2024
NAK SEALING TECHNOLOGIES
Sustainability Report

CONTENT

About This Report

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○   Reporting Frameworks and Guidelines

As NAK Sealing Technologies Corporation's inaugural Sustainability Report, this document provides a comprehensive and transparent overview of our commitment, performance, and strategic direction in sustainable development. It is primarily prepared in accordance with the Global Reporting Initiative (GRI) Standards (2021). The report also complies with the "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" and the "Guidelines on Climate-Related Disclosures for TWSE/TPEx Listed Companies", and references the Task Force on Climate-related Financial Disclosures (TCFD) to guide the disclosure of climate-related practices and performance.

○   Scope and Boundaries of Reporting

Unless otherwise specified, this report covers NAK's operational sites in Taiwan and does not include subsidiaries. Financial performance data is sourced from the Company's consolidated financial statements.

The reported data and metrics fall into two categories: financial information verified by certified public accountants (presented in thousands of New Taiwan Dollars), and sustainability data, which include third-party verified greenhouse gas (GHG) emissions and other information compiled internally by NAK. All figures are reported in line with internationally recognized methodologies, local regulatory requirements, industry standards, and best practices. Explanatory notes are provided for clarity where quantitative indicators require specific context or interpretation.

○   Reporting Period

This report primarily covers the fiscal year from January 1 to December 31, 2024. To provide a comprehensive and comparable view, certain disclosures include historical data from 2022 and forward-looking information for 2025 to highlight relevant trends and developments.

○   Report Governance and Publication

This is NAK's inaugural Corporate Sustainability Report. The Company is committed to publishing this report annually. All reports will be publicly available on NAK's official website and the Market Observation Post System (MOPS).

Publication date: August 2025

Next scheduled publication: August 2026

○   Report Assurance

This report has not yet undergone independent external assurance by an independent third party. The report content undergoes a rigorous governance process: initially reviewed and validated by the Sustainability Development Office's working groups, subsequently vetted by departmental heads, and approved by the Chairperson prior to being submitted to the Board of Directors for final endorsement and publication.

○   Feedback and Contact Information

NAK welcomes feedback, questions, and suggestions regarding this report and our sustainability initiatives. Your insights are invaluable, driving our continuous improvement and accelerating the realization of our ESG commitments.

Contact Information

Responsible Department: Sustainability Development Office

Email: service@mail.nak.com.tw

Telephone: +886-49-2255011

Report Download: Oil Seals | NAK Sealing Technologies Corporation

Address: No. 336, Gongye Rd., Yongfeng Village, Nantou City, Nantou County 540406, Taiwan

About NAK

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Founded in 1976, NAK has been guided by its core values of innovation, research and development, perseverance, and social responsibility. With a strategic focus on the design, development, and contract manufacturing of high-quality oil seals, NAK has grown to become the largest oil seal manufacturer in Taiwan and ranks among the top five globally. The Company operates subsidiaries in China, Thailand, and India, and has built long-standing partnerships with clients across Europe and the United States. Today, NAK's business footprint extends to more than 70 countries worldwide.

In pursuit of operational excellence and environmental stewardship, NAK has obtained internationally recognized certifications—including ISO 9001, ISO 14001, ISO 45001, ISO 50001, and IATF 16949—all obtained between 2006 and 2008. These milestones reflect the Company's unwavering commitment to quality, safety, and sustainability, ensuring that stakeholders remain confident in the integrity and reliability of our operations.

Beyond manufacturing, NAK places great emphasis on social equity, employee well-being, and mutual trust—principles deeply rooted in the Company's founding philosophy. These values continue to shape its corporate culture and guide its long-term strategic direction. By embedding social responsibility and workplace safety into its core strategy, NAK not only fosters sustainable growth but also ensures that every individual is valued and integral to the Company's success.

To strengthen its sustainability governance, NAK established a dedicated Sustainability Development Office in 2023, tasked with formulating and implementing corporate sustainability policies. Moving forward, the Company will remain guided by its core values, actively advancing its vision of economic prosperity, social progress, and environmental sustainability.

With a clear commitment to leadership through innovation and technological advancement, NAK strives to deliver long-term value for its customers, employees, stakeholders, and the broader community. As NAK continues to expand into new markets and explore new technologies, it is not only positioned to play an increasingly influential role in the global economy but also to engage stakeholders with its latest milestones on our path toward sustainable development.

Company Information	
Company Name	NAK Sealing Technologies Corporation
Date of Establishment	August 4, 1976
Corporate Headquarters	No. 336, Gongye Rd., Yongfeng Village, Nantou City, Nantou County 540406, Taiwan
Industry Category	Sealing Components Manufacturing
Stock Code	9942
Date of Market Listing	January 28, 2002
Paid-in Capital	NT$832 million
Number of Employees	1,470 (Group-wide) │ 933 (Covered in this Report Scope – Taiwan operations)
Main Business Activities	NAK's core business activities encompass the design, manufacturing, and global distribution of high-quality oil seals for automobiles, motorcycles, industrial machinery, and transportation systems.
Operational Locations	Taiwan (Headquarters), China, Thailand, India

- **Global Operational Presence**

China
KUNSHAN MAOSHUN SEALING PRODUCTS INDUSTRIAL CO., LTD.

Taiwan
NAK SEALING TECHNOLOGIES CORPORATION

India
NAK SEALING TECHNOLOGIES (INDIA) PVT. LTD.

Thailand
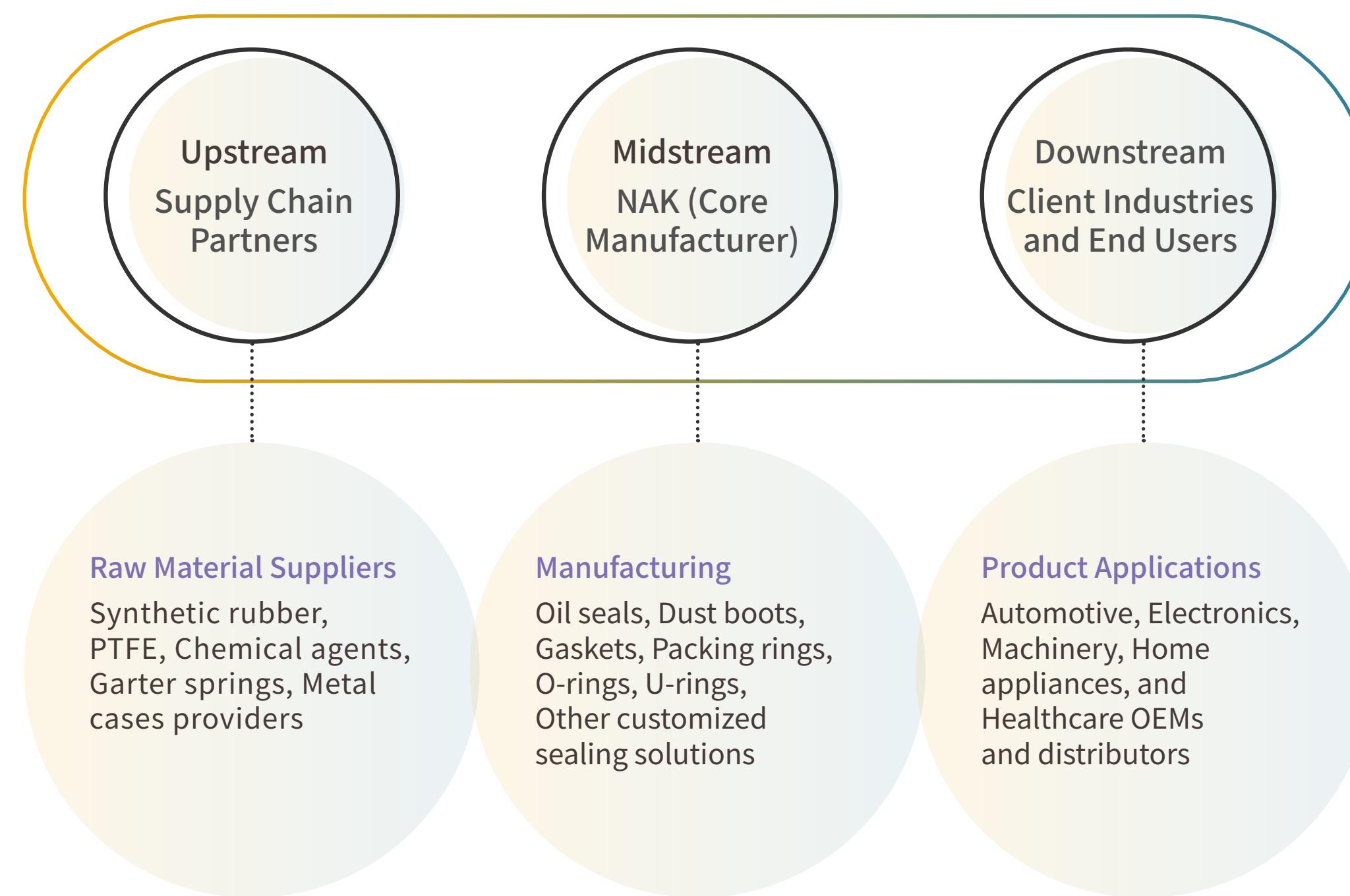NAK SEALING PRODUCTS (THAILAND) CO., LTD.

- **Industry Value Chain**

NAK is a key player in the sealing solutions value chain, integrating material sourcing, product design, manufacturing, and technological innovation. The Company's upstream inputs—such as synthetic rubber, garter springs, metal cases, and chemical agents—are sourced from reputable suppliers that prioritize quality and performance.

At the core of the value chain, NAK systematically transforms raw materials into precision-engineered sealing products, including oil seals, dust boots, and gaskets. Through vertical integration and a strong focus on R&D, the Company ensures product consistency, durability, and customization to meet diverse industry requirements.

Downstream, NAK's sealing solutions are applied across a board range of industries, including Automotive and Motorcycle, Industrial Machinery, Electrical and Electronics, Information and Communication Technology (ICT), Home Appliances, Pneumatic and Hydraulic Systems, Construction and Infrastructure, and Medical Devices. By integrating its end-to-end value chain, NAK delivers reliable sealing solutions that enhance safety, improve energy efficiency, and extend product life across global industries.

Sealing Components Industry Value Chain

Upstream Supply Chain Partners	Midstream NAK (Core Manufacturer)	Downstream Client Industries and End Users
Raw Material Suppliers Synthetic rubber, PTFE, Chemical agents, Garter springs, Metal cases providers	**Manufacturing** Oil seals, Dust boots, Gaskets, Packing rings, O-rings, U-rings, Other customized sealing solutions	**Product Applications** Automotive, Electronics, Machinery, Home appliances, and Healthcare OEMs and distributors

- **Participation in Industry Associations**

NAK actively engages with domestic and international industry associations to foster knowledge exchange, monitor market developments, and advance the sealing components sector. The Company participated in the following associations in 2024, either as a member or advisor:

List of associations to be included.

No.	Association Name	Role
1	Taichung Entrepreneur Club	Member
2	Club of National Award of Outstanding SMEs	Member
3	National Innovation and Entrepreneurship Association, R.O.C. (NIEA)	Member
4	Nantou County Volunteer Fire Brigade, Phoenix Volunteer Team	Advisor
5	Nantou County Police Friends Station	Advisor
6	Nantou County Police Friends—Banshan Station	Advisor
7	Zhongxing Precinct, Nantou County Police Department	Advisor
8	Nantou Phoenix Volunteer Team	Advisor
9	Taiwan Industrial Sustainable Development Association	Member
10	National Association of Small and Medium Enterprises, R.O.C. (NASME)	Member
11	Nantou Nurses' Association	Member
12	Taiwan Fluid Power Association	Member
13	Human Resources Management Association	Member
14	Taiwan Rubber and Elastomer Industries Association	Member
15	Nantou Nangang Industrial Park Vendors Association	Member
16	Taiwan Transportation Vehicle Manufacturers Association (TTVMA)	Member
17	Nantou County Importers and Exporters Chamber of Commerce	Member
18	Nantou County Industrial Association	Member

Message from the Chairperson

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Since our founding in 1976, NAK has been guided by the core management philosophy of care, trust, responsibility, and inclusiveness. Anchored in these values, we are committed to becoming a global leader in sealing solutions. Today, we proudly serve customers in over 70 countries, a testament to our worldwide presence and the trust we have earned. We remain the only publicly listed sealing components company in Taiwan—a milestone built on our unwavering dedication to quality and innovation, which continues to earn the confidence of our stakeholders.

As the global movement toward sustainable development accelerates, we recognize that a company's responsibilities extend far beyond economic growth. True corporate success must also be rooted in environmental stewardship, social well-being, and strong corporate governance. That is why we have integrated ESG (Environmental, Social, and Governance) principles into our long-term strategy. These principles guide our decision-making processes, ensuring that we account for the environmental impact of our operations, the well-being of our employees and communities, and the integrity of our corporate governance. These three pillars form the foundation of our sustainability vision.

Looking ahead, we are confident that by pursuing continuous innovation and improvement, and embracing a low-carbon, sustainable development path, NAK will solidify its position as a trusted leader in the global sealing components industry. We remain steadfast in our mission to create lasting value and advance sustainability worldwide.

We sincerely thank all our stakeholders for their continued support and trust. Your belief in our vision and commitment to sustainability are the driving forces behind our journey. Together, we will shape a future that is more resilient, inclusive, and sustainable.

Environment

The environment and natural resources form the fundation of industrial operations, and NAK remains steadfast in its commitment to building a sustainable future. We regularly conduct greenhouse gas inventories and implement carbon reduction measures to enhance production efficiency and reduce emissions. At the same time, we are exploring opportunities to adopt renewable energy solutions as we prograss toward green manufacturing.
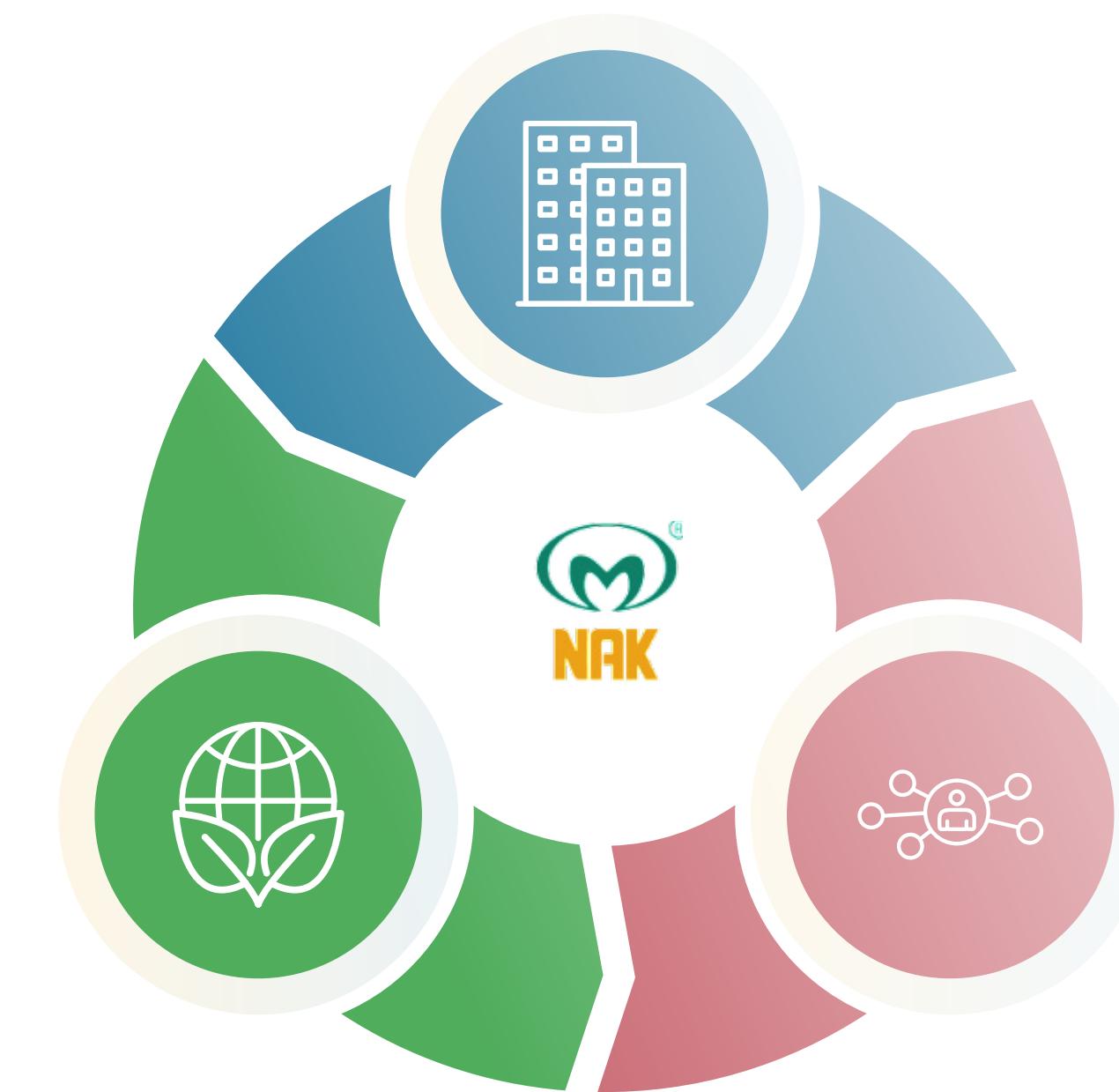
Social Responsibility

Our people are central to NAK's success. We are committed to employee well-being and to fostering an inclusive and diverse workplace. Our efforts have been recognized with the "Happy Enterprise Award" by 1111 Job Bank for four consecutive years, underscoring our commitment to our people.

In line with our belief in giving back, we actively support community development and public welfare initiatives each year. From education and environmental protection to local engagement, we remain committed to fulfilling our role as a responsible corporate citizen.

Governance

Sound corporate governance is fundamental to long-term sustainability. NAK continues to strengthen its governance framework, enhance transparency, and implement top-down accountability. These measures ensure compliance with all applicable laws and regulations and demonstrate our commitment to protecting shareholder value while upholding stakeholder.

Chairperson of the Board, NAK Sealing Technologies Corporation

CHAPTER

Sustainability Management

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1.2 Sustainability Philosophy

1.3 Stakeholder Identification and Engagement

1.4 Materiality Assessment and Analysis

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1.1 Sustainability Highlights and Achievements

Sustainability is embedded in every aspect of NAK's business operations. We continue to make measurable progress in key areas, including environmental protection, product quality, and workplace safety. Our commitment to these principles has been recognized through internationally accredited certifications and industry awards, underscoring our dedication to advancing sustainability.

Environmental Responsibility	Product Quality and Reliability	Occupational Safety and Health
· In 2024, NAK's Plant No. 4 received Green Building certification, reflecting our commitment to environmentally sustainable infrastructure. · Plant No. 2 maintains certification under ISO 14001:2015 Environmental Management System. · Plant No. 4 maintains certification under ISO 50001:2018 Energy Management System.	· NAK is certified under ISO 9001:2015 Quality Management System. · NAK is certified under IATF 16949:2016 Automotive Quality Management System. · The NAK Material Research Laboratory is certified under ISO/IEC 17025:2017 General Requirements for the Competence of Testing and Calibration Laboratories.	· NAK's Plant No. 2 is certified under ISO 45001:2018 Occupational Health and Safety Management System. · Received the Healthy Workplace Excellence Award from the Health Promotion Administration, Ministry of Health and Welfare (Taiwan) in 2015 and 2020. · Recognized by the Nantou County Government with the Breastfeeding-Friendly Workplace Certification for providing a supportive and inclusive environment. · Awarded the Silver Award for Happy Enterprise in the Manufacturing Sector by 1111 Job Bank, recognizing our commitment to employee well-being and workplace satisfaction.

In 2015, the United Nations adopted the 2030 Agenda for Sustainable Development, which outlines 17 Sustainable Development Goals (SDGs) and 169 specific targets. These goals and targets serve as a global guide toward building a more equitable, inclusive, and sustainable future. In support of this global agenda, NAK has integrated the SDGs into its sustainability strategy and goal-setting process. When identifying material topics and setting performance targets, we carefully assess how our actions contribute to the advancement of the SDGs, ensuring that our efforts create tangible impact.

The following table highlights NAK's 2024 sustainability initiatives and their alignment with relevant SDG:

United Nations Sustainable Development Goals (SDGs)		2024 Action	Relevant Section
SDG Goal	Target		
SDG 1 No Poverty	1.1 End extreme poverty in all its forms everywhere	· Contributed charitable donations totaling NT$198,000 to nonprofit organizations. · Provided internship opportunities to two students from Nantou Ren-Ai Children's Home (Taiwan).	5.2 Community Engagement and Social Investment
SDG 3 Good Health and Well-being	3.9 Reduce illnesses and deaths caused by hazardous chemicals and pollution	· Installed air pollution control equipment to ensure compliance with regulatory emission standards. · Recorded one environmental violation in 2024; corrective actions were completed and environmental education was provided to employees to prevent recurrence.	3.2 Energy and Greenhouse Gas Management
SDG 5 Gender Equality	5.1 Eliminate all forms of discrimination against women and girls	· Maintained equal pay practices; in 2024, the gender pay ratio for non-managerial staff was 0.87:1 (female to male). · Established Health Promotion Guidelines, incorporating preventive measures against occupational violence and protection programs for maternal health.	4.1 Talent Management and Development

United Nations Sustainable Development Goals (SDGs)		2024 Action	Relevant Section
SDG Goal	Target		
SDG 6 Clean Water and Sanitation	6.3 Improve water quality, wastewater treatment, and safe reuse	· Operated wastewater treatment facilities with continuous quality monitoring to ensure compliance with discharge standards. · Achieved full compliance with water discharge standards for three consecutive years, with no exceedances recorded.	3.3 Water Resource Management
SDG 7 Affordable and Clean Energy	7.3 Double the rate of improvement in energy efficiency	· Replaced traditional lighting with LED tubes, resulting in annual savings of 156,000 kWh, equivalent to approximately 73.94 tCO_2e. · Enhanced product innovation by improving shaft-holding force in industrial standard oil seals, resulting in an estimated 15–20% increase in energy efficiency per unit.	3.2 Energy and Greenhouse Gas Management
SDG 8 Decent Work and Economic Growth	8.5 Achieve full and productive employment and equal pay for work of equal value	· Employed 6 Indigenous employees and 9 persons with disabilities. · Inclusive hiring accounted for 2% of the total workforce.	4.1 Talent Management and Development
	8.7 Eradicate forced labor, end modern slavery and human trafficking, and eliminate child labor	· No cases of child labor were identified in 2024.	4.3 Labor Relations and Human Rights
	8.8 Protect labor rights and promote safe and secure working environments for all workers	· Implemented an Occupational Safety and Health (OSH) management system and conducted safety training for 825 participants, totaling 3,182 training hours. · Strengthened workforce safety awareness and risk prevention capacity, achieving lower-than-industry injury metrics:[Note] Frequency Rate (FR) of 1.74 (vs. industry average of 2.69) and Severity Rate (SR) of 181 (vs. industry average of 261). No injuries were recorded among non-employee workers. Note: Industry benchmark for the rubber manufacturing secor in 2023: FR 2.69, SR 261 (official occupational safety data).	4.2 Safe Working Environment

United Nations Sustainable Development Goals (SDGs)		2024 Action	Relevant Section
SDG Goal	Target		
SDG 11 Sustainable Cities and Communities	11.6 Reduce the adverse per capita environmental impact of cities, including air quality and waste management	· Installed air pollution control equipment to ensure compliance with regulatory emission standards. · Recorded one environmental violation in 2024; corrective actions were completed and environmental education was provided to employees to prevent recurrence. · Operated wastewater treatment facilities with continuous quality monitoring to ensure regulatory compliance. · Maintained full compliance with water discharge standards for three consecutive years, with no exceedances recorded.	3.2 Energy and Greenhouse Gas Management 3.3 Water Resource Management
	11.7 Provide universal access to safe, inclusive, and green public spaces	· Maintained landscaping around Plant No. 2, sidewalks at Plant No. 4, and the banyan tree at Plant No. 6.	5.2 Community Engagement and Social Investment
SDG 12 Responsible Consumption and Production	12.4 Ensure environmentally sound management of chemicals and all wastes throughout their life cycle	· Established Waste Management Guidelines to enhance waste sorting, storage, recycling, and disposal practices in line with regulatory requirements and best practices.	3.4 Circular Economy
	12.5 Substantially reduce waste generation through prevention, reduction, recycling, and reuse	· Established Waste Management Guidelines to strengthen classification and recycling practices. · Implemented recycling programs for paper, iron, plastics, PE bags, and cartons as part of waste reduction efforts.	
SDG 13 Climate Action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters	· Identified climate-related risks and opportunities in accordance with the TCFD recommendations. · Developed climate adaptation strategies to mitigate risks and enhance organizational resilience.	3.1 Climate Action and Resilience
	13.2 Integrate climate change measures into national policies, strategies, and planning		
	13.3 Improve education, awareness, and institutional capacity on climate change mitigation, adaptation, and impact reduction		
SDG 16 Peace, Justice and Strong Institutions	16.5 Substantially reduce corruption and bribery in all their forms	· Provided training on business integrity to 100% of new employees. · No incidents of ethical violations were reported in 2024.	2.2 Ethical Business Practices
	16.6 Develop effective, accountable, and transparent institutions at all levels		

1.2 Sustainability Philosophy

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As sustainability gains global momentum, NAK recognizes the importance of managing environmental and social impacts across its value chain. We are committed to strengthening governance and building a resilient foundation for long-term operations.

As a leader in the sealing components industry, we prioritize quality and continuously advance environmental protection, energy efficiency, and waste reduction. Our mission is to fulfill customer needs and exceed expectations while upholding our responsibility to the planet. We also aim to inspire our partners to enhance their sustainability practices and work together toward a shared vision of economic prosperity, social equity, and environmental stewardship.

Our Vision
To forge a world-class brand and build world-class manufacturing operations.

Customer-Centric Commitment
At NAK, we strive to understand, meet, and anticipate customer needs by delivering consistent product quality, outstanding service, and reliable technical support. Guided by this commitment, we aim to foster long-term, trust-based partnerships that create shared value for our clients and contribute to sustainable growth across industries.

Accountability
NAK is committed to honoring its responsibilities to customers, suppliers, employees, shareholders, and society. We expect every employee to uphold integrity, deliver on commitments, and take ownership of their work. Through this culture of accountability, we strengthen trust with stakeholders and ensure the long-term sustainability of our business.

Innovation and Breakthrough Thinking
At NAK, innovation is multidimensional, encompassing strategy, marketing, management, technology, and manufacturing. Guided by a culture of continuous learning, improvement, and breakthrough thinking, we aim to lead the sealing components industry, create value for stakeholders, and drive sustainable progress.

Leadership by Example
NAK is committed to nurturing the next generation of leaders. We believe that true leadership is both humble and resolute—quick to credit the team in times of success and quick to reflect in times of failure. Our approach emphasizes empowerment, coaching, guidance, and collaboration rather than control, fostering a leadership culture that strengthens both people and performance.

People First
NAK is committed to creating a positive, inclusive, and fulfilling workplace where employees feel respected, supported, and inspired. By fostering a culture of teamwork, continuous learning, and personal growth, we aim to unlock individual potential and enable shared success for both our employees and the organization, strengthening our long-term sustainability.

Long-Term Thinking
NAK adopts a strategic, long-term approach to development. Guided by sound financial policies and market insights, we invest in innovation and product development that address evolving industry needs, ensuring business resilience and long-term sustainability.

Sustainability Governance Structure

In January 2023, NAK established its Sustainability Development Office (SDO) in accordance with the "Corporate Sustainability Best Practice Principles." This dedicated unit is responsible for planning and executing the Company's sustainability strategies and initiatives. The SDO is chaired by a senior executive appointed by the Chairperson of the Board.

Under its leadership, three specialized working groups were formed, aligned with the core pillars of Environment, Social, and Governance (ESG). A department head leads each group:
· Environmental Group – led by the General Manager's Office
· Social Group – led by the Human Resources Department
· Governance Group – led by the Finance Department

These cross-functional teams, composed of department managers and staff members, collaborate to integrate sustainability strategies across the organization, coordinate ESG initiatives, and prepare the annual Sustainability Report. This structure ensures effective alignment of resources and fosters company-wide engagement in the sustainability journey.

Through this governance structure, NAK ensures accountability, transparency, and continuous improvement in advancing its sustainability commitments.

Sustainability Governance Framework

Board of Directors

Sustainability Development Office

Environmental Working Group | Social Working Group | Governance Working Group

- Materials Management
- Waste Management
- Water Resource Management
- Energy Management
- Greenhouse Gas (GHG) Management
- Climate Change Adaptation Management
- Community Engagement and Social Contribution
- Employee Diversity and Equal Opportunity
- Labor Relations and Human Rights
- Human Resource Management and Talent Development
- Occupational Safety and Health
- Product Quality and Safety
- Product Research and Development and Technology Development
- Supply Chain Management
- Information Security
- Risk Management
- Regulatory Compliance
- Operational Performance
- Ethical Business Practices

The Sustainability Development Office (SDO) is responsible for formulating the Company's sustainability strategy, executing related plans, and implementing management measures. These activities are subject to regular review by the Board of Directors, ensuring that the Board remains fully informed and up-to-date. Progress on greenhouse gas (GHG) inventories and third-party verification is consistently and promptly reported to the Board, reinforcing our commitment to transparency.

Respective departments execute sustainability initiatives according to approved plans. Beginning in 2024, the Company committed to presenting sustainability strategies and performance updates to the Board at least once annually.
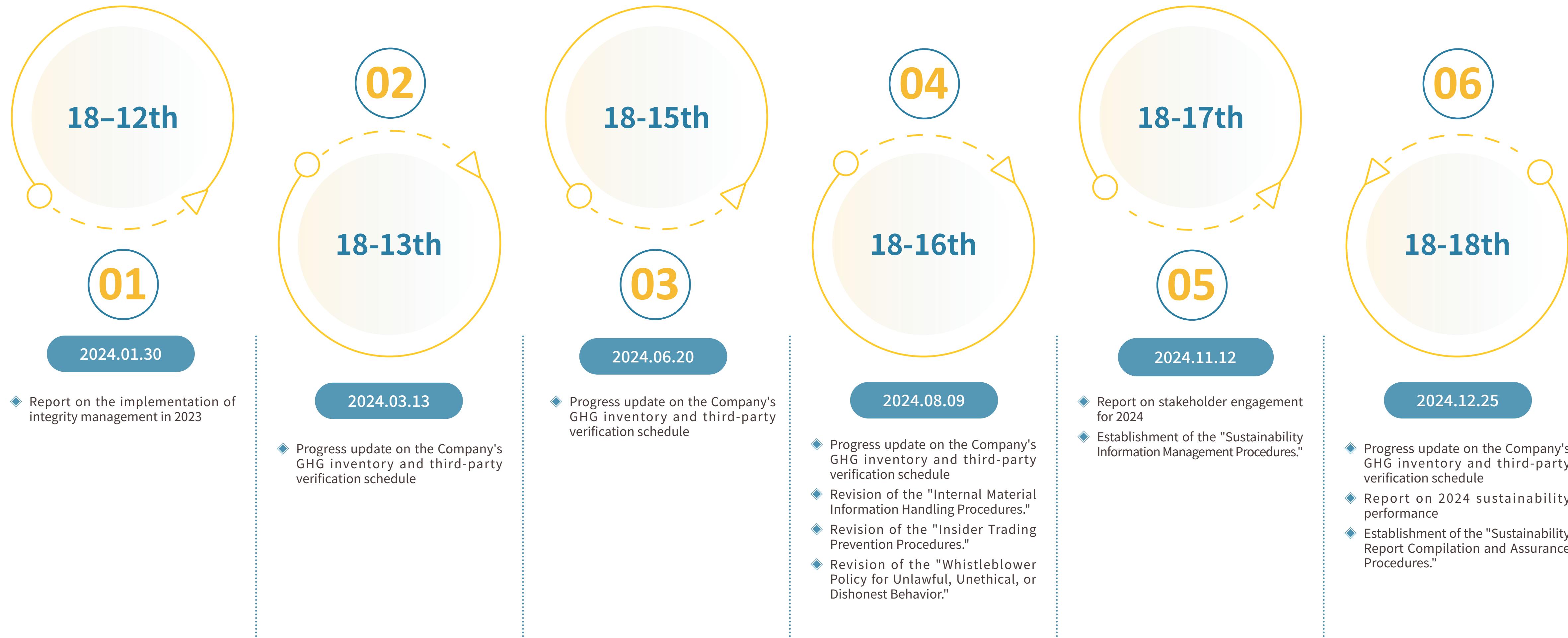
In 2024, the Board's commitment to sustainability was evident, with 6 out of 7 Board meetings including sustainability-related topics. This 85% engagement rate demonstrates the Board's strong dedication to sustainability.

