FY Group Ltd.

峰源集團
FY-group

# 2025

# SUSTAINABILITY REPORT



Make Your Life Better

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# Profile.

Chapter

01

## About This Report

Chapter

# 01 About This Report



## 1.01 Letter from the Chairman

In 2025, the furniture industry faced a year in which demand and supply came under pressure at the same time. For the Company, the more turbulent the external environment, the more important it is to return to a basic conviction: furniture carries people's idea of home, and what supports that idea is nearly thirty years of expertise in materials, design, and manufacturing. We have always believed that genuine sustainability is not a slogan added from outside, but responsibility for the environment and for society designed and manufactured into every sofa and every product.

Looking back at 2025, after the peak in home-related demand during the pandemic, major consumer markets gradually shifted spending from home furnishing to travel and entertainment, and end-market furniture demand fell accordingly. At the macroeconomic level, the International Monetary Fund (IMF) initially projected global economic growth of approximately 3.3% for 2025 and 2026, a forecast that subsequently came under downward pressure from protectionist measures, regional conflict and geopolitical tension, and heightened uncertainty in economic policy. Furniture is traded largely on a near-sourcing basis within neighboring regions, and only about 40% of global trade moves across regions; within that structure, changes in US-China trade and reciprocal tariff policy directly affect the Company's supply chain footprint, the allocation of its production bases, and the pace of its orders. These changes in the operating environment are reflected in the Company's results: consolidated operating revenue for 2025 fell by approximately NT$740 million from the previous year.

In response to external change, the Company has organized its operations around 3 priorities: maintaining customer relationships, diversifying production risk, and deepening research and development and materials innovation. It continued to raise capacity at the Enrich plant in Thailand, refined its customer and product mix, and pursued higher-value customized orders in order to reduce reliance on any single market or single customer. At the same time, drawing on its expertise in furniture manufacturing, the Company has incorporated environmental, social, and governance (ESG) thinking into product design, manufacturing, and supply chain management, and is progressively developing a low-carbon, responsible, and resilient operating model.

This commitment takes concrete form in every area of the business. In governance, the Board of Directors continues to oversee sustainability issues, and the Company continues to advance ethical corporate management, risk management, and information security. In the environment, the Company has completed its GHG inventory for all 3 sites: the Taipei office, the Vanguard plant in China, and the Enrich plant in Thailand, establishing the data basis for carbon reduction baselines and energy management. In the supply chain, the Company works with international brand customers to strengthen supplier ESG management in line with their environmental and sustainability requirements, and is progressively establishing traceability for legally sourced timber. In the social area, the Company prioritizes employees' occupational health and safety and continues to strengthen its management of the labor rights and cross-cultural integration of foreign migrant workers. A company only lasts if it treats every one of its working partners well. In products, the Company is developing alternative wood structures and sustainable materials, and makes extensive use of recycled polyester (r-PET) fabrics and FSC-certified packaging materials.

Looking ahead, uncertainty in the global economy and the trading environment is expected to persist, and climate change, geopolitics, and supply chain resilience have become shared challenges for the industry. In line with the scope of its operations and the requirements of the competent authorities, the Company will progressively improve its sustainability management indicators and the quality of its disclosures, and plans in future years to extend its sustainability governance and the scope of its disclosures to the Group as a whole. On the issues that matter to customers, employees, suppliers, and local communities, the Company will review its management targets and the content of its disclosures each year.

**Chairman, FY Group Ltd.**

1.02

# About the Company

## Company Profile

| | | |
|---|---|---|
| Basic Information | Company name (Chinese) | 峰源集團股份有限公司 (referred to in this report as the Company or the Group) |
| | Company name (English) | FY Group Ltd. |
| | Stock code / listing | FY Group Ltd. (stock code: 6807); primary listing on the Taiwan Stock Exchange (TWSE) on April 25, 2022 |
| Company Overview | Place and nature of incorporation | Cayman Islands (investment holding company incorporated on July 12, 2019) |
| | Founding of the business | The Group's furniture business dates from 1997, when Maxima Steel-plastic Co., Ltd. was incorporated in mainland China |
| | Industry | Home living (indoor furniture manufacturing) |
| | Paid-in capital | NT$540,000 thousand |
| Current Operations | Core business | Research, development, production, and sale of indoor furniture, with sofas as the core product, and also covering slipcovers, beds, office chairs, and leather products |
| | Principal production bases | Jiaxing, Zhejiang, China (Vanguard); Chonburi, Thailand (Enrich) |
| | Total employees | 2,025 at the end of 2025 (Group total; 2,267 at the end of 2024); for the workforce structure at the 3 sites and the two-year change, see Chapter 6, 6.01.2 |
| | Website | https://www.fy-grp.com/ |

## History

The Group's furniture business traces back to the incorporation of Maxima in 1997, which went on to supply globally recognized furniture brands. Vanguard Industrial (Jiaxing) Co., Ltd. was registered on May 16, 2003, progressively establishing the Group's base in specialist sofa manufacturing. In 2019, FY Group Ltd. was incorporated in the Cayman Islands as an investment holding company, and Enrich Industrial (Thai) Company Ltd. was incorporated in Thailand in the same year. In 2021, the Group introduced non-toxic, eco-friendly foam processing technology and received approval for a primary listing. In April 2022, its shares were listed on the Taiwan Stock Exchange, and the Foam New Business Development Division was established in the same year. In 2023, the new Enrich plant in Thailand came into operation and reached full production. In 2024, the Group restructured into business divisions around a customer service model. In 2025, it implemented a new SAP system, deepening the digitalization of its operations.

Figure 1-1 Group History



## Group Structure and Reporting Boundary

The Company is an investment holding company incorporated in the Cayman Islands. It holds its operating and component subsidiaries through a chain of investment holding and trading companies: Green Enterprises Limited (British Virgin Islands), Rise Max Investment Ltd. (Hong Kong), Hallyton Development Limited (British Virgin Islands), and Ontai Group Limited (British Virgin Islands). The operating and component subsidiaries are Vanguard (China; research, development, production, and sale of foam and indoor furniture), Enrich (Thailand; production of customized indoor furniture, sold mainly outside mainland China), Sovereign Industrial (Jiaxing) Co., Ltd. (Sovereign), and Maxima. The place and date of registration of each principal company are set out in the table below. The reporting boundary of this report covers all 3 sites in full: the Taipei office, Vanguard, and Enrich. Non-material subsidiaries such as Sovereign and Maxima are not included in the reporting scope for the year (see 1.03.3).

| Company | Group tier / shareholding | Place of registration | Date of registration |
|---|---|---|---|
| FY Group Ltd. | Ultimate parent company | Cayman Islands | July 12, 2019 |
| Green Enterprises Limited | First-tier holding company (100%) | British Virgin Islands | January 28, 2011 |
| Rise Max Investment Ltd. (Hong Kong) | Investment holding (100%) | Hong Kong | April 21, 2006 |
| Hallyton Development Limited | Investment holding (100%) | British Virgin Islands | January 8, 1997 |
| Ontai Group Limited | Investment holding (100%) | British Virgin Islands | March 20, 2003 |
| Vanguard Industrial (Jiaxing) Co., Ltd. | Principal production subsidiary (100%) | Mainland China | May 16, 2003 |
| Maxima Steel-plastic Co., Ltd. | Operating subsidiary (100%) / not included in the reporting scope | Mainland China | May 23, 1997 |
| Sovereign Industrial (Jiaxing) Co., Ltd. | Component subsidiary (100%) / not included in the reporting scope | Mainland China | August 9, 2006 |
| Enrich Industrial (Thai) Company Ltd. | Overseas production subsidiary (100%) | Thailand | September 20, 2019 |

Note: Suzhou Poetic Wood Trading Co., Ltd. was deregistered in July 2024.

Following the 2024 reorganization, the Company established a research and development department, an engineering department, a design team, and the Foam New Business Development Division, positioning itself for a shift from traditional manufacturing toward brand design.

## Operating Sites

The Company operates on a structure of a Taiwan operating base plus overseas production bases. The Taipei office is responsible for group management and external operations. Vanguard, in Jiaxing, Zhejiang, China, is the primary production base and has full-process production capacity. Enrich, in Chonburi, Thailand, came into operation in 2023 with capacity of approximately 60% of Vanguard's. It offers flexible production capacity and takes orders from customers in the United States, spreading the operating risk that arises from US-China trade and policy uncertainty.

Figure 1-2 The Three Operating Sites and Their Functions




## Products and Production System

The Company focuses on the research, development, production, and sale of indoor furniture. Sofas are its core product, and its range also covers slipcovers, beds, office chairs, and leather products. Drawing on more than twenty years of specialist sofa manufacturing experience, the Company has established a full-process workstation system covering foaming, spring unit production, solid wood processing, panel carving and cutting, wood sanding and painting, fabric cutting and sewing, plastic injection molding, and metal fabrication, welding, and powder coating. Combined with its assembly lines, this system has produced VPS (Vanguard Production System), a production management model driven by information at its core. Research and development, product innovation, and the manufacturing system are described in Chapter 5.

## Business Model and Markets

The Company's business covers 3 models: OEM, ODM, and OBM. Its largest customer works with the Company under a joint development model, with product structures and materials developed by the Company's research and development function. Under ODM business, the Company designs the products and manufactures them to order. The Company is also developing its own brand (OBM) business. Its principal customers are international furniture chain brands and household goods retailers, including internationally recognized furniture chain brands in Sweden and Japan, an internationally recognized furniture chain retailer in the United States, and a large chain warehouse retailer in the United States. Sales cover Europe, Asia, and the Americas, with the United States as the principal export market. By region, consolidated revenue for 2025 was 39.34% from Asia, 36.70% from the Americas, and 23.96% from other regions (including Europe). The Company's relationship with its largest customer dates back to 1997 and continues to deepen through long-term stable supply and joint development.

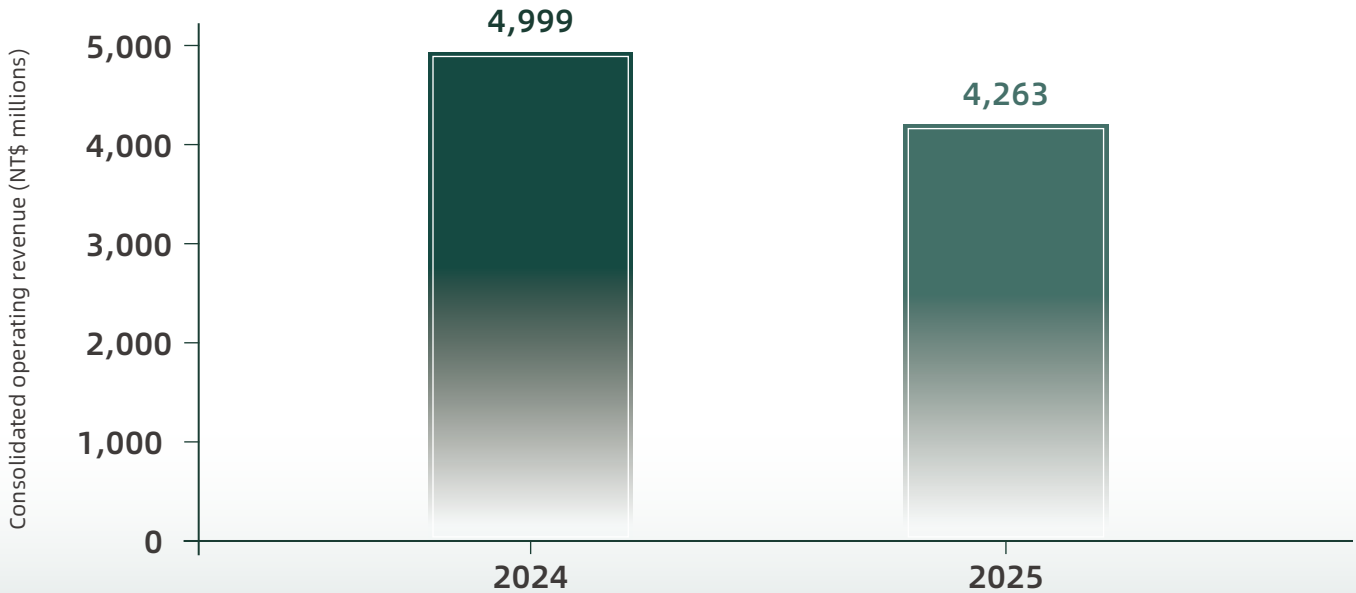
Figure 1-3 Consolidated Revenue by Region, 2025




## Operating Overview and Revenue Structure

Consolidated operating revenue for 2025 was NT$4,263,406 thousand, with consolidated gross profit of NT$790,190 thousand (a gross margin of 18.53%), pre-tax net income of NT$328,307 thousand, and net income after tax of NT$253,081 thousand. Affected by weak global end-market demand for furniture and by US-China reciprocal tariff policy, revenue fell from NT$4,999,466 thousand in 2024. A two-year comparison of consolidated revenue for 2024 and 2025 is set out below; the distribution of economic value is described in Chapter 4, 4.01.

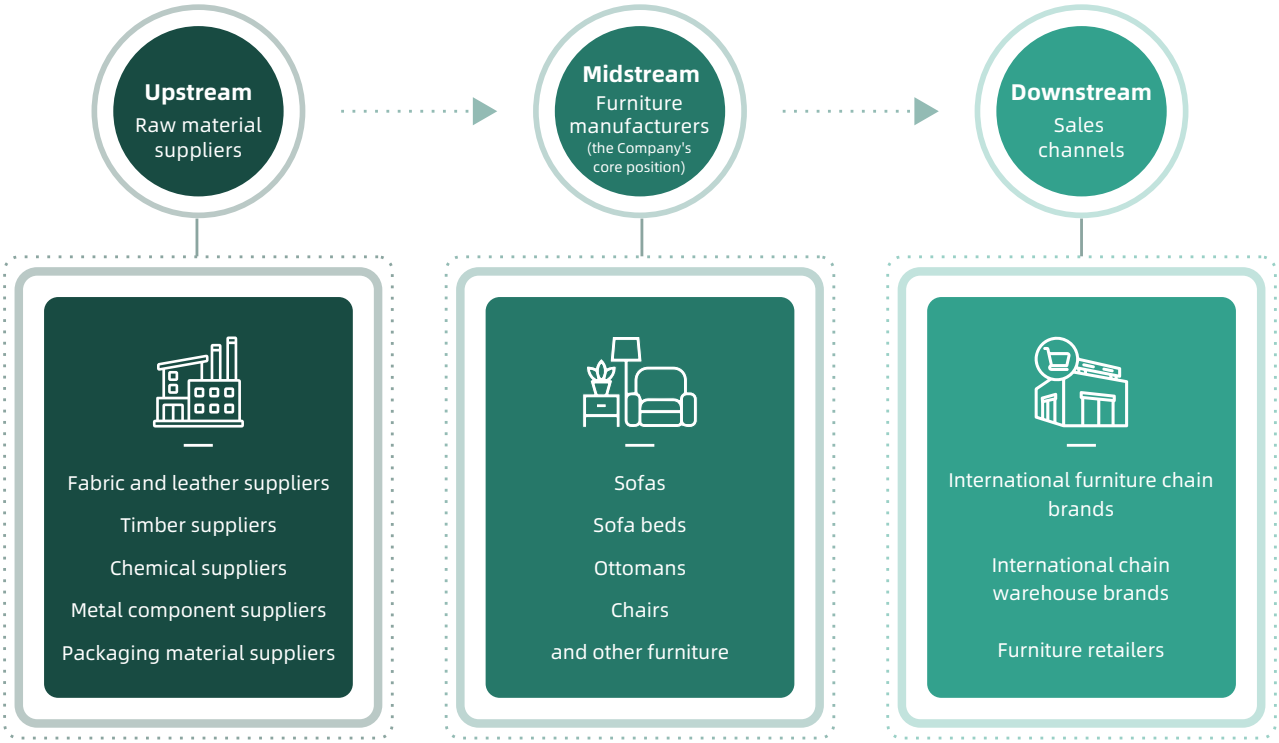
Figure 1-4 Consolidated Operating Revenue, Two-Year Comparison (2024/2025)



## Industry Overview and Position in the Value Chain

The furniture industry covers a wide range of product categories, including wood, plastic, and metal furniture, and has a clearly defined value chain. Upstream are the suppliers of raw materials such as fabric and leather, timber, chemicals, metal components, and packaging materials. Midstream are the manufacturers of sofas, sofa beds, ottomans, chairs, and other furniture. Downstream are the sales channels: international furniture chain brands, international chain warehouse brands, and furniture retailers. The Company sits at the core of the midstream manufacturing segment, securing stable raw material supply upstream through price monitoring and the development of alternative materials, and deepening its customer relationships downstream through research, design, and customization capability. The relationships among the upstream, midstream, and downstream segments are shown in Figure 1-5. In recent years, 3 trends have emerged in the industry: environmentally friendly materials have become a focus of product development, e-commerce channels have grown rapidly, and demand for customization has risen markedly, exceeding 65% of industry demand in 2025.

Figure 1-5 Relationships Among the Upstream, Midstream, and Downstream Segments of the Furniture Industry (the Company sits at the core of the midstream manufacturing segment)




## Supply Chain Overview

The Company's principal purchases are fabric and leather, timber (such as pine and panel products), foaming chemicals (such as TDI and polyether polyol), metal components, and packaging materials. The range of raw materials is wide and some prices are volatile, so the Company monitors prices closely and actively develops alternative materials to mitigate that volatility. In the past 2 years, no single supplier has accounted for 10% or more of the Company's total purchases, and its sources of supply are relatively diversified. The system and performance of supply chain ESG management are described in Chapter 4, 4.10, Supplier Management.

## External Recognition

Vanguard, the Group's principal production base in Jiaxing, has received external recognition over more than twenty years for corporate social responsibility, environmental performance, labor relations, and research and innovation. The principal awards received over the years are set out in the table below:

| Year | Award | Awarding body |
|---|---|---|
| 2008 | Occupational Health Compliant Enterprise | Xiuzhou District Population, Family Planning, and Health Bureau, Jiaxing |
| 2011 | Advanced Unit for Urban Water Conservation, Jiaxing | General Office of the Jiaxing Municipal People's Government |
| 2015 | Advanced Unit for Integrated Social Management | Administrative Committee of the Xiuzhou High-Tech Industrial Development Zone |
| 2016 | Advanced Enterprise for Building Harmonious Labor Relations, Jiaxing | Jiaxing Municipal Leading Group for Building Harmonious Labor Relations |
| 2016 | Model Foreign-Invested Enterprise for Fulfilling Social Responsibility, Zhejiang Province | Department of Commerce of Zhejiang Province |
| 2017 | Zhejiang Province Science and Technology Small and Medium Enterprise※ | Department of Science and Technology of Zhejiang Province |
| 2018 | Outstanding Corporate Social Responsibility Report, Zhejiang Province | Zhejiang Corporate Social Responsibility Promotion Association |
| 2019 | Provincial-Level Industrial Design Center, Zhejiang Province※ | Department of Economy and Information Technology of Zhejiang Province |
| 2019 | High-Tech Enterprise※ | Department of Science and Technology of Zhejiang Province and others |
| 2021 | Provincial-Level Green Factory, Zhejiang Province | Department of Economy and Information Technology of Zhejiang Province |
| 2021 | Provincial-Level High-Tech Enterprise Research and Development Center※ | Department of Science and Technology of Zhejiang Province |
| 2021 | Provincial-Level Enterprise Research Institute※ | Department of Science and Technology of Zhejiang Province |
| 2021 | Model Unit for Attractive Factory Premises, Xiuzhou District | Xiuzhou District Federation of Trade Unions |
| 2023 | Provincial-Level Intellectual Property Model Enterprise※ | Jiaxing Municipal Administration for Market Regulation |
| 2024 | Cloud-Enabled Enterprise, Zhejiang Province | Department of Economy and Information Technology of Zhejiang Province |

Note: Items marked ※ are research and innovation credentials; how they were obtained and the establishment of the Company's research platforms are described in Chapter 5, 5.01.

1.03

# Report Information

## 1.03.1 Reporting Framework and Principles

This report has been prepared with reference to the GRI Standards (GRI Standards 2021, with GRI 1: Foundation 2021 as the basis) issued by the Global Reporting Initiative (GRI), and with reference to IFRS S2 Climate-related Disclosures and the industry metrics for Building Products & Furnishings (CG-BF) issued by the Sustainability Accounting Standards Board (SASB). This report is also prepared in accordance with the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies. For the standards indexes, see the Appendix, GRI Content Index and SASB Index.

### Statement of use

FY Group Ltd. (stock code: 6807) has reported the information cited in this GRI content index for the period January 1, 2025 to December 31, 2025 with reference to the GRI Standards. The GRI 1 used is GRI 1: Foundation 2021. No GRI Sector Standard currently applies to the Building Products & Furnishings sector, so none has been applied. The full statement of use and the GRI content index appear in the Appendix, GRI Content Index and SASB Index.

### Information in this report has been collected and presented with reference to the GRI principles for report quality

**Accuracy**, so that the data can be evaluated; **balance**, so that both positive and negative performance are disclosed; **clarity**, so that the information is easy to understand; **comparability**, so that changes between years can be seen; **completeness**, so that sufficient information on material topics is covered; **sustainability context**, so that the Company's performance is presented in relation to the wider context of sustainable development; **timeliness**, so that the report is published regularly each year; and **verifiability**, so that source data are retained and can be checked. Financial figures are based on the consolidated financial statements audited by the Company's independent auditors. Other operating data are compiled by the Company itself, and any estimates are noted in the relevant sections.

## 1.03.2 Reporting Period, Frequency, and Previous Report

The reporting period for this report is January 1, 2025 to December 31, 2025, which is the same as the period covered by the consolidated financial statements. The Company publishes a sustainability report annually. This is the Company's **second** sustainability report; the previous (first) report was published in August 2025. This report is scheduled for publication in August 2026. The data cut-off date is June 30, 2026, and significant events after the reporting period are disclosed up to that date. Matters subject to material-information announcements required by the competent authority are disclosed once the relevant announcement has been made.

### 1.03.3 Reporting Boundary and Scope

The reporting scope of this report covers the operations of the Company's Taipei office, Vanguard in Jiaxing, Zhejiang, China, and Enrich in Thailand, that is, all 3 sites in full. The first report covered only part of the Enrich site in Thailand; this report brings the entire Enrich plant within the reporting scope. Non-material subsidiaries are not included in this report, and the Company plans to bring the entire Group within the reporting scope in line with future regulatory or other requirements. Where the reporting scope of an individual section differs from the above, this is explained in that section.

Financial figures are taken from the consolidated financial statements audited by the Company's independent auditors; unless otherwise stated, all amounts are in NT$ thousands. Other statistics are compiled from the Company's own records and surveys and are presented using internationally accepted indicators.

### 1.03.4 Restatements of Information

This is the Company's second sustainability report. Compared with the first sustainability report (published in August 2025, covering 2024), the reporting boundary and the basis of certain indicators have been adjusted as set out below. As a result, some figures are not directly comparable with those in the first report; each such case is identified and explained in the relevant section:

01 **Expanded reporting boundary:** the first sustainability report covered only part of the Enrich site in Thailand. This report brings the entire Enrich plant within the boundary, which now covers all 3 sites in full: the Taipei office, Vanguard, and Enrich (see 1.03.3).

02 **GHG emissions and emissions intensity:** this report discloses Scope 1 and Scope 2 emissions on the basis of GHG inventory reports for all 3 sites for the first time (2,835.68 $tCO_2e$ in total across the 3 sites, with an emissions intensity of 0.67 $tCO_2e$ per NT$ million in revenue). The emissions intensity disclosed in the first report (0.0324 $tCO_2e$ per NT$ million in revenue) was based on a smaller inventory boundary, so the 2 figures are not directly comparable (see 7.02).

03 **Waste (GRI 306):** this report rebuilds the generation, reuse, and disposal structure of waste at the Vanguard plant on a total waste generated basis in accordance with GRI 306. Waste data for the Enrich plant have been updated after the plant's safety department reviewed the original records, and the 2024 comparative information has been restated using the updated figures. The adjustments to the basis of measurement are described in 7.05.

04 **Water:** water use data in this report are disclosed by plant for Vanguard and Enrich. The site coverage differs from the basis used in the first report, so the two are not presented side by side for comparison (see 7.04).

Apart from the adjustments described above, which arise from the expanded reporting boundary and from refinements to the basis of certain indicators, there are no other material restatements of figures disclosed in the first report. These adjustments are intended to improve the completeness and comparability of the Company's disclosures, and the Company will maintain a consistent basis in future years so that year-on-year trends can be compared.

### 1.03.5 External Assurance

This report has not been assured or verified by an independent third-party assurance provider for the year. The Company will assess the timing for introducing external assurance of the report in future years in light of the maturity of its sustainability information management and the requirements of the competent authorities. Separately, the Company's paid-in capital as of the end of the most recent fiscal year is below NT$5 billion. Under Article 4-1, Paragraph 3 of the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, the Company must therefore complete parent-company-only assurance of Scope 1 and Scope 2 greenhouse gas emissions from 2028, and consolidated parent-and-subsidiary assurance from 2029. The Company will proceed in accordance with that timetable (see Section 5 of the Appendix).

### 1.03.6 Responsible Unit and Contact

If you have any questions or suggestions regarding the content of this report, you are welcome to contact the Company through the following channels:

| Item | Details |
|---|---|
| Responsible unit | Office of the Chairman |
| Contact | Corporate Governance Officer |
| Telephone | (886) 2-2773-8877 |
| Email | ir01@fy-grp.com |
| Company ESG section | https://www.fy-grp.com/shehuizeren/ |
| Company address | Room 608, 6F, No. 346, Section 3, Nanjing East Road, Songshan District, Taipei, Taiwan (Taipei Liaison Office) |

### 1.03.7 Report Preparation and Quality Management Process

This report was prepared through a process of data collection, drafting by section, internal review, and approval for publication. The responsible departments provided operating data and supporting evidence for the reporting period through the Company's data reporting process; the Company then consolidated and checked the material and drafted the report chapter by chapter. Internal review covered the consistency of data across chapters, terminology, and the completeness of disclosures, and the Company submitted the report to the Board for approval before publication. The process for identifying material topics and the related management approach are described in Chapter 3.



Sustainability.

Chapter

02

# Sustainability Governance

Chapter

# 02 Sustainability Governance




## 2.0 About this chapter

The reporting scope of this chapter is all 3 sites in full

- Taipei office
- Vanguard
- Enrich

**The reporting period**

January 1, 2025 to December 31, 2025

The Board of Directors is the Company's highest body for sustainability governance. At this stage, the Office of the Chairman serves as the unit that advances sustainability governance, incorporating sustainability into the Company's strategy and operations. Customer relationships, research and development capability, and corporate governance form the basis of the Company's approach to sustainability.

## 2.01 Sustainable Development Strategy

### Significance of the Topics

Furniture manufacturing involves the use of timber and chemical raw materials, energy use and emissions at production sites in different countries, labor rights in the supply chain, and the ESG requirements of major customers. These issues bear at once on environmental impact, social responsibility, and competitiveness for orders, and they are the central concerns of the Company's approach to sustainability. The Company completed its identification of material topics in 2025 (see Chapter 3) and used the results to shape its sustainable development strategy and its priorities for the year.

### Sustainability Vision and Strategic Priorities

**The Company's sustainable development vision is**

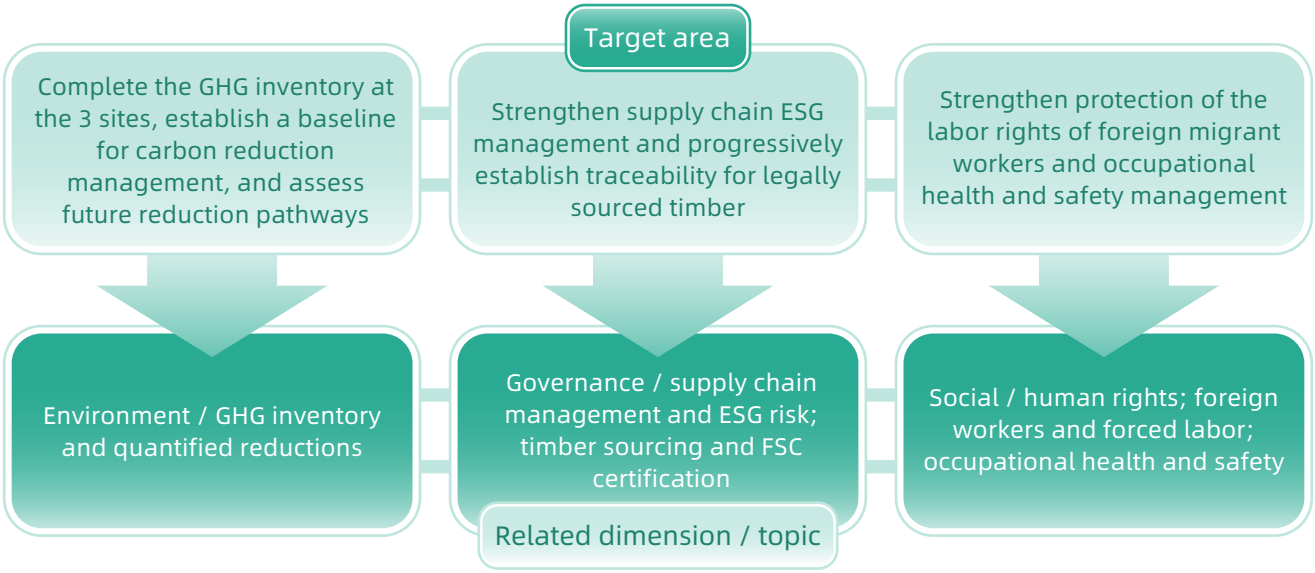
Drawing on its expertise in furniture manufacturing, the Company incorporates sustainability into product design, manufacturing, and supply chain management, progressively developing a low-carbon, responsible, and resilient operating model and creating long-term value together with its stakeholders.

The sustainable development strategy is organized around 3 dimensions, environmental, social, and governance, which correspond to the Company's material topics. In governance, the focus is ethical corporate management, risk management, information security, and supply chain management. In the social dimension, the focus is occupational health and safety, labor rights, and employee rights and interests. In the environmental dimension, the focus is GHG management, energy and resource efficiency, and the management of chemicals and timber sourcing.

Figure 2-1 The Three Dimensions of the Sustainable Development Strategy and the Related Material Topics



## Key Sustainability Targets for 2025




## Sustainability Risks and Opportunities

The principal sustainability risks and opportunities in the Company's operations are: the effect of geopolitics and US-China tariff policy on its supply chain footprint and on orders; climate-related transition and physical risks; price volatility in raw materials (including timber and chemicals) and requirements for legal sourcing; labor rights and occupational health and safety at production sites in different countries; and competitiveness for orders driven by the ESG requirements of major customers. The Company responds through strategies that include diversifying its production sites (the three-site footprint), advancing research and materials innovation, and strengthening supply chain and human rights management. How each of these risks is managed, and the related climate-related financial impacts, are described in Chapter 4, Governance (4.05, Risk Management), and Chapter 7, Environment (7.01, Climate Change Governance and Strategy).

## Alignment of Sustainable Development with the United Nations Sustainable Development Goals (SDGs)

The Company's sustainability strategy maps in outline to the United Nations Sustainable Development Goals: GHG and energy management corresponds to SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action). Labor rights and occupational health and safety correspond to SDG 8 (Decent Work and Economic Growth). Supply chain and timber sourcing management correspond to SDG 12 (Responsible Consumption and Production) and SDG 15 (Life on Land). For the reporting year, the Company has adopted SDG 7, 8, 12, 13, and 15 as its principal corresponding goals, and it will deepen its SDG disclosures in future years as its operations develop.



