to file with the competent authority in accordance with the law to ensure regulatory compliance
Article: Article 70 of the Labor Standards Law The work rules were not filed and publicly posted in accordance with the applicable regulations	The total fine was NT\$40,000	2024/10/04	1130193783B	The subsidiary will be instructed to file with the competent authority in accordance with the law to ensure regulatory compliance.

(III) Continuing education and training for employees

YFY engages in strategic talent development discussions with executive leadership, updates training and development policies, and evaluates the competencies of employees across all tiers to ensure the company's growth and navigate market and industry obstacles. We offer structured and ongoing talent development initiatives to inspire our employees to reach their fullest potential and enhance their performance. Additionally, we provide a variety of learning opportunities, including orientation sessions, management development programs, specialized skill training, and broad-based educational courses, to foster self-improvement among our workforce.

Development of high-level potential talents:

To continuously ensure organizational competitiveness, we have persistently implemented senior talent training projects. The project contents include:

1. Define talent profile: define high-level success models based on organizational development strategies.
2. Identify high potential talents: Use international professional evaluation tools to select potential talents and analyze potential abilities.
3. Focus on the development path: set up development plans for potential talents
4. Sustainable development of talents: The Mentor Program, led by both internal and external senior managers and consultants, offers consistent mentorship and monitors the progression of participants. It includes structured functional training and hands-on experience tailored to each stage of development.

Diverse learning environment:

1. Orientation training: The objective is to help new hires navigate the workplace efficiently and gain a comprehensive understanding of the company's vision, organizational hierarchy, policies, and the operational dynamics of various functional and business units.
2. Management training: The objective is to enhance management efficiency, develop leadership skills, and elevate strategic thinking capabilities.
3. Professional training: The aim is to enhance the professional technical skills required for the work of specialists in various functional departments.
4. General training: Aims to foster employees' knowledge and skills required for independent operations, workplace communication, and job management to support the Company's future business development requirements and achieve long-term business goals.

Summary of participation of education and training in 2024:

Course Type	No. of Classes	Total Number of People	Total Hours	Total Costs (thousand NTS)
Professional Skills	3,815	51,289	120,528	9,521,356
Management And General Knowledge	3,940	30,382	80,230	7,681,529
Orientation For New Recruits	594	3,257	23,700	114,750
On-The-Job Training	48	4	346	156,860

(IV) Employee code of conduct or ethics

The Company's Work Rules provide a service guideline and clear work principles for employee compliance. To more effectively protect the Company's trade secrets, operating profits, and competitive edge in response to the amendment made to the Trade Secrets Act in 2013, the Company has prescribed Integrity and Confidentiality of Intellectual Property Agreement as a mandatory document for registration of new recruits.

YFY promulgated the YFY Employee Code of Conduct in May 2016. Employees' behavior must comply this Code of Conduct when performing daily tasks and operations: Employees must take the initiative to avoid improper benefits, perform their duties properly, and effectively utilize Company resources and public properties during work. The Employee Code of Conduct prescribes reporting channels and investigation procedures. Regular education and training programs are provided to raise employees' awareness towards ethical conduct.

The Ethical Corporate Management Operating Procedures and Code of Conduct were promulgated in December 2018 in accordance with the Company's Ethical Corporate Management Guidelines and TWSE's Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies. The Company performs business activities based on the principles of fairness, integrity, accountability, and transparency.

The Ethical Corporate Management Operating Procedures and Code of Conduct were established to implement the ethical corporate management policy, actively prevent unethical conduct and conflict of interests, establish whistleblowing channels, and regulate the conduct of relevant personnel.

In December 2021, the YFY Employee Code of Conduct underwent a thorough review and update to further underscore the importance of safeguarding company assets against potential harm to the organization's interests. It also highlights the need for caution during transactions with external suppliers and responsible conduct on public forums to protect the company's reputation. Subsequently, in January 2022, it was mandated that the "YFY Employee Code of Conduct" become a part of the essential training for new hires, to be completed within their probationary review period. Through continuous education and training initiatives, we aim to ensure that all employees embody the company's core values and uphold the highest standards of professional ethics in their daily tasks and interactions. This commitment helps maintain the company's esteemed reputation and fosters respect and trust from clients, suppliers, and professionals across various sectors.

(V) Employee safety and health

The Company is committed to safeguarding the health and safety of our employees. Beyond achieving ISO45001 certification, which underscores our dedication to occupational safety and health, YFY has proclaimed its commitment to enhancing employee safety and fostering a culture of safety within the organization.

The following active measures were adopted to ensure employee health and safety:

1. Classified responsibility by units: Each operation group has established a dedicated Occupational Safety and Health (OSH) Manager responsible for the creation of safety and health regulations within all plants of the business group, as well as for providing guidance, oversight, and audits of OSH

measures. The occupational safety team at each plant is directly accountable for the promotion, implementation, and on-site management of safety-related projects.

2. Promotion of Safe operations: Through safety education, we aim to enhance the safety management capabilities of supervisors at all levels, gradually establishing a uniform safety value system and standards across the organization. This initiative fosters a collective agreement to drive the implementation of safe operational practices.
3. Standardization of operations: Develop standard operating procedures and work safety analysis for various tasks.
4. Employee health management: Regularly conduct employee physical check-ups, with exam items exceeding the standards set by labor health protection regulations. Plan health promotion programs for employees based on the results of the health examinations.
5. Employee safety training: Employees and contractors must undergo safety training when they are newly hired or change job positions. Additionally, departments periodically organize occupational safety training and awareness courses for current staff to enhance safety consciousness among all members.
6. Accident reporting and investigation: In the event of a workplace accident at any plants, it must be reported to the responsible Occupational Safety and Health Manager of the business group within twenty-four hours, followed by an investigation into the cause. An improvement plan should be proposed within a week of accident. The findings should be informed for related employees to prevent the recurrence of similar incidents.
7. Work safety reviews and disaster drills: In addition to regular disaster drills and monthly occupational safety and health management meetings of plants, equipment safety inspections are reinforced to actively improve the workplace and safety measures.