The Board's reports in 2024 have included the following sustainability topics:

18–12th
01
2024.01.30
◆ Report on the implementation of integrity management in 2023

02
18-13th
2024.03.13
◆ Progress update on the Company's GHG inventory and third-party verification schedule

18-15th
03
2024.06.20
◆ Progress update on the Company's GHG inventory and third-party verification schedule

04
18-16th
2024.08.09
◆ Progress update on the Company's GHG inventory and third-party verification schedule
◆ Revision of the "Internal Material Information Handling Procedures."
◆ Revision of the "Insider Trading Prevention Procedures."
◆ Revision of the "Whistleblower Policy for Unlawful, Unethical, or Dishonest Behavior."

18-17th
05
2024.11.12
◆ Report on stakeholder engagement for 2024
◆ Establishment of the "Sustainability Information Management Procedures."

06
18-18th
2024.12.25
◆ Progress update on the Company's GHG inventory and third-party verification schedule
◆ Report on 2024 sustainability performance
◆ Establishment of the "Sustainability Report Compilation and Assurance Procedures."

1.3 Stakeholder Identification and Engagement

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NAK identifies and engages stakeholders through a structured evaluation process that considers past engagement experience and industry characteristics. Through this process, the Company has identified seven key stakeholder groups: Customers, Suppliers/Contractors, Employees, Shareholders/Investors, Communities/Nonprofit Organizations, Regulatory Authorities, and Banks.

To strengthen trust and transparency, NAK has established open and effective communication channels to better understand stakeholder concerns. Through ongoing dialogue, we continuously seek to improve and align our operations with stakeholder expectations and needs.

This stakeholder engagement framework ensures that sustainability considerations are embedded in decision-making and supports the Company's long-term value creation.

Stakeholder	Importance to NAK (Materiality)	Responsible Department	Key Topics of Concern / Expectations	Engagement Methods and Frequency	2024 Engagement Summary and Company Response
Customers	Customers, "Our commitment is centered on delivering superior, high-performance products that enhance customer operational efficiency and generate long-term shared value. This ensures NAK remains a trusted partner for their most critical business needs."	Marketing Department	Product Quality and Safety Product Research and Development and Technology Development Materials Management Occupational Safety and Health Climate Change Adaptation	• Conduct annual customer satisfaction surveys • Arrange regular client visits and on-site factory tours • Participate in international trade shows when appropriate • Maintain ongoing communication through dedicated customer service channels (email and phone)	• The 2024 customer satisfaction survey reported an overall satisfaction rate of 85.5%. • NAK has implemented a customer feedback tracking mechanism to analyze survey results, identify areas for improvement, and address client expectations and concerns. Review meetings are conducted regularly, and corrective actions are developed and executed accordingly. • In 2024, 130 customer complaints were recorded, primarily related to product quality. • Corrective measures have been implemented to prevent recurrence and enhance overall product and service quality.
Suppliers / Contractors	At NAK, our shared vision is built upon the strong, long-term relationships we maintain with our suppliers. We believe that collaboration is essential to achieving sustainable success, and we value the vital contributions of our suppliers in advancing responsible growth across the value chain.	Procurement Department	Product Quality and Safety Information Security Product Research and Development and Technology Development Supply Chain Management Operational Performance	• Annual signing of the Integrity and Anti-Corruption Commitment by suppliers • Inclusion of sustainability and compliance clauses in procurement contracts, as required	• 100% of suppliers signed the Integrity and Anti-Corruption Commitment in 2024.

Stakeholder	Importance to NAK (Materiality)	Responsible Department	Key Topics of Concern / Expectations	Engagement Methods and Frequency	2024 Engagement Summary and Company Response
Employees	NAK is committed to creating a positive, respectful, and safe workplace that supports personal development, fosters teamwork, and enables shared success for both employees and the organization. By cultivating this culture, we strengthen employee engagement and contribute to the long-term sustainability of our business.	Human Resources Department	Occupational Safety and Health Labor Relations and Human Rights Regulatory Compliance Operational Performance Human Resource Management and Talent Development	• Hold quarterly labor-management meetings • Convene biannual employee welfare committee meetings • Provide annual health checkups and medical events • Organize annual team-building activities • Offer ongoing training and development programs • Collect employee feedback through a real-time suggestion box • Operate a real-time employee grievance hotline • Share updates via weekly social media posts • Communicate through the official LINE account on an as-needed basis	• 5 labor-management meetings conducted • 2 employee welfare committee meetings convened • 16,779 training hours delivered to 912 participants • 4 employee feedback cases received, all of which were resolved • 0 cases reported through the grievance hotline • 118 responses provided via social media channels • 607 employee interactions facilitated through the official LINE account
Shareholders / Investors	Long-term shareholder support is essential to NAK's stable growth and sustainable development. Guided by the principles of transparency, integrity, and responsible operations, we ensure fair and timely access to material information for all investors while fostering a culture of openness, accountability, and active engagement that supports long-term value creation.	Finance Department	Regulatory Compliance Operational Performance Information Security Ethical Business Practices Risk Management	• Hold the annual shareholders' meeting • Hold investor conferences at least once annually • Publish annual and quarterly financial reports • Disclose material information on the Market Observation Post System (MOPS) • Provide a dedicated investor email and contact line, available on a real-time basis	• Held the annual shareholders' meeting on June 20, 2024 • Participated in the Yuanta securities investor forum on September 11, 2024 • Disclosed quarterly audited/reviewed financial reports • Published 18 material disclosures via the Market Observation Post System (MOPS) • Conducted a cybersecurity disaster recovery drill, with no major incidents reported • No legal or corruption cases reported in 2024 • Financing credit lines approved by four banks and endorsed by the Board of Directors

Stakeholder	Importance to NAK (Materiality)	Responsible Department	Key Topics of Concern / Expectations	Engagement Methods and Frequency	2024 Engagement Summary and Company Response
Communities / NGOs	NAK recognizes that its operations have a direct impact on surrounding communities. As part of our commitment to sustainability and social responsibility, we actively engage with local stakeholders to address their expectations and concerns. We strive to create positive social and environmental contributions in the communities where we operate, reinforcing mutual trust and long-term development.	Human Resources Department	Occupational Safety and Health Labor Relations and Human Rights Community Engagement	• Participated in activities organized within the industrial park to strengthen community relations • Engaged in charitable events to support social welfare and community development	• Donated NT$800,000 to support local community projects • Contributed NT$158,000 toward charitable activities and donations
Regulatory Authorities	NAK is committed to acting as a responsible enterprise by not only complying with all environmental, social, and governance regulations, but also striving to exceed them. Through this commitment, we uphold the highest standards of corporate governance and operations, fostering stakeholder trust and ensuring long-term sustainable growth.	Finance Dept. / Safety and Health Office / Human Resources Department Dept.	Regulatory Compliance Ethical Business Practices Occupational Safety and Health Circular Economy Waste Management Water Resource Management	• Undergo regulatory audits and inspections on an ad hoc basis • Maintain ongoing official correspondence with regulatory authorities • Participate in policy briefings organized by authorities when required • Obtain and maintain compliance-related certifications • Establish environmental targets and track performance against them • Conduct GHG inventories and implement reduction strategies	• Attended regulatory briefings and training programs with 87 participants, totaling 648 hours • Underwent a series of compliance and safety inspections • Advanced ongoing waste reduction and reuse initiatives • Implemented targeted GHG reduction strategies
Financial Institution	Financial partners are essential to NAK's capital management and long-term growth. They not only provide critical financial support but also place significant importance on the Company's performance and sustainability practices. By fostering transparent communication and responsible governance, NAK strengthens mutual trust with its financial partners and ensures access to sustainable financing.	Finance Department	Operational Performance Risk Management Regulatory Compliance Product Research and Development and Technology Development Product Quality and Safety	• Conduct regular communication through calls, email, or on-site visits on a quarterly basis	• Maintained regular quarterly communication with financial partners • Established new credit lines and sustained existing financing agreements

1.4 Materiality Assessment and Analysis

GRI 3-1 | GRI 3-2

In accordance with Taiwan's "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE and TPEx Listed Companies," NAK aligns its materiality assessment with the globally recognized GRI Universal Standards (2021). To enhance international comparability, the assessment also references the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD), reflecting the Company's commitment to global best practices.

Through its sustainability framework, NAK identifies key stakeholders and material topics, and evaluates the significance of their actual and potential impacts. The results guide both the management approach and the content of this sustainability report, while also serving as a foundation for assessing overall ESG performance. This ongoing process strengthens policy implementation and supports the creation of long-term shared value for both society and the business.
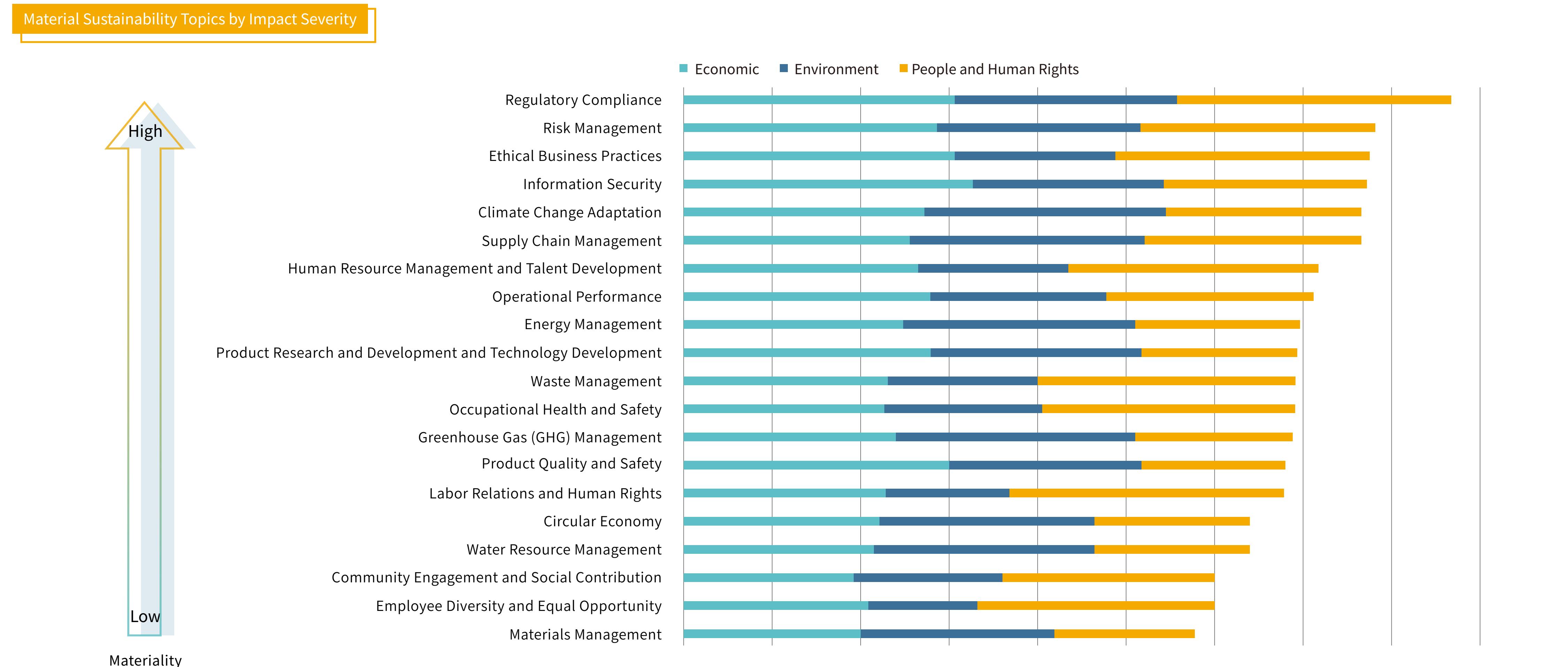
• **Materiality Assessment Process**

Step 1 Stakeholder Identification

Seven Key Stakeholder Groups Identified

NAK conducts stakeholder identification through a structured evaluation process that considers both the Company's influence on stakeholders and their influence on NAK's operations. Based on this analysis, seven key stakeholder groups were identified: Customers, Suppliers/Contractors, Employees, Shareholders/Investors, Communities and NGOs, Regulatory Authorities, and Financial Institutions. This stakeholder mapping approach provides a balanced and inclusive foundation for ongoing engagement and sustainability reporting.

Step 2 Identification of Sustainability Topics

20 Sustainability Topics Identified

In alignment with global ESG frameworks, including SASB and TCFD, and informed by peer benchmarking across the sealing and manufacturing industries, NAK's Sustainability Development Office conducted a structured review to identify 20 sustainability topics. These topics were assessed for both their potential impact on operations and their relevance to stakeholders, forming the foundation for the Company's materiality assessment and sustainability strategy.

Step 3 Stakeholder Survey on Topic Concern Level

Stakeholder Survey Results (**149** Valid Responses)

In 2024, NAK conducted a stakeholder questionnaire to assess the level of concern for each of the 20 identified sustainability topics. The survey was distributed across the seven stakeholder groups, yielding 149 valid responses.

Analysis of the results highlighted the six most significant issues of concern: Regulatory Compliance, Product Quality and Safety, Information Security, Operational Performance, Occupational Safety and Health, and Risk Management. These findings form the basis for NAK's materiality matrix and guide the Company's ESG management priorities.

Step 4 Impact Assessment of Sustainability Topics

Internal Impact Assessment Survey Results (**14** Valid Responses)

In 2024, NAK carried out an internal impact assessment survey with the participation of managerial-level employees. The assessment evaluated the actual and potential positive and negative impacts of 20 sustainability topics across three dimensions: environment, economy, and people (including human rights).

A total of 14 valid responses were received, reflecting NAK's commitment to embedding structured impact assessment into its sustainability management framework.

Step 5 Validation of Material Topics and Disclosure Scope

Nine Material Topics Identified

In 2024, NAK finalized nine material topics through a combination of impact assessment results and interdepartmental discussions. These topics represent the intersection of significant stakeholder concerns and the Company's most material impacts.

For each topic, the report details the management approach, key objectives across different time horizons, and corresponding performance outcomes. This materiality-driven strategy ensures that NAK continues to address the issues most critical to both the Company and its stakeholders, reinforcing long-term sustainability.

- ## Material Topic Impact Assessment

NAK assessed the impacts of 20 material topics across economic, environmental, and people (including human rights) dimensions. Each topic was evaluated based on the actual and potential impacts, positive and negative effects, impact magnitude, and likelihood of occurrence, using a scoring scale of 0 to 5.

An Internal Impact Assessment Questionnaire was distributed to managers at the division-head level for evaluation. The results were consolidated and used to calculate the overall impact level of each topic. The quantified materiality scores were then ranked from highest to lowest impact, and the results are presented in the bar chart below.

Material Sustainability Topics by Impact Severity

Legend: ■ Economic ■ Environment ■ People and Human Rights

Topics (High to Low):
- Regulatory Compliance
- Risk Management
- Ethical Business Practices
- Information Security
- Climate Change Adaptation
- Supply Chain Management
- Human Resource Management and Talent Development
- Operational Performance
- Energy Management
- Product Research and Development and Technology Development
- Waste Management
- Occupational Health and Safety
- Greenhouse Gas (GHG) Management
- Product Quality and Safety
- Labor Relations and Human Rights
- Circular Economy
- Water Resource Management
- Community Engagement and Social Contribution
- Employee Diversity and Equal Opportunity
- Materials Management

High ↑ Low — Materiality

List of Material Topics

Aspect	Material Topic (2024)	Impact on NAK	Value Chain Impact				Disclosure Section	GRI Standards Referenced
			Internal to the Organization	External to the Organization				
			NAK	Upstream (Suppliers)	Midstream (Peers/Industry)	Downstream (Customers)		
Governance	Ethical Business Practices	NAK is committed to creating sustainable value and delivering long-term returns for its shareholders, while also enhancing the well-being of employees and contributing positively to society.	V	V	V	V	2.2 Ethical Business Practices	GRI 205 Anti-corruption GRI 206 Anti-competitive Behavior
	Regulatory Compliance	Regulatory compliance is fundamental to our operations; therefore, we implement robust preventive and corrective measures to safeguard the Company's sustainable development.	V	V	V	V	2.3 Regulatory Compliance	GRI 2-27 Compliance with Laws and Regulations
	Risk Management	NAK's proactive approach to risk management—encompassing the identification, assessment, and mitigation of potential risks—establishes a strong foundation for operational stability and long-term success. This approach also reinforces stakeholder confidence in the Company's ability to manage uncertainties responsibly.	V	V		V	2.7 Risk Management	Custom Topic
	Information Security Management	Information security is a strategic priority for NAK, aimed at protecting sensitive data and safeguarding intellectual property while ensuring confidentiality, integrity, and availability.	V	V	V	V	2.6 Information Security	GRI 418 Customer Privacy
	Supply Chain Management	To ensure supply stability and timely delivery, NAK maintains a resilient and responsible supply chain system that enhances operational and cost efficiency.	V	V			2.5 Supply Chain Management	GRI 204 Procurement Practices GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment
Environment	Climate Change Response and Greenhouse Gas (GHG) Management	Climate change poses both physical and transitional risks to NAK's operations. Implementing proactive mitigation and adaptation strategies helps reduce direct and indirect impacts on the Company.	V	V		V	3.1 Climate Action and Resilience 3.2 Energy and Greenhouse Gas Management	GRI 201 Economic Performance GRI 305 Emissions
Product	Product Quality and Safety	NAK demonstrates its firm commitment to delivering reliable products and services through strict quality control and safety inspections. These measures ensure compliance and enhance stakeholder confidence in our operations.	V	V		V	3.5 Product Quality and Safety	GRI 416
Social	Human Resource Management and Talent Development	NAK provides comprehensive learning resources and a structured training system to support employees in sustainable career development.	V			V	4.1 Talent Development and Management	GRI 201 Economic Performance GRI 401 Employment GRI 402 Labor/Management Relations GRI 404 Training and Education
	Occupational Safety and Health	At NAK, the health and safety of employees are a top priority. Each facility has implemented comprehensive Occupational Safety and Health (OSH) policies to mitigate risks and protect staff well-being, reinforcing our commitment to employees and strengthening stakeholder trust.	V	V			4.2 Safe Working Environment	GRI 403 Occupational Health and Safety

CHAPTER

02

Ethical Corporate Governance

2.1 Corporate Governance
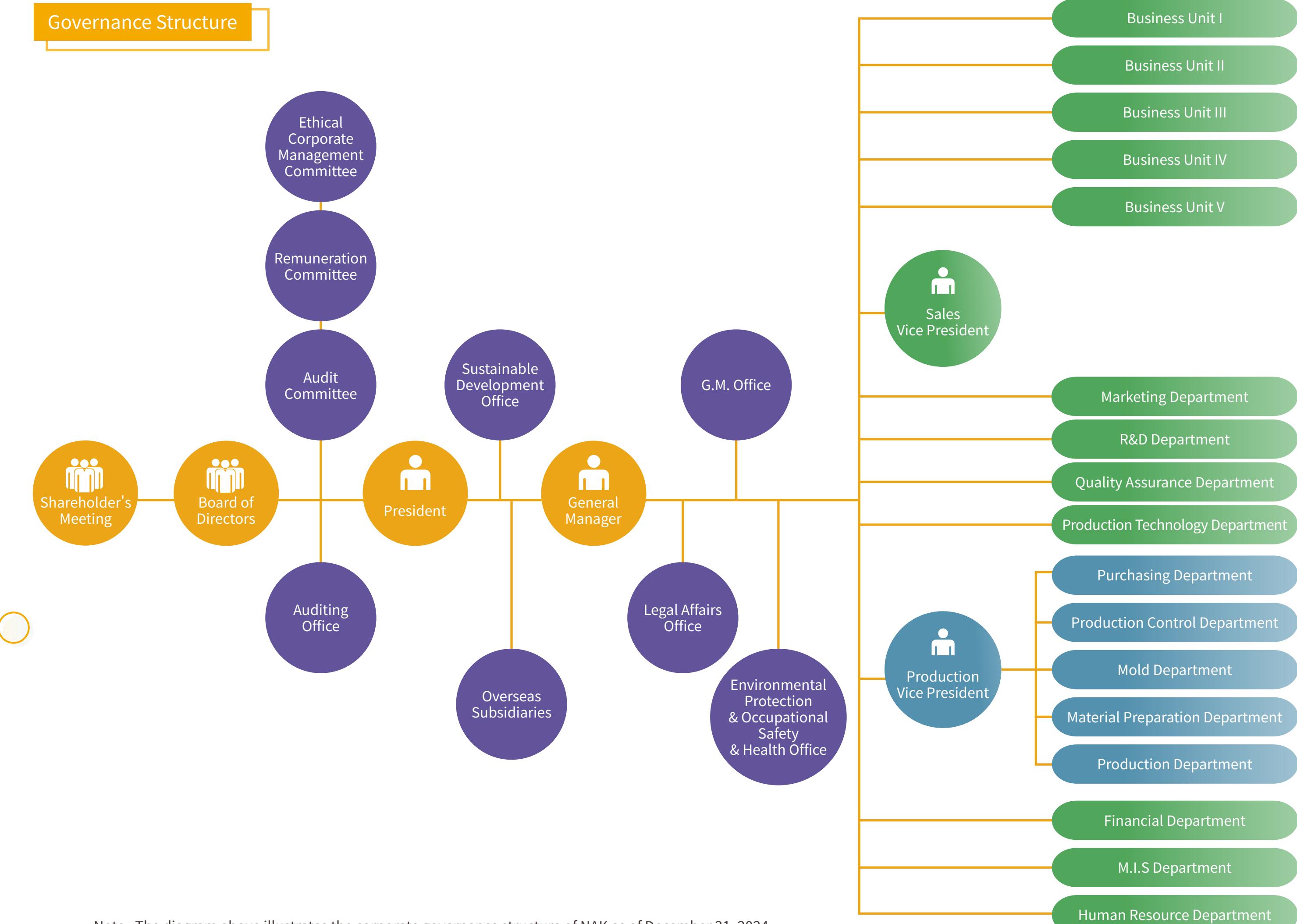
Corporate Governance Structure

GRI 2-9 │ GRI 2-10 │ GRI 2-11

The Board of Directors is the highest governance body at NAK, responsible for guiding the Company's strategic direction and supervising management. To strengthen governance oversight, the Board is supported by three functional committees: the Audit Committee, the Remuneration Committee, and the Ethical Corporate Management Committee.

In line with Article 20 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, NAK has adopted a Board Diversity Policy to enhance board structure and governance practices. Director candidates are nominated in accordance with the candidate nomination system established in the Company's Articles of Incorporation, and each nominee is evaluated based on academic and professional background, integrity, and relevant qualifications. Final candidates are approved by the Board and elected at the shareholders' meeting, ensuring fairness and transparency in the selection process.

Board Diversity Policy – Key Targets:
· Directors of either gender shall hold at least one-third of board seats.
· No more than one-third of board seats shall be held by directors who are also employees of the Company.

Governance Structure

Business Unit I
Business Unit II
Business Unit III
Business Unit IV
Business Unit V

Sales Vice President

Marketing Department
R&D Department
Quality Assurance Department
Production Technology Department

Purchasing Department
Production Control Department
Mold Department
Material Preparation Department
Production Department

Production Vice President

Financial Department
M.I.S Department
Human Resource Department

Ethical Corporate Management Committee

Remuneration Committee

Audit Committee

Sustainable Development Office

G.M. Office

Shareholder's Meeting
Board of Directors
President
General Manager

Auditing Office

Overseas Subsidiaries

Legal Affairs Office

Environmental Protection & Occupational Safety & Health Office

Note: The diagram above illustrates the corporate governance structure of NAK as of December 31, 2024.

Composition of Governance Bodies

GRI 2-9 | GRI 2-10 | GRI 2-11 | GRI 2-15 | GRI 405-1

- ## Composition of Governance Bodies and Nomination Process

In accordance with NAK's Articles of Incorporation, the Board of Directors is composed of nine members, each serving a three-year term and eligible for re-election. The Company adopts a candidate nomination system, under which nominees are assessed based on academic background, professional experience, integrity, and relevant qualifications. Final candidates are approved by the Board and elected at the shareholders' meeting.

The Board must include at least three independent directors, representing not less than one-fifth of all board seats, in line with the regulations of the competent securities authority. The qualifications, shareholding restrictions, limitations on concurrent positions, and duties of independent directors all comply with relevant legal requirements.

Board Diversity Policy
· At least one-third of seats shall be held by directors of either gender.
· No more than one-third of seats shall be held by employee-directors.

By the Articles of Incorporation, the Chairperson of the Board is elected from among the directors with the attendance of at least two-thirds of members and approval by a majority of those present. As of 2024, Mr. Joseph Shek serves as Chairperson, and Mr. Eric Shek as General Manager.

Board Composition (as of year-end 2024):
· Total: 9 directors (5 general directors, 4 independent directors)
· Gender: 1 female (11.11%)
· Age distribution: 2 under 50, 2 aged 51–60, 2 aged 61–70, 3 aged over 71
· Expertise: finance and accounting, corporate management, law, and physics, with extensive industry experience

For detailed board member profiles, terms of service, and qualifications, please refer to the 2024 Annual Shareholders' Meeting Report, Chapter 2. Corporate Governance Report.

- ## Functional Committees

To enhance corporate governance, ensure effective deliberation, and avoid conflicts of interest on material board proposals, NAK has established three functional committees under the Board of Directors: the Audit Committee, the Remuneration Committee, and the Ethical Corporate Management Committee. These committees enhance the Board's oversight and execution effectiveness. The functions and composition of each committee are presented in the following table.

Functions and Composition of Functional Committees

Functional Committees	Primary Responsibilities and Oversight Areas	Composition	Attendance Rate (2024)
Audit Committee	Comprised of independent directors with extensive professional backgrounds, the Audit Committee provides expert, independent expertise and oversight to support informed decision-making by the Board. The Committee ensures compliance with laws and regulations, protects investor interests, and contributes to sound financial reporting and corporate governance. Primary Responsibilities: 1. Ensure the accuracy and appropriateness of the Company's financial statements. 2. Oversee the appointment, dismissal, independence, and performance of external auditors. 3. Supervise the effectiveness of the Company's internal control systems. 4. Monitor compliance with applicable laws and regulations. 5. Manage existing and potential operational and financial risks.	The committee is composed entirely of four independent directors.	100%
Remuneration Committee	The Remuneration Committee assists the Board in overseeing the performance evaluations and compensation of directors and executives. It is responsible for formulating fair and transparent remuneration and benefits policies to align with corporate objectives. Primary Responsibilities: 1. Establish and periodically review policies, systems, standards, and structures for performance evaluation and remuneration of directors, supervisors, and managers. 2. Design and regularly review evaluation criteria for directors and executives, referencing industry practices, individual performance, corporate results, and potential risks, to ensure fair and aligned remuneration mechanisms. Relevant criteria are disclosed in the annual report. 3. Assess the achievement of performance goals by directors and executives and determine remuneration amounts and structures accordingly.	The committee is composed entirely of four independent directors.	100%
Ethical Corporate Management Committee	The Ethical Corporate Management Committee, supported by the Human Resources Department as the dedicated unit, is responsible for overseeing the Company's ethical business practices. The Committee provides at least one annual report to the Board on implementation progress and improvement actions, ensuring effective policy enforcement. Primary Responsibilities: 1. Embed ethical values and integrity into corporate strategy. 2. Establish anti-corruption measures in line with legal and regulatory frameworks. 3. Plan and ensure the effectiveness of whistleblowing mechanisms. 4. Promote and coordinate training on ethical policies. 5. Oversee the development and implementation of integrity policies.	The committee comprises four independent directors and three senior executives from NAK.	100%

Board Member Continuing Education

GRI 2-17

NAK encourages board members to pursue continuing education to enhance professional competencies, keep pace with industry and regulatory developments, and broaden their perspectives on corporate governance. These initiatives strengthen decision-making, management capabilities, and market awareness, ensuring alignment with best practices and legal requirements.

In 2024, the Company supported directors in attending training programs, seminars, and forums, with a focus on information security and ESG disclosure standards. On average, each board member completed 6 hours of training, in compliance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEx Listed Companies. Details of attendance and training records are disclosed via the Market Observation Post System (MOPS).

Remuneration Policy for Directors and Executive Management

GRI 2-19 | GRI 2-20

NAK's remuneration for directors is governed by the Company's Articles of Incorporation and the Regulations on Director and Independent Director Compensation Management. Compensation for the General Manager and Deputy General Managers is determined under the Compensation and Performance Evaluation Guidelines for Key Executive Officers.

The Company's remuneration structure includes both fixed and variable components. Fixed compensation is benchmarked against external market data, Company performance, and job responsibilities to ensure competitiveness and stability. Variable compensation is linked to a proportion of Company profits and tied to sustainability performance, incentivizing long-term value creation.

According to the Articles of Incorporation, remuneration for the Chairperson and Directors is distributed only when the Company is profitable, with up to 3% of earnings available for director compensation.

The Remuneration Committee annually reviews performance metrics, goals, and compensation structures for directors and executives. Individual compensation is based on goal achievement, approved by a majority of committee members, and submitted to the Board for final review. This process ensures performance-based, transparent, and reasonable compensation, reinforcing NAK's commitment to fair remuneration practices and governance integrity.
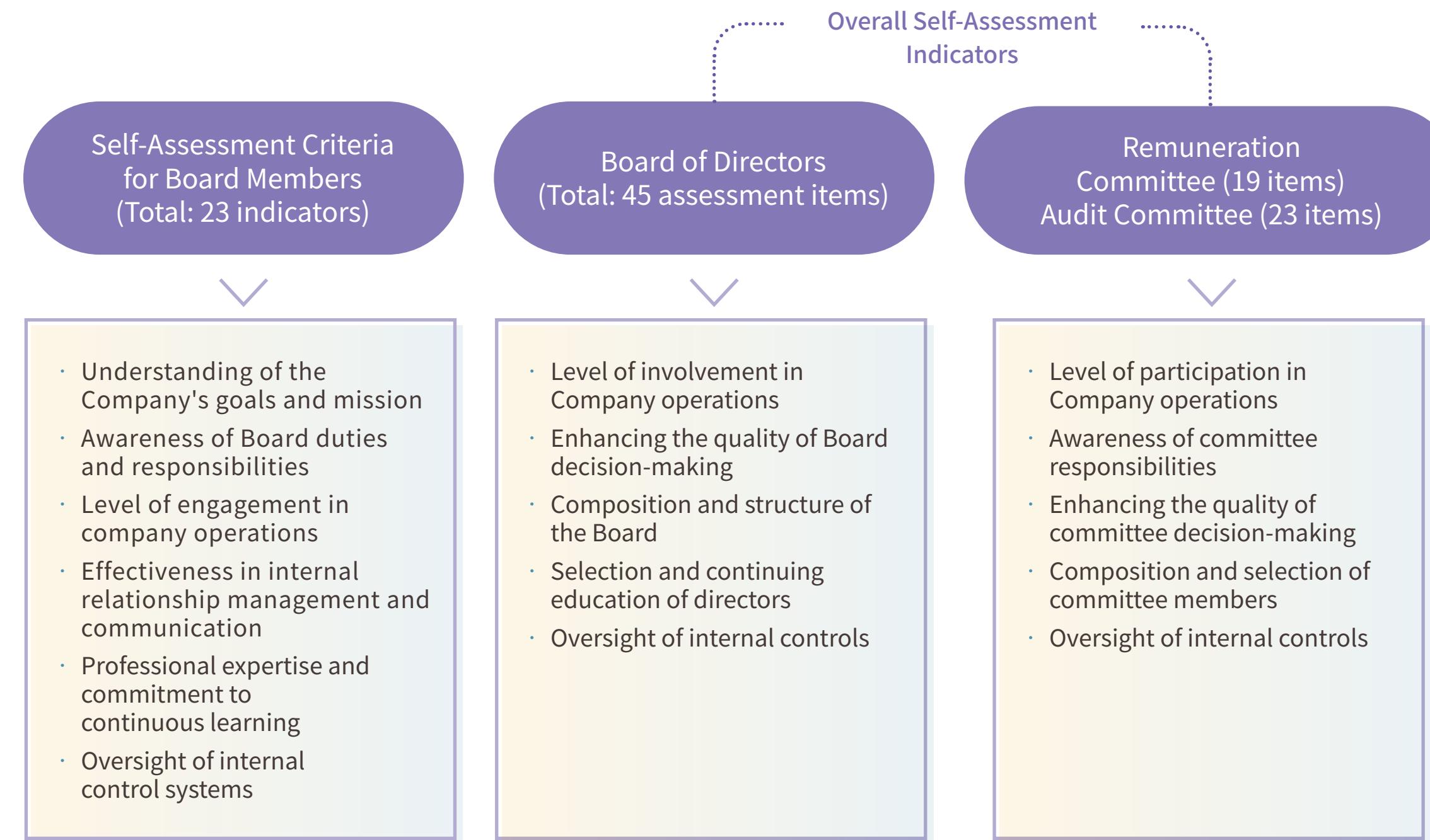
Board Performance Evaluation

GRI 2-18

To enhance governance and Board effectiveness, NAK adopted the Board Performance Evaluation Measures on March 23, 2020, as approved by the Board of Directors. This framework establishes performance goals aimed at improving the operational efficiency of the Board and its committees.