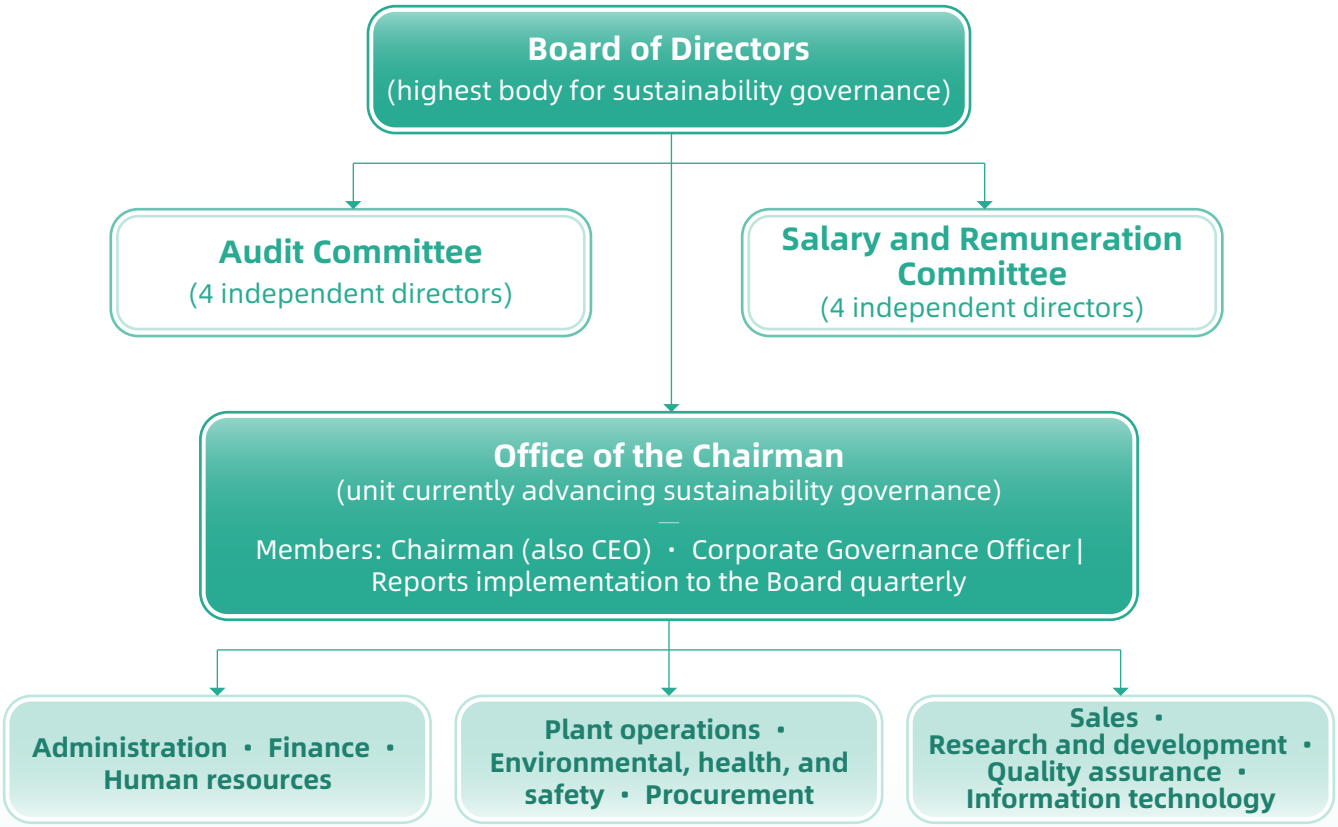
2.02

# Framework for Advancing Sustainable Development

## Governance Structure and Operation

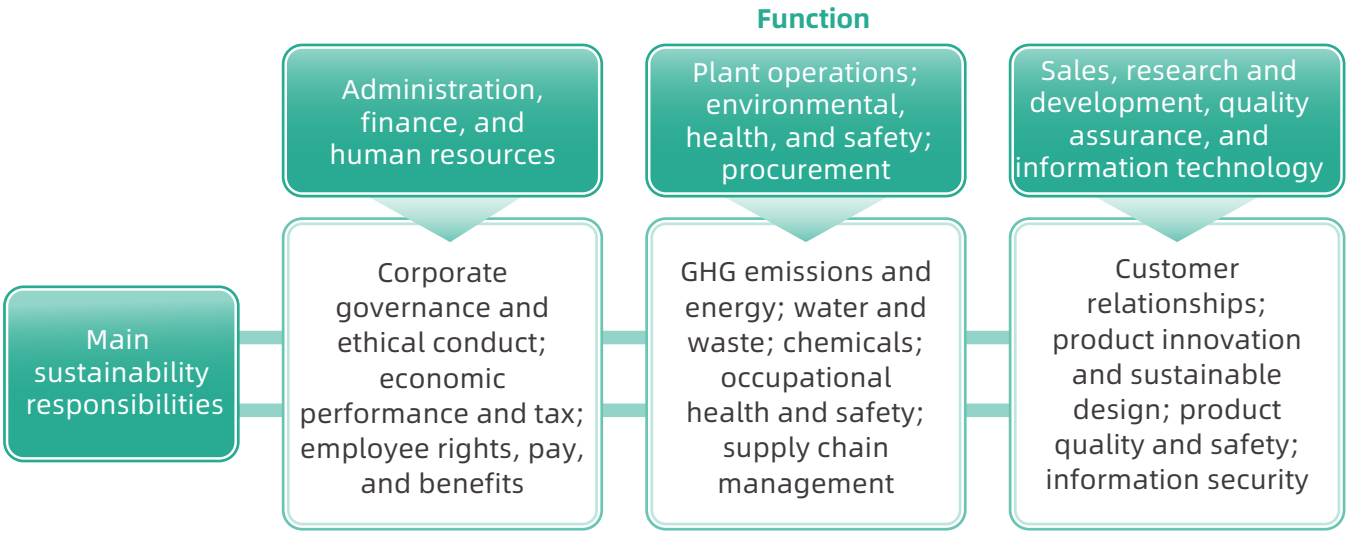
The Board of Directors is the highest governance body for the Company's sustainable development affairs and oversees the direction of sustainability strategy, material topics, and the related risks. At this stage, the Office of the Chairman is the internal governance unit that advances sustainable development; its members are the Chairman (who is also CEO) and the Corporate Governance Officer. The Office of the Chairman coordinates and integrates sustainability matters, and the Corporate Governance Officer attends meetings of the Board and of the Audit Committee and reports quarterly to the Board on the implementation of sustainability and governance work, so that the material topics of concern to stakeholders reach the level at which decisions are made. Through this reporting route, zero significant stakeholder concerns were raised with the Board in 2025. There are 2 functional committees below the Board, the Audit Committee and the Salary and Remuneration Committee, which assist the Board in overseeing financial reporting, internal control, legal compliance, and risk management, and remuneration policy, respectively. The business divisions and functional units share responsibility for collecting, managing, and disclosing sustainability information on the environmental, social, and governance issues within their remit, and report the consolidated results to management and to the Board. This report was prepared through that cross-departmental collaboration.

Figure 2-2 Sustainability Governance Structure



The main sustainability responsibilities of each function are as follows:

Figure 2-3 Main sustainability responsibilities




## Structure for Advancing Sustainability Governance

Responsibility for the governance and advancement of sustainable development rests with the Board, which provides oversight, and with the Office of the Chairman, which coordinates implementation; the work is carried out through the existing Audit Committee and Salary and Remuneration Committee and through cross-departmental collaboration (shown in Figure 2-3). The Company has not established a dedicated sustainable development committee at this stage, and it will assess whether to do so in light of the scale of its operations and its governance needs.

## Management of Sustainability Information Disclosure

To improve the reliability and traceability of its sustainability information, the Company has adopted internal rules governing the management of sustainability information disclosure, which set out how such information is collected, checked, and disclosed, and it manages data quality through cross-departmental collaboration.

2.03

# Board of Directors and Functional Committees

## 2.03.1 The Board's Role in Sustainability Governance and Outcomes Achieved

The Board is the Company's highest body for sustainability governance. It oversees the direction of sustainable development strategy, material topics, and the management of the related risks, and it reviews and approves the content of the sustainability report. In 2025, the Company provided 6 hours of sustainability (ESG) training for directors, and 100% of the directors took part. The Board reviewed and approved the content of this report before publication.

The Board operates in accordance with the Corporate Governance Best Practice Principles. In the section of its annual report on the implementation of sustainable development, the Company explains how it advances sustainability and where its practices differ from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies. The Board also oversees financial reporting, internal control, legal compliance, and risk management through the Audit Committee, and each year the Company reports to the Board on board performance evaluation and on the independence and competence of the certified public accountants. For its reinvested (subsidiary) businesses, the Company governs transactions between group companies under its internal control system, its Regulations Governing the Supervision of Subsidiaries, and its Regulations Governing the Management of Related Party Transactions; it obtains financial information and management reports regularly and sends staff to review operations on site, extending group governance to each operating location.

Sustainability and climate issues are now a substantive part of the Board's regular agenda. In 2025, the Company reported the progress of the GHG inventory and its verification at every Board meeting, allowing the Board to follow the progress of the inventory of emissions at the 3 sites and the plans for subsequent verification. The Board also deliberated on governance matters including board performance evaluation, the independence and competence of the certified public accountants, directors' liability insurance, and the annual internal audit plan. The principal Board resolutions relating to sustainability, climate, and governance are summarized below:

| Board meeting (2025) | Sustainability and governance resolutions (summary) |
|---|---|
| March 13, 2025 Third Board, 10th meeting | ・Report on the progress of the GHG inventory and verification;<br>・report on board performance evaluation and on the independent directors' compliance with the eligibility requirements of the applicable regulations;<br>・report on the assessment of the independence and competence of the certified public accountants |
| May 9, 2025 Third Board, 11th meeting | ・Report on the progress of the GHG inventory and verification |
| August 22, 2025 Third Board, 12th meeting | ・Report on the progress of the GHG inventory and verification;<br>・pre-approval of non-audit services provided by the certified public accountants |
| November 10, 2025 Third Board, 13th meeting | ・Report on the progress of the GHG inventory and verification;<br>・ report on directors' liability insurance;<br>・approval of the 2026 internal audit plan |

The Company reports the progress of the GHG inventory and verification to the Board each quarter, giving the Board continuous oversight of climate-related information over time; this is described in Chapter 7, Environment (7.01, Climate Change Governance and Strategy).

## 2.03.2 Board Structure and Operation

The Board has 9 seats, of which 4 are held by independent directors (approximately 44.4%) and 1 is held by an employee director who is also a member of management (approximately 11.1%). By nationality, 8 directors are nationals of the Republic of China and 1 is a national of Singapore. Directors serve three-year terms. The Chairman also serves as CEO, which is one of the considerations behind the appointment of 4 independent directors to strengthen oversight. As of December 31, 2025, there were zero women on the Board. By age, of the 9 seats, 3 are held by directors aged over 70, 3 by directors aged 50 to 70, and 3 by directors aged under 50, one third in each group. The composition, diversity, and age distribution of the Board are set out below:

Figure 2-4 Board Composition (2025)




Figure 2-5 Board Diversity and Independence

Status During the 2025 Reporting Period

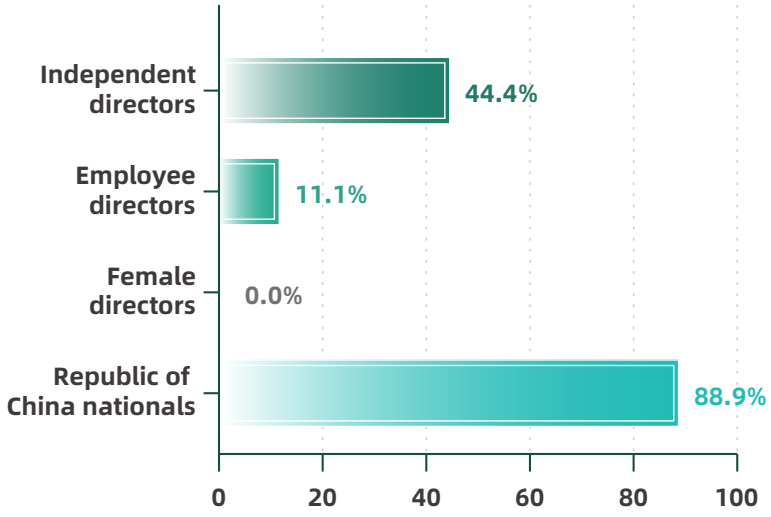
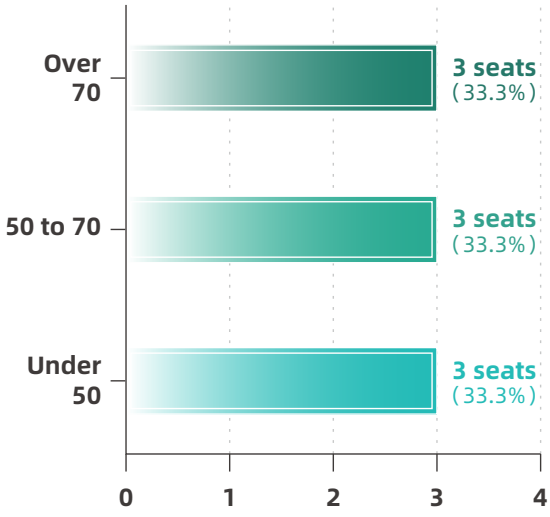



Figure 2-6 Board Age Distribution

2025 Reporting Period, 9 Seats




Note: Percentages are rounded and may not add up to exactly 100.0%.

The Company has rules on avoiding conflicts of interest, under which directors must recuse themselves from proposals in which they have an interest. It also has a board performance evaluation process, carried out once a year. Diversity considerations in the selection of directors and the nomination process follow the Company's own rules and the corporate governance report in its annual report. The Board has met 16 times in total from the election that constituted the third Board on June 21, 2023 up to May 31, 2026.

An overview of the composition of the Board is set out below:

| Title / category | Seats | Independence | Principal areas of expertise |
|---|---|---|---|
| Chairman (also CEO) | 1 | Non-independent | Business management |
| Employee director (Chief Operating Officer) | 1 | Non-independent | Business management |
| Other directors | 3 | Non-independent | Product design, business management, and production management |
| Independent directors (Wang Kuo-Chiang, Han Ding-Gwo, Kuo Juei-Fong, Lin Jen-Chieh) | 4 | Independent | Accounting and finance, financial law, industry technology, and political economy |

**Board diversity policy and professional background:** the Company's Corporate Governance Best Practice Principles provide that the composition of the Board is to take diversity into account and that directors should generally possess the knowledge, skills, and attributes needed to perform their duties. The directors currently in office bring expertise in business management, product design, production management, accounting and finance, financial law, industry technology, and political economy, which strengthens the professional basis of the Board's decisions.

**Gender diversity target:** during the current (third) term of the Board, directors of either gender do not yet hold one third of the seats, and all directors were men during the reporting period. The Company's diversity policy seeks directors with substantial experience and expertise in areas such as finance, commerce, industry technology, and business management, and sets a target of at least 10% of seats being held in future by directors of a different gender, progressively increasing gender diversity on the Board.

**Operation of and attendance at the Board and its committees:** the operation of and attendance at the Board and the functional committees during the current term (June 21, 2023 to May 31, 2026) are set out below; overall attendance was 100%:

| Body | Composition | Meetings held in the current term | Actual attendance rate |
|---|---|---|---|
| Board of Directors | 9 directors (including 4 independent) | 16 | 100% |
| Audit Committee | 4 independent directors | 15 | 100% |
| Salary and Remuneration Committee | 4 independent directors | 7 | 100% |

**Board performance evaluation:** the Company has adopted Board Performance Evaluation Regulations and carries out a performance evaluation once a year. The evaluation covers the Board as a whole, individual directors, the functional committees (the Audit Committee and the Salary and Remuneration Committee), and individual committee members. The methods used include self-evaluation by the Board, by the Audit Committee, by the Salary and Remuneration Committee, by individual directors, and by individual committee members, together with peer evaluation.
For 2024, the board performance evaluation used an interactive internal questionnaire for self-evaluation and mutual evaluation, and the results for each dimension were reported to the Board and to each functional committee. The 2024 board performance evaluation report was submitted to the Board on March 13, 2025 (the 10th meeting of the third Board).
The Company uses the results of the evaluation to continue to strengthen the Board's sustainability governance capability: in 2025 it provided sustainability (ESG) training for directors, which 100% of the directors attended, and it reports sustainability and climate matters to the Board regularly to deepen the Board's grasp of sustainability governance. The evaluation results also inform the periodic review of the independent directors' compliance with the eligibility requirements of the applicable regulations and of the independence and competence of the certified public accountants. Director continuing education follows the requirements of the competent authorities. All of the Company's directors completed their required continuing education hours in 2025, and 100% of directors met the hours set out in the continuing education rules.

## On remuneration policy

The Company has adopted Group Salary Calculation and Management Regulations as the basis on which remuneration is paid; at this stage, the remuneration of directors and managers is not linked to ESG performance. The Company is a foreign issuer (a KY company) and has confirmed with the Taiwan Stock Exchange that it is not required to file data on the median employee salary, so the disclosures on the annual total compensation ratio under GRI 2-21 do not apply to the Company.

## Subsequent events

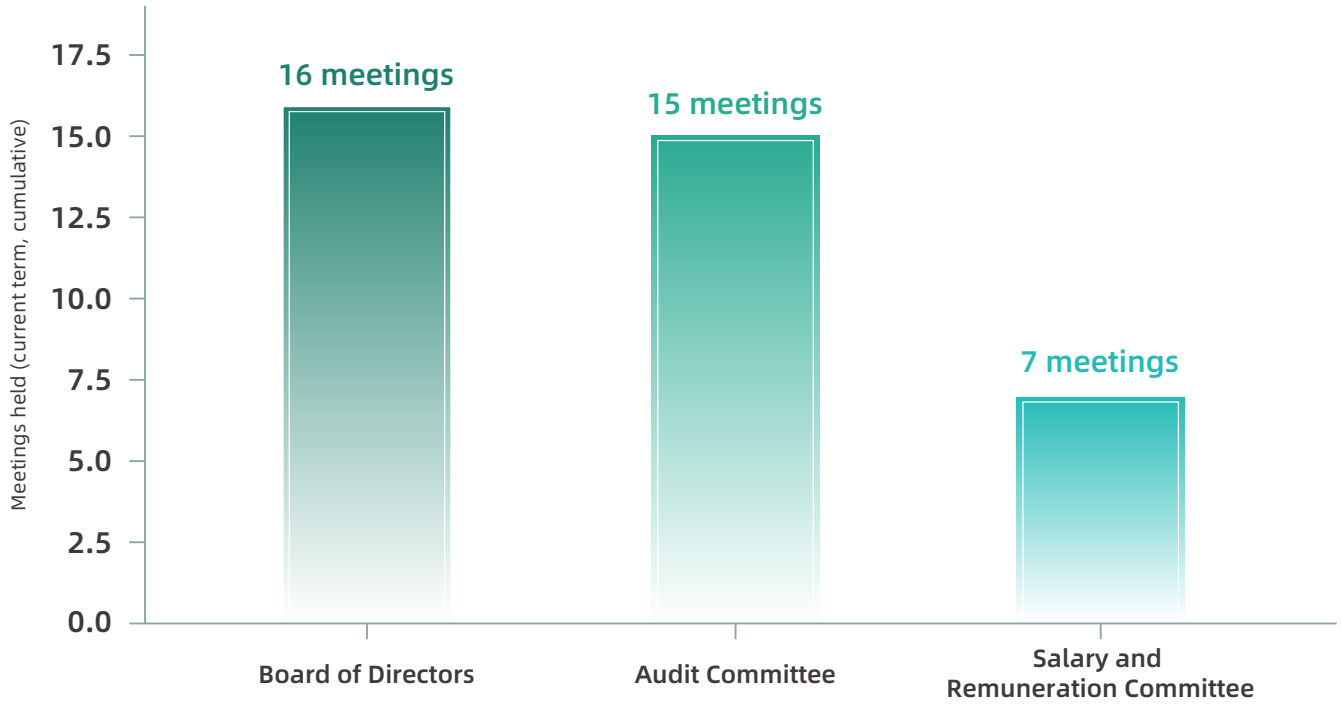
The Company completed the election of directors at its 2026 annual general meeting. After the election the Board still has 9 seats: 5 non-independent directors (Tsai Wen-Ta, Tsai Chih-Yuan, Tsai Yao-Hsien, Tsai Chih-Chung, and Kao Cheng-Lun) and 4 independent directors (Wang Kuo-Chiang, Han Ding-Gwo, Chen Kwan-An, and Wu Yu-Meng). Wu Yu-Meng is the Company's first female independent director, and gender diversity on the Board has increased compared with the previous term. The election took place after the 2025 reporting period; the statistics in this chapter on Board composition, diversity, and attendance are based on the directors in office during the 2025 reporting period.

### 2.03.3 Functional Committee Structure and Operation

The Company has established an Audit Committee and a Salary and Remuneration Committee under the Board. Both are composed of all 4 independent directors, with Wang Kuo-Chiang as convener and Han Ding-Gwo, Kuo Juei-Fong, and Lin Jen-Chieh as members. The Audit Committee was established in 2020 and assists the Board in overseeing financial reporting, internal control, legal compliance, and risk management. The Salary and Remuneration Committee reviews the remuneration policies and arrangements for directors and managers. In the current term, from June 21, 2023 to May 31, 2026, the Audit Committee met 15 times and the Salary and Remuneration Committee met 7 times, with member attendance of 100% at both. The remit of the Audit Committee covers oversight of the fair presentation of financial reports, the independence and competence of the certified public accountants, the effective implementation of internal control, legal compliance, and control over financial, business, and risk matters. The Salary and Remuneration Committee establishes and periodically reviews the policies, arrangements, standards, and structure for the performance evaluation and remuneration of directors and managers, and sets their remuneration following periodic assessment. The Company has not established a nomination committee; the nomination of directors follows the Company Act and related rules.

Figure 2-7 Operation of the Board and Functional Committees

**Current term, cumulative from June 21, 2023 to May 31, 2026 | Overall attendance rate 100%**





Materiality.

Chapter

# 03

# Stakeholders and Material Topics

Chapter

# 03 Stakeholders and Material Topics



## 3.0 About this chapter

The reporting scope of this chapter is all 3 sites in full

- Taipei office
- Vanguard
- Enrich

**The reporting period**

January 1, 2025 to December 31, 2025

**Amounts are stated in**

NT$ thousands

## 3.01 Stakeholder Engagement

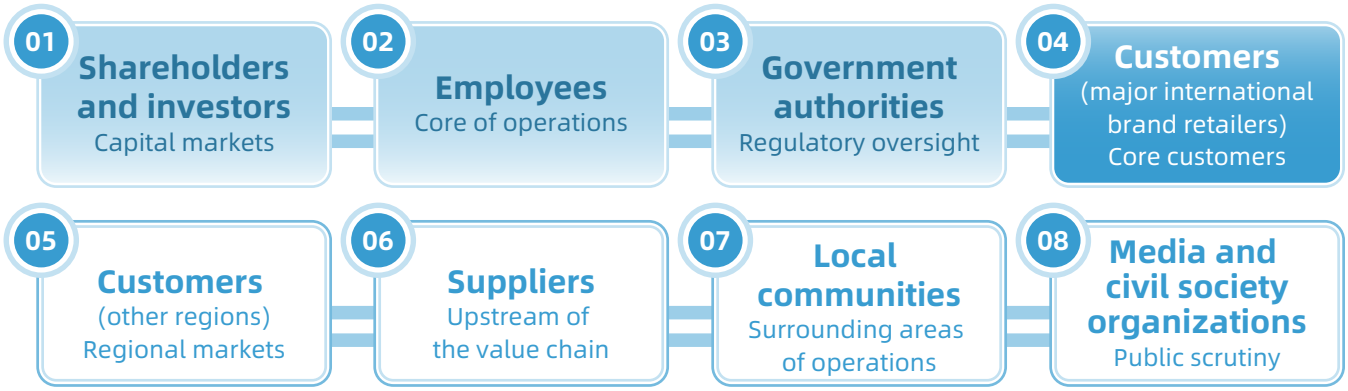
### Significance of the Topics

Stakeholder views are an important input to the Company's identification of sustainability risks and opportunities and to the shaping of its management approach. The Company operates across 3 locations, Taiwan, mainland China (Vanguard), and Thailand (Enrich), and supplies furniture it manufactures to major international and regional brand customers. Its stakeholders accordingly span the capital markets, employees, government authorities, customers, suppliers, local communities, and the media, among others. To keep communication channels open and traceable, the Company has designated a dedicated contact for each principal stakeholder group and reports periodically to the Board on its communications with each group.

### Method for Identifying Stakeholders

With reference to the 5 stakeholder attributes set out in the AA1000 Stakeholder Engagement Standard (AA1000 SES 2015), the Company assessed stakeholders across 5 dimensions: dependency, responsibility, urgency, influence, and diverse perspectives. This identified the stakeholder groups most closely connected to the Company's operations and provided the basis for engagement and communication. The first sustainability report, for 2024, identified 6 stakeholder groups. For the current year, in light of the wider scope of operations and changes in the customer base, the Company has broadened that identification and subdivided customers by type, arriving at the following 8 groups as the principal audiences for this report. Customers are divided by type into major international brand retailers and customers in other regions; the relationship with the former involves a higher degree of dependency and influence, and they are treated as core stakeholders.

Figure 3-1 The Company's Eight Stakeholder Groups




**Identified with reference to the 5 stakeholder attributes in AA1000 SES (2015); expanded from 6 groups in 2024 to 8 by subdividing customers by attribute; dark-colored boxes denote core stakeholders**

## Changes in the stakeholder groups for the year compared with 2024 are as follows:

| First report, 2024 (6 groups) | Second report, 2025 (8 groups) | Explanation of change |
|---|---|---|
| **Shareholders** | Shareholders and investors | Renamed to align with investor relations practice; scope unchanged |
| **Employees** | Employees | Unchanged |
| **Government authorities** | Government authorities | Unchanged |
| **Customers** | Customers (major international brand retailers, core) / Customers (other regions) | Subdivided into 2 groups by customer type and degree of dependency; major international brand retailers treated as core |
| **Suppliers** | Suppliers | Unchanged |
| **Communities** | Local communities | Renamed to specify the areas around the operating sites |
| — | Media and civil society organizations | Added, addressing information dissemination and public scrutiny |

## Engagement Channels, Topics of Concern, and Responses

| Stakeholder group | Significance to the Company | Principal communication channels | Engagement frequency | Principal topics of concern | Company response / relevant chapter |
|---|---|---|---|---|---|
| **Shareholders and investors** | Provide the capital the business needs; concerned with operating performance and governance | · Investor contact on the corporate website (Chief Financial Officer and Spokesperson),<br>· annual general meeting,<br>· investor conferences,<br>· material information filings on the Market Observation Post System,<br>· monthly revenue announcements | · Annual general meeting once a year;<br>· revenue announced monthly;<br>· material information filed in real time | · Economic performance,<br>· corporate governance and the operation of the Board,<br>· risk management,<br>· information disclosure | · Chapter 2, Sustainability Governance;<br>· Chapter 4, Governance |
| **Employees** | Central to operations and production; concerned with working conditions and development | · Employee contact,<br>· labor-management communication meetings,<br>· training,<br>· internal grievance channels | Ongoing / periodic | · Occupational health and safety,<br>· labor rights and benefits,<br>· talent development,<br>· protection of human rights | · Chapter 6, Social |
| **Government authorities** | Set and supervise regulations; concerned with the Company's compliance | · Statutory filings,<br>· interaction with the competent authorities,<br>· the Market Observation Post System | On the statutory cycle and case by case | · Regulatory compliance,<br>· environmental compliance,<br>· taxation,<br>· labor laws | · Chapter 4, Governance;<br>· Chapter 7, Environment |

| Stakeholder group | Significance to the Company | Principal communication channels | Engagement frequency | Principal topics of concern | Company response / relevant chapter |
|---|---|---|---|---|---|
| **Customers** (major international brand retailers, core) | The principal source of orders; set explicit requirements for products and for supply chain ESG | · Business and customer service contacts,<br>· customers' supplier codes of conduct and ESG audits,<br>· complaint handling,<br>· satisfaction surveys | On the order and audit cycles | · Product quality and safety,<br>· supply chain ESG management,<br>· legally sourced timber,<br>· greenhouse gas and chemical management | · Chapter 4 (Product Management, Supplier Management);<br>· Chapter 5, Operations and Product Innovation;<br>· Chapter 7, Environment |
| **Customers** (other regions) | Source of orders in regional markets | · Business and customer service contacts,<br>· complaint handling,<br>· satisfaction surveys | On the order cycle | · Product quality and safety,<br>· delivery schedules, and basic compliance | · Chapter 4 (Product Management);<br>· Chapter 7, Environment |
| **Suppliers** | Upstream of raw materials and processing; affect product risk and ESG risk | · Procurement contacts for suppliers,<br>· supplier selection and audits,<br>· the Green Supply Chain Management Information Platform | On the procurement and assessment cycles | · Supply chain ESG requirements,<br>· timber sourcing and FSC,<br>· chemical management,<br>· labor rights | · Chapter 4, Supplier Management |
| **Local communities** | Parties in the areas surrounding the operating sites | · Corporate social responsibility contact,<br>· community engagement, and charitable activities | As needed | · Environmental impact,<br>· community outreach, and local participation | · Chapter 7, Environment;<br>· Chapter 6, 6.06 Community Engagement |
| **Media and civil society organizations** | Information dissemination and public scrutiny | · Investor relations and press contact,<br>· press releases and press conferences,<br>· the news section of the corporate website | As significant events arise | · Material information disclosures,<br>· the Company's sustainability actions | · Relevant disclosures in each chapter |

The Company also maintains an ethics reporting mailbox on its corporate website as a reporting and grievance channel open to all stakeholder groups. These arrangements are described in Chapter 4, Governance (Communication Channels and Grievance Procedures).

In 2025, the Company's engagement with stakeholders took the following concrete forms. For shareholders, the Company held 1 annual general meeting and 1 investor conference. For employees, it implemented internal promotions and inter-departmental transfers and strengthened occupational health and safety management (11 occupational injury cases were confirmed at the Vanguard plant during the year, with zero major occupational accidents reported to the authorities; for the GRI 403-9 disclosure, see Chapter 6, 6.03). For government authorities, it filed environmental, health, and safety data periodically. For customers, it recorded zero violations of product safety regulations and zero product recalls, with a customer satisfaction score of 97.5 (see Chapter 4, 4.09). For suppliers, zero suppliers were rated high risk under the Vanguard supplier risk-tier assessment, and suppliers were required to sign procurement and integrity agreements, with a signing rate of 100% (see Chapter 4, 4.03 and 4.10). For local communities, it continued charitable donations (approximately NT$218 thousand in 2025) and community outreach. The Company also expanded its communication channels with the media and civil society organizations during the year. On November 10, 2025, the Company reported to the Board on its communications with each stakeholder group, giving effect to the Board's oversight of stakeholder engagement.

3.02

# Process for Determining Material Topics

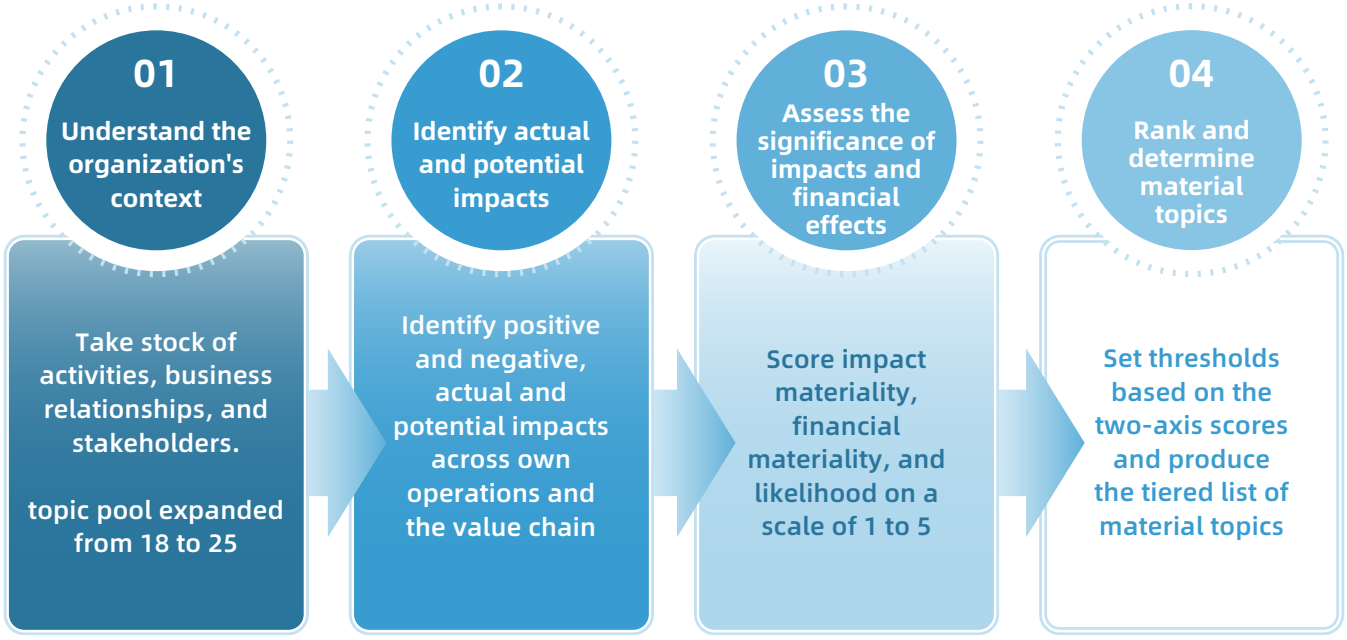
## The Double Materiality Approach

For the current year, the Company has adopted double materiality as the methodological basis for identifying material topics, assessing both impact materiality and financial materiality. Impact materiality is the extent of the actual or potential impact of the Company's operations on external dimensions such as the environment, society, and human rights, consistent with the treatment of impact materiality in GRI 3: Material Topics 2021. Financial materiality is the extent to which external environmental, social, and climate risks and opportunities affect the Company's financial position, profitability, and operations, and it reflects the Company's plan to align with IFRS S1 and IFRS S2 in future. The methodology also draws on AA1000 SES 2015 for stakeholder engagement. The first report, for 2024, used a single axis that scored and ranked positive and negative impacts; for the current year the Company has moved to a two-axis assessment that gives equal weight to impact and to financial materiality.

