



南良國際股份有限公司

NAM LIONG GLOBAL CORPORATION



NAM LIONG

2023 Sustainability Report

Table of Contents

I. Corporate Profile	6
1.1 About this Report	6
1.1.1 Reporting Period	6
1.1.2 Reporting Standards	6
1.1.3 Scope and Boundaries	6
1.1.4 Restatements of Information	7
1.1.5 Internal Controls	7
1.1.6 Contact Information	7
1.2 Sustainability Strategies and Performance	8
1.2.1 Message from The Chairman and Performance of Sustainability Management	8
1.3 Stakeholder Engagement	11
1.3.1 Stakeholder Identification	11
1.3.2 Stakeholder Communication	11
1.4 Management of Material Topics	16
1.4.1 Process to Assess Material Topics	16
1.4.2 Management of the Impacts of Material Topics	18
1.4.3 Material Topic-Economic Performance	20
1.4.4 Material Topic-Materials Management	21
1.4.5 Material Topic-Supplier Environmental Assessment	22
1.4.6 Material Topic-Emissions	23
1.4.7 Material Topic-Energy	24
1.4.8 Material Topic-Effluents and Waste	25
1.4.9 Material Topic-Water and Effluents	26
1.4.10 Material Topic-Occupational Health and Safety	27
1.4.11 Material Topic-Training and Education	28
1.4.12 Material Topic-Employment	29
II. Corporate Governance	31
2.1 Corporate Overview	31
2.1.1 Corporate Profile	31

2.1.2 Operational Locations	33
2.2 Governance Structure	34
2.2.1 Governance Framework	34
2.2.2 Functional Committees	39
2.3 Economic Performance	40
2.3.1 Economic Value	40
2.3.2 Tax Policies	41
2.4 Responsible Business Conduct	42
2.4.1 Integrity Management	43
2.4.2 Compliance with Laws and Regulations	45
2.4.3 Human Rights Policies	46
2.5 Risk Management	48
2.5.1 Risk Management Organization	48
2.5.2 Risk Identification and Mitigation Measures	49
2.6 Climate-Related Risks and Opportunities	51
2.6.1 Climate Governance Organization	51
2.6.2 Climate-Related Risks and Opportunities Identification and Assessment	51
2.6.3 Scenario Analysis and Climate Risk and Opportunity Impact Assessment	54
2.6.4 Climate-Related Indicators and Objectives	58
2.7 Information Security	589
III. Products and Services	61
3.1 Products and Services	61
3.1.1 Products and Services Overview	61
3.1.2 Eco-Family Green Products and Our Commitments	65
3.1.3 Carbon Footprint Management of Low-Carbon Products	66
3.2 Products Health and Safety	67
3.2.1 Product Quality Management	67

3.2.2 Product Risk Assessment	70	5.6 Waste Management	92
3.2.3 Customer Privacy Management.....	70	5.6.1 Waste Management Policies	92
3.3 Marketing and Labeling	70	5.6.2 Waste Disposal.....	923
3.3.1 Products and Services Labeling Standards.....	70	5.7 Biodiversity and Ecological Conservation.....	94
3.3.2 Products and Services Marketing	72	5.7.1 Affected Wildlife Reserves.....	95
IV. Sustainable Supply Chain	74	5.7.2 Impact Management for Wildlife Reserves.....	95
4.1 Industrial Supply Chain.....	74	VI. Employee Care.....	96
4.1.1 Industry Overview	74	6.1 Human Capital.....	97
4.1.2 Supply Chain Structure	75	6.1.1 Human Resource Management	97
4.2 Supply Chain Management	76	6.1.2 Recruitment.....	97
4.2.1 Supply Chain Management Policies	76	6.1.3 Labor/Management Agreement	101
4.2.2 Supply Chain Audit Effectiveness.....	76	6.2 Compensation and Benefits.....	102
V. Friendly to the Environment	80	6.2.1 Equal Compensation	102
5.1 Materials Management	80	6.2.2 Comprehensive Benefits.....	104
5.1.1 Materials Management Policies	80	6.2.3 Parent-friendly Workplace.....	106
5.1.2 Materials Procurement Management by SASB Standards	81	6.3 Development Opportunities	107
5.2 Management of Chemical Substances in Products.....	82	6.3.1 Training and Education	107
5.2.1 Management of Chemical Substances in Products by SASB Standards	82	6.3.2 Performance Review.....	109
5.3 Energy Resource Governance	83	6.4 Workplace Safety.....	110
5.3.1 Energy Resource Management	83	6.4.1 Occupational Health and Safety Management	110
5.3.2 Energy Consumption	84	6.4.2 Work-related injuries and ill health	113
5.4 Emission Monitoring	85	VII. Social Prosperity	116
5.4.1 GHG Inventory.....	85	7.1 Care for Local Communities	116
5.4.2 Reduction of GHG Emissions.....	86	Appendix.....	118
5.4.3 Ozone-Depleting Substances (ODS) Inventory	87	GRI STANDARDS REFERENCE TABLE	118
5.4.4 Other Air Pollutant Emissions	87	Universal Standards	118
5.5 Water Resources Management.....	89	Topic Standards.....	120
5.5.1 Assessment of Water-related Impacts	89		
5.5.2 Withdrawal, Discharge and Consumption of Water	91		



SASB STANDARDS REFERENCE TABLE..... 1245



Corporate Profile

I. Corporate Profile

1.1 About this Report

1.1.1 Reporting Period

In this Sustainability Report, Nam Liong Global Corporation (hereinafter referred to as **Nam Liong Global**) makes systematic disclosure of **Nam Liong Global**'s performance, management approaches and objectives in governance, products, supply chain, environmental, and social aspects for the year 2023 (from January 1, 2023, to December 31, 2023). Nam Liong Global plans to publish Sustainability Report annually and make it publicly available on Nam Liong Global's official website in the future. Release date of previous report: December 2023; Release date of current report: September 2024; Expected release date of next report: August 2025

1.1.2 Reporting Standards

Reporting Standards: The compilation of this Report was based on the **GRI Standards 2021** set forth by the Global Sustainability Standards Board (GSSB), the Task Force on Climate-related Financial Disclosures (TCFD), and the **SASB Standards for the Apparel, Accessories and Footwear industry** set forth by the Sustainability Accounting Standards Board (SASB) were also referred to. The disclosed information in this Report aligns with the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.

1.1.3 Scope and Boundaries

The disclosure scope of the information in this Report aligns with the business units included in the consolidated financial statements. Please refer to Nam Liong Global's Consolidated Financial Reports for the comprehensive list of affiliates.

*Note 1: Information for each subsidiary is partially disclosed in the following sections: I. Corporate Profile; II. Corporate Governance (excluding the Board of Directors and Functional Committees); III. Products and Services; and VI. Employee Care.

*Note 2: Supplementary explanations will be provided within each chapter for variations in the disclosed scope of each chapter compared to the above-mentioned. All statistical data disclosed in this Report were calculated following the specified calculation basis as follows:

Financial Data	The Economic Income Distribution Table utilizes the data from individual financial reports audited by the CPAs. Unless otherwise specified, all financial data is presented in New Taiwan Dollars (NT\$).
Environmental Data	The GHG emissions are computed using the inventory method specified in ISO 14064-1:2018.
Other Data	Self-report statistics derived from aggregate data collected from individual operational locations.

1.1.4 Restatements of Information

This Report has restated the following information from the preceding period. Please refer to the respective sections for details.

Restated Section	Reason for the Restatement	Restated Information and Its Impact
1.4 Management of Material Topics	Considerations on the feasibility of objectives and enhancing disclosure of information	Adjustments to Goals and Targets for certain material topics
4.1.2 Supply Chain Structure	Changes in measurement methods	Adjustment to the Percentage of the Procurement Amount in relation to the Total Procurement Amount for 2022
5.1 Materials Management	Changes in measurement methods	Adjustment to the Product Materials for 2022
5.4.1 GHG Inventory	Changes in inventory scope, with detailed disclosure now categorized into Scope 1 and Scope 2	Adjustment to the total GHG emissions for 2022

1.1.5 Internal Controls

The **Sustainable Development Promotion Committee** is responsible for the overall planning, communication integration, data compilation, and content drafting of Nam Liong Global's annual Sustainability Report, adhering to the **AA1000 Accountability Principles of Materiality, Inclusivity, Responsiveness, and Impact**. The Sustainability Report undergoes content review by both committee members and external experts, before proceeding to the finalization process, which includes internal review and approval by the Sustainable Development Promotion Committee.

1.1.6 Contact Information

Contact Unit: Nam Liong Global Corporation

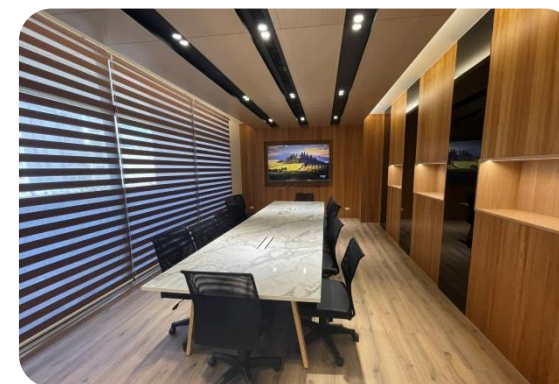
Spokesperson: General Manager Chang, Shun-Ching、Deputy Spokesperson: Su, Meng-Hsu

Tel: +886 (02)2659-1588

Email: namliong_public@namliong-global.com

Website: <http://www.namliong-global.com/>

Address: 6F., No.349, Yangguang St., Neihu Dist., Taipei City 114715, Taiwan (R.O.C.)



1.2 Sustainability Strategies and Performance

1.2.1 Message from The Chairman and Performance of Sustainability Management

Since our establishment, Nam Liong Global has consistently upheld the business philosophy of 「**respect for life and care for the environment**」. In 2016, our corporate vision has been to **become the global benchmark producer of composite materials for sustainable operation with the fundamental principle of green, innovation, and smart manufacturing, sharing achievements with society and employees**. Over the years, we have continuously taken proactive measures for sustainable development in alignment with our vision. In 2023, Nam Liong Global established the **Sustainable Development Promotion Committee**, organized into six functional work groups responsible for planning and executing relevant initiatives, and designated 2022 as the baseline year for carbon reduction efforts.

Reflecting on 2023, our efforts to advance actions in the aspects of Environmental, Social, and Corporate Governance have yielded significant and impactful results.

Aspect	Effectiveness of Initiatives in 2023
Environmental Protection	<ul style="list-style-type: none"> • Innovation focused on Eco-Friendly Materials: R&D of high-performance Eco-Family polymeric foams, environmentally friendly biofilms, environmentally friendly co-extrusion granules, transitions to environmentally friendly inks for packaging and moving towards simplification. • Attainment of Green Certifications: Certified by CASCALE for the Higg Facility Environment Module (FEM) and Facility Social & Labor Module (FLSM), and obtained Bluesign® Standards, Global Recycled Standard (GRS), FSC Chain of Custody (CoC) Certification, OEKO-TEX® Standard 100 Certification, USDA Certified Biobased Product, etc. These certifications contribute to creating distinctive and differentiated product features. • Environmental Certification: Continuously renewing ISO 14001 Environmental Management System certification, initiating ISO 14064-1 organizational GHG Inventory practices. Nam Liong Global eliminated the use of heavy oils in Taiwan region since 2021. • Reuse and Recycling of Waste: In 2023, the total waste amounted to 815.750 metric tons, with 55.94% consisting of business waste processed for reuse and recycling, marking a 19.09% increase compared to 2022.
	<ul style="list-style-type: none"> • Continuously honored as Happy Enterprise: Recognized as one of The 1111 Job Bank Happy Enterprise in 2021, 2022, and 2023.

Aspect	Effectiveness of Initiatives in 2023
<p>Social Responsibility</p>	<ul style="list-style-type: none"> • <i>Respecting human rights: No incidents</i> of forced or compulsory labor violations, <i>No</i> significant penalties or compensation due to legal violations. Additionally, 100% of new personnel received human rights-related training and education. • <i>Prioritizing training and education:</i> In 2023, a total of 101 courses were provided, furnishing training for 818 individuals with a cumulative total of 5,038 person-hours. The average training hours per person amounted to 9.65 hours, indicating a growth compared to 6.18 hours in 2022 and underscoring our commitment and investment in employee education and training. • <i>Prioritizing occupational health and safety management:</i> Continuously complying with local occupational health and safety regulations at each operational location, as well as managing in accordance with the ISO 45001: 2018 - Occupational Health and Safety Management System standards. Nam Liong Global Plant has established externally validated occupational health and safety management system. For other operational locations not meeting regulatory requirements, we strictly abide to the occupational health and safety management system. • <i>Continuously engaging in social activities:</i> Proactively undertaking the maintenance of trees around the Zheng Chenggong Tomb Monument and Wurong Park in the Yongkang District of Tainan City. We also consistently make donations to support public welfare and community initiatives, religious groups, police and fire departments, as well as educational causes.
<p>Corporate Governance</p>	<ul style="list-style-type: none"> • <i>No incidents</i> of integrity management or ethical-related <i>violations; no incidents</i> of <i>corruption</i>. • <i>Continuously utilizing TCFD framework and ISO systems for risk management:</i> In 2024, the TCFD framework is expected to be utilized for climate-related financial disclosures, focusing on the assessment of risks and opportunities and the management of related objectives. Simultaneously, renewing ISO 13485 Medical Devices quality management certification, and proceeding with ISO 27001 Information Security, Cybersecurity and Privacy Protection management system reaccreditation process will improve corporate governance and effectively mitigate potential operational threats. • <i>Maintaining long-term collaboration relationships with suppliers:</i> Establishing enduring partnerships with trading partners. Negotiations involving key parties are conducted collaboratively by senior management personnel and relevant dedicated personnel, ensuring fairness and transparency of operations, as well as the cultivation of stable, long-term cooperative relationships. Starting from 2023, an annual sustainable supply chain self-assessment will be conducted to evaluate suppliers' implementation of sustainability practices.

Nam Liong Global will persist in enhancing its sustainability management by implementing carbon reduction initiatives targeting carbon emission hotspots, with a specific focus on raw materials, energy resources, water resources, waste, etc. Critical areas will be designated as crucial operational indicators and managed accordingly. Simultaneously, focus will be on the research and expanded promotion of the BIO series materials and GRS Recycled products. This ensures that every employee actively contributes to carbon reduction efforts, fulfilling corporate social responsibilities in both environmental protection and human rights, and propels Nam Liong Global steadily forward on the path of sustainable development.



General Manager of Nam Liong Global

1.3 Stakeholder Engagement

1.3.1 Stakeholder Identification

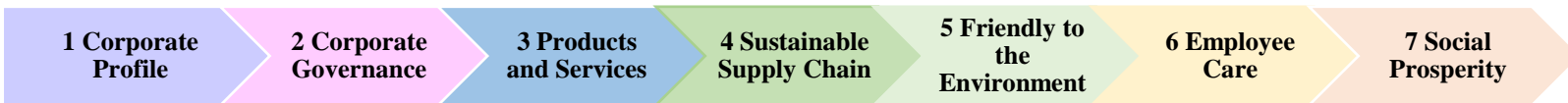
- Stakeholder Identification

The term “stakeholder” refers to individual or group that has an interest that is affected or could be affected by the organization’s activities. Considering the industry attributes and operational model, Nam Liong Global evaluates the actual and potential positive and negative impacts through the **Sustainable Development Promotion Committee and external expert scholars**. Entities with a total score of 12 or more are identified as having influence on or being influenced by Nam Liong Global. The seven key stakeholders identified are **customers, shareholders and other investors, suppliers, employees and other workers, government agencies, local communities, and financial institutions**.

Stakeholder	Significance of Actual Positive Impact	Significance of Potential Positive Impact	Significance of Actual Negative Impact	Significance of Potential Negative Impact	Total Scores
Customers	5	5	5	5	20
Shareholders and Other Investors	5	5	5	5	20
Suppliers	5	4	3	4	16
Employees and Other Workers	5	4	2	4	15
Government Agencies	3	4	3	4	14
Local Communities	3	3	2	5	13
Financial Institutions	3	3	3	3	12
Social Welfare Organizations	2	2	2	2	8
Business Partners	2	1	2	1	6
NGOs	1	2	1	2	6
Public Associations	1	1	1	1	4

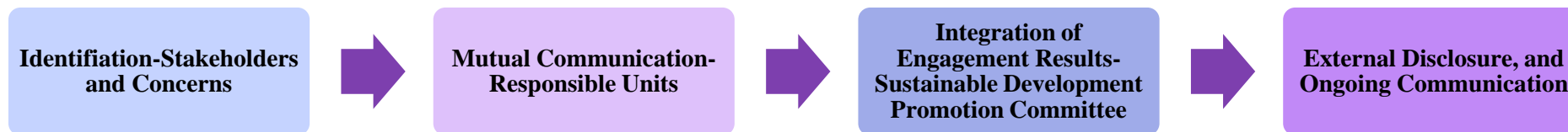
1.3.2 Stakeholder Communication

To better understand and address stakeholders’ concerns, we provide various communication channels and engage in regular discussions and consultations with stakeholders. This allows stakeholders to voice their opinions at any time, enabling us to better comprehend ESG issues of interest to different stakeholders. This also enables us to implement relevant strategies effectively to address these concerns. Subsequently, the **Sustainable**



Development Promotion Committee and external expert scholars refer to the AA1000 Stakeholder Engagement Standard 2015, considering five aspects: dependency, responsibility, tension, influence, and diverse perspectives, and identify Nam Liong Global’s important stakeholders, before engaging in ongoing communication with these stakeholders on substantive issues, proposing corresponding strategies and actions.

(1) Nam Liong Global’s Stakeholder Communication Mechanism and Management Procedures



(2) Nam Liong Global’s Major Stakeholders and Communication Results

Stakeholders	Description	Communication Channels	Communication Frequency	Major Concerns	Responsible Unit	Communication Results	Responses from Nam Liong	Responses from Stakeholder
Customers	Mutually beneficial symbiotic relationship with customers	Email	Immediate	Marketing of eco-friendly products, process optimization, pollution control, customer relationship maintenance	Business Units	Results of 2023 Customer Satisfaction Survey • Functional Material/Textile Division: 88 points • Products Divisions: 92 points	By using recycled or renewable resources as primary materials to reduce carbon emissions and emphasizing recycling, remanufacturing, or reutilization to minimize waste, the aim is to assist customers in promoting distinctive eco-friendly materials. This approach enhances their competitive advantage and helps them avoid low-price competition in a saturated market.	Despite the lifecycle assessment of BIO series materials confirming a reduction in carbon emissions by over 50% compared to conventional neoprene, further benefits for sustainable development could be achieved if a higher proportion of bio-based rubber is used to achieve improved physical properties, such as enhanced elasticity for better integration with stretch fabrics.
		Video conferences	Quarterly					
		Visits	Irregularly					

Stakeholders	Description	Communication Channels	Communication Frequency	Major Concerns	Responsible Unit	Communication Results	Responses from Nam Liong	Responses from Stakeholder
Employees and Other Workers	Employees are the most valuable assets of the Corporate	Announcements	Irregularly	Labor protection, compensation and benefits, training and education	Human Resource Department	<ul style="list-style-type: none"> Total 16 Labor/Management Meetings were held in 2023 Average training hours per person amounted for 9.65 hours in 2023 	In 2023, a more diverse range of educational training programs was offered to increase both the opportunities for and the willingness of employees to participate in training. The average satisfaction score for the trainings, based on a five-point scale, was 4.5.	The Corporate's approach to course selection aligns with the career development objectives and offers a variety of educational training programs, including both in-person and online courses. Additionally, unit supervisors actively encourage employees to engage in external training opportunities.
		Labor/Management meetings	Irregularly					
		Employee complaint box	Irregularly					
Suppliers	Mutually assisting and beneficial collaborative relationship with suppliers	Email	Immediate	Effective risk management, supplier relationship maintenance, supply chain audit management, fulfilling sustainable development	Business Units	Results of Quarterly Supplier Assessment <ul style="list-style-type: none"> Functional Material/Textile Division: 98 points Products Divisions: 85 points 	All assessment results meet the target values.	Ensuring strict oversight of raw material quality and delivery schedules in collaboration with Nam Liong, along with a progressive focus on sustainable development, aims to establish a key partnership in Nam Liong's sustainable supply chain.
		Phone calls	Immediate					
		Interviews	Irregularly					
Shareholders and Other Investors	Shareholders and investors play the role of crucial capital sources for the Corporate.	Shareholder meetings	Annually	Effective corporate governance, effective risk management, improve operational performance and efficiency	Finance Department	<ul style="list-style-type: none"> In 2023, 1 Shareholder Meeting and 1 Legal Person Briefing were held, and 12 Operational 	Operational performance demonstrates the Corporate's value, securing stable funding base and consequently,	It is expected that Nam Liong Global will excel in sound risk management, achieve stable revenue growth, and pursue sustainable
		Legal person briefing	Annually		Finance Department			
		Operational performance announcements	Monthly		Finance Department			

Stakeholders	Description	Communication Channels	Communication Frequency	Major Concerns	Responsible Unit	Communication Results	Responses from Nam Liong	Responses from Stakeholder
		Investor hotline/Email	Immediate			Performance Announcements were released <ul style="list-style-type: none"> Immediate communication with investors through dedicated hotlines and Emails as needed 	generating a positive cycle. It is expected that both shareholders and investors will continue to support the Corporate.	long-term development.
Government Agencies	Maintaining communication channels with the government is crucial for staying informed about the latest regulatory trends, avoiding legal violations, and ensuring sound operations.	Regulatory authorities' briefing	Irregularly	Facilitate stakeholder communication, effective risk management, fulfilling sustainable development	Finance Department, Occupational Safety and Health Department, Admin General Affairs Department Human Resource Department	<ul style="list-style-type: none"> Participating in explanatory sessions organized by relevant authorities to enhance communication efficiency on specific topics Engaging in discussions with relevant authorities on specific topics based on case needs, facilitating consensus-building and obtaining relevant recommendations 	Ensuring compliance with legal regulations by cooperating with competent authorities for inspection and verification procedures.	It is expected that Nam Liong Global will fully comply with both government regulations and international standards.
		Personal visits	Irregularly					
		Phone calls/Email	Immediate					
Financial Institutions	Financial institutions play the role of crucial funding	Personal visits	Irregularly	Effective corporate governance, effective risk	Finance Department	Visiting financial institutions as needed, maintaining	Operational performance demonstrates the	Thank you to Nam Liong Global for the longstanding

Stakeholders	Description	Communication Channels	Communication Frequency	Major Concerns	Responsible Unit	Communication Results	Responses from Nam Liong	Responses from Stakeholder
	sources for the Corporate.			management, improve operational performance and efficiency		close communication to secure stable source of funding	Corporate's value, securing stable funding base and consequently, generating a positive cycle. The Corporate has consistently obtained stable funding from financial institutions over the long term.	support and trust. We look forward to maintaining close communication and collaboration in the future.
Local Communities	Fulfilling social responsibilities	Public welfare donations	Irregularly	Fulfilling social responsibilities	Admin General Affairs Department	Maintaining close communication (A total donation of NT\$ 1.212 million was made in 2023.)	Provide support and assistance to organizations engaged in public welfare, community services, religious institutions, emergency services, and educational institutions.	Thank you to Nam Liong Global for the long-term sponsorship and generous support of public welfare initiatives. Your close engagement with the community has fostered positive communication.

(Note: This table provides a brief description of the stakeholders' major concerns. Please refer to the relevant chapters in this Report for detailed response measures.)

1.4 Management of Material Topics

1.4.1 Process to Assess Material Topics

Nam Liong Global's Sustainable Development Promotion Committee evaluates the Corporate's significant sustainability topics every three years based on operational activities, industry attributes, and the impacts generated throughout the value chain. This assessment involves stakeholder engagement and consultation with expert advisors, referring to the GRI 3: Material Topics 2021 for materiality, completeness and stakeholder inclusiveness. The evaluation process identifies the material topics that would significantly impact stakeholders, and the results are reported to the Sustainable Development Promotion Committee to determine the material topics for the current period. The detailed assessment process is as follows:

Step 1. Identifying sustainability topics

In addition to incorporating significant positive and negative events that have actually occurred historically, Nam Liong Global, based on feedback from stakeholders, and referring to **GRI Standards 2021**, TCFD, **SASB Standards for Apparel, Accessories and Footwear industry**, industrial specifications, benchmarking with peer companies, etc., as well as considering potential risks or opportunities, before proceeding to comprehensively identify sustainability topics relevant to Nam Liong Global. A total of **36** sustainability topics were identified during the reporting period.

Step 2. Identifying Material Topics

(1) Assessing impacts and possibility of occurrences:

- Each member of the Sustainability Development Promotion Committee completes impact questionnaires, assessing potential, actual, positive, and negative impacts of sustainability issues on a scale of 1 to 5, with score of 1 signifies No Impact, a score of 2 signifies Minimal Impact, a score of 3 signifies Impactful, a score of 4 signifies Significant Impact, and a score of 5 signifies Very Significant Impact. The potential impacts are assessed based on severity and the possibility of occurrences, with ratings on a scale of 1 to 3. Finally, the total impact scores for potential, actual, positive, and negative impacts of each sustainability issue will be calculated using a weighted average. **A total of 28 questionnaires were collected in 2022.** Assessments are conducted every 3 years, with the next one scheduled for 2025.

(2) Prioritizing and determining material topics:

The **Sustainable Development Promotion Committee and external experts** discussed the threshold score to determine significant issues, screened the material topics for the current period, and deliberated on impact severity and occurrence possibility thresholds. Issues with a comprehensive score of 632 or higher were considered material, resulting in a total of 10 material topics.

Step 3. Disclosing and continuous review of material topics

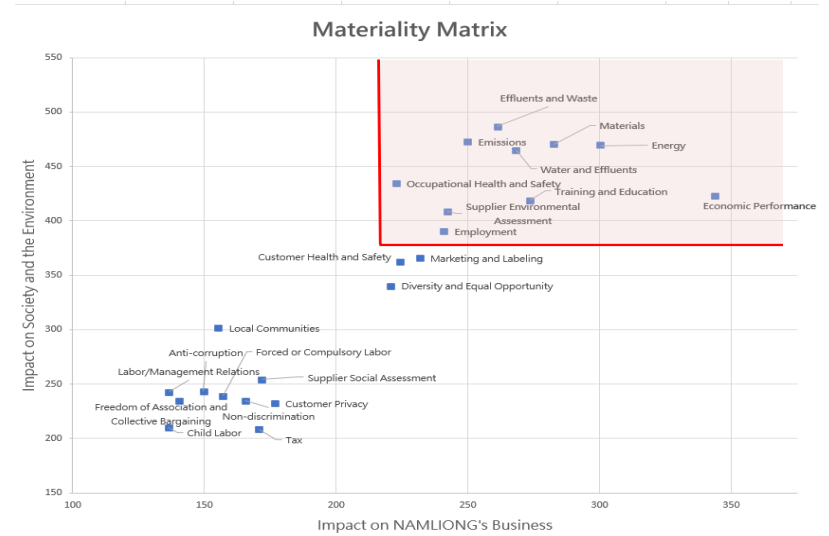
(1) Information disclosure

The **Sustainability Development Promotion Committee** assesses material topics based on corresponding international standards, reviews the management policies and objectives related to these issues, gathers annual data to ensure the comprehensive disclosure of crucial sustainability information in this Report, addressing the concerns of stakeholders. Upon the completion of the Sustainability Report, the Sustainability Development Promotion Committee members along with expert advisors review the content through consultation before conducting a thorough examination to ensure the disclosed information is appropriate and accurate

(2) Continuous review

Each year, we systematically review the implementation of policies and the accomplishment rate of objectives related to material topics. This process aims to optimize both quantitative and qualitative targets of internal key performance indicators. Upon identifying the material topics for the next reporting periods, we compare the differences between current and previous periods, investigate the reasons for any variations, then report them in the Sustainability Report.

(3) With the implementation of the GRI Standards 2021 in the current reporting period, **GRI303: Water and Effluents and GRI308: Supplier Environmental Assessment** have been included as **new material topics**. **GRI307: Environmental Compliance and GRI419: Socioeconomic Compliance** have been merged into **GRI2-27** and are, therefore, excluded from the material topics for the current reporting period.



1.4.2 Management of the Impacts of Material Topics

Being the decision-making and supervisory unit for managing material topics at Nam Liong Global, the Sustainability Development Promotion Committee tasked with the responsibilities of assigning work groups to oversee relevant management tasks, including inventorying and reviewing material topic management policies and proposing optimization suggestions. The committee convenes meeting at least twice a year to collectively discuss the management status of material topics and formulate the sustainable development direction and strategic goals for the upcoming year.

