


<u>Evaluation Items</u>	<u>YFY's Sustainable Development Practices</u>
<p>I. Does the Company set up a governance structure and a dedicated function to facilitate sustainability developmet?</p> <p>Is the sustainable development function managed by senior management, and is authorized by/reports the progress to the Board of Directors</p>	<p>The Company has a dedicated function to facilitate corporate sustainability. “Sustainability &amp; Social Responsibility” unit was established under the Corporate Affairs Department since April 2013. The unit was renamed “CSR Office” and was separated from Corporate Affairs as an independent function in August 2020.</p> <p>The Office changed its name to “ESG Office” in February 2022 and reports directly to the Chairman, responsible for driving sustainability and ESG projects across the Group.</p> <p>YFY Inc. has established a cross-business group Sustainable Development Committee in September 2021. Seven major task force teams under the Committee include Corporate Governance, Environment Sustainability, Employee Relations, Responsible Supply Chain, Social Engagement, Information Security, and the newly established Risk Management team in 2023. The management of YFY Inc. serves as the team leader, coordinating the implementation of the members of the functional departments corresponding to the business groups, and promoting them together with the corresponding leaders of each business group. The Company took further steps by elevating the supervision role to the board level and, in May 2022, the Board has officially approved the establishment of Sustainable Development Committee other than the statutory functional committee of the Board. The Chairman of YFY Inc. is the Head of the Committee, while two directors and four independent directors serve as Committee members and ESG Office serves as the secretariat. The major task force teams convene work meeting every month and report to the Committee at least twice a year. In 2023, the Committee held a total of 2 meetings, with 100% member attendances.</p> <p>The report date of the Sustainable Development Committee and the key issues supervised by the Board in 2023:</p> <p><u>August 9</u></p> <ul style="list-style-type: none"> <li>·The 2022 Sustainability Report and key performance of ESG indicators</li> <li>·The performances of the monthly sustainable work meeting in H1 2023.</li> </ul> <p><u>December 22</u></p> <ul style="list-style-type: none"> <li>·The performances of the Monthly Sustainable Work Meeting in H2 2023.</li> <li>·Pregress of Energy Conservation and Carbon Reduction Plans.</li> <li>·Assessment of key emerging risks.</li> </ul>
<p>II. Does the company evaluate business-related environmental, social and governance issus and risks based on materiality principles?</p>	<p>The company adheres to the principle of prioritizing significant matters, conducting a major theme identification every two years. In 2023, we conducted risk assessments and internal management related to environmental, social, and corporate governance issues associated with the identified 16 major themes, and proposed action plans and goal directions.</p> <p>The boundaries and reviews are based on relevant international frameworks and best practices, including but not limited to GRI, TCFD, SASB Pulp and Paper industry guidance, MSCI paper industry ESG indicators, Corporate Governance Principles of TWSE/TPEX Listed Companies and AA1000 Stakeholder Engagement Standards. Based on the level of significance and relevance of sustainability factors, the coverage of ESG boundaries includes Forest, Pulp &amp; Paper Group, Containerboard and Packaing Group, and Consumer Products Group.</p> <p>The factories of the three business groups define management policies regarding climate-related risks and opportunities, such as energy-saving and carbon reduction, renewable energy, water resource management, occupational health and safety, regulatory compliance. For more details please refer to YFY Sustainability Report.</p>
<p>III. Environmental issues</p> <p>(1)Has the Company established a</p>	<p>The Company has established enverionmental management systems and received ISO certifications for its production sites in Taiwan and China. Management certificates include ISO 14001 Environmental Management, ISO 9001 Quality Management System, ISO 50001 Energy Management, FSC Sustainable Forest Management, ISO 17025 Testing and Calibration Laboratories, ISO 14064-1 Accounting and Reporting of Greenhouse Gas Emissions, and ISO 14067 Product Carbon Footprint. For more details</p>