## Identification Process

Following the process set out in GRI 3, the Company identifies material topics in 4 steps:

Figure 3-2 The Double Materiality Identification Process




**Impact materiality (impacts on the external environment and society, GRI 3) × Financial materiality (effects of external risks and opportunities on the Company's finances, aligned with IFRS S1 / S2)**
Levels of concern from the external stakeholder survey serve as an input; the tiered results are confirmed at an internal management assessment meeting

4STEP

## Identification Process

### 01 Understand the organization's context

Take stock of the Company's activities, business relationships, sustainability context, and stakeholders, and build a topic pool covering the governance, environmental, social, and product dimensions. For the current year the topic pool was expanded from 18 topics in 2024 to 25. The topics added are climate governance and alignment with international standards, sustainability information management, climate risk resilience, chemicals and volatile organic compound (VOC) management, timber sourcing and certification, biodiversity, and cross-cultural management.

### 02 Identify actual and potential impacts

For each topic, identify positive and negative, actual and potential impacts across the Company's own operations and its value chain.

### 03 Assess the significance of impacts and of financial effects

Score impact materiality, financial materiality, and likelihood of occurrence separately on a scale of 1 to 5 (5 being the highest). Management is responsible for discussing and confirming the scores at an internal assessment meeting; the levels of concern recorded in the external stakeholder survey are used as an input.

### 04 Rank and determine material topics

Set thresholds based on the two-axis scores and produce the tiered list of material topics for the year.

## Assessment Process

During the reporting period the Company conducted a stakeholder survey and held an internal management assessment meeting at which each topic in the topic pool was discussed and scored. Where the level of external concern shown by the survey differed significantly from management's score, a written explanation was added for the topic concerned and used in confirming the final tiering. The tiering of material topics was confirmed at the internal management assessment meeting.

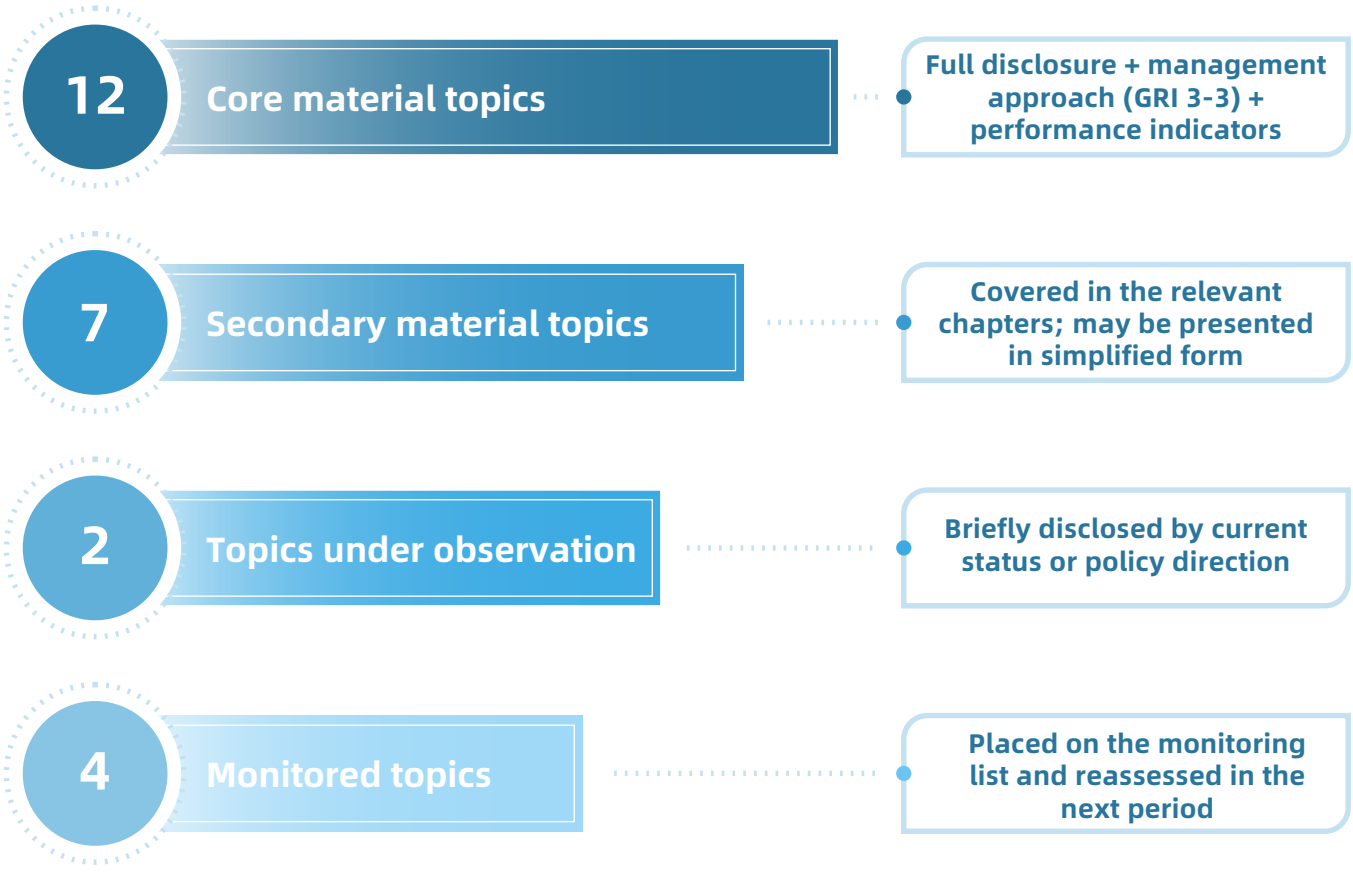
3.03

# List of Material Topics

## Material Topics for the Year

Based on the results of the double materiality assessment, the Company has sorted the 25 topics into 4 tiers: core material topics, secondary material topics, topics under observation, and monitored topics. There are 12 core material topics and 7 secondary material topics, and these 19 principal topics are disclosed in this report. For the 2 topics under observation and the 4 monitored topics, this report discloses how they are currently managed in the relevant sections, and they will be reassessed in the next reporting period. The criteria for each tier are as follows. Core material topics score 4 or above on both the impact axis and the financial axis; secondary material topics score 4 on one axis and 3 or above on the other. Topics under observation score between 3.0 and 3.9 on both axes; monitored topics score below 3 on either axis.

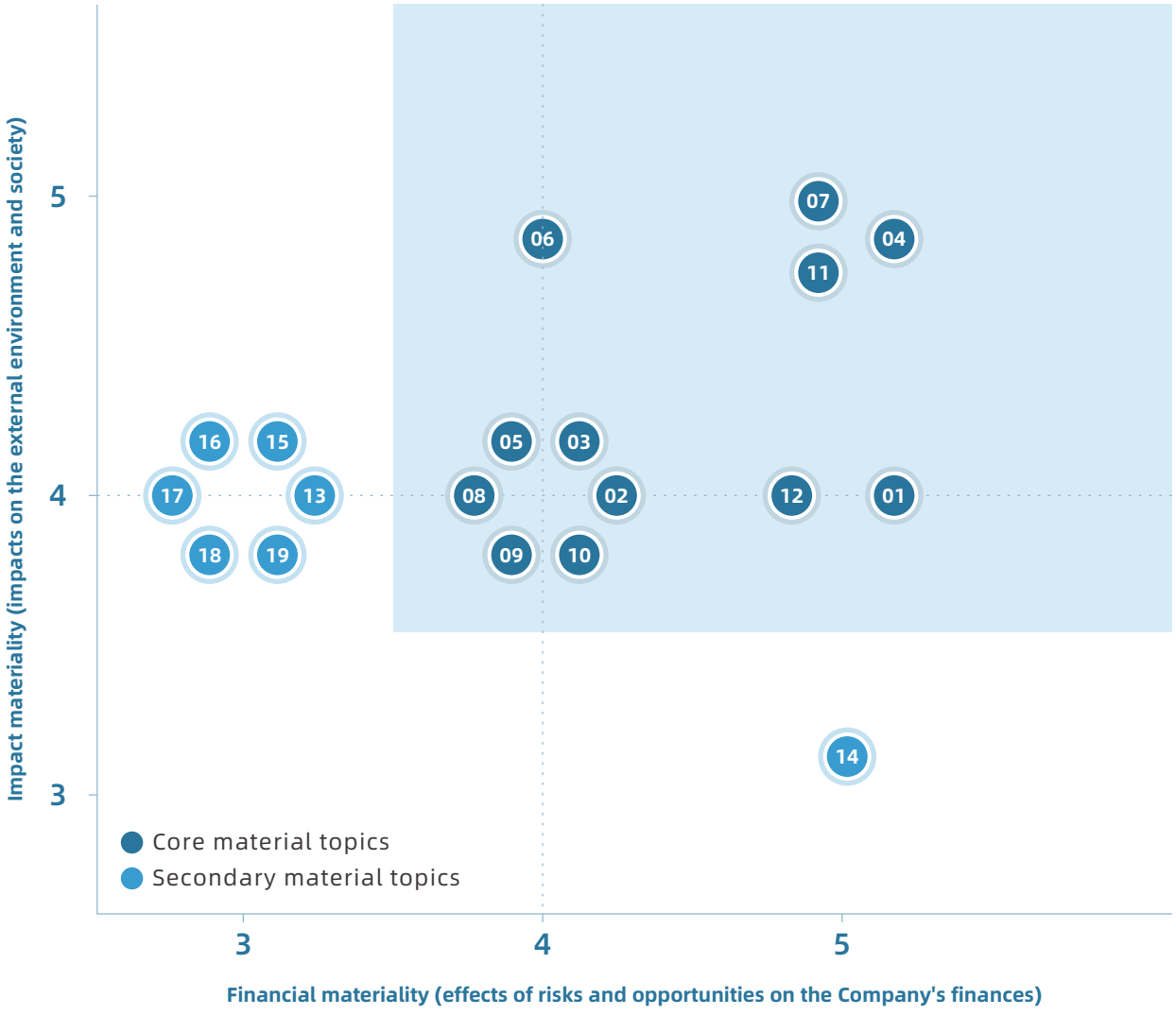
Figure 3-3 Tiered Structure of Material Topics (25 Topics)




Two-axis thresholds: core = both impact and financial ≥ 4; secondary = one axis ≥ 4 and the other ≥ 3; under observation = both axes 3.0 to 3.9; monitored = either axis <3

The distribution of the core and secondary material topics for the year on the two-axis matrix is shown in Figure 3-4; the numbers in the figure correspond to the list of topics below.

Figure 3-4 2025 Materiality Matrix (Two Axes: Impact × Financial)




## Key to the matrix numbers

### core material topics

01 Corporate governance and board diversity
02 Regulatory compliance and risk management
03 Information security and personal data protection
04 Climate governance and alignment with international standards
05 Internal control over sustainability information management
06 Supply chain management and ESG risk
07 GHG inventory and quantified emissions reduction
08 Climate risk resilience and scenario analysis
09 Timber sourcing and FSC certification
10 Occupational safety and health
11 Human rights, foreign migrant workers, and forced labor
12 Product quality and customer health and safety

### secondary material topics

13 Ethical corporate management and anti-corruption
14 Economic performance and research and development investment
15 Energy management and renewable energy
16 Chemical management and VOCs pollution control
17 Employee rights, benefits, and labor-management relations
18 Cross-cultural management and integration of foreign migrant workers
19 Sustainable product design and life cycle

## Core Material Topics (12)

These are disclosed in full for the year, with a management approach (GRI 3-3) and performance indicators defined for each.

| Material topic | Impact materiality | Financial materiality | Relevant section | Principal standards |
|---|---|---|---|---|
| **Corporate governance and board diversity** | 4 | 5 | 2.03 Board of Directors and Functional Committees | GRI 2-9 to 2-21 |
| **Regulatory compliance and risk management** | 4 | 4 | 4.05 Risk Management | GRI 2-27, 201-2 |
| **Information security and personal data protection** | 4 | 4 | 4.06 Information Security | GRI 418-1 |
| **Climate governance and alignment with international standards** | 5 | 5 | 7.01 Climate Change Governance and Strategy | GRI 201-2; IFRS S2 |
| **Internal control over sustainability information management** | 4 | 4 | 2.02 Framework for Advancing Sustainable Development | GRI 2-13, 2-14 |
| **Supply chain management and ESG risk** | 5 | 4 | 4.10 Supplier Management | GRI 204, 308, 414 |
| **GHG inventory and quantified emissions reduction** | 5 | 5 | 7.02 Greenhouse Gas Management | GRI 305-1 to 305-5 |
| **Climate risk resilience and scenario analysis** | 4 | 4 | 7.01 Climate Change Governance and Strategy | GRI 201-2; IFRS S2 |
| **Timber sourcing and FSC certification** | 4 | 4 | 4.10 Supplier Management | GRI 308; SASB CG-BF |
| **Occupational safety and health** | 4 | 4 | 6.03 Occupational Health and Safety | GRI 403-1 to 403-10 |
| **Human rights, foreign migrant workers, and forced labor** | 5 | 5 | 6.01.1 Human Rights Policy and Commitments; 6.02 Human Rights and Management of Foreign Migrant Workers | GRI 408, 409, 2-23/24 |
| **Product quality and customer health and safety** | 4 | 5 | 4.09 Product Management; 6.04 Customer Health, Safety, and Privacy | GRI 416, 417 |

## Secondary Material Topics (7)

These are covered in the relevant chapters for the year, with an account of management actions and related performance.

| Material topic | Impact materiality | Financial materiality | Relevant section | Principal standards |
|---|---|---|---|---|
| **Ethical corporate management and anti-corruption** | 4 | 3 | 4.03 Ethical Corporate Management | GRI 205 |
| **Economic performance and research and development investment** | 3 | 5 | 4.01 Economic Performance | GRI 201 |
| **Energy management and renewable energy** | 4 | 3 | 7.03 Energy Management | GRI 302 |
| **Chemical management and VOCs pollution control** | 4 | 3 | 7.06 Air Pollution and Chemical Management | GRI 305-7, 306; SASB CG-BF |
| **Employee rights, benefits, and labor-management relations** | 4 | 3 | 6.01.5 Employee Rights and Benefits; 6.01.6 Labor-Management Relations, Communication, and Collective Agreements | GRI 401, 402 |
| **Cross-cultural management and integration of foreign migrant workers** | 4 | 3 | 6.01.1 Human Rights Policy and Commitments; 6.02 Human Rights and Management of Foreign Migrant Workers | GRI 406, 2-23/24 |
| **Sustainable product design and life cycle** | 4 | 3 | 5.03 Sustainable Products and Life Cycle Design | GRI 301 |

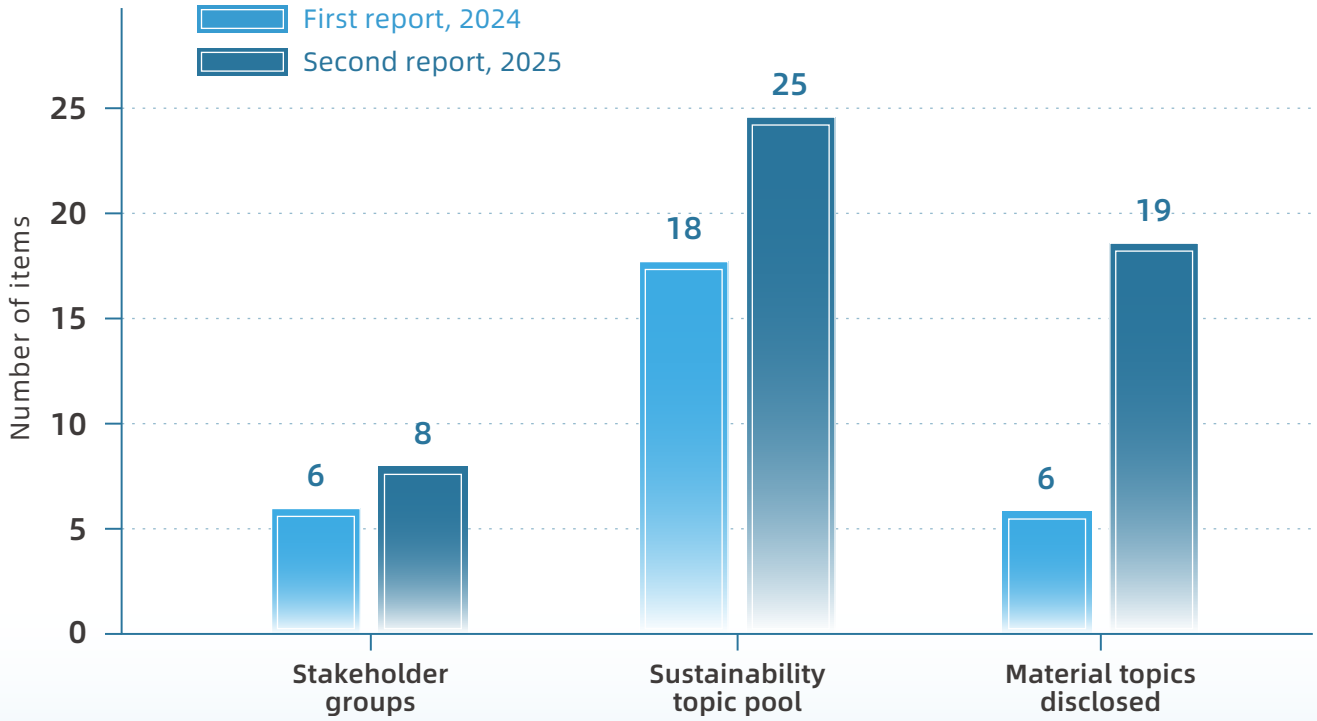
## Topics Under Observation and Monitored Topics

There are 2 topics under observation (waste management and the circular economy; talent development), each scoring between 3.0 and 3.9 on both axes. For the current year, how they are managed, the policy direction, and related performance are disclosed in the corresponding sections (waste management and the circular economy in Chapter 7, 7.05; talent development in Chapter 6, 6.01.7). The 4 monitored topics (water resource management; biodiversity and habitat conservation; employee diversity, equity, and inclusion; and community engagement and local impact) have been placed on the monitoring list, and how each is managed is also disclosed for the year (water resource management in Chapter 7, 7.04; biodiversity and habitat conservation in Chapter 7, 7.07; employee diversity, equity, and inclusion in Chapter 6, 6.01.4; and community engagement and local impact in Chapter 6, 6.06). The materiality of all of these topics will be reassessed in the next reporting period.

## Changes from the Previous Reporting Period

The principal changes in the identification of material topics for the year, compared with the first sustainability report for 2024, are shown in Figure 3-5. The assessment method has moved from a single axis (scoring positive and negative impacts) to double materiality on 2 axes, impact and financial. The topic pool has been expanded from 18 topics to 25. Stakeholder identification has been extended from 6 groups to 8. A four-tier structure of core material topics, secondary material topics, topics under observation, and monitored topics has been introduced, and the number of principal topics disclosed has risen from 6 to 19.

Figure 3-5 Year-on-Year Evolution of the Scope of Materiality Identification (2024 → 2025)



The 6 material topics identified in the first report for 2024 are carried forward and mapped for the current year as follows:

| 2024 material topics (6) | Corresponding 2025 material topics (tier) | Relevant section |
|---|---|---|
| **Risk Management** | Regulatory compliance and risk management (core material topic) | 4.05 |
| **Regulatory compliance** | Regulatory compliance and risk management (core material topic) | 4.05 |
| **Product research, development, and innovation** | Economic performance and research and development investment (secondary material topic);<br>Sustainable product design and life cycle (secondary material topic) | 4.01<br>5.03 |
| **Customer relationship management** | Product quality and customer health and safety (core material topic);<br>Supply chain management and ESG risk (core material topic) | 4.09<br>4.10 |
| **Employee diversity, inclusion, and equity** | Cross-cultural management and integration of foreign migrant workers (secondary material topic);<br>Employee diversity, equity, and inclusion (monitored topic) | 6.01.1<br>6.02<br>6.01.4 |
| **Occupational health and safety** | Occupational safety and health (core material topic) | 6.03 |

All 6 of the 2024 material topics are carried forward for the current year. Because double materiality brings in the financial dimension and the topics that are substantive for manufacturers, the topics added are concentrated in areas tied to manufacturing operations and customer requirements: climate governance and alignment with international standards, the supply chain and timber sourcing, chemical management, and sustainable product design. In line with the topics that are substantive for manufacturers, this report also adds a dedicated chapter, Operations and Product Innovation (Chapter 5), covering disclosures on research and innovation and on sustainable product design.

## 3.04 Management of Material Topics

The Company has defined a management approach (GRI 3-3) for each of the 12 core material topics, covering why the topic is material, the policy or commitment, the actions taken, and the tracking of results. The specific policies, actions, and quantified performance for each topic are set out in the corresponding sections and summarized in the table below.

| Core material topic | Why it is material (summary of impacts) | Policy or commitment | Principal management actions | Relevant section |
|---|---|---|---|---|
| Corporate governance and board diversity | Governance structure and board composition affect the quality of decisions and stakeholder trust | Operate in accordance with corporate governance requirements and maintain diversity in the composition of the Board | · Operation of the Board and the functional committees,<br>· ESG training for directors,<br>· performance evaluation | 2.03 |
| Regulatory compliance and risk management | · Non-compliance would lead to penalties,<br>· production stoppages, and damage to reputation | Establish risk management and regulatory compliance processes | · Risk identification and management,<br>· tracking of legal compliance | 4.05 |
| Information security and personal data protection | Information security incidents affect business continuity and the security of customer data | Establish information security management arrangements | · Information security management system,<br>· protection of customer privacy | 4.06 |
| Climate governance and alignment with international standards | Climate topics involve regulatory, market, and customer requirements and have financial consequences | Plan to align with international climate disclosure standards | · Climate governance structure,<br>· disclosure of climate-related information (qualitative for the current year) | 7.01 |
| Internal control over sustainability information management | The quality of sustainability information affects the reliability of disclosures and compliance | Progressively establish processes for collecting sustainability information and for internal control over it | Cross-departmental collection and consolidation of sustainability data, with internal control procedures for sustainability information progressively introduced | 2.02 |
| Supply chain management and ESG risk | Supply chain ESG risk bears directly on orders and compliance | Establish supplier ESG management and supplier selection and audit processes | · Green supply chain management,<br>· supplier risk tiering and audits,<br>· response to major customers' supplier codes of conduct and ESG audit requirements | 4.10 |
| GHG inventory and quantified emissions reduction | · Emissions management involves regulatory requirements,<br>· customers' carbon requirements, and the cost of reducing carbon | Complete the inventory and establish a baseline for carbon reduction management | · GHG inventory at all 3 sites,<br>· assessment of reduction pathways | 7.02 |
| Climate risk resilience and scenario analysis | Physical and transition risks affect operational resilience and financial results | Identify climate-related risks and opportunities | Identification of climate risks and opportunities (disclosed qualitatively for the current year; scenario analysis and financial quantification will be introduced in line with the adoption timetable of the Financial Supervisory Commission, see 7.01) | 7.01 |
| Timber sourcing and FSC certification | Legally sourced timber bears directly on product compliance and customer requirements | Advance the management of legally sourced timber and of certification | Traceability of legally sourced timber and management of FSC Chain of Custody certification | 4.10 |
| Occupational safety and health | Occupational injuries affect employee health and production | Establish an occupational health and safety management system | · Occupational health and safety management,<br>· tracking and improvement of occupational injuries | 6.03 |
| Human rights, foreign migrant workers, and forced labor | Human rights risk affecting foreign migrant workers is the topic of highest materiality | Adopt a human rights policy and carry out due diligence | · Human rights due diligence,<br>· management of foreign migrant workers, and prevention of forced labor | 6.01.1<br>6.02 |
| Product quality and customer health and safety | Product quality and safety affect customer health and trust in the brand | Establish a product quality and safety management system | · Quality management,<br>· complaint handling,<br>· product labeling | 4.09<br>6.04 |





Governance.

Innovation & Efficiency

Chapter

04

# Governance

Chapter

# 04 Governance



## 4.0 About this chapter

The reporting scope of this chapter is all 3 sites in full

- Taipei office
- Vanguard
- Enrich

**The reporting period**

January 1, 2025 to December 31, 2025

**Amounts are stated in**

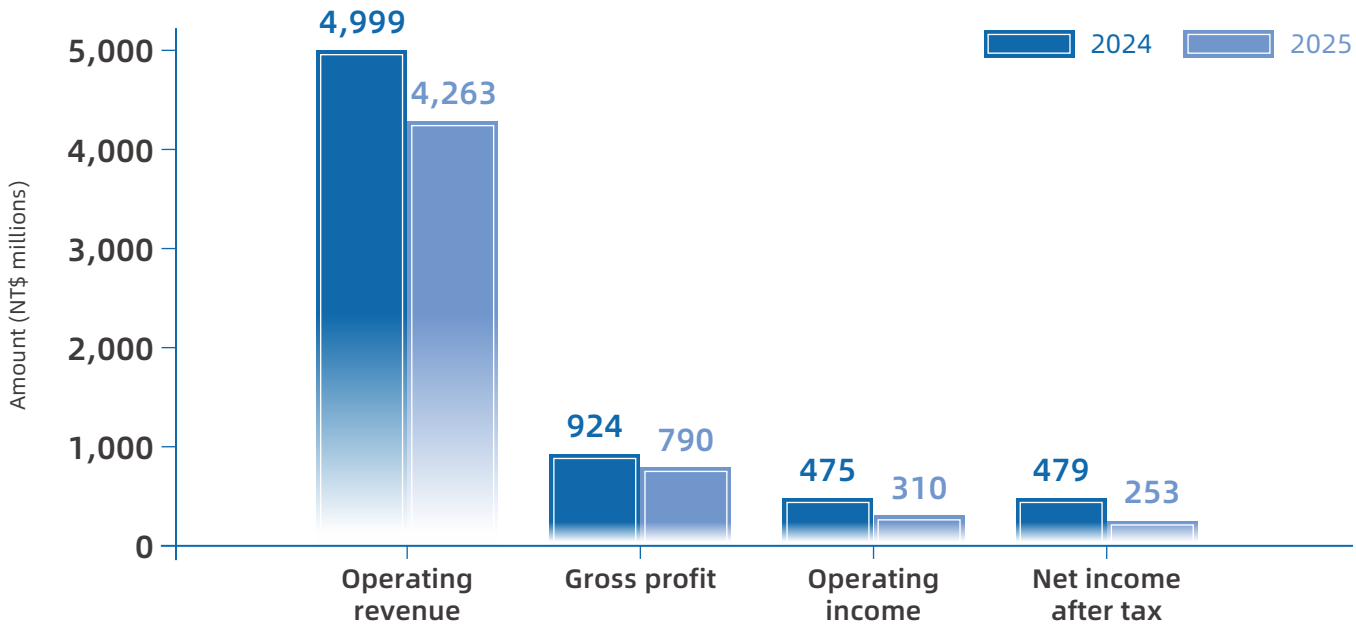
NT$ thousands

4.01

## Economic Performance

The Company discloses its economic performance on the basis of the consolidated financial statements audited by its independent auditors, with amounts stated in NT$ thousands. Affected by weak global end-market demand for furniture and by US-China reciprocal tariff policy, consolidated operating revenue for 2025 was NT$4,263,406 thousand, down NT$736,060 thousand (a decrease of 14.72%) from NT$4,999,466 thousand in 2024. Consolidated gross profit was NT$790,190 thousand (a gross margin of 18.53%), pre-tax net income was NT$328,307 thousand, and net income after tax was NT$253,081 thousand. A two-year comparison of consolidated profit and loss is shown in Figure 4-1, and the figures are summarized in the table below:

Figure 4-1 Consolidated Profit and Loss, Two-Year Comparison (2024/2025)




| Item (NT$ thousands) | 2025 | 2024 |
|---|---|---|
| Operating revenue | 4,263,406 | 4,999,466 |
| Operating costs | 3,473,216 | 4,075,197 |
| Gross profit | 790,190 | 924,269 |
| Operating expenses (of which research and development expenses 145,642 / 142,820; see 5.01) | 480,525 | 449,096 |
| Operating income | 309,665 | 475,173 |
| Pre-tax net income | 328,307 | 584,762 |
| Income tax expense | 75,226 | 105,270 |
| Net income after tax | 253,081 | 479,492 |

The year-on-year decrease in operating revenue and profit mainly reflects weak end-market demand for furniture, the shift in consumer budgets from the home to travel and entertainment, and the transmission of US-China reciprocal tariffs to orders and to the supply chain. The macroeconomic and industry environment is described in full in Chapter 1, Letter from the Chairman, and the qualitative discussion of climate-related financial impacts appears in Chapter 7, 7.01.

In accordance with GRI 201-1, the direct economic value generated and distributed (EVG&D) by the Company in 2025 is set out below, and the distribution structure is shown in Figure 4-2:

Figure 4-2 Distribution of Economic Value, EVG&D (2025, NT$ thousands)




Note: Employee wages and benefits are included in operating costs. Percentages in this figure are shares of direct economic value generated (operating revenue of NT$4,263,406 thousand); the 4 distribution items total 100.22%, and adding economic value retained of -0.22% (-NT$9,337 thousand) brings the total to 100.00%.

| EVG&D (2025, NT$ thousands) | Amount | Notes |
|---|---|---|
| **Direct economic value generated** (operating revenue) | 4,263,406 | |
| **Distributed: operating costs** (operating costs plus operating expenses, including personnel costs and depreciation) | 3,953,523 | Operating costs 3,473,216 plus operating expenses 480,525, less charitable donations 218 (reclassified to community investment) |
| **Of which: employee wages and benefits** | Included within operating costs | |
| **Distributed: payments to providers of capital** (interest expense 776 plus cash dividends 243,000) | 243,776 | Cash dividend of NT$4.5 per share out of 2024 earnings, paid on July 31, 2025 |
| **Distributed: payments to government** (income tax expense) | 75,226 | |
| **Distributed: community investment** (charitable donations) | 218 | Charitable donations for 2025 were NT$217,919, or approximately NT$218 thousand; reclassified from operating costs and included separately in total economic value distributed |
| **Economic value retained** | -9,337 | Direct economic value generated 4,263,406 less total distributed 4,272,743. The negative figure arises mainly because cash dividends of NT$243,000 thousand out of 2024 earnings were paid during the year, so total economic value distributed of NT$4,272,743 thousand exceeded the direct economic value generated (operating revenue) of NT$4,263,406 thousand |

**Sustainable bonds:** the Company neither issued nor invested in sustainable bonds (including green bonds, social bonds, and sustainability bonds) in 2025.

4.02

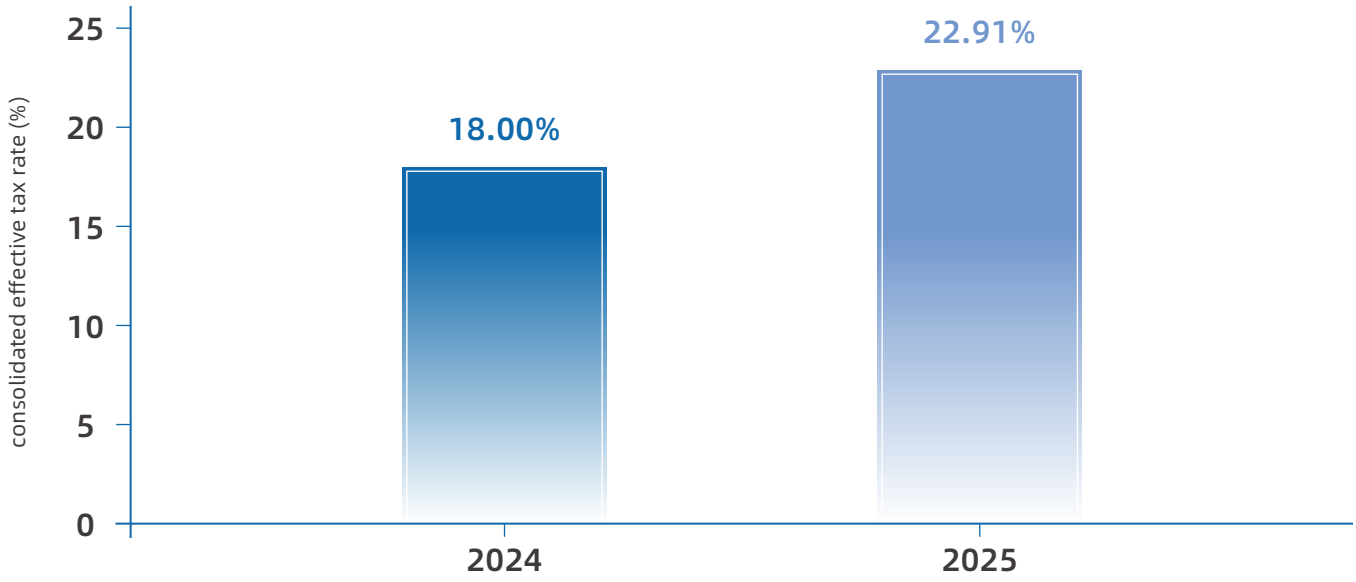
## Tax

The Company files and pays tax honestly in accordance with local tax law at all 3 sites (Taiwan, China, and Thailand), and tax matters are covered by its overall financial governance and internal control.