Internal performance evaluations are conducted annually for the Board of Directors, individual directors, the Remuneration Committee, and the Audit Committee. Evaluations are completed by the end of the first quarter of the following year. The Corporate Governance Officer oversees the process, with directors completing self-assessment questionnaires that are compiled and analyzed by the Corporate Governance team. Results are reported to the Board and relevant committees.

For details of the evaluation dimensions, please refer to the following table.

Overall Self-Assessment Indicators

Self-Assessment Criteria for Board Members (Total: 23 indicators)

· Understanding of the Company's goals and mission
· Awareness of Board duties and responsibilities
· Level of engagement in company operations
· Effectiveness in internal relationship management and communication
· Professional expertise and commitment to continuous learning
· Oversight of internal control systems

Board of Directors (Total: 45 assessment items)

· Level of involvement in Company operations
· Enhancing the quality of Board decision-making
· Composition and structure of the Board
· Selection and continuing education of directors
· Oversight of internal controls

Remuneration Committee (19 items) Audit Committee (23 items)

· Level of participation in Company operations
· Awareness of committee responsibilities
· Enhancing the quality of committee decision-making
· Composition and selection of committee members
· Oversight of internal controls

Conflict of Interest Management

GRI 2-15

To ensure transparency and prevent decisions from being influenced by personal interests, NAK has established conflict of interest rules in its Board Meeting Regulations. Directors with a conflict of interest in any agenda item—whether personal or on behalf of a represented legal entity—are required to disclose the relevant details during the meeting. They must abstain from related discussions and voting and may not act as proxies for other directors.

This mechanism safeguards the integrity of board decisions, reinforces independence, and protects stakeholder interests.

Communication on Critical Events

GRI 2-16

The Board of Directors, as NAK's highest governance body, ensures sound decision-making and effective oversight in accordance with laws, the Articles of Incorporation, and shareholder resolutions. Its responsibilities include approving annual and quarterly financial reports, evaluating internal control systems, appointing or dismissing external auditors and senior executives, and endorsing strategic plans.

To ensure information consistency and timely responses, board members and senior management are required to maintain open communication channels, particularly when addressing critical or material events.

In 2024, the Board convened seven meetings. One significant issue addressed was an equipment-related fire incident on May 30, 2024. No injuries occurred, and the estimated property loss was approximately NT$12 million.
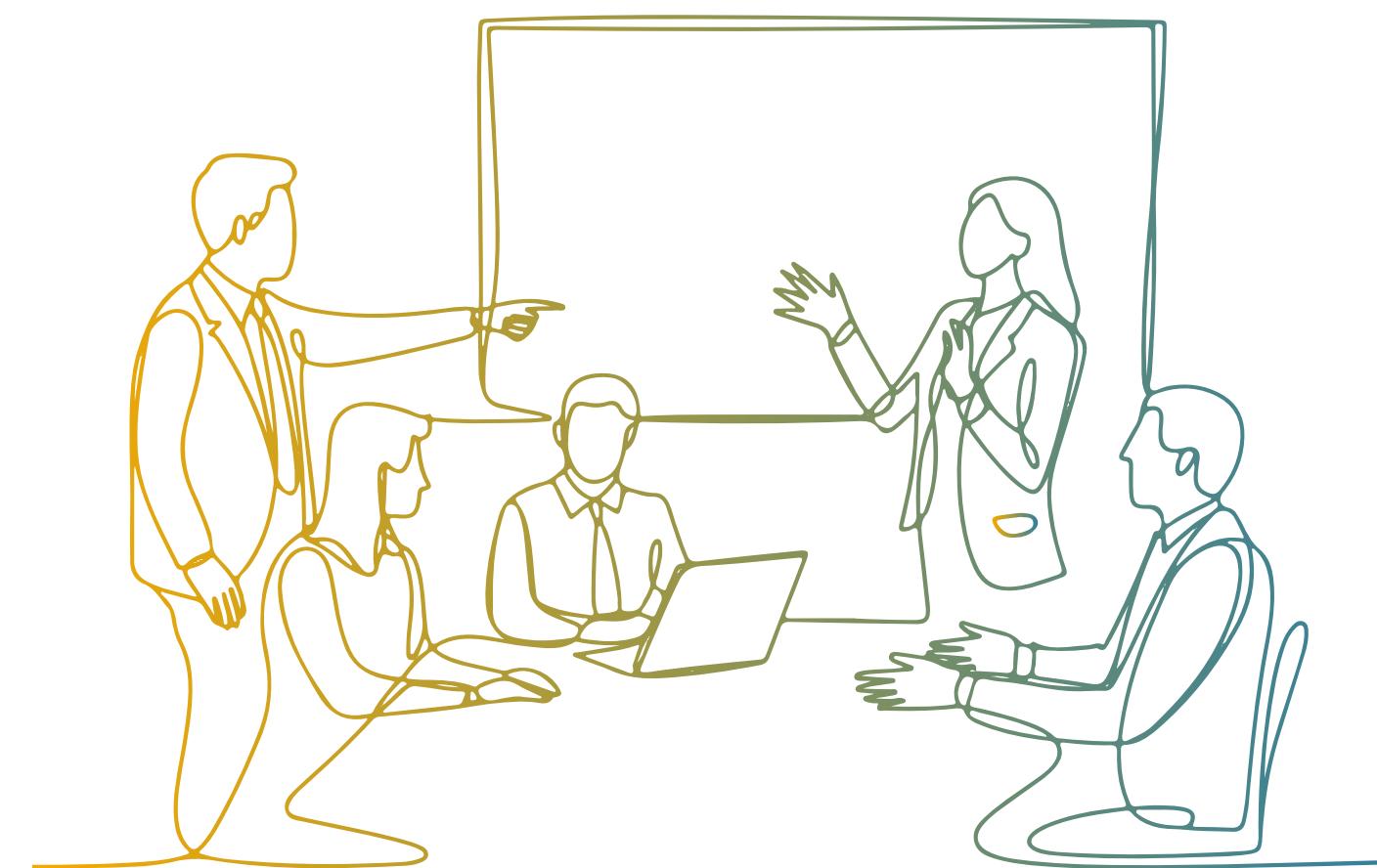
2.2 Ethical Business Practices

Management Approach – Integrity and Ethical Conduct

GRI 3-3

> **GRI** GRI Correspondence: GRI 205、206

Impact Significance
Integrity forms the foundation of NAK's corporate operations. Practicing integrity fosters a sound governance environment and protects stakeholder rights. The implementation of integrity management has potential positive and negative impacts on both economic and social aspects, particularly in relation to stakeholder trust, compliance, and corporate reputation.

Commitments / Policies
Integrity is a core value at NAK. To ensure effective implementation, the Company has established the following policies and procedures:
1. Ethical Corporate Management Best Practice Principles for TWSE / TPEx Listed Companies.
2. Ethical Corporate Management Operating Procedures and Code of Conduct.
3. Procedures for Handling Reports of Unlawful, Unethical, or Dishonest Conduct.

Short- to Mid-Term Goals (By 2027)
1. Achieve 100% integrity training coverage for all new employees.
2. Maintain zero cases of significant integrity violations.

Long-Term Goals (By 2030)
1. Achieve 100% annual re-training coverage for existing employees on integrity management.
2. Include binding integrity-related clauses in all supplier and customer contracts.
3. Maintain zero substantiated significant integrity violations.

Action Plan
1. Ensure annual re-training of existing employees on integrity management.
2. Implement integrity-related binding clauses in all supplier and customer contracts.
3. Conduct regular internal audits on integrity practices.
4. Provide integrity management training to directors and senior management through external experts.

Effectiveness Evaluation
Monitoring Process:
The Integrity Management Committee reports at least once annually to the Board of Directors on the implementation of integrity policies, the effectiveness of preventive measures, and the overall supervision status.
2024 Performance:
1. Integrity-related training was incorporated into onboarding programs, achieving 100% coverage for new employees.
2. No integrity management violations were reported in 2024.

Grievance Mechanism
Email Channel: Managed by the Human Resources Department, with support from the Audit and Legal Departments.
Hotline Channel: Managed by the Audit Department, with support from the Legal Department.

Ethical Policies and Practices

GRI 2-23 │ GRI 2-24

To foster a healthy corporate culture rooted in integrity, NAK adheres to the Ethical Corporate Management Best Practice Principles for TWSE / TPEx Listed Companies and has established comprehensive codes of conduct, including:
· Code of Ethical Corporate Management
· Ethical Corporate Management Operating Procedures and Code of Conduct
· Procedures for Handling Reports of Unlawful, Unethical, or Dishonest Conduct
· NAK Family Code

These policies provide all employees with clear guidelines for upholding ethical behavior and integrity. To ensure effective implementation, NAK has established the Integrity Management Promotion Task Force under the Board of Directors. This unit is responsible for policy oversight, consultation, and reporting, and must present compliance updates to the Board at least once annually.

Primary Responsibilities of the Integrity Management Promotion Task Force include:

Assisting in integrating integrity and ethical values into the Company's business strategies and developing anti-corruption measures in compliance with legal frameworks.

Establishing anti-corruption programs and related SOPs and behavioral guidelines tailored to specific operational activities.

Planning internal structures, personnel, and responsibilities; implementing mutual supervision mechanisms for business activities with high integrity risk.

Promoting and coordinating integrity policy training.

Planning and ensuring the effectiveness of whistleblowing mechanisms.

Assisting the Board and management in auditing and evaluating the effectiveness of integrity-related preventive measures and regularly assessing compliance within relevant business processes.

Before establishing any business relationship, NAK conducts due diligence to evaluate the legitimacy, integrity policies, and historical records of potential partners—including agents, suppliers, customers, and other counterparties. This process ensures that all business practices are fair, transparent, and free from bribery.

Evaluation criteria include:

1. Country of registration, business location, organizational structure, business policies, and payment locations.
2. Whether the entity has an integrity Management Approach and its implementation effectiveness.
3. Whether the business operates in a country with high corruption risk.
4. Whether the business sector is at a high risk of bribery.
5. The entity's long-term business performance and reputation.
6. Opinions from the entity's business partners.
7. Whether the entity has been involved in bribery or illegal political donations.

All directors, managers, employees, appointees, and individuals with actual control at NAK are strictly prohibited from offering, promising, requesting, or accepting any improper benefits—whether directly or indirectly. They are also forbidden from engaging in any dishonest, unlawful, or fiduciary-violating actions to gain or maintain advantages. Fraudulent or illegal conduct is strictly prohibited, as is the acceptance of gifts, hospitality, discounts, or preferential treatment obtained through one's position or duties.

The Code of Ethical Corporate Management explicitly requires employees not to abuse their position or tolerate dishonest behavior by subordinates. Where serious violations are supported by concrete evidence, NAK reserves the right to immediately terminate employment without prior notice.

Furthermore, all contracts with agents, suppliers, customers, and other counterparties must include integrity clauses requiring compliance with ethical policies. NAK also retains the contractual right to terminate or rescind agreements if counterparties engage in dishonest conduct.

Integrity Training and Awareness Promotion

GRI 205-2

NAK organizes at least one annual integrity management training or awareness campaign to ensure all employees possess anti-corruption awareness. This initiative aims to equip them with the skills to effectively implement anti-corruption practices in their daily operations.

In 2024, NAK's integrity training and awareness programs covered a wide range of subjects to strengthen governance and compliance awareness. Topics included:
· Integrity Management
· Procedures for Handling Material Internal Information
· Occupational Safety and Health Management
· Accounting Systems
· Internal Controls

2024 Integrity Management Training / Awareness Summary

Target Group	Total Participants	Total Training Hours	Completion Rate [Note 1]
Board members	7	4	100%
Managers	75	34	100%
Employees	363	181	100%
New employees [Note 2]	65	33	100%
Total	510	252	

Note 1: Training Completion Rate is calculated as: Actual number of participants who completed the training ÷ Total number of participants required to attend.
Note 2: Integrity management training for existing employees applies to office staff. For new employees, the training is provided only to individuals of Taiwanese nationality.

Whistleblowing Mechanism and Reporting of Misconduct
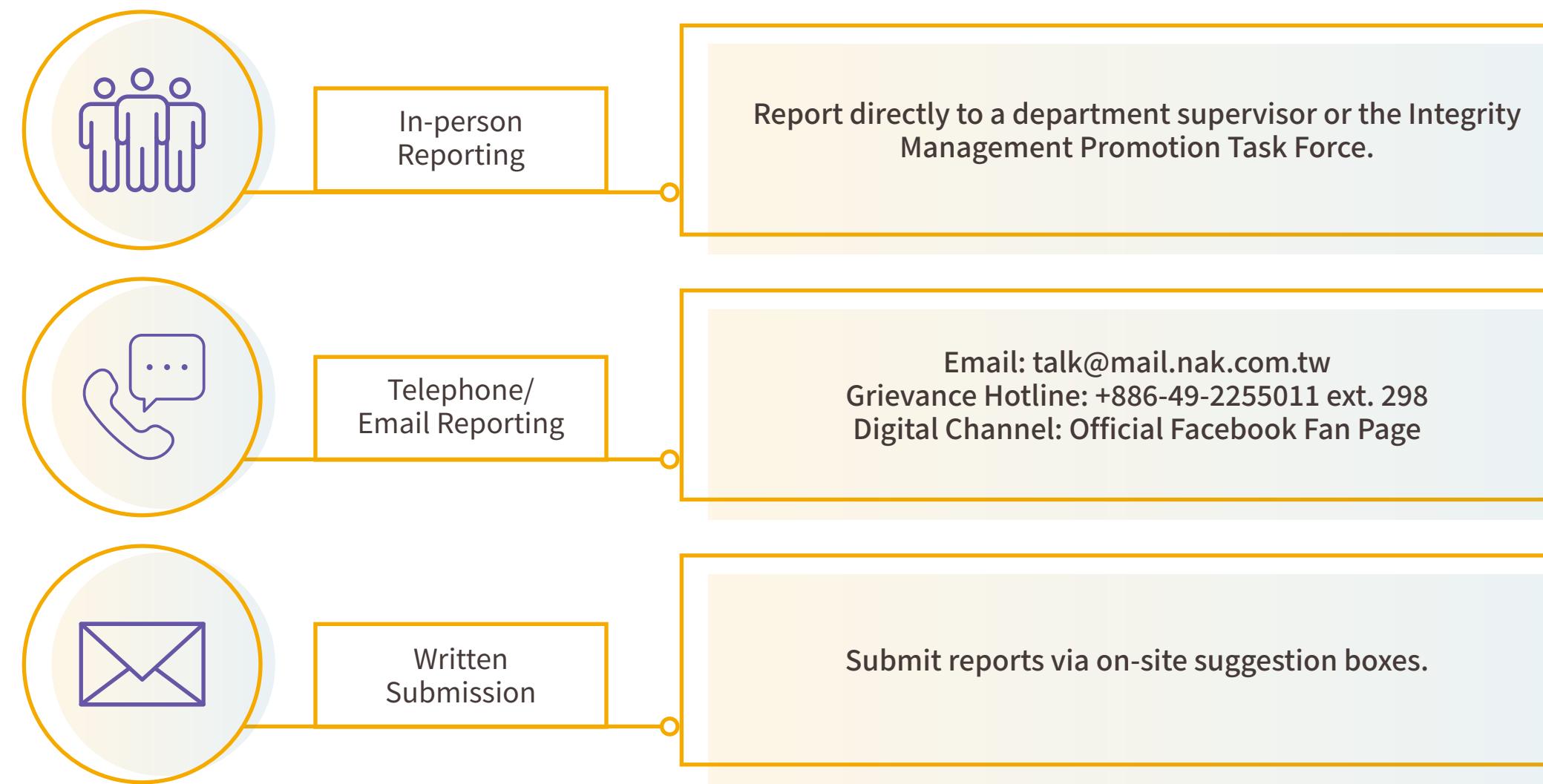
GRI 2-26 │ GRI 205-3 │ GRI 206-1

NAK has established the Procedures for Handling Reports of Illegal, Unethical, or Dishonest Conduct to ensure the effective implementation of integrity management. Reports may be submitted through three channels: in-person reporting, telephone reporting, or written submissions (mailboxes). All cases are received by the Integrity Management Promotion Task Force, which guarantees strict confidentiality of both the whistleblower's identity and the content of the report.

Upon receiving a report, the Task Force collaborates with the Audit and Legal Departments to investigate. Relevant departments are required to cooperate fully. If the case involves a director or senior executive, it is escalated to the Audit Committee. Records of the report, investigation process, and outcomes are maintained in written or electronic form for at least five years, or until the conclusion of any related litigation.

To encourage both internal and external reporting, NAK has established a reward mechanism, granting bonuses based on the seriousness of validated cases. Conversely, malicious or false reports are subject to disciplinary action, including possible termination.

2024 Outcomes:
· Zero confirmed cases of corruption reported.
· No employee terminations or disciplinary actions related to corruption.
· No contract terminations or non-renewals with business partners due to corruption.
· No litigation or legal proceedings involving corruption, anti-competitive behavior, antitrust, or monopolistic conduct.

	In-person Reporting	Report directly to a department supervisor or the Integrity Management Promotion Task Force.
	Telephone/ Email Reporting	Email: talk@mail.nak.com.tw Grievance Hotline: +886-49-2255011 ext. 298 Digital Channel: Official Facebook Fan Page
	Written Submission	Submit reports via on-site suggestion boxes.

2.3 Regulatory Compliance

Management Approach – Regulatory Compliance

GRI 3-3

GRI **GRI Correspondence: GRI 2-27**

Impact Significance
Compliance with laws and regulations is a fundamental requirement for NAK's operations. By formulating and implementing preventive and corrective measures, the Company seeks to minimize the risk of violations, safeguard corporate reputation, and strengthen operational resilience. Severe breaches could negatively impact public perception and, in turn, the Company's ability to operate effectively. Legal compliance efforts therefore carry both positive and negative implications across economic, environmental, and social dimensions.

Commitments / Policies
NAK is committed to full compliance with all applicable national and local laws and regulations. To strengthen legal compliance capabilities and ensure sustainable operations, the Company regularly reviews and updates internal policies to reflect regulatory changes and best practices.

Short- to Mid-Term Goals (By 2027)
1. To continuously reduce incidents of environmental and social regulatory violations, with the ultimate goal of maintaining zero cases of major non-compliance each year.

Long-Term Goals (By 2030)
1. Establish comprehensive internal compliance policies and procedures covering all legal requirements relevant to business operations (e.g., environmental regulations, labor laws, and anti-corruption laws).
2. Designate a compliance officer or establish a dedicated task force to oversee daily compliance with applicable laws and regulations.
3. Regularly review and update the internal compliance manual to reflect regulatory changes and ensure alignment with best practices.

Action Plan
1. Conduct preventive reviews to identify potential regulatory risks and ensure all operational procedures remain compliant.
2. Collaborate with local governments and relevant agencies to obtain the latest regulatory updates and promptly revise internal policies.
3. Organize regular compliance training programs to enhance employees' legal knowledge and compliance awareness.
4. Establish a Regulatory Compliance Task Force responsible for monitoring, tracking, and resolving potential non-compliance risks.

Effectiveness Evaluation
Monitoring Process:
Conduct regular internal compliance audits to verify alignment with the latest regulatory requirements and ensure timely remediation where gaps are identified.
2024 Performance:
1. No major regulatory violations were recorded in 2024.
2. Minor non-compliance incidents were promptly addressed through corrective actions, and relevant improvements have since been implemented.

Grievance Mechanism
A compliance reporting mailbox is available on the Company's official website, enabling both employees and external stakeholders to anonymously report any potential legal violations. A designated task force is responsible for receiving and responding to such reports and conducts regular monthly reviews to ensure timely handling and follow-up.

Legal Identification and Collection

Compliance with laws and regulations is a fundamental corporate responsibility. To this end, NAK has established the Regulations and Other Requirements Identification and Management Guidelines, which ensure that all applicable legal and regulatory requirements are continually updated and regularly reviewed. These guidelines provide clear direction for employees to comply with laws in the course of business activities and help prevent potential misconduct. Legal compliance responsibilities are jointly undertaken by the General Manager's Office and relevant departments.

NAK also maintains a dedicated Legal Department to provide legal consultation and contract review services, ensuring compliance across all markets in which the Company operates. In line with the Identification and Management Guidelines, the Environmental, Occupational Safety and Health (OSH), and Equipment Departments are tasked with regularly identifying regulations related to environmental protection, energy management, and workplace safety. Each stakeholder group is mapped to its corresponding responsible unit, which collects feedback on environmental requirements.

Newly identified, revised, or deleted regulations are recorded in the Company's Legal Compliance system— an automated platform that facilitates tracking and updates. Regular regulatory assessments are conducted to verify compliance status. If any requirement is deemed applicable but not fully met, or if risks and improvement opportunities are identified, the matter is listed as a compliance improvement item, and the responsible unit is required to implement corrective actions.

Legal Compliance Identification Process

Regulation Collection (Quarterly)
Responsible Units: Environmental, Occupational Safety and Health and Equipment Departments

Stakeholder Requirement Collection (Ad hoc)
Responsible Units: Designated stakeholder-responsible departments

Entry into "Legal Compliance"

Regulatory Applicability and Compliance Assessment (Every six months)
Convened by the responsible unit with relevant departments for joint discussion

If requirements are applicable but non-compliant, or if improvements are identified, they are listed as a follow-up improvement items

Legal Compliance Training and Awareness Programs

NAK regularly conducts training and awareness programs on applicable laws and regulations for directors, managers, and employees to ensure they remain up to date with regulatory developments.

In 2024, the Company organized courses and awareness sessions covering topics such as sustainable development, ethical business conduct, diversity and inclusion, and occupational safety and health.

A total of 1,078 participants attended these programs, accumulating 790.9 training hours.

Detailed statistics on training and awareness sessions are presented in the table below.

Training / Awareness Topic	Target Group	Number of Participants	Total Training / Awareness Hours
Sustainability Issues, Net-Zero Trends and Response Strategies (Awareness Session)	Managers	37	79
EU CBAM Declaration (Briefing Session)	Managers, Sales Department Staff	75	81.5
Legal Awareness on Workplace Sexual Harassment (Training)	Managers, Employees	920	587.4
In-service Training for Occupational Safety and Health Supervisors – Chemicals	Occupational Safety and Health Supervisors	8	24
Insider Trading Awareness (Training)	Employees	22	11
Waste Regulations (Training)	Employees	8	4
Fixed Pollution Source Permits and Air Pollution Fee Regulations (Training)	Employees	8	4
Total		1,078	790.9

Regulatory Compliance Status

GRI 2-27

In 2024, NAK received four regulatory penalties related to environmental and social regulations. All cases were classified as non-major violations. The Company takes every instance of non-compliance seriously, requiring responsible departments to identify root causes, propose corrective actions, and submit improvement plans within a defined timeframe to prevent recurrence. In addition, there were no violations recorded in 2024 in the following areas:
· Health and safety regulations for products and services
· Product and service information regulations
· Marketing communications regulations, including advertising, promotions, and sponsorships

Definition of Major Violation
Administrative fines of NT$500,000 or more

Major Violations (2024)
0 cases
(Total fines: NT$0)

Non-Major Violations (2024)
5 cases
(Total fines: NT$320,000)

Note: Two cases penalized in 2024 were related to violations that occurred in 2023, including one non-monetary penalty and one fine of NT$100,000. The financial impact of these penalties was considered significant.
Three cases involved violations that both occurred and were penalized in 2024, with total fines of NT$220,000.

2.4 Operational Excellence and Business Continuity

GRI 201-1 | GRI 201-4

In 2024, NAK recorded consolidated revenue of NT$3,923,456,000, representing an approximately 18% decrease compared to the previous year. The decline was primarily attributable to global clients' inventory reduction efforts, resulting in lower revenue levels than the same period in 2023.

The Company allocates its direct economic value by distributing a significant portion to stakeholders and retaining the remainder for reinvestment in future operations. In 2024, approximately 92.1% of generated monetary value was distributed—primarily to operating costs, employee salaries and benefits, and payments to capital providers.

Regional Sales Distribution (Past Three Years)

Unit: NT$ Thousand

Year / Region	2022		2023		2024	
	Amount	Proportion	Amount	Proportion	Amount	Proportion
Asia	2,275,957	54.68%	2,540,539	53.08%	2,432,907	62.01%
Europe	1,031,191	24.78%	1,398,201	29.21%	898,391	22.90%
Americas	852,626	20.48%	794,827	16.61%	558,456	14.23%
Africa	2,462	0.06%	52,959	1.10%	33,702	0.861%

Note: Data sourced from CPA-audited consolidated financial statements (2022–2024).

Direct Economic Value Generated and Distributed (Past Three Years)

Unit: NT$ Thousand

Item		2022	2023	2024
Direct economic value generated [Note 2]		3,315,932	3,750,089	2,871,564
Direct economic value distributed	Operating costs	1,539,903	1,534,325	1,376,418
	Employee wages and benefits	809,768	907,663	682,679
	Payments to providers of capital	419,743	469,971	582,291
	Payments to government	5,274	5,102	3,447
	Community investments	1,881	1,166	1,283
Economic value retained		539,364	831,863	225,447

Note 1: Data from audited standalone financial statements (2022–2024).
Note 2: Direct economic value generated includes operating revenue, interest income, other income, gains on disposal of property, plant and equipment, and investment income.
Note 3: Payments to providers of capital include cash dividends and interest expenses.
Note 4: Community investments refer to donations made to government entities, charitable organizations, and other public welfare contributions.

As of April 21, 2025, NAK's shareholder structure did not include any government entities. In 2024, the Company received a total of NT$12,535 thousand in government financial assistance, representing an increase compared to prior years. This increase was primarily attributable to subsidies granted under the Lean Production Upgrade and Transformation Program, which supports enhancements in production processes.

Government Financial Assistance

Unit: NT$ Thousand

	2022	2023	2024
Government Subsidies	1,643	71	12,535

2.5 Supply Chain Management

Management Approach – Supply Chain Management

GRI 3-3

GRI — GRI Correspondence: GRI 204、308、414

Impact Significance
Effective supply chain management reduces risks related to raw material shortages and transportation disruptions, while encouraging partners to align with global sustainability initiatives. This approach enhances profitability and operational stability, while mitigating potential negative impacts on the environment, human rights, and society. As such, NAK's supply chain practices generate both positive and negative impacts across economic, environmental, and social dimensions.

Commitments / Policies
Suppliers are indispensable partners in NAK's operations. To ensure alignment with the Company's standards in quality, delivery, environmental protection, and occupational safety and health, NAK has established a Supplier Code of Conduct. All cooperating suppliers are required to sign this code, thereby committing to compliance with both environmental and social standards.

Short- to Mid-Term Goals(By 2027)
1. Finalized the Supplier Corporate Social Responsibility (CSR) Code of Conduct and the Integrity Clause, and initiated the supplier signing process.
2. Completed the annual supplier evaluations.
3. Integrated environmental, occupational safety and health, and energy policy requirements into supplier evaluation criteria and contract terms.

Long-Term Goals (By 2030)
1. Achieve a 100% signing rate for the Supplier Corporate Social Responsibility (CSR) Code of Conduct and the Integrity Clause.
2. Ensure a 100% completion rate for the annual supplier evaluations.
3. Promote the adoption of carbon inventory (GHG accounting) practices among suppliers to enhance environmental performance across the supply chain.

Action Plan
The implementation of sustainable supplier management has enhanced supply chain resilience, reduced the risk of negative ESG impacts from suppliers, and improved overall supply chain sustainability performance. These measures have also strengthened NAK's corporate reputation and mitigated potential legal compliance risks within the supply chain.

Effectiveness Evaluation
Monitoring Process:
1. Supplier audit maintenance
2. Supplier audit findings response timeframe
2024 Performance:
100% response rate to supplier audit findings

Grievance Mechanism
General Communication: Managed through designated account managers to maintain ongoing dialogue with suppliers.
Complaints: Handled by the Audit Department Manager, ensuring impartial investigation and resolution.

Supplier Management Policy

GRI 308-1 │ GRI 308-2 │ GRI 414-1 │ GRI 414-2

NAK places great importance on the environmental responsibility and ethical conduct of its suppliers. High-quality of raw materials are essential to ensuring product performance and durability, while a responsible approach to environmental and social issues is key to achieving sustainable operations.

NAK expects its supplier partners to not only to provide high-quality materials and reliable delivery schedules but also comply with all applicable laws, regulations, and standards. Suppliers are required to systematically implement preventive measures to protect the environment. Since 2022, NAK has required all suppliers to sign the Supplier Code of Conduct, which sets clear expectations across multiple areas to reduce carbon emissions and environmental impacts.

Key Areas of the Supplier Code of Conduct:
Clean production and sustainable procurement; Pollution prevention and resource consumption reduction; Safe handling of chemicals and hazardous substances; Control of air pollutant emissions; Wastewater and waste management; Automation improvements to reduce employee workload; Production efficiency enhancements; Reduction of processing waste; Recycling and reuse of materials and products

Supplier Code of Conduct
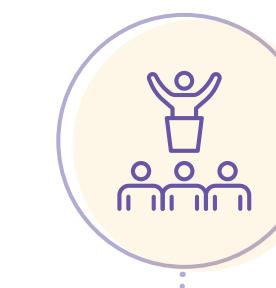
Environmental
· Clean production and procurement
· Pollution prevention and reduction of resource consumption
· Management of chemicals and hazardous materials
· Management of air pollutant emissions
· Management of wastewater and waste
· Recycling and reuse of materials and products

Labor and Human Rights
· Prohibition of child labor
· Prohibition of any form of discrimination
· Prohibition of forced labor
· Freedom of association
· Use of automation to reduce employee workload
· Promotion of health and safety

Ethical Standards
· Anti-corruption and prohibition of bribery
· Anti-money laundering
· Establishment of information security systems
· Personal data protection

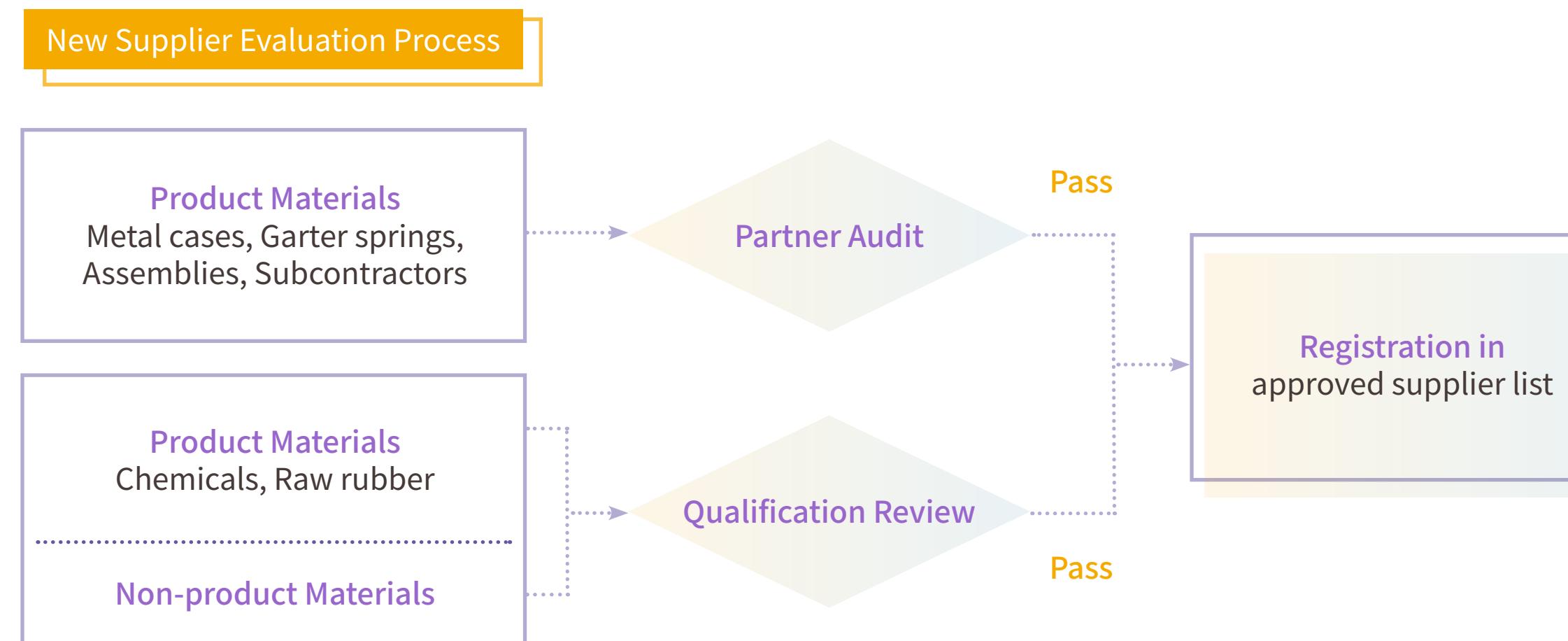## · Supplier Selection and Evaluation

NAK has established a Supplier Management Policy requiring all new suppliers to undergo a comprehensive evaluation process that includes environmental performance and occupational safety and health practices.