VI. Information Security Risk Management

(I) Information security

Amidst rapid technological advancements and increasing internet popularity, both businesses and individuals are encountering significant information security risks and challenges. For YFY, managing information security effectively requires a holistic approach that combines both hardware and software: this includes the deployment of equipment and technology (hardware) as well as fostering a culture of security awareness among personnel (software). A specialized information security management team has been formed to ensure the optimal utilization of resources for management purposes, while also focusing on the timely and centralized upgrading of information security network equipment and mechanisms. This approach is critical for maintaining up-to-date information security protections. Moving forward, we are committed to continuously increasing our employees' awareness of information security risks, thereby reinforcing our information security defenses across all levels.

Information Security Framework and Policies are as follows:

1. Information Security Risk Management Framework

The Company's approach to information security risk involves a strategic emphasis on technology utilization and governance. Management of these risks is executed via a specialized management and technology service platform, ensuring clear delineation of authority, responsibilities, technical support, and control mechanisms across the Company and its subsidiaries. In alignment with regulatory requirements, the Company has established an Information Security Committee dedicated to overseeing information and communications security. A Chief Information Officer (CIO) was appointed to oversee the allocation of necessary personnel and resources. Designating CIO along with a team of information security experts are dedicated for the duties. These individuals are charged with the promotion, coordination, supervision, and evaluation of information and communications security management. The committee conducts monthly reviews of the company's information security policies and goals, devises specific management action plans, and regularly reports outcomes to the Board of Directors. Additionally, it assesses potential risks, and develops corresponding strategies.

2. Information Security Policy and Management Program

The Company's approach to information security emphasized technological integration and governance, leveraging the dynamic interplay and balance between users and machines, as well as software and hardware, to construct a comprehensive information security management framework. This framework was utilized to execute the policies established by the company, as detailed in the following sections:

(1) Firewall Configuration: Utilizing the capabilities of next-generation firewalls, we conducted close security management by monitoring and controlling data access based on "who" accesses the data, the "events" prompting access, the "timing" of access, the methods of "execution", the "origin and destination" of the data, and the "objects" being accessed. This included comprehensive threat

detection across all network traffic, ensuring the effective identification and mitigation of intrusions, viruses, worms, and other cybersecurity threats. Additionally, we implemented "trace logging" to document all network traffic, detailing who accessed what data and from where.

- (2) Management of Information Server Rooms: Utilizing state-of-the-art server room infrastructure, we've set high benchmarks. To mitigate the risks of equipment damage, data loss, and operational interruptions from power failures, we've implemented a UPS (Uninterruptible Power Supply) system. Additionally, to meet the cooling needs of densely arranged server racks, a sophisticated air-conditioning system has been installed. Our server environments are further protected by fire detection and automated fire suppression systems, which are compliant with relevant fire safety standards and receive regular checks to ensure the protection of vital IT hardware and equipment. Enhancing these measures, we've established strict physical access controls and deployed 24/7 video surveillance to deter unauthorized access and secure our data assets effectively.
- (3) Management of User Information Security: We have strengthened user information security through various policies and mechanisms, including setting privileges on personal computers, regularly updating computer system security, implementing email protection, deploying enterprise endpoint antivirus solutions, enhancing endpoint security, controlling admin access, enforcing VPN multi-factor authentication, regulating external network access, controlling internal systems, and adopting the "Group Electronic Document Online Control Operation" method. These measures establish crucial information security checkpoints along both internal and external network paths used by users, ensuring comprehensive information security. Furthermore, the company has formulated information security management regulations. The information security management team periodically conducts disaster recovery drills for critical systems each year, aiming to verify the operability of recovery plans and to improve the information security's emergency response and recovery capabilities.
- (4) Industrial Information Security Management: Every year the information management department engages in discussions with information management staff across all factories, addressing current issues, trends, and strategies for improving information security. Through these discussions, alongside targeted education and training programs, the aims are enhancing the information security maintenance practices and risk awareness among employees at each operation site.
- (5) Training and Development: The information management team distributes informational letters on security and conducts in-person and no less than 3 hours training sessions per year on information security, detailing current cybercrime techniques and precautionary measures. These initiatives are aimed at enhancing employees' knowledge of information security, thereby elevating their awareness of cybersecurity issues. Every employee undergoes at least three hours of training related to cybersecurity annually.

Given the escalating intensity of cybercrime, future threats and challenges to business operations necessitated an increased focus on bolstering cyber and information security governance frameworks. While individuals played a crucial role in cybersecurity, in the digital age, neither individuals nor corporations were exempt from cybersecurity risks. Consequently, beyond adhering to government-

imposed information security policies and the company's own internal guidelines, YFY was dedicated to conducting its day-to-day information security management activities with utmost caution, aiming to significantly reduce the company's operational IT risks.