Material Topics	KPIs and Goals				Relevant Section
	2023 Progress Update	Goals for 2024	Medium-term Goals (2025 – 2030)	Long-term Goals (2031 – 2050)	
Economic Performance (GRI201)	In 2023, total revenue amounted to NT\$ 2.412 billion, reflecting 86.8% of the target	Achieving 100% of the targeted revenue	Achieving 100% of the targeted revenue		2.3 Economic Performance
Materials (GRI301)	Utilized 368 metric tons of recycled materials	Utilizing 370 metric tons of recycled materials	Utilizing 400 metric tons of recycled materials		5.1 Materials Management
Supplier Environmental Assessment (GRI308)	88% of Tier 1 suppliers scored above 60 on the sustainability self-assessment	88% of Tier 1 suppliers scoring above 60 on the sustainability self-assessment	90% of Tier 1 suppliers scoring above 60 on the sustainability self-assessment	92% of Tier 1 suppliers scoring above 60 on the sustainability self-assessment	4. Sustainable Supply Chain
Emissions (GRI305)	Reduced CO2e emissions by 760.349 metric tons, reflecting a 9.9% decrease compared to 2022	Achieving a 10% reduction compared to the baseline year of 2022	Reducing GHG emissions by 25% compared to the baseline year (2022) by 2030	Commitment to achieve net-zero emissions by 2050	5.4 Emission Monitoring
Energy (GRI302)	Reduced energy consumption by 14.06% compared to 2022	Reducing energy consumption by 1% annually	Reducing energy consumption by 10% compared to the baseline year (2022) by 2050, with the green energy proportion being 5%		5.3 Energy Resource Governance
Waste (GRI306)	Increased the recycling rate of waste to 55.94% of the total waste volume	Increasing the recycling rate of waste to 56% of the total waste volume	Increasing the recycling rate of waste to 58% of the total waste volume	Increasing the recycling rate of waste to 60% of the total waste volume	5.6 Waste Management

Water and Effluents (GRI303)	Achieved compliance with wastewater discharge regulations through improved practices, with total water withdrawal reduced by 28.14% compared to 2022	Ensuring compliance with wastewater discharge regulations and reducing total water withdrawal by 1% compared to 2022	Ensuring compliance with wastewater discharge regulations and reducing total water withdrawal by 1.5% compared to 2022		5.5 Water Resources Management
Occupational Health and Safety (GRI403)	1. Zero significant work-related accidents company-wide 2. Zero recordable incident rate	1. Zero significant work-related accidents company-wide 2. Recordable incident rate $\leq 10\%$	1. Zero significant work-related accidents company-wide 2. Recordable incident rate $\leq 5\%$		6.4 Workplace Safety
Training and Education (GRI404)	Total person-hours of training and education amounted for 5,037.8 hours	Total person-hours of training and education amounting to 5,500 hours	Total person-hours of training and education amounting to 6,000 hours	Total person-hours of training and education amounting to 6,500 hours	6.3 Development Opportunities
Employment (GRI401)	Yearly turnover rate increased by 0.18%	Yearly turnover rate increase of less than 0.15% compared to the previous year	Yearly turnover rate increase of less than 0.12% compared to the previous year		6.1 Human Capital



1.4.3 Material Topic-Economic Performance

Material Topic: Economic Performance	
Reason Considered Material	Establishing corporate vision and goals, incorporating sustainable business strategies, as well as evaluating financial performance indicators such as operating profit margins, stock prices, dividends, and the financial positions are fundamental elements of ensuring the Corporate's sustainable operations.
Policies/Strategies	Continuously implementing vital strategies such as optimizing product portfolios, improving production efficiency, and strictly controlling costs and expenses.
Categories and Descriptions of Impacts	<ul style="list-style-type: none"> • Actual Positive Impacts: Higher demand for eco-friendly textiles resulting from increasing end customers' awareness of sustainability. • Potential Positive Impacts: Increased investor attention resulting from investment in sustainability. • Actual Negative Impacts: Reduced end customer demand resulting from global inflation and forecasts of a slowdown in economic growth. • Potential Negative Impacts: Increased operational costs resulting from the implementation of the European Union Carbon Border Adjustment Mechanism (CBAM), the United States Clean Competition Act, the United Kingdom's Carbon Border Tax, and the imposition of domestic Carbon Fee.
Goals and Targets	<ul style="list-style-type: none"> • Goals for 2024: Achieving 100% of the targeted revenue. • Medium-term Goals (2025 - 2050): Achieving 100% of the targeted revenue.
Management Assessment Mechanisms	<ul style="list-style-type: none"> • Publishing quarterly or annual financial reports regularly. • Reviewing objective accomplishment rates on a monthly basis.
Performance and Adjustments	In 2023, the annual revenue amounted to NT\$ 2.412 billion, achieving only 86.8% of the target. This shortfall is primarily attributed to weak demand in the end markets of the textile industry and global inflation, which subsequently impacted the downstream brand manufacturers' pulling power in the industry supply chain.
Prevention or Mitigation Measures	<ul style="list-style-type: none"> • Conducting reviews of performance and developing strategic plans for the next three months for units that have not achieved their monthly revenue goals through Operational Review Meetings. • Actively strengthening and expanding international markets through an integrated virtual and physical approach, while leveraging the Eco-Family series product line to explore new order opportunities and enhance global business engagement.

1.4.4 Material Topic-Materials Management

Material Topic: Materials Management	
Reason Considered Material	There may be uncertainties arising from environmental, social, or economic factors in the current procurement of petrochemical raw materials, leading to negative impacts such as insufficient supply, unstable quality, and increased costs. Further influenced by growing concerns among international and brand customers about environmental issues and recycled materials, along with their requirements for relevant environmental certifications (HIGG, USDA, FSC, etc.), it is anticipated that this will increase both unstable threats and opportunities for eco-friendly materials.
Policies/Strategies	<ol style="list-style-type: none"> Supply Chain Management: Promoting CSR to suppliers and demanding declarations on raw materials' compliance with restrictions on hazardous substances. Intermittent SGS inspections are conducted to verify compliance with environmental regulations and relevant international standards, thereby minimizing the environmental impact of our products. Materials Management: Committed to the development Eco-Family materials, focusing on recyclable, reusable, low-carbon bio-based materials, as well as solvent-free and solvent recovery processes. This facilitates material recycling, reduces environmental and labor costs for waste disposal. We further collaborate with certified manufacturers to jointly promote sustainability efforts in production and processing.
Categories and Descriptions of Impacts	<ul style="list-style-type: none"> Actual and Potential Positive Impacts: Year-over-year increase in customer demand for recycled materials resulting from growing global emphasis on sustainability among nations and consumers. Actual Negative Impacts: Increased costs for petroleum-based raw materials resulting from international conflicts and wars. Potential Negative Impacts: Delays in the delivery of production materials and anticipated increases in carbon fees resulting from global climate change.
Goals and Targets	<ul style="list-style-type: none"> Goals for 2024: Utilizing 370 metric tons of recycled materials. (Including in-house recycling and reintroduction of materials). Medium-, Long-term Goals (2025 - 2050): Utilizing 400 metric tons of recycled materials. (Including in-house recycling and reintroduction of materials).
Management Assessment Mechanisms	Establishing and continuously optimizing KPI for renewable material management, and compiling accomplishment rates on a monthly basis, as well as conducting progress tracking and improvement strategies discussion during monthly Supporting Review Meetings.
Performance and Adjustments	In 2023, a total of 368 metric tons of recycled materials were used, comprising 2 metric tons procured and 366 metric tons from in-house recycling.
Prevention or Mitigation Measures	<p>Actively seeking eco-friendly raw materials and exploring reuse options, such as in the production of fuel rods, etc.</p> <ul style="list-style-type: none"> Actively seeking suppliers capable of providing recycled materials that meet both procurement requirements and quality consistency. Actively investing in R&D to advance in-house recycling and reuse technologies and conducting progress tracking on green R&D projects during monthly development meetings.

1.4.5 Material Topic-Supplier Environmental Assessment

Material Topic: Supplier Environmental Assessment																
Reason Considered Material	Throughout the entire production process, from procurement to product disposal and the processing of recyclable raw material, the effectiveness of management decisions regarding the selection, integration, management, and development of suppliers has become decisive competitive factors for the Corporate.															
Policies/Strategies	The procurement and supplier management operations at Nam Liong Global are conducted independently by the procurement departments of each business unit. These operations focus on key management aspects, including quality, delivery time, pricing, and coordination, using a scoring system based on these four criteria. Other environmental management aspects for suppliers are determined based on management principles, product sales attributes, and system verification requirements. Nam Liong Global's supplier management policies align with the Procedure for Procurement Management and the Procedure for Supplier Selection and Assessment.															
Categories and Descriptions of Impacts	<ul style="list-style-type: none"> Actual Positive Impacts: Ensuring quality and delivery schedule of raw materials through improved supply chain management practices. Potential Positive Impacts: Effectively addresses customer demands for sustainability and ensures the quality of sustainable raw materials through the management of a sustainable supply chain. Actual Negative Impacts: Customer complaints and associated losses resulting from ineffective supply chain management. Potential Negative Impacts: Loss of customer orders resulting from the supply chain's failure to advance towards sustainability and meet international trends in sustainable development. 															
Goals and Targets	<ul style="list-style-type: none"> Goals for 2024: 88% of Tier 1 suppliers scoring above 60 on the sustainability self-assessment. Medium-term Goals (2025 - 2030): 90% of Tier 1 suppliers scoring above 60 on the sustainability self-assessment. Long-term Goals (2031 - 2050): 92% of Tier 1 suppliers scoring above 60 on the sustainability self-assessment. 															
Management Assessment Mechanisms	<p>Supplier assessments are conducted in accordance with Procedure for Supplier Selection and Assessment.</p> <table border="1"> <thead> <tr> <th></th> <th>Grade A</th> <th>Grade B</th> <th>Grade C</th> <th>Unqualified</th> </tr> </thead> <tbody> <tr> <td>General Transaction Assessment Score</td> <td>85 points or above</td> <td>75-84 points</td> <td>66-74 points</td> <td>65 points or below</td> </tr> <tr> <td>Sustainability Self-Assessment Method</td> <td colspan="4">All newly established suppliers are required to complete the Sustainability Self-Assessment Questionnaire for Supplier.</td> </tr> </tbody> </table>		Grade A	Grade B	Grade C	Unqualified	General Transaction Assessment Score	85 points or above	75-84 points	66-74 points	65 points or below	Sustainability Self-Assessment Method	All newly established suppliers are required to complete the Sustainability Self-Assessment Questionnaire for Supplier.			
	Grade A	Grade B	Grade C	Unqualified												
General Transaction Assessment Score	85 points or above	75-84 points	66-74 points	65 points or below												
Sustainability Self-Assessment Method	All newly established suppliers are required to complete the Sustainability Self-Assessment Questionnaire for Supplier.															
Performance and Adjustments	Each procurement department distributes and collects the Sustainability Self-Assessment Questionnaire for Supplier for raw material suppliers with an annual procurement amount exceeding NT\$ 2 million, as well as for newly established suppliers. In 2023, 88% of suppliers scored above 60 on the sustainability self-assessment.															
Prevention or Mitigation Measures	<ul style="list-style-type: none"> General Transaction Assessment Score: Tracked quarterly by the Quality Assurance Department, with all annual targets for 2023 being met. Sustainability Self-Assessment Score: Each procurement department notifies suppliers who score below 60 on the sustainability self-assessment of their deficiencies, requiring them to address and rectify these deficiencies. 															

1.4.6 Material Topic-Emissions

Material Topic: Emissions	
Reason Considered Material	We have formulated strategies to reduce and manage GHG emissions in response to global climate change. We are committed to upholding intergenerational and environmental justice and ensuring a just transition. By fulfilling our shared responsibility to protect the earth's environment, we aim to contribute to the sustainable development of our nation. The management of emissions is designated as a significant issue.
Policies/Strategies	<ol style="list-style-type: none"> Nam Liong Global follows the regulatory framework for GHG inventory based on CNS 14064-1: 2021 and ISO 14064-1: 2018 standards. Our systematic GHG inventory and inventory list construction aligns with the GHG Protocol published by the World Business Council for Sustainable Development (WBCSD). Nam Liong Global conducted the first GHG inventory for the Head Office, Tainan Branch, Plant, Niao Song Factory, and Ren Ai Factory in 2022, in accordance with the Procedure for GHG Inventory. The Sustainable Development Promotion Committee has designated 2022 as the baseline year for carbon reduction efforts.
Categories and Descriptions of Impacts	<ul style="list-style-type: none"> Actual Positive Impacts: Securing orders from international brands through the development of low-carbon materials (Eco-Family series materials). Potential Positive Impacts: Creating revenue from increased orders resulting from heightened brand confidence among customers in the Corporate. Actual Negative Impacts: Year-over-year increase in operational costs resulting from the absence of a reduction plan for both energy consumption and carbon emissions, coupled with the increased costs for electricity and natural gas due to recent inflation. Potential Negative Impacts: Increased corporate carbon management costs resulting from the Carbon Fee imposed by the Ministry of Environment starting in 2025.
Goals and Targets	<ul style="list-style-type: none"> Goals for 2024: Reducing GHG emissions by 10% compared to the baseline year of 2022. Medium-term Goals (2025 - 2030): Reducing GHG emissions by 25% compared to the baseline year (2022) by 2030. Long-term Goals (2031 – 2050): Commitment to achieve net-zero emissions by 2050.
Management Assessment Mechanisms	The progress of GHG inventory is reported to the Board quarterly, in accordance with the Sustainable Development Roadmap set forth by the Financial Supervisory Commission R.O.C. (Taiwan).
Performance and Adjustments	<ul style="list-style-type: none"> In 2023, total CO₂e emissions amounted to 6,895.326 metric tons, representing a reduction of 760.349 metric tons, or 9.9%, compared to the 7,655.675 metric tons reported in 2022. This decrease is primarily attributed to a decline in overall revenue in 2023, which resulted in reduced consumption of electricity and natural gas for production, thereby lowering carbon emissions. Adjustments are made to the overall objectives of GHG inventory operations in alignment with the resolutions and policies set by the Sustainability Development Promotion Committee.
Prevention or Mitigation Measures	<ul style="list-style-type: none"> Internal audits of GHG inventory are conducted annually to ensure the accuracy of inventory data and supporting documentation. The Work Group on GHG Inventory and Carbon Footprint regularly tracks and develops corresponding measures during its meetings.

1.4.7 Material Topic-Energy

Material Topic: Energy	
Reason Considered Material	Nam Liang Global is committed to implementing measures to reduce energy consumption in response to the challenges of climate change and align with the emission reduction goals of international customers. Renewable energy is also a primary focal point for sustainable development.
Policies/Strategies	<ol style="list-style-type: none"> 1. Audit and assessment of energy resource, with ongoing energy resource management. 2. Enhancing equipment efficiency and reducing energy losses. 3. Employee involvement and training. 4. Promotion of renewable energy.
Categories and Descriptions of Impacts	<ul style="list-style-type: none"> • Actual Positive Impacts: Estimated annual reduction in electricity expenses of NT\$ 2 million, along with NT\$ 1.5 million worth of Renewable Energy Certificates (RECs), resulting from the transition of existing renewable energy generation equipment to self-use. • Potential Positive Impacts: Reduced energy consumption resulting from the introduction of new energy-saving technologies and machinery. • Actual Negative Impacts: NT\$ 2 million increases in annual electricity expenses resulting from an 8% increase in energy charges in 2023. NT\$ 3.8 million increases in annual electricity expenses resulting from a projected 14% increase in energy charges in 2024. • Potential Negative Impacts: Increased operational costs resulting from the imposition of carbon taxes.
Goals and Targets	<ul style="list-style-type: none"> • Goals for 2024: Reducing energy consumption by 1% annually. • Medium-, Long-term Goals (2025 - 2050): Reducing energy consumption by 10% compared to the baseline year (2022) by 2050, with the green energy proportion being 5%.
Management Assessment Mechanisms	Energy Division of the Admin General Affairs Department regularly reviews the energy resource management policies and objectives, and presents the energy resource management reports at the monthly support indicator meetings. Impact reports are submitted when significant energy issues arise.
Performance and Adjustments	<ul style="list-style-type: none"> • In 2023, energy consumption was reduced by 14.61% compared to 2022. This decrease is primarily attributed to a significant reduction in electricity usage resulting from inventory clearance through brand customers. • Monitoring energy consumption and emissions: Regularly monitor energy consumption and carbon emissions, conducting assessments and analysis. Identify areas for improvement and develop corresponding action plans based on the assessment results. • Technological innovation and improvements: Explore emerging energy technologies and solutions, introducing new technologies that align with corporate needs and sustainable development goals. Continuously improving energy infrastructure and equipment to enhance energy efficiency.
Prevention or Mitigation Measures	<ul style="list-style-type: none"> • Each department presents a review and improvement plan at the monthly Supporting Review Meetings for any energy management objectives that are not achieved. • Provide employee training and awareness enhancement: Conduct training sessions on energy resource management and energy conservation, enhancing employees' understanding and awareness regarding energy-related issues. Encourage employee participation in energy-saving efforts and provide incentives and rewards accordingly. • Establishment of collaborative partnerships: Collaborate with suppliers, customers, and other stakeholders to establish partnerships, collectively promoting energy resource management and sustainable development.

1.4.8 Material Topic-Effluents and Waste

Material Topic: Effluents and Waste	
Reason Considered Material	Effectively managing and treating wastewater is crucial for Nam Liong Global to achieve environmentally sustainable. This includes continuous focus on environmental protection, regulatory compliance, and resource recycling to achieve the goals of a circular economy.
Policies/Strategies	To address effluents and waste issues, Nam Liong Global has formulated the following strategies and policies: <ol style="list-style-type: none"> 1. Wastewater management: Implementing effective monitoring and testing to ensure proper treatment and discharge of wastewater in compliance with regulations and environmental requirements. 2. Waste classification and treatment: Encouraging the sorting and recycling of waste, promoting circular economy model, resource utilization, and energy recovery of waste. 3. Waste reduction: Implementing internal waste reduction measures, encouraging employees to conserve resources and minimize waste generation.
Categories and Descriptions of Impacts	<ul style="list-style-type: none"> • Actual Positive Impacts: Reduced environmental impact resulting from improved waste recycling practices. Potential Positive Impacts: Decreased waste disposal costs resulting from zero waste generation. • Actual Negative Impacts: Improper waste disposal and inadequate resource recycling. Potential Negative Impacts: Adverse effects on the ecological environment resulting from increased waste.
Goals and Targets	<ul style="list-style-type: none"> • Goals for 2024: Ensuring compliance with wastewater discharge regulations; aim to increase the recycling rate of waste to 56% of the total waste volume. • Medium-term Goals (2025 - 2030): Ensuring compliance with wastewater discharge regulations; aim to increase the recycling rate of waste to 58% of the total waste volume. • Long-term Goals (2031 - 2050): Ensuring compliance with wastewater discharge regulations; aim to increase the recycling rate of waste to 60% of the total waste volume.
Management Assessment Mechanisms	The Occupational Safety and Health Department regularly reviews the energy resource management policies and objectives, and presents waste reports at the monthly support indicator meetings. Impact reports are submitted when significant waste issues arise.
Performance and Adjustments	<ol style="list-style-type: none"> 1. Performance in 2023: Wastewater discharge was audited once in 2023 and did not initially meet compliance standards; corrective measures have been implemented to ensure compliance. The recycling rate of waste for 2023 stands at 55.94% of the total waste volume, reflecting an increase of 19.09% compared to rate of the previous year. 2. Regular reviews: Regularly review the strategies and measures of wastewater and waste management. Assess the effectiveness and sustainability of these practices and develop corresponding adjustments and improvements accordingly. 3. Continuous improvement: Continuously improving wastewater and waste management action plans based on feedback from employees and manages to improve environmental protection and resource utilization outcomes.
Prevention or Mitigation Measures	<ul style="list-style-type: none"> • Establish internal oversight and review mechanism. Each department presents a review and improvement plan at the monthly Supporting Review Meetings for any waste reduction objectives that are not achieved. • Identify issues and engage qualified business waste disposal and treatment contractors for handling. Conduct periodic on-site inspections during waste transportation to ensure regulatory compliance.

1.4.9 Material Topic-Water and Effluents

Material Topic: Water and Effluents	
Reason Considered Material	Effectively managing and protecting water resources are crucial for Nam Liong Global to achieve environmentally sustainable. Key areas we aim to address include water resource conservation, enhancing water resource efficiency, and the treatment and reuse of discharged water.
Policies/Strategies	To address water and effluents issues, Nam Liong Global has formulated the following strategies and policies: <ol style="list-style-type: none"> 1. Water resources management: Establishing water resources management involves monitoring water consumption, developing water conservation plans, and enhancing water efficiency. Measures such as promoting recycling water and rainwater harvesting are implemented to reduce reliance on natural water resources. 2. Effluents treatment: Establish strict effluents treatment system to ensure the quality of discharged water in compliance with regulations and environmental standards. Implement appropriate treatment technologies and monitoring measures to minimize negative impacts on water bodies and the ecological environment. 3. Education and promotion: Increase awareness among employees and stakeholders regarding water resources conservation and effluents treatment. Conduct promotional activities and training to encourage the practice of water conservation and eco-friendly efforts.
Categories and Descriptions of Impacts	<ul style="list-style-type: none"> • Actual Positive Impacts: Gradual increase in water recycling efficiency and the reuse of water resources. Potential Positive Impacts: Reduced dependence on natural water sources resulting from increased water reuse. • Actual Negative Impacts: Difficulties in production resulting from water shortages caused by reduced rainfall. Potential Negative Impacts: Production and supply disruptions resulting from increased drought periods caused by climate change.
Goals and Targets	<ul style="list-style-type: none"> • Goals for 2024: Aim to reduce total water withdrawal by 1% compared to the baseline year (2022) in 2024, with revenue remaining consistent. • Medium-, Long-term Goals (2025 - 2050): Aim to reduce total water withdrawal by 1.5% compared to the baseline year (2022) in 2050, with revenue remaining consistent.
Management Assessment Mechanisms	<ol style="list-style-type: none"> 1. Management measures: The Admin General Affairs Department and the Occupational Safety and Health Department conduct daily inspections of water consuming equipment and record water meter readings to monitor water consumption. 2. Monitoring measures: Conduct daily on-site testing to ensure that quality of effluent complies with regulations and environmental standards.
Performance and Adjustments	<ol style="list-style-type: none"> 1. In 2023, actual water consumption was reduced by 28.14% compared to 2022. This decrease is primarily attributed to a significant reduction in water consumption resulting from inventory clearance through brand customers. 2. Regular reviews and improvements: Regularly review the strategies and measures of water and effluents management. Assess the effectiveness and sustainability of these practices and develop corresponding adjustments and improvements accordingly. 3. Collaborative technological innovation: Collaborate with relevant suppliers to drive technological innovation and exchange best practices.
Prevention or Mitigation Measures	<ul style="list-style-type: none"> • Recycling and reuse of water resources: Promote the use of recycled water and rainwater harvesting systems to reclaim reusable water resources for appropriate purposes. Continuously improve the treatment technology and facilities for effluents treatment to enhance processing efficiency and compliance with water quality standards. • Install water recycling and reuse systems and improve processing equipment to minimize associated energy losses.

1.4.10 Material Topic-Occupational Health and Safety

Material Topic: Occupational Health and Safety	
Reason Considered Material	Employees are vital assets for Nam Liong Global, therefore, we are committed to ensuring the physical and mental well-being of our employees, creating a safe working environment, and preventing work-related accidents and ill health. We continuously strive to improve safety and health performance to fulfill our commitment to safe and healthy workplace.
Policies/Strategies	<ol style="list-style-type: none"> 1. Comply with environmental, safety and health regulations and other relevant requirements. 2. Dedicate efforts to improving processes to reduce environmental, safety, and health risks, as well as environmental impacts. 3. Prioritize safety and health management, to prevent occupational injuries and ill health. 4. Strengthen communication and participation, to create a friendly working environment.
Categories and Descriptions of Impacts	<ul style="list-style-type: none"> • Actual Positive Impacts: Create a friendly working environment and reduce the incidents of occupational injuries and ill health. • Potential Positive Impacts: Increased employee job security and reduced hidden costs associated with occupational safety incidents. • Actual Negative Impacts: Significant work-related accidents and occupational safety incidents. • Potential Negative Impacts: Damage to the Corporate's reputation.
Goals and Targets	<ul style="list-style-type: none"> • Goals for 2024: 1. Zero significant work-related accidents company-wide; 2. Recordable incident rate $\leq 10\%$. • Medium-, Long-term Goals (2025 - 2050): 1. Zero significant work-related accidents company-wide; 2. Recordable incident rate $\leq 5\%$. <p>(Note: The definition of significant occupational accidents shall refer to Article 31 of the Enforcement Rules of the Labor Inspection Act.)</p>
Management Assessment Mechanisms	Analyze monthly statistics related to occupational accidents to identify their root causes and propose preventive measures to avoid their recurrence.
Performance and Adjustments	Annually tally the total count of occupational accidents, convert it into frequency of employee disabling injuries, and compare it against the industrial frequency of employee disabling injuries as published by the Ministry of Labor.
Prevention or Mitigation Measures	Convene quarterly meetings with the Occupational Safety and Health Committee to discuss and track improvements related to occupational accidents.

1.4.11 Material Topic-Training and Education

Material Topic: Training and Education	
Reason Considered Material	The core competency of a corporate lies within its employees. A high-quality workforce creates competitive advantage, contributing to operational performance. Moreover, it's essential for a corporate to ensure sustainable talent development. This involves not only taking care of existing employees but also attracting external talents. To achieve this, a well-established system and effective management are required for recruitment, developing, and retaining employee. This ensures the corporate maintains a substantial human capital. Consequently, training and education are considered as material topic.
Policies/Strategies	Nam Liong Global's training and education policy is defined as "Being pragmatic and diligent, providing carefully selected quality training". Nam Liong Global cultivates managerial and professional talents based on development needs of each department. This is achieved through diverse methods including course training, assignments of project tasks, participation in meetings, and job rotations. These efforts are aimed at developing talents who can keep pace with the Corporate's development, possessing updated knowledge, skills and capabilities. To further incentivizing active participation in workshops and training, the Corporate fully covers the expenses incurred for training sessions assigned or approved by the Corporate. This is to enhance professional capabilities or to prepare for future job functions as required.
Categories and Descriptions of Impacts	<ul style="list-style-type: none"> • Actual Positive Impacts: The Corporate supports training and education, promotes lifelong learning, and establishes systematic approach to ensure employee training and education benefits. • Actual Negative Impacts: Reduced managers' willingness to assign training and education due to the delayed visibility of learning outcomes. • Potential Positive Impacts: Aid in future problem-solving despite the time required to absorb and apply the training materials upon the conclusion of training and education. • Potential Negative Impacts: Difficulties in aligning long-term educational plans with immediate training requirements due to the constantly evolving nature of information and knowledge.
Goals and Targets	<ul style="list-style-type: none"> • Goals for 2024: Total person-hours of training and education amounted for 5,500 hours. • Medium-term Goals (2025 - 2030): Total person-hours of training and education amounted for 6,000 hours. • Long-term Goals (2031 - 2050): Total person-hours of training and education amounted for 6,500 hours.
Management Assessment Mechanisms	Nam Liong Global conducts annual internal management review procedure in accordance with ISO 9001 standards, assessing the effectiveness of training and education through the PDCA cycle.
Performance and Adjustments	The outcomes of education and training for the year 2023 are as follows: Total person-hours of training and education amounted for 5,307.8 hours, exceeding the annual target; Training and education for new recruits: 100%; Annual training and education: 100%; OJT: 100%; Professional certification training: Compliant with regulatory requirements.
Prevention or Mitigation Measures	Conduct quarterly assessment during the Quality Management Committee and the Occupational Safety and Health Committee meetings to inspect the accomplishment of training and education arrangements in each business unit, ensuring that each business unit completes them within the specified time frame.

1.4.12 Material Topic-Employment

Material Topic: Employment	
Reason Considered Material	Employees are the most valuable assets for Nam Liong Global, and harmonious labor/management relationship form the foundation for stable business development. Therefore, it is crucial for us to prioritize and care for our employees, enabling them to have fulfilling career paths. When employees feel valued and have opportunities for growth within the Corporate, they are more likely to remain committed and dedicated for the long term, fostering the Corporate's growth and sustainability.
Policies/Strategies	Nam Liong Global's policy for labor/management relationships is defined as "Working together for shared results".
Categories and Descriptions of Impacts	<ul style="list-style-type: none"> Actual Positive Impacts: Continuous improvement and optimization of the Corporate's benefits and management systems. Actual Negative Impacts: Difficulties in becoming primary considerations for job seekers due to issues with the working environment and salary levels. Potential Positive Impacts: Becoming a wellness-focused organization resulting from enhanced Company benefits. Potential Negative Impacts: Difficulties in talent recruitment resulting from an imbalance in supply and demand of talent due to the declining birthrate.
Goals and Targets	<ul style="list-style-type: none"> Goals for 2024: Ensuring compliances with local labor regulations and international human rights requirements, with a yearly turnover rate increase of less than 0.15%. Medium-, Long-term Goals (2025 - 2050): Nam Liong Global adheres to local labor regulations and international human rights requirements; aim to achieve a yearly turnover rate increase of less than 0.12%.
Management Assessment Mechanisms	Nam Liong Global conducts analytical reviews of employee management through Supporting Review Meetings and Operational Review Meetings, on monthly basis.
Performance and Adjustments	The annual employee turnover rate for 2023 was 16.48%, representing an increase of 0.18% from 16.30% in 2022. This rate aligns with the annual target.
Prevention or Mitigation Measures	Nam Liong Global has established a Whistleblowing and Whistleblowers Protection Procedure, allowing employees to file complaints with the Human Resource Department through written communication, phone calls, Email, and other available channels.

(Note: Tables above only outline key policies, strategies, and management objectives. Please refer to relevant chapters in this Report for detailed management approaches.)



Corporate Governance

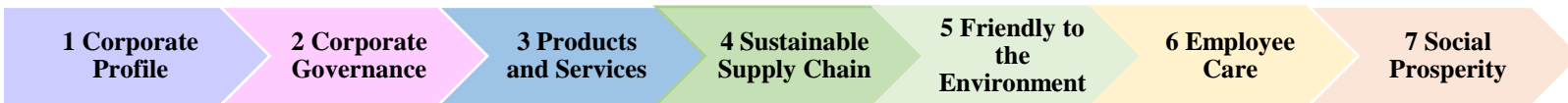
II. Corporate Governance

2.1 Corporate Overview

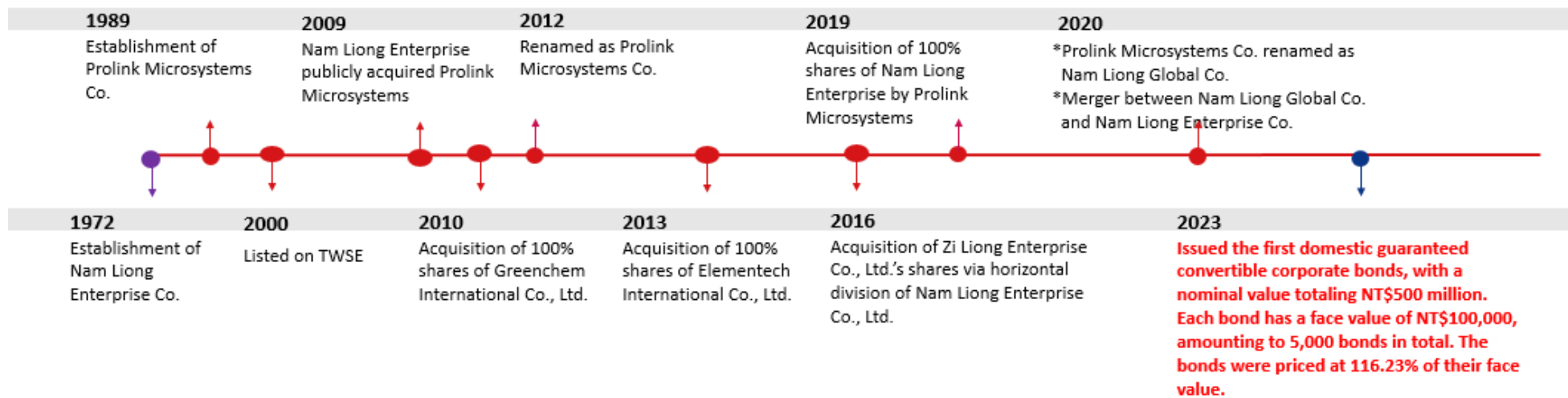
2.1.1 Corporate Profile

Nam Liong Global was established in 1989 and is renowned internationally for our expertise in high-polymer and high-elasticity foaming techniques, as well as producing advanced and functional composite materials. With a focus on addressing climate change, our future strategy emphasizes continuous R&D of sustainable Eco-Family series materials, alongside with vertical integration efforts in production and services. This aims to establish a differentiated and specialized competitive edge to meet the diverse needs of our customers across various industries. Our Head Office is located at 6F., No.349, Yangguang St., Neihu Dist., Taipei City, with operational sites located in Taiwan, Dongguan and Jiaxing in China, and Vietnam.