Evaluation Criteria:
· Suppliers must hold ISO 9001 quality management certification; development of IATF 16949 systems is encouraged, with preference for third-party certification.
· Environmental and occupational safety and health performance, including certification to ISO 14001 and ISO 45001.
· On-site audits are mandatory for material suppliers (e.g., metal cases, garter springs, assemblies, and subcontractors).
· Raw material suppliers must provide documentation verifying material sources (e.g., SDS, IMDS, RoHS, and REACH).

Only suppliers who successfully pass the evaluation and sign the Supplier Code of Conduct are recognized as qualified business partners of NAK.

In 2024, NAK did not onboard any new suppliers.

New Supplier Evaluation Process

| Product Materials
Metal cases, Garter springs, Assemblies, Subcontractors | → | Partner Audit | Pass → | Registration in approved supplier list |

| Product Materials
Chemicals, Raw rubber
···
Non-product Materials | → | Qualification Review | Pass → | |

· Supplier Audit

To ensure qualified suppliers consistently meet NAK's standards, supplier evaluations performance is monitored through routine assessments and annual audits.

Routine Assessments:
· Each purchase order is evaluated for delivery performance and product quality.
· Suppliers are scored on their delivery rate and quality pass rate.
· Monthly summaries are compiled for suppliers representing 80% of the previous year's transaction value.

Evaluation Grades:
· Suppliers are graded from A to C.
· Suppliers rated B or C are classified as observation targets for improvement tracking.

Corrective Action:
· Suppliers rated C for three consecutive months must undergo on-site audits by the Procurement and Quality Assurance Departments.
· Audit results determine whether the supplier remains on NAK's approved supplier list.

Daily Evaluation		
A	B	C
Above 90.00 points	89.99~75.00 points	Below 74.99 points
Suppliers rated "A" gain priority for transactions in the following year and receive priority consideration for new development orders.	Suppliers rated "B" are required to continue improvements and complete a Supplier Improvement Notice form. Suppliers rated "C" for three consecutive months must undergo an on-site audit conducted jointly by the Procurement and Quality Assurance Departments. The audit outcome determines whether the supplier remains on NAK's approved supplier list.	

The annual audit primarily evaluates the effectiveness of suppliers' quality and Environmental, Health, and Safety (EHS) management systems. Each year, suppliers are required to complete a self-assessment using NAK's Supplier Environmental and Occupational Safety and Health Questionnaire. The Procurement Department develops an annual audit plan and conducts on-site audits of selected suppliers, referencing ISO 9001/IATF 16949, ISO 14001, and ISO 45001 standards.

Suppliers are graded based on audit results and those not meeting standards will receive additional guidance. Corrective action plans must be submitted for identified deficiencies, reviewed by the Quality Assurance Department and the Occupational Safety and Health Office, with follow-up audits scheduled within 3–6 months.

If any supplier is found in violation of hazardous waste regulations or other major issues that could harm NAK's reputation, cooperation with that supplier is terminated immediately.

In 2024, the average audit score for suppliers was 90.87, with no suppliers identified as having significant negative environmental or social impacts.

Annual Audit				
A	B	C	D	E
Above 90.00 points	89~75 points	74~60 points	59~45 points	Below 45 points
✓ Qualified (Annual Audit)	△ Improvement Required	X Disqualified (Supplier Qualification Revoked)		

- **Sustainable Material Selection and Supplier Collaboration on Research and Development**

NAK prioritizes sourcing materials from sustainable suppliers and actively promotes collaborative research and development. In 2024, the Company partnered with four suppliers to jointly develop new types of environmentally friendly materials. All participating suppliers obtained ISO 14064 certification, underscoring their commitment to carbon management and contributing to the reduction of environmental impact across the supply chain.

Local Procurement

GRI 204-1

To strengthen supply chain resilience and support regional development, NAK actively promotes local procurement. This approach helps shorten lead times, reduce transportation costs, lower carbon emissions from logistics, and contribute to the local economy.

Local procurement is defined as the purchase of raw materials where both the shipping origin and the purchasing factory's business registration are within the same country.

In 2024, NAK achieved a local procurement rate of 65%, reflecting its ongoing efforts to balance operational efficiency with environmental and social responsibility.

2.6 Information Security

Management Approach — Information Security Management

GRI 3-3

GRI Correspondence: GRI 418

Impact Significance
In the digital age, information security (InfoSec) has become a critical risk that enterprises must address. Establishing an effective information security management system enhances protective capabilities, raises employee awareness, and prevents data breaches or cyberattacks, thereby safeguarding confidential corporate data and protecting stakeholder rights.
NAK adopts a proactive approach to information security. Any leakage, theft, or loss of customer or supplier data could compromise stakeholder privacy, expose them to ransomware threats, and create legal risks for the Company. Accordingly, information security management at NAK is positioned as a key element of both governance and social responsibility.
Ensure the confidentiality, integrity, and availability (CIA) of critical information systems and data across the organization.

Commitments / Policies
Ensure the confidentiality, integrity, and availability (CIA) of critical information systems and data across the organization.

Short- to Mid-Term Goals (By 2027)
1. Reduce the social engineering test failure rate to below 8%.

Long-Term Goals (By 2030)
1. Achieving a 0% failure rate in social engineering simulations is a critical goal, as it demonstrates that employees are effectively trained to identify and respond to potential security threats. This outcome directly reduces the risk of data breaches and cyberattacks.
2. NAK is committed to implementing the ISO 27001 Information Security Management System, a globally recognized framework that strengthens the Company's ability to manage and safeguard its information assets.

Action Plan
1. Conduct annual social engineering simulations and cybersecurity training to strengthen employee awareness and response capability.
2. Regularly review and audit core systems and equipment logs to detect and prevent abnormal access.
3. Continuously monitor network and system operations to identify and block potential cyberattacks.
4. Deploy vulnerability scanning tools to access critical systems with timely remediation of identified risks.
5. Classify and encrypt sensitive data to reduce the likelihood of data leakage.

Effectiveness Evaluation
Monitoring Process:
1. Maintain ongoing follow-up on medium- to high-risk vulnerabilities until full remediation is achieved, ensuring a secure operating environment.
2. Conduct an annual review and update of information security policies, ensuring all employees across the group are informed and compliant.
3. Perform periodic internal and external audits, with corrective and preventive actions implemented for any identified findings.
2024 Performance:
1. In 2024, NAK completed a social engineering simulation with a failure rate of 11.64%. Further awareness campaigns and training initiatives have been planned to improve employee resilience against such threats.
2. Throughout the year, no major cybersecurity incidents or personal data breaches were reported, reflecting the effectiveness of existing information security measures.

Grievance Mechanism
1. Primary contact: The IT Department serves as the first point of contact for all information security–related matters.
2. In the event of an incident, employees are required to follow the Company's Information Security Incident Reporting Procedures, ensuring timely escalation, investigation, and resolution.

In recent years, ransomware and cyberattacks have caused significant disruptions and financial losses for many well-known enterprises, while also damaging corporate reputation and stakeholder trust. Such incidents highlight the urgency of strengthening cybersecurity across all organizations.

NAK is fully committed to safeguarding intellectual property and data security, recognizing their critical role in maintaining both our own competitiveness and that of our partners. To this end, we have established a robust cybersecurity defense system designed to protect confidential information and ensure business continuity.

Our continuous investments include:
· Information security monitoring systems to detect and respond to threats in real time.
· Vulnerability scanning tools to prevent external intrusions and internal data leaks.
· Access control mechanisms and hardware/software asset management to secure system integrity.

Through these efforts, NAK demonstrates its ongoing commitment to addressing the increasingly sophisticated nature of cybersecurity threats, protecting stakeholder trust, and ensuring resilient operations.

Information Security Governance Framework

The IT Department serves as NAK's dedicated unit for cybersecurity management. On December 26, 2023, the Board of Directors formally appointed an Information Security Officer and supporting personnel to strengthen the Company's cybersecurity governance. The IT Department is responsible for formulating cybersecurity policies, planning and implementing security operations, and coordinating cross-departmental execution of related initiatives.

NAK's Information Security Policy is aligned with the international ISO/IEC 27001:2013 Information Security Management System (ISMS). Internal regulations—such as the Internal Control System: Electronic Data Processing Cycle and the Information Security Policy Guidelines—establish clear policies and operational standards. These regulations are structured around six core strategic areas:
· Information asset management
· Strengthening of security controls
· Cybersecurity training and awareness
· Disaster recovery and backup drills
· Risk assessment and management
· Incident response and digital forensics

To ensure effective implementation, the Audit Office conducts annual reviews of the Electronic Data Processing Cycle under the internal control system to evaluate the effectiveness of information and communication security controls.

Looking ahead, NAK is actively preparing for ISO/IEC 27001 certification to further strengthen its information security capabilities. These measures aim to ensure the confidentiality, integrity, and availability of information assets, thereby protecting the rights and interests of customers, suppliers, employees, and other stakeholders. This commitment reflects NAK's dedication to social responsibility and reinforces its long-term competitiveness.

Information Security Management Strategies

Strategy	Description
Information Asset Management	Classify information based on confidentiality levels and implement appropriate access controls and protection measures. Users are required to follow the Company's document classification and encryption policies to minimize the risk of exposure.
Strengthening Information Security	Continuously evaluate and implement appropriate cybersecurity solutions to effectively secure and manage systems, servers, and network activities.
Cybersecurity Training and Awareness	Conduct regular training sessions to raise awareness and enhance understanding of key cybersecurity practices among employees.
Disaster Recovery and Business Continuity Drills	Conduct regular disaster recovery drills on critical systems to ensure rapid recovery and maintain operational continuity in case of disruptions.
Cyber Risk Assessment	Regularly assess and improve the security of endpoints, servers, and network equipment, and leverage third-party professional services to support remediation and continuous improvement.

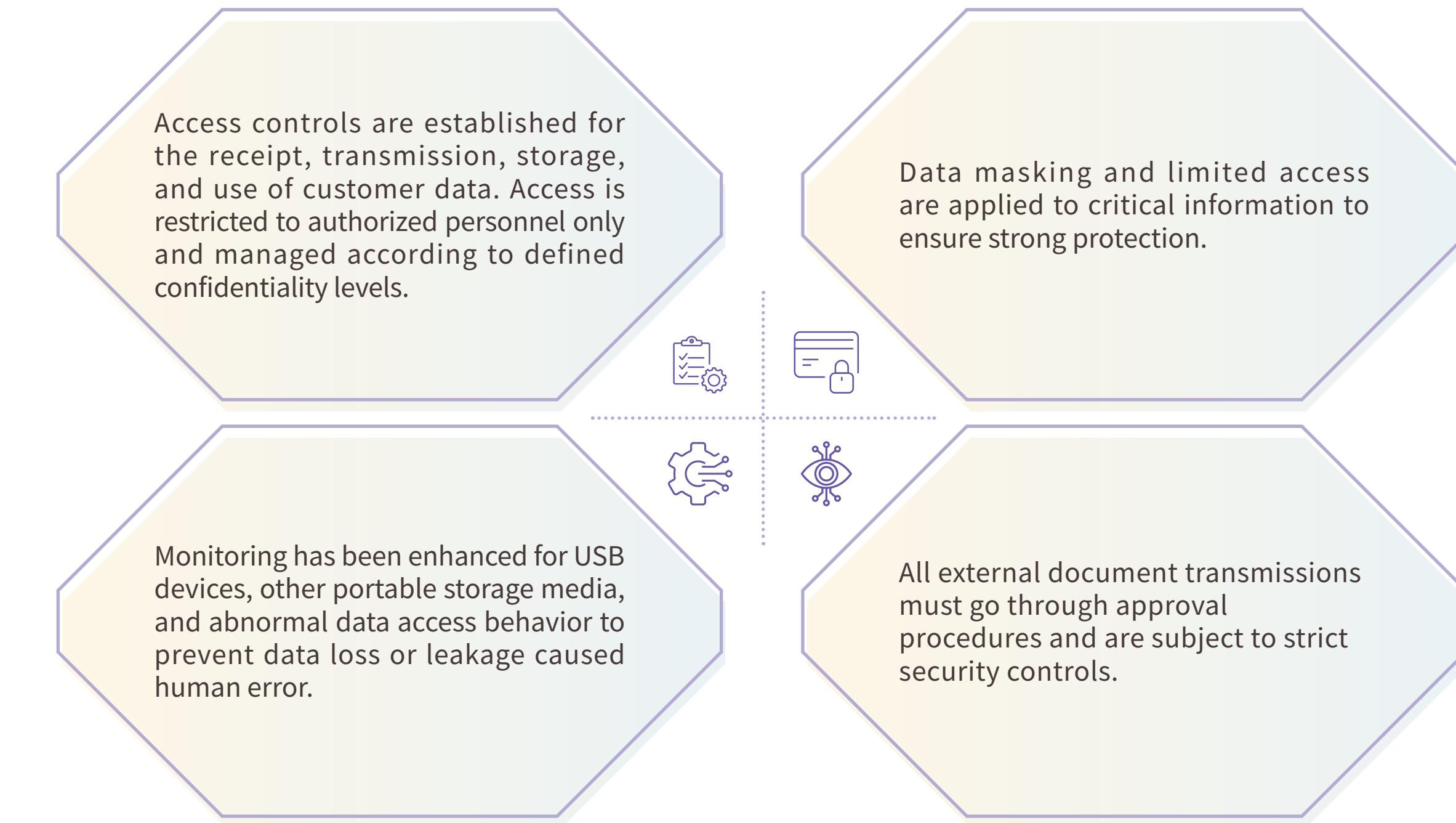# Data Protection and Privacy

GRI 418-1

Safeguarding customer privacy and confidential information is fundamental to NAK's long-term development and competitiveness. Recognizing this responsibility, the Company continuously enhances its infrastructure and management framework to ensure robust information security.

Strict access controls and tiered data management mechanisms are enforced across all systems and processes involved in the handling, storage, and protection of personal data. The storage and transmission of personal information strictly comply with relevant security standards, thereby ensuring confidentiality, integrity, and availability.

Key Information Security Management Measures Include:

Internet Security Control	· Deployment of firewalls to strengthen perimeter defense · Periodic virus scans on all computer systems · Routine audits of system logs for all network services to identify and address anomalies
Data Access Control	· Designated personnel responsible for computer equipment management with account/password protection · Access permissions granted strictly based on job responsibilities · Immediate revocation of access rights for transferred or departing staff · Secure removal or overwriting of confidential/sensitive data and licensed software before device decommissioning · Formal approval required for remote access to management information systems
Incident Response and Recovery	· Regular reviews of the emergency response plan · Annual drills for system recovery to validate preparedness · Implement of system backup mechanisms, including secure off-site backups
Awareness and Auditing	· Periodic promotion of information security policies to enhance employee awareness · Annual independent IT security testing to identify vulnerabilities and strengthen resilience

Personal Data Protection Measures:

Access controls are established for the receipt, transmission, storage, and use of customer data. Access is restricted to authorized personnel only and managed according to defined confidentiality levels.

Data masking and limited access are applied to critical information to ensure strong protection.

Monitoring has been enhanced for USB devices, other portable storage media, and abnormal data access behavior to prevent data loss or leakage caused human error.

All external document transmissions must go through approval procedures and are subject to strict security controls.

· **Information Security Incident Reporting and Response Process**

The efficiency of incident handling directly is critical to sustaining operations and maintaining customer trust. Delayed responses to major incidents could lead to delivery interruptions, financial losses, and reputational harm.

To mitigate these risks, NAK has established a transparent incident reporting and response procedure. When an incident occurs, employees are required to follow standard operating procedures (SOPs), which include promptly notifying responsible units, activating emergency response protocols, and executing recovery actions. This structured approach enhances response efficiency, minimizes potential risks, and reduces operational impact.

In 2024, NAK recorded zero information security incidents that resulted in financial losses or customer impact, underscoring the effectiveness of its governance and preventive measures.

2.7 Risk Management

Management Approach — Risk Management

GRI 3-3

GRI **GRI Correspondence: Custom Topic**

Impact Significance
Establishing a comprehensive framework for risk identification, prevention, and response strengthens a company's adaptability in a rapidly changing environment. Such a framework supports consistent operational performance, reduces potential losses, and safeguards stakeholder interests.
NAK has developed an internal Risk Management Approach to systematically monitor and address risks across economic, environmental, and social dimensions. This proactive process helps ensure business continuity, long-term development, and the creation of sustainable value for stakeholders.

Commitments / Policies
NAK is committed to implementing an integrated risk management system that continuously identifies, assesses, and mitigates potential exposures across strategic, financial, operational, compliance, information security, climate, and geopolitical domains. This comprehensive approach safeguards stakeholder interests, strengthen organizational resilience, and supports sustainable long-term growth.

Short- to Mid-Term Goals (By 2027)
1. Risk Management Committee established to oversee governance framework
2. Two risk scenario simulations conducted (incl. cybersecurity); action plans implemented to improve resilience

Long-Term Goals (By 2030)
1. Developing ERM system covering strategy, finance, operations, climate, and supply chain
2. Annual risk management performance reports submitted to Board; guide decision-making

Action Plan
1. Strengthen the risk management organizational structure and evaluate the formal establishment of a Risk Management Committee to elevate governance standards.
2. Annually update and implement the risk identification process, covering key risks such as climate change, information security, and geopolitical issues.
3. Reinforce departmental risk accountability and conduct regular cross-departmental drills and contingency plan testing.
4. Provide continuous training on risk management, information security, and sustainability to enhance employee awareness and preparedness.

Effectiveness Evaluation
Monitoring Process:
1. Annual monitoring and reporting of risk management effectiveness to Board
2. Audit-driven improvements implemented to ensure target achievement

2024 Performance:
Risk identification has been completed, with corresponding control established and effectively implemented.

Grievance Mechanism
1. The Company has established a dedicated complaint mailbox and an anonymous whistleblowing mechanism to provide employees with secure and confidential reporting channels.
2. Complaint-handling effectiveness is regularly monitored, and beginning in 2025, the Company will conduct an annual review of the grievance process to strengthen accountability and continuous improvement.

Risk Management Structure

NAK has not yet established a dedicated Risk Management Committee. In accordance with the Operational Planning and Management Guidelines, the General Manager leads department heads in conducting annual risk assessments, identifying risk levels, and formulating corresponding control measures.

To strengthen governance and enhance risk control, NAK implements a layered risk management approach through internal regulations, enabling the Company to respond effectively to rapidly changing external environments. High-risk items require dedicated action plans from responsible departments, which are consolidated and monitored by the General Manager's Office using the "Risk Analysis and Control Measures Table."

NAK integrates internationally recognized management systems—including ISO 45001, ISO 9001, and ISO 14001—into its risk management framework. The effectiveness of control measures is validated through internal and external audits. Major operational policies, investments, and financing activities are assessed by relevant departments and submitted to the Board of Directors for resolution. In addition, multiple insurance policies—including property, product liability, and product recall insurance—are maintained to mitigate potential operational risks.

For emergency preparedness, NAK has established the Emergency Response Management Regulations and the Business Continuity Response Guidelines. Department heads are responsible for assessing risks that may cause business disruptions and for establishing corresponding response and mitigation principles. These frameworks ensure that, in the event of unexpected incidents—such as accidents, natural disasters, or infectious disease outbreaks—timely and appropriate measures can be taken to minimize injuries, equipment damage, and operational delays. The Audit Office consolidates assessment results to safeguard operational stability and business continuity.

NAK Risk Management Structure and Roles and Responsibilities

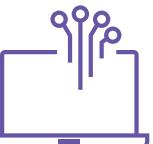| Board of Directors	General Manager	Audit Office	Departments
Evaluates and approves all significant operational policies, investment, and financing decisions.	Leads annual risk assessments with department heads, coordinates cross-functional risk management, and monitors mitigation progress across all units.	Audits the implementation of daily risk management activities in line with internal control systems and consolidates business interruption risk assessments reported by departments.	Execute daily risk management measures, compile risk data, and develop corresponding emergency response actions.

Risk Control Measures and Outcomes

Each year, NAK assigns responsible departments to identify potential risks and conduct trend analyses within their respective domains. For example: 1.The Sustainability Development Office manages environmental and climate-related risks. 2. The IT Department oversees information security risks. 3. The Finance Department monitors financial market and exchange rate risks.

Cross-departmental risk management meetings are convened to consolidate identified risk and compile them into an annual Risk Map and Response Strategy.
The Audit Office audits the effectiveness of each department's risk control measures and improvement plans in accordance with internal procedures, ensuring robust risk governance.

In 2024, NAK identified five key operational risks: 1. Sustainability Risk 2. Internal Control Risk 3. Financial Risk 4. Information Security Risk 5. Geopolitical Risk
The table below summarizes the Company's management policies, response strategies, and effectiveness for each of these risks.

Key Risk Factors and Response Strategies

Risk Category	Management Policies and Response Strategies	Effectiveness
Sustainability Risk	The Sustainability Development Office manages climate-related risks through defined roles, frameworks, periodic risk assessments, monitoring, and training. Cross-departmental results are integrated and reported to the Board of Directors. Formulate and implement climate risk strategies across departments; conduct regular reviews; disclose outcomes in the annual report for transparency with stakeholders.	· Environmental impact monitoring at Taiwan plant since 2022. · Energy monitoring system with smart meters and central data analysis installed in 2023, enabling power usage tracking and optimization.
Internal Control Risk	The Audit Office, reporting to the Board of Directors, plays a central role in NAK's risk management framework. It identifies and evaluates risks thorough systematic assessments and develops an annual audit plan accordingly. The Audit Office reviews internal control systems across the Company and its subsidiaries, preparing audit reports with supporting documentation. Any identified deficiencies are disclosed in the reports and tracked to ensure the timely remediation. The internal control framework covers both corporate-level governance and operational activities. In addition, the "Subsidiary Supervision and Management Regulation" ensures consistent risk control across the Group.	The 2024 audit confirmed the effectiveness of NAK's internal control design and implementation, with no significant deficiencies identified. This result demonstrates the Company's adherence to sound governance and control practices.
Information Security Risk	The IT Department, as a core element of NAK's risk management framework, is responsible for formulating and implementing information security policies, raising employee awareness, and strengthening cybersecurity practices. It also monitors and enhance system performance through the deployment of technologies, tools, and procedures. To ensure effectiveness, the Audit Office conducts annual audits of IT systems as part of the internal control framework over electronic data processing.	In 2024, the Company completed 66 software and hardware updates, conducted one social engineering drill with a pass rate of 88.36%, and organized 91 information security awareness campaigns.

Risk Category	Management Policies and Response Strategies	Effectiveness
Financial Risk	The Finance Department works closely with operations to identify and manage financial risks. Market Risk (interest rate, exchange rate, inflation, and raw material price): Optimize borrowing structures; use forward contracts for currency hedging; apply bulk purchasing and multi-sourcing strategies and diversify investment portfolios. Credit Risk: Evaluate new customers under a clear internal credit policy considering financial standing and transaction history. Liquidity Risk: Centrally manage surplus funds and allocated based on operational needs to maintain sufficient liquidity. Inventory Obsolescence Risk: Monitor market trends and adjust inventory and pricing strategies to minimize risk.	· Despite exchange rate fluctuations, the Company recorded NT$30,295K in gains. · A 10-basis-point rate change, impacting net income by approximately NT$54K, was well managed. · Maintained NT$1,730,000K in unused credit lines, ensuring financial flexibility.
Geopolitical Risk	Taiwan's strategic location in the Asia-Pacific region exposes it to geopolitical uncertainties, including cross-strait tensions and U.S.–China trade frictions. Such developments may disrupt international supply chains, increase logistics costs, and lead to sanctions or export controls that limit market access—particularly in China. These dynamics may also dampen foreign investment appetite and increase financing costs. NAK actively monitors geopolitical developments and adapts supply chain and market strategies to ensure business continuity. The Company mitigates risk exposure through market diversification and localized operations.	· Operational continuity in China was maintained through our Kunshan subsidiary. · Localized production and market access in China helped buffer potential disruptions from regional tensions.

Environmental Sustainability Management

CHAPTER

03

3.1 Climate Action and Resilience

3.2 Energy and Greenhouse Gas Management

3.3 Water Resource Management

3.4 Circular Economy

3.5 Product Quality and Safety

3.1 Climate Action and Resilience

Management Approach – Climate Change Adaptation and Greenhouse Gas (GHG) Management

GRI 3-3

GRI GRI Correspondence: GRI 201-2、GRI 305

Impact Significance
Climate change is a critical issue with significant implications for businesses. Addressing it requires integrated management across energy, waste, water resources, and greenhouse gas (GHG) emissions. In response to these risks and opportunities, NAK is proactively developing mitigation and adaptation strategies to minimize negative impacts, strengthen climate resilience, and ensure the long-term sustainability of our operations.

Commitments / Policies
The Company is committed to complying with all relevant domestic and international climate-related laws and standards. We actively implement energy efficiency and carbon reduction initiatives, while regularly monitoring and disclosing our GHG emissions performance to mitigate environmental impacts and support sustainable development.

Short- to Mid-Term Goals (By 2027)
1. Maintains certification under ISO 14064-1:2018
2. NAK's Plant No.4 is certified to the Green Factory Label

Long-Term Goals (By 2030)
1. Taiwan plants verified for Product Carbon Footprint (PCF) under ISO 14067:2018
2. Installation solar photovoltaic (PV) power systems

Action Plan
1. Conduct regular carbon emissions inventories and management reviews, establish clear reduction targets, and engage third-party verification. Strategies will be promptly adjusted if targets are not achieved.
2. Collaborate with supply chain partners to implement low-carbon production and logistics practices, strengthening overall supply chain sustainability.
3. Implement and promote the ISO 50001 Energy Management System to enhance energy efficiency across all operations.
4. Regularly co-host climate-related seminars and activities with local governments to strengthen employee awareness and knowledge of climate change.

Effectiveness Evaluation
Monitoring Process:
1. Conduct annual GHG inventories with third-party verification in accordance with ISO 14064-1:2018.
2. Review annual energy consumption across production lines and formulate improvement measures based on the findings.
3. Conduct annual management reviews in line with ISO 14001 and ISO 50001 to ensure effective operation of environmental and energy management systems.

2024 Performance:
1. Taiwan plants completed ISO 14064-1:2018 GHG verification for 2023 and 2024 emissions in 2024 and 2025.
2. Plant No.4 obtained Green Building Assessment certification in 2024 and applied for the Green Factory Label in 2025.

Grievance Mechanism
A dedicated working group has been established to regularly review and address relevant complaints, ensuring transparency and driving continuous improvement.

Climate Governance Framework

NAK actively addresses the climate change challenges by formulating risk management strategies and implementing concrete actions. Our proactive approach, which includes risk management strategies and concrete actions, demonstrates our commitment to environment protection (GHG) and sustainability. In 2024, we conducted our first climate-related risk and opportunity assessment, aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework.

The Board of Directors is the highest supervisory body for climate governance. It establishes polices, oversees risk assessments, ensures transparent disclosures, and considers stakeholder expectations. The Board authorized the Sustainability Development Office to manage climate-related risks and opportunities, with regular reporting to ensure continuous improvement.

The Sustainability Development Office leads the governance framework by defining roles, conducting risk assessments, implementing monitoring mechanisms, and providing training. It consolidates assessments from the General Manager's Office, Human Resources Department, and Finance Department and formulates company-wide strategies. Departments implement targeted actions, such as energy efficiency projects, sustainability training, and renewable energy investments.

All strategies and results are periodically reviewed and disclosed in annual reports, ensuring transparency and stakeholders engagement in NAK's climate strategies.

Climate Change Governance Structure

the Board of Directors	→Oversight→ ←Reporting←	Sustainability Development Office	→Management→ ←Implementation←	Departments

Climate Risk Management

In line with the Task Force on Climate-related Financial Disclosures (TCFD), NAK's Sustainability Development Office identifies and manages climate-related risks and opportunities across short-, medium-, and long-term horizons.
· Transition Risks: Policy, Regulatory, Resource, Technology, and Market Changes
· Physical Risks: Acute and Chronic Environmental Events
· Opportunities: New Markets, Innovative Products, and Resource Efficiency.

Each risk and opportunity is assessed for likelihood and impact on operations and financial performance.

NAK's management approach includes:
· Setting indicators and targets
· Developing response strategies and action plans
· Assigning responsible departments
· Monitoring the progress and outcomes

The detailed climate risk management process is outlined as follows:

Climate Risk Management Process

Identification of Climate Issues and Risk/Opportunity Screening

NAK analyzes global and domestic sustainability trends, regulations, and industry practices to identify climate-related risks and opportunities.
Key Finding:
Transition Risks: Carbon pricing, stricter sustainability regulations, rising demand for low-carbon products, increasing raw material costs
Physical Risk: More severe extreme weather (e.g., typhoons, floods)
Opportunity: Development and expansion of low-carbon products and services

Climate Risk and Opportunity Assessment

The Sustainability Development Office, together with internal stakeholders, evaluates operational and financial impacts of climate issue.
Material Climate Topics Identified:
Transition Risks: Rising demand for low-carbon products; higher raw material costs
Opportunity: Development/expansion of low-carbon products and services

Strategy Formulation and Financial Impact Assessment

For each material risk, NAK develops mitigation and management strategies to reduce negative impacts. For material opportunities, feasible initiatives are explored to maximize benefits.

A qualitative financial impact analysis is also conducted, considering operational implications and required resources (time, technology, manpower).

Monitoring and Management

The Sustainability Development Office tracks targets progress and implementation status, reviews industry and international developments, and adjusts strategies as needed to strengthen climate response.

· ## Results of Material Climate Risk and Opportunity Identification

NAK evaluated potential climate-related risks and opportunities by time horizon and operational impact. From five risks and one opportunity considered, two material risks and one opportunity were finalized. The matrix below categorizes them by type, impact, and likelihood.