- (II) Losses, potential impacts and countermeasures for significant information security incidents in the most recent year and as of the printed date of the annual report: N/A

VII. Material Contracts

Contract Type	Parties Involved	Commencement Date/ Expiration Date	Content	Restrictive Clauses
1. YFY Inc.				
Long term loan contract	Made jointly by 2 major banks, First Bank and Bank of Taiwan, and 7 other participating banks.	2021/12/24-2026/12/24	5-year syndicated loan repaid at maturity	N/A
Long term loan contract	Made jointly by 3 banks including First Bank, Bank of Taiwan, and Hua Nan Bank .	2022/12/23-2027/12/23	5-year syndicated loan repaid at maturity	N/A
Long term loan contract	Made jointly by 3 banks including First Bank, Bank of Taiwan, and Hua Nan Bank .	2023/11/02-2028/11/02	5-year syndicated loan repaid at maturity	N/A
Long term loan contract	Made jointly by 3 major banks, Mega International Commercial Bank, Taipei Fubon Bank, Taiwan Cooperative Bank, and 3 other participating banks.	2024/12/19-2029/12/19	5-year syndicated loan repaid at maturity	N/A
2. Chung Hwa Pulp Corp.				
Long term loan contract	Made jointly by 3 major banks including Bank of Taiwan, Taipei Fubon Bank, Agriculture Bank of Taiwan, and 5 other participating banks	2022/9/30-2027/9/30	5-year syndicated loan repaid at maturity	N/A
Long term loan contract	Made jointly by 3 banks including First Bank, Bank of Taiwan, and Hua Nan Bank.	2023/08/07-2028/08/07	5-year syndicated loan repaid at maturity	N/A
3. YFY Packaging Inc.				
Long term loan contract	Made jointly by 3 banks including First Bank, Bank of Taiwan, and Hua Nan Bank.	2022/12/29-2027/12/29	5-year syndicated loan repaid at maturity	N/A
Long term loan contract	Made jointly by 3 major banks including Mega International Commercial Bank, Taipei Fubon Bank, Taiwan Cooperative Bank, and 3 other participating banks.	2024/12/20-2029/12/20	5-year syndicated loan repaid at maturity	N/A
4. YFY Consumer Products				
Long term loan contract	Made jointly by 3 banks including First Bank, Bank of Taiwan, and Hua Nan Bank.	2024/5/19-2029/5/19	5-year syndicated loan repaid at maturity	N/A

Chapter 5. Financial Position, Financial Performance and Risk Analysis

- I. Financial Comparison Analysis
- II. Financial Performance Review and Analysis
- III. Cash Flow Analysis
- IV. Major Capital Expenditures And Impact On Financial Operations In Last Year
- V. Investment Policy, Reasons For Profit Or Loss, Improvement Plans, And Investment Plans For Coming Year
- VI. Risk Analysis And Assessment In Last Year And Up To The Print Date Of This Annual Report
- VII Other Material Disclosures

I. Financial Comparison Analysis

Unit: NT\$ thousand

<div>Year</div> <div>Item</div>	2024	2023	Difference	
			Amount	%
Current Assets	65,154,219	55,031,966	10,122,253	18
Property, Plant And Equipment	49,271,094	48,167,524	1,103,570	2
Intangible Assets	554,027	520,261	33,766	6
Other Assets	46,421,643	40,672,863	5,748,780	14
Total Assets	161,400,983	144,392,614	17,008,369	12
Current Liabilities	43,309,885	41,998,357	1,311,528	3
Non-Current Liabilities	35,493,469	28,323,049	7,170,420	25
Total Liabilities	78,803,354	70,321,406	8,481,948	12
Share Capital	16,603,715	16,603,715	0	0
Capital Surplus	3,865,070	3,760,772	104,298	3
Retained Earnings	23,511,661	23,192,955	318,706	1
Other Equity Interest	22,020,012	14,915,141	7,104,871	48
Non-Controlling Interest	16,597,171	15,598,625	998,546	6
Total Equity	82,597,629	74,071,208	8,526,421	12
Notes on changes in increase or decrease percentage :				
1. The increase in non-current liabilities was mainly due to the increase in long-term loans and corporate bound payable.				
2. The increase in other equity was mainly due to the increase in unrealized valuation gains and losses on financial assets measured at fair value through other comprehensive gains and losses.				

II. Financial Performance Review and Analysis

Unit: NT\$ thousand

Year Item	2024	2023	Increase/Decrease	Change (%)
Operating Revenue	78,413,139	73,867,374	4,545,765	6
Operating Costs	67,985,465	63,783,203	4,202,262	7
Losses On Changes In Fair Value Less Costs To Sell Of Biological Assets	817	(875)	1,692	193
Gross Profit	10,428,491	10,083,296	345,195	3
Operating Expenses	10,581,982	9,946,231	635,751	6
Operating Profit	(153,491)	137,065	(290,556)	(212)
Non-Operating Income And Expenditure	2,888,806	2,425,010	463,796	19
Pre-Tax Profit	2,735,315	2,562,075	173,240	7
Tax Expense	(477,441)	(461,736)	15,705	3
Net Profit For The Current Year	2,257,874	2,100,339	157,535	8
Notes/Analysis on changes in increase or decrease percentage :				
1. The decrease in Operating profit for the current year were mainly due to the increase of operating expenses.				

III. Cash Flow Analysis

Unit: NT\$ thousand

Cash Balance, Beginning Of Year	Net Cash Flow From Operating Activities	Inflow (Outflow) Of Net Cash From Other Activities	Cash Balance	Liquidity Contingency Plan	
				Investment Plan	Financial Plan
\$8,917,405	\$5,023,369	(\$2,021,281)	\$11,919,493	-	-

(I) Analysis on the cash flow changes of the current year:

1. Cash flow from operating activities: Operating activities generated cash flow mainly from operational profit and depreciation of fixed assets.
2. Cash flow from other activities: Investment activities mainly consisted of the annual expenditure on the upgrading and maintenance of relevant equipment. Financing activities increased mainly from increase of long term bank loans.