According to the consolidated financial statements, income tax expense for 2025 was NT$75,226 thousand and pre-tax net income was NT$328,307 thousand, giving a consolidated effective tax rate of approximately 22.91% (for 2024, income tax expense was NT$105,270 thousand and pre-tax net income NT$584,762 thousand, an effective tax rate of approximately 18.00%). A two-year comparison is shown in Figure 4-3. The increase in the effective tax rate from the previous year mainly reflects the combined effect of a larger decline in pre-tax net income than in income tax expense and of changes in the mix of profit across tax jurisdictions. The Company discloses its effective tax rate as a consolidated group total and does not break it down by tax jurisdiction. On the GRI 207 topics of approach to tax, tax governance and risk management, and stakeholder engagement on tax, the Company's basic policy is to comply with the laws of each tax jurisdiction, to file returns truthfully, and not to engage in improper tax avoidance.

At Enrich, a difference between estimated and actual profit for the 2024 interim income tax return (PND 51, filed under Sections 67 bis and 67 ter of the Thai Revenue Code) gave rise to a small interim tax surcharge, which was paid as required and does not constitute a violation.

Figure 4-3 Consolidated Effective Tax Rate, Two-Year Comparison




| Tax jurisdiction | Principal activities | Effective tax rate | Basis of calculation |
|---|---|---|---|
| **Consolidated (Group)** | Research, development, manufacture, and sale of furniture | **2025:**22.91%<br>**2024:**18.00% | Income tax expense divided by pre-tax net income, disclosed as a consolidated group total |

4.03

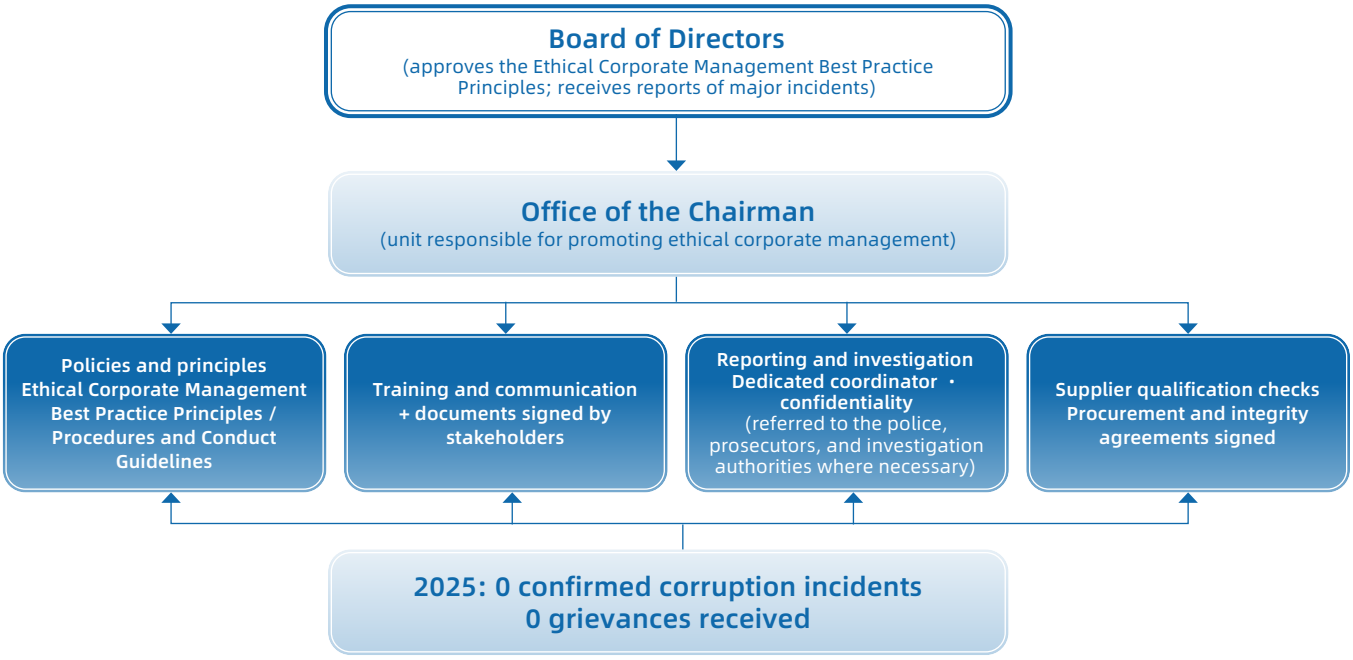
# Ethical Corporate Management

## Ethical Corporate Management Philosophy, Policies, and Codes of Conduct

The Company has established ethical corporate management policies and procedures, including its Ethical Corporate Management Best Practice Principles, its Procedures and Conduct Guidelines for Ethical Corporate Management, and its Code of Ethical Conduct, drawing on the Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies. These documents set the standards of conduct for all employees and business partners. The Company has also put in place preventive measures and remedial arrangements for specific risks, together with independent oversight to follow up on how incidents are handled. The Board of Directors approved the Company's Ethical Corporate Management Best Practice Principles before they were issued and implemented.

The Office of the Chairman is the unit responsible for promoting ethical corporate management and for assessing and investigating suspected breaches; material breaches may be reported to the Board of Directors immediately. The structure for promoting ethical corporate management is shown in Figure 4-4. The Company's anti-corruption and business ethics policy applies to employees and directors, and to their dealings with customers, agents, contractors, suppliers, public officials, and other stakeholders.

Figure 4-4 Structure for Promoting Ethical Corporate Management




To make its ethical corporate management policy known to employees, suppliers, and other stakeholders, the Company requires the relevant stakeholders to sign the applicable documents and uses channels such as email, commercial contracts, negotiation meetings, and management meetings, together with training, to communicate its Ethical Corporate Management Best Practice Principles. It also checks suppliers' qualifications, reviewing and selecting business partners that meet its ethical corporate management standards.

## Ethical Corporate Management Policies and Programs

The key points of the Company's ethical corporate management policies and programs are as follows:

01 The Company has established its Ethical Corporate Management Best Practice Principles and its Procedures and Conduct Guidelines for Ethical Corporate Management, both approved by the Board of Directors, and applies them in internal management and in external business activities.

02 The Company conducts its business on the principle of integrity, does not engage in business activities within its scope of operations that carry a higher risk of dishonest conduct, and strengthens the related preventive measures. The Company is politically neutral and makes no political donations.

03 The Procedures and Conduct Guidelines for Ethical Corporate Management set out how breaches of ethical corporate management are handled, including rewards and penalties, grievances, and the recording of disciplinary action. Where an employee accepts or offers a bribe, the responsible manager may report the matter immediately for disciplinary action, and these arrangements are applied in practice.

04 The Company appoints on merit and treats employees equally. No unit may discriminate or apply differential treatment in recruitment, appointment and dismissal, salary, allowances, training, promotion, or other terms of employment and career development.

05 The Company is committed to providing a workplace free from harassment and differential treatment of any kind, and prohibits sexual harassment and discrimination on legally protected grounds such as race, religion, origin, nationality, age, sex, sexual orientation, belief, disability, citizenship, and personal background.

06 Harassment of any kind is prohibited, including unwelcome or offensive verbal or physical conduct between employees and the use of sexual demands as a condition for a change in position.

## Ethical Corporate Management Signing Requirements for Stakeholders

The Company requires employees, management, and suppliers to sign the relevant documents at specified points in time to give effect to its ethical corporate management standards. The signing rate is 100% in every category:

| Category | Timing | Documents to be signed | Signing rate |
|---|---|---|---|
| **New employees** | On joining | Employment contract, confidentiality undertaking, intellectual property declaration, occupational hazard notification, and other documents | 100% |
| **Current employees** | Annually | Employment contract, confidentiality undertaking, intellectual property declaration, occupational hazard notification, and other documents | 100% |
| **Management** | On appointment | Manager declaration, confidentiality undertaking, intellectual property declaration, and other documents | 100% |
| **New suppliers** | Before contract signing | Procurement agreement and integrity agreement | 100% |
| **Existing suppliers** | At contract signing | Procurement agreement and integrity agreement | 100% |

## Ethical Corporate Management Policy Commitments

| Policy | Reference document | Approved by | Implemented by | Publication |
|---|---|---|---|---|
| Corporate Social Responsibility Best Practice Principles | Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies | Board of Directors | Office of the Chairman | Key corporate policies section of the Company website |

## Anti-corruption (GRI 205)

The Company manages corruption risk through internal audit and risk assessment. Confirmed incidents of corruption in 2025 numbered zero (also zero in 2024). All of the Company's operating sites (the Taipei office, Vanguard, and Enrich) fall within the scope of internal audit and corruption risk assessment, a coverage rate of 100%. The Company communicates its ethical corporate management and anti-corruption policies and requirements to employees, management, and suppliers through briefings at internal management meetings, training, and the signing of documents.

| GRI 205 disclosure | 2024 | 2025 |
|---|---|---|
| Confirmed incidents of corruption (205-3) | 0 | 0 |
| Employees dismissed and business partners whose contracts were terminated for corruption (205-3) | 0 | 0 |
| Percentage of operating sites assessed for corruption risk (205-1) | All 3 sites in full, 100% | All 3 sites in full, 100% |
| How anti-corruption policies are communicated (205-2) | Briefings at internal management meetings, training, and the signing of documents | Briefings at internal management meetings, training, and the signing of documents |

## Anti-competitive Behavior (GRI 206)

The Company complies with the fair trade and competition laws of the places in which it operates. In accordance with GRI 206-1, the Company had no legal actions relating to anti-competitive behavior, antitrust, or monopoly practices in 2024 or 2025, whether pending or completed.

## 4.04

## Communication Channels and Grievance Procedures

The Company has established internal and external communication and grievance channels and publishes its whistleblowing channels on its corporate website. A designated member of the Office of the Chairman convenes the relevant personnel to gather evidence and investigate reports, and notifies the police, prosecutorial, or investigation authorities where necessary. Supporting evidence is held in strict confidence, and confidentiality arrangements are in place to protect whistleblowers. External communication channels include telephone and email (see Chapter 1, 1.03.6, Responsible Unit and Contact). Responsibility for grievances and investigations follows the same structure as that for promoting ethical corporate management (see Figure 4-4).

In accordance with GRI 2-25 and 2-26, cases handled through the Company's grievance channels (statistics cover the Taipei office) were as follows: zero cases received and zero cases closed in 2024; zero cases received and zero cases closed in 2025. An anti-corruption and business ethics policy is in place, and whistleblowing and grievance channels operate across all sites.

## 4.05

## Risk Management

The Company has established a risk management framework. Under its Risk Control Management Process, Risk Point Identification and Assessment Process, and Risk Control Consulting Service Management Process, each responsible unit applies a five-step process to the business it oversees: risk identification, risk assessment, risk response, risk monitoring and management, and risk disclosure and communication (see Figure 4-5). The Office of the Chairman at group level is responsible for coordinating and carrying out this work. The identification, assessment, and management of climate-related risks are coordinated by the corporate governance unit within the Office of the Chairman and cover transition risks in policy and regulation, technology, reputation, and markets, as well as acute and chronic physical risks. The related climate risks and scenario analysis are disclosed in Chapter 7, 7.01, Climate Change.

Figure 4-5 The Five Steps of the Risk Management Process



## Compliance with Laws and Regulations (GRI 2-27)

The Company complies with the laws and regulations of the places in which it operates. As of the date of printing of this report, the Company has no material litigation, non-litigation, or administrative proceedings that could have a material effect on shareholders' equity or on the price of its securities. Labor relations are harmonious, and the Company has not been penalized by any local competent authority for material labor disputes or material breaches of local labor law. Environmental, health, and safety violations and environmental emissions violations at each production base are set out below:

| GRI 2-27 compliance with laws and regulations | 2024 | 2025 |
|---|---|---|
| Vanguard environmental, health, and safety violations | 0 | 0 |
| Vanguard environmental emissions violations | 0 | 0 |
| Enrich environmental, health, and safety violations | 0 | 0 |
| Enrich environmental emissions violations | 0 | 0 |
| Material litigation or non-litigation proceedings | None | None |
| Penalties for material breaches of labor law | None | None |
| Fines (NT$) | 0 | 0 |

Note: There were no material penalties in 2024 or 2025. The small interim tax surcharge at Enrich (PND 51) arose from a difference between estimated and actual profit, was paid as required, and does not constitute a violation (see 4.02).

4.06

# Information Security

## Information Security Governance and Management

The Company manages information and communication security under its established information and communication security management framework. The head of the Information Center coordinates information and communication security matters, and the Company has appointed an information security officer and an information security specialist responsible for implementing security policy, incident response, and day-to-day protection.

## Information Security Incidents and Customer Privacy (GRI 418)

Information security incidents numbered zero in both 2024 and 2025. In accordance with GRI 418-1, substantiated complaints concerning breaches of customer privacy during the reporting period numbered zero, and identified leaks, thefts, or losses of customer data numbered zero. The completion rate for employee information security awareness training was 100% in 2025 (Taipei office; see 6.01.7). Management activities such as updating security policy, vulnerability scanning and penetration testing, and business continuity plan (BCP) exercises are described in the information and communication security section of the Company's annual report.

| Information security indicator | 2024 | 2025 |
|---|---|---|
| Information security incidents | 0 | 0 |
| Substantiated complaints concerning breaches of customer privacy (418-1) | 0 | 0 |
| Leaks, thefts, or losses of customer data | 0 | 0 |
| ISMS (ISO 27001) certification | None | None |
| Information security management arrangements (policy, vulnerability scanning, business continuity management; for the training completion rate, see 6.01.7) | Established and in continuous operation | Established and in continuous operation |

4.07

# Intellectual Property Management

## Policy and Commitment

The Company respects and protects both its own intellectual property rights and those of third parties, and incorporates intellectual property management into its research and development, production, and business activities.

## Management Structure and Responsibilities

The responsible units within the Company manage intellectual property matters under its internal rules, covering the application for, maintenance of, and use of patents, trademarks, copyrights, and trade secrets.

## Management Measures

The Company's management measures cover:

**01** The patent and trademark portfolio for the results of research and development, and its maintenance;

**02** Protection of trade secrets, including confidentiality and non-competition undertakings from employees;

**03** Respect for third-party intellectual property rights and the avoidance of infringement; and

**04** Training and internal communication on intellectual property. These measures are applied in accordance with the Company's internal rules. The Company has obtained a cumulative total of 78 patents (6 invention patents and 72 utility model patents), covering core technologies such as foam processing.

## Quantitative Information

| Intellectual property indicator | 2024 | 2025 |
|---|---|---|
| Patents in force (cumulative) | – | 78<br>(6 invention patents, 72 utility models) |
| Intellectual property infringement or litigation cases | 0 | 0 |

4.08

## Participation in Associations and Organizations

The Company takes part in industry associations and related organizations to keep abreast of industry trends and to take part in discussions on standards. The associations and industry organizations in which the Company participates, and its membership status, are set out in the table below (participation is through Vanguard, the principal production base). There were no significant changes in 2025.

| Association or organization | Membership status |
|---|---|
| High-Tech Industrial Development Zone Chamber of Commerce, Zhejiang Province | Member |
| High-Tech Enterprise Association of Jiaxing, Zhejiang Province | Member |
| Zhejiang Province Furniture Association | Member |
| Energy Conservation Association of Xiuzhou District, Jiaxing, Zhejiang Province | Member |
| Human Resources Association of Xiuzhou District, Jiaxing, Zhejiang Province | Member |
| Digital Trade Promotion Association of Jiaxing, Zhejiang Province | Member |
| Zhejiang Foreign Investment Social Responsibility Alliance | Member |

4.09

## Product Management

The Company treats customer health and safety and honest product information and labeling as the core of its product responsibility. The value creation aspects of product research and development, innovation, and sustainable design are described in Chapter 5.

### Quality Management and Customer Health and Safety (GRI 416)

Each of the Company's production bases has established a quality management system: Vanguard and Enrich hold ISO 9001 quality management system certification. The Company conducts customer satisfaction surveys; the customer satisfaction score was 97.5 in both 2024 and 2025, with a response rate of 100%.

In accordance with GRI 416-2, there were zero violations of product safety regulations and zero product recalls in 2025.

| Product health, safety, and quality | 2024 | 2025 | Notes |
|---|---|---|---|
| Quality management system certification | ISO 9001(Vanguard, Enrich) | Same as 2024 | |
| Customer satisfaction (score) | 97.5 | 97.5 | Response rate 100% |
| Product safety regulation violations / recalls | 0/0 | 0/0 | |

### Marketing and Labeling (GRI 417)

Product labeling discloses the information required by the regulations of each sales market (such as material composition and information on safe use and disposal), and products that meet sourcing requirements carry an environmental label (FSC). Incidents of non-compliance concerning product information and labeling numbered zero in both 2024 and 2025, as did incidents of non-compliance concerning marketing communications.

## 4.10 Supplier Management

The Company's supply chain management covers the full process of supplier development, selection, review, performance evaluation, and exit, and responds to major customers' supplier codes of conduct and ESG audit requirements. The systems and quantitative information below are disclosed mainly for Vanguard, the principal production base; items that concern Enrich are identified by site in the relevant paragraphs.

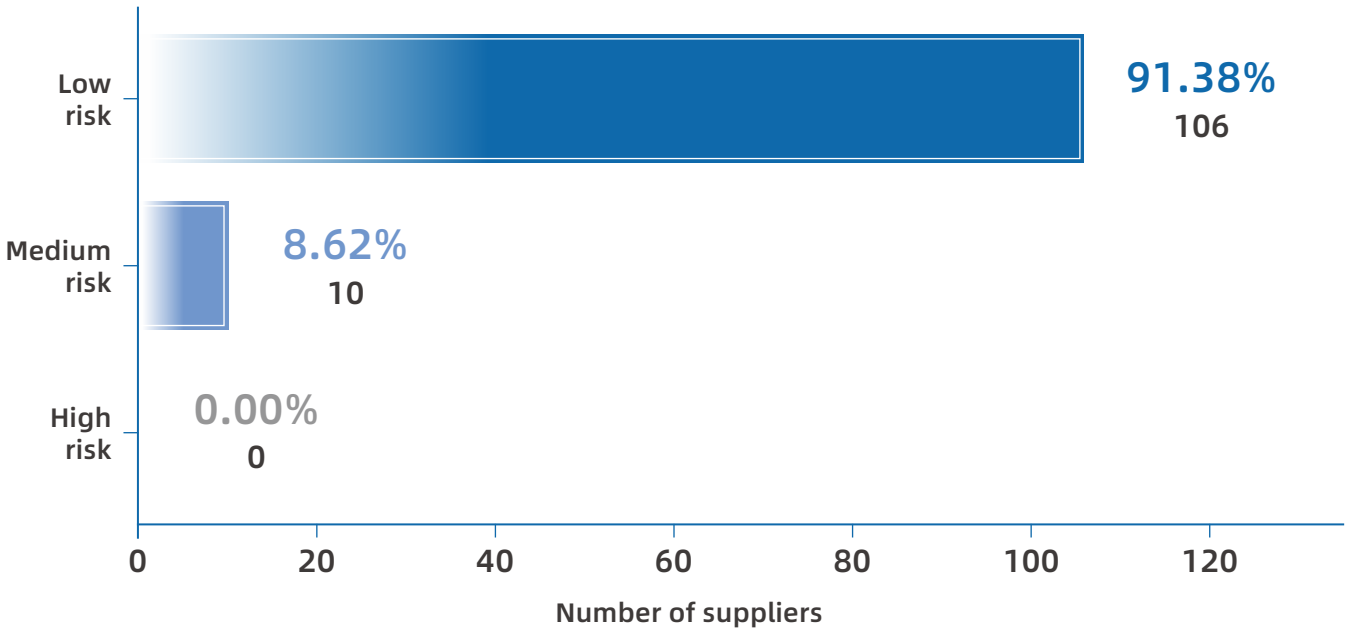
### Supply Chain ESG Management System

Vanguard has established a Green Supply Chain Management Information Platform covering 3 modules: green production, green supply chain, and green development. It applies automatic disqualification for GP/RoHS non-compliance in green procurement. Supplier management runs through the full process of development, selection, review, performance evaluation, and exit. Suppliers are assessed against 6 primary indicators and 20 secondary indicators under the Green Supply Chain Evaluation Guidelines, using the green supply chain index method, with the excellent grade set at 80 points or above, and are required to sign the Green Supply Chain Joint Commitment Letter. Vanguard also raises the standard of supplier management through annual on-site assessment and guidance, supplier conferences, and training.

## Supplier Environmental and Social Assessment (GRI 308/414)

Under the Vanguard supplier risk-tier assessment (based on data for 2020-2023), 116 suppliers have completed ESG rating, of which 106 (91.38%) were rated low risk, 10 (8.62%) medium risk, and zero (0%) high risk; the results are shown in Figure 4-6. No suppliers were identified as having significant potential or actual negative social risk (zero at both Vanguard and Enrich). The Company operates a supplier exit process. Suppliers must pass a selection procedure incorporating environmental and social criteria before they are added to the approved supplier list; all 169 raw material suppliers added at Vanguard in 2025 completed this procedure, so 100% of new suppliers were screened against environmental and social criteria. Building on this, wood suppliers designated by major international and regional brand customers undergo the additional environmental and social assessment those customers require: all 10 designated wood suppliers completed this assessment in 2025, while the remaining 5 non-designated wood suppliers have not yet been included in it (coverage of wood suppliers for this assessment was approximately 66.7%). At the Enrich plant, there were 12 wood suppliers in 2025, selected and assessed under the same framework. Through Vanguard's internal audit, the Company also tracks how major customers' supplier codes of conduct and ESG audit requirements are being rolled out across the supply chain.

Figure 4-6 Supplier Risk Tiers (Vanguard, 116 suppliers in total)




Note: Rating based on data for 2020 to 2023.

| GRI 308/414 disclosure | Value | Scope / year | Notes |
|---|---|---|---|
| Suppliers that have completed ESG rating | 116 | Vanguard (rating based on data for 2020-2023) | |
| Direct raw material suppliers in 2025 | 169 | Vanguard 2025 | Enrich 104 (see Local Procurement) |
| Risk tier (low / medium / high) | 106 (91.38%)<br>10 (8.62%)<br>0 (0%) | Vanguard | Rating based on 2020-2023 |
| Suppliers with significant social risk (414) | 0 | Vanguard, Enrich | |
| Percentage of suppliers screened against environmental and social criteria (308-1/414-1) | Vanguard 100% (all suppliers added to the approved supplier list have been through a selection procedure incorporating environmental and social criteria) | Vanguard 2025 | |
| Suppliers screened against environmental and social criteria in 2025 | All 169 approved suppliers at Vanguard were screened; of these, the in-depth assessment of wood suppliers designated by brand customers covered 10 of 15 | Vanguard 2025 | |

## Local Procurement (GRI 204)

In the past 2 years, no single supplier has accounted for 10% or more of the Company's total purchases, and its sources of supply are relatively diversified. According to the 2025 list of raw material suppliers, Vanguard, the principal production base, had 169 direct raw material suppliers and Enrich had 104 (non-material subsidiaries such as Sovereign are outside the reporting scope of this report). By location, all of Vanguard's suppliers were in mainland China (local procurement in mainland China accounted for 100%, of which 92 suppliers, or 54.4%, were in Zhejiang, the province in which the plant is located), which is consistent with a localized near-sourcing model at the principal production base. Enrich sourced mainly from suppliers in Thailand, with 72 local Thai suppliers accounting for 69.2%, supplemented by mainland China (17 suppliers) and by suppliers in India, the United States, Vietnam, and elsewhere. The local procurement percentages above are currently calculated on the basis of the number of suppliers (GRI 204-1).

## Timber Sourcing and FSC (Material Topic: Timber Sourcing and FSC Certification / GRI 304/308)

Timber is one of the Company's principal raw materials, and its legal sourcing and forest sustainability are a focus of attention for major customers and markets.

Vanguard, the principal production base, holds FSC Chain of Custody (CoC) certification, certificate number SGSHK-COC-011772 (CN15/30532) and FSC trademark license code FSC® A000523, valid from April 22, 2025 to April 21, 2030 (issued by SGS, with certification maintained since 2015). The scope of certification covers the manufacture and sale of FSC 100% and FSC Mix wood panels such as plywood, MDF, HDF, particleboard, oriented strand board (OSB), and laminated veneer lumber (LVL), together with furniture components, FSC Recycled paperboard, and indoor furniture.

As to wood supply, Vanguard had 15 wood suppliers in 2025, located in Zhejiang, Jiangsu, Anhui, Henan, Hebei, and Shandong in mainland China, and Enrich had 12 wood suppliers in 2025, located in Thailand, mainland China, and Vietnam, supplying plywood, particleboard, solid wood, fiberboard, OSB, LVL, and wood legs.

Traceability of legally sourced timber and forestry compliance management are carried out in line with the supplier requirements of major international and regional brand customers and with chain-of-custody mechanisms, and the Company continues to strengthen its controls over the legal sourcing of timber in response to customer requirements.

| Timber / FSC disclosure | Value |
|---|---|
| FSC CoC certification held / certificate number / validity | Held by Vanguard; SGSHK-COC-011772 (CN15/30532), FSC® A000523; valid from April 22, 2025 to April 21, 2030 (SGS, since 2015) |
| Number of wood suppliers | Vanguard 15, Enrich 12 |
| Main timber sourcing regions / traceability | Sourcing regions: for Vanguard, mainland China (Zhejiang, Jiangsu, Anhui, Henan, Hebei, and Shandong); for Enrich, Thailand, mainland China, and Vietnam. Traceability of legally sourced timber is carried out in line with the requirements of major brand customers and with chain-of-custody mechanisms |
| SASB CG-BF-430a.1 Wood Fiber Sourcing | • Wood suppliers: Vanguard 15, Enrich 12;<br>• sources cover mainland China (Zhejiang, Jiangsu, Anhui, Henan, Hebei, and Shandong), Thailand, and Vietnam.<br>• Vanguard holds FSC Chain of Custody (CoC) certification (see above) |



Innovation.



Innovation & Efficiency

Chapter

# 05

# Operations and Product Innovation

Chapter

# 05 Operations and Product Innovation



## 5.0 About this chapter

The reporting scope of this chapter is all 3 sites in full

- Taipei office
- Vanguard
- Enrich

**The reporting period**

January 1, 2025 to December 31, 2025

**Amounts are stated in**

NT$ thousands

The Company's core business is the research, development, production, and sale of indoor furniture, with sofas as its main product. Over more than twenty years it has established integrated capability spanning product design, materials development, manufacturing, and sales. With end-market demand softening, customers ordering conservatively, and demand for customization rising, the Company relies on research and development, design, and manufacturing flexibility to maintain product differentiation and gross margin, and is moving progressively from contract manufacturing toward brand design.

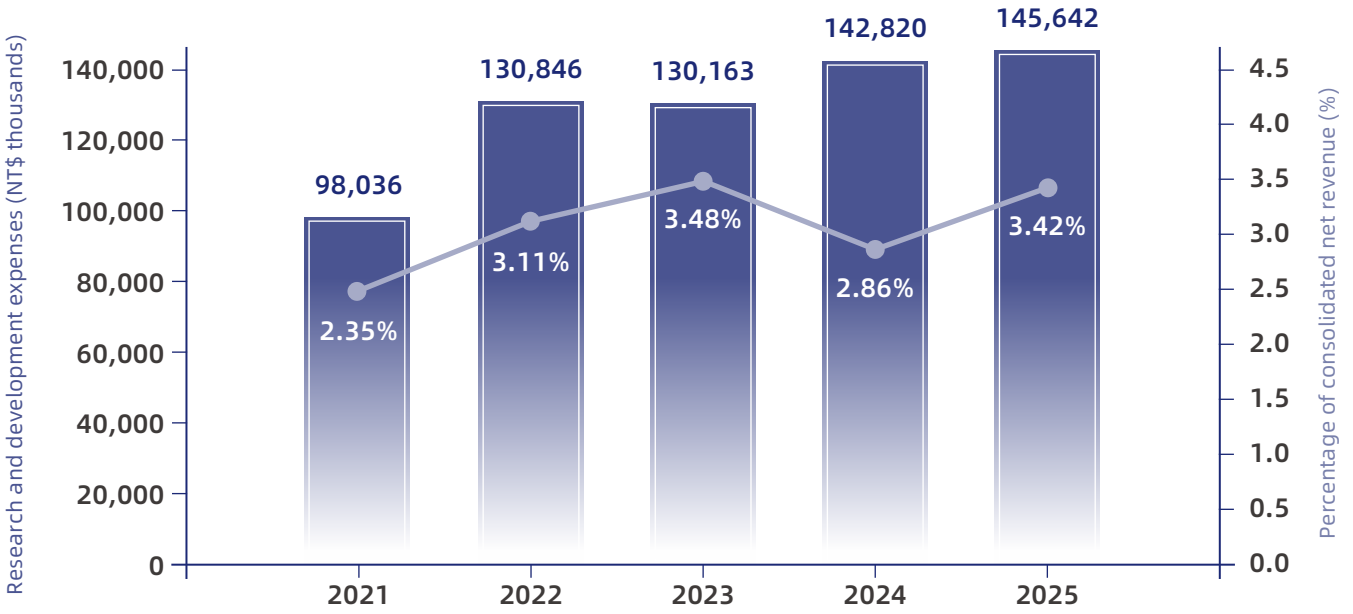
5.01

# Research and Development Investment and Innovation Strategy

## Research and Development Investment and Resource Allocation

The Company adds research and development units according to customer requirements and product characteristics so that each can be managed on a differentiated basis, and it continues to invest research and development resources to strengthen its products. Research and development expenses were NT$145,642 thousand in 2025, approximately 3.42% of consolidated operating revenue, compared with NT$142,820 thousand, approximately 2.86%, in 2024. Over the past 5 years, research and development expenses have trended upward overall:

Figure 5-1 Research and Development Expenses and Percentage of Revenue, Past Five Years




Research and development investment is not reflected only in expenses; it also moves in step with upgrades to production equipment and processes. Purchases of property, plant, and equipment were NT$56,860 thousand in 2024 and NT$35,058 thousand in 2025, directed mainly at the purchase and implementation of information systems, the construction of a data center, and automated production equipment, with the expected benefits of shortening product development lead times, raising production efficiency, and lowering production costs. Research and development expenses are budgeted on a rolling basis according to the progress of new product and process development, and are adjusted as new product development plans advance and testing equipment is purchased. Research and development expenses of NT$93,945 thousand are budgeted for 2026 to support subsequent development programs and strengthen the Company's competitiveness in the market.

## Research and Development Governance, Organization, and Division of Responsibilities

The Company's research and development organization is divided by function. The research and development department sets new product plans and carries out development and design work, while the engineering department is responsible for drafting, pilot runs of mass production processes, craft processes, and product improvement. Building on the existing product development team, the Company also established a design team and set up research and development units dedicated to individual customers, producing high-quality furniture designs that combine aesthetics and current styling with market requirements. This model of dedicating a research and development unit to each customer allows the Company to stay close to each customer's brand positioning and requirements and to offer differentiated product development.

The Company's core research and development managers each have more than 20 years of experience in product design, materials development, structural and tooling design, and process optimization, and the Company has its own polymer (foam) improvement technology and testing equipment. At the end of 2025, the Vanguard plant had 188 research and development staff, making it the principal base for the Group's research and development capability.

## Research Platforms and Innovation Credentials

Vanguard, the Group's principal production base in Jiaxing, holds the following research and development and intellectual property credentials:

| Research and innovation credential | Designating authority |
|---|---|
| Zhejiang Province Science and Technology Small and Medium Enterprise | Department of Science and Technology of Zhejiang Province |
| Provincial-Level Industrial Design Center, Zhejiang Province | Department of Economy and Information Technology of Zhejiang Province |
| High-Tech Enterprise | Department of Science and Technology of Zhejiang Province and others |
| Provincial-Level High-Tech Enterprise Research and Development Center | Department of Science and Technology of Zhejiang Province |
| Provincial-Level Enterprise Research Institute | Department of Science and Technology of Zhejiang Province |
| Provincial-Level Intellectual Property Model Enterprise | Jiaxing Municipal Administration for Market Regulation |

These credentials fall into 3 categories: research institutions, industrial design, and intellectual property. All were granted by the competent authorities of Zhejiang Province and Jiaxing Municipality.

## Research Directions and Priority Areas

The Company's research and development rests on 2 main directions, the development of alternative wood structure products and the development of sustainable and environmentally friendly materials, and extends to the following priority areas:



**Sustainable and environmentally friendly materials**
in response to customers' interest in health, the environment, and lifestyle, the Company uses low-carbon, environmentally friendly materials such as antibacterial raw materials and formaldehyde-free panels in its furniture, and continues to develop new recyclable materials.



**Ergonomics**
materials and structural development focus on ergonomic application, improving product comfort and the user experience.



**Modular and shared structures**
in response to trends toward smaller living spaces and personalized homes, the Company is developing furniture with modular and shared structures, which lowers development costs.



**Foam improvement**
drawing on its core polymer (foam) improvement technology, the Company is developing new foam materials that are non-toxic and environmentally friendly, recyclable, and easy to transport.