Climate Risk and Opportunity Identification Matrix

High Impact Severity ↑

Impact Severity

Low Impact Severity ↓

R3 Increasing customer demand for eco-friendly and low-carbon products

O1 Development and expansion of low-carbon products and services

R5 Increased severity of extreme weather events (e.g., typhoons, floods)

R4 Rising raw material costs

R1 Carbon pricing on greenhouse gas (GHG) emissions

R2 Increasing requirements and regulations related to sustainability

⬅ Low Likelihood   Likelihood of Impact   High Likelihood ➡

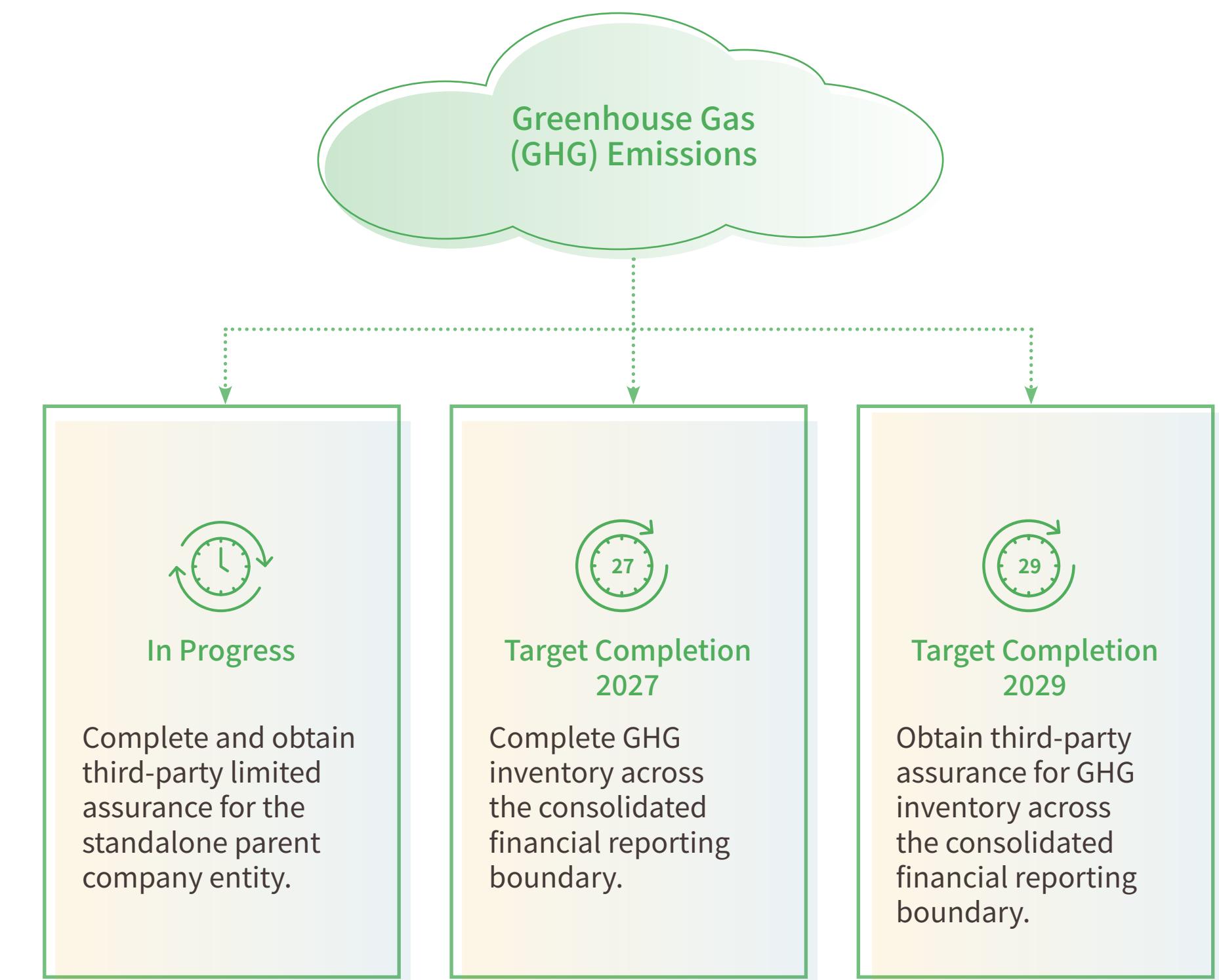# Climate Change Mitigation and Adaptation Strategies

GRI 201-2

Climate-Related Risks and Opportunities: Horizon, Impact, and Response Strategy

Category	Risk / Opportunity Name	Time Horizon	Description and Financial Impact	Current Measures	Future Action Plans
Transitional Risk	Market	Customer demand for eco-friendly / low-carbon products	Short-term (0–3 years)	Stricter regulations in key markets (EU, North America) are increasing demand for sustainable products. Failure to comply may cause order losses, customer attrition and reputational damage.	1. Monitor customer environmental and carbon standards 2. Plan product carbon footprint certification (ISO 14067)	1. Establish low-carbon design indicators for new products 2. Maintain regular customer engagement to anticipate to anticipate new requirements 3. Integrate green branding into sales activities
Transitional Risk	Market	Increase in raw material costs	Short-term (0–3 years)	Global energy crisis and supply chain disruptions are driving up raw material costs, especially sustainable materials, raising production costs and compressing margins.	1. Secure long-term procurement contracts 2. Strengthen local sourcing partnerships 3. Adjust pricing to reflect cost increases	1. Optimize production to improve material efficiency 2. Diversify supplier base to mitigate volatility 3. Apply for government green subsidies
Opportunity	Resource Efficiency	Low-carbon products and services	Short-term (0–3 years)	Low-carbon products attract customers, strengthen competitiveness, and increase revenue potential.	1. Conduct product carbon footprint assessments (ISO 14067) 2. Use recycled/bio-based sustainable materials in design	1. Form cross-functional task force for low-carbon product development 2. Collaborate with suppliers to build sustainable materials supply chain 3. Align products with international environmental standards

Key Metrics and Climate Targets

In line with the Financial Supervisory Commission's Sustainability Roadmap for TWSE/TPEx-Listed Companies, NAK adopts a phased approach to managing climate-related risks and emissions. The Sustainability Development Office oversees progress, tracks performance against targets, makes rolling updates as needed, and reports annually to the Board of Directors to ensure effectiveness and alignment.

Greenhouse Gas (GHG) Emissions

In Progress

Complete and obtain third-party limited assurance for the standalone parent company entity.

Target Completion 2027

Complete GHG inventory across the consolidated financial reporting boundary.

Target Completion 2029

Obtain third-party assurance for GHG inventory across the consolidated financial reporting boundary.

3.2 Energy and Greenhouse Gas Management

Energy Consumption Overview

GRI 302-1 │ GRI 302-3

Energy is the backbone of NAK's operations and manufacturing. In response to the growing challenges posed by finite energy resources and climate change, NAK has prioritized decarbonization and energy conservation as key areas of operational focus. Through rigorous monitoring of internal energy usage, the Company continuously improves energy efficiency across all its facilities.

In 2024, NAK's total energy consumption was 78,590.94 GJ, with 89.85% from purchased electricity—mainly for production equipment. Direct energy sources included gasoline, diesel, and liquefied natural gas.

Energy intensity was 0.67 GJ per thousand units produced, an increase from 2023, primarily due to lower production volumes caused by reduced customer orders and temporary equipment failures.

Energy Consumption and Intensity Statistics (Past Three Years)

Unit: GJ

Category	Energy Type	2022	2023	2024
Non-Renewable Fuels Consumed Internally	Liquefied Natural Gas	12,226.10	10,637.37	7,185.22
	Gasoline	88.62	128.14	98.86
	Diesel	907.69	865.64	693.54
Purchased and Consumed Energy	Purchased Electricity	102,087.73	90,540.00	70,613.32
Total Energy Consumption		115,310.12	102,171.15	78,590.94
Energy Intensity (GJ / 1,000 units)		0.61	0.65	0.67

Note 1: Data coverage: NAK's operations in Taiwan.
Note 2: Exceptions: The calorific value of liquefied natural gas is calculated using the monthly weighted average values provided by the gas utility company. The 2024 calorific values of automotive gasoline and diesel are based on figures published by the Ministry of Environment (February 2025). All other energy sources follow the latest Net Calorific Value of Energy Products published by the Energy Administration, Ministry of Economic Affairs (MOEA), Taiwan.
Note 3: Conversion factor: 1 kcal = 4.187 joules.
Note 4: Energy intensity: Calculated using annual production volume (in thousands of units) at NAK's Taiwan facilities as the denominator.

Energy Consumption and Energy Intensity (Past Three Years)
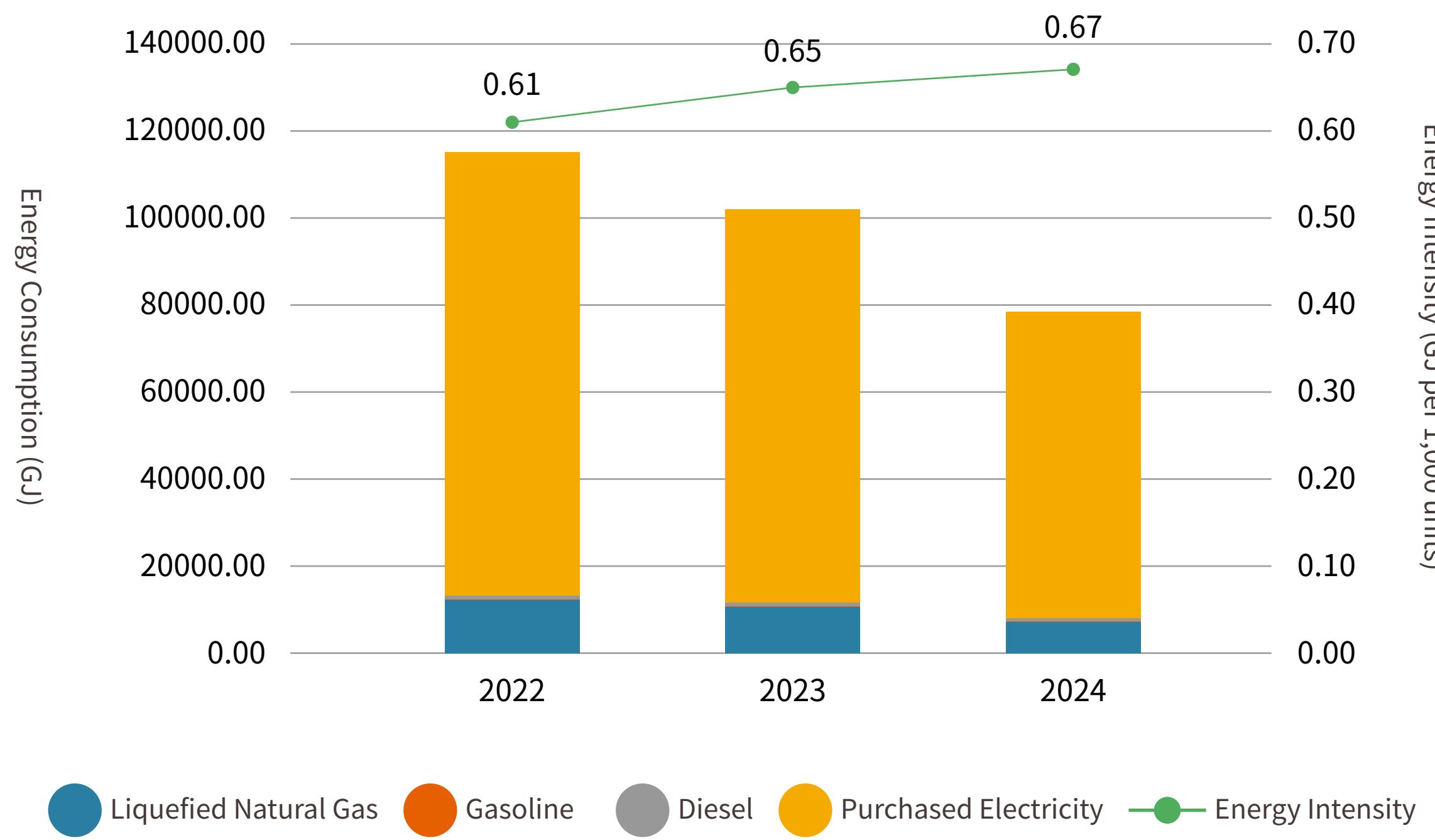
Greenhouse Gas (GHG) Emissions

GRI 305-1 | GRI 305-2 | GRI 305-3 | GRI 305-4

In alignment with global decarbonization efforts, NAK conducted its first comprehensive GHG inventory in 2023, verified by a third-party in accordance with ISO 14064-1:2018. The Company has designated 2022 as the base year and will continue to perform annual GHG inventories with independent third-party verification. This approach enhances transparency on carbon emissions and supports the development and implementation of effective energy-saving and GHG reduction strategies in response to climate change.

In 2024, NAK's total GHG emissions were 21,795.45 metric tons CO_2e, distributed as follows:
- Scope 1 (Direct emissions): 977.67 metric tons CO_2e (4.49%), mainly from diesel generators, boilers, natural gas used in emission control equipment, company vehicles (gasoline and diesel), and refrigerant leakage.
- Scope 2 (Indirect emissions from purchased electricity): 9,295.30 metric tons CO_2e (42.65%).
- Scope 3 (Other indirect emissions): 11,520.48 metric tons CO_2e (52.87%).

NAK's GHG emissions intensity in 2024 was 0.088 metric tons CO_2e per 1,000 units produced, reflecting the Company's ongoing monitoring of emissions performance.

Greenhouse Gas (GHG) Emissions Summary (Past Three Years)

Unit: tCO$_2$e

GHG Emissions Category	2022	2023	2024
Scope 1	2,334.3953	1,547.9788	977.6698
Scope 2	14,430.7832	12,421.2710	9,295.3024
Scope 3	20,033.0416	14,986.4602	11,522.4760
Total Emissions	36,798.2201	28,955.7100	21,795.4482
Scope 1 and Scope 2 Combined	16,765.1785	13,969.2498	10,272.9722
Emissions Intensity (tCO$_2$e / 1,000 units)	0.089	0.089	0.088

Note 1: Data Scope: 2022 data includes only NAK's Taiwan operations; 2023 and 2024 data cover both NAK's Taiwan operations and its subsidiary, Song-Chyuan International Co., Ltd. (hereafter referred to as "Song-Chyuan").
Note 2: GHG Inventory Standard: Emissions are calculated in accordance with ISO 14064-1:2018.
Note 3: Organizational Boundary: The operational control approach is adopted. GHG inventory covers NAK's Taiwan operations. GHG types include CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, and NF_3.
Note 4: Emissions Intensity: Calculated using annual production volume (in thousands of units) from NAK's Taiwan operations.
Note 5: Global Warming Potential (GWP) and Emission Factors: GWP values are based on the IPCC Sixth Assessment Report (2021). Emission factors are primarily derived from the Ministry of Environment's "GHG Emission Factor Management Table 6.0.4", Taiwan's electricity emission factor is provided by the Energy Administration, Ministry of Economic Affairs (MOEA). Scope 3 factors are sourced from the Taiwan Product Carbon Footprint Database, Taiwan High-Speed Rail, Simapro 9.4.0.2, and the 2016 Taipei Metro report.
Note 6: Verification: From 2022 to 2024, Scope 1, 2, and 3 GHG emissions were verified by the Metal Industries Research & Development Centre (MIRDC) in accordance with ISO 14064-3:2018 and received a reasonable assurance opinion.

Scope 3 GHG Emissions Breakdown

Unit: tCO$_2$e

Scope 3 Category		2022	2023	2024
Category 3 Indirect GHG Emissions from Transportation	Upstream Transportation and Distribution	149.6013	85.6084	56.9811
	Downstream Transportation and Distribution	4,177.4866	3,492.5681	2,040.0484
	Business Travel	4.3227	49.5108	111.3223
Category 4 Indirect GHG Emissions from Use of Goods and Services	Fuel- and Energy-Related Activities	2,500.5998	2,495.0197	2,053.1075
	Processing of Sold Products	12,830.7632	8,579.1389	6,921.2290
	Waste Generated in Operations	370.2681	284.6142	339.7877

Note: The data scope for 2022 covers only NAK's Taiwan operations. Beginning in 2023, the scope was expanded to include both NAK's Taiwan operations and its subsidiary, Song-Chyuan International Co., Ltd.

Greenhouse Gas (GHG) Emissions and Emission Intensity (Past Three Years)
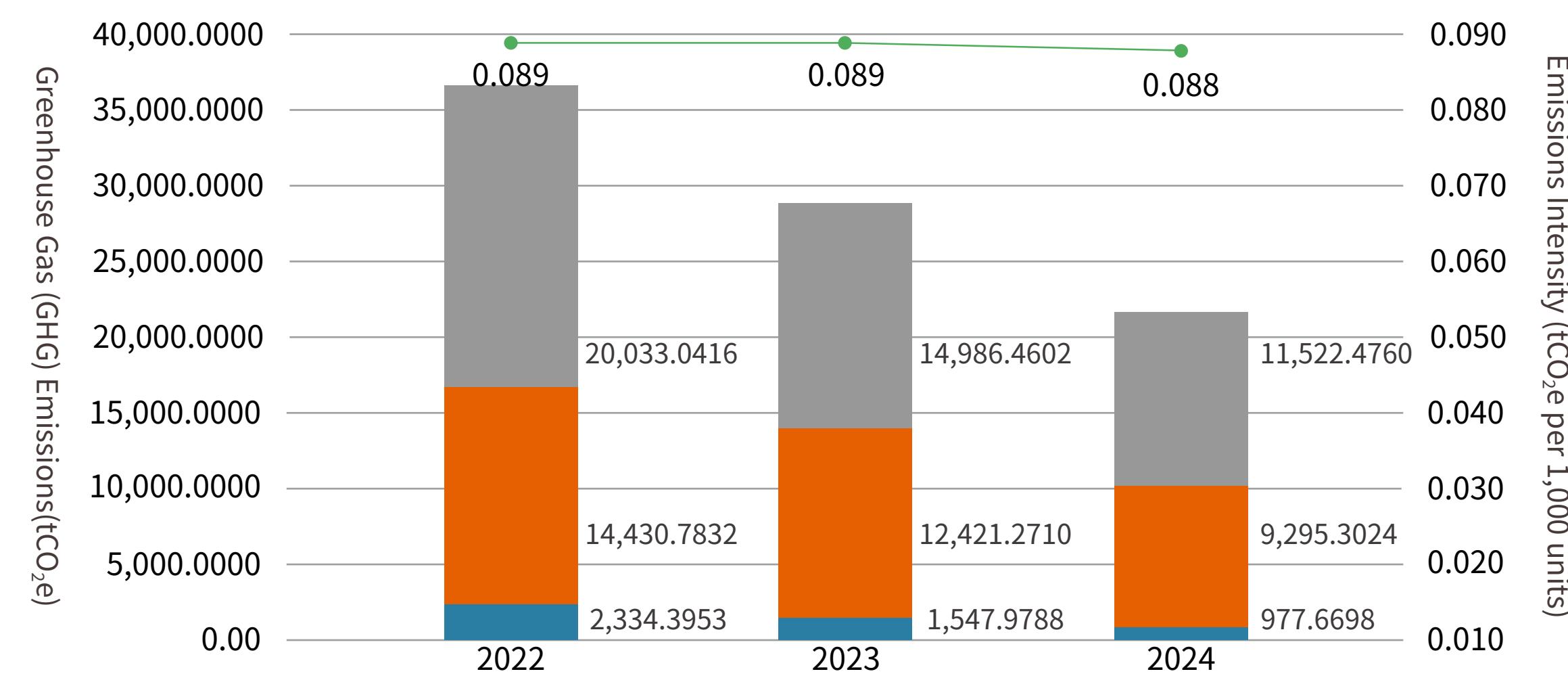
Air Pollutant Emissions Management

GRI 305-6 │ GRI 305-7

In the sealing component industry, major air pollutants include nitrogen oxides (NOx), volatile organic compounds (VOCs), particulate matter (PM), hazardous air pollutants (HAPs), and ozone-depleting substances (ODS), primarily generated from production fugitive emissions and boiler combustion.

To ensure compliance and minimize environmental impact, NAK has implemented stringent air quality monitoring protocols and deployed advanced control technologies such as activated carbon adsorption units, zeolite concentrator wheels with regenerative thermal oxidizers (RTOs), and baghouse dust collectors.

In 2024, one violation of the Air Pollution Control Act was recorded. Corrective actions, including remediation and mandatory environmental compliance training, were within the regulatory timeframe.

Air Pollutant Emissions (Past Three Years)

Unit: Kilograms (kg)

Pollutant Type	2022	2023	2024
Nitrogen Oxides (NOx)	3,148.64	2,839.26	1,084.49
Volatile Organic Compounds (VOCs)	161,679.81	184,169.09	212,460.98
Particulate Matter (PM)	235.16	213.64	75.29
Hazardous Air Pollutants (HAPs)	13,765.30	8,837.85	10,930.34

Note: Emission volumes are calculated based on data reported in the Air Pollutant Emissions Fee Declaration System.

Air Pollutant Emissions (Past Three Years)

Emissions (metric tons)
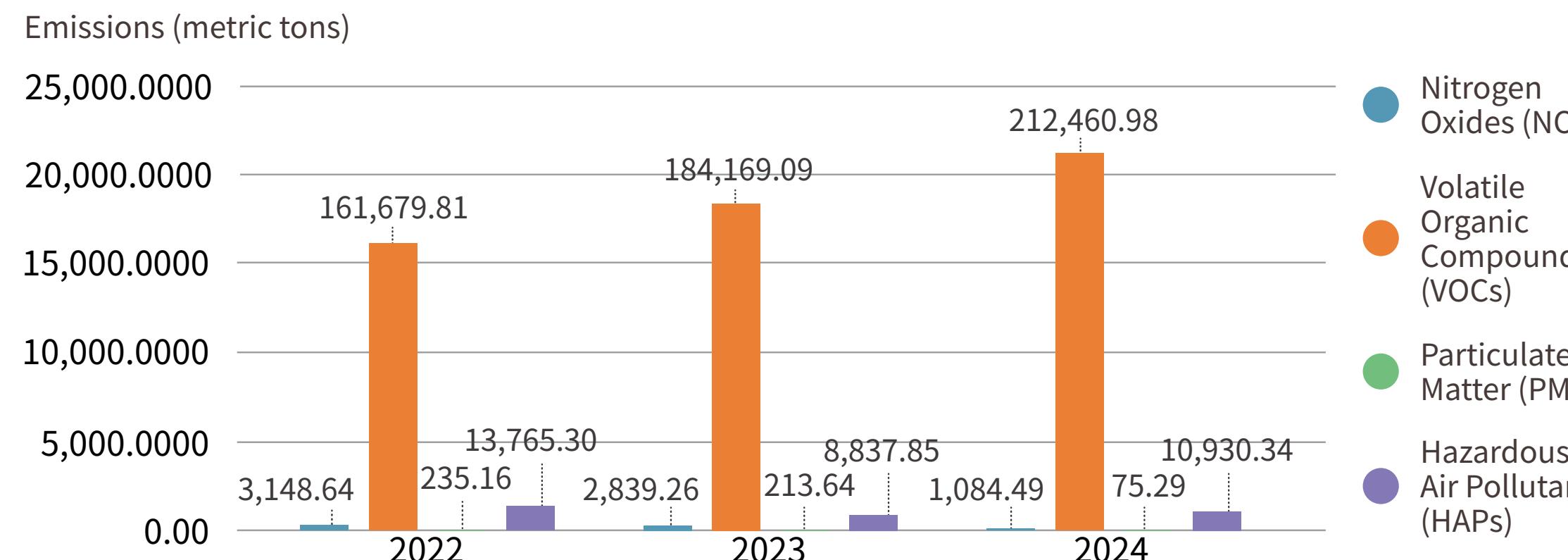
Ozone-Depleting Substances (ODS) Emissions (Past Three Years)

Unit: Kilograms (kg)

Type of ODS	2022	2023	2024
HCFC-22	0.000641	0.000641	0.000641

Note 1: ODS emissions mainly arise from leaks in air conditioning and refrigeration systems.
Note 2: Ozone Depletion Potential (ODP) values are based on the Montreal Protocol. The ODP value for HCFC-22 refrigerant is 0.055.

Energy Conservation and Carbon Reduction Initiatives

GRI 302-4 │ GRI 302-5 │ GRI 305-5

NAK demonstrates its commitment to environmental stewardship through early adoption of ISO 14001 (2008) and ISO 50001 (2018) certifications. By emphasizing pollution prevention, process waste reduction, and continuous improvement, we are dedicated to producing green products via green manufacturing processes. A dedicated team oversees these initiatives, ensuring enhance environmental performance, improved operational efficiency, and ongoing progress toward sustainability goals.

ISO 14001：2015

Validity Period: 2023/03/06 – 2026/03/04

ISO 50001：2018

Validity Period: 2024/10/01~2027/10/15

• **Recent Energy Conservation and Carbon Reduction Initiatives**

Year	Initiative Description	Electricity Saved (kWh)	Energy Saved (GJ)	CO_2e Reduction (metric tons)
2021	Replaced 2,200 traditional fluorescent tubes with LED lighting	55,000	198.00	28.00
	Upgraded traditional fans to high-efficiency booster fans, reducing overall fan quantity	9,600	34.56	4.89
	Replaced fixed-speed air compressors with variable-speed air compressors	125,000	450.00	63.63
2022	Replaced fixed-speed chillers with variable-speed chillers	47,500	171.00	21.80
2024	Replaced 1,300 conventional fluorescent tubes with LED lighting	156,000	561.60	73.94

Notes 1: The emission factors for electricity were sourced from the Energy Administration, Ministry of Economic Affairs (MOEA), Taiwan:
　　　　2021: 0.509 $kgCO_2e$/kWh
　　　　2022: 0.495 $kgCO_2e$/kWh
　　　　2024: 0.474 $kgCO_2e$/kWh
Notes 2: Energy savings from air compressors and chillers were calculated based on electricity consumption measured by installed meters. For lighting and fans, where individual meters were not available, baseline consumption prior to equipment replacement was used as the reference. Annual energy and carbon reduction figures were estimated using theoretical calculations derived from equipment specifications and operating hours.

• **Product Energy Efficiency and Carbon Reduction Initiatives**

In addition to upgrading facility equipment, NAK actively enhances the energy efficiency of its products. In 2024, we launched a torque optimization project for industrial oil seals. By reducing the shaft radial force, the optimized design lowers the torque generated by the seal, enabling motors to operate with reduced power requirements. Depending on shaft diameter, each seal can achieve an estimated annual energy savings of 15% to 20%, contributing to lower customer energy consumption and carbon emissions.

Initiative Description	Electricity Saved (kWh)	Energy Saved (GJ)	CO_2e Reduction (metric tons)
torque optimization project for industrial standard oil seals	96,955	349.04	45.96

Note 1: The electricity emission factor is based on the 2024 value published by the Energy Administration, Ministry of Economic Affairs (MOEA), Taiwan: 0.474 $kgCO_2e$/kWh.
Note 2: The energy and carbon savings from the optimized shaft radial force of the new-generation sealing products are calculated by comparing the annual power consumption between the previous and improved versions. The total annual carbon reduction is derived by multiplying the per unit power savings by the total shipment volume in 2024.

3.3 Water Resource Management

Water Risk and Management Measures

GRI 303-1 │ GRI 303-2

With the intensification of climate change, uneven rainfall distribution and extreme weather events (e.g., torrential rain, droughts, and floods) have heightened water risk concerns for business continuity.

Risk Assessment: NAK uses the World Resources Institute (WRI)'s Aqueduct Water Risk Atlas to evaluate site-specific water stress. Current assessments confirm that the Jiji Weir, NAK's water source is not in a high water-stress area.

Operational Impact: NAK is not classified as a water-intensive enterprise and has experienced no water shortages or pollution incidents in recent years. Therefore, current operations have no significant negative impact on local water resources.

Future Strategy: NAK will continue monitoring regional water stress trends to proactively manage potential risks.

Wastewater Management:
· All wastewater discharge compliance with ISO 14001:2015 and local regulations.
· Routine monitoring covers pH, Chemical Oxygen Demand (COD), Suspended Solids (SS), and Ammonia Nitrogen.
· Effluent standards align with the Nangang Industrial Park Sewerage System requirements.

Water Quality Monitoring (Past Three Years)

Water Quality Parameter	Regulatory Limit	Actual Measured Range (Annual)		
		2022	2023	2024
pH	5-9	6.7-7.3	6.8-7.1	6.6-7.2
COD (mg/L)	< 640	58-179	10.2-116	15.5-84.3
SS (mg/L)	< 320	10.6-56.6	16-164	9.4-28.8
Ammonia Nitrogen (mg/L)	< 50	1.61-34.4	0.26-26.2	0.46-11.4

Note: As multiple sampling events are conducted each year, results are reported as ranges to reflect variations during the respective period.

Water Consumption Overview

GRI 303-3

NAK sources all of its water from third-party municipal suppliers, with primarily usage in manufacturing processes and domestic consumption by employees. In 2024, total water withdrawal was 84.95 million liters. Over the past three years, water withdrawal has remained relatively stable, with no significant year-on-year fluctuations observed.

Water Withdrawal – Three-Year Summary

Unit: Million Liters

Water Indicator \ Year	2022	2023	2024
Withdrawal Volume	86.25	78.30	84.95

Note: Reported water withdrawal volumes are derived from utility invoices provided by municipal water providers.

3.4 Circular Economy

Waste Management

GRI 306-1 | GRI 306-2

NAK is committed to responsible waste management, emphasizing resource recovery, stabilization, harmless treatment, cost efficiency, and ecosystem protection. The Company has established "Waste Management Guidelines" to ensure proper segregation, storage, recycling, and disposal, thereby maintaining environmental hygiene and integrity.

NAK's primary waste streams include general industrial waste and hazardous industrial waste. General industrial waste is stored according to the material characteristics, while hazardous waste is classified and stored based on its hazardous traits. Designated personnel oversee storage areas to prevent scattering, leakage, or contamination.

All waste removal and treatment activities are entrusted to licensed third-party contractors, who undergo at least one annual compliance audit.

In accordance with Taiwan's "Waste Disposal Act," NAK reports all waste activities via the official Waste Disposal Management System, covering removal dates, contractors, treatment providers, vehicle license numbers, waste types, and quantities. A three-part waste manifest system is also implemented to ensure full traceability and lawful handling.

Waste Management Flowchart
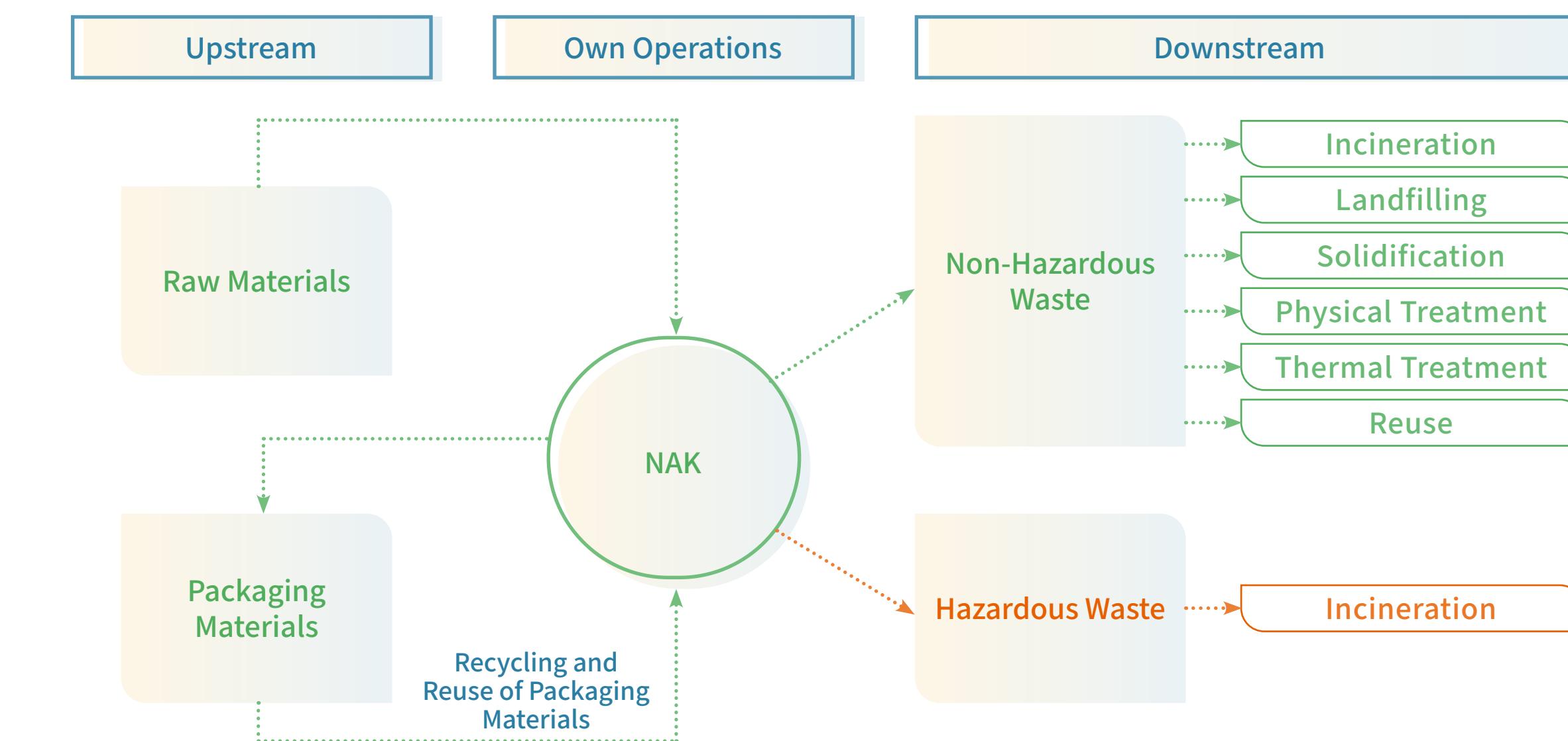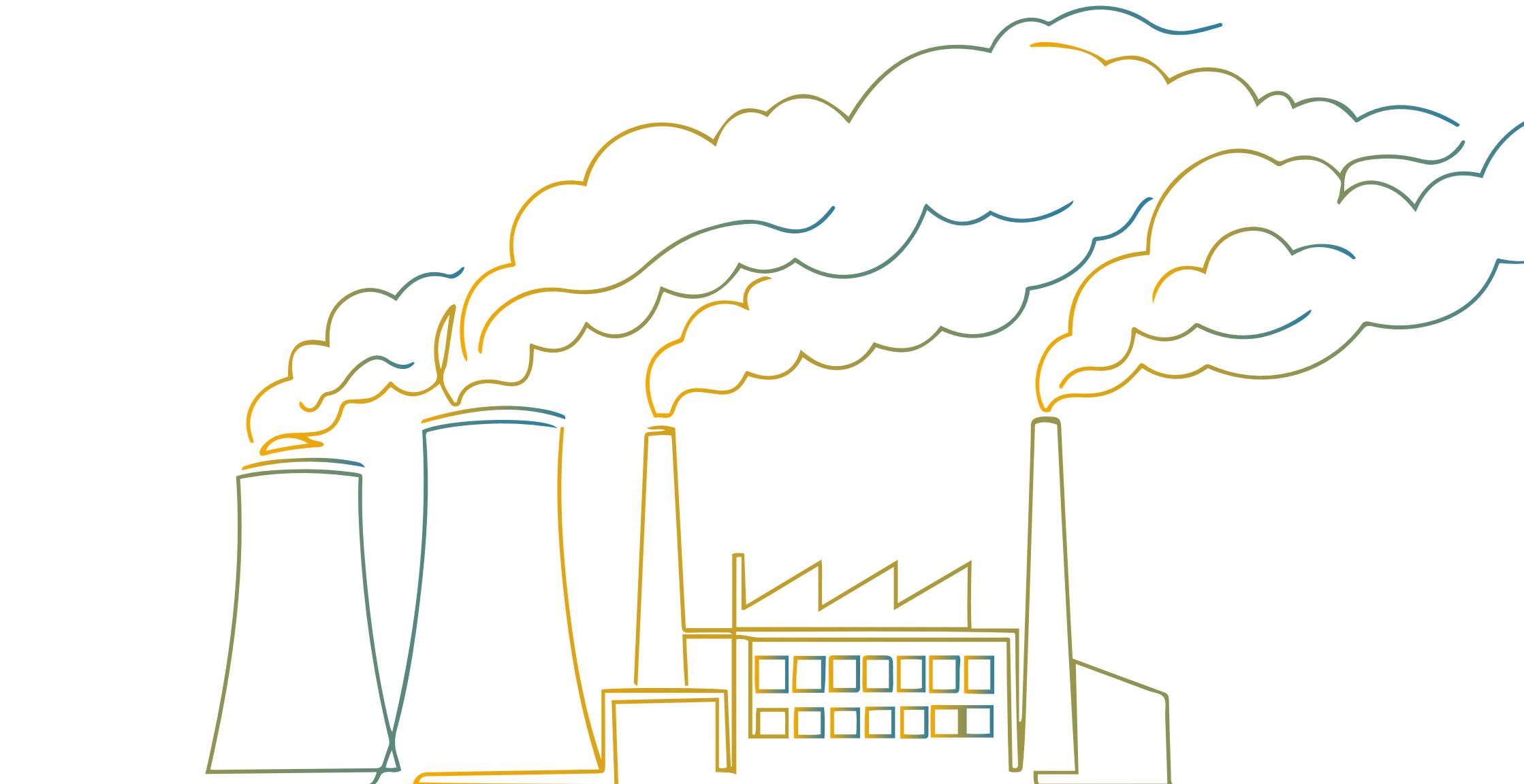
Waste Generation and Treatment

GRI 306-3 │ GRI 306-4 │ GRI 306-5

In 2024, NAK generated a total of 1,355.25 metric tons of waste, comprising 1,344.19 metric tons of general industrial waste (99.18%) and 11.06 metric tons of hazardous industrial waste (0.82%).