(II) Liquidity contingency plan and liquidity analysis: N/A

(III) Cash flow analysis for the coming year:

1. Cash flow from operating activities: The industry development is anticipated to be stable and YFY can maintain a steady operating cash inflow.
2. Cash flow from investing activities: Mainly consisted of the annual capital expenditure on the upgrading and maintenance of relevant equipment.

3. Cash flow from financing activities: Bank loans and repayments are arranged based on the cash flows from overall operating and investing activities.

IV. Major Capital Expenditures And Impact On Financial Operations In Last Year:

Forest, Pulp and Paper Business Group:

1. In 2024, the Company's major capital expenditures were primarily directed toward the expansion of household tissue production capacity, post-earthquake structural reinforcements, and initiatives to improve energy efficiency and reduce carbon emissions across our facilities. Key investments included the establishment of a new household tissue production line at our Dingfeng Plant in mainland China, with an annual capacity of 40,000 metric tons. In response to earthquake-related impacts, the Hualien Plant undertook structural reinforcement of both equipment and buildings. Additionally, we implemented equipment upgrades and replacements across various production sites. Notable projects include the installation of air pollution control systems at the Jiutang Plant's cogeneration boilers to enhance thermal efficiency and ensure compliance with environmental regulations, and the implementation of a steam heat pump system for the papermaking process at the Taitung Plant to reduce steam consumption and improve overall energy efficiency.

Containerboard and Packaging Subsidiary:

1. In 2024, major capital expenditures at the Industrial Paper Xinwu Plant focused on upgrading aging production equipment and investing in energy-saving and carbon reduction technologies to enhance green energy returns. The plant also implemented an energy storage system to optimize energy efficiency and introduced a smart manufacturing management system to streamline production processes and strengthen cost competitiveness.
2. For the Paper Products segment, the Henan Plant in Vietnam has planned a capacity expansion of its corrugator line in 2024, with the goal of increasing market share and reinforcing its competitive position in the region.

Consumer Products Business Group:

1. An investment of NT\$400 million was allocated for equipment upgrades aimed at enhancing production efficiency and enabling the continued launch of high-quality, functional new products that better meet consumer expectations—strengthening our overall market competitiveness.
2. A further NT\$100 million was invested in the installation of natural gas boilers and the addition of energy-saving equipment, with the objective of achieving higher energy efficiency and increasing the use of green energy. These efforts support ongoing energy conservation and the reduction of greenhouse gas emissions, contributing to global net-zero carbon goals.
3. We remain committed to increasing automation across our production facilities, improving workplace safety and environment, and enhancing employee operational efficiency and well-being—reinforcing our leadership position in Taiwan's consumer goods market.

Working capitals for capital expenditures were funded by self-funding and bank loans. 2024 interest expenses were at similar level with previous year. Therefore, and there was no significant financial impact.

V. Investment Policy, Reasons For Profit Or Loss, Improvement Plans, And Investment Plans For Coming Year:

(1) Reinvestment policy, reasons for profit or loss and improvement plans

The major investments of our company and its subsidiaries align with our long-term development strategy, primarily focusing on the fields of paper and printing, advanced energy-saving technology, biotechnology and medical care, financial services, and startup incubation. In recent years, the company has also continued to streamline non-core investments, concentrating resources on strategic investments consistent with the company's long-term development philosophy. This approach aims to deepen vertical integration benefits and maximize overall investment synergy.

Investment evaluation aspects include sales growth, enhancement of research and development capabilities, improvement in production efficiency and quality, and potential for future profit growth. After considering the financial investment benefits and downside risks, the investment method and amount are determined. In terms of post-investment management, the company regularly reviews the performance of each investment. If there is a significant decline or deviation from industry standards, the invested company is required to formulate an improvement plan to achieve the company's original investment objectives.

- Forest, Pulp and Paper Business Group:

The global macroeconomic performance fell short of expectations, leading to a decrease in overall sales. International pulp prices rapidly declined in 2nd quarter of 2023 and paper prices followed, resulting in a decrease in overall profitability. Moving forward, the company will continue to promote AI-driven smart manufacturing to enhance production efficiency, actively secure alternative raw material sources, seek optimal cost structures, expand the green supply chain, and fulfill ESG commitments.

- Containerboard and Packaging Business Group:

The loss recorded in 2024 was primarily attributable to excess capacity in the packaging markets of China and Southeast Asia, which led to intensified competition and significant pricing pressure. Additionally, although international recovered paper prices increased, the corresponding rise in production costs could not be passed on to downstream customers, further compressing the profit margins of the Containerboard and Packaging Business Group.

In response, the Group has implemented internal improvement measures, including enhancing production efficiency, optimizing raw material procurement strategies, reducing costs, and strengthening vertical integration between containerboard and packaging operations. Externally, efforts have been aligned with the principles of a green and sustainable economy, focusing on reducing energy consumption and waste emissions, developing higher value-added products, and enhancing

market adaptability.

Looking ahead, the Containerboard and Packaging Business Group aims to realize the synergistic benefits of vertical integration, with the goal of steadily improving overall business performance.