Corporate Name	Nam Liong Global Corporation		
Corporate Type	Publicly Listed Corporate		
Date of Establishment	August 11, 1989		
Head Office Location	114 6F., No.349, Yangguang St., Neihu Dist., Taipei City		
Industry Category	Wearing Apparel, Other Textiles and Products Manufacturing, Footwear Manufacturing		
Main Products or Services	Nam Liong Global is committed to specializing in technological and functional products complimented by specialized and functional materials . Our product categories span across footwear, bags, clothing, sports and medical devices, and specialized materials. We aim to become comprehensive material supplier, focusing on high-tech and functional eco-friendly textiles, polymer materials, and high resilience foaming eco-friendly materials. We possessed multiple patents and consolidated our market leadership through technological innovation, and continuous efforts in building and integrating complete supply chain system. We prioritize addressing out customer's demands and pain points, delivering exceptional product quality, and rapidly improving customer service to further enhance Nam Liong Global's business reputation.		
Paid-in Capital	NT\$ 1,224,032,390	Number of Employees	522



• **Corporate Milestones**



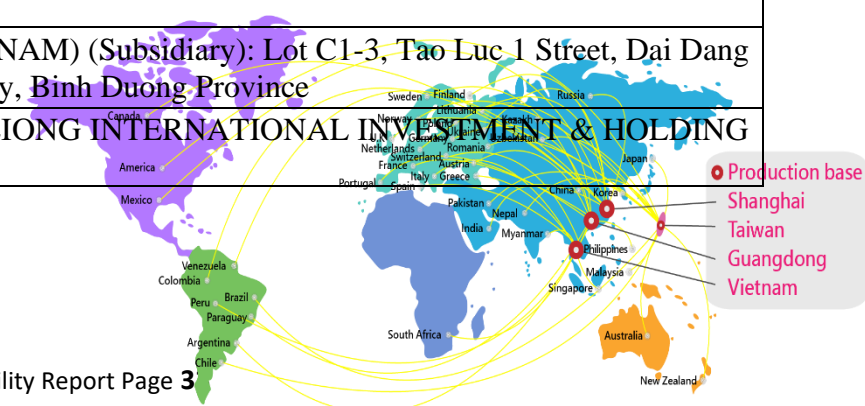
• **Membership in Public Associations**

Nam Liong Global continues to participate in industrial public associations, exchanging industry knowledge, information and practical experiences with peers and professionals. These participations aim to collectively respond to international developments and improve industry standards. In 2023, Nam Liong Global joined five public associations, as listed below:

Association Name	Position in Association
Taiwan Rubber & Elastomer Industries Association	General member
Tainan City General Industrial Association	General member
Taiwan Smart Textile Association	General member
Cross-Strait CEO Summit	General member
Southern Taiwan Textile Research Alliance (STTRA)	General member

2.1.2 Operational Locations

Region	Type of Operational Locations	Number of Operational Locations
Taiwan	Textile composite materials	Nam Liong Global-Head Office: 6F., No.349, Yangguang St., Neihu Dist., Taipei City Nam Liong Global-Tainan Branch, Plant: No.10, Ln.41, Zhouwei St., Yongkang Dist., Tainan City Nam Liong Global-Niao Song Factory: No.127, Zhengbei 5th Rd., Yongkang Dist., Tainan City Nam Liong Global-Ren Ai Factory: No.357, Ren'ai St., Yongkang Dist., Tainan City Nam Liong Global-Dong He Factory: No.57, Ln.217, Sec.1, Changhe Rd., Annan Dist., Tainan City
	Sales of electronics	ELEMENTECH INTERNATIONAL CO., LTD. (Subsidiary): 4F., No.267, Chongyang Rd., Nangang Dist., Taipei City
	Chemical products	GREENCHEM INTERNATIONAL CO., LTD. (Subsidiary): No.8, Xingye Rd., Taibao City, Chiayi County
China	Textile composite materials	JIAXING NANXIONG POLYMER CO., LTD. (Subsidiary): No.216, Ya'o Rd., Southlake Economic Development Zone, Jiaxing City, Zhe Jiang Province DONG GUAN NAMLIONG RUBBER MANUFACTURERS CO., LTD. (Subsidiary): No.295, Xiang Fu Rd., Keng Kou, Liao Bu, Dong Guan City, Guang Dong
	Manufacturing and sales of electronics	SUZHOU GREATSUN ELECTRONICS & COMMUNICATIONS CO., LTD. (Subsidiary): Plant No.2, No.6, Ziteng Rd., Liuhe Town, Taicang City, Jiangsu Province
	Chemical products	GREENCHEM INTERNATIONAL SHANGHAI CO., LTD. (Subsidiary): No.55-1, Pongfong Rd., Malu Town, Jiading Dist., Shanghai City
Vietnam	Textile composite materials	NAM LIONG ENTERPRISE CO., LTD. (VIET NAM) (Subsidiary): Lot C1-3, Tao Luc 1 Street, Dai Dang Industrial Park, Phu Tan Ward, Thu Dau Mot City, Binh Duong Province
Investment holding		ELEMENTECH (HONG KONG) LTD., NAM LIONG INTERNATIONAL INVESTMENT & HOLDING CORP., SPEEDBEST INTERNATIONAL LTD.



2.2 Governance Structure

2.2.1 Governance Framework

《A-Governance Framework Overview》

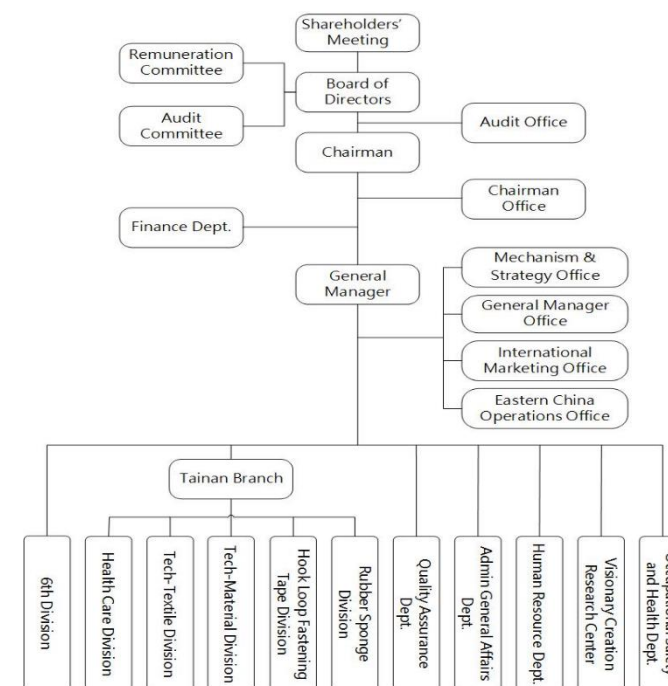
Nam Liong Global’s highest authority body is the Shareholders’ Meeting, which elects the Board of Directors. The Board of Directors acts as the highest governing body, responsible for the overall management decisions of the Corporate. In addition, functional committees such as the remuneration committee and audit committee are established to supervise the Corporate’s affairs, directors’ remuneration, financial statements, and other related matters. Furthermore, Audit Office is established to oversee the effectiveness of the Corporate’s internal control system. Each committee is required to regularly report its performance and resolutions to the Board of Directors to maintain the interests of the Corporate and all stakeholders.

《B-Compositions and Operations of the Board of Directors》

The Board of Directors plays a role in balancing and supervising between the owners and the operators of the Corporate. It exercises the rights and obligations entrusted by shareholders, formulates operational policies based on stakeholders’ interest, and makes decisions regarding the Corporate’s management, as well as supervising its operational status. Moreover, the Board deliberates on and determines strategies related to sustainable development, as well as tracking and ensuring the effectiveness of their implementation.

Nam Liong Global’s board members are nominated through a candidate nomination system, where the Shareholders’ Meeting elects 9 to 11 candidates to serve as directors for a term of 3 years. All directors are eligible for consecutive re-elections. The criteria for nomination and selection revolves around the candidates’ independence, professional background, relevance to the Corporate’s operational development, and the consideration of board diversity. The current board comprises 9 directors, including 3 independent directors, with a gender ratio of 7:2 (male to female).

Nam Liong Global generally convenes quarterly board meetings. In the year of 2023, a total of 4 board meetings were held, with an average attendance rate of 86%. Please refer to Page 22, 43-45 of Nam Liong Global’s 2023 Annual Report for detailed information regarding the attendance records of each Director and the agenda contents.



Information on Nam Liong Global's Board of Directors (Current term of office: June 23, 2022, to June 22, 2025)

Position	Service duration	Name	Gender	Age	Positions held concurrently in Nam Liong Global	Key positions held concurrently in other company	Functional Committees	
							Audit Committee	Remuneration Committee
Juristic Person Director	11	Shao, Ten-Po (ZI LIONG ENTERPRISE CO., LTD.)	Male	51 and above	Chairman	<ul style="list-style-type: none"> Chairman of TIONG LIONG INDUSTRIAL CO., LTD. Chairman of U-LONG HIGH-TECH TEXTILES CO., LTD. Chairman of TIEN JIANG ENTERPRISE CO., LTD. 		
Juristic Person Director	14	Hsiao, Chung-Hu (ZI LIONG ENTERPRISE CO., LTD.)	Male	51 and above	-	<ul style="list-style-type: none"> Chairman of ELEMENTECH INTERNATIONAL CO., LTD. Chairman of GREENCHEM INTERNATIONAL CO., LTD. Chairman of DECORTEC CO., LTD. 		
Director	2	Chang, Shun-Ching	Male	51 and above	General Manager			
Director	14	Pai, Ching-Jen	Male	51 and above	Chief Financial Officer	-		
Director	11	Hsiao, Yu-Chiao	Female	31-50	-	-		
Juristic Person Director	1	Wang, Shih-Ting (EVER DEVELOPMENT INVESTMENT CO., LTD.)	Female	31-50	-	-		
Independent Director	8	Huang, Chung-Hui	Male	51 and above	-	-	√	√
Independent Director	5	Huang, Wen-Ming	Male	51 and above	-	-	√	√
Independent Director	2	Tsao, Ching-Ming	Male	51 and above	-	<ul style="list-style-type: none"> Consultant of FU CHUN SHIN MACHINERY MANUFACTURE CO., LTD. 	√	√

Distribution of Professional Capabilities and Experiences Among Directors

Position	Name	Distribution of Professional Capabilities and Experiences Among Directors							
		Operational judgement	Accounting and financial analyticity	Operation and management	Risk-Solving	Industrial understanding	International market understanding	Leadership	Decision-making
Juristic Person Director	Shao, Ten-Po (ZI LIONG ENTERPRISE CO., LTD.)	V		V	V	V	V	V	V
Juristic Person Director	Hsiao, Chung-Hu (ZI LIONG ENTERPRISE CO., LTD.)	V		V	V	V	V	V	V
Director	Chang, Shun-Ching	V		V	V	V	V	V	V
Director	Pai, Ching-Jen	V	V	V	V	V		V	V
Director	Hsiao, Yu-Chiao	V	V	V	V	V		V	V
Juristic Person Director	Wang, Shih-Ting (EVER DEVELOPMENT INVESTMENT CO., LTD.)	V		V	V	V	V	V	V
Independent Director	Huang, Chung-Hui	V	V	V	V	V		V	V
Independent Director	Huang, Wen-Ming	V	V	V	V	V			V
Independent Director	Tsao, Ching-Ming	V	V	V	V	V	V		V

《C-Professional Development of Directors》

Nam Liong Global Annually arranges educational courses for directors focusing on professional skills, knowledge, and sustainability-related issues to enhance their capabilities in navigating operational challenges. In 2023, a cumulative total of 54 hours were devoted to training programs and courses. Please refer to Page 33 of **Nam Liong Global's 2023 Annual Report** for detailed information regarding the individual training records of each director.

《D-Remuneration Policy for Directors and Senior Management》

- **Remuneration Structure for Directors and Senior Management Personnel**

The remuneration of **Nam Liong Global**'s directors include transportation reimbursement and director pays. The Remuneration Committee uses industry benchmarks and performance of individual director as the basis of adjustments in individual remunerations. In addition to fixed salaries and retirement benefits, performance bonuses are calculated based on accomplishment in performance indicators. Please refer to Page 19 to 20、23 of **Nam Liong Global**'s 2023 Annual Report for detailed information regarding directors' remuneration, tiers, and payment standards.

The remuneration of **Nam Liong Global**'s senior management personnel are proposed by the Remuneration Committee and approved by the Board of Directors. It includes fixed salaries, retirement benefits, and performance bonuses calculated based on the accomplishment in performance indicators. **The retirement system for senior management personnel aligns with that of other employees within the Corporate.** Please refer to Page 21 to 23 of **Nam Liong Global**'s 2023 Annual Report for detailed information regarding senior management personnel's remuneration and tiers.

- **Resignation and Retirement Policies for Directors and Senior Management**

The notice period for resignation and retirement of directors and senior management at **Nam Liong Global** complies with local government regulations. The notification duration and the calculation method for severance pay aligns with that of other employees. Departing directors and senior management receive no additional payments or tangible benefits, except for severance pay.

- **Connection Between the Remuneration of Directors and Senior Management with ESG Performance**

Nam Liong Global plans to gradually introduce ESG performance indicators starting from 2024. It aims to connect remuneration with individuals' participation in ESG issues and the accomplishment of ESG objectives, strengthening accountability of directors and senior management towards the Corporate's sustainability vision.

- **Recoupment Mechanism**

To ensure the Corporate's sustainability and ethical conduct, in the events of significant risk incidents impacting **Nam Liong Global**'s goodwill, or major internal mismanagement, or if directors or any employees face penalties due to wrongdoing, the initially approved remuneration or rewards shall be entirely revoked. If any director or employee engages in improper gains, **Nam Liong Global** will pursue legal claims and litigation as per the law.

《E-Performance Assessment of the Board of Directors》

Nam Liong Global conducts annual self-assessments for the Board of Directors, functional committees (including the Audit Committee, Remuneration Committee), and individual board members as a general practice. Please refer to Page 25 of **Nam Liong Global's 2023 Annual Report** for the performance assessment results.

<p>Measurement Criteria for the Performance Assessment of the Board of Directors</p>	<ol style="list-style-type: none"> 1. Participation in operation (Including participation and decision-making related to ESG issues) 2. Quality of decision-making by the Board of Directors 3. Composition and organization of Board of Directors 4. Election and self-development of directors 5. Internal Controls
<p>Measurement Criteria for the Performance Assessment of Nam Liong Global's Individual Board Members</p>	<ol style="list-style-type: none"> 1. Understanding of company goal and targets 2. Understanding of directors' duties 3. Participation in operation 4. Governance and communication of internal relations 5. Profession and continual development of directors 6. Internal Controls

《F-Conflict of Interest Management in Performance Assessment of the Board of Directors》

- At **Nam Liong Global**, the Rules of Procedure for Board of Directors' Meeting, as well as those of the Audit Committee and Remuneration Committee, all include regulations regarding avoidance of conflict of interest. In case a director's agenda involves personal interests, those of their spouse, close blood relations within the second degree, or companies where the director has a controlling or subordinate relationship, they must disclose these interests during the Board Meeting. If there is potential harm to the Corporate's interests, they are prohibited from participating in discussions, voting, or exercising proxy voting rights on these matters. The names of relevant directors, essential explanations, and details of avoidance are documented in the meeting records.
- Please refer to Page 61 of **Nam Liong Global's 2023 Annual Report** for detailed information regarding the related-parties' transactions, and the cross-shareholding status between directors, controlling shareholders, or other stakeholders.
- Additionally, Nam Liong Global has established a Code of Conduct for Integrity Management, and continuously monitors the development of domestic and international standards for integrity management. This information is used to review and enhance the Corporate's Integrity Management Policies and initiatives, aiming to improve the effectiveness of implementing integrity management within the Corporate. As of the end of 2023, **Nam Liong Global** has not experienced any significant incidents related to conflict of interest.

2.2.2 Functional Committees

《A-Audit Committee》

- **Nam Liong Global's** Audit Committee comprises 3 Independent Directors, serving from June 23, 2022, to June 22, 2025. Its responsibilities include reviewing the Corporate's financial statements, overseeing the appointment and independence of CPAs, establishing or amending internal control systems, and ensuring the Corporate's compliance with relevant regulations. The committee generally convene meetings quarterly, with department heads, internal auditors, and CPAs to attend discussions as necessary. In 2023, a total of 4 meetings were convened with a member attendance rate of 100%.
- Please refer to Page 25-27 of **Nam Liong Global's 2023** Annual Report for detailed information regarding the operation of Audit Committee.

《B-Remuneration Committee》

- The current-term Remuneration Committee consists of 3 members, all of whom are Independent Directors, meeting the requirements for independence, serving from June 12, 2023, to June 22, 2025. Nam Liong Global has established organizational regulations for the Remuneration Committee, outlining its responsibilities and obligations. This committee is responsible for formulating and regularly evaluating the remuneration system and standards for the members. The committee generally convene meetings semi-annually. In 2023, a total of 4 meetings were convened with a member attendance rate of 100%.
- To ensure the transparency and equality of the remuneration system as well as protect the interests of stakeholders, Nam Liong Global has established a mechanism for external stakeholder participation. The Remuneration Committee regularly reviews the Remuneration Policy of Nam Liong Global, and the annual distribution of remuneration for employees and directors must be approved by the Board of Directors.

《C-Sustainability Development Promotion Committee》

- In 2023, Nam Liong Global established the Sustainability Development Promotion Committee as a committee structured under the General Manager's oversight. The committee consists of 21 appointed members, serving as the Corporate's internal specialized unit for sustainable development. The committee formulated the self-approved Organizational Regulations and Rules of Procedure for the Sustainability Development Promotion Committee, outlining its responsibilities and obligations. The Sustainability Development Promotion Committee is tasked with promoting consensus, preparing the identification and communication plan for sustainability issues concerning stakeholders, planning and advancing the Corporate's sustainability-related matters, preparing sustainable development goals, and reporting progress and accomplishments to the Board of Directors **on a quarterly basis**.

2.3 Economic Performance

2.3.1 Economic Value

Each year in the fourth quarter, departments draft the budget for the following year. The Finance Department consolidates budgets related to sales, production, procurement, and salary expenses, compiles an estimated income statement, submits it for the General Manager's review, and presents it for the first Board Meeting in the following year. All daily accounting records and financial statement are prepared on accrual basis, according to the Business Entity Accounting Act and IFRSs. The Finance Department conducts a monthly analysis comparing budget figures with actual reports, reviewing differences in amounts and reasons. In case of significant differences or influences due to force majeure, the department shall present these matters to the Board for discussion and for the formulation of revised business objectives. After the supervisor's review, each quarterly financial statement is reviewed and certified by CPAs and then submitted for review by the Audit Committee and reported for the Board resolution.

Nam Liong Global's quarterly consolidated financial reports, annual consolidated financial reports, and individual financial reports are all publicly disclosed on Nam Liong Global's official website and the TWSE MOPS. This Report aims to reclassify the annual consolidated statement of comprehensive income from an economic allocation perspective and adjusts the payment to shareholders and governmental entities based on cash basis accounting and compiles this data into an economic income and distribution statement.

Overview of the Operating Performance for the Most Recent Three Years			
Items / Year	2021	2022	2023
Operating Revenue	3,356,900	3,082,227	2,411,798
Operating Costs	2,485,138	2,262,133	1,806,711
Operating Gross Profit	871,762	820,094	605,087
Operating Profit and Loss	190,929	139,914	18,964
Non-Operating Income and Expenses	(14,836)	51,585	21,203
Pre-Tax Net Income	176,093	191,499	40,167
Net Income for the Period After Tax	150,255	177,619	12,546
Total Comprehensive Income for the Period	195,161	262,852	48,922
Earnings per Share (NT\$)	1.23	1.45	0.10
Total Employee Benefits	5,587	5,521	4,205
Dividends	73,435	79,555	30,598
Employee Remuneration (including employee benefits)	652,359	652,178	549,774
Economic Value Retained	399,761	344,153	264,944
Payments to Investors	100,657	110,225	58,037
Payments to the Government	29,737	20,357	37,971
Community Investment	2,456	2,534	2,012

Note(s):

1. Payments to Investors: Refer to the distribution of dividends to all shareholders, as well as the interest due to lenders (including any form of debt or loan interest) and any unpaid dividends owed to preferred shareholders.
2. Payments to the Government: Include all taxes (business taxes, income taxes, property taxes) and fines.
3. Employee Remuneration (including employee benefits): The term "Employee Benefits" refers to the total monetary value of benefits provided to employees, such as Labor Insurance and National Health Insurance premiums and retirement contributions. This does not include costs related to education and training, protective equipment, and other expenses directly associated with employees' job duties. The term "Total Employee Benefits" refers to the total welfare expenses allocated by the Corporate to the Welfare Committee for providing non-monetary benefits to employees such as travel, medical check-ups, and festive seasons gift packages.
4. Community Investment: Refers to donations and contributions.
5. All values in the table are presented in New Taiwan Dollars (NT\$).
6. Economic Value Retained: Direct economic value generated - Economic value distributed.
7. Community Investment: For the years 2023 and 2022, the investments included political donations of NT\$ 300,000 and NT\$ 280,000, respectively.
 ※ Direct economic value generated: Refers to revenue.
 ※ Economic value distributed: Refers to Operating Revenue, Employee Remuneration and Employee Benefits, Payments to Investors, Payments to the Government by Country, and Community Investment.

2.3.2 Tax Policies

• Approach to tax

Nam Liong Global complies with the tax regulations of each operational jurisdiction and abides by the OECD Guidelines. It develops different tax strategies for diverse tax jurisdictions and implements responsible taxation based on functions and risks by establishing reasonable pricing principles within the group.

To efficiently manage tax risks, the Finance Department is responsible for assessing, identifying, and overseeing changes in tax regulations across various countries. It evaluates potential tax risks arising from the operational activities and implements suitable measures to manage and control them effectively. As part of the sustainability strategy, we aim to strike a balance in corporate governance, environmental management, and social governance, creating better communication with stakeholders. The tax management at Nam Liong Global aim to minimize audit and tax risks while ensuring the group retains sufficient and reasonable tax reserves in each tax jurisdiction.

Tax Strategy and Management Approach of Nam Liong Global

Highest Governance Body Responsible for Tax-related Matters	Board of Directors
Operation Unit	Finance Department, convene annual discussion on the Corporate's tax strategies, and responsible for day-to-day tax administration and reporting practices
Audit Unit	Audit Department, conduct annual review of tax processing procedures, reporting processes, internal control systems, and compliance with tax regulations
Compliance with Laws and Regulations	Filing and payment of taxes in accordance with local regulations and standards
Strategies	<ul style="list-style-type: none"> • Transactions among affiliates are conducted following standard Principles of Transaction and comply with the OECD Transfer Pricing Guidelines for Multinational Enterprise and Tax Administration • No use of tax havens or tax planning for the purpose of tax evasion • No transfer of Corporate profits to countries with low tax rate
Training of Governance Body	1 Members of tax governance unit regularly undergo training and education, either from regulatory authorities or within the Corporate to enhance the tax professionals' expertise and knowledge

• Tax Risk Management

Changes in tax laws and regulations can potentially increase Corporate's effective tax rate, affecting the tax burden and net profits. To effectively manage tax-related risks, the tax governance unit regularly reviews the dynamic tax regulations of operational jurisdiction of each business units, identifies potential tax risks, reports them to the Board of Directors, as well as discusses and formulates responsive measures. In the events of new business activities or transactional behaviors arise, the potential tax implications are assessed beforehand, allowing for the development of the most suitable tax strategies.

- **Whistleblowing Mechanism**

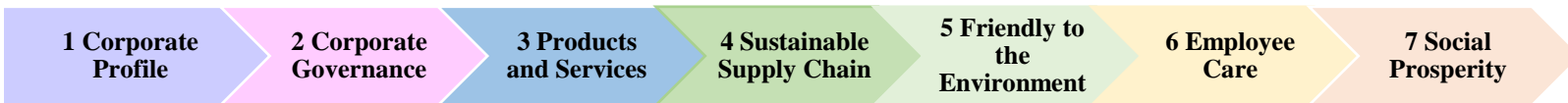
An internal independent complaint channel is established within the Corporate, allowing employees or external stakeholders to raise concerns about unethical or illegal tax practices or any suspicions that might jeopardize the Corporate's tax integrity. These complaints are then processed by the Finance Department. No unethical or illegal tax behaviors occurred in the current year.

- **Stakeholder Communication**

At **Nam Liong Global**, we formulate our tax strategies by referencing regulations, interpretative letters, and news announcements published by supervisory authorities. We regularly participate in tax seminar or courses organized by tax authorities to stay updated on the latest regulatory information and engages in periodic discussions with CPAs to assess the potential impacts of future tax regulations on Nam Liong Global. Whenever required by regulations, Nam Liong Global secure endorsement from supervisory authorities for tax strategies requiring pre-assessment or for seeking tax incentive programs.

Nam Liong Global' s income taxes are verified and certified by external accounting firms to ensure **Nam Liong Global'** s compliance with local tax regulations. Moreover, we cooperate with tax authorities' investigations across various regions, providing tax supplementary explanations and relevant documentation as required by regulatory agencies.





2.4 Responsible Business Conduct

2.4.1 Integrity Management

《A-Integrity Management Regulations》

At **Nam Liong Global**, we formulate our integrity management policies in accordance with the Ethical Corporate Management Best Practice Principles, identifies potential negative impacts on stakeholders within the Corporate’s business relationships and establishes preventive measures and remedial systems for specific risks. Additionally, an independent oversight unit has been established to monitor and improve the Corporate’s commitment to responsible business practice, ensuring **Nam Liong Global**’ s compliance with integrity management standards and objectives.

Despite not having implemented the RBA Code of Conduct and its associated policies specifically related to human right responsibilities in business operations, **Nam Liong Global** has already embedded similar management systems concerning labor, health and safety, environment, and ethical standards within its existing management regulations. These elements will be unified into a group policy and commitment once the relevant methods are streamlines and consolidated. Currently, the Integrity Management policies and Codes of Ethical Conduct established in compliance with regulations are disclosed in the Corporate’s Annual Report and official website.

Approval unit	Executing unit	Policies and Regulations	Cited References (Government official documents, standards, initiatives, etc.)
Board of Directors	Finance Department	Ethical Corporate Management Best Practice Principles	Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
Board of Directors	Finance Department	Procedures for Ethical Management and Guidelines for Conduct	Sample Template for XX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct
Board of Directors	Finance Department	Codes of Ethical Conduct	Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies

《B-Reporting and Complaint Mechanism》

To mitigate the impact of any breaches in integrity or professional ethics, employees at all operational locations of **Nam Liong Global** can utilize the internal whistleblower process for complaints and disclosures. This process is also available for suppliers and stakeholders to report any illegal or unethical behavior. The reporting channel are accessible through hotline/website/email (**namliong_public@namliong-global.com**). The Finance Department is responsible for receiving and investigating reports. They escalate to the independent directors in the events of the reported matters involves directors and managers. Additionally, an independent audit office is established to supervise the follow-up procedures related to the reported incidents, and integrate integrity management regulations in the annual regular business audit agenda.

《C-Stakeholder Communication and Prevention》

Nam Liong Global committed to guide and enable all members in operational units and stakeholders to comprehend the integrity management policies. This involves the implementation of a series of measures and management mechanisms, including signing relevant documents, conducting a total of 12 continuous educational training sessions via email, as well as conducting thorough due diligence investigations on suppliers to facilitate assessment and screening.

Category of Individuals		Timing	Documents required for signature	Signing Percentage
Workers	New recruits	At the time of employment	Labor Agreement	100%
	Current employees	At the time of employment	Labor Agreement	100%
	Governance and Management Personnel	At the time of appointment	Declaration of No Violation of Integrity Management Principles	100%
Business Partners	New suppliers	During contract signing	Supplier Contract	100%
	Existing suppliers	During contract signing	Supplier Contract	100%

《D-Statistics on Anti-Corruption Training Participation》

Nam Liong Global conducts integrity management-related training sessions, outlining prohibited behaviors in their business operations. These include courses on professional ethics (trade secrets, intellectual properties, information usage, fair competition and antitrust practices), as well as anti-corruption courses (covering bribery, improper benefits, extortion, and money laundering). These sessions aim to prevent dishonest conducts. In 2023, the governance units consisting of 9 Board members, participated in integrity management-related training sessions, with each member attending for 6 hours, totaling 54 hours. The statistical breakdown of employees from various operational locations who participated is as follows:

Number of Participants	Region	Ranking				Functional Category		Total Number of Employees
		Senior Executives	Middle Executives	Frontline Executives	Basic Staffs	Clerical Staffs	Production, Sales and Research	
Trainees	Taiwan Region	12	12	0	23	16	31	47
Expected trainees		14	78	62	368	89	433	522
Training rate		85.7%	15.4%	0.0%	6.3%	18.0%	7.2%	9.0%

2.4.2 Compliance with Laws and Regulations

Nam Liong Global violated **2** environmental regulations, **0** social regulations, **0** governance and economic regulations, and **1** products and services regulations in **2023**. The total fines imposed for these violations amounted to NT\$ 168,000. The number of major regulatory violations, nature of sanctions, infractions committed, and the improvement measures taken for each of the four aspects: environment, society, governance and economics, and products and services, are explained below:

Summary of Regulations Violations for the year 2023

Aspect	No.	Operational Location	Explanations for Violations	Article	Sanctions		Explanation of Improvement Methods
					Fines (Unit: NT\$)	Other Penalties	
Environmental Regulations	1	Plant	One set of water samples was collected from the discharge outlet during the inspection and sent for testing. The results indicated non-compliance with the Effluent Standards for the Printing, Dyeing, and Finishing Industry.	Article 7-1 of the Water Pollution Control Act, as well as Article 2 of the Effluent Standards	105,000	-	Corrective measures implemented as required by regulations.
Products and Services	1	Head Office	During an inspection conducted by the Department of Health, New Taipei City Government, a distributor associated with Nam Liong Global was found selling a total of 6 types of protective gear, including 3 classified as medical devices and 3 labeled as general protective gear. These products were sent to the Ministry of Health and Welfare for assessment. The results indicated non-compliance with the Medical Devices Act, as the medical device license numbers were not included on the packaging of the three products—knee pads, ankle pads, and eye shields—that were verified by the Ministry as medical devices.	Article 25 of the Medical Devices Act	60,000	-	Should production of these three products continue, they shall be regulated as medical devices and comply with relevant regulatory requirements. However, to prevent consumer confusion, the Corporate has decided to halt the production of these three disputed products. Since these products are currently marketed with labels and descriptions indicating they are non-medical devices, the Corporate have revised the product descriptions and labels accordingly and will recall any remaining products from the market.

Note: This table discloses fines amounting to NT\$ 10,000 or more.

2.4.3 Human Rights Policies

《A-Introduction to Human Rights Policies》

Referencing to multiple international human rights conventions, including the Universal Declaration of Human Rights, The UN Framework and Guiding Principles on Business and Human Right, United Nations Global Compact, International Labor Organization Declaration of Fundamental Principles and Rights at Work, etc., Nam Liong Global have formulated human rights policies such as non-discrimination, freedom of association and collective bargaining, prohibition of child labor, and prevention of forced or compulsory labor. These policies aim to safeguard the fundamental rights of employees and stakeholders.