proper environmental management system based on its industry characteristics?	regarding the list of certifications and its expiration date, please refer to YFY Sustainability Report.
(2)Is the Company committed to increase energy efficiency and use renewable materials with low environment impact?	<p>The Company is committed to improving energy efficiency and promoting the top 10 energy-saving plans in each factory. Progress is tracked monthly, and the planned projects include: replacing large motors with smaller ones for individual equipment, energy-saving pumps, energy-saving compressed air systems, energy-saving pulping machine systems, and management of power purchase contract capacity and demand bidding.</p> <p>We promote Six Sigma management, improving energy efficiency by implementing circular economy and using recycled materials with lower environmental impact. The indicators we use for energy efficiency management include, but are not limited to, the energy consumption intensity per unit product, the ratio of alternative fuels used, and the ratio of self-generated electricity in the plant etc.</p> <p>The use of recycled materials is a natural outcome of YFY’s circular economy endeavors. Process waste is reproduced into agricultural fertilizers, is converted into energy (such as biogas power, lignin power, and SRF cogeneration), or is transformed into environmentally friendly building materials.</p> <p>For more details please refer to corporate website and YFY Sustainability Report.</p>
(3)Does the Company evaluate present and future climate-related risks and opportunities, and take necessary actions?	<p>YFY introduced TCFD to identify potential climate-related risks. Climate-related risks include compliance with relevant laws and regulations in the operating locations, increasing production cost, hazards of extreme weather events to equipment and personnel, water resources stability, energy transition costs and opportunities, etc. Climate-related opportunities include renewable energy development, strengthen climate resilience, low water consumption product development, policy incentives and innovation in circular economy.</p> <p>For more details please refer to the YFY Sustainability Report, and the “Climate-related Information of Listed Companies” Section of this report.</p>
(4) Does the company count greenhouse gas emissions, water consumption and total waste weight in the past two years, and formulate policies for greenhouse gas reduction, water use reduction or other waste management?	<p>The Company regularly tracks and monitors the energy and power consumption, greenhouse gas emissions, water consumption, and total waste in the production areas. For detailed data please refer to the “Environmental Protection Expenditures” Section of this report, corporate website and YFY Sustainability Report. Data boundary covers three business groups: Forest, Pulp &amp; Paper Group, Containerboard and Packaging Group, and Consumer Products Group.</p> <p>(1) Greenhouse gas accounting and reduction: Accounting: In response to climate change and global greenhouse gas regulation trends, the Company has been monitoring the business risks and opportunities associated with related issues. All Group’s affiliated units have voluntarily reported and disclosed GHG emissions on government portal. All major operating locations have passed the ISO GHG verification. The remaining operating locations have also gradually obtained comprehensive third-party verification.</p> <p>Reduction: The Company actively executes reuse of resource and energy within the group. Various energy-saving plans in the factory area include replacement of LED lighting, high-efficiency motors, and introduction of energy-saving technologies, etc. Most importantly, the use of biomass energy and renewable energy, and the replacement of coal, fuel oil and diesel with alternative fuels to achieve greenhouse gas reduction. The total carbon emissions in Taiwan region decreased by 5.2% in 2023 compared to 2018.</p> <p>(2) Water Use: Each plant evaluates the risk of water resource shortage as to how it affects the paper-making production. The Company</p>

	<p>implements ISO 14001 Environmental Management System and uses the World Resources Institute tool to assess the water stress in each plant location. YFY's main water withdrawal is from fresh water (without rainwater). The Company ensures that water is used and reused in an eco-friendly manner and does not conflict with water use of household or agriculture. Through the implementation of water-saving, wastewater from different processes is recycled and transferred to the next process for continuous recycling. The Company strictly manages water quality and water discharge in compliant with local regulations. According to the data reported by YFY in Taiwan region to the Water Resources Agency, Ministry of Economic Affairs on an annual basis, reuse rate of process water is up to 95%.</p> <p>(3) Waste For factories in China and Vietnam, waste is handled by designated waste treatment agencies to be compliant with local regulations. In Taiwan, waste is preserved and reused/recycled into various products (recycled paper, fertilizers), energy (biogas power, lignin, SRF etc), or sustainable building materials. Priority is given to determining whether waste in the plant can be recycled, including reuse, recycling, and the production of alternative fuels. Only waste that cannot be reused will be incinerated or landfilled. In 2023, the proportion of waste recycling is projected to reach 96%.</p>
<p>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?</p>	<p>The Company supports the United Nations Global Compact and complies with the goals set forth in the United Nations Universal Declaration of Human Rights and International Labour Organization conventions. We have established a human rights management policy, approved by the chairman, to protect the human rights of regular employees, contract and temporary employees, and interns, creating a dignified working environment. We also require ourselves, suppliers, and business partners to eliminate any behavior that violates or infringes upon human rights in their operational activities. The Company is committed to prohibiting human trafficking, forced labor, and child labor, respecting freedom of association and the right to collective bargaining, providing equal remuneration, and preventing any form of discrimination.</p>
<p>(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?</p>	<p>The Company provides a comprehensive remuneration system, welfare measures, and performance management system while meeting requirements in the external business environment and building a fair and reasonable internal system. We provide a leave system that is more favorable than regulatory requirements and uphold the ideal of sharing profits with employees for the purpose of attracting, retaining, developing, and encouraging talents.</p> <p>1. Salary in line with market conditions (1) The Company participates in compensation surveys in the industry or on the market and determine the salaries of employees based on their academic qualifications, work experiences, skills and positions etc. (2) Salary does not vary by gender or age.</p> <p>2. Bonus and compensation (1) Year-end bonus and other incentives: The Company has established regulations on the year-end bonus to include at least 30 days of salary. The Company also established related standards for the issuance of additional bonuses based on the Company's operations and the employees' rank and performance. The bonuses are competitive and used as incentives to encourage employees to make more contributions and grow with the Company. (2) Employee's remuneration: The Company's Articles of Association specifies that if the Company sustains profit every year, 0.1% or more of the income shall be set aside as remunerations to employees.</p> <p>3. Salary adjustment (1) The Company has made a salary raise for all employees every year in the past three years (2021~2023), with a range of 2%~3%. (2) When employees are promoted, their salaries are adjusted immediately to develop, incentivize and retain outstanding talents.</p> <p>4. Workplace Diversity and Equality</p>