The Company continuously monitors waste generation trends and enforces robust waste management practices to minimize its environmental footprint. Looking ahead, NAK will focus on reducing waste at the source, strengthening resource recovery, and ensuring the safe and compliant treatment of all waste types.

Waste Statistics (Past Three Years)

Unit: Metric Tons

Waste Category	2022	2023	2024
General Industrial Waste	1,482.35	1,252.16	1,344.19
Hazardous Industrial Waste	1.65	16.57	11.06
Total Annual Waste Generated	1,484.00	1,268.73	1,355.25

Breakdown of 2024 Waste Generation and Treatment Methods

Unit: Metric Tons

Waste Category	Waste Item	Treatment Method	Treatment Volume 2022	Treatment Volume 2023	Treatment Volume 2024
General Industrial Waste	General business activity waste	Incineration (non-energy recovery)	920.44	637.28	745.31
	Domestic waste from employees	Incineration (non-energy recovery)	-	2.07	70.31
	Non-hazardous organic waste liquids or solvents	Incineration (non-energy recovery)	16.49	5.58	-
	Non-hazardous dust collection ash or its mixtures	Landfilling	21.50	27.74	8.60
		Solidification	7.05	5.31	21.79
	Inorganic sludge	Thermal Treatment	39.88	20.72	24.94
		Physical Treatment	-	7.53	18.93
	Waste wood	Reuse	12.71	27.02	24.61
	Waste lubricating oil	Physical Treatment	9.74	5.60	17.69
	Waste rubber	Reuse	387.84	465.84	374.45
	Mixed rubber waste	Incineration (non-energy recovery)	17.04	28.52	-
		Physical Treatment	49.66	-	-
	Spent activated carbon	Reuse	-	15.73	20.34
	Waste oil mixtures	Incineration (non-energy recovery)	-	-	8.33
	Waste paint and paint sludge	Incineration (non-energy recovery)	-	3.22	0.51
	Mixed plastic waste	Physical Treatment	-	-	6.52
	Spent abrasive materials	Physical Treatment	-	-	1.86
	Subtotal		1,482.35	1,252.16	1,344.19
Hazardous Industrial Waste	Waste liquids with a flash point < 60° C (excluding alcoholic waste with ethanol < 24%)	Incineration (non-energy recovery)	1.65	16.57	11.06
	Subtotal		1.65	16.57	11.06

Note: All waste generated by NAK is handled off-site by qualified, licensed third-party waste management providers under contractual agreements.

Waste Reduction and Materials Management

GRI 301-1 | GRI 301-2

NAK is actively working to minimize the environmental impact of its operations. Renewable materials currently account for 3% of the total material weight used, reflecting our efforts to reduce reliance on finite natural resources.

Since 2022, we have also implemented packaging reduction initiatives, such as reusing outbound corrugated cartons and polyethylene (PE) bags, and recycling waste paper, scrap metal, and plastic waste. These actions demonstrate our commitment sustainability and resource conservation.

Materials Usage (Past Three Years)

Unit: Metric Tons

Material Category	Material Name	Material Weight		
		2022	2023	2024
Non-Renewable Materials	Metal Cases	2,952.19	2,430.10	1,707.77
	Garter Springs	167.43	122.77	90.11
	Raw Rubber, Chemicals, Solvents, Steel	4,651.60	3,265.60	2,347.00
Renewable Materials	Wooden Pallets	228.00	192.20	118.30
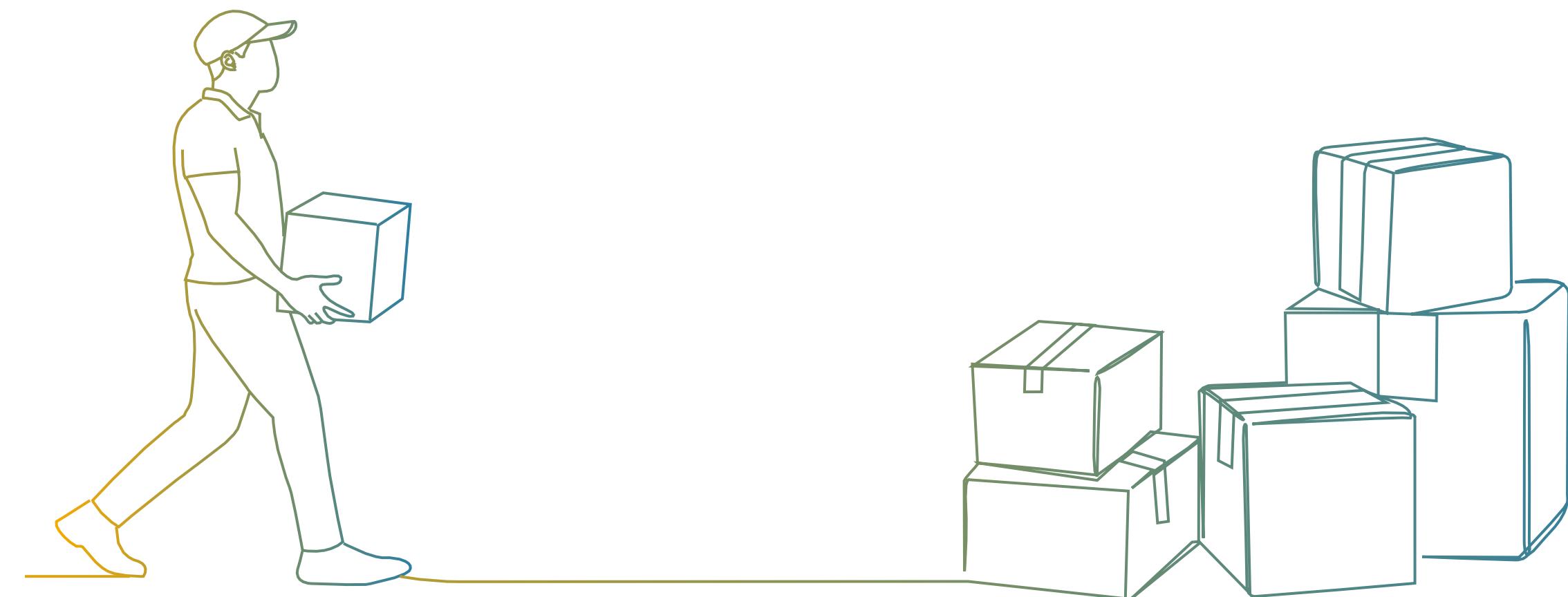
3.5 Product Quality and Safety

Management Approach – Product Quality and Safety

GRI 3-3

GRI **GRI Correspondence: GRI 416**

Impact Significance
Product quality and safety are intrinsically linked to end-user safety. Only products that meet the highest standards can fulfill customer expectations. Delivering safe, high-quality products enhances market trust, strengthens performance, and build a positive brand reputation, while shortcomings may cause serious social and economic consequences.

Commitments / Policies
NAK is deeply committed to the philosophy of "Total Quality Management and Customer Satisfaction," striving to meet all customer requirements by delivering the highest quality products.

Effectiveness Evaluation
Monitoring Process:
1. The Quality Assurance (QA) department conducts monthly reviews of internal scrap and customer complaints, develops improvement projects, and tracks progress through monthly follow-ups.
2024 Performance:
1. Failure cost ratio (internal and external): 1.52%
2. Improvement projects initiated: 130 cases

Short- to Mid-Term Goals (By 2027)
Annual target: Maintain internal and external failure cost ratio at or below 1.10%

Long-Term Goals (By 2030)
Long-term improvement goal: Maintain internal and external failure cost ratio at or below 0.50%

Action Plan
1. Design Quality Built-In
   Implemented a Design Review Checklist to integrate at the design stage and prevent defect recurrence.
2. Six Sigma Methodology
   Applied Six Sigma techniques for root cause analysis to identify defect mechanisms and implement corrective actions.

Grievance Mechanism
Corrective actions coordinated by account managers to ensure customer alignment.

Quality Management System

GRI 416-1 | GRI 416-2

NAK's quality policy is founded on the principle of "Total Quality Management and Customer Satisfaction." Our quality framework is aligned with ISO 9001:2015 and IATF 16949:2016, ensuring rigorous control across all product quality process. Daily practices include incoming, in-process, and final inspections by the Quality Control (QC) team. The Quality Assurance (QA) Department coordinates annual quality system audits and conducts quarterly process and product audits to verify the system effectiveness.

To enhance accuracy and reliability, NAK continues to invest in automated inspection equipment and advanced laboratory instruments. These tools provide high-precision testing, support root cause analysis, strengthen our knowledge base for continuous improvement.

In 2024, NAK recorded zero violations of product- or service-related health and safety regulations.

The Company has set a long-term goal of "Zero PPM" (parts per million) defects. Ongoing improvement initiatives, jointly led by the QA and Process Engineering Departments, address both customer complaints and internal quality anomalies. By applying Six Sigma methodologies, we aim to minimize recurring issues and foster a culture of proactive quality management.

NAK is committed to developing green products by sourcing raw materials that comply with global environmental regulations. Each year, we allocate a dedicated budget to engage independent third-party laboratories for comprehensive testing of restricted and hazardous substances. This ensures compliance with international standards and regulations such as REACH, RoHS, California Proposition 65 (CP65), Polycyclic Aromatic Hydrocarbons (PAHs), and Persistent Organic Pollutants (POPs).

Through these efforts, NAK safeguards consumer health, enhances product safety, and contributes to global sustainability goals.

Quality Control Inspection Process

ISO 9001：2015

IATF 16949：2016

Oil Seal (Semi-Finished Product, Finished Product)

Garter Spring

Metal Case

Rubber

Incoming Material Inspection > **In-Process Inspection** > **Final Product Inspection**

Inspection Items

1. Metal Case
2. Garter Spring
3. Raw Rubber
4. Rubber Additives

> Rubber

Inspection Items

Semi-Finished Product

Inspection Items

Finished Product

Inspection Criteria

1. Appearance
2. Dimensions
3. Physical Properties (Post-Compounding)

Inspection Criteria

1. Appearance
2. Dimensions

Inspection Criteria

1. Appearance
2. Dimensions

Research and Development and Innovation

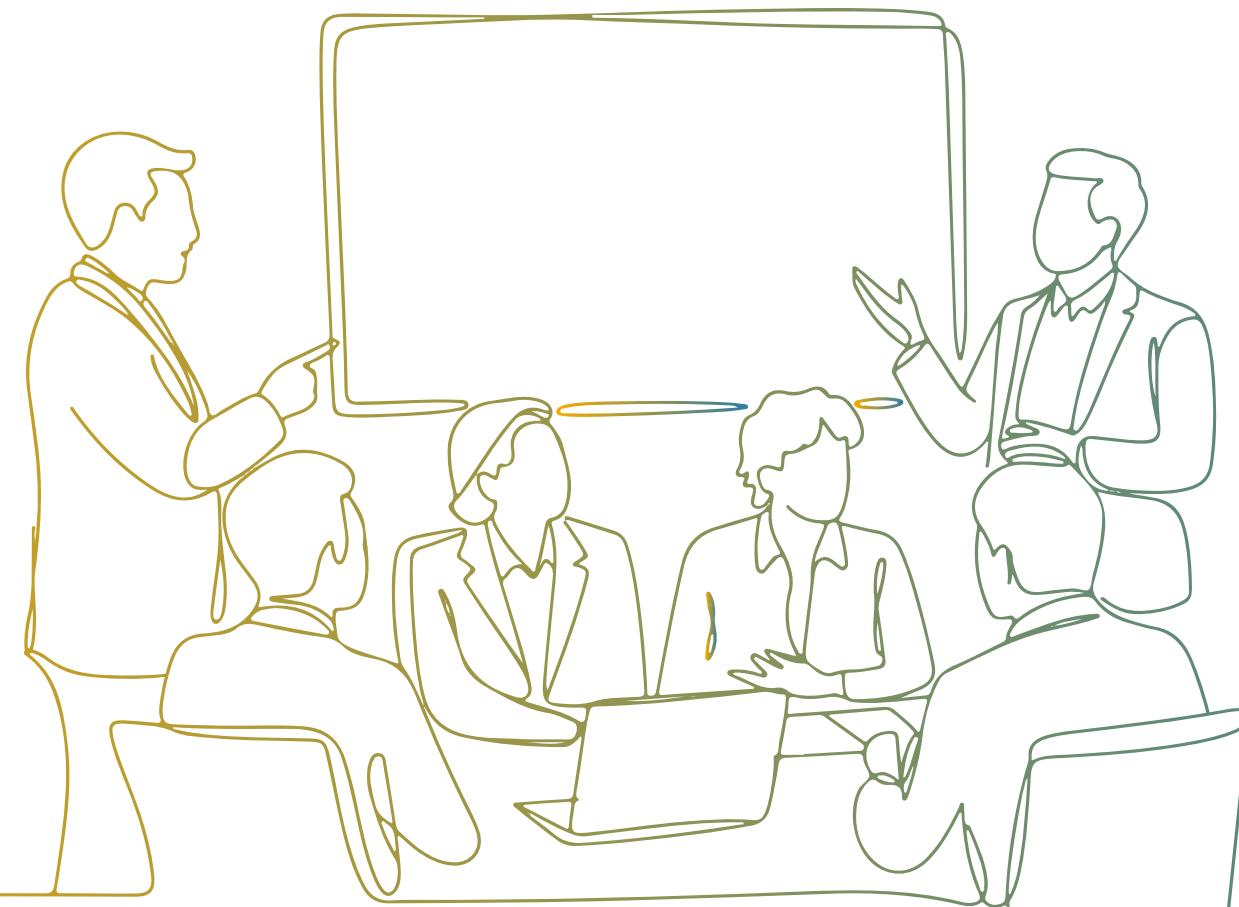| NAK's Research and Development Innovation Strategy	
Product Development	Tailor solutions to customer-specific needs in strategic sectors
Test Equipment Development	Strengthen product reliability, performance validation, and core research capacity
Advanced Material Innovation	Develop sealing materials to meet emerging application demands in key industries

NAK views product innovation and technological advancement as key drivers of competitiveness and sustainable growth. The R&D Department is responsible for fundamental research, new product development, material innovation, redesign, and customer technical support.

In 2024, R&D investment reached NTD 77.979 million, accounting for ~3% of annual revenue. NAK operates ISO/IEC 17025:2017-accredited laboratories, supporting advanced testing and ensuring compliance with international standards.

Key R&D Capabilities:

· Material Research and Testing: Rubber formulation, compounding, and physical property analysis
· Product Validation: Quality inspection, dynamic testing, and performance evaluation
· Global Standards Compliance: ASTM testing methods covering hardness, strength, adhesion, durability, and compound verification (e.g., FT-IR, dispersion analysis).

Through integrated R&D and quality assurance workflows, NAK delivers high-performance, innovative sealing solutions tailored to evolving global market needs.

ISO 17025：2017

Research and Development Highlights

Product / Technology	Research and Development Achievements	Product / Technology Image
Precision Gearbox Oil Seal Development	Achieved 50–58% torque reduction compared to leading competitors, significantly improving energy efficiency and performance.	
Standard Industrial Oil Seal Optimization Project	Reduced torque by 15–20% compared to the previous product generation, lowering power demand and enhancing operational efficiency.	

Talent Management and Employee Well-being

CHAPTER

04

4.1 Talent Management and Development

4.2 Safe Working Environment

4.3 Labor Relations and Human Rights

4.1 Talent Management and Development

Management Approach — Human Resources Development and Talent Cultivation

GRI 3-3

GRI   GRI Correspondence: GRI 201-3、GRI 401、GRI 402、GRI 404

Impact Significance
Talent development strengthens competitiveness, supports employee growth, and fosters retention. However, challenges such as turnover and skill gaps may generate both positive and negative social and economic impacts.

Commitments / Policies
Commitment to labor compliance, workplace safety, diversity, inclusion, and continuous learning within a supportive and innovation culture.

Short- to Mid-Term Goals (By 2027)
1. Employee Benefits: Provide benefits exceeding legal requirements to ensure employee well-being.
2. Training Programs: Deliver foundational and advanced training for new and existing employees to enhance work performance and quality.
3. Green Skills: Develop sustainability and green manufacturing capabilities to support NAK's ESG objectives.

Long-Term Goals (By 2030)
1. Diverse and Inclusion: Foster a gender-equal and culturally diverse workplace to attract and retain talent.
2. Career Development: Implement job rotation and professional development programs to support career growth and enhance organizational agility.

Action Plan
1. Inclusive Workplace Culture: Promote gender equality and multicultural diversity to attract and retain talent.
2. Job Rotation and Upskilling: Implement rotation and career development programs to enhance cross-functional capability and organizational agility.
3. Labor Compliance: Regularly review labor laws and adjust internal policies to ensure full compliance.
4. Transparent Promotion Pathways: Establish fair and structured promotion mechanisms to reduce turnover and strengthen retention.
5. Stakeholder Communication: Maintain dialogue with employees and stakeholders to design benefit packages that exceed regulatory standards.
6. Competitive Compensation: Continuously optimize compensation structures to maintain market competitiveness.
7. Succession Planning: Develop clear succession and career development plans to build a sustainable leadership pipeline.

Effectiveness Evaluation
Monitoring Process:
1. Annual Training Plan: Develop and implement a comprehensive training plan, with quarterly progress reviews and annual evaluations incorporated into the Company's strategic planning meetings.
2. Strategy Deployment Showcase: Organize an annual showcase to highlight and recognize outstanding departmental projects that align with corporate strategy and foster a culture of continuous improvement.
3. Quarterly Labor-Management Meetings: Conduct regular meetings to address employee concerns, workplace conditions, and enhance communication between management and staff.
4. Compensation and Benefits Benchmarking: Perform annual benchmarking against industry standards, followed by internal reviews and executive-level discussions to ensure competitiveness and fairness.
5. Talent and Succession Assessments: Carry out annual cross- departmental assessments to evaluate talent capabilities and generate reports supporting talent development and succession planning.

2024 Performance:
NAK provides role-specific training and certification systems that promote lifelong learning, strengthen professional expertise, and support continuous career development.

Grievance Mechanism
NAK encourages employees to express concerns or suggestions either directly to the HR Department or through regular labor-management meetings, fostering open communication and mutual trust.

Human Resources Management

GRI 2-7 | GRI 2-8 | GRI 202-2 | GRI 401-1 | GRI 405-1

• Workforce Composition

As of the end of 2024, NAK employed a total of 933 individuals. The gender distribution remained balanced, with 47.37% male employees and 52.63% female employees. A significant majority of 99.79% were full-time regular employees, forming the backbone of the Company's operations.

To cultivate future talent, NAK continues to operate internship programs, which represented 0.21% of the total workforce in 2024. These programs reflect our commitment to developing the next generation of professionals and supporting long-term organizational sustainability.

The 16 in-plant contractors, including security and janitorial personnel, play a crucial role in maintaining our safe and clean, and supportive workplace. We deeply appreciate their contributions.

Workforce and Non-Employee Statistics (Past Three Years)

Employee Structure														
Year	Male						Male Headcount	Female						Female Headcount	Total
	Regular Employees			Temporary Employees				Regular Employees			Temporary Employees				
	Full-Time	Part-Time	Subtotal	Full-Time	Part-Time	Subtotal		Full-Time	Part-Time	Subtotal	Full-Time	Part-Time	Subtotal		
2022	530	5	535	2	-	2	537	565	5	570	-	-	-	570	1,107
2023	456	-	456	3	-	3	459	532	1	533	2	-	2	535	994
2024	441	-	441	1	-	1	442	491	-	490	1	-	1	491	933

In-Plant Contractors						
Year	Male		Subtotal	Female		Subtotal	Total
	Security Staff	Cleaning Staff		Security Staff	Cleaning Staff		
2022	6	1	7	-	9	9	16
2023	6	1	7	-	9	9	16
2024	6	1	7	-	9	9	16

Note 1: Employee data are reported based on headcounts as of December 31 of each respective reporting year.
Note 2: Definitions of "fixed-term" and "non-fixed-term" contracts are in accordance with Article 9 of the "Labor Standards Act".
Note 3: The classification of full-time and part-time employees follows the Ministry of Labor's definition. Part-time employees (i.e., reduced working hours employees) are those whose working hours are substantially shorter than those of full-time employees, with working hours mutually agreed upon by both employer and employee.
Note 4: Regional Information: All employees listed in the table above are located in Nantou, Taiwan, and the Company has no employees in other domestic or overseas regions.

· Employee Onboarding and Turnover

In 2024, NAK recruited 110 new employees, representing a hiring rate of approximately 12%. During the same period, 171 employees departed, corresponding to a turnover rate of around 18%.

An analysis of turnover reasons showed that the primary factors were: (1) misalignment between job expectations and actual responsibilities, (2) family-related considerations, and (3) personal career development plans.

To mitigate these issues and strengthen talent retention, NAK will:
· Enhance communication during the recruitment and interview process to ensure applicants have a clear and realistic understanding of the job roles.
· Continue offering supportive measures such as unpaid leave for personal or family needs.
· Provide tuition assistance programs and career development support to help employees achieve sustainable career growth.

New Hire and Turnover Data – 2024

Gender	Age Group	Total Headcount	Number of New Hires	New Hire Rate by Age Group	Number of Departures	Turnover Rate by Age Group
Male	Under 30	89	31	35%	30	34%
	31~50	294	29	10%	58	20%
	Over 51	59	-	0%	5	8%
	Subtotal	442	60	14%	93	21%
Female	Under 30	74	27	36%	30	41%
	31~50	305	23	8%	41	13%
	Over 51	112	-	0%	7	6%
	Subtotal	491	50	10%	78	16%
Total	Under 30	163	58	36%	60	37%
	31~50	599	52	9%	99	17%
	Over 51	171	-	0%	12	7%
	Subtotal	933	110	12%	171	18%

Note 1: New Hire Rate = (Number of new hires in each category during the year ÷ Total number of employees at year-end) × 100%
Note 2: Turnover Rate = (Number of employee departures in each category during the year ÷ Total number of employees at year-end) × 100%

· Workforce Diversity

NAK regards workforce diversity as a fundamental pillar of sustainable development. We actively promote diversity in gender, age, and background, recognizing that a diverse workforce enhances competitiveness, fosters inclusion and drives innovative.

As of December 31, 2024:

Gender Diversity: The overall employee gender ratio was 0.9:1 (male to female), reflecting a balanced workforce. However, the gender ratio in management roles was 4:1, highlighting the need to strengthen female representation in leadership—one of our diversity objectives.

Age Distribution: Employees aged 30-50 accounted for approximately 64% of the workforce, representing the core demographic of our talent base.

Local Hiring: Over half of employees were Nantou residents, including 19 managers (46% of management positions) and 500 non-managerial employees (57% of non-managerial positions), underscoring our commitment to supporting local communities.

Educational Background: 62% of employees held a high school diploma or below, while 23% possessed a university degree. Indigenous employees and persons with disabilities each represented 1% of the workforce, reflecting our inclusive hiring practices.

2024 Employee Distribution by Gender, Age Group, and Job Category

Gender	Age Group	Management Staff		Non-management Staff		Total Employees	
		Total Headcount	% of Total Employees	Total Headcount	% of Total Employees	Total Headcount	% of Total Employees
Male	Under 30 (excluding 30)	1	2%	88	10%	89	10%
	30~50	27	51%	267	30%	294	31%
	Over 50 (excluding 50)	14	26%	45	5%	59	6%
	Subtotal	42	79%	400	45%	442	47%
Female	Under 30 (excluding 30)	-	0%	74	9%	74	8%
	30~50	5	9%	300	34%	305	33%
	Over 50 (excluding 50)	6	12%	106	12%	112	12%
	Subtotal	11	21%	478	55%	491	53%
Total	Under 30 (excluding 30)	1	2%	162	19%	163	18%
	30~50	32	60%	567	64%	599	64%
	Over 50 (excluding 50)	20	38%	151	17%	171	18%
Number of Employees (as a Percentage of Total Workforce)		53	4%	880	94%	933	100%

Note: For reporting purposes, "management" refers to employees at the team leader level and above.

Number and Percentage of Employees by Educational Background

Employee Category	Doctorate	Master's Degree	Bachelor's Degree	Associate Degree	High School or Below	Total
Management Staff	-	21	18	11	3	53
Non-management Staff	-	43	198	78	561	880
Subtotal	-	64	216	89	564	933
% of Total Employees	0%	7%	23%	10%	60%	100%

Note: For reporting purposes, "management" refers to employees at the team leader level and above.

Employee Breakdown by Minority or Disadvantaged Group

Employee Category	Indigenous Peoples	Persons with Disabilities	Total
Management Staff	-	-	-
Non-management Staff	6	9	15
Subtotal	6	9	15
% of Total Employees	1%	1%	2%

Note: For reporting purposes, "management" refers to employees at the team leader level and above.

Talent Development and Knowledge Transfer

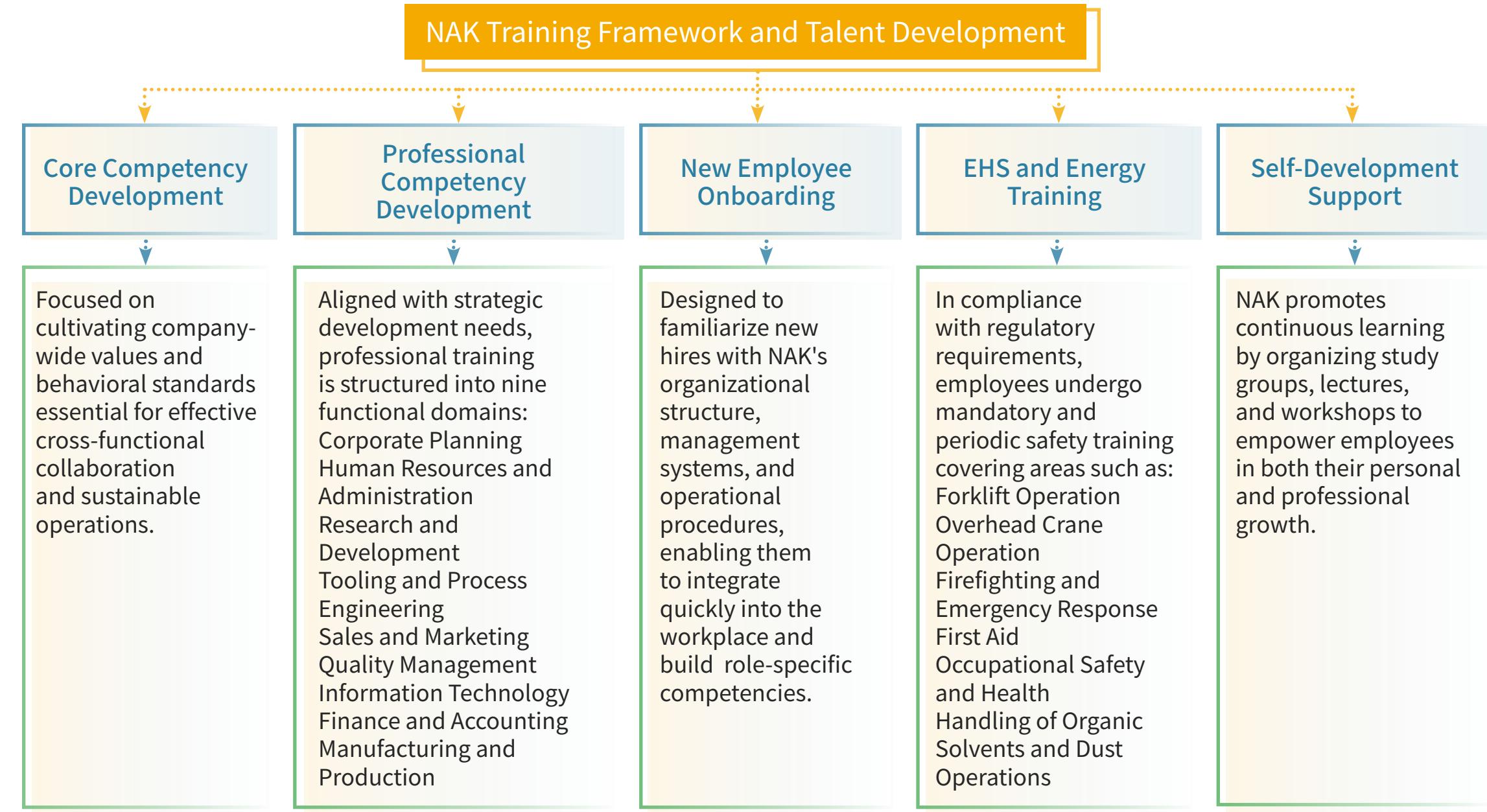GRI 404-1 | GRI 404-2 | GRI 404-3

• Employee Training

NAK provides tailored training programs based on employee levels and job functions, supported by a comprehensive training framework designed to enhance professional competencies, strengthen managerial capabilities, and align with the Company's operational objectives to improve overall competitiveness.

In 2024, training plans were formulated according to organizational structure and job-specific skill requirements. In addition to onboarding programs for new hires, courses were offered on environmental health and safety, energy management, and functional skills planned annually by individual departments. Training was delivered through a combination of lectures, workshops, site visits, and seminars, utilizing both internal and external resources to ensure employees remain up to date with emerging knowledge and industry trends.

Training Results in 2024:
· Total number of training sessions: 912   · Average training hours per employee: 18.40 hours

NAK Training Framework and Talent Development

Core Competency Development	Professional Competency Development	New Employee Onboarding	EHS and Energy Training	Self-Development Support
Focused on cultivating company-wide values and behavioral standards essential for effective cross-functional collaboration and sustainable operations.	Aligned with strategic development needs, professional training is structured into nine functional domains: Corporate Planning Human Resources and Administration Research and Development Tooling and Process Engineering Sales and Marketing Quality Management Information Technology Finance and Accounting Manufacturing and Production	Designed to familiarize new hires with NAK's organizational structure, management systems, and operational procedures, enabling them to integrate quickly into the workplace and build role-specific competencies.	In compliance with regulatory requirements, employees undergo mandatory and periodic safety training covering areas such as: Forklift Operation Overhead Crane Operation Firefighting and Emergency Response First Aid Occupational Safety and Health Handling of Organic Solvents and Dust Operations	NAK promotes continuous learning by organizing study groups, lectures, and workshops to empower employees in both their personal and professional growth.