## Innovation Results and Intellectual Property

On design and development, the Company's development team has many years of experience in sofa design and development. Over the past 3 years it has jointly developed 23 series and 66 products with major international and regional brand customers, and 57 series and 20 new products with other customers. The Company carries out technical research and files patent applications: its process patents support its ability to complete finished goods production in-house, while its product patents are positioned around customer collaboration and business development. The number of patents and the systems for managing them are described in Chapter 4, 4.07. In automation, the Company put a set of flexible automated wood-frame assembly equipment into service in 2024 to reduce the reliance of the process on manual labor.

Note: the numbers of series and products in this section are counts of joint development projects over the past 3 years, presented separately by customer group (major international and regional brand customers, and other customers). Counts produced on a different statistical scope (such as a cumulative total for a single customer), over a different range of years, or under different definitions of series and product are prepared on a different basis from the figures in this section and should not be compared directly with them.

## Future Research Directions

In response to the rapid rise of e-commerce and to the trend in which customized demand exceeded 65% of furniture industry demand in 2025, the Company's main technical development directions are ease of product assembly, automated production technology, product distinctiveness, and light weight. Research and development expenses of NT$93,945 thousand have been budgeted for 2026 and will be adjusted on a rolling basis as new product development plans progress.

5.02

## Product Innovation and Design

### Business Model and Design and Development Capability

The Company's business covers 3 models, OEM, ODM, and OBM, and it provides integrated service from product design through manufacturing to sales. Among its major international and regional brand customers, the largest customer works with the Company under a joint development model: the customer supplies the product concept and market requirements, while the Company researches and develops the product structure and materials. Under ODM service, the Company designs the product, supplies the customer with drawings, and then manufactures to order. Under OBM, the Company is also developing its own brand business. As a result, when a customer supplies only a concept, the Company is still able to complete the design of the product structure, the materials, and the manufacturing processes, rather than acting solely as a contract manufacturer.

### Customization Capability and Product Differentiation

The Company has raised the proportion of customized products to improve gross margin and its customer mix. The Enrich plant has focused on customized products since it began production in 2023, and customized demand exceeded 65% of furniture industry demand in 2025.

### Full-Process Manufacturing System and VPS

The Company has established a full-process workstation system covering foaming; spring unit production; solid wood processing; panel carving and cutting; wood sanding and painting; fabric cutting and sewing; plastic injection molding; and metal fabrication, welding, and powder coating. Combined with its assembly lines, this system has produced VPS (Vanguard Production System), a production management model driven by information at its core. VPS links the material flows of the individual workstations through a single information flow, so that production scheduling, material issue, and handover between processes are driven by system data. This reduces paperwork and waiting time and supports the scheduling and volume production of varied and customized products.

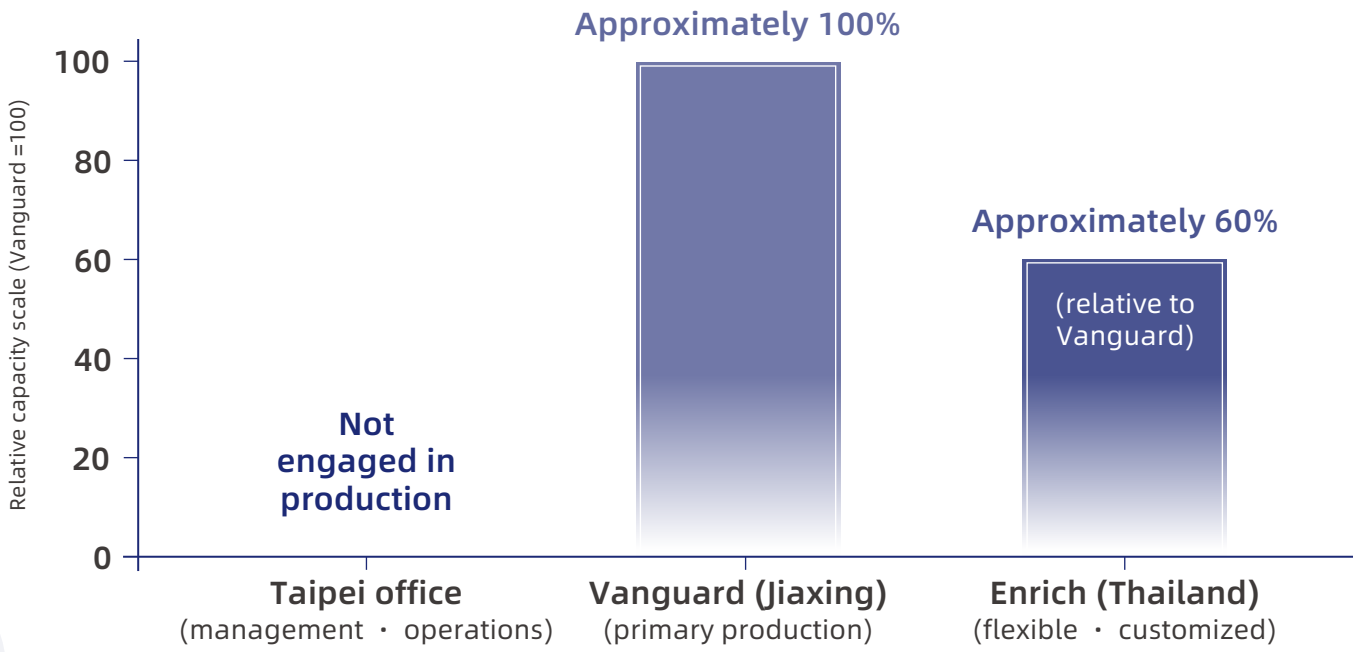
### Smart Manufacturing and the Shift to Automation

The Company continues to advance smart manufacturing and the shift to automation. In addition to the flexible automated wood-frame assembly equipment introduced in 2024, the foam lines are equipped with automated foam cutting equipment; foam shredding machines; and synthetic-fiber opening, blending, and filling equipment developed in-house. Information systems, the data center, and Internet of Things (IoT) deployment support the automated lines. The related capital expenditure went mainly into information systems, the data center, and automated equipment (amounts are given in 5.01), shortening development lead times, raising efficiency, and lowering costs.

## Three-Site Manufacturing Footprint and Flexible Capacity

The Company operates a three-site manufacturing footprint. The Taipei office is responsible for group management and external operations. Vanguard is the primary production base and has full-process production capacity. The new Enrich plant was completed and came into operation in April 2023 with capacity of approximately 60% of Vanguard's. It has 1 foaming line and 3 workstations (foam cutting; wood carving and cutting; and fabric cutting and sewing) and can be reconfigured into 18 assembly lines, giving it flexible production capacity that can be adjusted to match orders.

Figure 5-2 Three-Site Manufacturing Footprint and Relative Capacity Allocation




Note: The Taipei office is the site for group management and external operations and is not engaged in production, so no relative capacity is shown.

## Core Foam Technology

Foam performance directly determines the comfort, resilience, safety, and durability of a sofa. The Company has long specialized in polymer (foam) improvement technology and, with its own foam production lines and specialist foaming engineers, has developed new foam materials that are non-toxic and environmentally friendly, recyclable, and easy to transport. It has also established chemical traceability and batch-level physical property testing, so that quality can be traced at every stage.

## Product Innovation in Response to Changing Sales Channels

In response to the rapid rise of e-commerce and continued growth in online furniture purchasing, the Company is developing lightweight, easy-to-assemble sofa products suited to omnichannel sales, which can be shipped as parcels through e-commerce platforms and support the expansion of the Company's own brand in online channels.

5.03

# Sustainable Products and Life Cycle Design

## Management Approach (GRI 3-3)

| | |
|---|---|
| **Materiality** | The principal inputs to the Company's products are timber, fabric, polyurethane (PU) leather, plastics, metal, synthetic fiber, and packaging materials. The sustainability of these materials, the proportion of recycled and reused input, and the legality of timber sources bear directly on the environmental footprint of the products and are procurement requirements of the Company's major international and regional brand customers. Product life cycle and sustainable design (corresponding to the material topic Sustainable Product Design and Life Cycle) therefore constitute a material topic for the Company, with financial materiality through its bearing on orders. |
| **Policy and commitments** | The Company continues to develop new materials that raise the recyclability of its materials and products, incorporates sustainability thinking into material selection and product structural design, and is developing low-carbon, environmentally friendly, and recyclable furniture products. |
| **Actions** | Development of alternative wood structure products; introduction of low-carbon, environmentally friendly materials such as formaldehyde-free panels and antibacterial materials; modular and shared structural design to reduce material consumption and extend product service life; use of recycled polyester (r-PET) fabrics and synthetic fibers with high recycled content; and use of recyclable FSC-certified packaging materials. |
| **Targets and performance** | The Vanguard plant maintained a high proportion of recycled input for its principal recyclable materials (in 2025, 87% for fabric, 86% for PU leather, and 100% for synthetic fiber). All packaging materials for brand customers used FSC-certified paper, while some packaging for individual non-brand customers did not, and 100% of packaging materials were recyclable. Quantified sustainable design targets applying consistently across the 3 sites are still being planned. |
| **Responsible units** | The research and development department, the engineering department, the quality assurance department, and strategic procurement. |

## Sustainable Design Approach and Use of Low-Carbon Materials

The Company builds sustainability into product design and material selection. Structurally, it uses alternative wood structures and modular and shared structural design to reduce timber consumption and improve product durability. In materials, it has introduced low-carbon, environmentally friendly materials such as formaldehyde-free panels and antibacterial raw materials. It makes extensive use of recycled polyester (r-PET) fabrics as its principal face fabric, with some fabrics also made of BCI Cotton (cotton sourced through the Better Cotton Initiative). Its foam uses new materials that are non-toxic, environmentally friendly, and recyclable.

## GRI 301-1 Materials used by weight or volume

Consumption of principal raw materials at the Vanguard plant in 2025, by material category, was as follows (units follow the measurement convention for each material: cubic meters for timber, meters for fabric and leather, pieces for plastics, and metric tons for metal, synthetic fiber, and packaging):

| Material category | 2025 | 2024 | Unit |
|---|---|---|---|
| **Timber** pine, plywood, particleboard, oriented strand board, LVL, fiberboard, and other categories; 13 categories in total | 30,381.80 | 35,282.06 | Cubic meters |
| **Fabric** mainly recycled polyester, r-PET | 1,618,314.94 | 2,585,062.81 | Meters |
| **Leather** PU | 279,671.68 | 400,106.58 | Meters |
| **Plastics** | 12,495,323 | 13,504,373 | Pieces |
| **Metal** steel wire and steel tube | 1,622.69 | 2,210.99 | Metric tons |
| **Synthetic fiber** | 1,112.43 | 1,427.20 | Metric tons |
| **Elastic fiber fill** | 647.17 | 867.00 | Metric tons |
| **Packaging materials** | 7,348.01 | 8,364.88 | Metric tons |

The principal raw material at the Enrich plant in 2025 was timber (FSC-certified panels purchased externally), with purchases of 4,138.68 cubic meters (volume converted from the purchase specifications; Enrich has been reported separately only since 2025, so no comparable figure for 2024 is available). The Taipei office is an office site and does not consume raw materials. Consumption of most material categories at the Vanguard plant fell in 2025 compared with 2024, consistent with the change in the scale of revenue during the year.

| Based on the material statistics for the Vanguard plant in 2025 (calculated on the basis of material weight) | Renewable materials accounted for 36.64% | Non-renewable materials for 63.36% |
|---|---|---|

Figure 5-3 Timber Raw Material Mix at the Vanguard Plant (2025, cubic meters)

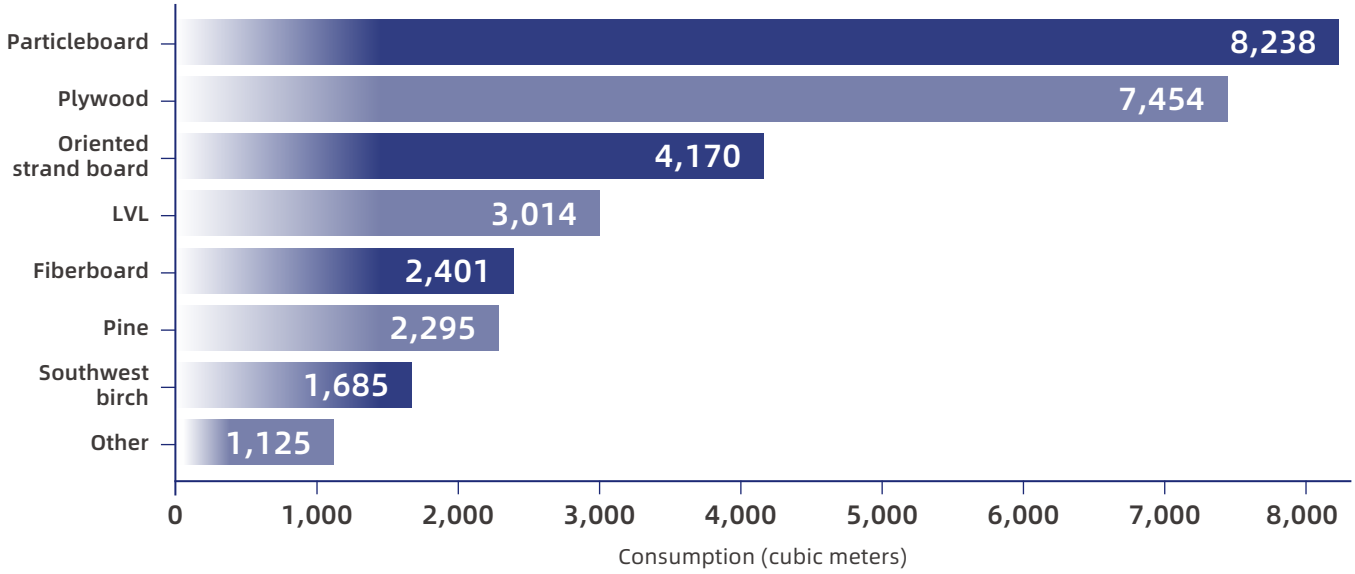
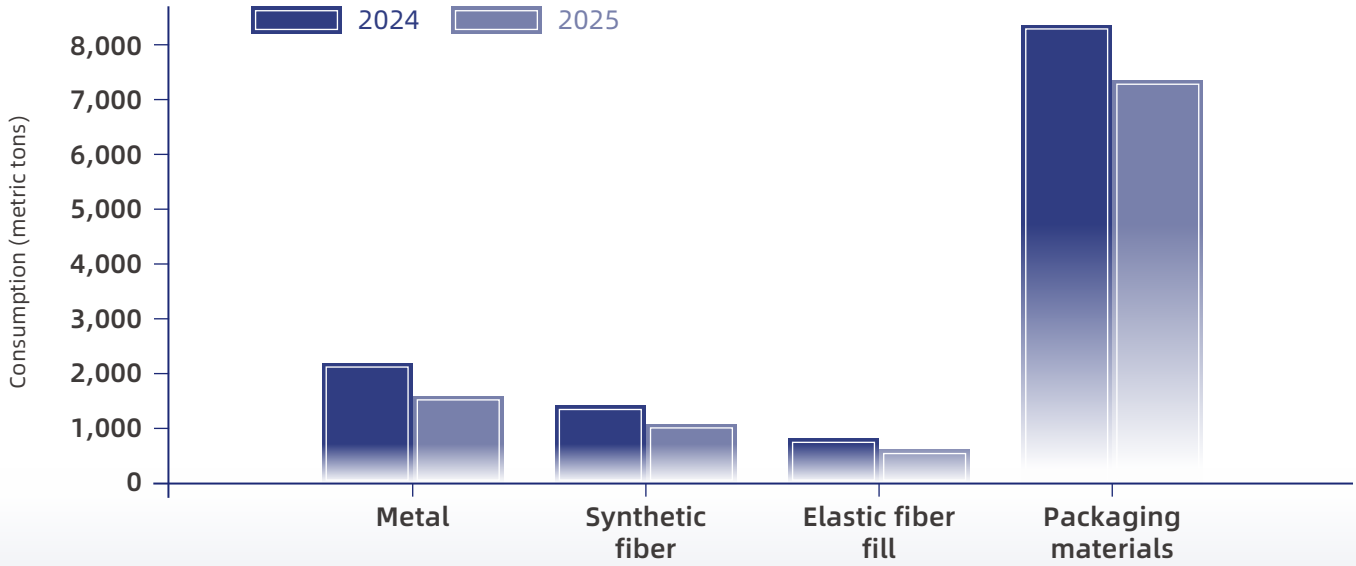



Figure 5-4 Principal Material Consumption, 2024/2025 Comparison (metric tons)



## GRI 301-2 Recycled input materials used

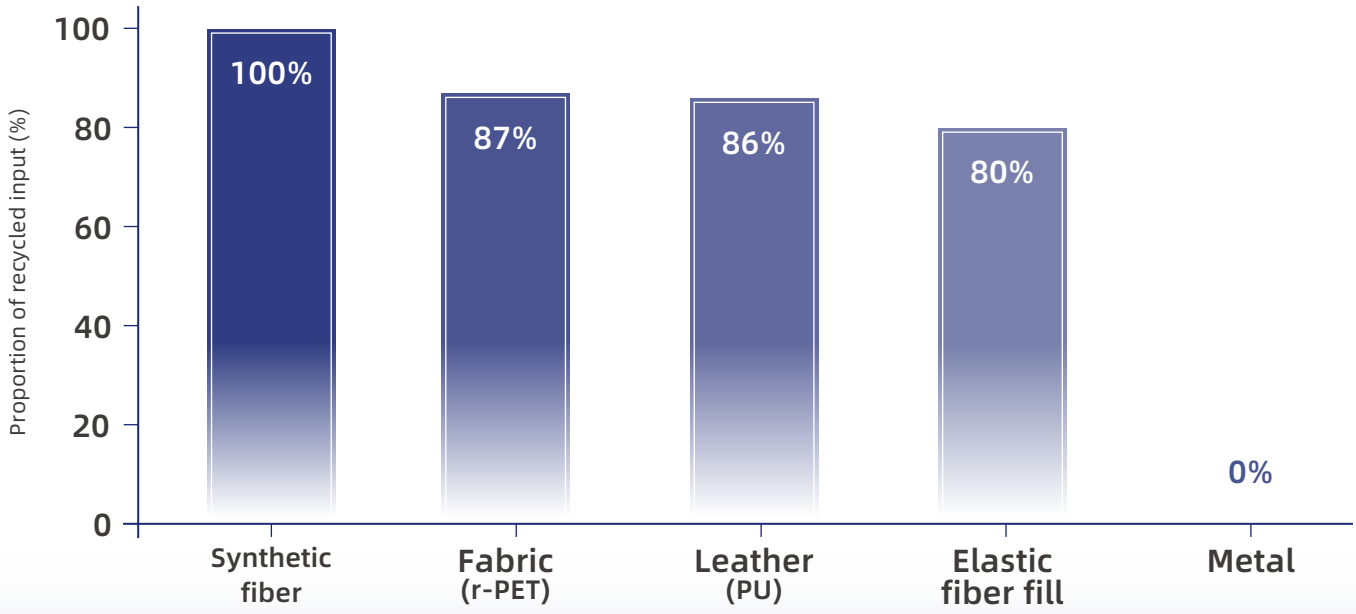
The Company's principal face fabric is recycled polyester (r-PET, recycled polyester fiber), which is the substantive source of its high proportion of recycled input. Recycled polyester (r-PET) accounted for 99.9% of the fabric purchased at the Vanguard plant in 2025. Because some items are blends (cotton and polyester, with the polyester component made from 100% recycled material), the proportion of recycled input for fabric as a whole was 87%. The proportion of recycled input for each of the principal recyclable materials at the Vanguard plant is set out below (the proportion is recycled input divided by the total input of that material category):

| Material category | Proportion of recycled input (2025) | Proportion of recycled input (2024) |
|---|---|---|
| **Fabric** (recycled polyester, r-PET) | 87% | 87% |
| **Leather** (PU) | 86% | 86% |
| **Synthetic fiber** | 100% | 100% |
| **Elastic fiber fill** | 80% | – |
| **Metal** (steel wire and steel tube) | 0% | 0% |

Note: a dash in a cell indicates that the data for that year has not been confirmed and is therefore not disclosed.

The proportion of recycled input for timber, the principal raw material at the Enrich plant, was 0%. The high proportion of recycled input for fabric and leather reflects the extent to which the Company circulates its principal recyclable materials. For metal (steel wire and steel tube), suppliers did not provide documentation evidencing recycled content, so the Company has taken a conservative approach and recognized it as 0%.

Figure 5-5 Proportion of Recycled Input by Material at the Vanguard Plant (2025)



## GRI 301-3 Reclaimed products and their packaging materials

Packaging materials at the Vanguard plant totaled 7,348.01 metric tons in 2025 (8,364.88 metric tons in 2024). All packaging materials for brand customers used FSC-certified paper, with certification types including FSC Recycled, FSC Recycled Credit, and FSC Mix, while some packaging for individual non-brand customers did not use FSC-certified paper. The principal packaging items are kraft paper, corrugated board, and paper pallets, and 100% of packaging materials were recyclable. These packaging figures are compiled from the Vanguard plant's monthly incoming material records, in which the FSC certification category of each item is logged.

## Product Life Cycle Management and Circular Design

**The Company has introduced sustainability considerations at the front end of the product life cycle, in material selection and structural design.**

Modular and shared structures extend product service life and reduce development and material consumption. Recycled and recyclable materials reduce the environmental footprint. Non-toxic, environmentally friendly materials reduce health risks during the use phase. Take-back and circularity programs after products are sold are carried out in line with the product plans of the Company's major brand customers.

## Legal Timber Sources

Vanguard, the Company's principal production base in Jiaxing, holds FSC Chain of Custody (CoC) certification (certificate number SGSHK-COC-011772, valid from April 22, 2025 to April 21, 2030; see Chapter 4, 4.10, Supplier Management). The scope of the certification covers both FSC 100% and FSC Mix wood-based panels (plywood, MDF, HDF, particleboard, OSB, LVL, and others) and FSC Recycled paperboard. All packaging paper the Company supplies to brand customers uses FSC-certified paper. The proportion of FSC-certified timber purchased and the arrangements for tracing legal timber sources (corresponding to the material topic Timber Sourcing and FSC Certification) are described in Chapter 4, 4.10.



Social.

Chapter

06

# Social

Chapter

# 06 Social



## 6.0 About this chapter

| The reporting scope of this chapter is all 3 sites in full | The reporting period | Headcount is calculated as |
|---|---|---|
| The Taipei office, Vanguard, and Enrich. | January 1, 2025 to December 31, 2025 | The number of employees on the payroll at each site at year end. |

The Company is a furniture manufacturing group operating in Taiwan, mainland China, and Thailand. Its workforce consists mainly of production line workers, and it employs large numbers of Myanmar nationals and other foreign migrant workers at the Enrich plant in Thailand. In an operating environment of rising labor costs, difficulty in recruiting, and increasingly demanding social responsibility audits by international brand customers, the protection of employee rights, human rights due diligence, and occupational health and safety are the foundations on which the Company maintains stable production, customer trust, and operational resilience. They are also the group of topics rated highest, high on both impact and financial materiality, in this year's double materiality assessment.

The customer responsibility aspects of product safety, quality, and marketing labeling are described in Chapter 4, 4.09, and the legality of suppliers' timber sources and their environmental assessment in Chapter 4, 4.10.

The Company's operating boundary covers all 3 sites in full: the Taipei office, Vanguard, and Enrich. Subsidiaries still in the follow-and-learn stage (Maxima in Zhejiang and Sovereign in Jiaxing) are not yet included in this year's social and occupational health and safety statistics. Some of the descriptions of management systems are drawn from practice at Vanguard, the primary production base; they are presented on a Vanguard plant basis and are not extended to the Group as a whole, and the site concerned is identified at each point.

6.01

# Workforce Development and Employee Structure

## 6.01.1 Human Rights Policy and Commitments

The Company follows international human rights and labor standards, including the International Bill of Human Rights, the ILO Core Conventions, and the UN Global Compact, and refers to the Responsible Business Alliance (RBA) Code of Conduct, respecting and dealing fairly with all workers. The Company complies with the labor laws of each of its operating locations and supports and implements international labor and human rights standards, including the ILO Tripartite Declaration of Principles, the OECD Guidelines for Multinational Enterprises, and the Universal Declaration of Human Rights.

Internally, the Company has established work rules covering freedom of association and collective bargaining, non-discrimination, the prohibition of child labor, the prohibition of forced labor, grievance handling, and employee benefits. These rules provide for fair and reasonable treatment of all employees in hiring, pay, training, promotion, dismissal, and working conditions, and they prohibit discrimination and inhumane treatment of any kind; they also emphasize freedom of religious belief, the prohibition of sexual harassment, freedom of association, and the right to collective bargaining. At Group level, the Company has adopted the Group Measures for the Prevention of Sexual Harassment and Discrimination, which apply to all employees.

**Scope of application:** the Company's human rights commitments apply to all employees at its 3 sites and, so far as reasonably practicable, extend to customers, suppliers, and the local communities in which its operations are located. The human rights due diligence carried out this year and the management of foreign migrant workers are described in 6.02.

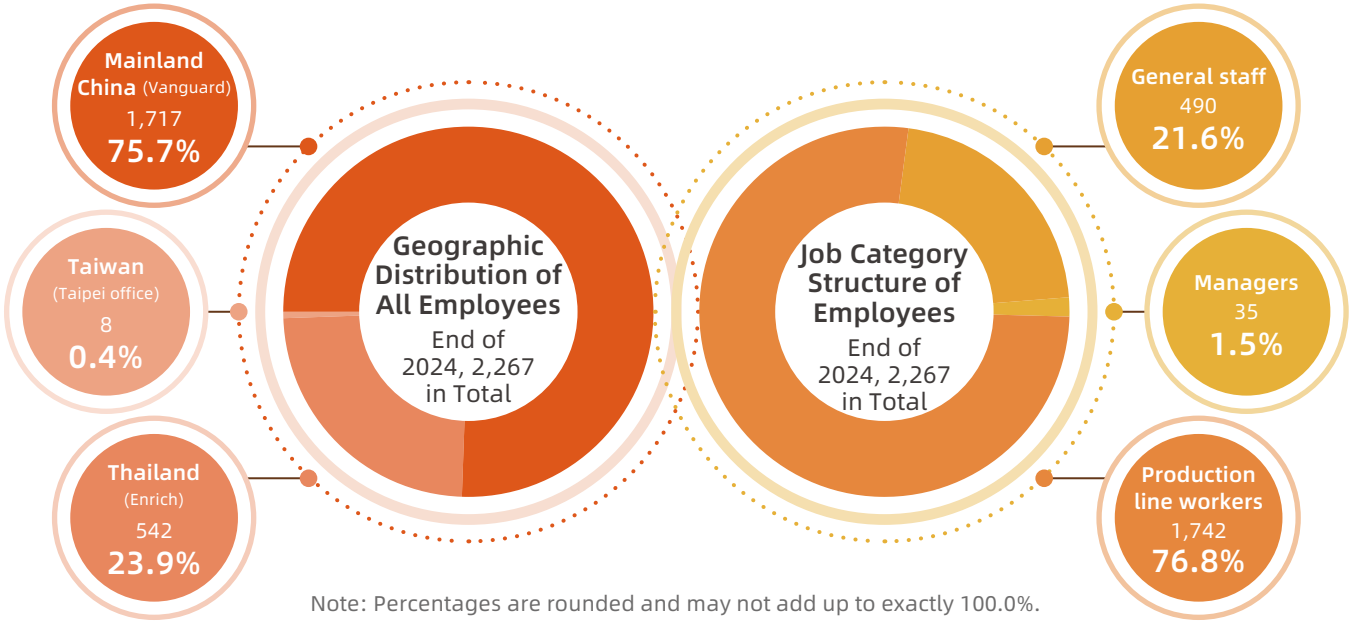
## 6.01.2 Employee Structure

As of the end of 2024, the Company had 2,267 employees in total, of whom 62.9% were men and 37.1% women, and women accounted for 28.7% of all managerial staff. Average age was 36.9 years and average length of service 4.3 years. The workforce consists mainly of production line workers, and of the 3 sites, mainland China (Vanguard) is the largest. Headcount and job category structure by location are as follows:

| Employee structure at the end of 2024 | Headcount | Share |
|---|---|---|
| Managers | 35 | 1.5% |
| General staff | 490 | 21.6% |
| Production line workers | 1,742 | 76.8% |
| Total | 2,267 | 100% |
| Average age | 36.9 years | – |
| Average length of service | 4.3 years | – |

| Headcount by location (end of 2024) | Headcount | Share |
|---|---|---|
| Mainland China (Vanguard) | 1,717 | 75.7% |
| Thailand (Enrich) | 542 | 23.9% |
| Taiwan (Taipei) | 8 | 0.4% |
| Total | 2,267 | 100% |

Figure 6-1 Geographic Distribution and Job Category Structure of All Employees (End of 2024)




Note: Percentages are rounded and may not add up to exactly 100.0%.

By education, at the end of 2024, 87.73% of all employees had completed senior high school or below, 11.87% held a university or junior college qualification, and 0.4% held a master's degree, reflecting a workforce structure centered on production and manufacturing.

**Two-year comparison for 2025**

The Taipei office had 10 full-time employees during the year (6 men and 4 women), of whom 7 held managerial positions (section manager and above). All were Taiwanese nationals and no foreign nationals were employed. During the year, 2 employees joined and 2 left the Taipei office (new hires and departures at Vanguard and Enrich are not yet included in this year's statistics and will be disclosed in future years). The number of foreign migrant workers at the Enrich plant increased from the previous year (see 6.02). At the end of 2025 the Group had 2,025 employees in total (37 managers, 505 general staff, and 1,483 production line workers), down from 2,267 at the end of 2024, reflecting workforce adjustments amid softening end-market demand. Average age was 36.64 years and average length of service 5.31 years. By education, 85.14% had completed senior high school or below, 14.32% held a university or junior college qualification, and 0.54% held a master's degree. Headcount by location at the end of 2025 is shown in the table below, with Vanguard (Zhejiang, China) remaining the largest site:

| Headcount by location (end of 2025) | Headcount | Share |
|---|---|---|
| Mainland China (Vanguard) | 1,402 | 69.2% |
| Thailand (Enrich) | 613 | 30.3% |
| Taiwan (Taipei) | 10 | 0.5% |
| Total | 2,025 | 100% |

### 6.01.3 Structure of Non-employee Workers

Part of the Company's production line labor is provided by staffing agencies or contractors, mainly for packing, loading, and delivery work. Non-employee headcount for the year (dispatched, outsourced, and contracted) is presented by site below; dispatched (agency) workers engaged by Vanguard work at the Vanguard plant. The figure of 260 dispatched workers for 2024 was a consolidated Group total, whereas this report presents the data on a site-by-site basis; the difference between the figures results from the change in statistical scope and classification.

| Non-employee workers (dispatched, outsourced, and contracted) | Category | 2024 | 2025 |
|---|---|---|---|
| Vanguard | Dispatched | 129 | 26 |
| Vanguard | Outsourced/contracted | 84 | 78 |
| Enrich | Dispatched | 0 | 0 |
| Enrich | Outsourced/contracted | 65 | 11 |
| Taipei | – | Not applicable | Not applicable |

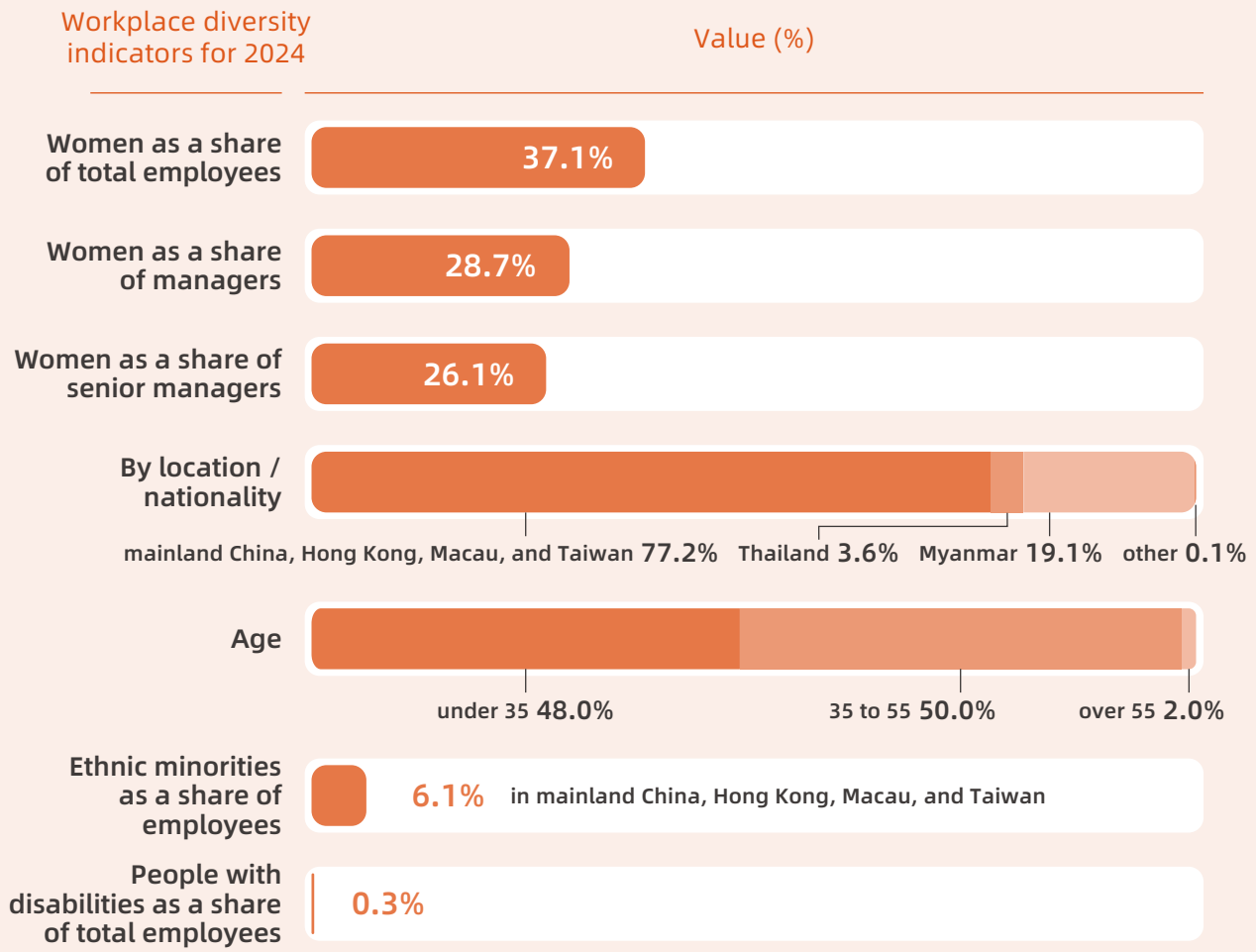
### 6.01.4 Employee Diversity, Inclusion, and Equality

The Company provides a dignified and safe working environment and applies diversity in hiring and fairness in pay and promotion, so that workers are not subject to discrimination, harassment, or unfair treatment on the basis of nationality, race, age, sex, gender identity, religious belief, political affiliation, disability, or any other status protected by applicable law. To give effect to gender equality at work, the Company has adopted rules on the prevention of sexual harassment, on grievances, and on disciplinary action, and has established a supportive workplace.

