

2025
NAK SEALING
TECHNOLOGIES
Sustainability Report



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○ Reporting Frameworks and Guidelines

This Sustainability Report presents a comprehensive and transparent overview of NAK Sealing Technologies Corporation's commitment, performance, and strategic direction in sustainable development. The Report has been prepared primarily in accordance with the Global Reporting Initiative (GRI) Standards 2021. It 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. In addition, the Report references the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in guiding the disclosure of climate-related governance, strategy, risk management, and metrics and targets.

○ Scope and Boundaries of Reporting

Unless otherwise specified, this Report covers NAK's operations in Taiwan and does not include its subsidiaries. Financial information is derived from the Company's consolidated financial statements.

The information disclosed in this Report is categorized into two types: financial information audited by independent certified public accountants (presented in thousands of New Taiwan Dollars) and sustainability information, including third-party verified greenhouse gas (GHG) emissions data and other information compiled internally by NAK.

All disclosed information has been prepared in accordance with internationally recognized methodologies, applicable regulatory requirements, industry standards, and relevant best practices. Where necessary, explanatory notes are provided to facilitate the interpretation of quantitative indicators.

○ Reporting Period

This Report primarily covers the period from January 1 to December 31, 2025. To enhance comparability and provide a more comprehensive view of the Company's sustainability performance, certain disclosures include historical data from 2023 and forward-looking information for 2026 to illustrate relevant trends and developments.

○ Report Governance and Publication

This Sustainability Report is published annually by NAK and is available on the Company's official website and the Market Observation Post System (MOPS).

Publication Date: August 2026

Next Scheduled Publication: August 2027

○ Report Assurance

To enhance the accuracy and credibility of this Sustainability Report, NAK engaged WEIYANG INTERNATIONAL CPAs & Co., an independent third-party assurance provider, to perform a limited assurance engagement on selected sustainability indicators in accordance with TWSAE 3000 – Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. The limited assurance statement is provided in Appendix III of this Report.

This Report was prepared by the Sustainability Office in collaboration with relevant functional teams, reviewed by department heads, examined by the Sustainability Development Committee, and approved by the Board of Directors prior to publication.

○ Feedback and Contact Information

NAK welcomes feedback, questions, and suggestions regarding this Report and our sustainability initiatives. We value stakeholder feedback and will continue to enhance our sustainability performance and ESG practices through ongoing communication and continuous improvement.

Contact Information

Responsible Department: Sustainability Development Office

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Telephone: +886-49-2255011 ext. 398

Report Download: [Oil Seals | NAK Sealing Technologies Corporation](#)

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

About NAK

GRI 2-1 | GRI 2-6 | GRI 2-28

Founded in 1976, NAK Sealing Technologies Corporation specializes in the design, development, and manufacture of high-quality oil seals. Guided by its core values of innovation, research and development, perseverance, and social responsibility, NAK has grown to become the largest oil seal manufacturer in Taiwan and one of the world's top ten manufacturers. With subsidiaries in China, Thailand, India, and Australia and customers in more than 70 countries, the Company has established a strong global presence.

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. These certifications demonstrate the Company's commitment to quality management, environmental protection, occupational health and safety, and energy management, reinforcing stakeholder confidence in the integrity and reliability of its operations.

Beyond manufacturing excellence, NAK places great emphasis on social responsibility, employee well-being, and mutual trust—principles deeply rooted in the Company's founding philosophy. These values continue to shape its corporate culture and long-term strategic direction. By integrating sustainability and workplace safety into its business strategy, NAK promotes sustainable growth while fostering an inclusive workplace where every employee is respected and valued. To strengthen its sustainability governance, NAK established the Sustainability Development Office in 2023 and the Sustainability Development Committee in 2025 to oversee the Company's sustainability strategies, policies, and performance. Guided by its corporate values, NAK remains committed to creating long-term economic, social, and environmental value for its stakeholders.