- Consumer Products Business Group:

The loss in the China region for 2024 was primarily due to aggressive price-cutting by competitors seeking to capture market share amid inventory pressures. In response, the Company will actively plan sales strategies and optimize its business model across production and sales. Efforts will focus on maintaining stable relationships with high-margin customers and expanding the customer base to improve profitability.

- Carbon Management Business Group:

The Carbon Management Business Group continued to advance investments in and operations of energy conversion projects both within the Group and for external clients, steadily building a track record of successful case implementations. In 2024, the Group initiated investments in the development of a “Virtual Power Plant for Aggregated Electricity” platform and an “Energy Management Center for Green Power Trading.” Furthermore, the establishment of a dedicated “Carbon Credit Management Center” platform marks another key milestone. These initiatives collectively demonstrate a clear and strategic roadmap for the Group’s carbon management and sustainability development.

(2) Investment Plans for the Coming Year

1. Our investment strategy focuses on extending core investments into related peripheral industries, deepening vertical integration, and developing new businesses. The primary consideration is to support the development of our business group, achieving complementary benefits and overall synergy.
2. Enhance the integration and resource complementarity of invested businesses to strengthen core competitiveness and improve the operational performance of invested enterprises.

VI. Risk Analysis And Assessment In The Last Fiscal Year And Up To The Printed Date Of This Annual Report:

(I) Impact of changes in interest rates, exchange rates, and inflation on the Company’s profitability and response measures

1. Interest Rate

In 2024, global inflationary pressures continued to ease compared to 2023. After the European Central Bank initiated interest rate cuts in June 2024, the Bank of England followed with a rate cut in August 2024. Subsequently, the U.S. Federal Reserve officially began lowering rates in October 2024, reducing rates by 1% percentage in the fourth quarter, leading to a mild decline in U.S. dollar market interest rates. In Taiwan, however, due to limited reductions in inflation, the Central Bank raised interest rates by 0.125

percentage points in March 2024. Additionally, the overheated housing market increased the concentration of loan risks in real estate financing, forcing the Central Bank to continue implementing new housing market control measures and raise the reserve requirement ratio. As a result, Taiwan's New Dollar market interest rates continued to rise in 2024, not following the downward trend in overseas market rates.

Response measures: As the market anticipates that the U.S. Federal Reserve and the central banks of major global economies will continue to lower interest rates, overall market liquidity is expected to further ease in 2025. However, in Taiwan, due to the limited decline in inflation and the central bank's ongoing housing market control policies, the likelihood of a significant decrease in the New Taiwan Dollar interest rates in the short term remains relatively low. The Company will evaluate the liability positions and financing policies regularly and flexibly, to maintain enough liquidity and effectively reduce the Company's interest expenses.

2. Exchange Rate:

Due to the better-than-expected economic performance in the U.S. in 2024, the Federal Reserve delayed its rate cut timeline, and the magnitude of the rate cuts was smaller than initially anticipated. With the re-election of Donald Trump as U.S. President, concerns arose that the tariff policies he may implement upon taking office could impact the financial markets. This led to a continued rise in the international U.S. dollar exchange rate in 2024. Meanwhile, the Chinese yuan continued its depreciation trend in 2024, influenced by the ongoing sluggish performance of the real estate sector in China and the still unresolved issues of weak domestic demand and overcapacity, which affected overall economic performance. In Taiwan, although the Central Bank did not follow the rate cuts of European and U.S. countries, the New Taiwan Dollar depreciated due to international exchange market dynamics. The company's main currency risk exposure is in offshore borrowings in Mainland China. In 2024, we continued to dynamically adjust the hedging ratio for the renminbi and manage hedging costs to mitigate overall foreign exchange gains and losses.

Response measures: Looking forward to 2025, the fiscal, economic, and international trade policies that President Trump may implement upon taking office will introduce uncertainties to the global economy and inflation trends, affecting the future direction of monetary policies of central banks in various countries. As a result, the fluctuations in foreign exchange rates remain highly unpredictable. The Company will take into account exchange rate risks and hedging costs, and make appropriate financial and hedging strategies to reduce the negative impact of exchange rate fluctuations on the Company's overall operations.

3. Inflation:

Although global central banks are focused on tightening monetary policy to control inflation, global inflationary pressures in 2024 continued to ease compared to 2023, but the overall decline was still limited. Taiwan continued to face inflationary pressures in 2024, though the situation was less severe than in 2023. The overall CPI for 2024 decreased to 2.18% from 2.50% in 2023, while the core CPI

(excluding energy and food items) also decreased from 2.58% in 2023 to 1.90% in 2024.

Looking forward to 2025, although the minimum wage and salaries for public sector employees will be raised, and a carbon tax will be introduced, global inflationary pressures are expected to continue declining. The Central Bank of Taiwan forecasts that the CPI in 2025 could further drop to 1.89%, which is below the bank's 2% warning threshold. However, changes in U.S. trade and economic policies, as well as the adjustments in monetary policies by various global economies, will still contribute to increased uncertainty in the overall market interest rate movements.

Up to the printing date of this annual report, inflation does not exert a material impact on the Company. However, due to factors such as global carbon reduction, competition between China and the United States, the impact of geopolitical tensions on global logistics and supply chains, commodity prices are still at risk of substantial fluctuations. In the future, we still need to pay close attention to the risks caused by related factors.

(II) Policies on high risk or high leverage investments, lending to others, making endorsements or guarantees, and trading derivatives, reasons for profit or loss, and response measures:

The Company has not invested in high risk and high leverage instruments. For example, the utilization of short-term idle funds focuses on trading of notes or bonds under repurchase agreements and subscriptions of money market funds.