Workplace diversity for 2024 is shown in the table below. The Company's workforce is markedly multinational and multi-ethnic: workers of Myanmar nationality account for 19.1%, reflecting the large number of Myanmar migrant workers employed at the Enrich plant in Thailand. This structure makes the management of foreign migrant workers' human rights the Company's most material social topic (see 6.02).








Note: This table is presented on a Group-wide basis for 2024 and includes the Enrich plant in Thailand. The percentages follow the basis used in the Company's first sustainability report for 2024, which mixes location and nationality dimensions. Mainland China, Hong Kong, Macau, and Taiwan are counted by site, while the Thailand plant is broken down further by nationality into Thai, Myanmar, and other. The share shown for Myanmar nationality is a share of all employees by nationality and rests on a different statistical basis from the number of Myanmar migrant workers at the Enrich plant given in 6.02 (which is counted on a migrant worker basis for the Enrich plant alone). The two should not be converted or compared directly. Statistics compiled for a single site or a single company differ from the Group-wide basis used in this table.

On board diversity, the seats held by either gender on the Board during its current term have not yet reached one third, and all directors are currently men (zero women directors). The Company has set a target of appointing directors of a different gender to at least 10% of seats in future, and plans to have no fewer than one director of a different gender on the next Board, progressively increasing gender diversity among directors; the structure of the Board and its re-election are disclosed in detail in Chapter 2, 2.03. Women hold 14.29% of managerial positions at the Taipei office.

## 6.01.5 Employee Rights and Benefits

The Company holds a range of employee activities each year.

**Benefits**

Include allowances for weddings, funerals, and celebratory occasions, holiday gifts, cultural and sports activities (skills competitions and ball games), staff trips, staff parties, and prize draws, and employees are given opportunities to attend training and study programs of various kinds.
The Company operates an employee incentive scheme comprising an Innovation Award, a Merit Award, and a Gemstone Award: the Innovation Award recognizes outstanding contributions to the design and development of new products; the Merit Award recognizes outstanding performance in the job; and the Gemstone Award defines 3 gemstone types, each with its own award requirements and criteria, under which employees who receive 10 or more gemstones in a year and have no disciplinary record may be nominated as outstanding employees on an exceptional basis.

**On retirement and social insurance**

The Company's principal operations are located in mainland China, and it pays social insurance contributions for employees under the PRC Social Insurance Law. The contributions cover 5 schemes: old-age pension, unemployment, medical, maternity, and work injury insurance. Employees who reach the statutory retirement age and have completed the required cumulative contribution period receive a basic monthly pension in accordance with the law.

**On remuneration and incentives**

On March 11, 2026, the Board resolved to distribute employee remuneration of US$440,000 (NT$13,697,860 on conversion) for 2025, to be paid in cash. The Group has adopted the Group Measures for Salary Calculation and Administration, and remuneration is not linked to ESG performance. On the GRI 2-21 annual total compensation ratio (the ratio of the highest-paid individual's total compensation to the median total compensation of all employees), the Company is a foreign issuer (a KY company) and, following consultation with the Taiwan Stock Exchange, is not required to file information on the median employee salary; this disclosure is therefore not applicable under the rules (see Chapter 2, 2.03.2).

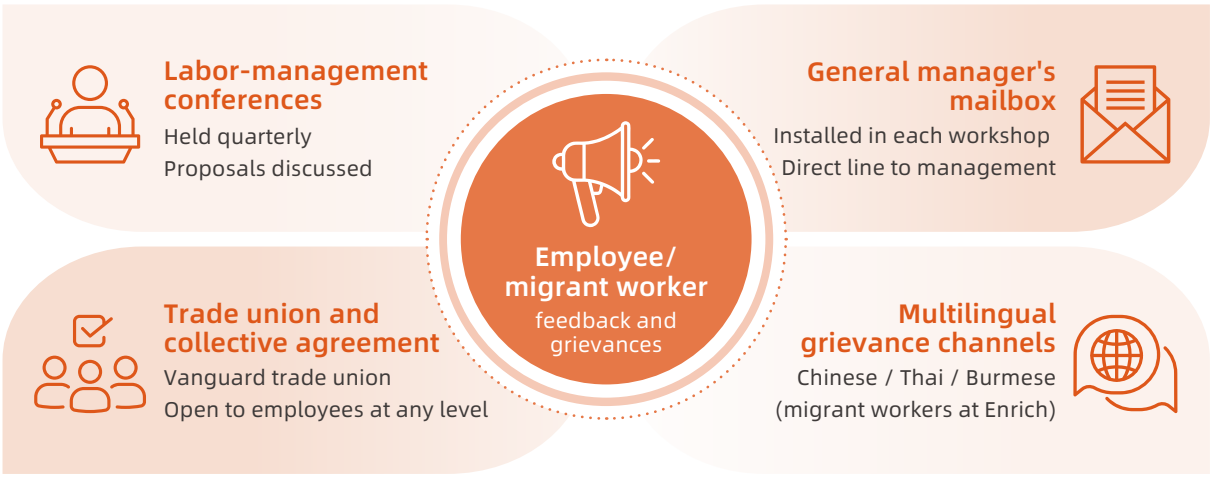




## 6.01.6 Labor Relations, Communication, and Collective Agreements

The Company has established multiple channels for labor-management communication. It holds quarterly labor-management conferences for communication and discussion of proposals (the Taipei office held 4 in each of 2024 and 2025). Day to day, it collects and responds to employee views through messaging groups, email, and telephone, and it maintains contact with external stakeholders including government labor authorities, job applicants, and business partners. At Vanguard, a general manager's suggestion box is provided in each workshop so that employees can raise concerns and views directly with management. All of these policies are publicly disclosed in the Company's annual report, on its website, and in its sustainability report. The Enrich plant in Thailand also provides a multilingual grievance channel for foreign migrant workers, supporting Chinese, Thai, and Burmese; see 6.02.

Figure 6-2 Labor-Management Communication and Grievance Channels




**Collective agreements**

Vanguard, the Company's subsidiary in Zhejiang, has a trade union, established in 2008 with the approval of the Xiuzhou Industrial Park Federation of Trade Unions, Jiaxing, and now in its third committee term. Employees at any level may join voluntarily. Under the PRC Trade Union Law, a grassroots trade union committee must be established once membership reaches 25; the Vanguard union currently has 39 members. On behalf of all Vanguard employees, the union has signed a collective agreement (collective contract) with Vanguard setting out work rules and working conditions. The agreement runs for 1 year, and representatives of the union and Vanguard negotiate a renewal or a new agreement 2 months before the end of each term. Under Articles 51 and 54 of the PRC Labor Contract Law, a collective contract is concluded by the trade union on behalf of the employees and, once lawfully concluded, is binding on the employer and on all employees, whether or not they are union members. Based on headcount at the end of 2025, the collective agreement covers all 1,402 Vanguard employees, or 100% of Vanguard's workforce and 69.2% of the Group's total of 2,025 employees. Any change or adjustment to working conditions is negotiated with Vanguard after the union committee has reached a consensus position, and the outcome applies uniformly to all Vanguard employees.

Neither the Taipei office nor the Enrich plant in Thailand has a trade union or a collective agreement; together the two sites have 623 employees, or 30.8% of the Group's total workforce. The Taipei office is smaller, and labor-management consultation there is conducted through the quarterly labor-management conferences described above. The Enrich plant has been in operation for a shorter time and its employees have not yet initiated the formation of a union, so no collective agreement has been concluded; employees can raise their views through the multilingual grievance channel (Chinese, Thai, and Burmese), and the Company reviews migrant worker recruitment and working conditions each year; see 6.02.

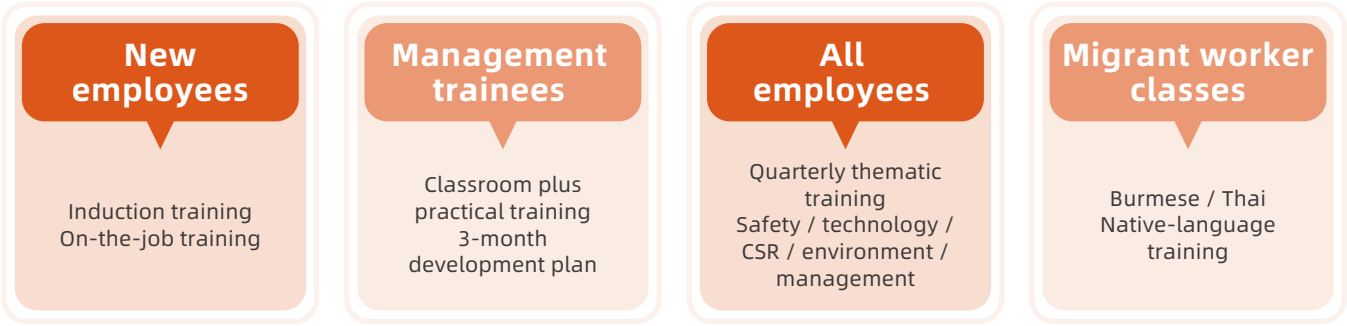
**Labor disputes**

At the Taipei office, labor disputes totaled zero in both 2024 and 2025. Vanguard had labor arbitration cases in 2024, arising largely from disagreements over the scheduling of working hours and the calculation of overtime pay, and from the termination of employment where employees had failed to attend work in accordance with the attendance rules. The local arbitration commission and the people's court dismissed most of these claims. In one case (a dispute over working hours and overtime pay), the court mediated at the second instance, the parties reached a settlement in April 2025, and Vanguard paid the employee RMB 25,000 to close the case. Employees of Vanguard also brought arbitration or litigation claims concerning historical social insurance contributions and the termination of employment contracts; in one such case the parties reached agreement in September 2025 and Vanguard paid the employee RMB 14,612.40 in settlement. The amounts involved in these cases are small relative to shareholders' equity, the circumstances are not material, and there is no material effect on the Company's financial position or operations. These dispute figures are presented on a Vanguard plant basis and do not represent the Group as a whole.

### 6.01.7 Talent Development and Training

The Company supports talent development through training programs at several levels. New employees receive induction training and on-the-job training to help them settle into their work and living environment. Management trainees follow a 3-month development plan that combines classroom training with practical training in successive phases. Quarterly thematic training covers safety, technology, social responsibility, the environment, and management, supporting multi-skilled development. The Enrich plant in Thailand also provides native-language training (Burmese and Thai) for foreign migrant workers to support cross-cultural adaptation and safe working.

Figure 6-3 Talent Development and Training System




On training metrics, coverage at Vanguard is reported by course category: management competency training reached 84% of senior managers, 100% of middle managers, and 100% of first-line supervisors, and professional competency courses reached 70.5% of employees. During the year there were 54 attendances at management competency training and 12 professional competency courses were held. Training attendances and average training hours per employee by gender under GRI 404-1 are shown in the table below (the table covers training records for non-managerial employees; coverage of management competency training is as stated above):

| Year | Gender | Training attendances | Total training hours (hours) | Average training hours per employee (hours) |
|---|---|---|---|---|
| 2024 | Male | 207 | 1,449 | 7.0 |
| 2024 | Female | 81 | 567 | 7.0 |
| 2025 | Male | 253 | 1,518 | 6.0 |
| 2025 | Female | 168 | 1,008 | 6.0 |

**Performance appraisal**

Under the Performance Appraisal Measures, Vanguard conducts appraisals by employee category: employees on monthly appraisal are assessed 13 times a year, employees on monthly scoring with quarterly appraisal 5 times a year, and employees on half-yearly appraisal 3 times a year. These arrangements apply to new employees who have completed probation and to existing employees. In each appraisal, progress against objectives is discussed with the employee, and specific examples of behavior are reviewed and used as the basis for improvement. In 2024, 109 employees at Vanguard were selected as outstanding employees. On information security education, the completion rate for employee information security training was 100% in 2025 (Taipei office), covering the use of licensed software, protection against social engineering, and password setting (information security governance is described in Chapter 4).

6.02

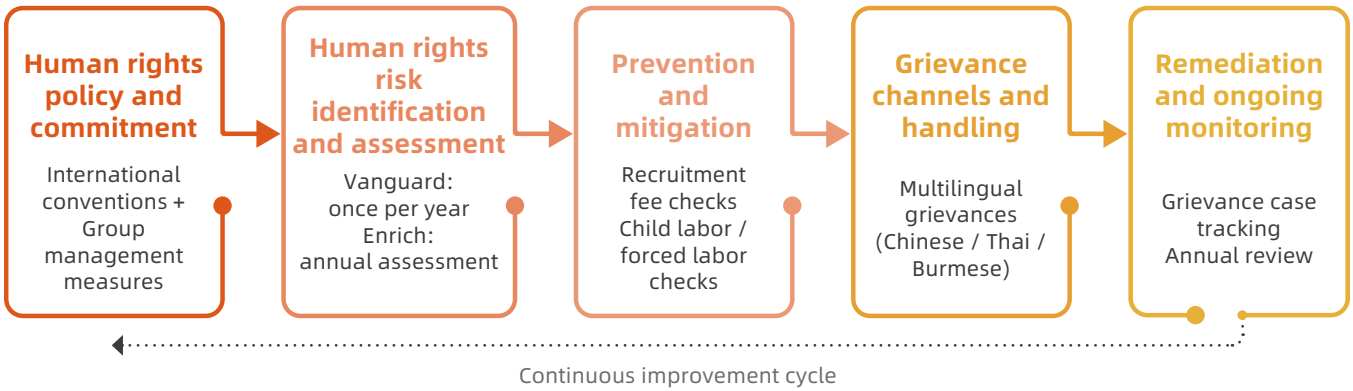
# Human Rights and the Management of Foreign Migrant Workers

Human rights and the management of foreign migrant workers is a core material topic, rated high on both impact and financial materiality in the Company's double materiality assessment. The Company employs large numbers of Myanmar nationals and other foreign migrant workers at the Enrich plant in Thailand. The recruitment of these workers, their working conditions, grievance handling, and cross-cultural management bear directly on the outcome of customers' social responsibility audits and on operational stability. The Company therefore manages human rights due diligence, the recruitment and working conditions of foreign migrant workers, multilingual grievance channels, and cross-cultural integration as separate items, and the related arrangements and performance are disclosed below.

## Human Rights Due Diligence Process

The Company conducts human rights due diligence as a cycle of policy commitment, risk identification, prevention and mitigation, grievance handling, and remediation and monitoring. Vanguard conducts 1 human rights risk assessment per year and checks for forced labor and child labor on site daily; Enrich reviews migrant worker recruitment and working conditions each year. Every site has an employee grievance channel, and the number of grievances and the outcome of each case are tracked and used as the basis for review and improvement.

Figure 6-4 The Human Rights Due Diligence Cycle




**Child labor and forced or compulsory labor** (GRI 408/409)

The Company expressly prohibits the employment of child labor and forced or compulsory labor of any kind. Vanguard checks for forced labor and child labor daily, and its arrangements for workers' rest days comply with local law. The Company found no instances of child labor or forced labor.

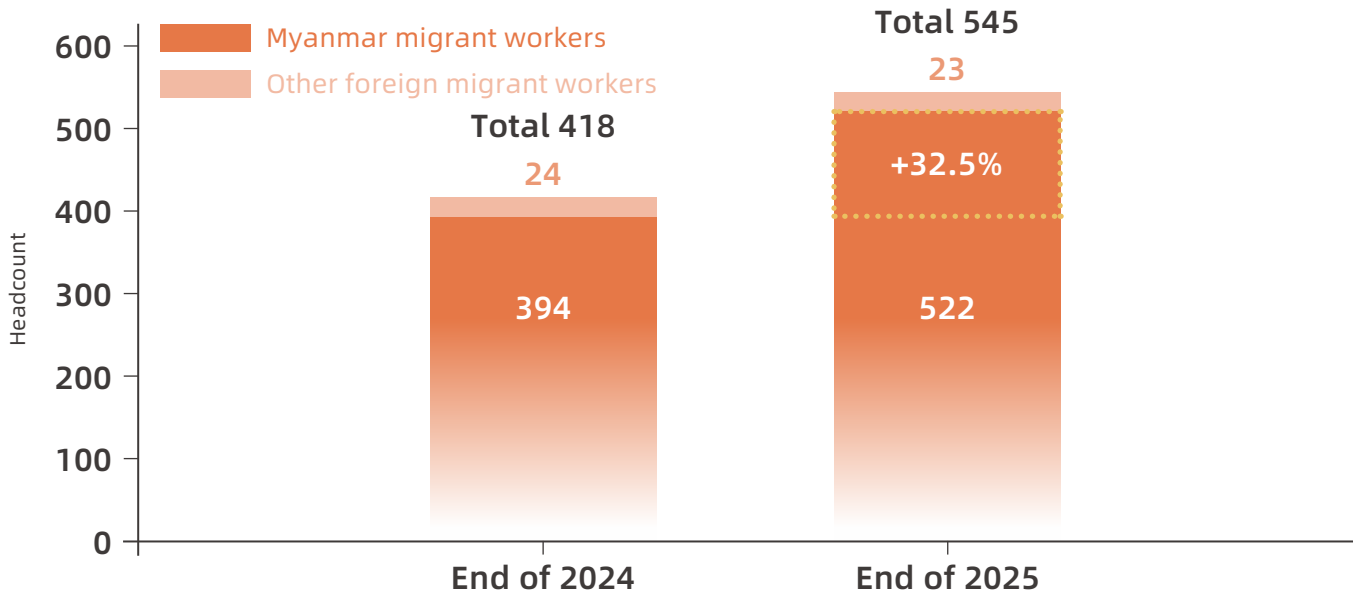
**Human rights grievances**

At Vanguard, human rights complaints and grievances totaled zero in both 2024 and 2025. Grievance channels remain open, cases are received and handled under internal procedures, and the Company reviews periodically whether the channels are easy for employees to use.

## Management of Foreign Migrant Workers

Foreign migrant workers at the Enrich plant in Thailand are mainly Myanmar nationals. At the end of 2024 there were 394 Myanmar migrant workers and 24 other foreign migrant workers; at the end of 2025 the number of Myanmar migrant workers had risen to 522 and other foreign migrant workers numbered 23. Myanmar migrant workers increased by 32.5% year on year, reflecting the expansion of capacity in Thailand and a localized hiring strategy. At Vanguard (Zhejiang, China), the number of foreign migrant workers was zero in both 2024 and 2025.

Figure 6-5 Structure of Foreign Migrant Workers at Enrich (Thailand), Two-Year Comparison




**Recruitment fees and working conditions**

The charging of recruitment fees to migrant workers is a focus of international brand customers' social responsibility audits. Enrich charged no recruitment fees to migrant workers in 2024 or 2025. Enrich provides a multilingual grievance channel for migrant workers in 3 languages, Thai, Chinese, and Burmese, and delivers native-language training (Burmese and Thai) on induction and safe working for foreign migrant workers, with 4 sessions held in each of 2024 and 2025. The Company also provides dormitory arrangements and language support for migrant workers.

**Cross-cultural workforce management**

a secondary material topic

The Company reduces cross-cultural communication and management risk through native-language training, multilingual grievance channels, and the development of local supervisors.

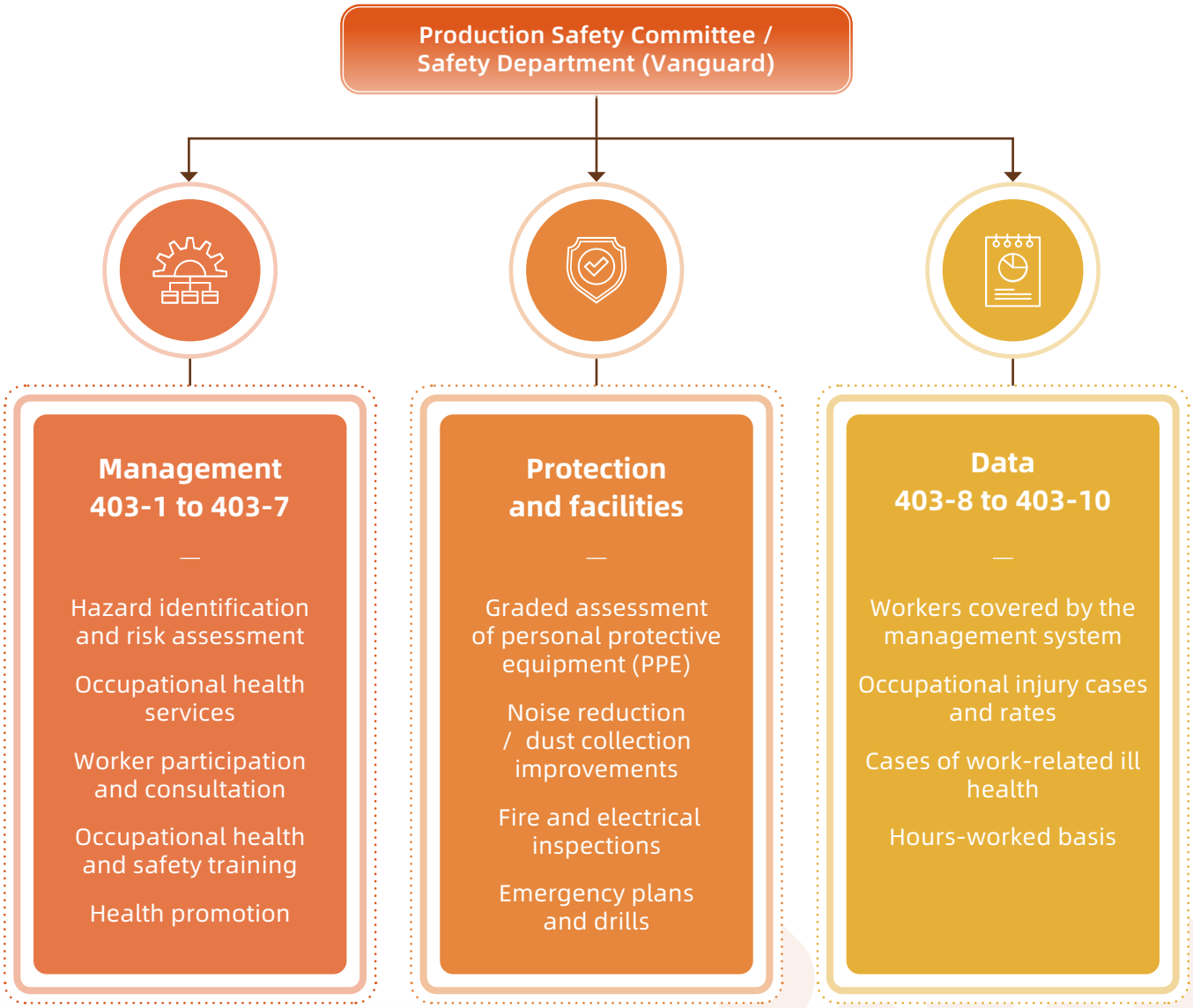
## 6.03

# Occupational Health and Safety

Occupational health and safety is one of the Company's material topics. Employment contracts and work rules set out employees' rights and obligations on safety, health, and hygiene, and the Company gives effect to them at 3 levels: management systems, protective facilities, and data monitoring.

Note: Sovereign in Jiaxing, a subsidiary still in the follow-and-learn stage, is not within the occupational health and safety reporting boundary of this chapter for the year. In July 2025 a work injury involving one of the dispatched (agency) workers occurred at Sovereign; the case is before the local labor arbitration commission and the Company continues to monitor developments. The timetable for bringing Sovereign within the reporting boundary will be set separately.

Figure 6-6 Structure of the Occupational Health and Safety Management System (GRI 403: 2018)



## Management (403-1 to 403-7)

### Occupational health and safety management system (403-1)

Vanguard has established a safety department as a functional unit and a production safety committee, which holds regular production safety meetings and sets safety management rules. Vanguard has held the designation of Level 3 Enterprise for Work Safety Standardization since 2014 and passed the renewal review in 2024. It has adopted a company-wide safety accountability system with safety responsibility undertakings signed at each level of management, and has established graded risk controls and a hazard inspection checklist. On certification of occupational health and safety management systems, Vanguard holds ISO 45001 occupational health and safety management system certification. The Taipei office is an operating office not engaged in production, and workplace safety and health there is managed in accordance with local law. The Enrich plant in Thailand continues to strengthen its occupational health and safety management.

### Hazard identification and protective measures (403-2, 403-7)

Vanguard has made engineering improvements to address noise and dust, its principal occupational health hazards. Acoustic insulation has been installed in workshop ceilings, and employees wear protective earplugs. Woodworking panel saws and sewing cutters have been upgraded to automated equipment, and axial fans have been installed in metalworking. At the carving machine stations, where dust is concentrated, the extraction ducting has been upgraded to a live extraction design that follows the carving tool, reducing dust and improving the working environment. The Company also commissions qualified third-party testing bodies to carry out noise monitoring at regular intervals.

### Occupational health services (403-3)

At Vanguard in 2024, 100% of employees exposed to occupational health hazards received an occupational health examination, and no cases of work-related ill health were found.

### Worker participation, consultation, and training (403-4, 403-5)

The Company promotes worker participation through production safety meetings and through training and assessment on personal protective equipment (PPE). Vanguard operates a four-tier A/B/C/D incentive scheme together with PPE training to encourage employees to use PPE correctly, with regular assessment and warnings for those who do not comply; Vanguard spent close to RMB 300,000 on PPE in 2024. The Company has emergency response plans for a range of contingencies including environmental incidents, chemicals, natural disasters, and power failures, runs emergency drills and safety training, and provides one-to-one fire safety training for employees with hearing or speech impairments. No fire occurred in the most recent year at the operating sites covered by this report (Vanguard and Enrich); the fire and the work injury referred to in the annual report both occurred at Sovereign in Jiaxing, which is outside the occupational health and safety reporting boundary of this chapter (see the boundary note in this section). Every plant has a task assignment structure for fires and disasters and holds drills at regular intervals.

### Safety inspections (403-2)

Vanguard carries out plant-wide safety inspections at regular intervals. Its internal safety unit performs routine inspections, with external bodies including the fire service and outsourced service providers taking part. Fire protection installations and electrical equipment are tested each year and the results analyzed for improvement, and a third-party safety services provider is engaged to conduct specialist inspections. Plant safety inspections (internal/external) at Vanguard totaled 59/6 in 2024 and 60/13 in 2025. The Enrich plant in Thailand also carries out plant safety inspections and facility testing at regular intervals.

## Data (403-8 to 403-10)

### Work-related injuries and work-related ill health (403-9, 403-10)

At the Taipei office, occupational injury cases and cases of work-related ill health were both zero in 2024 and 2025. At the Vanguard plant, occupational injury cases confirmed under the local work injury determination process totaled 11 in both 2024 and 2025, with zero cases of work-related ill health; all of these injuries involved Vanguard's own employees. Major occupational accidents reported by the Company to the authorities totaled zero (the reporting definition of a major occupational accident differs from the basis on which occupational injuries are counted under GRI 403-9). Environmental, health, and safety violations totaled zero at Vanguard in both 2024 and 2025, and zero at Enrich in both years. At the Enrich plant, occupational injury cases and cases of work-related ill health were both zero in 2024 and 2025. The Company discloses occupational injuries by number of cases.

| Occupational health and safety data (two-year comparison) | Site | 2024 | 2025 |
|---|---|---|---|
| Occupational injury cases (employees) | Taipei | 0 | 0 |
| Occupational injury cases (employees, confirmed under the work injury determination process) | Vanguard | 11 | 11 |
| Occupational injury cases (employees) | Enrich | 0 | 0 |
| Cases of work-related ill health | Taipei | 0 | 0 |
| Environmental, health, and safety violations | Vanguard | 0 | 0 |
| Environmental, health, and safety violations | Enrich | 0 | 0 |
| Plant safety inspections (internal/external) | Vanguard | 59/6 | 60/13 |
| Number of hazardous chemical types in use | Vanguard | 4 | 4 |
| Number of hazardous chemical types in use | Enrich | 10 | 25 |

On hazardous chemical management, both Vanguard and Enrich maintain safety data sheets (SDS) for chemicals. The number of hazardous chemical types in use at Enrich rose from 10 in 2024 to 25 in 2025, and the Company continues to manage the classification, storage, and protective handling of chemicals (environmental disclosures on chemicals and VOCs are in Chapter 7).

6.04

# Customer Health and Safety and Customer Privacy

The Company's products are principally furniture. The customer responsibility aspects of product safety, quality, and marketing labeling are disclosed in Chapter 4, 4.09, Product Management; this section adds only the social performance relating to customer health and safety and to customer privacy.

## Customer health and safety (GRI 416)

The Company conducts customer satisfaction surveys, and the customer satisfaction score was 97.5 in both 2024 and 2025 (scored by customers), with a survey response rate of 100%. Vanguard holds ISO 9001 quality management system certification (first certified June 12, 2020; current certificate issued July 7, 2025; valid until June 10, 2026). Enrich also holds ISO 9001 quality management system certification. Violations of product safety regulations totaled zero at all 3 sites.



## Customer privacy (GRI 418)



The Company regards its customers as important partners and manages customer information and product development data under confidentiality rules; information security governance and the arrangements for protecting customer privacy are described in Chapter 4. The completion rate for employee information security awareness training is given in 6.01.7 (100% at the Taipei office in 2025).

## 6.05 Supplier Social Assessment

The Company incorporates social responsibility into its supply chain management, requiring suppliers to comply with major customers' supplier codes of conduct and ESG audit requirements, and managing suppliers on on-time delivery, product quality pass rates, and after-sales service. The legality of suppliers' timber sources, environmental assessment, and the Company's overall supplier management system are described in Chapter 4, 4.10.

On quantitative social performance, 1 supplier underwent social assessment at Vanguard in 2024, rising to 10 suppliers in 2025. Zero suppliers were rated as presenting significant social risk in either 2024 or 2025, and no supplier relationships were terminated as a result of social assessment. At Enrich, both the number of suppliers assessed and the number rated as presenting significant social risk were zero in 2024 and 2025. Supplier social assessment is disclosed above on the basis of current practice at the Vanguard and Enrich plants.

| Supplier social assessment (GRI 414) | Site | 2024 | 2025 |
|---|---|---|---|
| Number of suppliers assessed for social impacts | Vanguard | 1 | 10 |
| Number of suppliers identified as presenting significant social risk | Vanguard | 0 | 0 |
| Number of suppliers whose contracts were terminated as a result of social assessment | Vanguard | 0 | 0 |
| Number of suppliers assessed for social impacts | Enrich | 0 | 0 |

## 6.06 Community Engagement

Working toward the goal of better cities and a better society, the Company carries out charitable activities in environmental protection, talent development, volunteering, and other areas, giving back to the communities in which it operates.

**Charitable activities**

Vanguard has organized green cycling and litter-collection events to promote carbon reduction and care for the environment. Vanguard has donated to the local community in support of the "Five Water Co-Governance" initiative to improve the local ecological environment. Vanguard has run community training courses in pastry making, yoga, and childcare through its trade union. Vanguard has also organized summer heat-relief care visits to officers at the local community police station, strengthening relations between the police and the community.