Driven by innovation and technological advancement, NAK strives to create long-term value for its customers, employees, shareholders, business partners, and the communities in which it operates. As the Company continues to expand into new markets and advance new technologies, it remains committed to sustainable development while creating lasting value for all stakeholders.

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	930 (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, Australia

Global Operational Presence

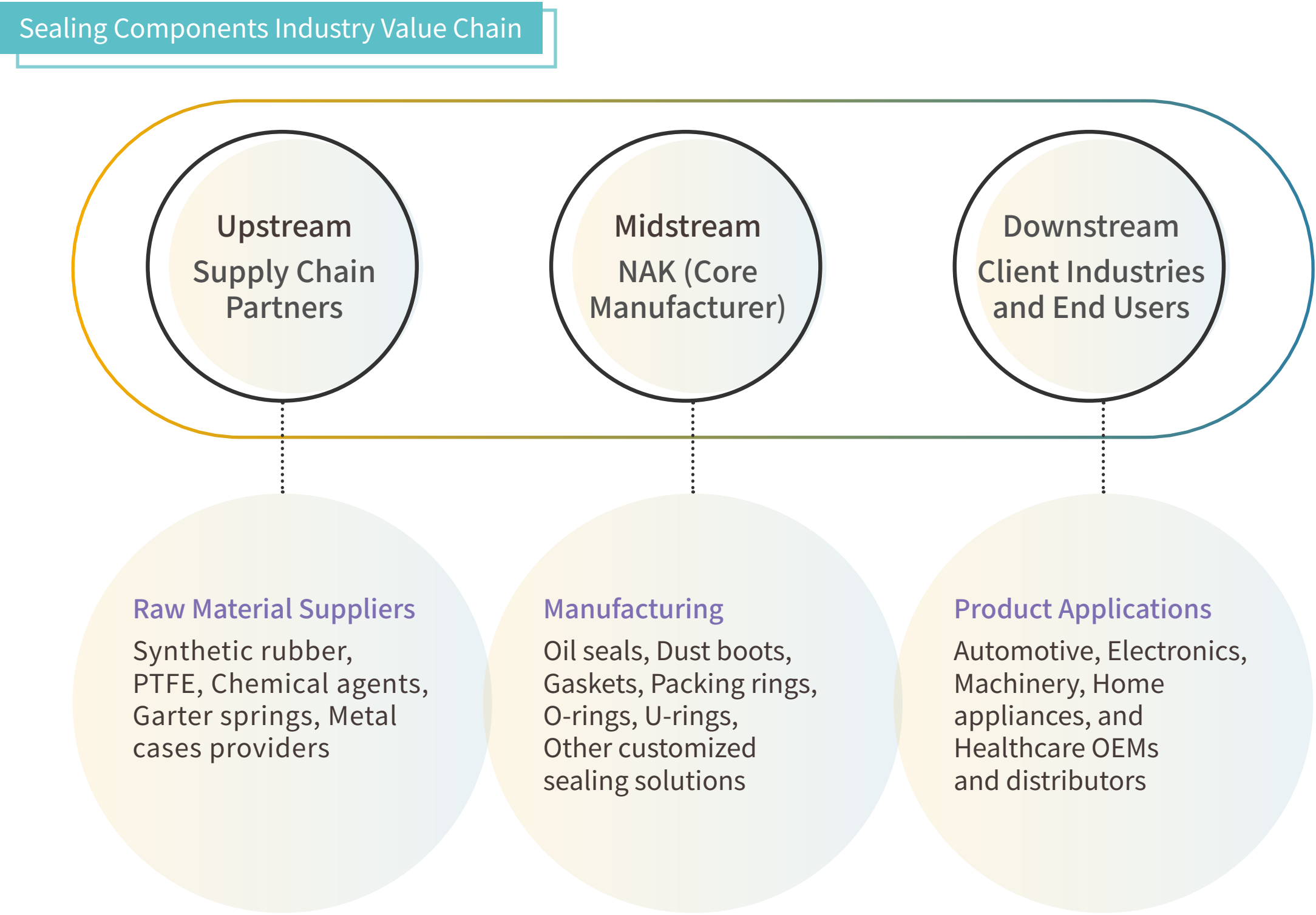


• Industry Value Chain

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

At the core of the value chain, NAK transforms raw materials into precision-engineered sealing products, including oil seals, dust boots, and gaskets. Through vertical integration and a strong commitment to research and development, the Company ensures product quality, consistency, durability, and customized solutions to meet the diverse needs of various industries.