To ensure that suppliers and contractors also abide by **Nam Liong Global**' s human right policies, human rights clauses have been included in supplier contracts and code of conduct. All suppliers and contractors are required to sign and comply with these regulations.

《B-Human Rights Education Training》

- **Human Rights Policy Training:**

To ensure that employees, external workers, suppliers, and external stakeholders are fully aware of **Nam Liong Global**' s human rights policies, in addition to providing human rights policy education and training for new recruits upon their arrival, we regularly employ various methods such as cloud office announcements, educational training, and other means to educate and raise awareness. This is aimed at ensuring that all personnel understand their rights and Corporate's regulations. In 2023, the cumulative total training hours related to human right policy at Nam Liong Global amounted to 122 hours, with a total of 55 new recruits completing the training, representing 100% of the total number of new recruits.

Nam Liong Global' s Human Rights Education Training Records		
Region	2023	2022
Total person-hours of training and education regarding human rights amounted for new recruits	122	222
Ratio of human rights education training for new recruits	100%	100%

《C-Human Rights Risks Identification and Explanation of Policies》

• Human Rights Risks Identification and Formulation of Policies

Nam Liong Global assesses human rights issues and entities with potential risks based on past incidents of human rights cases and industry-specific risks. Subsequently, we formulate human right policies and risk mitigation measures, including compensatory systems. Identified potential human rights issues for 2023 includes discrimination, freedom of association and collective bargaining, child labor, forced or compulsory labor, labor disputes, sexual harassment, etc. There were no related complaints or audit records reported in 2023. Please refer to the table below for detailed information:

Human Rights Issues	Discrimination	Freedom of Association and Collective Bargaining	Child Labor	Forced or Compulsory Labor / Labor Disputes	Sexual Harassment
Policy	Procedure for Anti-Discrimination Management	Management Procedure for Protection of Freedom of Association and Religious Beliefs	Prohibition of Child Labor, Management Procedure and Remedial Measures for Misuse of Underage Workers	Procedure for Anti-reprisal, Forced or Compulsory Labor, and Penal Labor	Procedures for Sex Harassment Complaints and Resolution
Highest Governing Body for Policy-related Matters	General Manager	General Manager	General Manager	General Manager	General Manager
Supervisory Unit	Human Resource Department	Human Resource Department	Human Resource Department	Human Resource Department	Human Resource Department
Audit Frequency	Irregularly	Irregularly	Irregularly	Irregularly	Irregularly
Applicable Parties	All employees, External individuals, Civil society organizations	All employees	All employees, Contractors, Suppliers		
Investigation or Communication Mechanisms	Complaint boxes, Complaint channels	Complaint boxes, Complaint channels	Recruitment document checks, pre-employment document review, Contractor and Supplier Investigations	Complaint boxes, Complaint channels, Contractor and Supplier Investigations	Complaint boxes, Complaint channels
Risk Level	Low	Low	Low	Low	Low

《D-Human Rights Communication Channels and Incident Explanation》

• Communication and Remedial Measures for Human Right Policies or Incidents

Nam Liong Global has established a platform for feedback and a suggestion mailbox to facilitate communication between all workers and external stakeholders with the dedicated department responsible for human rights issues. This includes suggestions for policy improvements, alerting potential risks, and reporting cases violating human rights. To ensure the impartiality of investigations and reviews in reported or filed cases, a cross-departmental team within the Human Resource Department is responsible for investigating and reviewing human rights-related incidents, as well as developing improvement measures. In 2023, no incidents violating human rights or carrying potential risks were identified.

Human Rights Issues	Number of Cases Received	Number of Cases Not Accepted	Number of Cases Investigated
Discrimination	0	0	0
Freedom of Association and Collective Bargaining	0	0	0
Child Labor	0	0	0
Forced or Compulsory Labor / Labor Disputes	0	0	0
Sexual Harassment	0	0	0

2.5 Risk Management

2.5.1 Risk Management Organization

The Corporate's capability in risk management plays a critical role in addressing risks and opportunities arising from both internal and external factors. Risks and opportunities stemming from global trends and the environment can significantly impact a company's profitability and even its survival. Rather than leaving the future to unpredictable environment and variables, it's better to continuously enhance a company's competitiveness and influence, fully grasp business opportunities, and face the challenges of a new era.

Nam Liong Global oversees its risk management through various departments. In the event of sudden major risks, relevant emergency response teams should be established to promptly address and manage different risk scenarios, ensuring compliance with legal regulations and minimizing potential losses and impacts. The Audit Office conducts regular annual audits on the risk factors associated with various operations and reports the auditing outcome to the Audit Committee and the Board of Directors quarterly.

Unit	Responsibilities for Managing Risks Within Respective Units
Technical Unit	Identifying and evaluating potential risk factors in product design and development, as well as developing and implementing measures to control related risk factors.
Production Management Unit	Searching for qualified suppliers and items, evaluating the risk factors associated with material procurement and inventory management, as well as implementing measures to control related risk factors.
Production Unit	Collecting specific activity information during the production process, evaluating potential risk factors, as well as implementing measures to control related risk factors.
Quality Assurance Unit	Evaluating potential risk factors for product quality, as well as implementing measures to control related risk factors.
Management Representatives	Providing resources for significant risk control, leading the organizational efforts in product safety identification and evaluation, as well as ensuring the approval and implementation of control measures.

2.5.2 Risk Identification and Mitigation Measures

The primary risk management units within **Nam Liong Global** are the various departmental units responsible for their specific functions. The highest decision-making and control unit is the Board of Directors, assisted by the Audit Committee and the Remuneration Committee. These committees help the Board identify and evaluate controllable product risks. They assess significant product risks, establish critical control points, and reduce potential product risks. Additionally, in environmental risk management, **Nam Liong Global**'s Niao Song Factory has obtained ISO 14001 certification for environmental risk management system, while other facilities follow the principles of ISO 14001 for managing environmental risks.

Risk Aspect	Risk Issue Identification	Risk Mitigation Measures
Social	Human Resources Risks	<ul style="list-style-type: none"> Nam Liong Global provides a comprehensive training program offering diverse educational training for all employees. Improve employee compensation and benefits to attract local talent.
Economic	Operational Risks	<ul style="list-style-type: none"> To enhance our global competitiveness, we are planning to construct a new plant overseas, which is expected to increase our supply capacity for the European and American markets. The global market turbulence and tariff issues caused by the US-China Trade War have led to customer order delays, cautiousness, or even shifting to other materials. This situation has affected China's export market. To address this risk, the expanded production capacity will provide greater flexibility for production adjustments and geared towards the active development of green and eco-friendly materials. There will be ongoing improvements to production equipment, as well as plans for replacements, to adapt to an uncertain future.
Economic	Exchange Rate Risk	<ul style="list-style-type: none"> To mitigate the impact of fluctuations in exchange rates on the value of foreign currency assets and potential fluctuations in future cash flows, multinational corporation primarily utilizes natural hedging by matching foreign currency assets and liabilities to reduce the impact of exchange rate fluctuations and avoid associated risks.
Economic	Interest Rate Risks	<ul style="list-style-type: none"> To mitigate the financial risks, Nam Liong Global is committed to identifying, evaluating, and avoiding market uncertainties, reducing the potential negative impacts of market fluctuations on the Corporate's financial performance.

Risk Aspect	Risk Issue Identification	Risk Mitigation Measures
		<ul style="list-style-type: none"> The financial operations of Nam Liong Global primarily focus on achieving long-term stable cash flows. Additionally, the management regularly monitors the volatility of market interest rates, adjusting the allocation of financial assets' fixed and variable rate based on market conditions and capital requirements to achieve our financial management objectives. Nam Liong Global does not engage in transactions involving financial instruments (including derivative financial instruments) for speculative purposes.
Economic	Operational Risks (Information Security)	<ul style="list-style-type: none"> Nam Liong Global has established a comprehensive network firewall and computer security protection system to manage, maintain and ensure the security of essential business functions like operations, production, R&D, and financial accounting. Critical systems have been designed with a high-availability (HA) structure and supplemented with a backup mechanism to guarantee uninterrupted services and prevent data loss. In addition to the HA architecture implemented in the mainframe, a tape backup method is employed, with backup tapes stored in off-site locations. This measure ensures the uninterrupted operation of critical information systems and data preservation, thereby reducing the risk of unexpected disasters or human error leading to system disruptions. The HA architecture undergoes at least one annual drill to verify the effectiveness and feasibility of the contingency plan. Continuous improvements and updates are planned to improve the continuity of operations.
Economic	Earning or loss of highly-risky, high-leverage investment, capital loan and guarantee and derivatives trades	<p>Nam Liong Global has refrained from engaging in highly-risky, high-leverage investment, and derivative commodity transactions in the recent fiscal year. Capital loans and providing guarantees are conducted cautiously in accordance with Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees. All pertinent details are disclosed and announced in compliance with the regulatory requirements in each financial report.</p>

2.6 Climate-Related Risks and Opportunities

2.6.1 Climate Governance Organization

The schedule and implementation progress of the Corporate's greenhouse gas inventory and its verification are reported to the Board of Directors on a quarterly basis. The Sustainable Development Promotion Committee consists of six functional work groups: 1. Work Group on Sustainability Reporting, 2. Work Group on GHG Inventory and Carbon Footprint, 3. Work Group on Energy Conservation and Carbon Reduction, 4. Work Group on Eco-Family, 5. Work Group on Care and Welfare, and 6. Work Group on Ethical Management and Risk Control, which meet twice a year. At the beginning of each year, these work groups review the Corporate's strategies and objectives related to climate change, oversee actions to address climate-related risks and opportunities, assess progress, and plan future initiatives. These findings are then reported to the Board of Directors.

2.6.2 Climate-Related Risks and Opportunities Identification and Assessment

The Work Group on Ethical Management and Risk Control is authorized by the Sustainable Development Promotion Committee to lead the identification and assessment of potential climate risks and opportunities. This work group conducts a comprehensive identification process every three years to pinpoint significant risks and opportunities for the Sustainable Development Promotion Committee and conducts an annual review to ensure the relevance of climate-related risk and opportunity items.

In 2023, Nam Liong Global conducted our first climate-related risk assessment survey with 45 participants, which include members and seed members of the Sustainable Development Promotion Committee. This survey highlighted 12 climate-related risks and 10 climate-related opportunities and pinpointed the high-risk factors for further analysis. In collaboration with external consultants, the Corporate identified significant climate-related risks and opportunities and developed corresponding response strategies. Climate change mitigation efforts will focus on low-carbon production, energy management, and carbon disclosure, whereas climate change adaptation efforts will concentrate on strengthening disaster prevention infrastructure and enhancing the climate resilience of the supply chain.

《A- Categories of Risks and Opportunities》

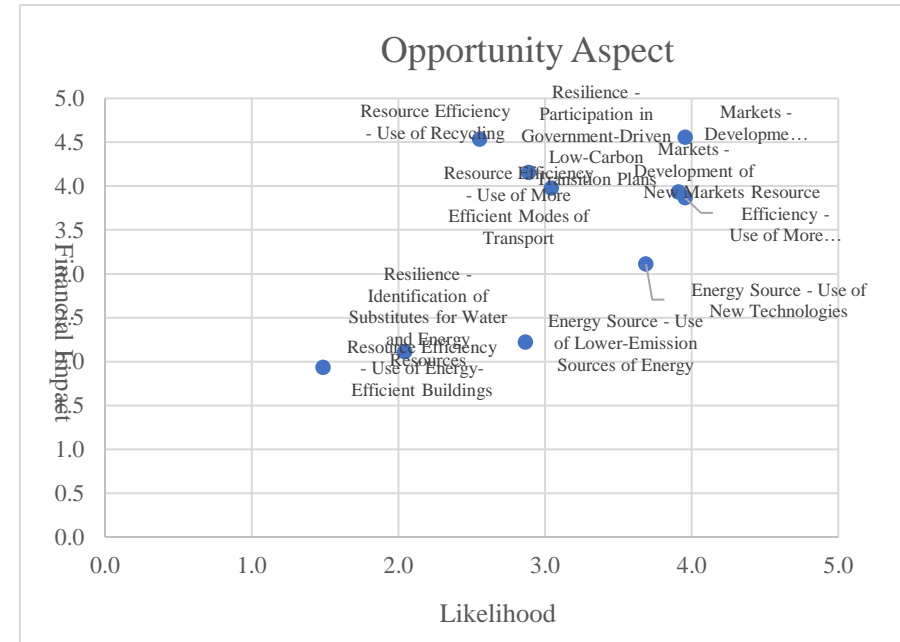
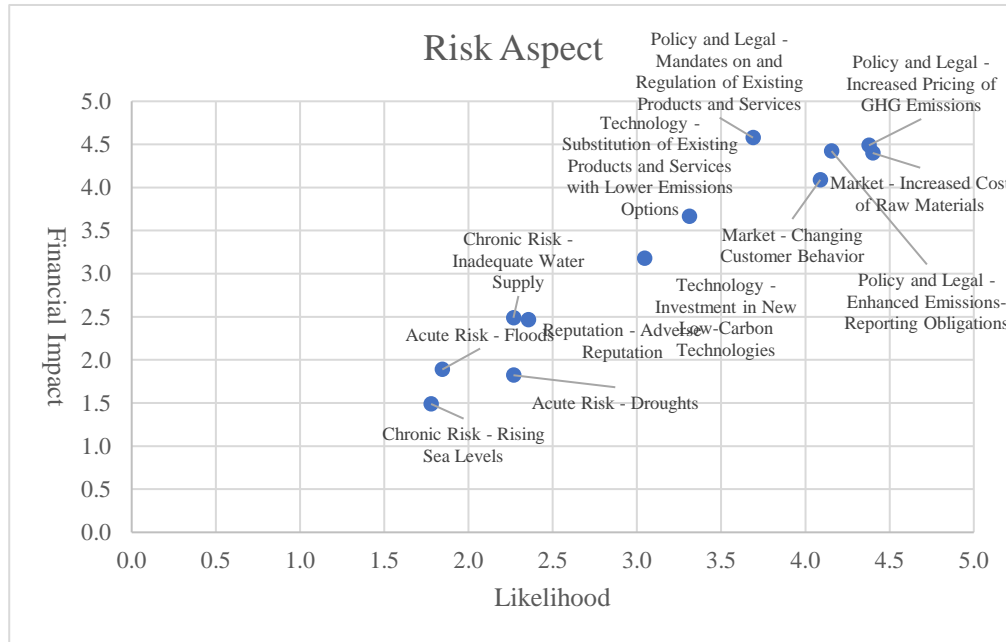
Category	Risks and Opportunities	
Transition Risks	Policy and Legal	Increased pricing of GHG emissions, enhanced emissions-reporting obligations, mandates on and regulation of existing products and service
	Technology	<ul style="list-style-type: none"> Substitution of existing products and services with lower emissions options (such as assessing the potential for transitioning existing products to low-carbon production) Investment in low-carbon technology: 1. Necessity for now process or design development, 2. Risk of unsuccessful R&D resulting from new technologies
	Market	<ul style="list-style-type: none"> Changing customer behavior Increased cost of raw materials: 1. Increased production costs due to changing input prices and output requirements, 2. Abrupt and unexpected shifts in energy costs
	Reputation	Adverse reputation (costs associated with the loss of goodwill due to negative external perceptions of the Corporate)



Category	Risks and Opportunities	
Physical Risks	Acute	Acute risks: Floods, droughts
	Chronic	Chronic risks: Rising sea levels, inadequate water supply
Climate-Related Opportunities	Energy Source	Use of more efficient production processes, use of more efficient modes of transport, use of recycling (circular economy), use of energy-efficient buildings
	Resource Efficiency	Use of lower-emission sources of energy, use of new technologies
	Products/Services	Development of low emission goods and services
	Resilience	Participation in government-driven low-carbon transition plans, identification of substitutes for water and energy resources

《B- Climate-Related Risks and Opportunities Matrix》

Based on the responses collected from the internal survey, the Corporate assessed the likelihood and associated financial impact of various climate-related risks and opportunities. Subsequently, a risks and opportunities matrix were constructed using the average risk values derived from the survey (please refer to the diagram below for details).



《C- Climate Change Risk and Opportunity Assessment Results》

Based on the likelihood and financial impacts results collected from the collected from the risks and opportunities survey, transition risk/opportunity values were calculated (transition risk/opportunity value=likelihood X financial impact). Following further evaluation by the TCFD cross-functional task force in collaboration with external experts and considering the Corporate's characteristics and supply chain relationships, the risks and opportunities were refined and consolidated. This process identified three major transition risks and two significant climate-related opportunities. Detailed information is provided in the table below:

Category	Risks		Inclusion	Explanation
Transition Risk	Policy and Legal	Increased pricing of GHG emissions, enhanced emissions-reporting obligations	Yes	
Transition Risk	Policy and Legal	Mandates on and regulation of existing products and service	No	Following the discussion by the Work Group on Ethical Management and Risk Control, it was concluded that this risk item will not be included due to the absence of clear requirements and regulations for current products and services.
Transition Risk	Market	Increased cost of raw materials, changing customer behavior	Yes	
Transition Risk	Technology	Substitution of existing products and services with lower emissions options	Yes	
Transition Risk	Technology	Investment in low-carbon technology	No	This risk item will not be included due to lack of breakthrough advancements in current industry processes and technologies.
Transition Risk	Reputation	Adverse reputation	No	This risk item will not be included as the industry is not currently classified as a carbon-intensive sector.
Physical Risk	Acute Risks	Floods, droughts	No	This risk item will not be included as the Corporate is not located in a flood-prone area and has access to alternative water sources.
Physical Risk	Chronic Risks	Inadequate water supply, rising sea levels	No	This risk item will not be included due to the Corporate's elevation above sea level.
Climate-Related Opportunity	Markets	Development of low emission goods and services, development of new markets	Yes	
Climate-Related Opportunity	Resource Efficiency	Use of more efficient production processes	Yes	
Climate-Related Opportunity	Resource Efficiency	Use of more efficient modes of transport, use of recycling, use of energy-efficient buildings	No	These opportunity items will not be included due to the lack of significant development opportunities for this area within the existing industry.
Climate-Related Opportunity	Energy Source	Use of new technologies, use of lower-emission sources of energy	No	
Climate-Related Opportunity	Resilience	Participation in government-driven low-carbon transition plans, identification of substitutes for water and energy resources	No	

2.6.3 Scenario Analysis and Climate Risk and Opportunity Impact Assessment

Based on the identified significant risks and opportunities, the Corporate has established scenarios for analysis. Given that climate-related risks and opportunities will affect future strategies and financial planning, the Corporate employs the SSP5-Baseline Scenario to evaluate the resilience of the Corporate’s climate strategies.

Items	Transition Risk Modelling (IEA 2023)		Physical Risk Modelling (IPCC AR6 WGIII)	
	APS	NZE	SSP1-RCP 2.6	SSP5-RCP 8.5
Description	Announced Pledges Scenario (APS): In commitment to achieving net-zero emissions by 2050, the Corporate will focus on reducing emissions, including ensuring alignment with national targets set by various countries for the period from 2030 to 2050. By 2100, the global average temperature is expected to be 2.1°C higher than pre-industrial era.	Net Zero Emissions by 2050 Scenario (NZE): The global energy sector aims to achieve net-zero emissions by 2050. Developed economies are expected to reach net-zero earlier than other economies, with the goal of limiting the global temperature rise to 1.5°C.	RCP2.6: Scenario with low emissions, with the emissions projected to be reduced by 50% by 2050, and the temperature rise kept under 2°C. This scenario offers a potential to meet the Paris Agreement's targets of limiting the temperature increase under 2°C or even 1.5°C.	Business as usual (BAU): Emissions continue to rise, and the global temperature increase is expected to approach 4°C by 2100.
Source of Reference	The World Energy Outlook 2023 CO2 prices for electricity, industry and energy production in selected regions by scenario (Table B.2)		Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) Drought (Extended periods of no rain) 3D Disaster Potential Map of National Science and Technology Center for Disaster Reduction Floods resulting from extreme rainfall	

Overview of the Impact of Risks and Opportunities on the Corporate

Category	Risk Item		Risk Position	Risk Item Identification	Financial Impacts and Risk Mitigation Measures
Transition Risks	Policy and Legal	Increased pricing of GHG emissions	The Corporate	<ol style="list-style-type: none"> An annual carbon fee will be imposed in Taiwan starting in 2025. This fee will initially apply to large electricity consumers and will gradually be extended to other general businesses. International efforts in advancing carbon taxes and Carbon Border Adjustment Mechanism (CBAM). 	<ul style="list-style-type: none"> Financial Impacts <ol style="list-style-type: none"> The Climate Change Response Act was enacted on February 15, 2023, and will take effect in 2025, initially targeting major carbon emitters. Consequently, it is expected that the Corporate will face the imposition of carbon fees within the next three years. Fines for inaccurate reporting range from NT\$ 200,000 to NT\$ 2,000,000, while fines for excess emissions could reach up to NT\$ 1,500 per metric ton. In 2023, the Corporate's energy consumption amounted to 7,588.38 MWh. With ongoing energy conservation efforts and no plans for new facilities, the annual growth rate of carbon emissions is projected to be 1%. According to Article 12 of the Renewable Energy Development Act, large electricity consumers are required to increase their use of renewable energy. Consumers with contract capacities exceeding a specified threshold shall either install a set of capacity of renewable energy or storage equipment, or alternatively, purchase Renewable Energy Certificates (RECs) or pay a fee if installation is not feasible. The Corporate's current contract capacity is 2,526 kW, which is below the 5,000-kW threshold stipulated by the Act. However, advocacy groups are currently suggesting lowering this threshold from 5,000 kW to 800 kW. Additionally, local governments have the authority to establish their own thresholds for large electricity consumers through regional regulations. For instance, Tainan City's regulations mandate businesses with a capacity of 800 kW or more to install renewable energy systems equivalent to 10% of their total energy consumption within three years of the announcement. The estimated cost for purchasing Renewable Energy Certificates (RECs) is NT\$7,500 per certificate. Risk Mitigation Measures <ol style="list-style-type: none"> The Corporate plans to begin using solar power generated by the Niao Song Factory (364 kW) and the Ren Ai Factory (108.5 kW) for internal consumption starting in 2025. The cost of implementing ISO 14064-1 GHG Inventory is estimated at NT\$ 480,000, with an expected annual assurance fee of NT\$ 300,000.
Transition Risks	Policy and Legal	Enhanced emissions-reporting obligations	The Corporate	<ol style="list-style-type: none"> Regulations mandate that companies shall either install renewable energy systems, purchase Renewable Energy Certificates (RECs), or invest in energy-efficient equipment. Direct or indirect operational disruptions resulting from government-imposed power restrictions due to unstable or insufficient power supply caused by the implementation of green energy policies. 	

Category	Risk Item		Risk Position	Risk Item Identification	Financial Impacts and Risk Mitigation Measures
Transition Risks	Market	Increased cost of raw materials	Upstream Suppliers	<ol style="list-style-type: none"> Increased production costs due to changing input prices (e.g., energy, water) and output requirements (e.g., waste treatment). Abrupt and unexpected shifts in energy costs. 	<ul style="list-style-type: none"> Financial Impacts <ol style="list-style-type: none"> Potential incremental costs of NT\$ 14 million resulting from the customer demands for the procurement of low-carbon materials. The cost of waste disposal is projected to rise annually, with potential for substantial increases. Electricity prices are expected to rise at an annual rate of 2.15%.
Transition Risks	Market	Changing customer behavior	Customers	<p>As customers demand monitoring and reduction of carbon emissions, the Corporate is required to comply with the brand customer's Science Based Targets initiative (SBTi) reduction standards by 2024. Non-compliance may lead to potential loss of orders.</p>	<ul style="list-style-type: none"> Financial Impacts <p>The Corporate is experiencing growing customer demand for low-carbon products with verified carbon footprints verification driven by the need to enhance their brand image and reputation. This poses a risk of losing orders, which could affect market share and potentially lead to reduced revenue or increased operational costs. While the short-term impact is anticipated to be minimal, there is a medium- to long-term risk of order loss. However, there is insufficient data to accurately estimate the financial impact.</p> Risk Mitigation Measures <p>International juristic persons' requirements for the Corporate to participate in CDP or SBTi will incur assurance and internal operation costs, including consulting fees. The estimated annual fee for CDP is USD 3,100. The cost for SBTi assurance, covering both near-term and net-zero targets, is USD 12,750. Additionally, there will be a USD 4,750 fee for updating targets every five years, and the cost for external assurance of product carbon footprints is estimated at NT\$ 300,000 every two years.</p>



Category	Risk Item		Risk Position	Risk Item Identification	Financial Impacts and Risk Mitigation Measures
Climate-Related Opportunities	Market	Increased cost of raw materials	The Corporate, Upstream Suppliers	The Corporate may face increased procurement costs due to the suppliers adopting or developing new energy conservation and carbon reduction technologies, installing carbon reduction equipment, and purchasing renewable energy and carbon credits	<ul style="list-style-type: none"> ● Financial Impacts The Corporate anticipates an increased production expenses due to meet market demands for low-carbon materials and rising electricity costs. The cost of procuring raw materials is expected to rise by NT\$ 14 million annually, and electricity prices are expected to increase by 2.15% each year. ● Risk Mitigation Measures <ol style="list-style-type: none"> 1. The Corporate calculates the product carbon footprint for green products, including hook loop and functional fiber tapes, specialty protective textiles and products, polymeric elastomer foam composite materials, and functional membranes and composite materials. Moving forward, the Corporate will continue to seek feasible energy conservation solutions. 2. Based on the revenue from low-carbon products, an annual increase of approximately NT\$ 20 million is anticipated.
Climate-Related Opportunities	Market	Development of new markets	The Corporate	Securing orders for green materials from brand customers.	
Climate-Related Opportunities	Resource Efficiency	Use of more efficient production processes	The Corporate	Identifying energy conservation solutions through analysis of product carbon footprints.	Evaluating energy-consuming equipment across different departments, factoring in their age and energy usage, and replacing outdated machinery. This initiative is projected to reduce electricity and natural gas emissions by approximately 193 metric tons by 2030.



2.6.4 Climate-Related Indicators and Objectives

Upon completion of the GHG inventory and baseline survey of energy consuming equipment, specific risk transition plans and control indicators will be developed. Energy conservation measures currently implemented are detailed as follows: To further advance energy conservation and carbon reduction efforts, and in line with the Corporate’s corporate social responsibility and sustainable production goals, the Corporate has taken effective measures to reduce paper usage and GHG emissions. These include recycling and reusing materials within the factory, promoting the practice of turning off lights when not in use, replacing malfunctioning air conditioners with variable-frequency units, transitioning to the use of LED lighting throughout the facility, and implementing electronic forms and approval processes. An annual energy conservation objective of 1% has been established, which was successfully met in 2023. Additionally, an objective has been set to reduce greenhouse gas emissions by 10% by 2025, compared to the baseline year of 2022.

Medium- to Long-Term Climate Change Management Goals (Using 2022 as the Baseline Year)				
Item	Indicators	2025	Medium-term Goals (2030)	Long-term Goals (2050)
Environmental Products	Proportion of sales of sustainable products relative to total revenue	Sales of sustainable products account for 5% of total revenue	-----	
Mitigation	Percentage of renewable energy usage	0%	Achieving 5%	
	Recycling rate of waste	Achieving 56%	Achieving 58%	Achieving 60%
	Reduction in GHG emissions	Decreased by 10%	Decreased by 25%	Net-zero emissions
Adaptation	Water consumption	Decreased by 1%	Decreased by 1.5%	Decreased by 1.5%

2.7 Information Security

To ensure the effective implementation, operational efficiency, oversight, and continuous maintenance of **Nam Liong Global**'s information security management system, as well as safeguarding the confidentiality, integrity, and availability of critical information systems, Information Security Policy has been formulated. This policy serves as a clear guiding principle for employees in their daily work, ensuring the protection of all employees' rights, and expecting all employees to comprehend, implement, and uphold it to achieve operational objectives.

1. Enhancing information security awareness and reinforcing security controls: Supervising and educating all employees to implement information security practices, developing the concept of "Maintaining Information Security Should Be Everyone's Responsibility". Conducting ongoing information security education annually to enhance awareness. Should there be any violation regarding information security regulations, addressing responsibilities and applying appropriate disciplinary actions according to related policies.
2. Comprehensive information security measures to ensure operational continuity: By having all employees implement the information security management system, we aim to safeguard information assets from external threats or improper internal management, preventing risks such as leakage, damage or loss. We select suitable information security measures to mitigate risks to an acceptable level, continuously monitoring, reviewing, and auditing the ISMS system to ensure ongoing operations and achieve sustainable business objectives.
 - Nam Liong Global's information security management covers 14 management issues to prevent incidents such as improper use, leakage, tampering, or destruction of data due to human error, intentional actions, or natural disasters, which may pose various risks and threats to Nam Liong Global.
 - Nam Liong Global's information security management outlined goals and responsibilities that must be achieved within the Procedure for Information Security Objective Management, which includes: 1. The management team is responsible for establishing and reviewing the policy. 2. Information security managers shall implement the policy through appropriate standards and procedures. 3. All personnel and contracted suppliers must abide by procedures to maintain the information security policy. 4. All personnel are responsible to reporting security incidents and any identified vulnerabilities. 5. Any deliberate breaches of information security regulations or laws will subject to relevant norms or legal actions.
 - The policy should be reviewed at least annually to reflect the latest development in government regulations, technology, and business conditions, ensuring its capability to maintain operations and provide appropriate services. After being reviewed by the Chief Information Security Officer and approved by the General Manager, this policy comes into effect on its announcement date. The Information Security Policy statement will be communicated to all employees, related agencies, and vendors through written, electronic, or other forms of notification. The same applies to any amendments made to the policy.