	<p>(1) Ratio by gender: 24% of women in total workforce, 20% of women in all management positions, 10% of women in management positions in revenue-generating functions, and 33% of women in STEM-related positions.</p> <p>(2) Ratio by nationality: Taiwanese (R.O.C.), Chinese (Mainland China), Vietnamese, Indonesian, Thai, Filipino Malaysia, Dutch and Japanese account for 46.83%, 32.16%, 16.57%, 3.90%, 0.15%, 0.35%, 0.02%, 0.01% and 0.01% of total workforce, respectively.</p>
<p>(3) Does the Company provide a safe and healthy work environment, and provide employees with regular safety and health training?</p>	<p>Business Units from all levels have responsible occupational health and safety management personnel to ensure safety and health in the work environment. The personnel is responsible for identifying operational hazards to assess and control various material safety and health issues. All of our employees must undertake at least three hours of safety and health training every three years.</p> <p>At each plant in Taiwan, we follow the “YFY Occupational Health and Safety Management Measures” to implement automatic pre-inspection of all machinery and operations, as well as work environment monitoring. YFY has met international health and safety standards and all our plants have obtained ISO 45001 certifications.</p> <p>In 2023, a total of 30 incidents occurred in the main production bases of the three business groups in Taiwan, including cases seeking medical treatment, staying in hospital for observation, and hospitalization. These incidents resulted in a total of 12 disability cases, accounting for about 0.27% of the total workforce. No significant property damage or casualties were caused by fire incidents in 2023.</p> <p>We continue to make improvements on health and safety facilities, and actively create a safe, healthy, comfortable, and friendly workplace to achieve our goal of “zero accidents.”</p>
<p>(4) Does the Company offer its employees effective occupational empowerment training programs?</p>	<p>Professional training and career development programs are provided according to different job functions and positions. We also provide employees with diversified learning resources including management training, general education training, and new employee orientation. For more details please refer to the “Continuing Education and Training for Employees” Section of this report.</p>
<p>(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>	<p>All specifications on the labels of YFY Inc. products meet national regulations and standards so that customers fully understand the product and can choose safe and high-quality products. The standards include the UN Mark Certification for Packaging of Dangerous Goods, HACCP Food Safety Management System, ISO 22000 Food Safety Management System, and certifications for environmental label and express packaging green products.</p> <p>In addition, the consumer service line also provides instantaneous consultation service and complaint channels. The operating procedures are in line with personal data protection regulations to ensure that consumer interests are protected and continue to provide customers with better products and experience.</p> <p>In terms of collecting, processing or utilizing personal information, we strictly abide by the relevant provisions of personal data protection regulations, and ensure the safety of customer personal information by employing rigorous organization, management system and control mechanism. The Consumer Products Group has set up a “Personal Data Protection Management Organization” in response to the requirements of Personal Data Protection Act.</p>

<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.</p>	<p>The Company has established the “YFY Supplier Code of Conduct and Due Diligence Statement” to ensure that the supply chain of YFY adheres to relevant standards such as environment, health and safety, labor rights, business ethics, and sustainable procurement. By the end of 2023, 1,056 suppliers, including all newly qualified suppliers, had committed to following the Common Specification.</p> <p>To enhance supply chain risk management, we have identified significant suppliers. As of 2023, there are 860 direct transaction suppliers, with 78 listed as significant suppliers. The transactions with these significant suppliers represent over 60% of YFY's total annual procurement value. Concurrently, the "Supplier Regular Evaluation Operation" has been established, with suppliers evaluated based on this framework. At least two rounds of evaluations are conducted each year. Evaluation criteria encompass product and service quality, delivery accuracy, cost control, and other aspects of supplier responsibility. Evaluation outcomes are utilized to analyze potential risks and identify areas for improvement. Suppliers are encouraged to submit improvement plans addressing identified deficiencies. In 2023, a total of 869 supplier evaluations were completed, resulting in two suppliers being identified as requiring immediate improvement. Counseling and improvement plans were initiated in accordance with established protocols.</p> <p>In June 2023, in response to the global trend towards achieving net-zero emissions, we conducted supply chain ESG education and training. A total of 141 supply partners participated, engaging with topics such as carbon management, green energy, and the circular economy. </p>
<p>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?</p>	<p>The Company has compiled the Sustainability Report in accordance with the GRI Standards since 2015. The Sustainability Report has been certified by a third party since 2017. In 2023, our report was certified by SGS, receiving the AA1000 Type 2 moderate-level assurance.</p>