Downstream, NAK's sealing solutions are widely applied across a broad range of industries, including automotive and motorcycles, 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 operational safety, improve energy efficiency, and extend product life cycles across global markets.



• Participation in Industry Associations

NAK actively participates in domestic and international industry associations to facilitate knowledge exchange, stay informed of market developments, and promote the sustainable growth of the sealing components industry. In 2025, the Company participated in the following associations as a member or advisor:

List of associations to be included.

No.	Association Name	Role
1	Taiwan Fluid Power Association	Member
2	Taiwan Transportation Vehicle Manufacturers' Association (TTVMA)	Member
3	Taiwan Electrical and Electronic Manufacturers' Association	Member
4	Taiwan Rubber & Elastomer Industries Association	Member
5	Sustainable Enterprise Association	Member
6	National Association of Small and Medium Enterprises, R.O.C. (NASME)	Member
7	National Innovation and Entrepreneurship Association, R.O.C. (NIEA)	Member
8	Taichung Entrepreneur Club	Member
9	Nantou Nurses' Association	Member
10	Nantou County Industrial Association	Member
11	Nantou County Civil Defense Corps	Advisor
12	Nantou Nangang Industrial Park Vendors Association	Member
13	Nantou County Importers and Exporters Chamber of Commerce	Member
14	Nantou Branch of the 1st Squadron, 1st Brigade, Volunteer Fire Corps	Advisor
15	Nantou County Volunteer Fire Brigade, Phoenix Volunteer Team	Advisor
16	Nantou Branch of the 1st Squadron, Phoenix Volunteer Corps	Advisor
17	Friends of the Police Association of the Zhongxing Precinct, Nantou County	Member
18	Friends of the Police Association of the Caotun Precinct, Nantou County	Member
19	Friends of the Police Association, Banshan Police Service Station, Nantou County	Member
20	Taiwan Accreditation Foundation	Member

Message from the Chairperson

GRI 2-22

Since our founding in 1976, NAK has been guided by the core management philosophy of care, trust, responsibility, and inclusiveness. Guided by these values, we have continuously strengthened our expertise in sealing technology and remained committed to becoming a trusted partner in delivering reliable sealing solutions to our customers.

Through years of steady growth and development, NAK's products are now marketed in more than 70 countries worldwide, and we have become Taiwan's only publicly listed manufacturer specializing in sealing solutions. This achievement reflects the long-term dedication of our employees to product quality, technological innovation, and continuous improvement.

In response to the rapidly evolving global industrial landscape and increasing expectations for sustainable development, we recognize that corporate success is not solely measured by operational growth, but also by our ability to integrate environmental stewardship, social responsibility, and sound corporate governance into our business practices. Accordingly, we continue to incorporate ESG (Environmental, Social, and Governance) principles into our strategies, operations, and management systems as an integral part of our commitment to sustainable corporate development.

Looking ahead, NAK will continue to build on its professional expertise, integrating innovation and sustainability principles into its operations to strengthen its global competitiveness and achieve sustainable growth. The Company remains committed to advancing the sustainable development of the sealing components industry and creating long-term value for its stakeholders.

NAK sincerely thanks its shareholders, customers, employees, and stakeholders for their continued support and trust. Moving forward, the Company will continue to collaborate with stakeholders to achieve shared sustainability goals and contribute to a more sustainable future.