NAM LIONG



Digital management



carbon footprint



Energy saving and carbon reduction



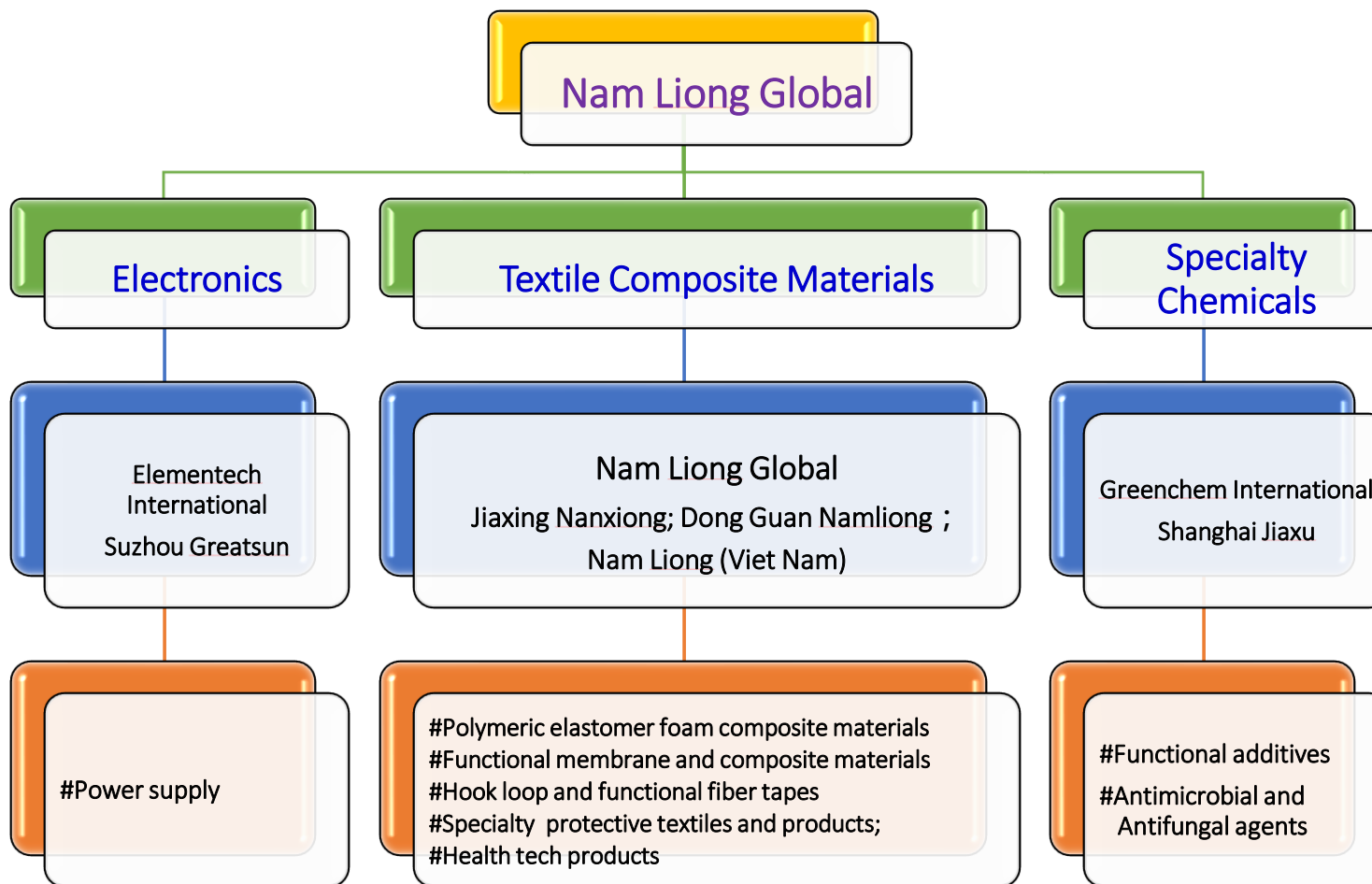
Products and Services



III. Products and Services

3.1 Products and Services

3.1.1 Products and Services Overview



南良願景
NAM LIONG VISION

Eco-FAMILY

Polymeric Elastomer Foam Composite Material

ECoreBond
ECO LAMINATE

SEAMATE®
Rubber Sponge Sheets

V-FOAM®
INDUSTRIAL RUBBER SPONGE

X-SLIPTEX™

BIO-II™

USDA CERTIFIED BIOMASS PRODUCT
PRODUCT 79%

BIO-SS PLUS GREEN TEST
79% of the carbon from renewable source according ASTM-D6866.

PAHs
CPSIA Compliant

REACH
RESTRICTED CHEMICAL SUBSTANCES

FSC
www.fsc.org
FSC® C181787
The mark of

FSC
FORESTS FOR ALL

ESG

Major Applications

Rubber Sponge Division of Nam Liong Global Corporation is professional on developing and manufacturing the closed-cell foams with many kinds of polymers, such as Natural Rubber, Chloroprene Rubber (so-called neoprene), Styrene butadiene rubber (SBR), Thermoplastic Elastomer (TPE), Ethylene Vinyl Acetate (EVA), Ethylene Propylene Diene Monomer Rubber sponge (EPDM) and so on.

SLEEPING SWIMMING DIVING SPORT BRIGGS SHOES

南良願景
NAM LIONG VISION

Eco-FAMILY

Functional Membrane and Composite

ENPROTEX®
LAMINATION FABRIC

ECOMATE®
bio-based performance

DuPont Tate & Lyle BioProducts

UREAMAX
TPU MEMBRANE

Major Applications

Functional Membrane , Laminated Fabric , Speciality Chemicals

From the professional production of various functional films, to various lamination processes - PUR, oily and coated (or extruded), NL can provide customers with a complete, professional and comprehensive solution.

ESG

南良願景
NAM LIONG VISION

Eco-FAMILY

Hook Loop and Functional Fiber Tapes

MORE - TEX™
Hooks and Loops

Qwic-Lock

Major Applications

With the original idea of hook loop fasten capability, Nam Liong is devoted to ideate various hook and loop fastener solutions to satisfy more of inquiries from sport, medical, household, carriage and safety equipment. Meanwhile, to expend product lines with multi pre-fabrication abilities such as cutting, mould shapping, printing, welding or sewing connection, perforating, laminating...etc, with these processing capacity we are able to transfer hook loop from ordinary into bespoke design for customers.

南良願景
NAM LIONG VISION

Eco-FAMILY

Specialty Protective Textiles and Products

ZEROMELTS®
FR MATERIALS

ARMORTEX
Made for Protection
Protective Materials

Major Applications

With different raw materials, manufacturing technologies, and end-user applications, NAM LIONG Technical Textile has developed its products into nine (9) categories: Abrasion Resistant Fabric, Cut Resistant Fabric, Puncture Resistant Fabric, Anti-Slip Fabric, Stretchable Fabric, Reflective Fabric, Flame Retardant Fabric, Multi-functional Fabric and Functional Yarns & Finished Products.

Health Tech Products

H&H 康及优

Major Applications

H&H product features focus on health functions and extend the design of the group's materials. It is a product with functionality and technological sense. Product categories include energy bedding, functional protective gear, functional clothing and other complete textiles product line, and extend the development of horizontal rhythm beds and vertical rhythm equipment. H&H's own brand has complete product operation capabilities and also provides OEM manufacturing.

ESG

Power Supply (Elementech, Greatsun)

With more than 17 years of professional industrial experience specializing in R&D and sales of power supplies, Elementech International possess advanced capability and flexible collaboration solutions developed through partnerships with hundreds of manufacturers after having served numerous overseas and domestic clients.

Elementech International's wholly-owned subsidiary, Suzhou Greatsun Electronics & Communication Co., Ltd., located in Taicang City, Jiangsu Province, China, is dedicated to product manufacturing.

Chemical Products (Greenchem, Jiayu)

Greenchem International and Shanghai Jiayu specialize in textile polymers and functional additives.

We offer extensive selection of high-quality, low-pollution products, including antimicrobial, dust mite-resistant, mosquito-resistant, moth-resistant, moisture-wicking, water repellent, flame-resistant, and UV-resistant solutions.

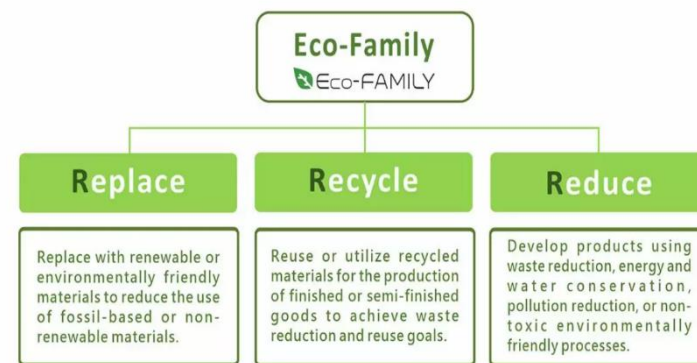
Additionally, we offer professional microbial laboratory testing to enhance the efficacy of quality control measures.

3.1.2 Eco-Family Green Products and Our Commitments

Green, Sustainable, Recyclable: Brand New Display of Eco-Family

Nam Liong Global integrates its innovative products through the Eco-Family framework, emphasizing the core principle of “**Replace, Recycle, Reduce**”. These 3Rs are essential for achieving the Corporate’s environmental goals and advancing towards sustainable and green development.

- ✦ **【Eco-Family of Nam Liong Global】** Explore potential renewable materials, including agricultural or fishery industrial waste, to process and remanufacture into eco-friendly alternatives to petrochemical products. The use of these alternative materials will help reduce dependence on finite petrochemical resources and minimize environmental impact.
- ✦ **【Effective recycling and reuse of resources】** Emphasizing recycling and reusing resources helps maximize the use of both internally and externally collected materials, reducing waste. Effective resource recovery and reuse not only minimize waste generation but also contribute positively to the environment.
- ✦ **【Development of solvent-free lamination processing technology】** Nam Liong Global is dedicated to advancing solvent-free lamination processing technology to minimize potential risks to both the environment and human health. By minimizing solvent use, this approach improves air quality and lowers volatile organic compound (VOC) emissions, offering a safer and more environmentally friendly solution.
- ✦ **【Achievement of a green and sustainable future】** Nam Liong Global is committed to developing alternatives to petrochemical materials and increasing the value of waste by reintroducing recycled materials from both internal and external sources. The Corporate also focuses on creating processes that reduce waste and solvent use, thereby minimizing the consumption of natural resources and energy while making a positive impact on environmental protection. Through the Eco-Family framework, Nam Liong Global partners with brand customers to advance towards a greener and more sustainable future.



3.1.3 Carbon Footprint Management of Low-Carbon Products

In response to the challenges posed by global trade carbon taxes and the need to enhance corporate competitiveness, Nam Liong Global has conducted the calculation of product carbon footprints. The initial assessment, focusing on a specific product group within the material business unit, indicates that **bio-based products have approximately 20% lower carbon emissions compared to non-bio-based products.**

The implementation steps are as follows:

- Purpose and Scope Definition:** Confirming that the purpose of conducting carbon footprint calculations is to identify opportunities for reducing product carbon emissions, enhance the sustainability of the supply chain, and establish Green Partnerships with suppliers, or to support ongoing carbon reduction improvements. This process will help determine which life cycle stages shall be included in the product's carbon footprint assessment.
- Process Flow Diagram:** Develop a product life cycle process map based on defined scopes, beginning with the compilation of the Bill of Materials (BOM) and extending through to waste disposal. This map shall account for all inputs and outputs, including materials, energy resources, and waste associated with each stage of the process.
- Data Collection:** Gather data on the inputs of raw materials, energy, and resources used in the product manufacturing process, as well as the outputs of different types of waste (air emissions, effluent, and solid wastes).
- Carbon Footprint Calculation:** Activity data (all quantified usage data for productions of the target products) X Related emission factors (from supply chain or international databases) X Global Warming Potential (GWP) values, covering all materials, energy, and emissions throughout the product life cycle.
- Hotspots Analysis and Reporting:** Identify the carbon emission hotspots for the product by analyzing the carbon footprint calculation results and use this information to pinpoint opportunities for reducing carbon emissions reduction and improving processes.

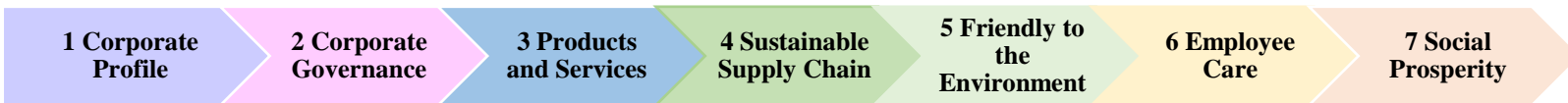


3.2 Products Health and Safety

3.2.1 Product Quality Management

1. Implementing quality control measures during the product design and development stages to ensure the product's compliance with both design specifications and customer requirements.
2. Implementing supplier management to ensure that all materials procured from suppliers comply with required quality standards.
3. Implementing control measures throughout the production process to ensure product consistency and reliability. This includes managing production processes, implementing standard operating procedures (SOPs), conducting quality inspections and testing, and continuously monitoring the process.
4. By implementing quality control and testing procedures in accordance with the ISO 9001 system, Nam Liong Global ensures consistent product quality and reliability, thereby enhancing customer satisfaction and strengthening our market position. Upon completion of the manufacturing process, the quality assurance laboratory establishes testing specifications based on international standards and relevant regulations. The following items are tested to ensure compliance with both product standards and customer requirements, including:
 - ✧ Tensile Strength and Elongation Testing: To evaluate the mechanical properties and elasticity of the material.
 - ✧ Adhesive Performance Testing: Includes tests for shear strength and peel strength, to ensure the stability and reliability of the adhesive materials.
 - ✧ Physical Properties Testing: Assesses attributes such as hardness, density, water absorption, and moisture permeability to ensure the product's stability and performance during use.
 - ✧ Color Fastness Testing: Includes tests for resistance to water washing, saliva, sweat, and abrasion, to ensure the product's color stability under various conditions.
 - ✧ Specialty Functionality Testing: Includes tests for resistance to aging, fire, abrasion, cut, impact, and penetration, to ensure the product's compliance with the specific requirements of its industry.
5. Collecting customer feedback and complaints and further integrating them into the product quality management cycle. Analyze the collected feedback to continuously improve the product, thereby enhancing both product quality and customer satisfaction.
6. Collaborating with reputable brand customers to enhance the product's credibility and recognition. The reputation and influence of these brand customers help establish a strong foundation of trust in the market.

In the gradual realization of the green corporate vision at Nam Liong Global, each department integrates environmental management into the process through green product design. Simultaneously, by managing relationships with supply chain partners, efforts are made to reduce potential negative impacts on environmental aspects. This direction is aimed at advancing sustainable development. The departments have achieved certifications in aspects such as the development of bio-based materials and waste reduction, gradually gaining recognition from international brand customers. All environmental system certifications obtained are explained below.



《ISO 14001: 2015 Environmental Management System》

As the awareness of environmental issues and their implications intensifies among society, the stringency of environmental regulations imposed by both national and international agencies has significantly increased. These regulations not only demand organizations to demonstrate their commitment but also urge them to minimize environmental pollution whenever possible. In compliance with legal requirements and expectations, both **Nam Liong Global**'s Niao Song Factory and JIAXING NANXIONG POLYMER CO., LTD. initiated the ISO 14001: 2015 Environmental Management System, and successfully obtained certification (Certificate No.: 20001995 UM15). This certification ensures more economically effective and responsible environmental management, guaranteeing the Corporate's continuous improvement and sustainable development.

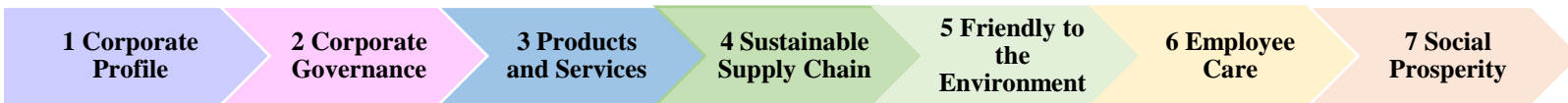
《Higg FEM & FSLM》

The Higg Index Tool, developed by Cascale (formerly known as the Sustainable Apparel Coalition, SAC), is an innovative self-assessment tool designed to assist brands, retailers, and factories of all sizes in evaluating their sustainability performance across various stages of production and operations. By assessing impacts on environmental, social, and labor aspects, this tool helps identify opportunities for improvement to better protect factory workers, local communities, and the environment. The Corporate implements the Higg Facility Tools for self-assessment, which consists of two modules: the Higg Facility [Environment Module \(FEM\)](#) and the Higg Facility [Social & Labor Module \(FSLM\)](#). **Nam Liong Global** completed these self-assessments for the Plant in 2022 and for the Niao Song Factory in 2023, with both assessments verified by a third-party.

Assessment Indicators of Higg Facility Tools	
Higg Facility Environment Module (FEM)	Higg Facility Social & Labor Module (FSLM)
Environmental management systems, energy use, GHG emissions, water consumption, wastewater, air emissions, waste management, chemical management	Recruitment and hiring, working hours, remuneration and benefits, employee treatment, employee engagement, health and safety, termination of contracts, management systems, empowerment of people and communities

《Bluesign® Standard》

The Bluesign® standard is a new generation ecological standard jointly developed by representatives from the academic, industrial, environmental protection, and consumer organizations in the European Union. Established on October 17, 2000, in Hanover, Germany, by Bluesign Technologies AG headquartered in St. Gallen, Switzerland, the Bluesign certified trademark signifies that the manufacturing processes and products comply with EHS (environment, health, safety) standards, which is the latest global environmental standard ensuring consumer safety. Our manufacturing plant, JIAXING NANXIONG POLYMER CO., LTD. has obtained the Bluesign standard certification (Certificate No.: 023.388.003).



《OEKO-TEX® Standard》

The OEKO-TEX has established test methods and standards for harmful substances concerning human health and the environment, known as the OEKO-TEX Standard 100. This standard comprises general regulations, testing methods, procedures, and quality control requirements for all textile products. Textile products are categorized into four classes, with Class I being baby products, Class II being items in direct contact with skin, Class III being products not in direct contact with skins, and Class IV being home textiles. For each product category, the OEKO-TEX Standard 100 specifies relevant harmful substances and their maximum permissible concentrations. To ensure the end consumers' peace of mind regarding apparel safety, our business units have continuously applied for and obtained the OEKO-TEX Standard 100 certification since 2006.

OEKO-TEX® Class II certification (Closed-Cell Polymeric Foam) (Certificate No.: TPAO 040585)	OEKO-TEX® Class I certification (More-Tex™ Hook Loop Tapes) (Certificate No.: TPAO 048622)
OEKO-TEX® Class I certification (UREMAX® and ECOMATE® TPU Membrane) (Certificate No.: TP001 159432)	OEKO-TEX® Class I certification (UREMAX®, ECOMATE® 100% TPU Membrane and PU Membrane) (Certificate No.: 19.HCN.84408)
OEKO-TEX® Class II certification (ZEROMELTS® Fire-resistant Fabric) (Certificate No.: TP015 183361)	

《International Bio-based Materials Verifications》

With the rising consciousness and promotion of sustainability, the development of materials has reached a turning point, where the environmental impact across a product's lifecycle is now accountable, rather than solely focusing on performance, properties, and cost. This shift has given rise to the development and application of bio-based materials. Bio-based materials utilize renewable resources, such as organic biomass derived from animals, plants, or microorganisms, offering characteristics that enable sustainable resources use. With a commitment to fulfilling our responsibilities as global citizens and in consideration of reducing the consumption of petrochemical materials, we have progressively obtained certifications involving bio-based materials.

DIN CERTCO (ECOMATE® membrane), (Certificate No.: TA8071300277)	Products from SEAMATE® BIO-II™ and Ecomate® series have received the USDA BioPreferred® certification from the U.S. Department of Agriculture. For more information, please visit the website: https://www.biopreferred.gov/
---	---

《Other International Verifications》

Nam Liong Global abides by legal requirements and has implemented several international management system, including ISO 90001 (Nam Liong Global, JIAXING NANXIONG POLYMER CO., LTD.), ISO 45001: 2018, ISO 13485: 2016, ISO 14064-1: 2018 (Nam Liong Global), QMS Certificate (Nam Liong Global), ISO 27001: 2013 (Nam Liong Global), etc., ensuring the implementation of quality and environmental policies. **Nam Liong Global** strictly complies with environmental regulations and other statutory requirements, as well as reducing air pollutant emissions and minimizing environmental pollution.

3.2.2 Product Risk Assessment

Assessment of the health and safety impacts of product and service categories: The primary focus of our business is on the B2B shipment of semi-finished goods. All quality control over processes and raw materials adheres to customer requirements and local export regulations. For certain B2B2C channels, including physical retail outlets, online platforms, and television shopping, the product range includes Class I medical equipment and general goods such as bedding, protective gears (knee guards, back supports), sports equipment, clothing, footwear, etc. The Class I medical equipment and general goods are respectively managed align with ISO 13485 and ISO 9001 standards, and neither category poses any health or safety risks.

3.2.3 Customer Privacy Management

While enhancing our customer service quality, Nam Liong Global places significant emphasis on safeguarding customer privacy and intellectual property. We sign confidentiality agreements with our customers to protect their confidential information, ensuring that employees prioritize confidentiality during transactions. Internally, we implement ISO 27001: Information Security, Cybersecurity and Privacy Protection management system, and establishing secure information networks among domestic and foreign facilities. Continuous training is provided, with dedicated project teams implement and enhance management procedures and regulatory compliance mechanisms for information security control. This demonstrates our commitment to corporate social responsibility in safeguarding personal data. Throughout the reporting period, Nam Liong Global has thoughtfully protected customer's privacy and personal data, with no incidents of privacy infringement or loss of customer data.

3.3 Marketing and Labeling

3.3.1 Products and Services Labeling Standards

- **FSC™COC Certification System of Rubber Sponge Division**

- (1) Starting from November 2022, the Rubber Sponge Division initiated the implementation of FSC™ COC management system for products related to the Bio series, aiming for 100% FCS certification in natural rubber and rubber products sales. The Control system adopted is the Transfer System, and relevant procedural documents and management system have been established. The product type covered in this implementation include: N7.1.1 Natural Rubber and N7.1.7 Other Manufactured Rubber Products. The FSC™ COC implementation follows the Forest Stewardship Council's latest version of COC standards, including FSC-STD-40-004, FSC-STD-40-004a and FSC-STD-50-001.
- (2) To ensure compliance with regulations of the latest version of FSC-STD-50-001 and the proper use of the FSC™ trademark, Nam Liong Global has established a Procedure for FSC Trademark Management. This procedure applies to all provisions involving the use of the FSC™ trademark in the Corporate's promotional and sales activities. It includes the review and utilization of the FSC™ Label on product label, including both product packaging and the product itself. Additionally, it oversees the review and utilization of promotional labels for

advertising FSC™ certified products and the FCS Promotional Label. This extends to promotional methods such as name cards, printed catalogs, electronic catalogs, official websites, press releases, or any other means of promotion.

• **Health Care Division:**

The primary focus of this department is on the B2C sales of finished products. Starting from January 2022, the Health Care Division successfully obtained the ISO 13485: Medical Devices certification. On July 28, 2022, it acquired the Manufacturing License of Medical Device (License Number: QMS2057) issued by the Ministry of Health and Welfare. The verified items include Class I Medical Device: Limb orthotics (O.3475) and trunk orthotics (O.3490). Nam Liong Global abides by the Medical Devices Act, namely Article 32 stating that “Medical device firms that manufacture or import medical devices shall attach labels in Chinese to the smallest packaging unit for sale and provide Chinese instructions before engaging in the sale, wholesale, and retail(omitted)”, and Article 33 stating that “Medical device firms shall indicate the following particulars on the labels, instructions, or packaging of medical devices, as approved, registered and approved, or listed in accordance with Paragraph 2 of Article 13 and Paragraph 1 of Article 25(omitted)”.

Labels, instructions, or packaging for limb orthotics (O.3475) and trunk orthotics (O.3490) are as shown in the following image



- **ELEMENTECH INTERNATIONAL’s Management Approach of Power Supplies:** The power supply has obtained certifications including the UL/cUL and the FCC/ISED for the U.S./Canada, CE Marking for European countries, BSMI for Taiwan, as well as CCC for China. Additionally, based on customer request, it can also acquire the KC certification for South Korea, PSE for Japan, RCM for New Zealand and Australia, BIS for India, NOM for Mexico, IRAM for Argentina, EAC for Russia, GS for Germany, and PSB for Singapore, etc.
- **Incidents of non-compliance concerning product and service information and labeling:** There are currently no related violation.

3.3.2 Products and Services Marketing

- **Incidents of non-compliance concerning the health and safety impacts of products and services:**

Nam Liong Global consistently monitors and complies with domestic and international legal trends to ensure compliance with respective regulations across all operational locations. In 2023, there was 1 incident of non-compliance with the Medical Devices Act, resulting in penalty, as shown on Page 44. Nam Liong Global promptly rectified and provided the necessary details to the regulatory authority. We are committed to enhancing post-market surveillance of medical devices to prevent recurrence in the future. No other complaints related to privacy breaches or data loss of customers were report, nor were there any violations of regulations or voluntary guidelines concerning the health and safety impact of products and services within their lifecycle.



NAM LIONG



Digital management



carbon footprint



Energy saving and carbon reduction



Sustainable Supply Chain

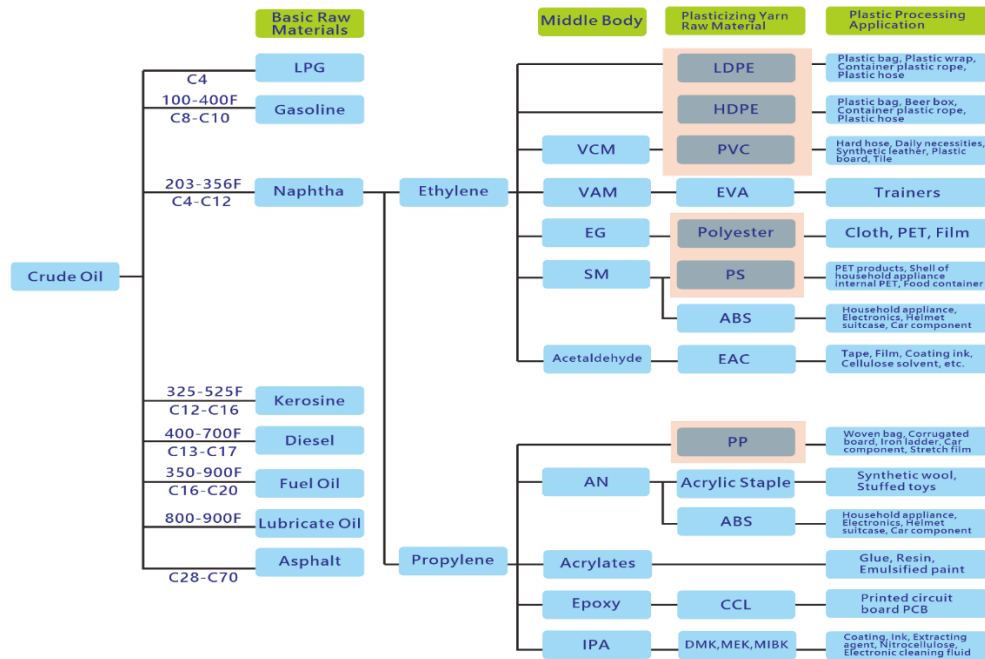
IV. Sustainable Supply Chain

4.1 Industrial Supply Chain

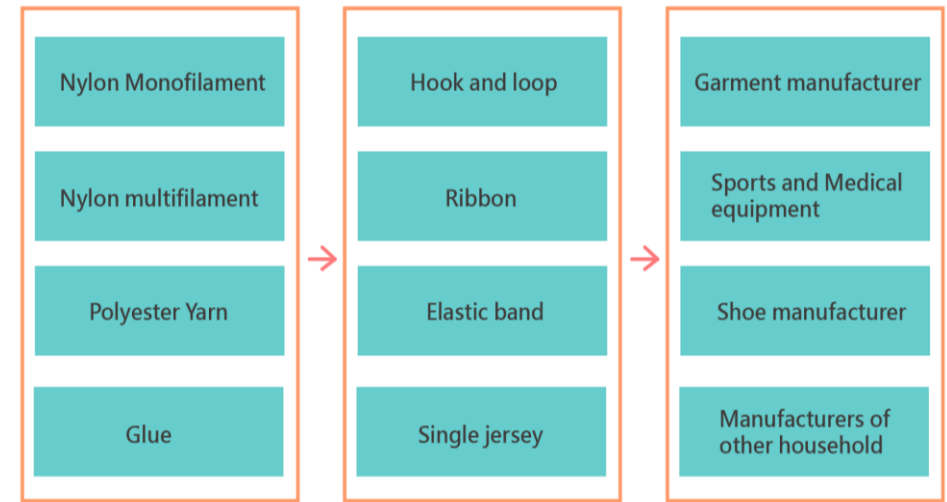
4.1.1 Industry Overview

Nam Liong Global mainly focuses on downstream textile composites, including polymer elastic foam materials, functional composite films, hook loop fasteners, specialty textiles, chemical products (specialty chemical products, polymer products), electronic products (power supply), and other supplementary products. We are primarily related to the textile, apparel, and luxury industry.

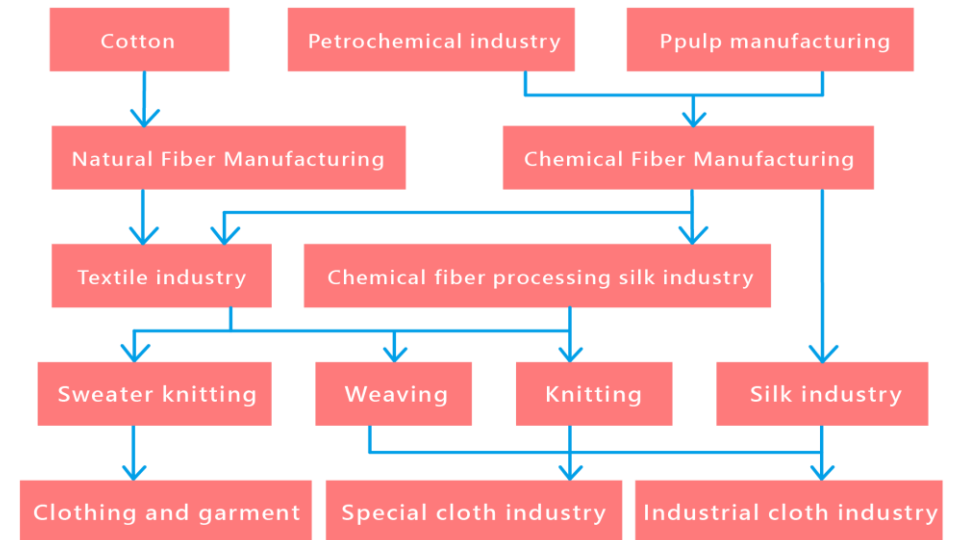
Rubber Sponge, Tech-Material



Textile composites : Hook Loop Fastening Tape



Tech textile



4.1.2 Supply Chain Structure

In 2023, Nam Liong Global engaged in transactions with 381 suppliers, including 350 domestic suppliers (approximately 83.0%) and 31 international suppliers (approximately 17.0%). Further analysis shows that the procurement value from raw material suppliers accounted for 89.50%, labor suppliers for 4.90%, and engineering suppliers for 5.60%. The procurement percentage breakdown is as shown in the table below.