The Company adheres to its Procedure for Lending Funds to Other Parties and Procedures of Making of Endorsement and Guarantees when lending funds to others and providing endorsements and guarantees. Principally, funds or endorsement/guarantees are extended between affiliated parent companies and subsidiaries for financial and business purposes.

The Company engages in derivative transactions in accordance with its Procedure for Processing Derivative Transactions so as to clearly define the purposes of each transaction, which must be primarily hedging. The derivatives operated in 2024 are primarily aimed at avoiding RMB exchange rate risks. The hedging ratio is adjusted with due consideration given to the hedge cost and exchange rate risk of derivatives to mitigate the effects of RMB exchange rate fluctuations.

(III) Future research and development projects, and expenditures expected in connection therewith:

The Company's major R&D initiatives planned for 2025 include the following investments:

Looking ahead, the company will continue to use sugar-based technologies as its core foundation, focusing on the development of renewable materials and driving the creation of new products and technologies. Key areas of application include enhancing the quality of pulp and paper products, developing regenerated cellulose textiles, advancing textile recycling technologies, creating bio-based barrier materials, and producing flexible packaging materials as alternatives to conventional plastics.

To keep pace with rapid industry changes and the growing market demand for plastic alternatives, the company will continue to expand its R&D infrastructure, both in terms of hardware and software. At the

same time, it will actively recruit experienced and innovative R&D talent to accelerate product development, ensure responsiveness to market needs, and further strengthen overall competitiveness.

(IV) Impact of important policy and legislative changes in Taiwan and overseas on financial operations and response measures:

For the purpose of managing legal risks as a whole, the Company has established the Legal Department to be responsible for preventing legal risks due to regulation changes. When important policy and legislative changes in Taiwan and overseas have a potential impact on the Company's financial or sales performance, the responsible departments will cooperate with the Legal Department to devise the Company's response measures. In case of any noncompliance with newly promulgated laws in the Company's internal guidelines and operating procedures, the responsible departments will make the necessary changes and corrections to effectively manage and reduce the Company's legal risks.

(V) The impact of technological changes (including information and communications security risks) and industry changes on the company's financial operations and the measures to address them

Information Security Risk

The companies within our investment portfolio are actively pursuing new milestones in innovation and research & development. Throughout their growth, we leverage a multitude of technologies to improve the quality of products, expand production capabilities, and increase output. This strategy is aimed at enhancing our competitive edge and fostering sustainable management practices.

As IT technology evolves rapidly and internet usage becomes more widespread, both businesses and individuals are encountering more severe challenges and risks related to information security. At YFY, managing information security necessitates a holistic approach that combines both "hardware and software": this includes the deployment of equipment and technology (hardware) as well as fostering a culture of security awareness among personnel (software). We have set up a specialized information security team to oversee this. Utilizing a dedicated management platform, we can efficiently allocate resources to manage, upgrade, and update our information security infrastructure and protocols in a centralized and effective manner, ensuring our defenses remain robust. Additionally, we are committed to enhancing our employees' understanding of information security risks, thereby reinforcing our comprehensive information security measures.

Information Security Policies and Specific Management Plans

Our company's information security approach emphasizes the synergy between technology and strategic management. It orchestrates a balance between human and machine interactions, as well as between software and hardware, to forge a comprehensive information security network. This involves deploying firewalls, managing information servers, and overseeing the security of user and facility data, all guided by our meticulously crafted policies. Additionally, we have initiated a collaborative cybersecurity initiative with governmental bodies. Annual reviews of factory information security issues, emerging trends, and improvement strategies are conducted in partnership with information management teams across all

locations. Through targeted education and training programs, we aim to continually refine the maintenance of our information security environment and elevate our employees' awareness of potential risks, ensuring a robust defense mechanism is in place across the board.

In today's Internet of Things landscape, the threat of information security risks lurks within every corner of the digital network, posing a challenge to individuals and businesses alike. YFY is committed to adhering to both governmental policies and internal guidelines concerning information security. Beyond compliance, the Company actively engages in regular information security management practices aimed at reducing IT-related operational risks across all YFY entities.

(VI) The Impact of Changes in The Company's Image Upon Its Crisis Management, and The Measures The Company Plans to Adopt In Response

YFY embraces sustainability, environmental protection, altruism, integrity, discipline, pragmatism, focus, and innovation as its core values. These principles are reflected in its corporate image, governance practices, and social responsibility initiatives, both internally and externally. For YFY, corporate image and crisis management are interdependent and critical issues. The company can actively engage with local communities, the public, and investors only when all employees align with YFY's sustainability philosophy, which is grounded in saccharide principles, and consistently implement a fully circular economy to fulfill its ESG responsibilities. By doing so, YFY establishes trust with stakeholders, including consumers and investors, effectively mitigating both tangible and intangible impacts of crises.

YFY proactively addresses potential risks that could impact the company's reputation, including online public sentiment, media coverage, and significant emergencies such as typhoons, earthquakes, fires, cybersecurity breaches, and environmental protests. The Public Affairs Office has implemented crisis management procedures and an emergency command system tailored to handle various potential crises, ensuring effective communication channels with stakeholders during such events. The company has appointed a spokesperson to act as the unified representative for external communications.

YFY acknowledges climate change as a significant corporate risk that necessitates proactive management to enhance the company's competitiveness. For more information on YFY's risk assessment and management strategies concerning climate change, please refer to the company's Sustainability Report and the "Climate-Related Information of TWSE-Listed Companies" section in this annual report.