Average Training Hours per Employee (Past Three Years)

Gender	Employee Category	2022			2023			2024		
		Number of Employees	Total Training Hours	Average Training Hours per Employee	Number of Employees	Total Training Hours	Average Training Hours per Employee	Number of Employees	Total Training Hours	Average Training Hours per Employee
Male	Management Staff	34	1,096	32.24	34	1,753	51.56	34	2,091	61.49
	Non-management Staff	306	3,683	12.04	358	5,616	15.69	394	6,678	16.95
Female	Management Staff	8	452	56.51	8	557	69.66	8	588	73.54
	Non-management Staff	365	4,244	11.63	457	5,603	12.26	476	7,422	15.59
Total		713	9,476	13.29	857	13,529	15.79	912	16,779	18.40

Note: For reporting purposes, "management" refers to employees at the team leader level and above, while "non-managerial" refers to employees below the team leader level.

Annual Strategic Systems Tools Presentation Conference

NAK holds an annual Strategic Systems Tools Presentation Conference to promote cross-functional learning and continuous improvement. In 2024, a total of 92 participants attended the event, contributing 690 hours of engagement. Employees from various functions presented 10 projects utilizing four key methodologies: Strategic Selling, Design for Six Sigma, Six Sigma, and Lean Manufacturing.

This conference provides employees with opportunities to strengthen their domain expertise while gaining exposure to other strategic tools, thereby encouraging process optimization and creative problem-solving across the organization. The knowledge and skills gained contribute significantly to NAK's organizational improvement.

· Performance Evaluation Mechanism

NAK conducts biannual performance evaluations in accordance with its Performance Management Approach, focusing on both the review of past performance and the setting of future work objectives. Evaluation results serve as the basis for salary adjustments, promotions, and career development planning. Annual promotions are determined with reference to the previous year's performance results, ensuring a transparent, fair, and well-structured promotion system.

The assessment process involves collaboration between direct supervisors and the Human Resources Department to finalize performance scores and define goals and metrics for the next cycle. Evaluation criteria, scoring methodology, bonus allocation rules, and factors influencing performance ratings are tailored to different job roles. This structured and standardized approach ensures transparency and consistency in performance management, aligning employee contributions with the Company's strategic goals.

In 2024, all eligible employees completed the performance evaluation process, achieving a 100% completion rate. Interns, hourly workers, temporary staff, agency workers, and employees on extended leave of over 90 days during the evaluation period were excluded. This reflects the Company's strong commitment to accountability and fair performance management.

Comprehensive Employee Benefits

GRI 2-21 │ GRI 201-3 │ GRI 202-1 │ GRI 401-2 │ GRI 401-3 │ GRI 405-2

NAK is deeply committed to the well-being of its employees. We provide a safe, comfortable, and flexible work environment, along with a comprehensive range of benefits. In addition to meeting all legal requirements—such as insurance coverage, pension contributions, and various types of leave—we provide enhanced benefits that exceed statutory requirements, fostering employee loyalty and strengthening labor relations.

These enhanced benefits include:
· On-site employee dormitories
· Transportation subsidies
· SGS-certified clean and hygienic meal services
· Monetary allowances for life events such as marriage, bereavement, and childbirth
· Domestic and international employee travel programs
· Support for employee clubs and recreational activities
· Special rewards for long-tenured employees

NAK's commitment to employee well-being has been recognized for four consecutive years (2021-2024) with the "Happy Enterprise Award" by 1111 Job Bank, a recognition that underscores our efforts in fostering a positive and supportive workplace environment.

Silver Award for Happy Enterprise (Manufacturing Sector), presented by 1111 Job Bank

- ## Fair and Transparent Compensation System

At NAK, we maintain a transparent and equitable compensation framework. Salaries are determined based on each employee's educational background, professional expertise, tenure, and individual performance. Our compensation practices are regularly benchmarked against industry standards to ensure competitiveness and fairness.

We uphold strict non-discrimination principles, ensuring that compensation is never influenced by gender, age, ethnicity, nationality, religion, political stance, or sexual orientation. Through this framework, we ensure that all employees are recognized fairly for their contributions. Everyone is valued and respected equally.

Compensation of Full-Time Non-Managerial Employees

Year	2022	2023	2024
Average Employee Salary (NTD '000 per person)	611	597	565
Median Employee Salary (NTD '000 per person)	542	488	462

Note 1: The total employee compensation refers to salaries attributable to the reporting year, calculated on an accrual basis. It includes regular compensation (base salary, fixed monthly allowances, and bonuses), overtime pay (both taxable and non-taxable), and non-regular compensation (bonuses, non-monthly allowances, and employee profit-sharing). Retirement benefits and severance payments are excluded from the calculation.

Note 2: The term "full-time employees" follows the definition adopted by Taiwan's Directorate-General of Budget, Accounting and Statistics (DGBAS) for its employee wage surveys. It refers to individuals whose working hours meet the either the Company's standard working hours or the statutory working hours requirements under labor regulations. Where no standard working hours are defined, employees are considered full-time if they work, on average, more than 35 hours per week.

Equal Pay and Fair Compensation for Entry-Level Employees

NAK is committed to maintaining a compensation policy that exceeds minimum legal requirements, ensuring that all entry-level employees—regardless of gender, nationality, or other demographic factors—receive wages above the local statutory minimum wage. The ratio of entry-level employees' standard pay to the local minimum wage remains consistently higher than mandated by law. This practice underscores NAK's dedication to employee well-being and reflects our commitment to social responsibility in compensation practices. We will continue to optimize our compensation structure to strengthen NAK's competitive advantage in the industry and ensure that employees enjoy stable and fair economic security.

2024 Ratio of Standard Entry-Level Salary to Local Minimum Wage

Male	Female
1.04 : 1	1.04 : 1

Note: The local minimum wage is based on the Ministry of Labor's official announcement.

Female-to-Male Base and Total Compensation Ratio

NAK has consistently promoted gender equality in the workplace and is committed to ensuring that female and male employees in the same positions receive equal base pay and total compensation. The ratio of female-to-male base and total compensation for managerial and non-managerial positions is 0.68 and 0.87, respectively. The slightly lower ratio in managerial roles is primarily attributable to the General Manager being male.

Through regular salary reviews, transparent promotion mechanisms, and objective evaluations of employee performance and professional development, the Company ensures fair compensation practices. These initiatives not only enhance the representation and status of women in the workplace but also strengthen the Company's overall competitiveness.

2024 Female-to-Male Base and Total Compensation Ratio

Managerial	Non-Management
0.68 : 1	0.87 : 1

• Employee Benefits System

NAK places a strong emphasis on employee well-being, health, and professional growth by providing a comprehensive benefits program. This program includes insurance coverage, various bonuses, and financial subsidies to support employees throughout different stages of their careers. In addition, the Company encourages a healthy lifestyle through flexible working arrangements, recreational activities, and social clubs. These initiatives not only help employees maintain a positive work-life balance but also foster a sense of community and connection through shared interests.

Employee Benefits Overview

Category	Description
Insurance	In addition to statutory labor and health insurance, employees are offered life, critical illness insurance, accident, medical, and occupational injury insurance. For medical and cancer insurance, employees pay only 50% of the discounted group premium rate.
Bonuses	· Mid-year and year-end bonuses · Gift vouchers for Labor Day and Mid-Autumn Festival · Birthday gift vouchers
Physical and Mental Well-being	· Employee cafeteria (recognized for promoting healthy eating) · Comprehensive health checkups exceeding legal standards · Employee Clubs (basketball, badminton, yoga, fitness, etc.) · Wellness initiatives (e.g., health seminars, weight-loss competitions) · Domestic and overseas company trips · Company-wide events (e.g., year-end party, Mid-Autumn BBQ, NAK Family Day) · Recreational space for employees · Free dinner provided for evening overtime work
Flexible Hours and Leave	· Annual leave · Maternity leave · Flexible working hours
Subsidies	· Marriage subsidy · Childbirth subsidy · Funeral subsidy · Company travel subsidy · Flu vaccine subsidy

Domestic and Overseas Employee Trips

With the exception of the pandemic period, NAK's Employee Welfare Committee organizes annual domestic and overseas trips, open to employees and their families and friend. In 2024, seven travel routes were arranged—three international and four domestic—giving participants the flexibility to choose their preferred destinations. A total of 624 participants joined the trips.

NAK Family Day

NAK regards employees' families as part of the Company's extended family. Each year, the Company hosts the "NAK Family Day," inviting employees to bring their family members to join the festivities. In 2024, the event was held in September in conjunction with the Mid-Autumn Festival celebration. Activities included a barbecue with a wide variety of food and a raffle, allowing participants to enjoy both a festive atmosphere and the opportunity to win prizes.

Health Promotion Activities

To enhance employees' health awareness, NAK organizes various health seminars and activities each year. In 2024, professional physical therapists were invited to provide training on proper posture, helping employees recognized the importance of correct posture in preventing compensatory muscle strain that can lead to discomfort or long-term health issues. In addition, a registered dietitian hosted a seminar on healthy eating, offering guidance on the nutritional value of different foods and how to combine meals to achieve balanced daily nutrient intake and maintain overall wellness.

Beyond seminars, in 2023 NAK launched the "Drop B (BMI) and Fat" challenge, providing incentives and rewards to encourage participation and motivate employees to adopt healthier lifestyles. Furthermore, the Company provides health examination programs that exceeds statutory requirements. Additional details are provided in section 4.2.2 Occupational Safety Training and Prevention.

Health Seminar: Preventing Injuries through Proper Posture

Health Seminar: Healthy Eating

Encouragement of Influenza Vaccination

Each year, NAK provides subsidies for employees to receive influenza vaccinations. To enhance accessibility and participation, the Company arranges on-site vaccinations services administered by the Company nurse, eliminating the need for employees to travel to external medical institutions. In 2024, a total of 149 employee received influenza vaccinations through this program.

Development of Recreational Spaces and Club Activities

NAK has established a 1,500-square-meter recreation center on-site, integrating cultural and natural elements within a rooftop garden setting. The facility is equipped with an indoor basketball court, badminton court, billiards room, table tennis room, gym, aerobics room, and a spa. These amenities help employees relieve work-related stress and are accessible upon request, eliminating the need to rent external venues.

The Employee Welfare Committee provides resources to supports various clubs, including badminton, basketball, aerobics, yoga, and fitness. These activities not only allow employees to pursue personal interests and maintain work-life balance but also promote cross-departmental interaction and strengthen workplace culture. In 2024, a total of 2,590 participations were recorded across all club activities.

Badminton club

Basketball club

Aerobics club

Fitness club

Yoga club

• Retirement System and Model Employee Selection

NAK's retirement system fully complies with the Labor Standards Act and the Labor Pension Act of Taiwan. For employees under the old pension system (regulated by the Labor Standards Act), the Company allocates 9% of each employee's monthly salary to a dedicated labor pension reserve account at the Bank of Taiwan to safeguard their retirement benefits. For employees under the new pension system (regulated by the Labor Pension Act), the Company contributes 6% of monthly wages to individual pension accounts managed by the Bureau of Labor Insurance. Employees may also opt to make voluntary contributions, with their selected percentage deducted from their salary and deposited into their pension account.

To honor dedication and foster a culture of recognition, NAK organizes an annual Long-Service and Retirement Award Ceremony. In addition, the Company selects model employees each year to acknowledge outstanding contributions and inspire all staff to pursue professional growth and excellence at NAK.

- **Parental Leave Policy**

To encourage and support employees in raising the next generation with peace of mind, NAK complies with all relevant legal regulations by granting employees the right to take unpaid parental leave. Application procedures are clearly outlined in the Employee Work Rules under the leave and parental leave without pay provisions. In addition, the Company provides a consultation channel to assist employees in applying under the Act of Gender Equality in Employment and the Regulations for Implementing Unpaid Parental Leave.

In 2024, a total of 26 employees applied for unpaid parental leave at NAK. Among them, seven employees were scheduled to return to work, and four successfully returned, resulting in a return-to-work rate of 57%. For employees who returned to work in 2023, five out of seven remained employed for more than one year, yielding a retention rate of 71%.

Parental Leave Utilization Statistics

Category	Male Employees	Female Employees	Total
2024 – Employees eligible for unpaid parental leave (A)	24	21	45
2024 – Employees who applied for unpaid parental leave (B)	9	17	26
2024 – Employees expected to return from unpaid parental leave (C)	3	4	7
2024 – Employees who actually returned from unpaid parental leave (D)	3	1	4
2023 – Actually returned from unpaid parental leave (E)	4	3	7
2023 – Still employed 12 months after returning (F)	2	3	5
Parental Leave Application Rate (B ÷ A)	38%	81%	58%
Return-to-Work Rate (D ÷ C)	100%	25%	57%
Retention Rate (F ÷ E)	50%	100%	71%

4.2 Safe Working Environment

Management Approach – Occupational Safety and Health

GRI 3-3

GRI   **GRI Correspondence: GRI 403**

Impact Significance
Ensuring a safe work environment and safeguarding employees' health are fundamental corporate responsibilities. A secure workplace not only protects employees but also enhances operational efficiency and organizational performance. Conversely, inadequate safety management may lead to labor shortages, increased operational risks, and the inability to consistently deliver high-quality products. NAK's occupational safety and health measures therefore carry both societal and economic significance, generating positive impacts when effectively implemented and potential negative consequences if neglected.

Commitments / Policies
The Company is committed to complying with international occupational safety standards, including ISO 45001:2018. Guided by the philosophy of "Prevention-Oriented, Safety-First," NAK strives to provide a safe and healthy work environment for all employees.
To achieve this, the Company has established a systematic occupational safety and health management framework, which includes regular risk assessments, targeted prevention programs, and continuous improvement measures designed to minimize workplace injuries and safeguard employee well-being.

Short- to Mid-Term Goals (By 2027)
1. By 2025, the Company will maintain both the Lost-Time Injury Frequency Rate (FR) and Lost-Time Injury Severity Rate (SR) at or below the industry average for the rubber product manufacturing sector.
2. Starting in 2026, the Company aims to keep both FR and SR at least 5% lower than the industry average for the rubber product manufacturing sector.

Long-Term Goals (By 2030)
1. FR and SR will consistently be kept at least 5% below the rubber product manufacturing industry average.

Action Plan
1. Implement rigorous safety controls in environments and processes with high occupational hazard potential.
2. Develop and enforce comprehensive emergency response plans, supported by regular safety drills to minimize potential losses in the event of incidents.
3. Establish a dedicated risk assessment team to conduct periodic safety audits of high-risk operations.
4. Provide continuous safety education and training programs to enhance employee safety awareness.
5. Strengthen equipment inspection and preventive maintenance practices to ensure compliance with safety standards.

Effectiveness Evaluation
Monitoring Process:
1. Conduct regular internal occupational safety and health (OSH) audits, and commission annual reviews by independent third-party organizations to verify the effectiveness of all safety management measures.
2. Monitor key performance indicators (KPIs), including the Disabling Injury Frequency Rate (FR) and Disabling Injury Severity Rate (SR), perform quarterly analyses, and adjust strategies as necessary to drive continuous improvement in OSH performance.
2024 Performance:
1. Regular internal audits of occupational safety management were conducted, with no significant deficiencies identified.
2. Annual third-party audits are performed by G-CERTI International Co., Ltd., to verify compliance with ISO 45001:2018. Certification remains valid.
3. Disabling Injury Frequency Rate (FR): Employees: 1.74 ｜ Non-employees: 0
   2023 industry average (rubber products): 2.69
4. Disabling Injury Severity Rate (SR): Employees: 181 ｜ Non-employees: 0
   2023 industry average (rubber products): 261

Grievance Mechanism
1. An anonymous safety complaint mailbox is available for all employees. Submissions are reviewed regularly by the Occupational Safety Task Force to ensure timely responses and strengthen safety management.
2. Quarterly labor-management meetings are convened to facilitate open communication, address safety-related concerns, and reinforce a culture of continuous improvement.

Occupational Safety and Health Management System

GRI 403-1 │ GRI 403-2 │ GRI 403-3 │ GRI 403-4 │ GRI 403-8

NAK is deeply committed to providing a safe and healthy working environment for all personnel. This commitment is demonstrated not only through strict compliance with legal requirements such as the Occupational Safety and Health Management Act, Occupational Safety and Health Facilities Regulations, and Occupational Safety and Health Labeling Standards, but also through the establishment of an internal Occupational Safety and Health (OSH) Management System in alignment with ISO 45001:2018.

The system applies to all workers—including employees, contractors, and visitors—across all Taiwan facilities, achieving 100% coverage. To ensure continuous effectiveness, each facility undergoes:
· An internal audits, conducted by personnel certified under internal audit requirements; and
· An external audits, carried out by accredited third-party certification bodies.

To effectively implement and promote occupational safety and health (OSH) initiatives, NAK has established an Occupational Safety and Health Committee in accordance with the Occupational Safety and Health Management Regulations. As of the end of 2024, the committee includes 50% labor representation, ensuring balanced participation in decision-making.

The committee convenes quarterly meetings to:

· Discuss workplace safety and health management policies;
· Oversee OSH performance through regular audits, and Review and incorporate updates to relevant occupational safety regulations.

Employees may provide suggestions on OSH matters directly to their supervisors or labor representatives via phone or email. These inputs are submitted to the committee for discussion, and if deemed beneficial, integrated into the Company's safety and health policies.

To ensure board awareness and compliance, all employees are regularly informed of OSH laws, regulations, and company policies through electronic bulletin boards, internal publications, and training programs.

ISO 45001:2018 Certification for Occupational Health and Safety Management System

· **Hazard Identification and Risk Assessment Management**

In alignment with ISO 45001 standards, NAK has established the Hazard Identification and Risk and Opportunity Assessment Procedure. Each department is accountable for identifying and evaluating hazards within its designated scope, covering all applicable operational activities and facilities, including both routine and non-routine tasks.

Hazard identification and risk assessments are conducted on a regular and irregular basis:

· Regular assessments are performed annually;
· Irregular assessments are initiated in response to significant changes in operational activities that may impact occupational safety and health, or due to updates in applicable laws and regulations.

Based on these assessments, NAK determines whether revisions to the hazard identification, risk, and opportunity assessment register are required.

During the risk assessment process, severity and likelihood are analyzed to determine the overall risk level. Appropriate control measures are then developed and implemented, accompanied by corresponding strategies and action plans. These measures are continuously monitored and refined to mitigate occupational hazards and reduce risks over time.

Hazard Identification and Risk Assessment Process

Task Inventory	Hazard Identification	Risk and Opportunity Assessment	Review and Risk Classification Management
Inventory and review all operational activities.	Identify whether any hazards exist in each operational activity.	Evaluate the severity and likelihood of hazards, and manage them using a risk grading system.	Submit the assessments to the Occupational Safety and Health Committee for review and classification-based management.

Key Risk Categories and Mitigation Strategies

Risk Category	Description	Mitigation Measures
Physical Hazards	· Slips or trips caused by wet floors or obstructions in walkways · Falling objects from elevated areas cause injury · Improper use of forklifts/pallet jacks leading to mold collapse due to insufficient lifting · Noise from machinery causing hearing damage · Lacerations during machine blade maintenance	· Provide anti-slip footwear and adhesive mats; maintain workplace cleanliness · Limit stacking height · Enforce forklift/pallet jack safety protocols; ensure operators receive proper training · Provide earplugs and require their use near noisy machinery · Install safety guards around trimming blades; ensure blades remain within guard housing
Chemical Hazards	· Accidental skin contact with chemicals causing burns · Inhalation of chemical vapors (e.g., solvents, adhesives, caustic soda) causing discomfort · Contact or rupture of chemical pipelines causing splashes · Tipping of chemical containers (e.g., sealant barrels, solvents), leading to vapor inhalation · High-temperature equipment potentially causing fires or injuries	· Provide and mandate the use of personal protective equipment (PPE) · Educate and train employees on safe chemical handling; provide appropriate PPE · Regularly inspect, maintain, and replace equipment and pipelines · Install spill containment systems; enforce proper storage protocols · Install firefighting equipment and conduct regular fire drills
Ergonomic Hazards	· Injuries from the manual handling of heavy loads · Injuries due to improper working posture · Repetitive tasks causing physical strain	· Educate and train employees on proper lifting techniques; introduce mechanical aids or automation where feasible · Provide training on ergonomic working postures; adjust workstation design to improve ergonomics · Introduce automation to reduce repetitive motions; schedule adequate rest periods for employees

- **Occupational Incident Investigation Procedure**

To safeguard all workers and ensure timely restoration of normal production processes, NAK has established the "Property Loss and Incident Investigation Management Regulations" and "Emergency Response Measures Management Regulations."

When any incident occurs within the Company, investigations and analyses are conducted on both property damage and personal injuries. Preventive measures are implemented immediately, and reports are submitted to the appropriate levels in compliance with applicable legal requirements. The results of hazard identification and risk assessments are used as guiding principles for improving emergency response measures, ensuring that appropriate and timely actions can be taken in the event of a disaster.

In the event of an occupational accident resulting in injury, the following procedures apply:
1. Immediate Response:
   · The department where the incident occurred must follow the "Emergency Illness and Injury Handling Procedure" specified in the Emergency Response Measures Management Regulations.
   · This includes administering first aid and promptly notifying relevant parties.

2. Incident Investigation:
   · The responsible department shall initiate an investigation in accordance with the "Property Loss and Incident Investigation Management Regulations."
   · Alternatively, the Occupational Safety and Health (OSH) Unit may provide assistant to conduct a joint investigation.

3. Objectives of the Investigation:
   · Identify the root causes and sequence of events leading to the incident.
   · Access the extent of injuries and economic losses.
   · Determine the responsibility for the incident.
   · Propose corrective actions and preventive measures to avoid recurrence.

Internal and External Emergency Response Notification and Handling Flow (Routine Days)
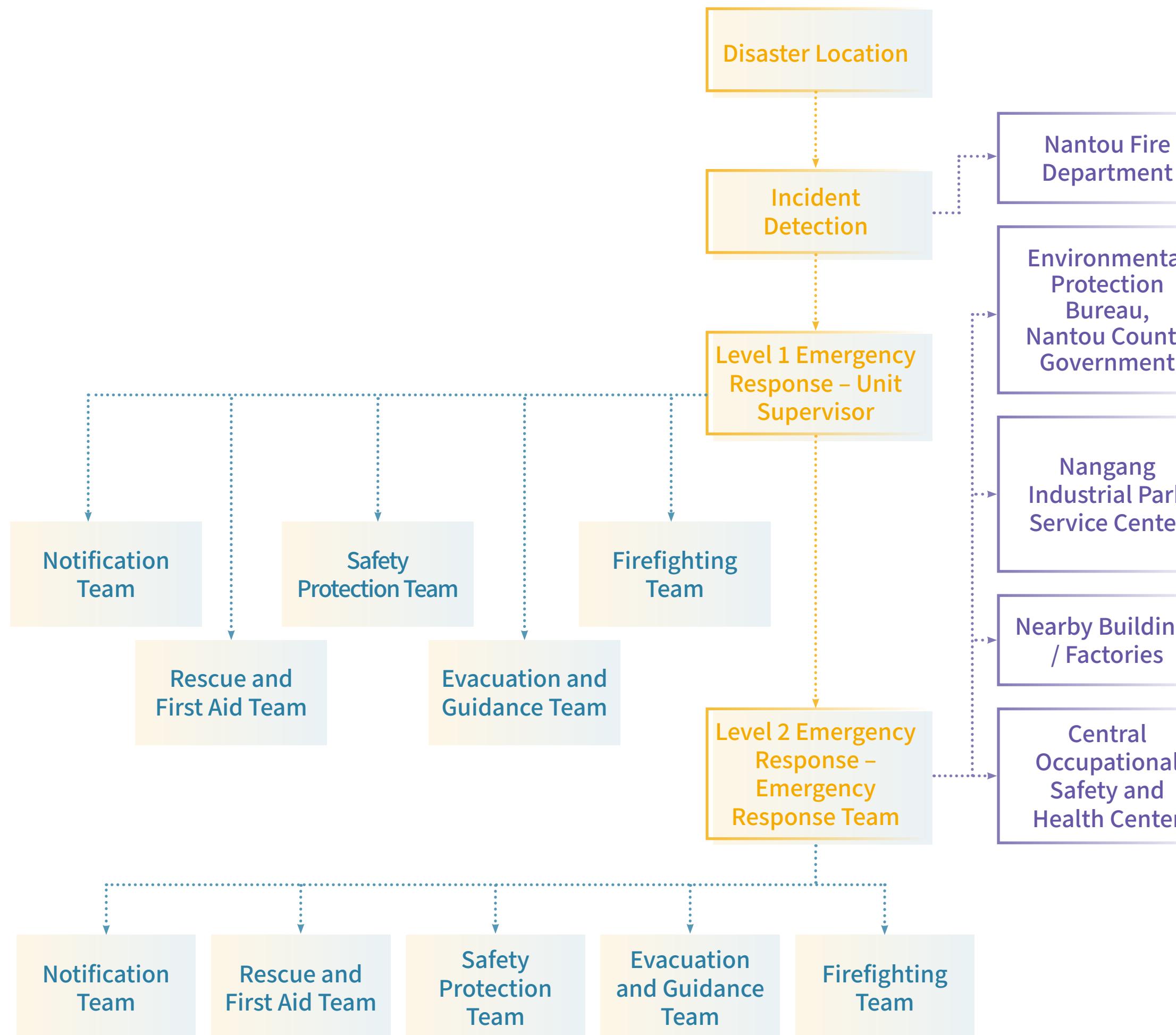
Internal and External Emergency Response Notification and Handling Flow (Holidays)
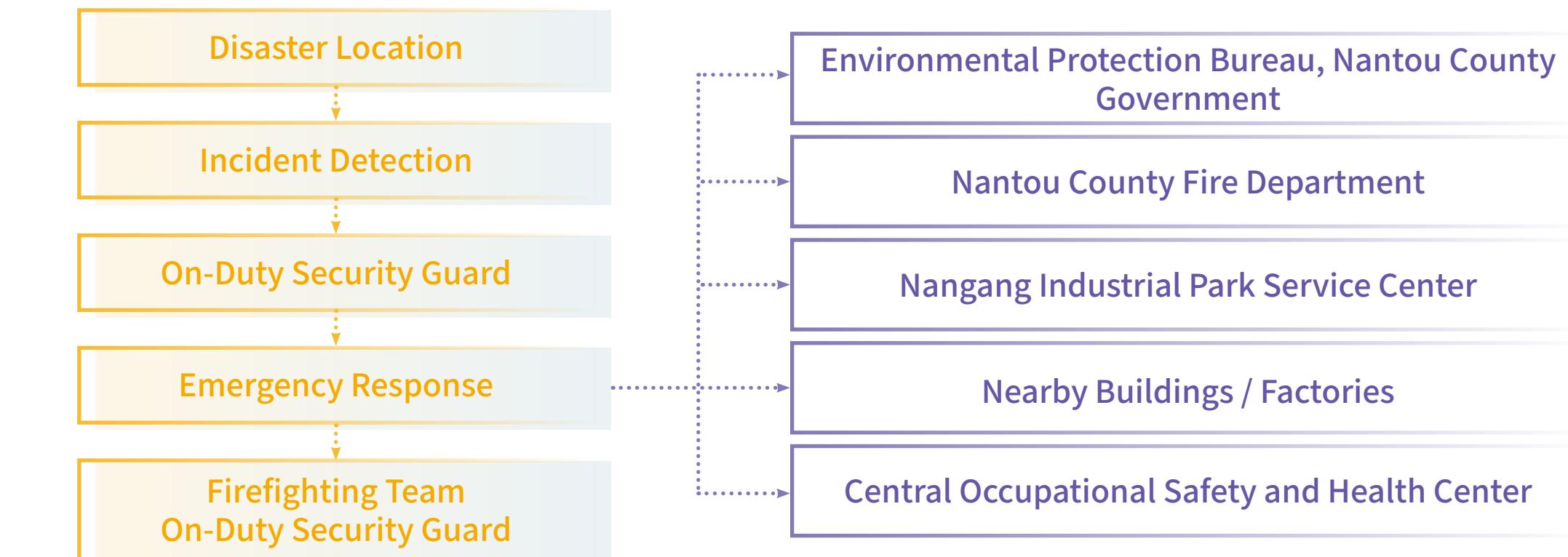
Occupational Safety and Health Training and Prevention

GRI 403-5 | GRI 403-6 | GRI 403-7

NAK takes a proactive approach to managing and mitigating occupational safety and health (OSH) risks associated with its operations. In alignment with the requirements of the central competent authority and the Occupational Safety and Health Act, the Company has established a workplace environmental monitoring plan. Certified third-party agencies are engaged to conduct regular assessments to evaluate employees' exposure to various environmental factors and ensure that working conditions remain within permissible safety limits.

For specific chemical and physical agents, NAK performs targeted monitoring in compliance with applicable regulations to ensure exposure levels remain below established thresholds. In addition, the Company conducts self-assessments informed by employee feedback and recommendations from ISO 45001 audits, with a focus on continual improvement of workplace conditions.

To ensure all employees have a thorough understanding of OSH regulations and NAK's internal health and safety management systems, the Company provides a range of safety education and training programs tailored to job-specific needs and legal requirements. Training offerings include:
· Onboarding safety training for new hires
· Continuing education for OSH management personnel
· Emergency response drills

In 2024, NAK delivered a total of 825 OSH training sessions, accumulating 3,182 training hours across the workforce. The effectiveness of these programs is evaluated through knowledge assessments, training records, and post-training reports. Through this structured approach, NAK aims to cultivate a strong safety culture, empower employees with the knowledge and skills necessary to maintain a safe workplace, and ensure readiness to respond effectively in the event of an incident.

2024 Occupational Safety and Health Training Overview

Training Category	Target Audience	Total Participants	Total Training Hours
New Hire Occupational Safety and Health Training	Employees	91	273
In-Service OSH Training for Safety Personnel	Management Personnel	27	81
Emergency Response Drill (Self-Defense Firefighting Team Training)	Employees and Supervisors	707	2,828

Two emergency response drills were conducted in 2024: one in the first half of the year and one in the second half.

Worker Health Promotion

NAK is deeply committed to fostering a safe, supportive, and healthy workplace. We provide voluntary health promotion services and programs that address employees' physical, mental, and emotional well-being. Our formal Health Promotion Management Approach, supported by four dedicated sub-programs with specific implementation guidelines, is designed to enhance workforce engagement, strengthen organizational cohesion, and create a long-term competitive advantage.

Ergonomic Hazard Prevention Program

· Regular employee health checkups
· On-site physician consultation services
· A variety of fitness clubs and wellness groups
· Company-wide physical activity campaigns, (e.g., hiking challenges, weight loss competitions)

Prevention of Illness from Excessive Workload

· Stress relief and mental health seminars and training
· Designated relaxation areas (e.g., fitness rooms, quiet lounges)

Prevention of Unlawful Infringement in the Workplace

· Seminars on sexual harassment prevention
· Workplace diversity and human rights awareness campaigns
· Clear grievance-handling procedures and confidential reporting hotlines
· Counseling and support services for affected employees

Maternal Health Protection Program

· Breastfeeding-friendly facilities, including lactation rooms with bottle sterilizers, breast milk refrigerators, and secured access control
· Exclusive NAK Mom Handbook for expectant and new mothers
· Maternity health seminars
· Dedicated parking spaces for pregnant employees (cars and motorcycles)
· Prenatal check-up subsidies for eligible low-income employees
· Breastfeeding breaks exceeding legal requirements
· Occupational physician support for postpartum return-to-work assessments and job matching

2024 Health and Wellness Initiatives and Campaigns

◈ Flu Vaccination Support: Provided subsidies for influenza vaccinations to employees under the age of 50 to strengthen immunity and reduce the risk of seasonal illness.
◈ Smart Eating Awareness: Hosted workshops on making informed food choices when dining out, promoting safe, balanced, and mindful eating habits.
◈ Diverse Fitness Activities: Offered a wide range of physical activity options to encourage employee participation and promote an active lifestyle.
◈ Custom Insole Workshop: Organized DIY insole-making sessions to help reduce foot pressure and enhance workplace comfort.
◈ Cardiovascular Health Seminar: Delivered educational sessions on the prevention and early detection of cardiovascular diseases, empowering employees to proactively manage their health.
◈ Gender Equality Seminar: Promoted workplace inclusion and respect through a lecture on gender equality, underscoring the importance of rejecting discrimination and bias.
◈ Blood Donation Drive: Organized a corporate-sponsored blood donation initiative, encouraging employees to contribute to community well-being.
◈ Active Aging Awareness: Conducted a seminar on self-reflection and emotional awareness to support employees' mental health and resilience as they age.