Contract Type	Procurement Region	2023		2022		Procurement Policy: Due to the diverse regulations in different locations where Nam Liong Global operates, including Taiwan, China, Vietnam, and other areas, procurement units in different departments have established additional individual assessment standards for different types of cases. They set specific terms in contracts to ensure that suppliers meet requirements (such as ISO, JIS, DIN, EN, etc.). Nam Liong Global sustains our business philosophy, aiming not only to enhance competitiveness but also to maintain corporate ethics, promote environmental conservation, and fulfill social responsibilities.
		Household Units	Percentage of the Procurement Amount in relation to the Total Procurement Amount (%)	Household Units	Percentage of the Procurement Amount in relation to the Total Procurement Amount (%)	
Goods (Raw Materials)	Domestic	250	72.60%	271	76.10%	
	Foreign	30	16.90%	27	14.40%	
Labor (Contracting and Services)	Domestic	62	4.90%	78	6.00%	
	Foreign	0	0.00%	0	0.00%	
Engineering (Construction and Equipment)	Domestic	38	5.50%	43	3.30%	
	Foreign	1	0.10%	3	0.20%	
Total		381	100.00%	422	100.00%	
(Note: Domestic refers to local area in Taiwan; Foreign refers to regions outside Taiwan (China, U.S., Vietnam, etc.))						

4.2 Supply Chain Management

4.2.1 Supply Chain Management Policies

The procurement and supplier management operations at Nam Liong Global are currently conducted independently by each business unit's procurement department without the establishment of a centralized procurement center within the Corporate. The primary evaluation criteria managed by the individual business units include aspects such as **quality, delivery time, pricing and coordination**. Starting in 2023, Nam Liong Global conducts a Sustainability Self-Assessment Questionnaire for newly established raw material suppliers and those with annual procurement amount exceeding NT\$ 2 million. This survey aims to continuously monitor and understand the sustainability management plans and execution within the supply chain. Nam Liong Global evaluates issues such as the environmental impact of the supply chain, suppliers' labor practices, and human rights within the suppliers' workforce, as outlined by SASB Standards. This approach improves transparency, accountability, and overall performance in economic, social, and environmental aspects, while promoting sustainable development.

Nam Liong Global's business units establish supplier management criteria based on the guidelines of each unit's top management, product sales attributes, and system verification requirements. These conditions include FSC, GRS, Bluesign, OEKO-TEX certified products, and medical devices. Specifically, regarding GRS products, suppliers are required to provide a CSR declaration statement, aligning with international labor conventions, domestic labor standards, and UN conventions regarding child rights and the elimination of discrimination against women. **This ensures compliance with Global Recycled Standard (GRS) requirements by adhering to social responsibility, environmental, occupational health and safety and environmental protection regulations.**

4.2.2 Supply Chain Audit Effectiveness

《Sustainable Supply Chain Assessment》

Starting in 2023, a Sustainability Self-Assessment Questionnaire for newly established raw material suppliers and those with annual procurement amount exceeding NT\$ 2 million was conducted. The results are as follows:

- ✧ Suppliers with annual procurement amount exceeding NT\$ 2 million: Out of 76 questionnaires distributed, 75 responses were received, resulting in a 98.6% response rate.
- ✧ Newly established suppliers: Out of 3 questionnaires distributed, 3 responses were received, resulting in a 100% response rate.

Among the 78 suppliers assessed through the Sustainability Self-Assessment Questionnaire, 69 suppliers scored above 60 points, representing 88% of the total, while 9 suppliers scored below 60 points, representing 12% of the total. The data also indicate a trend where suppliers with higher procurement amounts tend to score higher on the sustainability self-assessment questionnaire.

Material Topic	Item	Sustainability Supply Chain Self-Assessment Questionnaire - SASB Indicators Response Summary	Result	Unit
Supply Chain SASB-CG-AA-000.A1	0	Number of Tier 1 Suppliers	78	Number of suppliers
	0	Number of Suppliers beyond Tier 1 (Direct transactions)	2,338	Number of suppliers
Environmental Impacts in the Supply Chain SASB-CG-AA-430a.1	1	Percentage of supplier facilities in compliance with wastewater discharge permits and/or contractual agreement by Tier 1 Suppliers	71.79%	%
	2	Percentage of supplier facilities in compliance with wastewater discharge permits and/or contractual agreement by Suppliers beyond Tier 1 (Direct transactions)	33.19%	%
Environmental Impacts in the Supply Chain SASB-CG-AA-430a.2	3	Percentage of supplier facilities that have completed the CASCALE's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment by Tier 1 Suppliers	12.82%	%
	4	Percentage of supplier facilities that have completed the CASCALE's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment by Suppliers beyond Tier 1 (Direct transactions)	7.31%	%
Labor Conditions in the Supply Chain SASB-CG-AA-430b.1	5	Percentage of supplier facilities that have been audited to a labor code of conduct by Tier 1 Suppliers	42.31%	%
	6	Percentage of supplier facilities that have been audited to a labor code of conduct by Suppliers beyond Tier 1 (Direct transactions)	15.36%	%
	7	Percentage of total audits conducted by a third-party auditor	16.23%	%
Labor Conditions in the Supply Chain SASB-CG-AA-430b.2	8	1. Non-conformance rate, and 2. associated corrective action rate for suppliers' labor code of conduct audits, will be continuously monitored and disclosed in 2024.	1.20%	%
	9	Description of the greatest risks in the supply chain by labor <ul style="list-style-type: none"> 100% of suppliers have not employed child labor. 100% of suppliers have not reported any incidents of discrimination or sexual harassment. 100% of suppliers have not had any incidents of forced or compulsory labor. 100% of suppliers have not experienced any labor complaints or protests. 98.72% of suppliers have no records of penalties for violating local labor regulations. 		Descriptions and Analysis
Labor Conditions in the Supply Chain SASB-CG-AA-430b.3	10	Description of the greatest risks in the supply chain by environmental, health and safety <ul style="list-style-type: none"> 100% of suppliers have not had any environmental complaints or protest incidents. 70.51% of suppliers used recycled materials in their primary products or services. 82.05% of suppliers provide their employees training and education programs on health, safety, and risk prevention. 		Descriptions and Analysis



《General Transaction Assessment》

Nam Liong Global primarily follows the Procedure for Supplier Selection and Assessment for supplier management. The procurement department assesses and scores suppliers on a monthly basis, using data from the ERP System. This assessment evaluates four performance aspects, namely quality, delivery time, pricing, and coordination. Quarterly, the scores collected from the three-month assessment period are averaged to determine supplier ratings. Results are then recorded in the Qualified Supplier List and are subject to managerial approval. The individual supplier whose the total scores for the first three items fall below 50 points is deemed under observation. The procurement unit issues a verbal warning and requests the supplier to make improvements. Those assessed as failing must cease procurement immediately. The procurement and quality assurance units are responsible for verifying the supplier’s actual improvements. Only after successful verification can procurement from them resume. However, exceptions may be granted by department-level unit managers for procurement based on special requirements or exclusive supply arrangements, with strengthen quality control during production and inspection. Details of such exceptions shall be recorded in the Remarks section of the Qualified Supplier List.

The supplier evaluation results for 2023 are detailed in the table below. All scores have increased by an average of 0.9% compared to 2022, with the Tech-Textile Division showing the most notable improvement.

Unit	Control Item	Indicator Period	Target Value for 2023	Q1	Q2	Q3	Q4
Rubber Sponge Division	Overall average score of supplier assessment	Quarter	90 ↑	98	99	99	99.5
Hook Loop Fastening Tape Division	Overall average score of supplier assessment	Quarter	90 ↑	97.4	97.6	97.6	97.6
Tech-Material Division	Overall average score of supplier assessment	Quarter	90 ↑	92.7	96	97.8	98.6
Tech-Textile Division	Overall average score of supplier assessment	Quarter	80 ↑	97.4	98.5	97.1	97



Friendly to the Environment

V. Friendly to the Environment

5.1 Materials Management

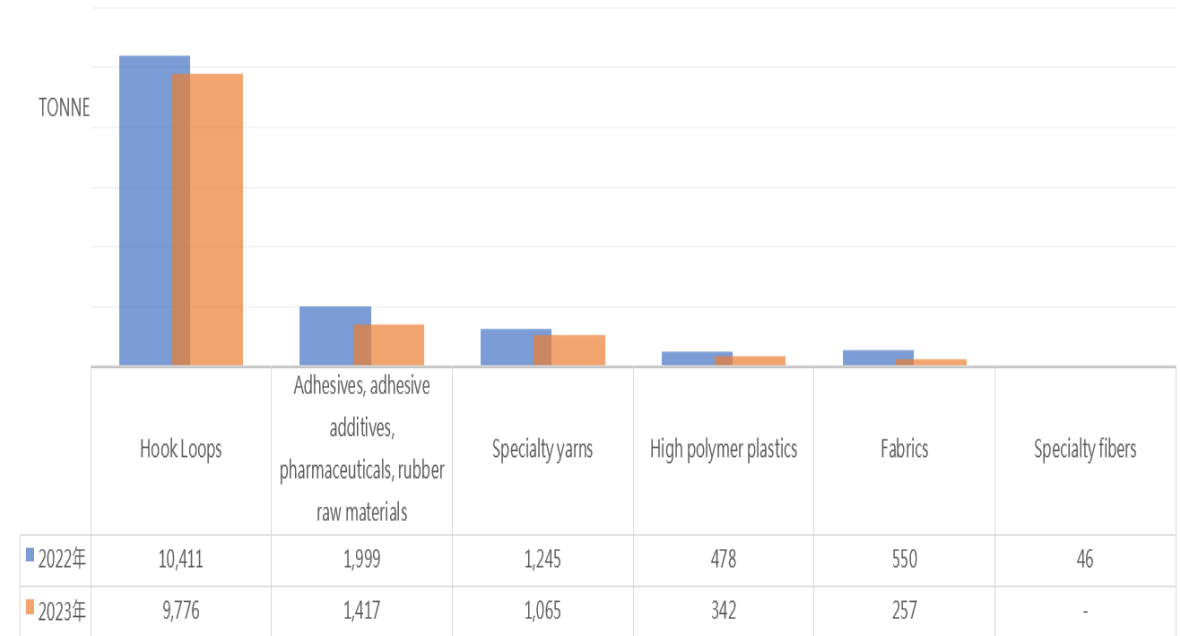
5.1.1 Materials Management Policies

Nam Liong Global primarily sources raw materials from external suppliers. Major procurement items include hook loop fasteners, adhesives, additives for adhesives, chemicals, rubber materials, fabrics, specialty textiles, high-performance plastics, polymeric foams, and specialty fibers. In 2023, the total procurement volume of raw materials, based on the top 80% by procurement value, amounted to 12,857 metric tons, representing a 12.71% decrease compared to 2022. **Of this total, 2 metric tons were recyclable materials.** To optimize resource utilization, and minimize both waste generation and environmental impact, the Corporate recycles raw materials while maintaining product quality and safety. Recycled materials are reintroduced into the production process based on their type and condition. This includes recycling foam materials, nylon, dyed tape, ear materials, and using leftover yarns for fabric edging. **A total of 366 metric tons of waste were recycled and reused in-house, accounting for 2.85% of the overall raw materials used.**

Moving forward, Nam Liong Global remains committed to advancing our procurement policy by increasing the use of **renewable materials** and improving the **recycling and reuse of in-house waste**. The Corporate will continue to explore more environmentally friendly alternative materials that comply with the GRS and Forest Stewardship Council (FSC) certification standards. Additionally, we will maintain rigorous control over the sources and composition of raw materials used, ensuring the compliance of all products with international initiatives, directives, and regulations.

SASB-CG-AA-440a.4

2022 years & 2023 years Product Materials



5.1.2 Materials Procurement Management by SASB Standards

SASB Code	Description
<p>SASB-CG-AA-440a.3</p> <ul style="list-style-type: none"> • Environmental and/or social factor(s) most likely to threaten sourcing of each priority raw material • Discussion on business risks and/or opportunities associated with environmental and/or social factors • Management strategy for addressing business risks and opportunities 	<ul style="list-style-type: none"> • The previous linear economic development model led to economic growth but also resulted in the depletion of earth's resources and increasingly severe climate change. Presently, sourcing petrochemical raw materials may face uncertainty stemming from environmental, social, or economic factors, causing negative impacts like insufficient supply, unstable quality, increased costs, etc. Also, there's an increasing focus from international and brand customers on environmental protection and recycle materials, requiring relevant environmental certifications. This is expected to increase unstable threats and business opportunities for eco-friendly materials. • Supply Chain Management: Promoting CSR to related up- and downstream manufacturers, demanding materials that comply with restricted substance specifications or declarations, and periodically sending them for SGS inspection to ensure compliance with environmental regulations and relevant international standards, thereby reducing the environmental impact of our products. • Materials Management: Committed to the development Eco-Family materials, focusing on recyclable, reusable, low-carbon bio-based materials, as well as solvent-free and solvent recovery processes. This facilitates material recycling, reduces environmental and labor costs for waste disposal. We further collaborate with certified manufacturers to jointly promote sustainability efforts in production and processing. • Moving forward, we will actively research and develop relatively eco-friendly raw materials, calculating specific figures in LCA and carbon footprints. Gradually, through promoting and expanding their usage, we are committed to contribute jointly with our customers to the betterment of our planet.

5.2 Management of Chemical Substances in Products

5.2.1 Management of Chemical Substances in Products by SASB Standards

SASB Code	Description
<ul style="list-style-type: none"> <li data-bbox="145 750 745 837">• SASB-CG-AA-250a.1 : Discussion of processes to maintain compliance with restricted substances regulations <li data-bbox="145 837 745 957">• SASB-CG-AA-250a.2 : Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products 	<ul style="list-style-type: none"> <li data-bbox="745 351 2080 606">• Nam Liong Global is certified under ISO 45001: Occupational Health and Safety Management Systems. The Corporate has established a comprehensive Management Procedure for Environmental, Health, and Safety Regulation Identification. This procedure involves the quarterly or irregularly collection of regulations, including new, revised, and deleted provisions, regarding environmental protection, occupational safety, fire safety and other relevant regulatory aspects. The collected information is used to continuously update and develop management procedures and measures within the facility concerning occupational health and safety, chemical management, environmental protection, and fire safety. This approach ensures that the facility's safety management regulations are strengthened and remain in compliance with relevant regulatory requirements. <li data-bbox="745 606 2080 1085">• Nam Liong Global has established comprehensive management and risk assessment procedures for the evaluation and management of raw materials and chemicals in accordance with the Regulations for the Labeling and Hazard Communication of Hazardous Chemicals set forth by the Ministry of Labor and the Standards for Establishing Places for Manufacturing, Storing, Processing Public Hazardous Substances and Flammable Pressurized Gases, and Regulations on Safety Control of Such Places set forth by the National Fire Agency, Ministry or the Interior. In terms of management, the Corporate ensures that all containers for raw materials and organic solvents are clearly labeled and equipped with up-to-date Safety Data Sheets (SDS). The handling, storage, and use of these materials are categorized in accordance with the Regulations for the Labeling and Hazard Communication of Hazardous Chemicals, with regular inventory checks conducted. In terms of risk assessment, information concerning firefighting, spill response, safe handling, and storage of each raw material and organic solvent is consolidated from the SDS. This information is used to evaluate and enhance the facility's emergency response procedures and related measures. Additionally, through targeted training and education, employees are well-informed about the potential hazards, disaster prevention strategies, and firefighting procedures related to various raw materials and organic solvents. This comprehensive approach aims to effectively prevent disasters, reduce the impact of accidents, and minimize environmental pollution incidents. <li data-bbox="745 1085 2080 1372">• Nam Liong Global reported zero fire incidents and zero casualties in the current year, resulting in a casualty rate of 0% relative to the total number of employees. The Corporate has established a Management Procedure for Emergency Response to effectively manage fire-related risks, which defines the structure and responsibilities of the fire emergency response organization. A fire protection plan has been submitted in accordance with regulatory requirements, and fire prevention managers have been appointed at each facility. The Corporate conducts fire drills twice a year to promote fire safety awareness and enhance employees' knowledge regarding fire prevention. Regular fire evacuation drills are conducted to ensure that employees are familiar with emergency escape routes and procedures. Additionally, fire safety equipment is inspected and maintained regularly to ensure it remains in proper working condition.

5.3 Energy Resource Governance

5.3.1 Energy Resource Management

《Energy Resource Management》

Nam Liong Global follows the ISO 50001 Energy Management System's PDCA framework, implementing a cyclical management approach to understand organizational energy consumption, identify areas for improvement, establish energy policies and objectives. Through internal audits, we assess the implementation of management policies and the accomplishments of goals, aiming for continual improvements and optimization of energy policies.

《Energy Strategy and Action Plan》

No.	Strategy	Action Plan
1	Audit, assessment, and continuous management of energy resources	<ul style="list-style-type: none"> ◇ Conduct regular energy audits to assess the energy consumption across departments and facilities within the Corporate. ◇ Analyze energy consumption patterns, identify areas of high energy consumption, and potential energy wastage. Establish a continuous energy management system to ensure efficiency and conservation in energy consumption. Develop energy management policies and goals, conducting periodic assessments and monitoring to ensure energy consumption aligns with environmental and economically sustainable practices.
2	Enhance equipment efficiency and reduce energy loss	<ul style="list-style-type: none"> ◇ Regularly assess the energy efficiency of each department within the Corporate and provide training and guidance to improve energy consumption effectiveness. Raise awareness among employees regarding the importance of energy conservation by offering corresponding training and education. ◇ Develop energy-saving implementation plans for systems such as: chiller systems, compressed air systems, and boiler systems. Install energy-efficient lighting systems, such as replacing LED lights for conventional lighting equipment. ◇ Encourage the shutdown of unnecessary electronic devices and lighting, as well as introducing energy-saving modes and auto-off features. Utilize energy-saving air compressor and conduct periodic leak checks and maintenance. Implement heat recovery equipment in the boiler system to reduce energy consumption and regularly inspect steam pipelines for insulation and leak detection.
3	Employee engagement and training	Encourage employees to contribute energy-saving suggestions and ideas, developing a corporate culture centered around energy conservation. Offer regular training and educational activities to enhance employees' understanding and skills in energy resource management. Establish internal communication channels to facilitate the exchange of energy reduction initiatives and share best practices within the Corporate.
4	Promotion of renewable energy	Actively seeking renewable energy solutions, such as solar, wind, and biomass energy, to reduce reliance on fossil fuels.

5.3.2 Energy Consumption

Nam Liong Global, following the ISO 14064-1: 2018 Greenhouse Gases guidelines for GHG inventories, conducted as internal audit of our primary energy usage categories, which predominantly include **natural gas and electricity**. To calculate energy consumption, we implemented the updated Heat Content of Energy Products 2021 announced by the Bureau of Energy, Ministry of Economic Affairs. This involved multiplying energy usage by the unit heat value, converting it into gigajoules (GJ). In 2023, **Nam Liong Global** recorded a total internal energy consumption of 79,616.901 gigajoules (GJ), reflecting a decrease of 2,149.357 gigajoules (GJ), or 2.63%, compared to 2022. The internal electricity consumption amounted to 7,588,380 kWh, reflecting a decrease of 1,241,600 kWh, or 14.06%, compared to 2022.

Internal Energy Consumption Analysis Summary		Nam Liong Global			
		2023		2022	
		Energy Consumption	Percentage of Energy Consumption in GJ	Energy Consumption	Percentage of Energy Consumption in GJ
Non-Renewable Energy	Natural Gas	50,022.141 GJ	62.79%	47,013.420 GJ	57.50%
	Gasoline	707.611 GJ	0.89%	847.021 GJ	1.04%
	Diesel	1,567.827 GJ	1.97%	1,581.991 GJ	1.93%
	Liquefied Petroleum Gas (LPG)	50.923 GJ	0.06%	200.624 GJ	0.25%
Purchased Energy	Conventional Electricity	27,318.168 GJ	34.29%	32,123.210 GJ	39.28%
		7,588,380 kWh		8,829,980 kWh	
	Green Energy	0.000 GJ	0.00%	0.000 GJ	0.00%
Energy Sold	Solar Power	1,307.250 GJ		1,852.844 GJ	
Total Annual Energy Consumption (GJ)		79,616.901 GJ	100.00%	81,766.258 GJ	100.00%
Energy Intensity (GJ / NT\$ million of revenue)		49.401		40.586	

5.4 Emission Monitoring

5.4.1 GHG Inventory

The inventory stage primarily reveals information related to the 2023 GHG inventory of Nam Liong Global. The boundaries include the Head Office, Tainan Branch and Plant, Niao Song Factory, and Ren Ai Factory. Through this inventory process and statistical analysis, it aims to comprehend the GHG emissions of Nam Liong Global, and further aspires to commit to GHG reduction efforts in the future, contributing to the mitigation of global warming and fulfilling our responsibility as a corporate citizen.

To evaluate and identify indirect GHG emission sources within Nam Liong Global, we conduct an inventory of specific indirect emissions by convening the Indirect GHG Emission Source Identification Meeting in December of 2023. In accordance with CNS14064-1: 2021, ISO 14064-1: 2018's Appendix H (magnitude, impact, risks or opportunities, department-specific guidelines, outsourcing, employee involvement), categorize emission sources Category 2-6, and engage with each unit to discuss the impact of each emission source, as well as conduct a survey based on assessment criteria, namely 1. Data Collectability, 2. Future Reducibility, and 3. Compliance with Company Policies or Government Regulations.

- In 2023, **Nam Liong Global's** total GHG emissions amounted to **6,895.326** metric tons of CO_{2e}, reflecting a decrease of 9.93% compared with 2022.
- **Emission intensity:** Calculated per NT\$ millions of total revenues. **The emission intensity for 2023 amounted to 4.278 metric tons of CO_{2e} per NT\$ million.**
- **Emission factors:** Primarily derive from the GHG Emission Factor Management Table version 6.0.4 announced by the Ministry of Environment, and the GWP adapted from IPCC Sixth Assessment Report.

GHG Emissions (tCO _{2e})	Head Office		Tainan Branch and Plant		Niao Song Factory		Ren Ai Factory		Total for Nam Liong Global	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Scope 1	4.114	3.461	2,650.657	2,951.912	418.033	231.054	60.683	54.554	3,133.486	3,240.981
Scope 2	13.180	43.854	1,777.214	2,108.700	1,695.457	1,948.964	275.988	313.177	3,761.840	4,414.695
Total	17.294	47.315	4,427.871	5,060.612	2,113.490	2,180.018	336.671	367.731	6,895.326	7,655.676
Net Operating Revenue (NT\$ million)									1,611.660	2,014.659
Emission Intensity (tCO_{2e}/NT\$ million)									4.278	3.800

5.4.2 Reduction of GHG Emissions

In 2022, Nam Liong Global conducted the first GHG inventory covering the Head Office, Tainan Branch and Plant, Niao Song Factory, and Ren Ai Factory. The Sustainable Development Promotion Committee established 2022 as the baseline year for this inventory. Regular assessment and management of the Corporate's GHG emissions will be conducted based on this baseline. **Nam Liong Global's GHG reduction targets: Aiming for a 10% reduction by 2025, and a 25% reduction by 2030, in comparison to the emissions recorded in the baseline year of 2022. Strategies devised to address climate change or GHG management include:**

Reduction of GHG Emissions Items	Action Plan
Energy-saving Management	<ul style="list-style-type: none"> • Replacing the motor units of kneader mixers and roller machines to variable frequency drives. • Replacing fuel-powered forklifts with electric forklifts. • Replacing outdated carding machines. This upgrade will reduce the need for one combining pass in the subsequent processing stage. • Replacing conventional mercury-vapor lamps with LED lights. • Replacing dehumidifier units with air purification systems. • Replacing chiller units with cooling water circulation pipelines. • The administrative and warehouse departments are promoting energy conservation to prevent energy waste.
Natural Gas Conservation Management	<ul style="list-style-type: none"> • Regularly inspect and maintain steam pipelines and boilers to ensure their proper functioning. • Purchasing energy-efficient dyeing machines and incorporating features such as steam containment covers to prevent steam leakage, splash recovery designs, and energy-saving indirect steam heating within the facility.

5.4.3 Ozone-Depleting Substances (ODS) Inventory

Nam Liong Global does not employ equipment that generates ozone-depleting substances (ODS). Additionally, all air conditioning systems are gradually being replaced with eco-friendly refrigerants, resulting in no ODS emissions.

5.4.4 Other Air Pollutant Emissions 《Air Pollution Control and Management》

Nam Liong Global primarily generates air pollutants from **stationary sources**, such as emissions produced during process heating or boiler combustion, including NO_x, particulate matter and VOCs, etc. Secondary sources of air pollution include **mobile sources** like emission from fuel-operated vehicles within the facility. To monitor and manage the emission of air pollutants within the facility, **Nam Liong Global** abides by the detection frequency specified in the operation permit for stationary pollution sources. third-party inspection organizations are employed to conduct gas testing on emission pipes within the premises, ensuring that the generated air pollutants comply with or surpass government regulations.

Air Pollutant	Control Equipment	Treatment Efficiency (%)
Particulate Pollutants (Par)	Baghouse Dust Collector	90
Particulate Pollutants (Par)	Scrubbing Tower	95
Volatile Organic Compounds (VOCs)	Regenerative Thermal Oxidizer (RTO)	98.1

Major Gases	Actual Concentration (ppm)	Emission Standard (ppm)
Volatile Organic Compounds (VOCs)	23	65
Nitrogen Oxides (NO _x)	5	150
Sulfur Oxides (SO _x)	ND (Not Detected)	100
Particulate Pollutants (SO _x)	1	50

Note 1: The values in the table are extracted from the air pollutant emissions testing report submitted for the modification of the Stationary Pollution Source Operating Permit.
 Note 2: Emission standards are met, including those established by governmental regulations or the Stationary Pollution Source Operating Permit.

In 2023, **Nam Liong Global** emitted 1,999.570 kilograms of nitrogen oxides (NO_x), 102.950 kilograms of sulfur oxides (SO_x), 51,432.300 kilograms of volatile organic compounds (VOCs), 12,896.400 kilograms of hazardous air pollutants (HAPs), and 73.010 kilograms of particulate matter (Par).

Based on the 2023 air pollutant emission statistics analysis, Nam Liong Global experienced both increases and decreases in various air pollutants compared to 2022. Nitrogen oxides (NO_x) increased by 62.83%, sulfur oxides (SO_x) by 100%, and particulate matter by 78.38%. Conversely, volatile organic compounds (VOCs) decreased by 5.71%, and hazardous air pollutants decreased by 12.13%. This trend is attributed to the increased use of natural gas associated with the installation of a Regenerative Thermal Oxidizer (RTO) at the Niao Song Factory site, which was intended to improve processing efficiency and reduce emissions of both VOCs and hazardous air pollutants.

Nam Liong Global mainly emits volatile organic compounds (VOCs) and hazardous air pollutants (HAPs) due to mainly engage in adhesion and coating processes. Nam Liong Global is committed to enhancing the raw materials used in the process by gradually shifting towards water-based or solvent-free adhesives. Additionally, a Regenerative Thermal Oxidizer (RTO) has been installed at the Niao Song Factory site to reduce emissions of related air pollutants. Future plans include assessing the feasibility and implementing post-combustion capture systems and heat recovery systems to improve the efficiency of the RTO and reduce natural gas consumption, as well as the gradual installation of relevant control facilities.

Air Pollutant Emissions at Nam Liong Global (Unit: kilogram)

Item	2023	2022
Nitrogen oxides (NO_x)	1,999.570	1,228.000
Sulfur Oxides (SO_x)	102.950	0.000
Volatile Organic Compounds (VOCs)	51,432.300	54,546.190
Hazardous Air Pollutants (HAPs)	12,896.400	14,676.410
Particulate Pollutants (Par)	73.010	40.930

Note 1: Measurement method explanation: **Calculated based on declaration amount of Nam Liong Global's annual Air Pollution Control Fee.**

Note 2: Factors: All based on the GHG Emission Factor Management Table announced by the Ministry of Environment.

Note 3: Given the Head Office and Ren Ai Factory being office areas and process only simple processes, there are no need for emission pipelines and corresponding monitoring.

5.5 Water Resources Management

5.5.1 Assessment of Water-related Impacts

《Assessment of Water-related Impacts》

Nam Liong Global's facilities are all located in areas considered to have a moderate risk in terms of water resources (based on the water risk assessment on the WRI website). Given our reliance on water resources due to relevant dyeing and finishing processes, addressing the rapidly increasing challenges posed by climate change is crucial. It's imperative for businesses to actively implement water-saving measures to reduce environmental impact, cut costs, and ensure resilience in the face of severe environmental conditions.

In addition, Nam Liong Global has gradually implemented various water-saving measures. For instance, the installation of water-saving faucets in the factory area aims to reduce water wastage. Additionally, we recycle discharged water after internal wastewater treatment, directing it for reuse in the sludge dewatering machine, thereby achieving a circular water resources system to minimize environmental impact. The anticipated daily water savings are expected to reach 20-30 metric tons.

《Water Resource Management Policy》

1. Implement and enhance employees' awareness of water resource reduction.
2. Strengthen the consumption management and diversion of water at source production process to improve water efficiency and reduce the concentration of wastewater, thereby lowering the cost of wastewater treatment.
3. Replace process equipment with water-saving devices and plan for the improvement of treatment equipment and recycling of wastewater.

《Water Quality Management Indicators for Effluents》

Nam Liong Global establishes water quality management standards for effluents based on local regulations and norms. The daily treated wastewater consistently meets the Effluent Standards.

Production Locations	Basis of Effluent Standards	pH Level (pH)	Suspended solids (SS) mg/L	Chemical Oxygen Demand (COD) mg/L	Biochemical Oxygen Demand (BOD) mg/L	True Color	Free Available Chlorine (AS) mg/L	Discharge Point
Head Office	Effluent Standards of Neihu Sewage Treatment Plant	5.0-9.0	480	480	240	X	X	Domestic water uses only, treated and discharged at Neihu Sewage Treatment Plant
Tainan Branch and Plant	Article 7-1 of the Water Pollution Control Act for Printing, Dyeing, and Finishing industry	6.0-9.0	30	160	30	300	2.0	
	Regular effluents testing results (Dated 2022.09.20)	7.4	7.2	31.1	10	47	<0.070	Treated internally, before released into Yanshuei River through authority-approved discharge point
Song Niao Factory	Effluent Standards of Yong Kang Sewage Treatment Plant	6.0-7.5	200	600	300	X	X	Treated and discharged at Yong Kang Sewage Treatment Plant
Ren Ai Factory	Effluent Standards of Yong Kang Sewage Treatment Plant	6.0-7.5	200	600	300	X	X	Treated and discharged at Yong Kang Sewage Treatment Plant

5.5.2 Withdrawal, Discharge and Consumption of Water

Nam Liong Global follows the Management Procedure for Water Pollution for water resources management. In 2023, Nam Liong Global had a total water withdrawal of **90,466 metric tons**, a total water discharge of **94,624 metric tons**, resulting in a total water consumption of **4,158 metric tons**. In 2023, both total water withdrawal and total water discharge decreased compared to 2022, with reductions of 28.14% and 12.40%, respectively. However, total water consumption (water withdrawal - water discharge) showed a negative value of -4,158 metric tons. Possible reasons for this phenomenon include:

1. Domestic wastewater from employees at the Tainan Branch and the Plant (e.g., from toilets) is treated at the facility's wastewater treatment plant, thereby increasing the discharge volume.
2. According to the Central Weather Administration, total rainfall in the Tainan area increased by 23.56% in 2023 compared to 2022. Additionally, as an older facility with limited space that cannot fully separate rainwater from wastewater, the Plant may have experienced a significant influx of rainwater into the wastewater treatment system, leading to a significant increase in discharge volume.