Environmental (E)

YFY is transforming into a leader in the climate technology sector, enhancing its carbon reduction initiatives and advancing its Environmental, Social, and Governance (ESG) commitments in pursuit of achieving net-zero carbon emissions by 2050. YFY prioritizes the balance between reducing carbon emissions and maintaining sustainable business operations. On the environmental front, while striving for efficient production, YFY has replaced coal with low-carbon fuels and identified alternative energy sources derived from process water, residual materials, and the pulp and papermaking processes to substitute for fossil fuel-based power generation. As the world's first paper company to achieve Level 4 "Optimizing" certification under the BS 8001 Circular Economy Maturity Model, YFY demonstrates its capability to optimize resource utilization, foster innovative business models, and balance economic, environmental, and

social outcomes, thereby establishing itself as a benchmark and leader in the industry. Reason: Improved clarity, vocabulary, and technical accuracy while maintaining the original meaning.

Social (S)

YFY's social focus is centered on three key pillars. First, the company is dedicated to supporting underprivileged communities surrounding its facilities. Second, YFY collaborates with the "Tree Finders" team to identify Taiwan's tallest trees while promoting youth engagement in science and civic environmental education. Third, utilizing "paper" as a medium, YFY launched the "YFY Taitung Elementary School Project" in 2015, a volunteer-led remote tutoring initiative. Through video-based tutoring, YFY volunteers have assisted children from the Guanshan Family Fund in Taitung, contributing over 5,000 volunteer hours from more than 80 participants by 2024, thereby fostering the growth and learning of children in need.

Governance (G)

YFY places significant emphasis on shareholder rights and ensures operational transparency by regularly disclosing company information. On November 13, 2018, the Board of Directors approved the adoption of the "Corporate Governance Code" and appointed dedicated personnel to oversee governance-related matters. The company website features a Stakeholder Section, which provides contact points for employees, customers, suppliers/contractors, shareholders/investors, consumers, media, and other stakeholders, enabling YFY to effectively address critical corporate social responsibility issues. Additionally, in 2021, YFY established the "Sustainability Development Committee," which includes subcommittees focused on corporate governance, environmental sustainability, employee relations, supply chain management, stakeholder engagement, and social responsibility. Through regular investor briefings and occasional press releases, YFY offers diverse and transparent communication channels, ensuring stakeholders have a clear understanding of the company's operations.

(VII) The Expected Benefits And Potential Risks Of Any Merger Or Acquisition, And Measures To Be Adopted In Response: N/A.

(VIII) The Expected Benefits And Potential Risks Of Any Plant Expansion, And Measures To Be Adopted In Response:

In 2024, YFY did not undertake any plant expansion projects. In line with its ESG commitments and the goal of achieving net-zero transformation, YFY's subsidiaries focused on energy conservation and carbon reduction as the core of their efforts. Multiple equipment upgrade projects were implemented, including the replacement of outdated printing machinery, as part of the Company's continued progress toward green energy, green manufacturing, and green products.

(IX) The Risks Associated With Any Consolidation Of Sales Or Purchasing Operations, And Measures To Be Adopted In Response:

The Company's sources of procurement and sales channels remain stable; there are no concentration risks.

(X) Impact Of Mass Transfer Of Equity By Or Change Of Directors, Supervisors, Or Shareholders Holding More Than 10% Equity Of The Company, Associated Risks And Response Measures:

The composition of directors, supervisors, or shareholders holding more than 10% of the Company's shares and the shareholding ratio are stable. Equity transfer or conversion is considered a normal financial transaction for shareholders, which does not have a significant impact on the Company. The Company's directors and major shareholders always maintain open channels of communication.

(XI) Effect Upon And Risk To The Company Associated With Any Change In Governance Personnel Or Top Management, And Measures To Be Adopted In Response:

The Company is not exposed to such risks.

(XII) Litigation Or Non-Litigation Events:

1. YFY Inc.:

- (1) On June 20, 2011, YFY Global, a subsidiary of the Company, purchased the shares of Giant Crystal (a subsidiary of Sanbao Group) at US\$8.5 million exchangeable bond and used the equity of the company Star City as exchangeable target. On August 11, 2017, YFY Global received US\$12.39 million in payment for the redemption of exchangeable bonds, including principal and interest, equivalent to roughly 45% in return on investment. However, the Taipei District Prosecutor's Office believed that the Company's directors S. C. Ho, Melody Chiu, and several employees committed a special breach of trust in accordance with Subparagraph 3, Paragraph 1, Article 171 of the Securities and Exchange Act. The involved parties were prosecuted in August 2017. Although the Company did not sustain any loss or damages to shareholder equity, after the first and second trials, the Taiwan High Court sentenced the defendants on August 27, 2024 for special breach of trust and other crimes, the former Director S. C. Ho, the former Director Melody Chiu, and 2 employees to fixed-term imprisonment for 8 years and 8 months, 4 years and 10 months, 4 years and 6 months, and 4 years. The parties were dissatisfied with the judgment and appealed to the Supreme Court.
- (2) The Securities and Futures Investors Protection Center took legal actions against the Company & former director S. C. Ho and Shin Foong Specialty and Applied Materials Co., Ltd. & former director Melody Chiu in accordance with Subparagraph 2, Paragraph 1, Article 10-1 of the Securities Investor and Futures Trader Protection Act, and proposed to dismiss from their position as a director. The court cost arising from this matter totaled NT\$1.65 million. On December 27, 2024, the Taipei District Court ruled that former director S. C. Ho should be dismissed from his position as a director of the Company, and the former Director Melody Chiu should be dismissed from her position as a director of Shin Foong Specialty and Applied Materials Co., Ltd. The parties involved were dissatisfied with the judgment and have appealed to the Taiwan High Court.