To foster a supportive work environment and promote employee well-being, NAK has established an on-site health system staffed by occupational nurses and visiting physicians. These professionals provide a comprehensive range of services, including occupational illness prevention, emergency medical assistance, and proactive wellness promotion.

NAK offers medical examinations that exceed regulatory requirements, enabling employees to regularly monitor their physical condition. For any abnormal findings in health reports, employees can consult directly with physicians during scheduled on-site consultation hours for further consultation and guidance.

All medical records are strictly managed by the Company's occupational health nurses in full compliance with the Personal Data Protection Act. Only designated occupational physicians and contracted health nurses are authorized to access these records. No other personnel may view or obtain health data unless mandated by law, ensuring strict confidentiality and data security.

In collaboration with certified occupational medicine specialists, NAK also evaluates musculoskeletal-related risks associated with specific job functions and implements targeted prevention programs. Annual wellness initiatives are designed based on employee health trends, reinforcing a culture of prevention and early intervention.

NAK places particular emphasis on supporting maternal health. Dedicated programs support employees throughout pregnancy and breastfeeding periods, underscoring the Company's commitment to inclusive and family-friendly workplace practices.

General Health Checkups	NAK offers annual health examinations with enhanced coverage beyond regulatory requirements for employees with at least one year of service. Screening items are jointly determined in advance by the on-site nurse and occupational physician based on prevalent employee health concerns. These examinations are conducted conveniently at the facility by a contracted medical institution, demonstrating NAK's commitment to employee well-being.
Special Health Checkups	In compliance with Taiwan's Labor Health Protection Rules, NAK conducts mandatory annual health screenings for employees engaged in designated high-risk tasks. These screenings cover exposure to factors such as noise, dust, and n-hexane. Results are classified by risk level, and individual health management plans are implemented accordingly to ensure proper health protection.
Occupational Disease Prevention	To mitigate occupational disease risks, NAK proactively evaluates and implements modifications to job duties and equipment. The Company also makes environmental adjustments and provides appropriate personal protective equipment (PPE) to reduce exposure and safeguard worker safety.
Regular Workplace Disinfection	To maintain a clean, safe, and hygienic working environment, the entire facility undergoes scheduled annual disinfection, ensuring a healthy workplace for all employees.

Recognitions for Workplace Health Excellence

- 2015 – Outstanding Healthy Workplace Award for Nutrition and Wellness Promotion, awarded by the Health Promotion Administration, Ministry of Health and Welfare (MOHW), Taiwan
- 2015 – Excellence in Workplace Weight Management, awarded by the Nantou County Government
- 2016 – Healthy Workplace Certification – Health Promotion Mark (Valid 2016 to 2018), awarded by the Health Promotion Administration, Ministry of Health and Welfare (MOHW), Taiwan
- 2018 – Breastfeeding-Friendly Certification, awarded by the Nantou County Government (Valid September 2019 – September 2022)
- 2020 – Healthy Workplace Certification – Health Promotion Mark (Valid 2020 – 2022), awarded by the Health Promotion Administration, Ministry of Health and Welfare (MOHW), Taiwan
- 2020 – Outstanding Healthy Workplace – Maternal Health Support Award, awarded by the Health Promotion Administration, Ministry of Health and Welfare (MOHW), Taiwan
- 2022 – Breastfeeding-Friendly Certification(renewal), awarded by the Nantou County Government (Valid September 2022 – September 2025)
- 2023 – Excellence in Cancer Screening Promotion, awarded by the Nantou County Government

Occupational Injury Statistics and Incident Management

GRI 403-9 | GRI 403-10

NAK is deeply committed to the effectiveness of our occupational safety and health (OSH) management system. We utilize occupational injury and illness data as key performance indicators to evaluate system performance, identify root causes, and drive continuous improvement, ensuring the safety and well-being of our workforce.

In 2024, the primary causes of workplace injuries included slips, trips, and falls, exposure to extreme temperatures, entanglement or compression injuries, falling or flying objects, and cuts or puncture wounds. In response, NAK proactively implemented targeted corrective and preventive measures, including enhanced health monitoring and guidance, mandatory use of appropriate protective clothing, adjustments to equipment materials and operating procedures, installation of fail-safe mechanisms, and replacement of aging machine components. These measures strengthen the effectiveness of our safety protocols and assurance systems.

NAK remains steadfast in our commitment to minimizing occupational hazards through systematic reviews and adaptive safety strategies. Our ultimate goal is to achieve zero workplace accidents, a goal that we are continuously striving towards with firm resolve and commitment.

Fire Incident – 2024

In 2024, NAK experienced a fire incident caused by equipment malfunction. Fortunately, no injuries or casualties occurred. Immediate corrective actions were taken, including upgrades to related machinery, the installation of additional fire extinguishers, and an increase in the frequency of emergency fire drills to enhance preparedness and response capabilities.

Occupational Injuries and Illnesses (Past Three Years)

Year		2022		2023		2024	
Category		Employees	Non-Employees	Employees	Non-Employees	Employees	Non-Employees
Occupational Injuries	Cumulative Work Hours	2,426,855	27,888	2,266,970	27,776	1,722,679	28,000
	Total Number of Work-Related Injuries Note 1, 2	3	-	7	-	2	-
	Number of Serious Work-Related Injuries Note 1, 2	-	-	-	-	1	-
	Number of Work-Related Fatalities	-	-	-	-	-	-
	Recordable Work-Related Injuries Note 2	3	-	7	-	3	-
	Total Lost Workdays Note 3	63	-	292	-	313	-
	Rate of Serious Work-Related Injuries Note 4	-	-	-	-	0.58	-
	Lost-Time Injury Frequency Rate (FR) Note 5	1.23	-	3.08	-	1.74	-
	Lost-Time Injury Severity Rate (SR) Note 6	26	-	128	-	181	-
	Fatality Rate from Occupational Injuries Note 7	-	-	-	-	-	-
Occupational Illnesses	Number of Occupational Illness Cases	-	-	-	-	-	-
	Number of Occupational Illness Fatalities	-	-	-	-	-	-
	Occupational Illness Fatality Rate Note 8	-	-	-	-	-	-
	Recordable Occupational Illnesses	-	-	-	-	-	-

Note 1: General work-related injuries are defined as those resulting in ≤ 180 lost workdays. Severe injuries are defined as those resulting in more than 180 lost workdays.
Note 2: Annual Injury Types:
    2022: 3 cases – caught-in/caught-between, slips/trips/falls, cuts, lacerations, and abrasions.
    2023: 7 cases – slips/trips/falls, contact with high temperature, caught-in/caught-between, struck by falling objects, cuts, lacerations, and abrasions.
    2024: 3 cases – slips/trips/falls, caught-in/caught-between, struck by falling objects.
Note 3: Lost workdays are calculated from the day following the incident, representing the total number of calendar days the injured worker is unable to return to regular duties, either temporarily or permanently. This includes weekends, holidays, or business shutdowns, and any additional leave days related to the injury—even after the initial return to work. The date of injury and the date of return are excluded from the count.
Note 4: Rate of Severe Work-Related Injuries = (Number of severe injuries excluding fatalities × 1,000,000) ÷ Total hours worked.
Note 5: Lost-Time Injury Frequency Rate (FR) = (Total number of recordable occupational injury cases × 1,000,000) ÷ Total hours worked. (This metric reflects the frequency of disabling injuries per million hours worked.)
Note 6: Lost-Time Injury Severity Rate (SR) = (Total lost workdays × 1,000,000) ÷ Total hours worked. (This metric reflects the severity of incidents by measuring workdays lost per million hours worked.)
Note 7: Occupational Fatality Rate = (Number of work-related fatalities × 1,000,000) ÷ Total hours worked.
Note 8: Occupational Disease Fatality Rate = (Number of fatalities from occupational illnesses × 1,000,000) ÷ Total hours worked.

4.3 Labor Relations and Human Rights

Human Rights Commitment

GRI 2-23 | GRI 2-24 | GRI 2-26 | GRI 406-1 | GRI 408-1 | GRI 409-1

Human rights are the inherent rights to which every individual is entitled. At NAK, we place human rights at the forefront of our operations and have established a "Code of Conduct" that strictly prohibits the use of child labor, forced labor, harassment, and all forms of discrimination. This Code serves as a cornerstone of our human rights commitment and extends beyond NAK's internal operations to encompass all external business partners, including suppliers, agents, distributors, subsidiaries, and contractors.
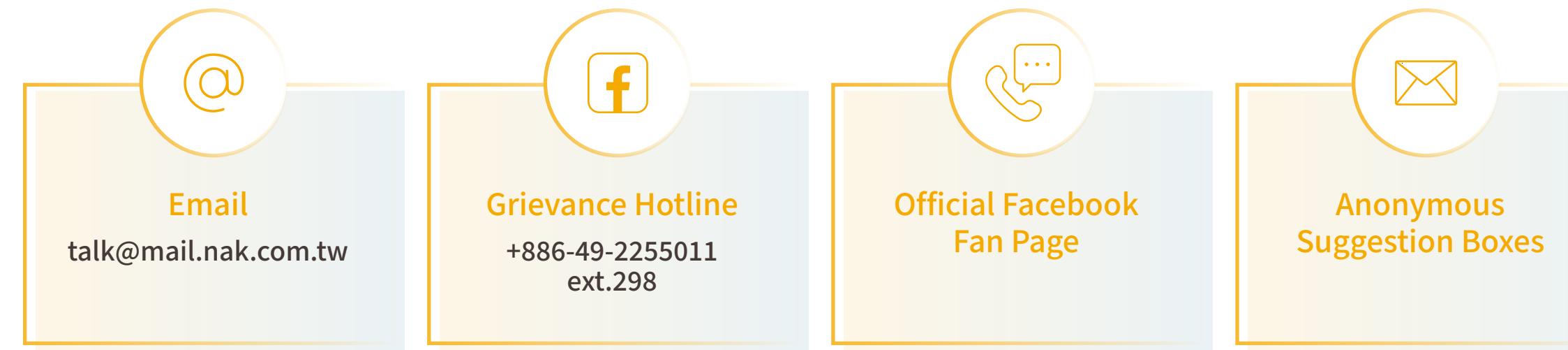
Our key human rights policies include:

Prohibition of Child Labor and Forced Labor	NAK adheres to the United Nations Convention on the Rights of the Child and complies with all applicable labor laws to ensure that no underage workers or coerced labor are employed. Measures include rigorous age- verification processes and regular supply chain audits to prevent economic exploitation and safeguard the legal minimum working age. ◆ 2024 Performance: Zero cases of child labor or forced labor recorded.
Diversity, Equity, and Non-Discrimination	NAK is committed to providing equal employment opportunities and fostering an inclusive workplace. Discrimination based on gender, age, color, race, ethnic or social origin, nationality, sexual orientation, disability, religion, or political opinion is strictly prohibited in all aspects of recruitment, promotion, and daily workplace interactions. ◆ 2024 Performance: No reported incidents or complaints related to discrimination.
Employee Health and Safety	Employee health and safety are of paramount importance. In additional to complying with local occupational safety regulations, NAK implements ISO 45001-based Occupational Safety and Health (OSH) management systems. The Company actively identifies and mitigates workplace hazards to reduce occupational injuries and illnesses, safeguarding the well-being of all employees. ◆ 2024 Performance: No disputes or complaints related to health and safety reported.
Freedom of Association and Collective Bargaining	NAK fully respects employees' rights to freedom of association and collective bargaining. We encourage open dialogue and provide multiple communication channels, including quarterly labor-management meetings, a grievance hotline, internal bulletins, official social media platforms, employee clubs, and informal gatherings. All complaints are handled with strict confidentiality to protect employee privacy and rights. ◆ 2024 Performance: No labor disputes reported; 21 employee suggestions or feedback cases formally addressed and resolved.
Working Hours and Compensation	NAK strictly complies with legal standards on minimum wage and maximum working hours in all jurisdictions of operation. Business partners are also expected to meet or exceed these requirements, ensuring that wages, overtime pay, and other remuneration are fair and legally compliant. All overtime work is voluntary, non-excessive, and appropriately compensated. ◆ 2024 Performance: Compensation fully compliant with Taiwan Labor Standards Act.

NAK actively promotes human rights awareness through structured onboarding and continuous communication. During orientation, all new employees receive training on key human rights topics, including anti-discrimination, diversity and inclusion, workplace equality, and the prohibition of child labor, forced labor, and harassment. To reinforce these principles, the Company regularly displays awareness posters and issues internal announcements, ensuring that human rights standards remain a core focus across the organization.
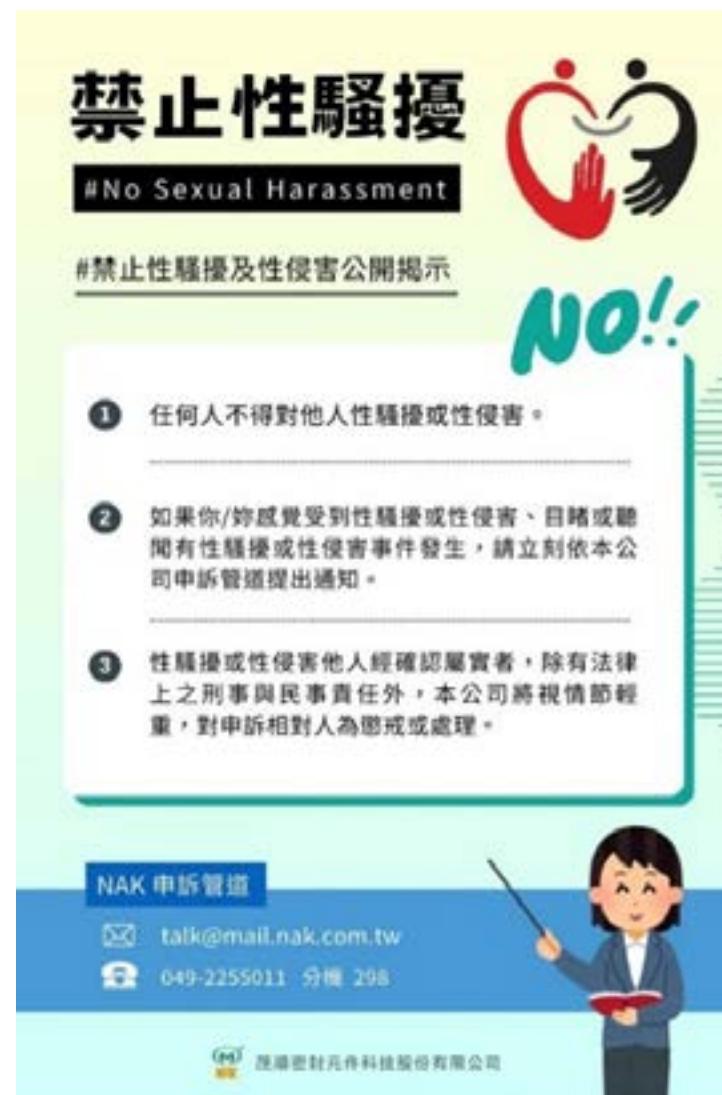
Awareness Poster

To support a transparent and secure work environment, NAK provides employees with multiple confidential grievance reporting channels

Email
talk@mail.nak.com.tw

Grievance Hotline
+886-49-2255011 ext.298

Official Facebook Fan Page

Anonymous Suggestion Boxes

Employee Rights and Communication

GRI 2-30 | GRI 402-1

• **Transparent and Accessible Communication Channels**

At NAK, we are committed to fostering a workplace culture of open, timely, and transparent communication. In alignment with Article 16 of Taiwan's Labor Standards Act, we ensure that employees and their representatives receive advance notice in the event of significant operational changes. When adjustments to labor conditions are proposed, they must be reviewed and approved through the Labor-Management Meeting process, a forum for joint discussion and decision-making between labor and management representatives.

Minimum notice periods are as follows:
· 10 days for employees with continuous service between 3 months and 1 year
· 20 days for employees with 1 to 3 years of continuous service
· 30 days for employees with over 3 years of continuous service

If termination occurs without the required notice period, compensation equivalent to the wages of that period is provided in lieu.

To ensure timely and effective communication, NAK does not currently have employee-initiated labor unions. However, the Company has implemented multiple labor–management communication and consultation channels, including formal written notices, all-employee meetings, one-on-one interviews, and consultations with employee representatives. Written notifications are provided at the beginning of the notice period, detailing the nature of changes, schedules, and potential impacts.

Leadership teams are responsible for explaining the rationale and expected outcomes of changes during meetings. For directly affected employees, one-on-one consultations are arranged to provide personalized support and guidance. Consultations with employee representatives further ensure employee voices are heard and that alternative solutions are explored where appropriate.

Dedicated communication channels — including suggestion boxes, social media platforms, grievance hotlines, and quarterly labor-management meetings — are also available for employees to raise questions and provide feedback at any time.

NAK remains committed to managing business transitions with openness and accountability, believing that transparency and proactive communication are essential to maintaining strong and respectful labor relations.

CHAPTER

Social Engagement

05

5.1 Our Commitment to Social Responsibility

5.2 Community Engagement and Social
    Investment

5.1 Our Commitment to Social Responsibility

At NAK, we believe that the true measure of corporate success goes beyond financial performance—it lies in the positive value a company brings to society. We are deeply committed to acting as a responsible corporate citizen, passionately engaging in social causes and giving back to the communities in which we operate.

Our social engagement strategy is driven by the conviction that businesses play a vital role in fostering societal harmony and progress. NAK is dedicated to advancing a board wide range of public welfare initiatives, with a particular focus on education, environmental stewardship, and community development. Through these efforts, we strive to improve quality of life, support sustainable development, and create long-lasting positive impacts for future generations.

5.2 Community Engagement and Social Investment

In 2024, NAK allocated a total of NT$1,283,000 to community engagement and social responsibility initiatives. The majority of this investment supported local community events, followed by contributions to environmental beautification projects, donations to volunteer firefighters, police, and civil defense units, as well as other charitable causes.

During the summer and fall, the Company organized two corporate blood donation drives, encouraging employees to contribute to public health and community well-being. In additional, NAK continued to support youth development by offering internship opportunities to underprivileged students during both winter and summer breaks, helping nurture the next generation of talent.

2024 Highlights of Social Engagement Contributions

Local Event Sponsorships NT$850,000	**Support for Emergency Services** NT$96,000	**Charitable Donations** NT$198,000
Environmental Greening and Beautification NT$139,000	**Blood Donation Drives** 37 employees	**Internship Programs** 2 students

Local Engagement and Support for Emergency Services

NAK remains deeply committed to fostering community development and cultural enrichment. The Company has long supported major local events, including the Nantou Lantern Festival, where vibrant lantern displays and performances bring joy to the public and strengthen cultural heritage.

In addition, NAK sponsored digital learning resources for Jiji Junior High School, providing students with access to modern educational tools that enhance learning outcomes and efficiency.

Beyond education and culture, NAK continues to prioritize community safety by offering financial support to the Nantou Police Friends Association and local volunteer firefighter units, reinforcing public safety infrastructure and contributing to the overall well-being of the community.

Environmental Stewardship

NAK's Taiwan facilities are situated in the Nangang Industrial Park in Nantou, where the Company actively contributes to environmental beautification and ecological care. As part of these efforts, NAK has adopted and maintains several key green spaces, including the large banyan tree roundabout at Plant 6 and the sidewalks surrounding Plants 2 and 4, which feature well-kept turf, low shrubs, and date palms. Each year, the Company invests approximately NT$139,000 in the upkeep of these areas, ensuring not only their visual appeal but also their ecological health. Through these ongoing efforts, NAK helps create a cleaner, greener, and more sustainable industrial environment, reflecting its commitment to environmental stewardship and community well-being.

Charitable Giving and Community Engagement

NAK is committed to uplifting communities through ongoing charitable giving and active participation in local initiatives. The Company regularly contributes to organizations such as the Nantou Fund for Children and Families and the Genesis Social Welfare Foundation, providing financial assistance to underprivileged families and individuals in need.

In late 2024, NAK co-sponsored the 55th Anniversary and Winter Charity Carnival hosted by the Nantou Fund for Children and Families. The event featured 109 booths, a commemorative "55th Anniversary Exhibition," DIY workshops, and live performances, drawing strong public participation and raising awareness of the organization's longstanding efforts to support children and families.

NAK also promotes community well-being through employee-led initiatives. In 2024, the Company organized two on-site blood donation drives in collaboration with mobile blood collection units. Employees were encouraged and supported to participate during work hours, resulting in 31 successful donations. NAK remains committed to sustaining this initiative, helping strengthen Taiwan's national blood supply while fostering a culture of giving and social responsibility within the workplace.

Winter and Summer Internship Program with Ren-Ai Children's Home in Nantou

Through close collaboration with social workers, NAK has gained valuable insights into the challenges faced by youths aged 16 to 18 from the Ren-Ai Children's Home, who often encounter limited job opportunities and suboptimal work environments in part-time roles. In response, and following extensive internal coordination, NAK launched a structured internship program built on three key principles: skill development, a safe and supportive workplace, and fair compensation. This initiative reflects our proactive approach to addressing social challenges and underscores our commitment to making a meaningful impact in the community.

The program provides eligible students from Ren-Ai Children's Home with paid internship opportunities during winter and summer breaks. Initial placements included:
· Marketing Department: Computer graphic editing
· Mold Fabrication Unit: CNC machine operation
· Design Team: Computer-aided design (CAD)

These assignments were carefully designed to expose students to real-world work environments while helping them develop practical, career-ready skills.

The impact has been both tangible and inspiring. One high school senior, who interned in the marketing department, created a portfolio that later impressed university interviewers and resulted in multiple admission offers. She later produced a heartfelt video to thank the Company for the opportunity. Another student expressed in a personal letter that the skills gained during the internship significantly enhanced both their academic performance and personal growth.

NAK firmly believes that by offering meaningful, safe, and compassionate internships, we not only equips students with practical skills but also empower them with a deeper understanding of professional expectations—helping bridge the gap between education and the workforce.

Appendix I. Global Reporting Initiative (GRI) Content Index

Instructions for Use	This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, covering the reporting period from January 1 to December 31, 2024.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	Not applicable

- **General Disclosures**

GRI Standard	Disclosure		Section	Page	Notes / Reasons for Omission
GRI 2: General Disclosures 2021	2-1	Organizational details	About NAK	4	
	2-2	Entities included in the organization's sustainability reporting	About This Report	3	
	2-3	Reporting period, frequency, and contact point	About This Report	3	
	2-4	Restatements of information	-	-	Not applicable – no restatements were made.
	2-5	External assurance	About This Report	3	
	2-6	Activities, value chain, and other business relationships	About NAK	4-5	
	2-7	Employees	4.1 Talent Management and Development	47	
	2-8	Workers who are not employees	4.1 Talent Management and Development	47	
	2-9	Governance structure and composition	2.1 Corporate Governance	17-19	
	2-10	Nomination and selection of the highest governance body	2.1 Corporate Governance	17-18	
	2-11	Chair of the highest governance body	2.1 Corporate Governance	17-18	
	2-12	Role of the highest governance body in overseeing the management of impacts	1.2 Sustainability Philosophy	10-11	
	2-13	Delegation of responsibility for managing impacts	1.2 Sustainability Philosophy	10	
	2-14	Role of the highest governance body in sustainability reporting	About This Report 1.2 Sustainability Philosophy	3 11	
	2-15	Conflicts of interest	2.1 Corporate Governance	18、20	

GRI Standard		Disclosure	Section	Page	Notes / Reasons for Omission
GRI 2: General Disclosures 2021	2-16	Communication of critical concerns	1.2 Sustainability Philosophy 2.1 Corporate Governance	11 20	
	2-17	Collective knowledge of the highest governance body	2.1 Corporate Governance	19	
	2-18	Evaluation of the performance of the highest governance body	2.1 Corporate Governance	20	
	2-19	Remuneration policies	2.1 Corporate Governance	19	
	2-20	Process to determine remuneration	2.1 Corporate Governance	19	
	2-21	Annual total compensation ratio	-	-	In accordance with our confidentiality policy, the Company does not disclose the annual compensation of the highest-paid individual.
	2-22	Statement on sustainable development strategy	Message from the Chairperson 1.2 Sustainability Philosophy	6 10	
	2-23	Policy commitments	1.2 Sustainability Philosophy 2.2 Ethical Business Practices 4.3 Labor Relations and Human Rights	10 21-22 60	
	2-24	Embedding policy commitments	1.2 Sustainability Philosophy 2.2 Ethical Business Practices 4.3 Labor Relations and Human Rights Material Topic Management Approach	10 21-22 60 21、23、26、28、34、43、47、55	
	2-25	Processes to remediate negative impacts	Material Topic Management Approach	21、23、26、28、34、43、47、55	
	2-26	Mechanisms for seeking advice and raising concerns	1.3 Stakeholder Identification and Engagement 2.2 Ethical Business Practices 4.3 Labor Relations and Human Rights Material Topic Management Policy	12-13 23 61 21、23、26、28、34、43、47、55	

GRI Standard		Disclosure	Section	Page	Notes / Reasons for Omission
GRI 2: General Disclosures 2021	2-27	Compliance with laws and regulations	2.3 Regulatory Compliance	24	
	2-28	Memberships associations	About NAK	5	
	2-29	Approach to stakeholder engagement	1.3 Stakeholder Identification and Engagement	12-13	
	2-30	Collective bargaining agreements	4.3 Labor Relations and Human Rights	61	

- ## Material Topics

GRI Standard		Disclosure	Section	Page	Notes / Reasons for Omission
GRI 3: Material Topics 2021	3-1	Process to determine material topics	1.4 Materiality Assessment and Analysis	14	
	3-2	List of material topics	1.4 Materiality Assessment and Analysis	15	
Material Topic: Ethical Business Practices					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.2 Ethical Business Practices	21	
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	2.2 Ethical Business Practices	22	
	205-3	Confirmed incidents of corruption and actions taken	2.2 Ethical Business Practices	23	
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.2 Ethical Business Practices	23	
Material Topic: Regulatory Compliance					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.3 Regulatory Compliance	23	
Material Topic: Supply Chain Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.5 Supply Chain Management	26	
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	2.5 Supply Chain Management	27	

GRI Standard		Disclosure	Section	Page	Notes / Reasons for Omission
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	2.5 Supply Chain Management	26-27	
	308-2	Negative environmental impacts in the supply chain and actions taken	2.5 Supply Chain Management	27	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using environmental criteria	2.5 Supply Chain Management	26-27	
	414-2	Negative environmental impacts in the supply chain and actions taken	2.5 Supply Chain Management	27	
Material Topic: Information Security Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.6 Information Security	28	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and loss of customer data	2.6 Information Security	29	
Material Topic: Risk Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.7 Risk Management	30	
Material Topic: Climate Change and GHG Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.1 Climate Action and Resilience	34	
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	3.1 Climate Action and Resilience	36	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	3.2 Energy and Greenhouse Gas Management	38	
	305-2	Energy indirect (Scope 2) GHG emissions	3.2 Energy and Greenhouse Gas Management	38	
	305-3	Other indirect (Scope 3) GHG emissions	3.2 Energy and Greenhouse Gas Management	38	
	305-4	GHG emissions intensity	3.2 Energy and Greenhouse Gas Management	38	
	305-5	Reduction of GHG emissions	3.2 Energy and Greenhouse Gas Management	40	
Material Topic: Occupational Safety and Health					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.2 Safe Working Environment	55	

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GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	4.2 Safe Working Environment	56	
	403-2	Hazard identification, risk assessment, and incident investigation	4.2 Safe Working Environment	56-57	
	403-3	Occupational health services	4.2 Safe Working Environment	56	
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.2 Safe Working Environment	56	
	403-5	Worker training on occupational health and safety	4.2 Safe Working Environment	57-58	
	403-6	Promotion of worker health	4.2 Safe Working Environment	58-59	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.2 Safe Working Environment	57-59	
	403-8	Workers covered by an occupational health and safety management system	4.2 Safe Working Environment	56	
	403-9	Work-related injuries	4.2 Safe Working Environment	59-60	
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Material Topic: Human Resource Management and Talent Development					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.1 Talent Development and Management	47	
GRI 201: Economic Performance 2016	201-3	Defined benefit plan obligations and other retirement plans	4.1 Talent Development and Management	54	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	4.1 Talent Development and Management	48	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.1 Talent Development and Management	52-54	
	401-3	Parental leave	4.1 Talent Development and Management	55	
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	4.1 Talent Development and Management	61	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	4.1 Talent Development and Management	49	

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GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	4.1 Talent Development and Management	49-50	
	404-3	Percentage of employees receiving regular performance and career development reviews	4.1 Talent Development and Management	50	
Material Topic: Product Quality and Safety					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.5 Product Quality and Safety	43	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	3.5 Product Quality and Safety	44	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3.5 Product Quality and Safety	44	

• Other Non-Material Topics

GRI Standard		Disclosure	Section	Page	Notes / Reasons for Omission
GRI 200：Economic					
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	2.4 Operational Excellence and Business Continuity	25	
	201-4	Financial assistance received from government	2.4 Operational Excellence and Business Continuity	25	
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4.1 Talent Development and Management	51	
	202-2	Proportion of senior management hired from the local community	4.1 Talent Development and Management	48	
GRI 300：Environmental					
GRI 301: Materials 2016	301-1	Materials used by weight or volume	3.4 Circular Economy	43	
	301-2	Recycled input materials used	3.4 Circular Economy	43	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	3.2 Energy and Greenhouse Gas Management	37	
	302-3	Energy intensity	3.2 Energy and Greenhouse Gas Management	37	

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GRI 302: Energy 2016	302-4	Reductions of energy consumption	3.2 Energy and Greenhouse Gas Management	40	
	302-5	Reductions in energy requirements of products and services	3.2 Energy and Greenhouse Gas Management	40	
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	3.3 Water Resource Management	40	
	303-2	Management of water discharge-related impacts	3.3 Water Resource Management	40	
	303-3	Water withdrawal	3.3 Water Resource Management	41	
GRI 305: Emissions 2016	305-6	Emissions of ozone-depleting substances (ODS)	3.2 Energy and Greenhouse Gas Management	39	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	3.2 Energy and Greenhouse Gas Management	39	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	3.4 Circular Economy	41	
	306-2	Management of significant waste-related impacts	3.4 Circular Economy	41	
	306-3	Waste generated	3.4 Circular Economy	42	
	306-4	Waste diverted from disposal	3.4 Circular Economy	42	
	306-5	Waste directed to disposal	3.4 Circular Economy	42	
GRI 400：Social					
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	2.1 Corporate Governance 4.1 Talent Management and Development	18 48-49	
	405-2	Ratio of basic salary and remuneration of women to men	4.1 Talent Management and Development	51	
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	4.3 Labor Relations and Human Rights	60	
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	4.3 Labor Relations and Human Rights	60	
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.3 Labor Relations and Human Rights	60	

Appendix II: Disclosure Index of Climate-related Information for TWSE / TPEx Listed Companies

Item	Disclosure Requirement	Response/Reference	Page
1	Explanation of how the Board of Directors and management oversee and govern climate-related risks and opportunities.	Refer to Section 3.1 Climate Action and Resilience > Climate Governance Framework	34
2	Explanation of how the identified climate risks and opportunities affect the organization's business, strategies, and financial planning (short, medium, and long term).	Refer to Section 3.1 Climate Action and Resilience > Climate Change Mitigation and Adaptation Strategies	36
3	Explanation of the financial impact of extreme weather events and transition-related actions.	Refer to Section 3.1 Climate Action and Resilience > Climate Change Mitigation and Adaptation Strategies	36
4	Explanation of how the identification, assessment, and management of climate risks are integrated into the overall risk management framework.	Refer to Section 3.1 Climate Action and Resilience > Climate Risk Management	35
5	If scenario analysis is applied to evaluate climate resilience, disclose the scenarios, assumptions, parameters, factors analyzed, and significant financial impacts.	Scenario analysis has not yet been adopted	-
6	If transition plans to address climate-related risks are in place, disclose the content of such plans, including metrics and targets used to manage physical and transition risks.	Transition plans are still under development	-
7	If internal carbon pricing is used as a planning tool, disclose the pricing mechanism and basis.	Internal carbon pricing is not currently used as a planning tool	-
8	If climate-related targets are set, disclose the covered activities, GHG emission scopes, planning horizon, and annual progress. If carbon offsets or Renewable Energy Certificates (RECs) are used, disclose the source and volume of offsets or RECs.	Refer to Section 3.1 Climate Action and Resilience > Key Metrics and Climate Targets; No carbon offsets or RECs are currently used	36
9	Greenhouse Gas Inventory and Assurance, Reduction Targets, Strategies, and Action Plans	Refer to Section 3.1 Climate Action and Resilience > Greenhouse Gas (GHG) Emissions. At present, reduction targets, strategies, and concrete action plans have not yet been established.	38

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