**Alliance membership and recognition**

Vanguard joined the Zhejiang Foreign Investment Social Responsibility Alliance in 2016 and has been named a Model Foreign-Invested Enterprise for Fulfilling Social Responsibility, Zhejiang Province, in recognition of its performance on employees, the environment, and safety.





Chapter

# 07 Environment

Chapter

# 07 Environment



## 7.0 About this chapter

| The reporting scope of this chapter is all 3 sites in full | The reporting period | GHG emissions intensity |
|---|---|---|
| The Taipei office, Vanguard, and Enrich. | January 1, 2025 to December 31, 2025 | Calculated using revenue in NT$ millions as the denominator. |

The Company is a furniture manufacturing group, and its principal environmental impacts are concentrated at its production sites in the 3 locations: energy use (mainly purchased electricity), GHG emissions, water use, waste, and emissions of volatile organic compounds (VOCs). In an operating environment in which international brand customers are tightening their low-carbon procurement requirements and carbon pricing and energy policy are changing across markets, GHG inventory, energy efficiency, and pollution control are core issues for the Company in maintaining customer relationships, controlling operating costs, and responding to the climate transition.

For the reporting year, the Company discloses Scope 1 and Scope 2 emissions on the basis of GHG inventory reports for all 3 sites for the first time, which is more complete than the single scope used in the first report for 2024. Climate-related disclosures follow the 4 pillars of the TCFD framework and are aligned with IFRS S2. The statutory disclosure timetable for the climate-related information in this chapter is set by Article 4-1 of the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, which assigns companies to categories by paid-in capital (the starting years applicable to the Company are set out in Section 5 of the Appendix). Separately, under the phased adoption timetable for the sustainability disclosure standards of the Financial Supervisory Commission, the Company falls within the third phase (preparation for fiscal 2028, with the first filing in 2029); the two are separate regimes with separate timetables. For the reporting year, the Company discloses climate-related risks and opportunities qualitatively, and will progressively introduce scenario analysis and financial impact assessment in line with the adoption timetable.

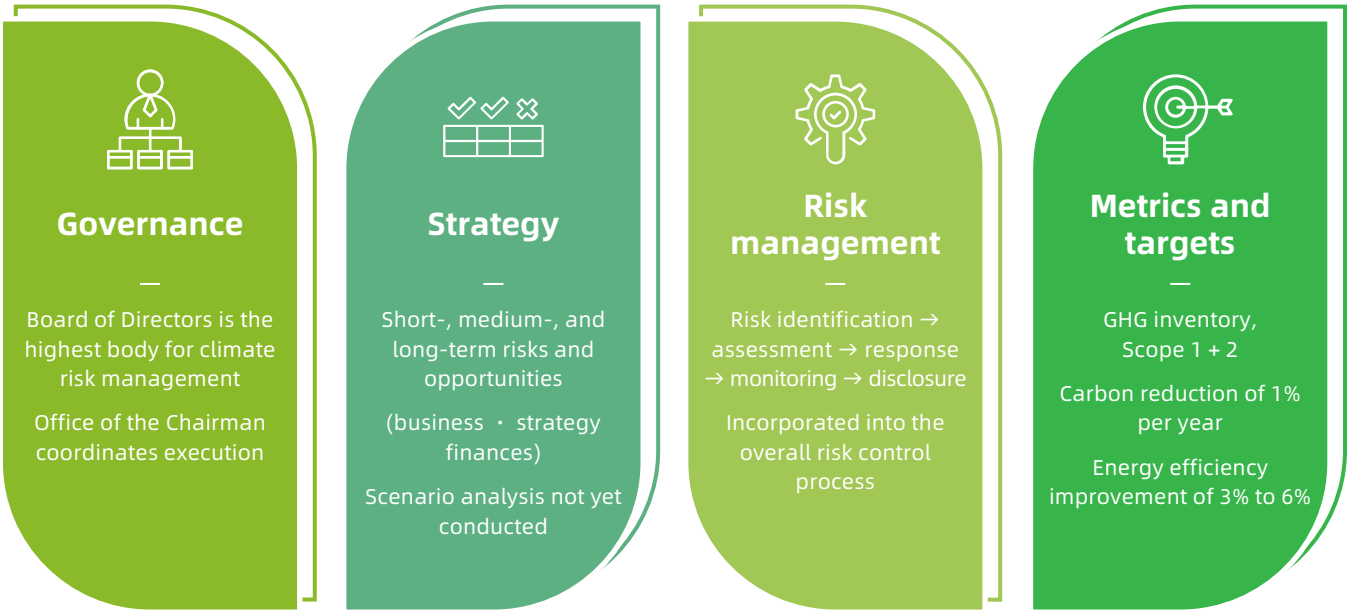
Data on energy, water, and waste relate mainly to the 2 production sites, Vanguard and Enrich; GHG emissions from the Taipei office are included in the Group's 2025 GHG inventory. For some environmental indicators, the basis used for the reporting period differs from that in the first report for 2024. Each such case is identified in the relevant section with the reason for the difference. The disclosure follows this year's basis covering all 3 sites in full.

7.01

## Climate Change Governance and Strategy

The Company discloses climate-related information under the 4 pillars of the TCFD framework (governance, strategy, risk management, and metrics and targets), aligned with IFRS S2.

Figure 7-1 The Four Pillars of Climate-Related Disclosure
(Aligned with TCFD / IFRS S2; Qualitative Alignment for the Reporting Year)




Financial Supervisory Commission adoption timetable: the Company falls under Phase 3, preparing from fiscal year 2028 and first filing in the sustainability section of the annual report in 2029

### Governance

The Board of Directors is the Company's highest body for climate risk management. It is responsible for compliance with laws and regulations, for oversight of climate-related risk management as a whole, for understanding the risks the Company faces in its operations, and for satisfying itself that risk management is effective; the Board also oversees climate-related actions involving major investments or projects. The Company assesses the current and potential future risks and opportunities that climate change presents through a task force staffed on a part-time basis, and staff of the corporate governance function in the Office of the Chairman integrate and implement climate-related risk management policies and procedures for environmental protection issues. The overall disclosure of climate governance and the authority of the Board is set out in Chapter 2, 2.02 and 2.03.

## Strategy

The Company has identified climate-related risks and opportunities and sets out below their impacts on its business, strategy, and finances over the short term (within 3 years), the medium term (3 to 5 years), and the long term (more than 5 years):

| Area | Risk | Opportunity |
|---|---|---|
| Business (short term) | Damage to production equipment and inventory | Working with suppliers to identify joint business projects |
| Business (medium term) | Climate-related disasters raising the risk of supply chain disruption or interruption | Developing low-carbon, energy-saving, and environmentally friendly technologies and materials |
| Business (long term) | Changes in consumer preferences altering lifestyles and consumption patterns | Developing smart manufacturing lines and plants in response to industry trends |
| Strategy (short term) | Higher costs of operational transition | Improving internal management efficiency by increasing revenue and reducing costs |
| Strategy (medium term) | Technical bottlenecks in meeting legal requirements with existing resources | Building partnerships with the supply chain |
| Strategy (long term) | Using low-carbon transition targets to guide the direction of operations | Strengthening competitiveness and strategic position in the industry |
| Finance (short term) | Higher costs of corporate transition and raw material procurement | Reducing operating and management costs through smart computing technologies |
| Finance (medium term) | Higher costs of equipment replacement and technology research and development | Adding circular economy projects to raise the added value of products |
| Finance (long term) | Uncertainty in low-carbon and energy policy across countries raising operating and investment costs | Identifying investment targets with potential to raise investment income |

In response to physical risks specifically, the Company has put mitigation measures in place for people (offsite system backups and split-site working arrangements), assets (insurance covering earthquake, fire, and explosion), and raw materials (scrap recycling and reuse, diversified procurement, and a diversified product portfolio). The Company's principal physical risk is typhoons. Scenario analysis: the Company does not yet use scenario analysis to assess its resilience to climate change risks, and has not yet carried out a quantitative assessment of the financial impacts of climate change. For the reporting year it discloses climate risks and opportunities qualitatively, and will progressively introduce scenario analysis and financial quantification in line with the Financial Supervisory Commission adoption timetable.

## Risk Management

Under the Company's Risk Control Management Process, Risk Point Identification and Assessment Process, and Risk Control Consulting Service Management Process, each responsible unit establishes risk management and assessment arrangements for the business under its charge, following the sequence of risk identification, risk assessment, risk response, risk monitoring and management, and risk disclosure and communication; the Office of the Chairman at group level is responsible for integration and implementation. Climate risk categories cover transition risks in policy and regulation, technology, reputation, and markets, as well as acute and chronic physical risks. Once the likelihood of each risk and the severity of its impact have been assessed, the resulting distribution of risks provides the basis for management action, and climate-related risk management is incorporated into the overall risk management process.

### Metrics and Targets

The Company has established climate-related metrics covering greenhouse gases, energy and resource use, and water to track the effectiveness of its management, and has set the following targets: an annual reduction of 1% in total GHG emissions, an improvement of 3% to 6% in energy efficiency each year, and an increase in the share of renewable energy each year. The Company's plants in mainland China hold an energy management system certificate (ISO 50001) and the provincial-level green factory recognition of Zhejiang Province. The Company does not currently use internal carbon pricing. The Vanguard plant purchased 4,300 MWh of green electricity certificates in 2025 for the purposes of its renewable energy disclosure, and the GHG inventory is calculated using the location-based method in accordance with the inventory report. Quantitative performance against the climate targets is described in 7.02 and 7.03.

## 7.02

## Greenhouse Gas Management

### GHG Management Strategy and Inventory Methodology

Since 2021, the Vanguard plant has been adjusting its energy, industrial, and transport structures, developing new energy sources and implementing the dual-control policy for energy consumption and intensity. In line with the Energy Conservation Law of the People's Republic of China (as amended in 2018), the Company's plants in mainland China have optimized the plant energy mix and introduced an energy management system, obtaining an energy management system certificate and the provincial-level green factory recognition of Zhejiang Province. The Company pursues its carbon reduction policy with a target of reducing total GHG emissions by 1% each year.

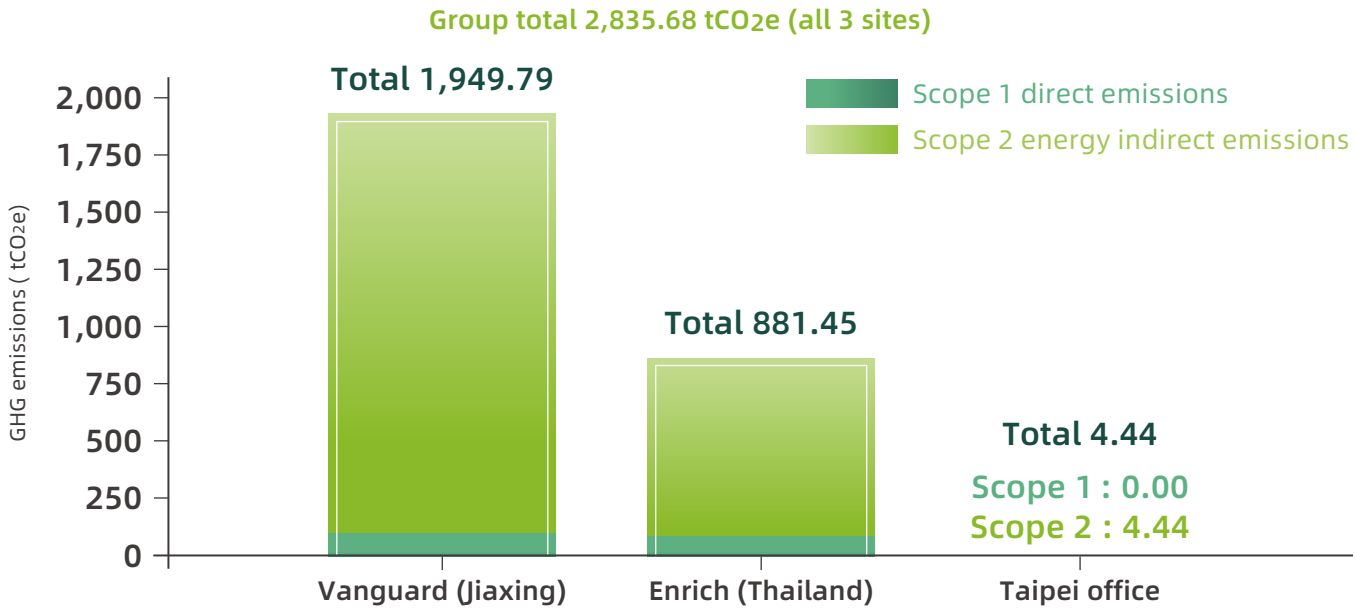
The GHG inventory for the reporting year was conducted in accordance with ISO 14064-1:2018, and global warming potential (GWP) values were taken from the Greenhouse Gas Emission Factors Management Table (version 6.0.4) issued by the Ministry of Environment (Taiwan). Scope 2 emissions were calculated using the electricity carbon emission factor published by the Energy Administration, Ministry of Economic Affairs, R.O.C. for the Taipei office, the China grid emission factor for Vanguard, and the Thailand grid emission factor for Enrich. The inventory boundary covers the plants and the dormitories, and the consolidation approach is based on the operational control approach. The Company has not yet obtained third-party verification of its GHG inventory for the year.

### GHG Emissions at the Three Sites (Scope 1 and Scope 2)

GHG emissions at the 3 sites for 2025 are set out below. For 2025 the Group completed a GHG inventory covering all 3 sites in full, the Taipei office, Vanguard in Jiaxing, and Enrich in Thailand, with Scope 1 and Scope 2 emissions totaling 2,835.68 $tCO_2e$ (Scope 1: 195.80; Scope 2: 2,639.88). Of that total, the Taipei office had only Scope 2 emissions from purchased electricity of approximately 4.44 $tCO_2e$ and no direct Scope 1 emissions.

| GHG emissions in 2025 ($tCO_2e$) | Scope 1 | Scope 2 | Total | Share of site total |
|---|---|---|---|---|
| Vanguard (Jiaxing) | 103.92 | 1,845.87 | 1,949.79 | Scope 2: 94.67% |
| Enrich (Thailand) | 91.88 | 789.57 | 881.45 | Scope 2: 89.58% |
| Taipei | 0.00 | 4.44 | 4.44 | Scope 2: 100% |
| Group total (all 3 sites) | 195.80 | 2,639.88 | 2,835.68 | – |

Figure 7-2 Structure of GHG Emissions at the Three Sites, 2025 (Scope 1 / Scope 2)




Note: The GHG emissions data in this section use all 3 sites in full, the Taipei office, Vanguard in Jiaxing, and Enrich in Thailand, as the boundary. An organization-level GHG inventory was completed in accordance with ISO 14064-1, with Scope 1 and Scope 2 emissions totaling 2,835.68 tCO2e. Emissions figures compiled on other statistical boundaries or calculation bases are not on the same basis as this section and are not directly comparable.

Scope 1 emissions come mainly from 2 sources: fugitive refrigerant emissions and mobile emissions from vehicles. Of Vanguard's Scope 1 emissions of 103.92 $tCO_2e$, fugitive emissions (refrigerants such as R134a, R32, and R410a in refrigerators, air conditioning units, and freezers) accounted for 51.70 $tCO_2e$ (49.8%) and mobile emissions (company vehicles) for 52.09 $tCO_2e$ (50.1%), while stationary combustion (LPG in the canteen, 0.01 $tCO_2e$) and process emissions (welding wire, 0.12 $tCO_2e$) together were minimal. Of Enrich's Scope 1 emissions of 91.88 $tCO_2e$, fugitive emissions from septic tanks ($CH_4$) and refrigerant (R32) together accounted for 91.88 $tCO_2e$. Scope 2 emissions (purchased electricity) were the largest source at both plants, at 1,845.87 $tCO_2e$ for Vanguard and 789.57 $tCO_2e$ for Enrich, reflecting the Company's electricity-based energy mix and making decarbonization of purchased electricity (renewable energy and improved energy efficiency) a key route to reducing emissions.

**Emissions intensity:** measured against consolidated net operating revenue for 2025 of NT$4,263,406 thousand (NT$4,263.41 million), total emissions of 2,835.68 $tCO_2e$ for all 3 sites gave an emissions intensity of approximately 0.67 $tCO_2e$ per NT$ million in revenue. The emissions intensity of 0.0324 $tCO_2e$ per NT$ million in revenue disclosed in the first report for 2024 was based on the smaller inventory boundary used for 2024 (123.3 to 162.1 $tCO_2e$) and is not on the same basis as this year's inventory covering all 3 sites in full, so the two are not directly comparable. Scope 3 (other indirect) emissions were not covered by an inventory for the year and are not disclosed in this report; they will be included once the availability of data has been assessed.

7.03

# Energy Management

## Energy Use Policy and Solar Installations

The energy consumed in manufacturing the Company's products is mainly electricity. Its principal production base is equipped with rooftop solar photovoltaic installations with an installed capacity of 2.41 MW, covering an area of 41,258.17 square meters, and generating approximately 2.4 million kWh a year. The Company's targets are to improve energy efficiency by 3% to 6% each year and to increase the share of renewable energy each year. The Vanguard plant holds ISO 50001 energy management system certification. The Taipei office is an office site, where energy efficiency is pursued through day-to-day energy-saving measures.

Figure 7-3 Electricity and Solar Generation, Two-Year Comparison (Principal Production Base)

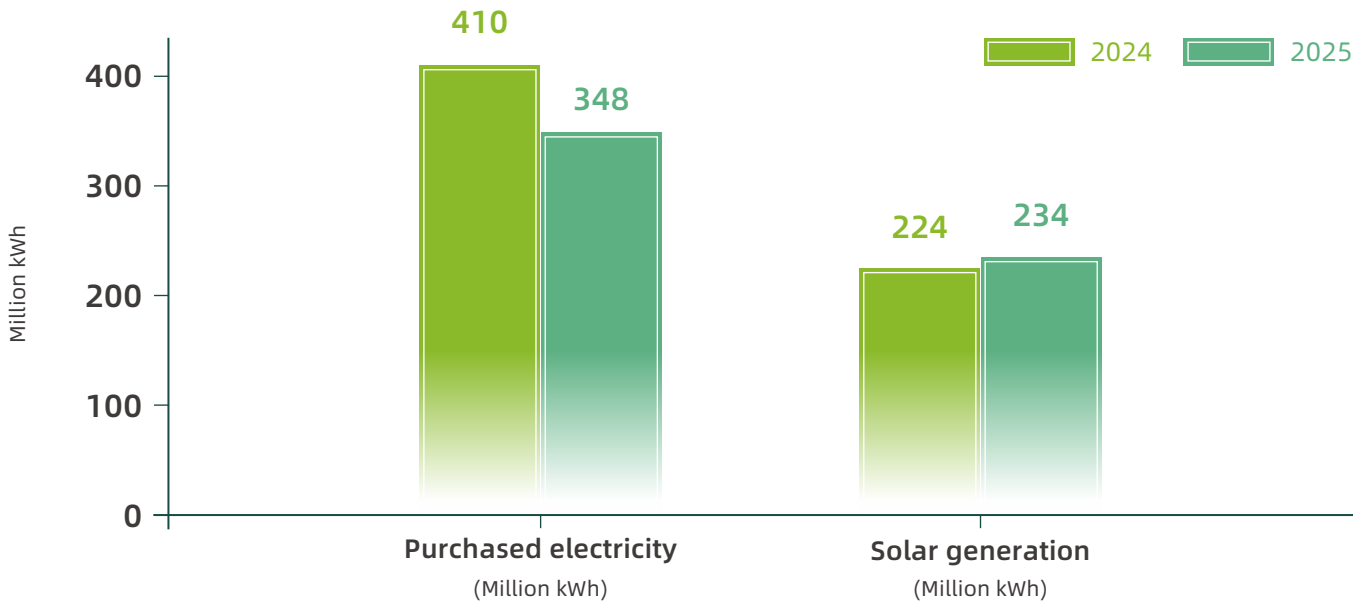



Figure 7-4 Rooftop Solar Photovoltaic Installations



## Energy Use (Two-Year Comparison)

A two-year comparison of energy consumption at Vanguard is set out below. Purchased electricity fell from 4,095,880 kWh in 2024 to 3,478,840 kWh in 2025, while self-generated solar electricity rose from 2,239,954.6 kWh to 2,342,431.2 kWh. As a result, self-generated solar electricity accounted for a larger share of total electricity use for the year (purchased electricity plus self-generated solar electricity).

| Energy item (Vanguard) | Unit | 2024 | 2025 |
|---|---|---|---|
| **Purchased electricity** | kWh | 4,095,880 | 3,478,840 |
| **Natural gas** | Cubic meters | 289,924 | 117,621 |
| **Diesel/fuel oil** | Liters | 24,597.20 | 22,669.93 |
| **Self-generated solar electricity** | kWh | 2,239,954.6 | 2,342,431.2 |
| **Purchased green electricity certificates** | kWh | – | 4,300,000 |

## Renewable Energy Use

Renewable energy at the Vanguard plant in 2025 came from 2,342,431 kWh of rooftop solar electricity generated and used on site and 4,300,000 kWh of purchased wind power green electricity certificates (Tongliao wind farm, Inner Mongolia; generated in 2025; transaction number N02125040005859612; Guangzhou Power Exchange Center). The volume of certificates purchased exceeded the 3,478,840 kWh of purchased electricity for the year (coverage of approximately 123.6%), so under the market-based method the Company can claim that 100% of its purchased electricity came from renewable sources. Measured as renewable energy (self-generated solar electricity plus purchased electricity covered by certificates) against total plant energy consumption (purchased electricity, self-generated solar electricity used on site, natural gas, and diesel/fuel oil, converted to a common energy unit using the calorific value factors in GB/T 2589-2020, General rules for calculation of the comprehensive energy consumption), the renewable energy share at the Vanguard plant in 2025 was approximately 79.5%, a sharp increase from 2024. The Scope 2 emissions disclosed in 7.02 are calculated on a location-based method using grid emission factors, whereas the 100% renewable claim above is made on a market-based method; the two are reported on different bases and are not additive.

Note: Green electricity certificates are used for the renewable energy disclosure in this section; Scope 2 GHG emissions (7.02) are calculated using the location-based method (China grid emission factor) in accordance with the inventory report. Renewable energy consumption is calculated up to a ceiling of the volume of purchased electricity for the year. The renewable energy share of 79.5% in this section is the figure achieved in practice on a market-based basis (including self-generated solar electricity used on site and purchased electricity covered by green electricity certificates); a figure counting only self-generated electricity used on site, or calculated on another basis, is not on the same basis as the market-based figure in this section.

7.04

# Water Resource Management

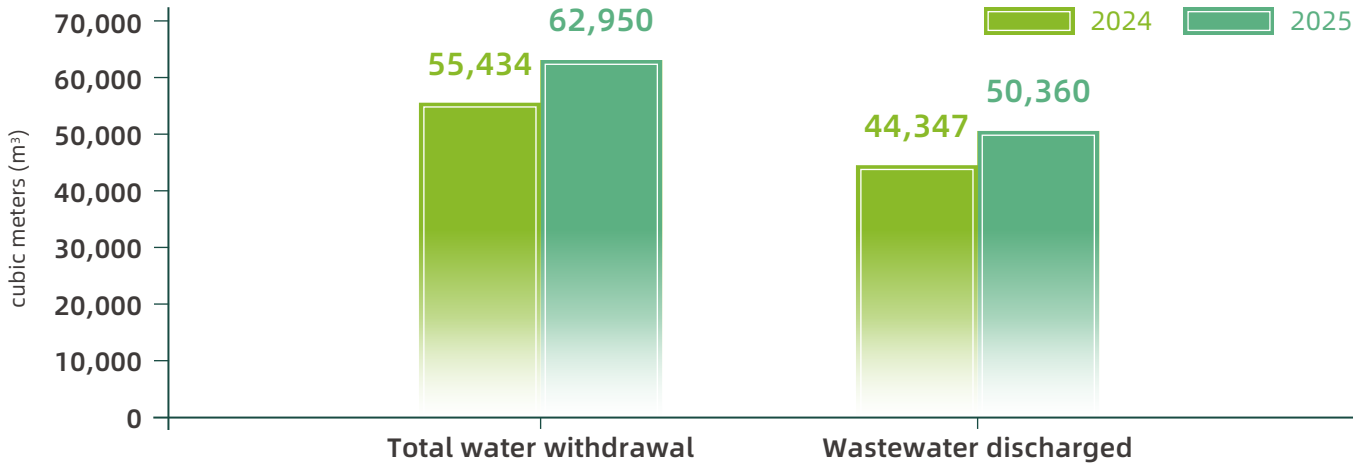
## Water Resource Management Approach (GRI 303-1, 303-2)

The Company periodically assesses and reviews its impacts on water resources and the impacts associated with its discharges, and sets management policies and targets on the basis of its assessment of water-related risks and impact pathways. The Company is not in a water-intensive industry. Wastewater is treated by wastewater treatment facilities and then discharged to the industrial park wastewater treatment plant, so that water quality meets local effluent discharge standards. The water management target is per-capita daily water consumption of less than 0.1 metric tons.

## Water Use (Two-Year Comparison)

| Water item (Vanguard) | Unit | 2024 | 2025 |
|---|---|---|---|
| **Total water withdrawal (municipal water)** | Cubic meters | 55,434 | 62,950 |
| **Groundwater withdrawal** | Cubic meters | 0 | 0 |
| **Rainwater harvested** | Cubic meters | 2,500 | 2,500 |
| **Total wastewater discharged** | Cubic meters | 44,347 | 50,360 |

Figure 7-5 Water Withdrawal and Discharge, Two-Year Comparison (Principal Production Base)




The Company draws its water mainly from municipal supply (third-party water), with no groundwater withdrawal, and rainwater harvesting is in place. Wastewater is treated by the Company's own wastewater treatment facilities before discharge and met the applicable standards in both 2024 and 2025.

Water withdrawal at the Enrich plant in Thailand was 16,646 cubic meters in 2025 (withdrawal at the Enrich plant was not recorded separately for 2024). The figure of approximately 68,370 cubic meters in the first report for 2024 was compiled on the statistical basis and site coverage used at that time, which differs from the basis on which withdrawal is reported separately for the 2 production sites, Vanguard and Enrich, in this report. As a result, the two are not presented side by side for comparison. Water data in this report are presented separately for the 2 production sites, Vanguard and Enrich (Enrich has been recorded separately since 2025; the Taipei office is an office site and is not included in the withdrawal statistics). Water figures compiled on other statistical bases or with different site coverage are not on the same basis as the separate presentation in this section and are not directly comparable.

7.05

# Waste Management

## Waste Management Approach (GRI 306-1, 306-2)

The Company has established a dedicated management unit under its ISO 14001 management procedures to track the sources and generation of waste and the measures applied to it. The Company and its subsidiaries have Waste Management Rules in place in accordance with the laws of the countries in which they operate, and have established standard operating procedures for the storage of hazardous waste and the interim storage of chemical tanks within their sites: hazardous waste warehouses comply with technical standards including GB18597-2001 and GB18599-2001, with measures against wind, rain, sunlight, seepage, and leakage and with warning signage, and different hazardous wastes (such as waste packaging, paint residue, sludge, and spent activated carbon) are stored in separate areas divided by retaining walls. Waste is handled by registered and licensed removal and transport contractors, and the Company complies with the registration and reporting requirements for hazardous waste and with the transfer manifest system.

## Waste Generation (Two-Year Comparison)

Waste at the Vanguard plant for the reporting year is disclosed below by volume generated and by disposal route in accordance with GRI 306. Vanguard is a furniture manufacturing plant, and its waste consists mainly of recyclable materials such as wood scrap. Total waste generated in 2025 was 3,954.43 metric tons, of which 3,901.98 metric tons was sent for reuse and 37.47 metric tons went to disposal (incineration), with a further 14.98 metric tons of hazardous waste sent to specialist contractors for disposal.

| Waste at the Vanguard plant (GRI 306, metric tons) | 2024 | 2025 |
|---|---|---|
| Total waste generated (306-3) | 3,902.30 | 3,954.43 |
| of which: hazardous waste | 15.89 | 14.98 |
| Waste diverted from disposal (reuse, 306-4) | 3,850.34 | 3,901.98 |
| Waste directed to disposal (incineration, 306-5) | 51.96 | 37.47 |
| Waste directed to disposal (landfill, 306-5) | 0 | 0 |
| Waste directed to disposal (other: hazardous waste sent to third-party disposal, 306-5) | 0 | 14.98 |
| Total waste directed to disposal (306-5) | 51.96 | 52.45 |
| Recycling/reuse rate | 98.67% | 98.67% |

Note: The figure of 29.56/26.33 metric tons of total industrial waste reported for Vanguard in the Company's first sustainability report was the volume of general (non-hazardous) waste sent for disposal as recorded in the official regulatory system, not total waste generated as defined by GRI 306-3. This report instead uses total waste generated including reuse (2024: 3,902.30 metric tons; 2025: 3,954.43 metric tons) and discloses generation, reuse, and disposal in accordance with GRI 306. For 2024, total waste generated = reuse + incineration + landfill (3,850.34 + 51.96 + 0 = 3,902.30); the 15.89 metric tons of hazardous waste that year is included within the reuse and incineration streams above. For 2025, the 14.98 metric tons of hazardous waste was routed separately through specialist hazardous waste disposal channels and is presented separately as directed to disposal (other), so total waste generated = reuse + incineration + landfill + other (3,901.98 + 37.47 + 0 + 14.98 = 3,954.43). In both years the flows reconcile as 306-3 = 306-4 + 306-5. The recycling/reuse rate is calculated as waste diverted from disposal (reuse, 306-4) divided by total waste generated (306-3); the same formula is used at both the Vanguard and Enrich plants.

Waste data for the Enrich plant in Thailand in accordance with GRI 306 are set out below (updated after the plant's safety department reviewed the original records; figures for both years are disclosed on the updated basis):

| Waste at the Enrich plant (GRI 306, metric tons) | 2024 | 2025 |
|---|---|---|
| Total waste generated (306-3) | 1,439.54 | 2,004.89 |
| of which: general (non-hazardous) waste | 72.00 | 72.00 |
| of which: hazardous waste | 14.63 | 7.74 |
| Waste diverted from disposal (reuse, 306-4) | 1,352.91 | 1,925.15 |
| Waste directed to disposal (incineration, 306-5) | 0 | 0 |
| Waste directed to disposal (landfill, 306-5) | 0 | 0 |
| Waste directed to disposal (other: general waste collected by the municipal authority and hazardous waste sent to third-party disposal, 306-5) | 86.63 | 79.74 |
| Total waste directed to disposal (306-5) | 86.63 | 79.74 |
| Recycling/reuse rate | 93.98% | 96.02% |

Note: Waste at the Enrich plant is mainly sold to licensed waste management contractors for recycling and reuse (1,925.15 metric tons in 2025). Some of the waste sold had previously not been classified as recycled; after the waste management contractors confirmed that it is recycled and reused following sorting, it has been reclassified for the reporting year according to its actual route, so that the disclosure reflects the actual handling of the waste. General (non-hazardous) waste (72.00 metric tons in each of the 2 years, that is, approximately 6 metric tons of general refuse a month) is collected and handled by the local municipal authority, and hazardous waste is routed separately through specialist hazardous waste disposal channels. Hazardous waste fell in 2025 from 2024, mainly because of an improvement in the chemical supply process: chemicals are now discharged directly into the foam production storage tanks, reducing the use and disposal of chemical containers. The general waste and hazardous waste above (86.63 metric tons in 2024 and 79.74 metric tons in 2025) are reported as waste directed to disposal (other), so that the flows reconcile as total waste generated (306-3) = reuse (306-4) + disposal (306-5).

## Total waste generated by the Company (GRI 306-3)

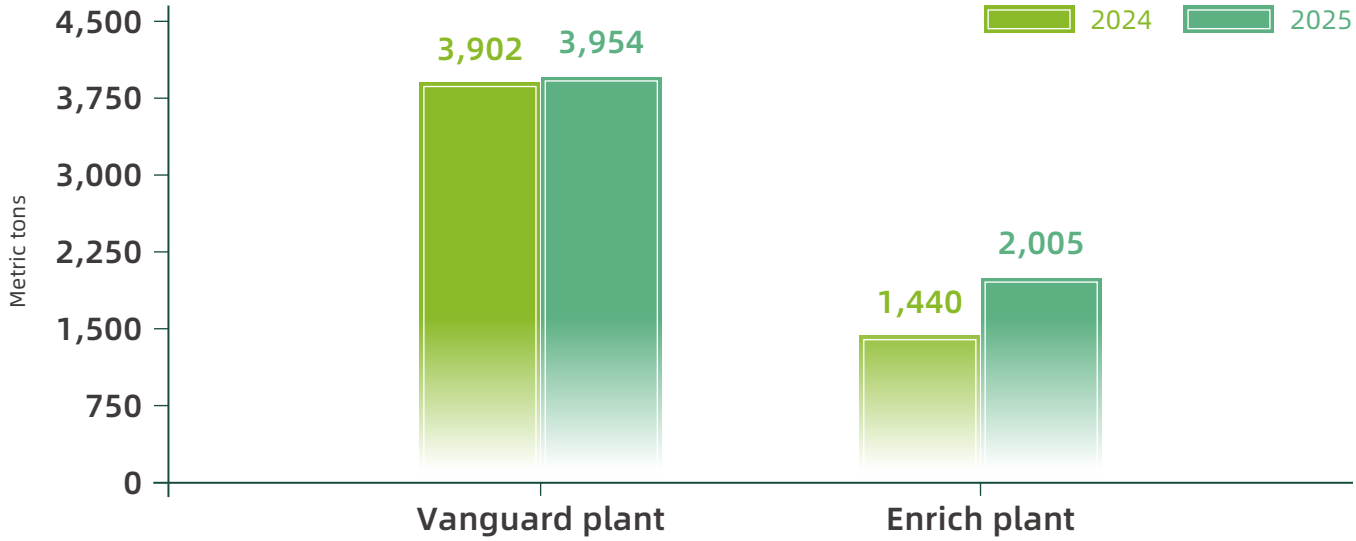
The 2 production sites, Vanguard and Enrich, combined; the Taipei office is an office site and does not generate process waste

Note: The waste data in this section are disclosed plant by plant for the 2 production sites, Vanguard and Enrich, in accordance with GRI 306, and total waste generated (306-3) includes Enrich. Hazardous waste is recognized in accordance with the GRI definition (14.98 metric tons at Vanguard in 2025 and 22.72 metric tons across all sites). Waste figures compiled on other statistical boundaries or classification bases are not on the same basis as this section and are not directly comparable.