(XIII) Other Important Risks And Measures To Be Adopted In Response:

1. Other important risks:

The company has established a risk management group under the Sustainable Development Committee at the board level in 2023 to supervise risk management matters. In addition to completing the "Risk Management Policies and Procedures" for compliance, after comprehensively identifying 53 risks, we forecast and select them. Determine key risk management and control projects in 2024. The Company

will continue to propose, implement and revise risk management countermeasures and track the management status. In addition to implementing management guidelines for internal management in accordance with the law, the Company also devises rules to be followed by different departments. Business risks are diversified and managed by each subsidiary according to their respective functions, and the management of each functional unit is coordinated by the management headquarters.

2. Organizational structure of response measures and risk management:

The Company's business risks are decentralized and managed by each business department according to the respective functions. When a crisis occurs, they are summarized and reported to the risk management group of the Sustainability Committee to facilitate the committee's decision-making and management of risk aggregation and resource investment, and to strengthen the management of the company's operational risks. The company's top-down risk management awareness.

Department responsibilities are as follows:

Business Group/Department	Business (Responsibilities)	Corresponding Risks
Forest, Pulp and Paper BG	Operations in forests, pulp, paper, paper-related supplies, special raw materials and chemical products and organic fertilizers.	Risks related to operation and market change & Risks related to energy and environmental policy changes
Containerboard and packaging BG	Operations in industrial paper, cardboard boxes, color boxes, and food containers	Risks related to operation and market change & Risks related to energy and environmental policy changes
Consumer products BG	Operations in household paper and cleaning products	Risks related to operation and market change & Risks related to energy and environmental policy changes & Risks related to responding to government policies for stabilizing people's livelihoods
Carbontech & Management BG	Digital energy systems for digital energy and circular economy and market operations for carbon management.	Risks related to operation and market change & Risks related to energy and environmental policy changes
Auditing Office	Responsible for the optimization and management of internal audits and operating procedures, inspecting the implementation of relevant regulations from time to time and reporting to the board of directors.	Guidelines and process
Information Security Team	Implement enterprise information security management, risk prevention and event management, regularly evaluate and verify and report to the board of directors.	Regularly review risks to ensure their stability and effectiveness
ESG's office	Identify major ESG issues and formulate management policies, short, medium and long-term goals and implementation plans. Strengthen the supervision and management of the board of directors and ESG performance and build trust among stakeholders.	Risks and opportunities related to environmental, social, cooperate governance management, and cooperate images.
Carbon Management Office	Identify issues such as greenhouse gas emissions and energy structure transformation, and formulate annual emissions management plans in response to the impact of carbon fee collection and cap control laws.	Managing carbon emissions, opportunities and risks in energy management
Chief Operating Officer's Office	Analyze and improve supply chain management and business unit operating performance, and lead digital transformation and smart manufacturing projects to enhance operational competitiveness.	Business unit operating costs and efficiency, material supply timeliness and costs, and digital transformation results.
Procurement Department	Procurement, logistics, import and export and fixed asset management	Diversified supply for risk hedging, contract-standardized price adjustment mechanism, warehouse management, and localized procurement.
Corporate Affairs	Communicate internally and externally within the company to enhance public understanding of the company and achieve its goals.	Corporate image
Financial Control Center	Investment evaluation and management, financial management and capital operation.	Economic environment and capital market fluctuations.

Business Group/Department	Business (Responsibilities)	Corresponding Risks
Research & Development Center	Material and product development related to saccharide economy and low carbon, as well as testing services entrusted by the business groups.	Market and regulatory changes
Human Resources Department	Human resources management and organization development	Risks related to management and regulation change
Corporate resources	Administrative general affairs	Risks related to management and regulation change
Legal Department	Legal affairs, contracts, patents and other intellectual property matters, as well as deliberations convened by the board of directors and shareholder meetings.	Laws and policies, litigious and no litigious matters
Accounting Department	Accounting administration	Laws and policies

VII. Other Material Disclosures: None.

Chapter 6. Special Disclosure

- I. Information Of Affiliates
- II. Progress Of Private Placement Of Securities During The Last Year And Up To The Print Date Of The Annual Report
- III. Other Supplemental Information
- IV. Any Incidents With Material Impact On Shareholder Equity Or Security Price As Described Under Subparagraph 2, Paragraph 3, Article 36 Of The Securities And Exchange Act In The Last Year And Up To The Print Date For The Annual Report

I. Information of Affiliates

Detail information is available on the MOPS website

<https://emops.twse.com.tw/server-java/t58query>

II. Progress of Private Placement of Securities during the Last Year and Up to the PrintDate of the Annual

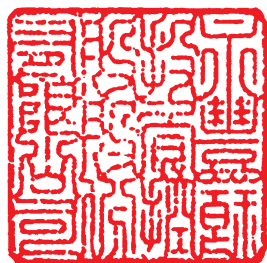
Report: N/A

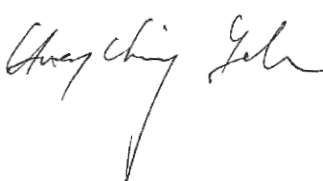

III. Other supplemental information: N/A

IV. Any Incidents with Material Impact on Shareholder Equity or Security Price as Described Under

Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the Last Year and Up to the Print Date for the Annual Report: N/A

YFY INC.



Chairman of Board  



YFY INC.

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