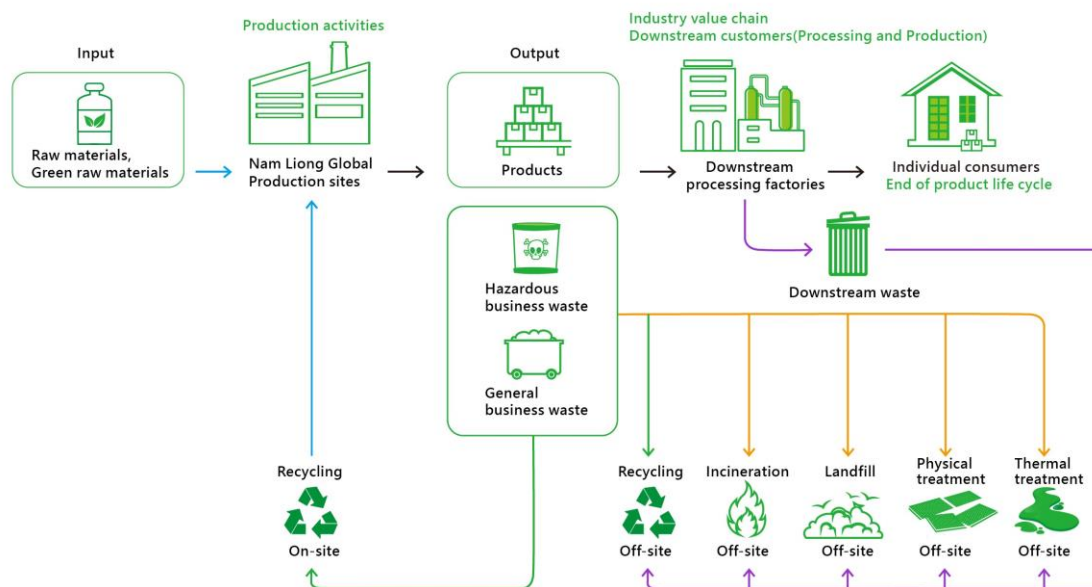
Items (Unit: metric tons)	Taipei Head Office		Tainan Branch and Plant		Niao Song Factory		Ren Ai Factory		Total		Regions with Water Resource Pressures
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
Total withdrawal (Third-party water supply)	833	1,171	77,658	112,861	5,941	7,369	6,034	4,497	90,466	125,898	0.000
Total discharge	833	1,171	81,816	94,979	5,941	7,369	6,034	4,497	94,624	108,016	0.000
Total consumption	0	0	-4,158	17,882	0	0	0	0	-4,158	17,882	0.000
Proportion of Water Consumption from Regions with Water Resource Pressures (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

5.6 Waste Management

5.6.1 Waste Management Policies

To ensure effective waste management, Nam Liong Global has established a Procedure for Waste Management to manage the storage, reporting, disposal, and treatment of waste. This procedure is periodically adjusted in accordance with amendments to waste cleanup regulations and implementation conditions. The waste cleanup planning and management are conducted based on the waste cleanup plan approved by the competent authority.

Nam Liong Global generates waste comprising domestic waste (including waste generated by employee and production process), primarily business waste such as waste wood (pallets) and mixtures thereof, waste fibers and cotton (fabric) mixtures, non-hazardous dust and mixtures thereof, waste plastic mixtures, waste rubber mixtures, organic sludge, etc. Previously, except for organic sludge being processed through thermal treatment, these wastes externally transported to incinerators or landfills for disposal, significantly increasing environmental burdens and polluting the earth. Recognizing that the business waste produced by Nam Liong Global still holds other reusable values, following regulations outlined in the Management Measures for Reusing Business Waste announced by the Ministry of Economic Affairs, a large amount of waste plastic and rubbers are outsourced to relevant processing plants for reuse through power generation or as raw materials, aiming to achieve the goal of a circular economy. The Waste Flow Diagram for the production facilities at Nam Liong Global is shown below:



5.6.2 Waste Disposal

In 2023, **Nam Liong Global** generated a total of **815.750** metric tons of waste, with hazardous business waste accounting for **0.508** metric tons, which represents **0.06%** of total waste generated. **Non-hazardous business waste accounting for 815.242** metric tons, accounting for **99.94%** of total waste generated. In 2023, the total amount of business waste decreased by 103.914 metric tons, or 11.30%, compared to 2022. Apart from striving to reduce waste generation at its source, **Nam Liong Global** endeavors to enhance the value of existing waste resources by utilizing recycling methods, reusing materials, and other recycling methods in compliance with local regulations and feasible technologies.

In terms of reuse (both internal and external), in **2023**, hazardous business waste accounted for 0.06% and non-hazardous business waste accounted for 55.88%, together representing 55.94% of the total annual waste. This is an increase of 19.09% compared to the 36.85% of waste reused in 2022.

《Methods of Disposal, Transfer, and Reuse of Business Waste》

Nam Liong Global utilizes a reuse approach to handle waste materials, primarily focusing on waste rubber and organic solvents. The recycling method involves reusing hazardous business waste, namely organic solvents, within the facilities, such as for wiping machineries. This includes:

1	Transporting waste rubber to a processing facility for use as auxiliary fuel in cogeneration boilers or adding it into rubber production as materials after processing into pellets at other treatment facilities.
2	Sending produced waste plastics to a physical treatment facility for crushing and pelleting before being delivered to the final treatment facility for use as auxiliary fuel in cogeneration boilers.
3	Transporting generated waste to treatment facilities for use as solid recovered fuel (SRF) raw materials.

《Methods of Direct Disposal of Business Waste》

The remaining waste apart from those indicated in the chart above is directly disposed of through **physical treatment, incineration, and thermal treatment**. All waste transfers are managed by authorized contractors who are responsible for the collection and incineration of waste, ensuring its proper disposal and treatment. In 2023, the total volume of waste directly disposed of by Nam Liong Global amounted to 359.390 metric tons, accounting for 44.06% of the annual total waste volume.

Waste Category (Unit: Metric tons)			Head Office		Tainan Branch and Plant		Niao Song Factory		Ren Ai Factory		2023		2022	
			2023	2022	2023	2022	2023	2022	2023	2022	Total	Percentage	Total	Percentage
Prepared for reuse and recycling	Hazardous business waste	In-house recycling	0	0	0.508	6.040	0	0	0	0	0.508	0.06%	6.040	0.66%
	General business waste	In-house recycling	0	0	0.300	0.460	0	0	0	0	0.300	0.04%	0.460	0.05%
		External recycling	0	0	433.462	332.370	22.090	0	0	0	455.552	55.84%	332.370	36.14%
Not prepared for reuse and recycling	General business waste	Incineration	2.086	2.932	118.040	343.560	60.080	98.610	14.734	31.162	194.940	23.90%	476.264	51.79%
		Thermal treatment	0	0	120.560	89.020	0	0	0	0	120.560	14.78%	89.020	9.68%
		Physical treatment	0	0	43.890	15.510	0	0	0	0	43.890	5.38%	15.510	1.68%
Total Amount of Waste			2.086	2.932	716.760	786.960	82.170	98.610	14.734	31.162	815.750	100.00%	919.664	100.00%

5.7 Biodiversity and Ecological Conservation

5.7.1 Affected Wildlife Reserves

For the production facilities, Nam Liong Global is committed to minimizing any impact or disruption to the local biodiversity and environment. Using the IBAT Integrated Biodiversity Assessment Tool and the Taiwan Ecological Network Mapping, Nam Liong Global assessed whether our production sites are located within global Protected Areas (PAs) or Key Biodiversity Areas (KBAs). The results confirm that our facilities are not located in these areas, indicating an extremely low risk.

5.7.2 Impact Management for Wildlife Reserves

Based on the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) assessment of the dependencies and impacts of various industries or products on ecosystem services, Nam Liong Global's activities are categorized as having moderate to high dependency and moderate impact on natural ecosystems. The research further highlights that the textile industry has a significant impact on terrestrial, freshwater, and marine ecosystems due to changes in their use.

Regarding water resources management, Nam Liong Global's Plant holds a valid water pollution control permit and has implemented a comprehensive water pollution prevention plan. Daily monitoring confirms that the treated wastewater meets regulatory standards. The effluent does not pass through any habitats or protected areas and does not impact biodiversity. Future plans include enhancing the scope and efficiency of water resource reuse.



NAM LIONG



Digital management

CO₂



carbon footprint



Energy saving and carbon reduction



Employee Care

VI. Employee Care

6.1 Human Capital

6.1.1 Human Resource Management

Nam Liong Global regards employees as our most valuable assets. We base our human resources management practices, remuneration mechanisms, and workplace regulations on the labor regulations of the operating regions. We regularly review and update our policies in compliance with the latest regulations to safeguard the fundamental labor rights of our employees. Nam Liong Global strictly prohibits child labor, discrimination, workplace sexual harassment, forced or compulsory labor, and other similar incidents. We have established an independent reporting channel to provide employees with a safe, fair, and inclusive working environment.

Nam Liong Global place emphasis on educational background, professional skills, integrity, and enthusiasm in our hiring practices. Furthermore, we hire individuals with disabilities in accordance with regulations to protect their employment rights. All employees at the same job level receive identical welfare measures, salary standards, and educational training system, irrespective of gender, age, nationality, or other factors. Annual performance assessments are conducted to determine employee retention, promotions, salary adjustments, or bonus allocations.

6.1.2 Recruitment

《A-Year-end Employee Composition》

As of the end of 2023, the total number of employees at Nam Liong Global was 757. This includes permanent employees (employment contracts with no fixed term - indefinite contracts) totaling 757, temporary workers (employment contracts with a fixed term - definite contracts) totaling 0, and uncategorized employees totaling 0. Categorized by employment type, there were 757 full-time employees (weekly working hours meeting the local regulations' definition of weekly working hours for full-time employees), 0 part-time employees (weekly working hours does not meet the local regulations' definition of weekly working hours for full-time employees), and 0 employees without guaranteed hours (employees with variable weekly working hours, such as on-call staffs). Nam Liong Global, including its subsidiaries, predominantly employs local staff. At the end of 2023, 1 female employee was on maternity leave (referring to employees who remain covered by labor insurance (social insurance) during their leave period. Employees who are no longer covered by insurance, but the Corporate still recognizes them as on unpaid leave are not included). There have been no significant changes in the workforce over the past three years.

Employee Structure Unit: person	Gender	Nam Liong Global		Subsidiaries of Nam Liong Global
		2023	2022	2023
All employees	Male	318	340	118
	Female	204	212	117
	Subtotal	522	552	235

《B-Employee Diversity》 Nam Liong Global

At Nam Liong Global, the employee ratio between men and women is 61% and 39%, respectively. Most employees aged between 31-50, accounting for 58% of the total workforce. Additionally, we hired 4 individuals with disabilities in accordance with legal requirements and has also employed 1 individual of indigenous descent to uphold **Nam Liong Global**'s commitment to diversity and equality. **The total number of employees categorized by job levels and diversity indicators at the end of 2023 are as below:**

Job Levels		Senior Executives		Middle Executive		Frontline Executives		Basic Staffs		Total	
Diversity Indicators		Number of Individuals	Proportion	Number of Individuals	Proportion	Number of Individuals	Proportion	Number of Individuals	Proportion	Number of Individuals	Proportion
Gender	Male	10	71%	60	77%	55	89%	193	52%	318	61%
	Female	4	29%	18	23%	7	11%	175	48%	204	39%
	Other	0	0%	0	0%	0	0%	0	0%	0	0%
Age	Below 30	0	0%	0	0%	1	2%	90	24%	91	17%
	31-50	4	29%	46	59%	37	60%	216	59%	303	58%
	51 and above	10	71%	32	41%	24	38%	62	17%	128	25%
Educational Level	Ph.D.	1	7%	1	1%	0	0%	1	0%	3	1%
	Master	5	36%	15	19%	1	2%	23	6%	44	8%
	Higher	6	43%	56	72%	22	35%	148	40%	232	44%
	Secondary	2	14%	6	8%	36	58%	76	21%	120	23%
	Elementary	0	0%	0	0%	3	5%	120	33%	123	24%
Nationality	Citizenship	14	100%	78	100%	59	95%	248	67%	399	76%
	Foreign nationality	0	0%	0	0%	3	5%	120	33%	123	24%
Whether they are indigenous descent		0	0%	0	0%	1	2%	0	0%	1	0%
Whether they have a disability		0	0%	1	1%	1	2%	2	1%	4	1%
Total Number of Employees in Each Job Level		14	3%	78	15%	62	12%	368	70%	522	100%

Note 1: Proportion = (Number of individuals in the diversity category ÷ Total number of employees at that level) × 100%, (for example: the proportion of male basic staffs = Number of male basic staffs ÷ total number of basic staffs).

Note 2: Frontline Executives: Executives in job grades of 7-11 (including Section Chiefs, Deputy Section Chiefs, Team Leaders, and Deputy Team Leaders). Basic staffs: All non-management individuals.

《B-Employee Diversity》 Subsidiaries of Nam Liong Global

Subsidiaries of Nam Liong Global		Senior Executives		Middle Executive		Frontline Executives		Basic Staffs		Total	
Diversity Indicators		Number of Individuals	Proportion	Number of Individuals	Proportion	Number of Individuals	Diversity Indicators	Number of Individuals	Proportion	Number of Individuals	Proportion
Gender	Male	4	80%	17	61%	20	74%	77	44%	118	50%
	Female	1	20%	11	39%	7	26%	98	56%	117	50%
	Other	0	0%	0	0%	0	0%	0	0%	0	0%
Age	Below 30	0	0%	0	0%	1	4%	41	23%	42	18%
	31-50	1	20%	21	75%	20	74%	103	59%	145	62%
	51 and above	4	80%	7	25%	6	22%	31	18%	48	20%
Educational Level	Ph.D.	0	0%	0	0%	0	0%	0	0%	0	0%
	Master	1	20%	1	4%	1	4%	2	1%	5	2%
	Higher	4	80%	15	54%	3	11%	59	34%	81	34%
	Secondary	0	0%	12	43%	23	85%	109	62%	144	61%
	Elementary	0	0%	0	0%	0	0%	5	3%	5	2%
Nationality	Citizenship	5	100%	28	100%	27	100%	171	98%	231	98%
	Foreign nationality	0	0%	0	0%	0	0%	4	2%	4	2%
Whether they are indigenous descent		0	0%	0	0%	0	0%	0	0%	0	0%
Whether they have a disability		0	0%	0	0%	1	4%	1	1%	2	1%
Total Number of Employees in Each Job Level		5	2%	28	12%	27	11%	175	74%	235	100%

Note 1: Proportion = (Number of individuals in the diversity category ÷ Total number of employees at that level) × 100%.

Note 2: Frontline Executives: Executives in job grades of 7-11 (including Section Chiefs, Deputy Section Chiefs, Team Leaders, and Deputy Team Leaders). Basic staffs: All non-management individuals.

《C-Personnel Turnover》

Nam Liong Global has a well-established recruitment system, aiming for mutual growth and development between the Corporate and employees, while also respecting employees' choices in career transitions. In 2023, **Nam Liong Global, including its subsidiaries**, recruited a total of 101 new employees, comprising 51 males and 50 females, with a majority being under the age of 30. Additionally, 140 employees left the Corporate (none of them reaching retirement age), consisting of 73 males and 67 females. Reasons for departure included family caregiving, relocation, and career changes. To safeguard employee rights and improve the recruitment system, supervisory units were tasked with the responsibility of conducting interviews with all departing employees to gain a throughout understanding of the reasons for their departure. This information will serve as a reference for subsequent improvements in human resource management.

- **Notice Period for Layoffs at Nam Liong Global**

If the Corporate encounters significant operational changes such as organizational restructuring, adjustments in workforce requirements, force majeure, or deeming an employee unfit for the role, it is required to provide advance notice to employees in accordance with Labor Standards Act. The notice period is as follows: Notify 10 days in advance for employees who have worked for more than 3 months but less than 1 year; Notify 20 days in advance for employees who have worked for more than 1 year but less than 3 years; Notify 30 days in advance for employees who have worked for more than 3 years. Additionally, severance pay shall be provided in accordance with legal regulations.

Gender	Age	Nam Liong Global								Subsidiaries of Nam Liong Global			
		Total Number and Proportion of New Recruits				Total Number and Percentage				Total Number and Proportion of New Recruits		Total Number and Percentage	
		2023		2022		2023		2022		2023		2023	
		Number of Individuals	Ratio of New Recruits	Number of Individuals	Ratio of New Recruits	Number of Individuals	Ratio of Departures	Number of Individuals	Ratio of Departures	Number of Individuals	Ratio of New Recruits	Number of Individuals	Ratio of Departures
Male	Below 30	14	9.43%	40	19.71%	13	16.04%	27	16.47%	8	19.49%	6	23.73%
	31-50	14		26		31		23		12		17	
	51 and above	2		1		7		6		3		5	
	Subtotal	30		67		51		56		23		28	
Female	Below 30	14	12.25%	14	15.57%	12	17.16%	16	16.04%	17	22.22%	15	32.48%
	31-50	10		19		20		18		8		20	
	51 and above	1		0		3		0		1		3	
	Subtotal	25		33		35		34		26		38	
Total		55	10.05%	100	18.16%	86	16.48%	90	16.30%	49	20.85%	66	28.09%

Note 1: Ratio of New Recruits = Total number of new recruits in the category ÷ Total number of employees in the category for the year × 100%. Ratio of Departures = Total number of departures in the category ÷ Total number of employees in the category for the year × 100%.

6.1.3 Labor/Management Agreement

Nam Liong Global aims to create a harmonious and equitable communication platform between employees and the Corporate, this includes Labor/Management Meetings, welfare committee, employee suggestion boxes, improvement proposal systems, etc. These efforts aim to safeguard the rights and obligations of both labor and management, while consistently enhancing the working environment and labor-management standards.

- **Types of Employee Communication Channel**

Communication Channel	Description
Labor/Management Meetings	At each labor/management meeting, labor representatives are formally elected through a vote by all employees, and they collaborate with representatives appointed by the managements to collectively form the committee. A total of 8 Labor/Management Meetings were held this year.
Welfare Committee Meetings	In accordance with relevant regulations and the Welfare Committee Charter of Nam Liong Global, meetings are scheduled every 4 months to formulate or revise various employee welfare plans. A total of 4 Welfare Committee Meetings were held this year.
Employee Suggestion Boxes	We provide internal email, physical suggestion boxes, and complaint hotline to allow employees to timely express opinions or provide suggestion.
Improvement Proposal System	Employees can suggest improvements regarding corporate policies, environment, systems, and operational methods through the improvement proposal system.

- **Employee Feedback Statistics**

Items	2023				2022			
	Number of Cases	Primary Feedback Content	Number of Cases Resolved	Number of Cases Pending	Number of Cases	Primary Feedback Content	Number of Cases Resolved	Number of Cases Pending
Labor/Management Meetings	7	7	7	0	11	11	11	0
Welfare Committee Meetings	5	5	5	0	12	12	12	0
Employee Suggestion Boxes	0	0	0	0	0	0	0	0
Improvement Proposal System	260	28	28	0	276	26	26	0

6.2 Compensation and Benefits

6.2.1 Equal Compensation

《A-Gender Pay Gap》

Nam Liong Global prioritizes talent retention and development, committed to provide competitive remuneration conditions and comprehensive employee benefits. Nam Liong Global's remuneration standards are established based on local regulations, industrial benchmarks, and the local cost of living, ensuring that employees' remuneration is not influenced by factors such as gender, race, language, religion, age, political affiliation, or marital status. In this inclusive and equitable working environment, both men and women receive equal starting salary. However, the final remuneration amount (base salary plus additional pay) varies based on seniority, experience, or job-specific allowances. Nam Liong Global's employee remuneration consists of base salary, meal allowances, bonuses, or allowances. Annual remuneration adjustments are made based on operational performance, and performance-based bonuses are awarded to employees, aiming to motivate them and develop mutual growth between the employees and the Corporate.

In 2023, at Nam Liong Global, the annual total remuneration of the highest-paid individual was 6.70 times the median of the Corporate's annual total remuneration (excluding this highest-paid individual). The percentage increase in the annual total remuneration of the highest-paid individual was 0.28 times the median percentage increase in the Corporate's average total remuneration (excluding this highest-paid individual).

Operational Locations		Gender Pay Gap across Different Job Levels (Male: Female)				Gender Pay Gap across Different Job Functions (Male: Female)	
		Senior Executives	Middle Executives	Frontline Executives	Basic Staffs	Production, Sales and Research	Clerical Staffs
Nam Liong Global	2023	1: 0.90	1: 1.04	1: 0.94	1: 0.99	1: 0.88	1: 0.85
	2022	1: 0.83	1: 0.97	1: 0.92	1: 0.95	1: 0.77	1: 0.85

Note1: The final remuneration of male employees is considered as 1.

Note2: Senior executives are defined as executives in job grades 1-3; middle executives are defined as executives in job grades 4-7; Frontline executives are defined as executives in job grades of 8-11; and basic staffs are defined as non-managerial personnel.

《B-Information regarding Non-managerial Staffs》

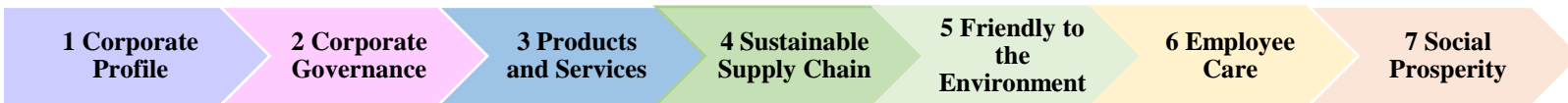
Nam Liong Global discloses the remuneration information of Full-time Non-managerial Employees in accordance with regulatory requirements. In 2023, the number of non-managerial full-time employees was 512, with an average salary and median salary of NT\$ 626,176 and NT\$ 543,407, respectively. Due to declining profits and reduced bonuses in 2023 compared to 2022, both the average salary and median salary experienced a decrease.

《C-Ratio of Remuneration for Basic Staffs Compared to the Statutory Minimum Wage as per Local Regulations》

Nam Liong Global strictly follows the relevant requirements of local labor regulations in our operations. In Taiwan, the standard starting salary we offered exceeds the minimum wage stipulated by the Labor Standards Act and complies with local regulations regarding minimum wages in other operational regions. In 2023, the average monthly remuneration for basic staffs at each significant operational location exceeds the statutory minimum wage by 1.012-2.420 times.

Ratio of Remuneration for Basic Staffs Compared to the Local Minimum Wage as per Local Regulations at Significant Operational Locations					
Significant Operational Location		Male	Female	Average	Statutory Minimum Wage as per Local Regulations
Nam Liong Global	2023	1.011	1.014	1.012	NT\$ 26,400
	2022	1.087	1.085	1.085	NT\$ 25,250
JIAXING NANXIONG	2023	1.770	1.327	1.549	NT\$ 9,718
DONG GUAN NAMLIONG	2023	1.026	1.079	1.053	NT\$ 8,170
NAM LIONG ENTERPRISE (VIET NAM)	2023	1.316	1.240	1.278	NT\$ 6,260
GREENCHEM INTERNATIONAL	2023	1.250	1.136	1.193	NT\$ 26,400
GREENCHEM INTERNATIONAL SHANGHAI	2023	2.420	None	2.420	NT\$ 11,567
ELEMENTECH	2023	1.402	1.323	1.364	NT\$ 26,400
SUZHOU GREATSUN	2023	1.710	1.570	1.640	NT\$ 9,804

Note 1: NT\$/Exchange rates: RMB at 4.3, VND at 0.00125.
Note 2: GREENCHEM INTERNATIONAL SHANGHAI did not employ any female staff in 2023.



6.2.2 Comprehensive Benefits

《A- Benefits》

To enhance employee morale and bolster market competitiveness, Nam Liong Global has implemented various welfare measure, including bonuses during festive seasons, scholarships for employees’ children’s education, insurance coverage, allowances for marriage, funerals, and childbirth, as well as club activities. Additionally, Nam Liong Global has established an Employee Welfare Committee responsible for promoting and planning employee welfare initiatives. All full-time employees are entitled to these benefits. The welfare fund is allocated monthly by the Corporate and voluntarily contributed by employees to the Welfare Committee’s account, these funds are utilized for activities or subsidies, and the committee regularly monitors their usage and gathers feedback from employees to ensure proper and effective utilization of the welfare funds.

Nam Liong Global’ s Standard Benefits	
Items	Description
Insurance	<ul style="list-style-type: none"> • Employees are insured with Labor Insurance and National Health Insurance based on legal graded insurance coverage regulations • Planning comprehensive group insurance encompassing life, accident, overseas travel insurance, and other protective measures
Allowances for marriage, funerals, and childbirth, bonuses during festive seasons	<ul style="list-style-type: none"> • Allowance for childbirth • Bonuses during festive seasons • Birthday bonus • Allowances for marriage and funerals

Nam Liong Global’ s Other Benefits	
Items	Description
Subsidies or allowances	<ul style="list-style-type: none"> • Subsidies for medical check-ups • Scholarships for employees’ children’s education
Welfare activities	<ul style="list-style-type: none"> • Employee trips, Year-end parties, Club activities, Group recreational activities
Other	<ul style="list-style-type: none"> • Flexible working hours, Discounts at contracted stores, Employee Shopping privileges

《B-Retirement Benefits System》

To safeguard the rights of retiring employees, Nam Liong Global legally allocates pension funds monthly to the individual pension accounts. When Corporate colleagues approach retirement, their retirements benefits are disbursed from the individual account. Additionally, we organize farewell events to express gratitude for their dedication and hard work.

Pension System	Allocation Status
New system	Since the implementation of the Labor Pension Act (New Pension System) on July 1, 2005, Nam Liong Global contributes monthly retirement saving for employees covered under this regulation. These contributions are deposited into individual pension accounts established by the Bureau of Labor Insurance. The retirement contribution borne by the employee is 6% of their monthly salary. Additionally, employees have the option to voluntarily contribute to their retirement savings within this 6% range, allowing for full deductions from their annual comprehensive income. Ownership of these individual pension accounts belongs to the employees.

《C- Employee Retirement and Departure Transition Assistance Policy》

Retiring employees may experience a loss of focus in their lives as they leave the workplace, coupled with challenges such as a lack of income, increased time spent with family, and declining physical health, which can lead to psychological stress, family interaction issues, and difficulties with daily care. To assist employees in preparing for retirement, Nam Liong Global offers consultation on retirement and secondary employment issues. This helps employees understand potential retirement challenges and plan their post-retirement life.

For employees who are terminated due to internal adjustments or force majeure, Nam Liong Global aims to mitigate the psychological and economic stress of unemployment. Beyond providing legally mandated severance pay, the Corporate offers counseling services as needed to assist employees in transitioning to new employment opportunities.



6.2.3 Parent-friendly Workplace

《A-Parental Leave Policy》

Nam Liong Global is dedicated to creating a supportive childcare environment. Apart from allowing statutory parental leave without pay, **Nam Liong Global** offers additional support to parents by providing childbirth allowances, collaborating with enterprises to offer childcare-related benefits, offering family care leave, implementing flexible work hours, providing scholarships for employees' children's education, among other mechanisms. Furthermore, within the office premises, we have set up a comfortable lactation room equipped with facilities like refrigerators and freezers, ensuring that female colleagues during their breastfeeding period have a worry-free environment.

《B-Parental Leave Statistics》

In 2023, **Nam Liong Global** achieved a 50% rejoining rate after employees availed themselves of parental leave. Two employees did not return to the Corporate after the parental leave period due to family reasons. The one-year retention rate after returning to work stands at 100%.

Parental leave personnel analysis	Nam Liong Global in 2023			Nam Liong Global in 2022			Subsidiaries of Nam Liong Global in 2023		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of employees eligible for parental leave in current year (A)	10	11	21	9	10	19	0	3	3
Actual number of parental leave applications in the current year (B)	0	3	3	1	0	1	0	3	3
Number of employees expected to return to work from parental leave in current year (C)	0	4	4	1	0	1	0	0	0
Actual number of employees return to work from parental leave in current year (D)	0	2	2	1	0	1	0	0	0
Actual number of employees return to work from parental leave in previous year (E)	1	0	1	0	0	0	0	0	0
Number of employees still employed 12 months after returning from parental leave in previous year (F)	1	0	1	0	0	0	0	0	0
Parental leave application rate (%) (=B/A)	0%	27%	14%	11%	0%	5%	0%	100%	100%
Rejoining rate (%) (=D/C)	0%	50%	50%	100%	0%	100%	0%	0%	0%
Retention rate (%) (=F/E)	100%	0%	100%	0%	0%	0%	0%	0%	0%

6.3 Development Opportunities

6.3.1 Training and Education

《A-Introduction to Types of Educational Training Courses》

Nam Liong Global places great emphasis on employees' professional development, believing that continuous and progressive education and training are pivotal to the synchronized growth of both employees and the Corporate. We offer diverse learning channels and comprehensive training courses aimed at enhancing employees' skills and knowledge.

- Learning channels: On-the-job training, physical classes, online courses, external educational training, job rotations, and more.
- Training courses: New recruit orientation, specialized skill-based courses, general education courses, various management system training, as well as management and leadership courses.

《B-Overview of Annual Courses Offerings, Number of Trainees, and Total Training Hours》

In 2023, **Nam Liong Global** offered a total of 98 courses, training 818 individuals with a cumulative total of 5,037.8 training hours. On average, everyone received 9.65 hours of training, reflecting an increase compared to the 6.18 hours of training per individual in 2022. Additionally, in 2023, the **subsidiaries of Nam Liong Global** offered a total of 129 courses, training 1,087 individuals with a cumulative total of 4,669 training hours. On average, everyone received 18.03 hours of training.

Course Category	Nam Liong Global						Subsidiaries of Nam Liong Global		
	2023			2022			2023		
	Total Number of Sessions	Total Participants	Total Man-Hour	Total Number of Sessions	Total Participants	Total Man-Hour	Total Number of Sessions	Total Participants	Total Man-Hour
New recruit orientation	13	55	247.5	12	100	450.0	21	60	228
Specialized skill-based courses	51	233	1,705.5	63	263	1,678.8	69	655	2,297
General education courses	13	300	1698.5	17	97	394.5	26	272	1,287
Language enhancement programs	0	0	0	0	0	0.0	0	0	0
Management and leadership courses	21	230	1,386.3	15	212	887.5	13	100	854
Other	0	0	0	0	0	0.0	0	0	0
Total	98	818	5,037.8	107	672	3,410.8	129	1,087	4,666

《C-Average Training Hours by Gender》

Our education and training policies remain unbiased regarding gender. In 2022, the average training hours for males were 5.75 hours, while females had an average of 5.70 hours. In 2023, the average training hours for males were 10.51 hours, while females had an average of 7.69 hours.