**2024**
5,341.84
metric tons

**2025**
5,959.32
metric tons

Figure 7-6 Waste Generated, Two-Year Comparison (Vanguard / Enrich)




Total waste generated at the Vanguard plant increased slightly across the 2 years (approximately +1.3%), while the recycling/reuse rate held at 98.67%, reflecting a circular processing model based mainly on wood scrap recycling and reuse. The volume of waste not reused was broadly unchanged between the 2 years (51.96 metric tons in 2024 and 52.45 metric tons in 2025), of which, in 2025, 37.47 metric tons was incinerated and 14.98 metric tons of hazardous waste was sent to third-party disposal; hazardous waste fell from 15.89 to 14.98 metric tons. At the Enrich plant, total waste generated rose from 1,439.54 metric tons in 2024 to 2,004.89 metric tons in 2025, mainly because of a change in waste classification (waste sold that had previously not been classified as recycled is now reported as recycled and reused). Hazardous waste fell from 14.63 to 7.74 metric tons, and the recycling/reuse rate rose from 93.98% in 2024 to 96.02% in 2025; as at Vanguard, recycling and reuse is the principal treatment route. The third-party waste removal contractors used at all 3 sites hold the licenses required by law.

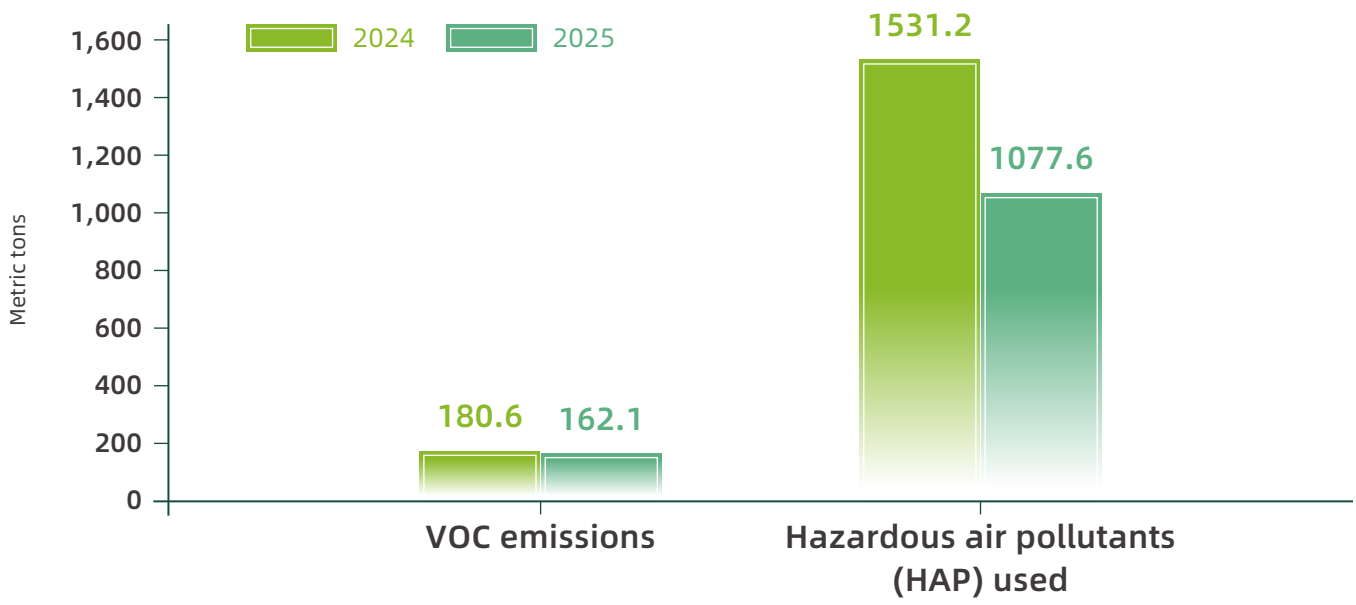
7.06

# Air Pollution and Chemical Management

## Volatile Organic Compounds (VOCs) and Hazardous Air Pollutants (GRI 305-7)

Vanguard is the Group's principal source of VOC emissions. VOC emissions were 180.582 metric tons in 2024 and 162.054 metric tons in 2025, a decrease of approximately 10.3% year on year, and the volume of hazardous air pollutants (HAPs) used fell from 1,531.16 metric tons to 1,077.58 metric tons. Vanguard holds a VOC emissions permit, and violations of environmental emissions requirements were zero in both 2024 and 2025. VOC emissions at the Enrich plant were zero in both 2024 and 2025; 649.714 metric tons of hazardous chemicals were used in 2025, and no VOC emissions permit is required.

Figure 7-7 Air Pollutants, Two-Year Comparison (Vanguard, GRI 305-7)




## Chemical Management

Types of hazardous chemicals used: 4 at Vanguard in both 2024 and 2025; at Enrich the number rose from 10 in 2024 to 25 in 2025. Safety data sheets (SDS) are in place at all 3 sites. Protective management of chemicals in relation to occupational health and safety is described in Chapter 6, 6.03.

7.07

# Biodiversity

## Biodiversity policy and commitments

The Company recognizes that furniture manufacturing uses timber as its principal raw material and that the sustainable management of forest resources is its most direct responsibility toward the natural environment. The Company commits to:

01 Not using illegally harvested timber, with all wood raw materials required to meet legality of source requirements.

02 Giving preference to FSC-certified timber and paper, with its principal production base, Vanguard in Jiaxing, holding FSC Chain of Custody (CoC) certification (certificate number SGSHK-COC-011772, valid from April 22, 2025 to April 21, 2030) and tracing the origin of its timber through that certification.

03 Avoiding operating sites in areas of high ecological value, with all existing principal production bases located in established industrial parks and not adjacent to statutory protected areas or sensitive areas of high ecological value.

04 Continuing to assess the potential impacts of its operations on biodiversity and reviewing the depth of its disclosures as the scope of its operations changes. The Company has not yet set quantified biodiversity targets and has not carried out a quantitative assessment of the ecological impacts of its operating sites.

Biodiversity is a monitored topic for the reporting year. The Company's principal production bases, Vanguard in Jiaxing and Enrich in Thailand, are located in established industrial parks and are not adjacent to sensitive areas of high ecological value or to statutory protected areas. For timber, the raw material most closely connected with ecology, the Company reduces the potential impact on forest ecosystems through FSC Chain of Custody (CoC) certification and management of the legality of timber sources (see Chapter 4, 4.10). The Company will continue to track ecological issues around its operating sites and will assess deeper disclosure in future years in light of the scope of its operations. On natural carbon sinks, the Company is not currently pursuing strategies or measures relating to natural carbon sinks; its principal actions are management of the legality of timber sourcing and FSC certification to reduce the impact on forest ecosystems. Whether to include natural carbon sinks will be assessed in future in light of the scope of its operations and its carbon reduction pathway planning.



Index.

# Appendix

# Appendix

## GRI Content Index and SASB Index

### 1. Statement of Use of the GRI Standards

| Item | Content |
|---|---|
| **Statement of use** | FY Group Ltd. (stock code: 6807) has reported the information cited in this GRI content index for the period January 1, 2025 to December 31, 2025 with reference to the GRI Standards. |
| **GRI 1 used** | GRI 1: Foundation 2021 |
| **Applicable GRI Sector Standard** | No GRI Sector Standard currently applies to the Building Products & Furnishings sector, so none has been applied. |
| **Other frameworks referenced** | The Company has also referred to IFRS S2 Climate-related Disclosures and to the Sustainability Accounting Standards Board (SASB) industry metrics for Building Products & Furnishings (CG-BF); see Section 3 of this Appendix. |
| **Appendix 1 to the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies (industry-specific sustainability metrics)** | No industry-specific sustainability metrics in Appendix 1 to the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies currently apply to the furniture manufacturing industry. The Company therefore uses the Sustainability Accounting Standards Board (SASB) industry metrics for Building Products & Furnishings (CG-BF) as its reference for industry disclosure (see Section 3). |
| **Appendix 2 to the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies (climate-related information)** | Under Article 4-1 of the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, the Company's climate-related disclosures appear in Chapter 7, §7.01, Climate Change Governance and Strategy, and are summarized in Section 5 of this Appendix. |

Note: This is the Group's second sustainability report, prepared with reference to the GRI Standards. Certain quantitative metrics are disclosed as currently available or marked as not applicable, with explanations in the remarks column of the tables below.

## 2. GRI Content Index

### GRI 2: General Disclosures 2021

| Disclosure | Relevant section | Explanation and remarks |
|---|---|---|
| 2-1 Organizational details | §1.02 | Company Profile, History, and Operating Sites |
| 2-2 Entities included in the organization's sustainability reporting | §1.02<br>§1.03.3 | All 3 sites in full; non-material subsidiaries such as Sovereign Industrial (Jiaxing) Co., Ltd. (Sovereign) are not included |
| 2-3 Reporting period, frequency and contact point | §1.03.2<br>§1.03.6 | Published annually; second report; scheduled for publication in August 2026 |
| 2-4 Restatements of information | §1.03.4 | The expanded reporting boundary led to restatement of the basis for emissions, waste, and water; waste figures for Enrich Industrial (Thai) Company Ltd. (Enrich) were corrected and restated after review by the plant |
| 2-5 External assurance | §1.03.5 | Not assured by an independent third party for the reporting year; adoption in future years is being assessed |
| 2-6 Activities, value chain and other business relationships | §1.02 | OEM, ODM, and OBM; Position in the Value Chain; Supply Chain Overview |
| 2-7 Employees | §6.01.2 | 2,025 employees across the Group, with structure by job category, age, and education |
| 2-8 Workers who are not employees | §6.01.3 | Numbers of dispatched (agency), outsourced, and contracted workers by site, and the nature of their work |
| 2-9 Governance structure and composition | §2.02<br>§2.03.2 | 9 directors (including 4 independent directors), the functional committees, and diversity and age distribution |
| 2-10 Nomination and selection of the highest governance body | §2.03.2 | Board diversity policy; the nomination process is described in the corporate governance report in the annual report |
| 2-11 Chair of the highest governance body | §2.03.2 | The Chairman also serves as Chief Executive Officer; oversight is strengthened by 4 independent directors |
| 2-12 Role of the highest governance body in overseeing the management of impacts | §2.03.1 | Oversight of sustainability strategy, material topics, and risks; the progress of the GHG inventory is reported each quarter |
| 2-13 Delegation of responsibility for managing impacts | §2.02 | Coordinated by the Office of the Chairman, with responsibilities divided across departments and quarterly reporting to the Board of Directors |
| 2-14 Role of the highest governance body in sustainability reporting | §2.02<br>§2.03.1 | The Board of Directors reviews and approves this report |
| 2-15 Conflicts of interest | §2.03.1<br>§2.03.2 | Rules on recusal in cases of conflict of interest and the Company's Regulations Governing the Management of Related Party Transactions |

| Disclosure | Relevant section | Explanation and remarks |
|---|---|---|
| 2-16 Communication of critical concerns | §2.02<br>§3.01 | Critical concerns reported to the Board of Directors in 2025: 0 |
| 2-17 Collective knowledge of the highest governance body | §2.03.1 | 6 hours of ESG training for directors, with a participation rate of 100% |
| 2-18 Evaluation of the performance of the highest governance body | §2.03.2 | Annual evaluation (self-evaluation and peer evaluation), with the results reported to the Board of Directors |
| 2-19 Remuneration policies | §2.03.2 | The Group Salary Calculation and Management Regulations; the remuneration structure is described in the annual report |
| 2-20 Process to determine remuneration | §2.03.3 | Reviewed by the Salary and Remuneration Committee (all of the independent directors) |
| 2-21 Annual total compensation ratio | §2.03.2<br>§6.01.5 | As a KY company, the Company is not required to file data on the median employee salary, so this disclosure is not applicable |
| 2-22 Statement on sustainable development strategy | §1.01<br>§2.01 | Letter from the Chairman; Sustainable Development Strategy |
| 2-23 Policy commitments | §6.01.1 | International Bill of Human Rights, ILO Core Conventions, United Nations Global Compact (UNGC), and Responsible Business Alliance (RBA) Code of Conduct |
| 2-24 Embedding policy commitments | §6.01.1<br>§6.02 | Human rights due diligence |
| 2-25 Processes to remediate negative impacts | §4.04 | Arrangements for receiving and closing grievances |
| 2-26 Mechanisms for seeking advice and raising concerns | §4.04 | Ethics reporting mailbox and multilingual grievance channels |
| 2-27 Compliance with laws and regulations | §4.05 | No significant instances of non-compliance; fines 0 |
| 2-28 Membership associations | §4.08 | Associations and industry organizations of which the Company is a member |
| 2-29 Approach to stakeholder engagement | §3.01 | Engagement with 8 stakeholder groups |
| 2-30 Collective bargaining agreements | §6.01.6 | The trade union of Vanguard Industrial (Jiaxing) Co., Ltd. (Vanguard) has signed a collective agreement on behalf of all employees, covering 100% of Vanguard employees and 69.2% of the Group's total workforce; the Taipei office and Enrich have no union and communicate through labor-management conferences and grievance channels, respectively; see §6.01.6 |

## GRI 3: Material Topics 2021

| Disclosure | Relevant section | Explanation and remarks |
|---|---|---|
| 3-1 Process to determine material topics | §3.02 | The four-step double materiality process |
| 3-2 List of material topics | §3.03 | 25 topics sorted into 4 tiers |
| 3-3 Management of material topics | §3.04and the individual topic sections | Management approach for the 12 core material topics |

## Topic Standards (disclosed according to the material topics and current practice)

| GRI Standard / disclosure | Relevant section | Explanation and remarks |
|---|---|---|
| 201 Economic Performance | §4.01 | |
| 201-1 Direct economic value generated and distributed | §4.01<br>§1.02 | Structure of economic value generated and distributed (EVG&D); economic value retained -9,337 |
| 201-2 Financial implications and other risks and opportunities due to climate change | §7.01 | Qualitative disclosure of climate-related risks and opportunities |
| 204 Procurement Practices | §4.10 | |
| 204-1 Proportion of spending on local suppliers | §4.10 | Reported on the current basis, by number of suppliers: Vanguard Industrial (Jiaxing) Co., Ltd. (Vanguard) 100%, Enrich Industrial (Thai) Company Ltd. (Enrich) 69.2% |
| 205 Anti-corruption | §4.03 | |
| 205-1 Operations assessed for risks related to corruption | §4.03 | All 3 sites in full, 100% covered by internal audit and risk assessment |
| 205-2 Communication and training about anti-corruption policies and procedures | §4.03 | Communicated from time to time at internal management meetings |
| 205-3 Confirmed incidents of corruption and actions taken | §4.03 | 0 in both 2024 and 2025 |
| 206 Anti-competitive Behavior | §4.03 | |
| 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | §4.03 | None in either 2024 or 2025 |
| 207 Tax | §4.02 | |
| 207-1 Approach to tax; 207-2 Tax governance, control, and risk management; 207-3 Stakeholder engagement and management of concerns related to tax | §4.02 | The effective tax rate is disclosed (consolidated: 22.91% and 18.00%); tax governance and the approach to tax are described in §4.02 |
| 301 Materials | §5.03 | |
| 301-1 Materials used by weight or volume | §5.03 | Consumption of principal materials such as timber, fabric, and leather |
| 301-2 Recycled input materials used | §5.03 | At Vanguard Industrial (Jiaxing) Co., Ltd. (Vanguard) in 2025: fabric 87%, leather 86%, synthetic fiber 100%, and elastic fiber fill 80%. Recycled polyester (r-PET) accounted for 99.9% of the fabric purchased; because some items are cotton and polyester blends (with the polyester component made from 100% recycled material), the proportion of recycled input for fabric as a whole was 87% |
| 301-3 Reclaimed products and their packaging materials | §5.03 | All packaging materials for brand customers are FSC certified and 100% recyclable |

| GRI Standard / disclosure | Relevant section | Explanation and remarks |
|---|---|---|
| 302 Energy | §7.03 | |
| 302-1 Energy consumption within the organization | §7.03 | Purchased electricity, self-generated solar electricity, and green electricity certificates |
| 302-4 Reduction of energy consumption | §7.03 | Energy saving measures; renewable energy accounted for 79.5% of energy use at the Vanguard Industrial (Jiaxing) Co., Ltd. (Vanguard) plant in 2025 |
| 303 Water and Effluents | §7.04 | |
| 303-1 Interactions with water as a shared resource | §7.04 | Approach to water management |
| 303-2 Management of water discharge-related impacts | §7.04 | Wastewater discharged in compliance with the applicable standards |
| 303-3 Water withdrawal | §7.04 | Vanguard Industrial (Jiaxing) Co., Ltd. (Vanguard) 62,950 $m^3$; Enrich Industrial (Thai) Company Ltd. (Enrich) 16,646 $m^3$ |
| 304 Biodiversity | §4.10 | Reported together with 308 in relation to legal timber sources; a monitored topic for the year, with current management described in §7.07 |
| 305 Emissions | §7.02 | |
| 305-1 Direct (Scope 1) GHG emissions | §7.02 | Scope 1: 195.80 $tCO_2e$ |
| 305-2 Energy indirect (Scope 2) GHG emissions | §7.02 | Scope 2: 2,639.88 $tCO_2e$ (location-based method) |
| 305-4 GHG emissions intensity | §7.02 | Emissions intensity of approximately 0.67 $tCO_2e$ per NT$ million in revenue |
| 305-5 Reduction of GHG emissions | §7.01<br>§7.02 | Target of a 1% reduction each year |
| 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | §7.06 | Volatile organic compounds (VOCs) 162.054 metric tons |
| 306 Waste | §7.05 | |
| 306-1 Waste generation and significant waste-related impacts | §7.05 | Waste Management Approach |
| 306-2 Management of significant waste-related impacts | §7.05 | Segregated storage areas and licensed third-party removal |
| 306-3 Waste generated | §7.05 | Vanguard Industrial (Jiaxing) Co., Ltd. (Vanguard) 3,954.43; Enrich Industrial (Thai) Company Ltd. (Enrich) 2,004.89; all sites combined 5,959.32 metric tons (2025) |
| 306-4 Waste diverted from disposal | §7.05 | Reuse at Vanguard Industrial (Jiaxing) Co., Ltd. (Vanguard) 3,901.98 metric tons; reuse at Enrich Industrial (Thai) Company Ltd. (Enrich) 1,925.15 metric tons |
| 306-5 Waste directed to disposal | §7.05 | Vanguard Industrial (Jiaxing) Co., Ltd. (Vanguard): incineration 37.47 and directed to disposal (other) 14.98, total 52.45; Enrich Industrial (Thai) Company Ltd. (Enrich): directed to disposal (other) 79.74 (incineration 0, landfill 0), total 79.74 metric tons |
| 308 Supplier Environmental Assessment | §4.10 | |
| 308-1 New suppliers that were screened using environmental criteria | §4.10 | 100% of new suppliers were screened under a selection procedure incorporating environmental criteria |
| 401 Employment | §6.01.5<br>§6.01.2 | Employee benefits; new hires and departures at the Taipei office. Figures for Vanguard Industrial (Jiaxing) Co., Ltd. (Vanguard) and Enrich Industrial (Thai) Company Ltd. (Enrich) are not yet included in the statistics and will be added in future years |
| 402 Labor/Management Relations | §6.01.6 | Labor-management conferences and collective agreements |

| GRI Standard / disclosure | Relevant section | Explanation and remarks |
|---|---|---|
| 403 Occupational Health and Safety | §6.03 | |
| 403-1 Occupational health and safety management system | §6.03 | Management system and safety committee |
| 403-2 Hazard identification, risk assessment, and incident investigation | §6.03 | Engineering improvements for noise and dust |
| 403-3 Occupational health services | §6.03 | Occupational health examinations; no cases of work-related ill health |
| 403-4 Worker participation, consultation, and communication on occupational health and safety | §6.03 | Production safety meetings |
| 403-5 Worker training on occupational health and safety | §6.03 | Training and assessment on personal protective equipment (PPE) |
| 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | §6.03 | Upgrades to dust extraction and acoustic insulation |
| 403-8 Workers covered by an occupational health and safety management system | §6.03 | Coverage of the data |
| 403-9 Work-related injuries | §6.03 | 11 occupational injury cases confirmed under the local work injury determination process at Vanguard Industrial (Jiaxing) Co., Ltd. (Vanguard), and 0 at the Taipei office and at Enrich Industrial (Thai) Company Ltd. (Enrich); disclosed by number of cases |
| 403-10 Work-related ill health | §6.03 | 0 cases |
| 404 Training and Education | §6.01.7 | |
| 404-1 Average hours of training per year per employee | §6.01.7 | Average training hours per employee |
| 405 Diversity and Equal Opportunity | §6.01.4 | Women 37.1%, women in management 28.7% (on the basis used at the end of 2024; see §6.01.4) |
| 406 Non-discrimination | §6.01.4<br>§6.01.1 | Prohibition of discrimination and harassment |
| 408 Child Labor | §6.02 | Prohibition of child labor, with daily on-site checks |
| 409 Forced or Compulsory Labor | §6.02 | Prohibition of forced labor; no recruitment fees charged to migrant workers |
| 413 Local Communities | §6.06 | Charitable activities in the community and the "Five Water Co-Governance" initiative |
| 414 Supplier Social Assessment | §4.10<br>§6.05 | |
| 414-1 New suppliers that were screened using social criteria | §4.10 | 100% of new suppliers were screened under a selection procedure incorporating social criteria; 0 suppliers with significant social risk |
| 416 Customer Health and Safety | §4.09<br>§6.04 | |
| 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | §4.09 | Violations 0; recalls 0 |
| 417 Marketing and Labeling | §4.09 | |
| 417-2 Incidents of non-compliance concerning product and service information and labeling;<br>417-3 Incidents of non-compliance concerning marketing communications | §4.09 | 0 incidents of non-compliance concerning product labeling and 0 concerning marketing communications |
| 418 Customer Privacy | §4.06<br>§6.04 | |
| 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | §4.06 | Breaches of privacy 0; losses of data 0 |

## 3. SASB Index (Building Products & Furnishings, CG-BF)

The Company discloses the following with reference to the Sustainability Accounting Standards Board (SASB) industry metrics for Building Products & Furnishings (CG-BF). The Company's principal business model is specialist OEM and ODM manufacturing, and certain consumer-end metrics (such as product take-back and recycling, and product-level certification) are handled according to the product plans of brand customers; these are not applicable within the scope of the Company's operations, as explained in the table below.

| SASB code | Disclosure topic | Relevant section | Disclosure status and explanation |
|---|---|---|---|
| CG-BF-130a.1 | Energy management in manufacturing | §7.03 | Purchased electricity, self-generated solar electricity, and the use of green electricity certificates are disclosed; renewable energy accounted for 79.5% of energy use at the Vanguard Industrial (Jiaxing) Co., Ltd. (Vanguard) plant in 2025. Total energy consumption is disclosed by energy type, such as purchased electricity, natural gas, and diesel and fuel oil |
| CG-BF-250a.1 | Management of chemicals in products (process) | §7.06<br>§5.03 | The types of hazardous chemicals in use, the safety data sheets (SDS) in place, and the classification, storage, and protective management of chemicals are disclosed (qualitative) |
| CG-BF-250a.2 | Percentage of eligible products meeting volatile organic compound (VOC) emissions and content standards | §7.06 | Management of volatile organic compound (VOC) emissions at the sites is disclosed in §7.06 (162.054 metric tons); the percentage of products certified at product level for VOC content falls within the product specifications of brand customers and is not applicable to the Company's manufacturing operations |
| CG-BF-410a.1 | Product Lifecycle Environmental Impacts | §5.03 | Sustainable product design, durability, and life cycle considerations are disclosed (qualitative) |
| CG-BF-410a.2 | (1) Weight of end-of-life material recovered, (2) percentage of recovered materials recycled | §5.03 | The Company's business model is specialist OEM and ODM manufacturing, and end-of-life product recovery is arranged according to brand customers' product plans and market-end arrangements; within the scope of the Company's operations, this metric is not applicable |
| CG-BF-430a.1 | Wood supply chain management | §4.10 | The number of wood suppliers (Vanguard Industrial (Jiaxing) Co., Ltd. (Vanguard) 15, Enrich Industrial (Thai) Company Ltd. (Enrich) 12) and their source regions are disclosed on the current basis; Vanguard holds FSC Chain of Custody (CoC) certification |
| CG-BF-000.A | Activity metric: annual production volume | – | The Company's product range is diverse and production is flexible according to brand customers' orders. Annual production volume is not aggregated in a single unit of measure, so this metric is not applicable for disclosure |
| CG-BF-000.B | Activity metric: area of manufacturing facilities | – | The Company operates multiple sites and multiple production lines. It does not aggregate facility area on a single basis, so this metric is not applicable for disclosure |

## 4. Notes on Topics Under Observation and Monitored Topics

In its double materiality assessment, the Company classifies topics that do not reach the threshold for secondary material topics as topics under observation (scoring between 3.0 and 3.9 on both the impact axis and the financial axis) or as monitored topics (scoring below 3 on either axis). For the reporting year, how these topics are managed and the policy direction have been disclosed in the relevant sections, and the topics have been placed on the monitoring list; their materiality tier will be reassessed in the next reporting period in light of business developments and the level of stakeholder concern.

### Topics under observation (2)

| Topic | Disclosure for the reporting year |
|---|---|
| **Waste management and the circular economy** | Waste generated and waste reused at Vanguard Industrial (Jiaxing) Co., Ltd. (Vanguard) and Enrich Industrial (Thai) Company Ltd. (Enrich) are set out in Chapter 7, §7.05; treatment at Vanguard is based mainly on wood scrap recycling and reuse, with an overall recycling/reuse rate of 98.67% |
| **Talent development** | The training system and average training hours per employee are set out in Chapter 6, §6.01.7 |

### Monitored topics (4)

| Topic | Disclosure and explanation for the reporting year |
|---|---|
| **Water resource management** | Water withdrawal at Vanguard Industrial (Jiaxing) Co., Ltd. (Vanguard) and Enrich Industrial (Thai) Company Ltd. (Enrich) is set out in Chapter 7, §7.04; the principal production bases are not located in areas of high water risk, and water use is disclosed on a current-status basis for the reporting year |
| **Biodiversity and habitat conservation** | The Company's principal production bases are located in established industrial parks and are not adjacent to sensitive areas of high ecological value; the legality of timber sources and the management of FSC Chain of Custody (CoC) certification are set out in Chapter 4, §4.10 |
| **Employee diversity, equity, and inclusion** | Disclosed in a dedicated section, Chapter 6, §6.01.4 (structure by gender, nationality, job grade, and other categories) |
| **Community engagement and local impact** | Charitable activities in the community and local engagement are set out in Chapter 6, §6.06 |

These topics under observation and monitored topics will continue to be monitored, and their materiality tier and the depth of their disclosure will be reassessed in the next reporting period.

## 5. Climate-related Information (Article 4-1 and Appendix 2 of the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies)

The Company discloses climate-related information in accordance with Article 4-1 and Appendix 2 (which follows the TCFD framework) of the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies; the substantive disclosures appear in Chapter 7, §7.01, §7.02, and §7.03. The statutory disclosure timetable for this information is set by Article 4-1 of the Rules, which assigns companies to categories by paid-in capital as of the end of the most recent fiscal year. The Company's paid-in capital is NT$540,000 thousand (below NT$5 billion), and the applicable provisions are as follows: for Scope 1 and Scope 2 GHG inventories, disclosure of parent-company-only data from 2026 and of consolidated parent-and-subsidiary data from 2027 (Article 4-1, Paragraph 2, Subparagraph 3); for greenhouse gas assurance, completion of parent-company-only assurance from 2028 and of consolidated parent-and-subsidiary assurance from 2029 (Article 4-1, Paragraph 3, Subparagraph 3); and for carbon reduction targets, strategies, and action plans, completion of disclosure from 2027 (Article 4-1, Paragraph 4, Subparagraph 3). For the reporting year, the Company has disclosed Scope 1 and Scope 2 emissions for all 3 sites: the Taipei office, Vanguard Industrial (Jiaxing) Co., Ltd., and Enrich Industrial (Thai) Company Ltd. Separately, under the phased adoption timetable for the Financial Supervisory Commission sustainability disclosure standards, the Company falls within the third phase (preparation for fiscal 2028, with the sustainability-related financial information section of the annual report filed for the first time in 2029); this timetable and the timetable under Article 4-1 of the Rules are separate regimes that apply independently. For the reporting year, the Company discloses climate-related risks and opportunities qualitatively, and will progressively introduce scenario analysis and financial impact assessment in line with the adoption timetable.

| Disclosure item in Appendix 2 | | The Company's disclosure | Relevant section |
|---|---|---|---|
| 1 | Oversight and governance of climate-related risks and opportunities by the Board of Directors and management | The Board of Directors is the highest body for climate risk management. Implementation is coordinated by the corporate governance unit within the Office of the Chairman. The progress of the GHG inventory and of its verification is reported at each Board meeting | §7.01<br>§2.02 |
| 2 | Climate-related risks and opportunities identified over the short, medium, and long term | Risks and opportunities for business, strategy, and finances are set out separately for the short term (within 3 years), the medium term (3 to 5 years), and the long term (more than 5 years) | §7.01<br>Strategy |
| 3 | Impact of climate-related risks and opportunities on business, strategy, and finances | As set out in the strategy table, the principal physical risk is typhoons. Mitigation measures are in place for personnel, assets, and raw materials | §7.01 |
| 4 | Financial impact of extreme weather events and of transition actions | Disclosed qualitatively for the reporting year. Quantitative assessment of financial impacts will be introduced in line with the adoption timetable of the Financial Supervisory Commission | §7.01 |
| 5 | How the processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management | Carried out under the five-step process set out in 3 procedures, including the Risk Control Management Process, and incorporated into the overall risk management system | §7.01<br>§4.05 |
| 6 | Scenario analysis | Scenario analysis has not yet been used to assess climate resilience for the reporting year; it will be introduced progressively in line with the adoption timetable of the Financial Supervisory Commission | §7.01 |
| 7 | Climate-related transition plans, metrics, and targets | No formal transition plan has yet been adopted; work proceeds under the existing carbon reduction targets (see item 9) | §7.01 |
| 8 | Internal carbon pricing | Internal carbon pricing has not been used for the reporting year | §7.01 |
| 9 | Climate-related targets and progress toward them; use of carbon credits and renewable energy certificates | An annual reduction of 1% in total GHG emissions, an improvement of 3% to 6% in energy efficiency each year, and a year-on-year increase in the share of renewable energy. Vanguard Industrial (Jiaxing) Co., Ltd. (Vanguard) has obtained ISO 50001. In 2025, 4,300 MWh of green electricity certificates were purchased and are used for the renewable energy disclosure (Scope 2 GHG emissions are calculated using the location-based method in accordance with the inventory report) | §7.01<br>§7.03 |
| 10 | GHG emissions, emissions intensity, and verification status | 2025 (data coverage: all 3 sites in full, namely the Taipei office, Vanguard Industrial (Jiaxing) Co., Ltd. (Vanguard) in Jiaxing, and Enrich Industrial (Thai) Company Ltd. (Enrich) in Thailand): Scope 1 195.80, Scope 2 2,639.88, total 2,835.68 tCO2e; emissions intensity 0.67 tCO2e per NT$ million in revenue. 2024 (data coverage: the smaller inventory boundary used in the first report, which did not cover all 3 sites in full): emissions of approximately 123.3 to 162.1 tCO2e and emissions intensity of 0.0324 tCO2e per NT$ million in revenue; because the inventory boundary and the basis of calculation differ from those used for the reporting year, the two are not directly comparable. Scope 3 was not covered by an inventory in either year and is not disclosed. Third-party assurance was not obtained for 2024 or 2025 (the timetable for assurance is set out in the introduction to this section) | §7.02 |