《D-Average Training Hours by Job Level or Job Function》

Average Training Hours by Job Level		
Job level	2023	2022
Senior Executives	22.98	9.79
Middle Executives	30.44	13.97
Frontline Executives	5.17	4.96
Basic Staffs	5.15	4.12

Note: Average training hours = Total training hours for each job level ÷ Total number of employees in each job level.



6.3.2 Performance Review

《A-Performance Review Policy Description》

Nam Liong Global has established a Regulations for Performance Review Management which includes a probationary review for new recruits upon completion of their probationary period, monthly performance review and an annual performance appraisal for all employees. The aim is to authentically reflect employees' work performances, offer positive feedback, and set goals for self-improvement.

In addition, **Nam Liong Global**'s human resources regulations included a Regulations for Rewards and Penalties Management. Employees' workplace performances or behaviors, complying or deviating from the Corporate's standards, are reported by department head for assessment by the General Manager, who then makes decisions on rewards or penalties. Employee records of rewards and penalties, along with their annual performance appraisal results, serve as the basis for promotions, remuneration adjustments, or bonus distributions.

《B-Completion of Annual Performance Review》

In 2023, all new recruits at Nam Liong Global underwent a probationary review, and apart from those on leave without pay, all full-time employees completed their annual performance review.

2023	Completion of Annual Performance Reviews by Gender			Completion of Annual Performance Reviews by Job Levels								Completion of Annual Performance Reviews by Job Function			
Gender	Number of Review Conducted	Total Number of Employees	Percentage %	Senior Executives	Percentage %	Middle Executives	Percentage %	Frontline Executives	Percentage %	Basic Staffs	Percentage %	Clerical Staffs	Percentage %	Production, Sales and Research	Percentage %
Male	318	318	100%	10	71%	60	77%	55	89%	193	52%	40	45%	278	64%
Female	204	204	100%	4	29%	18	23%	7	11%	175	48%	49	55%	155	36%
Total	522	522	100%	14	100%	78	100%	62	100%	368	100%	89	100%	433	100%

Note: Percentage of employees reviewed by gender = Total number of employees reviewed in each gender ÷ Total number of employees in each gender *100%.

6.4 Workplace Safety

6.4.1 Occupational Health and Safety Management

Workers are crucial members in the operational activities of the Corporate. Any health and safety risks in the workplace may have significant impacts on the Corporate's economy and the well-being of both employees and external workers. **Nam Liong Global** complies to local occupational health and safety regulations at each operational location and follows the ISO 45001: 2018 Occupational Health and Safety Management System Standard. We employ the PDCA cycle concept- Plan, Do, Check, Act- as the foundational management framework to construct our Occupational Health and Safety Management System, as well as established an Occupational Health and Safety Committee to identify potential risks in all operational environments. This department formulates management practices and control procedures and conducts regular internal audits to effectively prevent workplace incidents, ensuring the health and safety of workers.

(Note: External workers refer to individuals, excluding employees, who perform designated tasks within or outside the Nam Liong Global premises, such as raw material suppliers, equipment maintenance providers, external consultants, etc.)

《A-Scope of Occupational Health and Safety Management System》

Nam Liong Global's main plant has implemented an Occupational Health and Safety Management System, which has been externally verified, covering 75% of total employees. Certain operational locations such as the **Head Office, Niao Song Factory, and the Ren Ai Factory**, due to insufficient numbers to meet regulatory requirements, adhere to the operation of the Occupational Health and Safety Management System but have not undergone external third-party verification.

《B-Occupational Health and Safety Committee and Communication Mechanism》

- **Occupational Health and Safety Committee**

Nam Liong Global's Occupational Health and Safety Committee is jointly composed of representatives from both labor and management, totaling 25 members. The Manager of the Occupational Health and Safety Department serves as Director, with 10 labor representatives, accounting for 40% of the committee members. The Occupational Health and Safety Committee convenes quarterly to review the Corporate's occupational health and safety management regulations, assess the effectiveness of various management procedures, evaluate the occupational health and safety education training plan, and examine reports on occupational accidents.

Members of the Occupational Health and Safety Committee are responsible for conducting regular risk assessment procedures, planning, and promoting occupational health and safety policies. They arrange annual educational training plans, occupational health services, health promotion activities, and publish the Corporate's occupational health and safety management regulations on the Corporate official website. Additionally, they ensure that publicly available procedural documents are accessible in multiple languages for foreign employees, ensuring a clear understanding of the Corporate's occupational health and safety policies among all colleagues.

- **Workers Communication and Reporting Mechanism**

Nam Liong Global has established an independent reporting mechanism. All workers can anonymously provide feedback, communicate, and seek advice on occupational health and safety matters through dedicated hotlines and email. When foreign workers raise communication or consultation requests, capable staff proficient in foreign languages or commissioned translators serve as intermediary facilitators for effective bidirectional communication.

In addition, following the environmental health and safety communication management procedure at Nam Liong Global, the Corporate encourages employees, suppliers, or contractors to proactively report health and safety concerns in the workplace. In instances where an immediate risk is highly probable, workers are empowered to halt operations and move to a safe location without endangering others. They are required to simultaneously report to department heads and the Occupational Health and Safety Management Team. Upon receiving reports, the management team conducts immediate investigations to evaluate the likelihood and severity of hazards, devises corrective measures, reports findings for review by the Occupational Health and Safety Committee, and announces investigation results and resolutions to all workers. Employees or external workers who proactively report potential occupational health and safety risks receive commendations, developing collective vigilance to reduce the occurrence of hazardous events.

- **Occupational Health and Safety Risk Assessment**

Nam Liong Global complies to local occupational health and safety regulations, formulating procedures for hazard identification and risk assessment. Internal audit personnel selected by each unit undergo specialized training in hazard identification and evaluation and are encouraged to acquire relevant external certifications.

These internal auditors conduct annual inspections of operational sites at the main plant, Niao Song Factory, and Ren Ai Factory. They classify risks into five categories based on severity, likelihood of occurrence, and existing protective measures, namely Major Risk, High Risk, Moderate Risk, Low Risk and Minor Risk. They assess potential significant workplace accidents or work-related ill health categories and establish risk reduction control measures for significant and high-risk area. These measures are regularly audited for effectiveness by external personnel. To ensure the efficacy of control measures, Nam Liong Global compares external audit results with predefined objectives. External auditors, equipped with specialized training and professional certification in hazard identification and risk assessment, conduct regular meetings to review deficiencies, track effectiveness, and formulate subsequent improvement strategies.

In addition to routine risk assessments, in situation where significant changes occur in workplace equipment or operational procedures, serious occupational accidents, or in the event of significant worker complaints, Nam Liong Global conducts additional risk assessments. These assessments aim to adjust the original risk level determination and preventive measures promptly to mitigate potential disaster events.

• **Risk Levels Classification and Response Management Mechanisms**

Risk Levels	Management Mechanisms
Major Risk	Risk reduction measures must be taken immediately, and operations should not commence or continue before the risk is reduced.
High Risk	Risk control measures must be taken within a certain period, and operations cannot commence until the risk is reduced. It may require significant resources to mitigate the risk. If current operations pose a high level of risk, immediate risk reduction measures must be implemented.
Moderate Risk	Efforts must be made to reduce risks, such as: <ul style="list-style-type: none"> • Considering cost or financial factors, it is advisable to gradually implement risk reduction measures to gradually reduce the proportion of moderate-risk occurrences. • For moderate risks classified as significant or very significant in severity, further assessments of their likelihood are recommended as a basis for improving control facilities.
Low Risk	There is no immediate need to implement risk reduction measures, but it is important to ensure the effectiveness of existing protective measures.
Minor Risk	No need to implement risk reduction measures, but it is essential to ensure the effectiveness of existing protective measures.

《C-Occupational Health Services and Health Promotion》

Nam Liong Global assesses noise, dust, and organic solvents based on the working environmental and nature of work as factors that could pose major risks to employees. To reduce employees' exposure to excessive harmful substances during operation, we provide protective gear for our employees to wear. Additionally, employees working in specialized environments receive specific health check-up annually to monitor their physical condition regularly for early response and treatment.

Regarding personal health promotion, Nam Liong Global provides a subsidy for a general medical check-up once every two years for full-time employees, as well as monitors and manages those with highly abnormal medical check-up results. Considering factors such as employees' age, medical check-up values over the past three years, and common major diseases identified in the Ministry of Health and Welfare's survey, common personal health risks include hypertension, hyperlipidemia, high blood sugar, lack of exercise, and unhealthy dietary habits. Consequently, Nam Liong Global periodically arranges on-site health services conducted by contracted nurses and physicians, offering one-on-one health consultations. We also advocate for health awareness and encourage employees to adopt exercise habits to enhance their physical and mental well-being. **In 2022, 93% of the in-service employees participated in medical check-ups. The next medical check-up is scheduled for 2024.**

Nam Liong Global has devised five major health protection plans (including human factors, illegal infringement, abnormal workloads, workplace maternity and middle-to-older age) to implement and engage contracted nurses and physicians for periodic health assessments, management, monitoring, and consultation services for employees.

《D-Occupational Health and Safety Education Training》

The occupational health and safety education training are fundamental in enhancing the awareness of health and safety for employees and contractors. At Nam Liong Global, all employees receive periodic general occupational safety education and training. Additionally, considering the different work patterns and environment across various departments, knowledge and skill training sessions are conducted separately for employees and external workers to enhance their safety awareness and prevent accidents.

Category	Nam Liong Global in 2023			Nam Liong Global in 2022		
	Frequency	Number of Trainees	Training Hours	Frequency	Number of Trainees	Training Hours
Health and Safety In-job Training	11	158	555	9	154	591
Hazardous Chemicals Training and Fire Drills	6	136	544	5	195	732
Forklift Operations Safety Education Training	1	7	18	2	32	96
Fixed Crane Operations Safety Education Training	1	1	3	3	7	21
Boiler Operations Safety Education Training	1	1	18	2	2	6
Hazardous Operations Supervisor Health and Safety Education Training	2	2	24	2	2	12
First Aid Personnel Health and Safety Education Training	2	4	51	3	12	36
Hanging Operations Safety Education Training	1	18	18	0	0	0
Fire Prevention Manager Health and Safety Education Training	1	12	12	0	0	0

《E-Contractor Occupational Health and Safety Audits》

In addition to requiring all our operational locations to strictly comply with local environmental health and safety regulations, Nam Liong Global also requires contractors to comply with Nam Liong Global's Code of Conduct, including environmental, health and safety standards. Contractors entering the premises for construction purposes are required to fill out relevant application forms following the contracting management procedures and obtain approval before commencing construction operations.

6.4.2 Work-related injuries and ill health

《A-Accident Investigation Procedure》

Nam Liong Global has developed a Procedure for Environmental, Health and Safety Management. In the event of an accident, the injured party or other personnel present should immediately report to the unit supervisor in accordance with the management procedure. The unit supervisor should then immediately inform the **Occupational Safety and Health Department, providing details such as the nature of the accident, identities of the injured individuals, location, reasons for the accident, and the extend of injuries.** Upon receiving the report, the **Occupational Safety and Health Department** categorizes the severity of the accident and simultaneously informs the Human Resource Department. They collaborate to investigate the working environmental at the time of the accident, personnel operations, and if any deficiencies or anomalies exist in the standard operating procedures. Once the cause of the accident is clarified, the **Occupational Safety and Health Department** is required to report the investigation results and improvement plans to the department head where the accident occurred, as well as to the Occupational Health and Safety Committee. They jointly decide on improvement measures for the work environmental or standard procedures. The investigation findings and subsequent improvement outcomes are communicated to all employees and contractors, reinforcing training and promoting new control policies after the accident.

《B-Workplace Incident Records》

In 2023, **Nam Liong Global** reported no significant occupational accidents, resulting in a significant occupational incident rate of 0%. The Corporate will continue to implement and monitor workplace safety, as well as commuting safety for employees.

Employee Work-related Injuries and Ill Health Statistics	2023	2022	Description for Each Calculations
Total work hours (hours)	1,006,040	1,053,792	<p>Note 1: Number of Significant Occupational Accidents refer to the following occurrences: (1) incidents resulting in fatalities, (2) incidents where the total number of workers affected by permanent total disability, permanent partial disability, or temporary total disability reaches three or more, and (3) incidents involving one or more individuals who, after being sent to a hospital, are diagnosed by the hospital as needing inpatient treatment (excluding observation only).</p> <p>Note 2: Work-related Fatality Ratio = Work-related Fatalities ÷ Total work hours × 1,000,000</p> <p>Note 3: Severe Work-related Injury refer to injuries that prevent employees from recovering to their re-injury health status within 6 months, excluding fatalities</p> <p>Note 4: Severe Work-related Injury Ratio = Severe Work-related Injuries Count ÷ Total work hours × 1,000,000</p> <p>Note 5: Recordable Incident Count refer to all work-related incidents that occurred during this year, including the number of severe work-related injuries and fatalities</p> <p>Note 6: Recordable Incident Ratio = Recordable Incident Count ÷ Total work hours × 1,000,000</p> <p>Note 7: Work-related Ill Health Ratio = Number of Work-related Ill Health Cases ÷ Total work hours × 1,000,000</p>
Number of Significant Occupational Accidents ^{Note 1}	0	0	
Work-related Fatalities (times)	0	0	
Work-related Fatality Ratio ^{Note 2}	0	0	
Severe Work-related Injury Count (times) ^{Note 3}	0	0	
Severe Work-related Injury Ratio ^{Note 4}	0	0	
Recordable Incident Count (times) ^{Note 5}	0	0	
Recordable Incident Ratio ^{Note 6}	0	0	
Number of Work-related Ill Health Cases	0	0	
Work-related Ill Health Ratio ^{Note 7}	0	0	

《C-False Alarms》

In 2023, **Nam Liong Global** reported no false alarms. The Corporate will maintain the current standard operating procedures and management mechanisms for on-site workers to prevent potential actual hazards in the future.



幸福企業 2023

1111人力銀行



Social Prosperity

VII. Social Prosperity

7.1 Care for Local Communities

Nam Liong Global is committed to care for local communities, including support for local security and law enforcement agencies, respect for and assistance to religious institutions, sponsorship of charitable organizations and community development associations, and concern for local educational initiatives. Through these donations, Nam Liong Global demonstrates a commitment to developing and caring for the community, aiming towards the collective construction of a better society. The donation breakdown for the year 2023 is as follows:



Items	Description
Public welfare and community donations NT\$ 552, 000	Donations totaling NT\$ 552,000 were made to multiple charitable organizations and community development associations. Additionally, Nam Liong Global adopted the responsibility of maintaining the trees around the Zheng Chenggong Tomb Monument and Wurong Park in the Yongkang District of Tainan City. Beneficiary organizations include the Sanmin Community Development Association in Yongkang District of Tainan City, the Tainan Cancer Prevention and Control Association, the Taiwan Shaolin Damo Wushu Association, among others. These organizations provide social welfare, advancing philanthropic causes, and addressing the needs of vulnerable communities. Nam Liong Global continues to support their commitment to serving the community.
Donation to religious organizations NT\$ 500, 000	Nam Liong Global donated NT\$ 500,000 to religious institutions, including the Yongkang District Yen-Hsing Thean Hou Temple Management Committee, Kaitai Thean Hou Temple Management Committee, Yongkang District Yen-Hsing Thean Hou Temple Management Committee, Zhouwei Street Bao Ning Temple Management Committee, Kaichi Kaishan Temple Management Committee, Yudi Temple Management Committee, Hsiao Fu Dadi Temple Management Committee, Dongbianliao Shun Ling Temple Management Committee, Kanping Fu An Temple Management Committee, Orthodox Lu-Er-Men Sheng Mu Temple Management Committee, and others. These religious institutions play vital roles in promoting community harmony, caring for vulnerable groups, and preventing cultural heritage within the local community. Nam Liong Global's donations express support and respect for these religious institutions, assisting them in organizing more activities beneficial to the community.
Donation to police and fire departments NT\$ 100, 000	Nam Liong Global jointly donated NT\$ 100,000 to the Tainan City Voluntary Fire Brigade, the Fourth Office of the National Highway Police Association, and the Tainan City Friends of Police Association. These units are integral components of local social security and law enforcement. The donations from Nam Liong Global aim to support and respect the efforts of these units in ensuring community safety, assisting them in delivering higher-quality services.
Educational donations NT\$ 60, 000	Nam Liong Global donated NT\$60,000 to Sancun Elementary School. This donation reflects the importance placed on the field of education and expresses support for educational institutions and students. Education stands as a cornerstone for society progress, and Nam Liong Global aims to assist schools in providing better teaching resources and environments through this donation, thereby fostering comprehensive development among students.



Appendix

Appendix

GRI STANDARDS REFERENCE TABLE

Disclaimer: NAM LIONG GLOBAL has reported information on the Corporate's ESG efforts for the period from January 1 to December 31, 2023, in accordance with GRI Standards, by GRI 1: Foundation 2021

Universal Standards

GRI Standards	Items	Reference to Sustainability Report	Page	Remarks
GRI 2: General Disclosures 2021	2-1 Organizational details	2.1.1 Corporate Profile	30	
	2-2 Entities included in the organization's sustainability reporting	1.1.3 Scope and Boundaries	6	
	2-3 Reporting period, frequency and contact point	1.1.6 Contact Information	7	
	2-3 Reporting period, frequency and contact point	1.1.1 Reporting Period	6	
	2-4 Restatements of information	1.1.4 Restatements of Information	7	
	2-5 External assurance	--	--	Included in future planning
	2-6 Activities, value chain and other business relationships	4.1.2 Supply Chain Structure	74	
	2-7 Employees	2.1.1 Corporate Profile	30	
		6.1.2 Recruitment	94	
	2-8 Workers who are not employees	2.1.1 Corporate Profile	30	
	2-9 Governance structure and composition	2.2.2 Functional Committees	38	
		2.2.1 Governance Framework	33	
	2-10 Nomination and election of the highest governance body			
	2-11 Chair of the highest governance body			
2-12 Role of the highest governance body in overseeing the management of impacts	1.4.1 Process to Assess Material Topics	15		
2-13 Delegation of responsibility for managing impacts	1.4.2 Management of the Impacts of Material Topics	17		
2-14 Role of the highest governance body in sustainability reporting				

GRI Standards	Items	Reference to Sustainability Report	Page	Remarks
GRI 2: General Disclosures 2021	2-15 Conflicts of interest	2.2.1 Governance Framework	33	
	2-16 Communication of critical concerns			
	2-17 Collective knowledge of the highest governance body			
	2-18 Evaluation of the performance of the highest governance body			
	2-19 Remuneration policies			
	2-20 Process to determine remuneration			
	2-21 Annual total compensation ratio	6.2.1 Equal Compensation	101	
	2-22 Statement on sustainable development strategy	1.2.1 Message From The Chairman and Performance of Sustainability Management	8	
	2-23 Policy commitments	2.4.1 Integrity Management	42	
	2-24 Embedding policy commitments	2.4.3 Human Rights Policies	45	
	2-26 Mechanisms for seeking advice and raising concerns			
	2-25 Processes to remediate negative impacts	1.4.2 Management of the Impacts of Material Topics	17	
	2-27 Compliance with laws and regulations	2.4.2 Compliance with Laws and Regulations	44	
	2-28 Membership associations	2.1.1 Corporate Profile	30	
2-29 Approach to stakeholder engagement	1.3.2 Stakeholder Communication	10		
	1.3.1 Stakeholder Identification	10		
2-30 Collective bargaining agreements	6.1.3 Labor/Management Agreement	100		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	1.4.1 Process to Assess Material Topics	15	
	3-2 List of material topics	1.4.2 Management of the Impacts of Material Topics	17	

Topic Standards

GRI Standards	Items	Reference to Sustainability Report	Page	Remarks
★201 Economic Performance	3-3 Material Topic Management	1.4.3 Material Topic-Economic Performance	19	
	201-1 Direct economic value generated and distributed	2.3.1 Economic Value	39	
	201-2 Financial implications and other risks and opportunities due to climate change	2.6.3 Scenario Analysis and Climate Risk and Opportunity Impact Assessment	53	
	201-3 Defined benefit plan obligations and other retirement plans	6.2.2 Comprehensive Benefits	103	
	201-4 Financial assistance received from government	2.3.1 Economic Value	39	
202 Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	6.2.1 Equal Compensation	101	
	202-2 Proportion of senior management hired from the local community	6.1.2 Recruitment	96	
203 Indirect Economic Impacts	203-1 Infrastructure investments and services supported	7.1 Care for Local Communities	115	
	203-2 Significant indirect economic impacts			
204 Procurement Practices	204-1 Proportion of spending on local suppliers	4.1.2 Supply Chain Structure	74	
205 Anti-corruptions	205-1 Operations assessed for risks related to corruption	2.4.1 Integrity Management	42	
	205-2 Communication and training about anti-corruption policies and procedures			
	205-3 Confirmed incidents of corruption and actions taken			
206 Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.4.1 Integrity Management	42	
207 Tax (2019)	207-1 Approach to tax	2.3.2 Tax Policies	40	
	207-2 Tax governance, control, and risk management			
	207-3 Stakeholder engagement and management of concerns related to tax			
	207-4 Country-by-country reporting			
★301 Materials	3-3 Material Topic Management	1.4.4 Material Topic-Materials Management	20	
	301-2 Recycled input materials used	5.1.1 Materials Management Policies	79	
	301-1 Materials used by weight or volume			
	301-2 Recycled input materials used			

GRI Standards	Items	Reference to Sustainability Report	Page	Remarks
★302 Energy	3-3 Material Topic Management	1.4.7 Material Topic-Energy	23	
	302-1 Energy consumption within the organization	5.3.2 Energy Consumption	83	
	302-2 Energy consumption outside of the organization	--	--	Included in future planning
	302-3 Energy intensity	5.3.2 Energy Consumption	83	
	302-4 Reduction of energy consumption	5.4.2 Reduction of GHG Emissions	85	
	302-5 Reductions in energy requirements of products and services	3.1.3 Carbon Footprint Management of Low-Carbon Products	65	
★303 Water and Effluents (2018)	3-3 Material Topic Management	1.4.9 Material Topic-Water and Effluents	25	
	303-1 Interactions with water as a shared resource	5.5.1 Assessment of Water-related Impacts	88	
	303-2 Management of water discharge-related impacts			
	303-3 Water withdrawal 、 303-4 Water discharge 、 303-5 Water consumption	5.5.2 Withdrawal, Discharge and Consumption of Water	90	
304 Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	5.7.1 Affected Wildlife Reserves	94	
	304-2 Significant impacts of activities, products and services on biodiversity	5.7.2 Impact Management for Wildlife Reserves	94	
★305 Emissions	3-3 Material Topic Management	1.4.6 Material Topic-Emissions	22	
	305-1 Direct (Scope 1) GHG emissions	5.4.1 GHG Inventory	84	
	305-2 Energy indirect (Scope 2) GHG emissions			
	305-3 Other indirect (Scope 2) GHG emissions			Included in future planning
	305-4 GHG emissions intensity			
	305-5 Reduction of GHG emissions	5.4.2 Reduction of GHG Emissions	85	
	305-6 Emissions of ozone-depleting substances (ODS)	5.4.3 Ozone-Depleting Substances (ODS) Inventory	86	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	5.4.4 Other Air Pollutant Emissions	86	

GRI Standards	Items	Reference to Sustainability Report	Page	Remarks
★306 Waste (2020)	3-3 Material Topic Management	1.4.8 Material Topic-Effluents and Waste	24	
	306-1 Waste generation and significant waste-related impacts	5.6.1 Waste Management Policies	91	
	306-2 Management of significant waste-related impacts	5.6.1 Waste Management Policies	91	
		5.6.1 Waste Management Policies	91	
	306-3 Waste generated	5.6.2 Waste Disposal	92	
	306-4 Waste diverted from disposal			
306-5 Waste directed to disposal				
★308 Supplier Environmental Assessment	3-3 Material Topic Management	1.4.5 Material Topic-Supplier Environmental Assessment	21	
	308-1 New suppliers that were screened using environmental criteria	4.2.1 Supply Chain Management Policies	75	
	308-2 Negative environmental impacts in the supply chain and actions taken	4.2.2 Supply Chain Audit Effectiveness	75	
★401 Employment	Management	1.4.12 Material Topic-Employment	28	
	401-1 New employee hires and employee turnover	6.1.2 Recruitment	96	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.2.2 Comprehensive Benefits	103	
	401-3 Parental leave	6.2.3 Parent-friendly Workplace	105	
402 Labor/ Management Relations	402-1 Minimum notice periods regarding operational changes	6.1.1 Human Resource Management	96	
★403 Occupational Health and Safety (2018)	3-3 Material Topic Management	1.4.10 Material Topic-Occupational Health and Safety	26	
	403-1 Occupational health and safety management system	6.4.1 Occupational Health and Safety Management	109	
	403-2 Hazard identification, risk assessment, and incident investigation			
	403-3 Occupational health services			
	403-4 Worker participation, consultation, and communication on occupational health and safety			
	403-5 Worker training on occupational health and safety			
	403-5 Worker training on occupational health and safety	6.3.1 Training and Education	106	
403-6 Promotion of worker health	6.4.1 Occupational Health and Safety Management	109		
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				
★403 Occupational Health and Safety (2018)	403-8 Workers covered by an occupational health and safety management system			

GRI Standards	Items	Reference to Sustainability Report	Page	Remarks
	403-9 Work-related injuries	6.4.2 Work-related injuries and ill health	113	
	403-10 Work-related ill health			
★404 Training and Education	3-3 Material Topic Management	1.4.11 Material Topic-Training and Education	27	
	404-1 Average hours of training per year per employee	6.3.1 Training and Education	106	
	404-2 Programs for upgrading employee skills and transition assistance programs			
	404-3 Percentage of employees receiving regular performance and career development reviews	6.3.2 Performance Review	108	
405 Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	6.1.2 Recruitment	96	
	405-2 Ratio of basic salary and remuneration of women to men	2.2.1 Governance Framework	33	
406 Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	2.4.3 Human Rights Policies	45	
407 Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk			
408 Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor			
409 Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor			
410 Security Practices	410-1 Security personnel trained in human right policies or procedures			
		6.3.1 Training and Education	106	
		2.4.3 Human Rights Policies	45	
411 Rights of Indigenous Peoples	411-1 Incidents of violations involving rights of indigenous peoples	2.4.3 Human Rights Policies	45	
413 Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	7.1 Care for Local Communities	115	
	413-2 Operations with significant actual and potential negative impacts on local communities			
414 Supplier Social Assessment	414-1 New supplier that were screened using social criteria	4.2.1 Supply Chain Management Policies	75	
	414-2 Negative social impacts in the supply chain and actions taken	4.2.2 Supply Chain Audit Effectiveness	75	
415 Public Policy	415-1 Political contributions	2.3.1 Economic Value	39	
416 Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	3.2.2 Product Risk Assessment	69	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services			

GRI Standards	Items	Reference to Sustainability Report	Page	Remarks
417 Marketing and Labeling	417-1 Requirements for product and service information and labeling	3.3.1 Products and Services Labeling Standard	69	
	417-2 Incidents of non-compliance concerning product and service information and labeling			
	417-3 Incidents of non-compliance concerning marketing communications	3.3.2 Products and Services Marketing	69	
418 Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.2.3 Customer Privacy Management	69	

SASB STANDARDS REFERENCE TABLE

Disclaimer: NAM LIONG GLOBAL has reported information on the Corporate's ESG efforts for the period from January 1 to December 31, 2023, in accordance with SASB Standards

SASB Industry Classification: Apparel, Accessories and Footwear

Indicator Type	SASB CODE	Topic	Metric	Category	Unit of Measure	Reference to Sustainability Report	Page	Remarks
Activity Metric	CG-AA-000.A	Supply Chain	Number of Tier 1 suppliers	Quantitative	Number	4.2.2 Supply Chain Audit Effectiveness	75-77	
Activity Metric	CG-AA-000.A		Number of suppliers beyond Tier 1	Quantitative	Number		75-77	
Accounting Metric	CG-AA-430a.1	Environmental Impacts in the Supply Chain	Percentage of TIER 1 supplier facilities in compliance with wastewater discharge permits and/or contractual agreement	Quantitative	Percentage (%)		75-77	
Accounting Metric	CG-AA-430a.1	Environmental Impacts in the Supply Chain	Percentage of supplier facilities beyond TIER 1 in compliance with wastewater discharge permits and/or contractual agreement	Quantitative	Percentage (%)		75-77	
Accounting Metric	CG-AA-430a.2	Environmental Impacts in the Supply Chain	Percentage of TIER 1 supplier facilities that have completed the Sustainable Apparel Coalition (SAC)'s Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	Quantitative	Percentage (%)		75-77	
Accounting Metric	CG-AA-430a.2	Environmental Impacts in the Supply Chain	Percentage of supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition (SAC)'s Higg Facility Environmental Module (Higg FEM)	Quantitative	Percentage (%)		75-77	

Indicator Type	SASB CODE	Topic	Metric	Category	Unit of Measure	Reference to Sustainability Report	Page	Remarks
			assessment or an equivalent environmental data assessment					
Accounting Metric	CG-AA-430b.1	Labor Conditions in the Supply Chain	Percentage of TIER 1 supplier facilities that have been audited to a labor code of conduct	Quantitative	Percentage (%)		75-77	
Accounting Metric	CG-AA-430b.1	Labor Conditions in the Supply Chain	Percentage of supplier facilities beyond TIER 1 that have been audited to a labor code of conduct	Quantitative	Percentage (%)		75-77	
Accounting Metric	CG-AA-430b.1	Labor Conditions in the Supply Chain	Percentage of total audits conducted by a third-party auditor	Quantitative	Percentage (%)		75-77	
Accounting Metric	CG-AA-430b.2	Labor Conditions in the Supply Chain	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audit	Quantitative	Ratio	4.2.2 Supply Chain Audit Effectiveness	75-77	
Accounting Metric	CG-AA-430b.3	Labor Conditions in the Supply Chain	Description of the greatest labor risks in the supply chain	Discussion and analysis	-		75-77	
Accounting Metric	CG-AA-430b.3	Labor Conditions in the Supply Chain	Description of the greatest environmental, health, and safety risks in the supply chain	Discussion and analysis	-		75-77	
Accounting Metric	CG-AA-440a.3	Raw Materials Sourcing	1. List of priority raw materials 2. Environmental and/or social factor(s) most likely to threaten sourcing of each priority raw material 3. Discussion on business risks and/or opportunities associated with environmental and/or social factors 4. Management strategy for addressing business risks and opportunities	Discussion and analysis	-	5.1.2 Materials Procurement Management by SASB Standards	80	
Accounting Metric	CG-AA-440a.4		1. Amount of priority raw materials purchased; 2. Amount of each priority raw materials that is certified to a third-party environmental or social standard	Quantitative	Metric tons	5.1.1 Materials Management Policies	79	
Accounting Metric	CG-AA-250a.1	Management of Chemicals in Products	Discussion of processes to maintain compliance with restricted substances regulations	Discussion and analysis	-	5.2.1 Management of Chemical Substances in Products by SASB Standards	81	
Accounting Metric	CG-AA-250a.2		Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Discussion and analysis	-		81	