Environment

From an environmental perspective, NAK is committed to reducing its environmental footprint through greenhouse gas (GHG) emissions management and inventory, energy conservation, carbon reduction initiatives, process optimization, and equipment upgrades. The Company is also evaluating the adoption of renewable energy to support its environmental sustainability and green manufacturing objectives.

Social Responsibility

From a social perspective, NAK is committed to fostering a safe, healthy, diverse, and inclusive workplace while supporting employee development and growth. Guided by its commitment to social responsibility, the Company actively engages in community involvement and charitable initiatives, contributing to the well-being of society.

Governance

From a governance perspective, NAK is committed to strengthening corporate governance through enhanced Board oversight, effective management mechanisms, information transparency, regulatory compliance, and robust internal controls. These efforts support sustainable operations, enhance corporate resilience, and safeguard stakeholder interests.



Chairperson of the Board, NAK Sealing Technologies Corporation

石正復
TOSHIYUKI ISHIMOTO

Sustainability Management

- 1.1 Sustainability Highlights and Achievements
- 1.2 Sustainability Philosophy
- 1.3 Stakeholder Identification and Engagement
- 1.4 Materiality Assessment and Analysis

CHAPTER

01

1.1 Sustainability Highlights and Achievements

Sustainability is integrated into all aspects of NAK's business operations. The Company continues to make measurable progress in key areas, including environmental protection, product quality, and workplace safety. These ongoing efforts have been recognized through internationally recognized certifications and industry awards, demonstrating NAK's commitment to advancing sustainable development.

Environmental Responsibility

- NAK's Plant No. 4 obtained Green Building Certification in 2024.
- Obtained ISO 14001:2015 Environmental Management System certification.
- Obtained ISO 50001:2018 Energy Management System certification.
- NAK's Plant No. 2 and Plant No. 4 obtained the Green Factory Label in 2025.
- Recognized by the Nantou County Government as an Outstanding Enterprise for Green Procurement in 2024.

Product Quality and Reliability

- Obtained ISO 9001:2015 Quality Management System certification.
- Obtained IATF 16949:2016 Automotive Quality Management System certification.
- NAK Material Research Laboratory obtained ISO/IEC 17025:2017 certification for General Requirements for the Competence of Testing and Calibration Laboratories.

Occupational Safety and Health

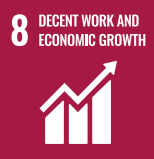
- NAK's Plant No. 2 is certified to ISO 45001:2018 Occupational Health and Safety Management System.
- Received the Healthy Workplace Excellence Award from the Health Promotion Administration, Ministry of Health and Welfare (Taiwan) in 2015 and 2020.
- Recognized by Nantou County Government with Breastfeeding-Friendly Workplace Certification.
- Awarded the Silver Award for Happy Enterprise in the Manufacturing Sector by 1111 Job Bank in 2025.

In 2015, the United Nations adopted the 2030 Agenda for Sustainable Development, which outlines the 17 Sustainable Development Goals (SDGs) and 169 targets. These goals provide a global framework for achieving 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 processes. When identifying material topics and establishing performance targets, the Company evaluates how its initiatives contribute to the advancement of the SDGs and strives to create meaningful and measurable impacts.

The following table highlights NAK's 2025 sustainability initiatives and their alignment with relevant SDGs.

United Nations Sustainable Development Goals (SDGs)		2025 Action	Relevant Section
SDG Goal	Target		
 SDG 1 No Poverty	1.1 End extreme poverty in all its forms everywhere	• Made charitable donations totaling NT\$708,000 to nonprofit organizations. • Provided internship opportunities for two students from Nantou Ren-Ai Children's Home and one student from Xuan-Ai Children's Home, offering practical workplace experience and skill development opportunities.	5.2 Community Engagement and Social Investment
 SDG 2 Zero Hunger	2.1 Universal Access to Safe and Nutritious Food	• Donated 30 insulated meal bags to the Nantou County Left Bank Growth Academy Care Association to support senior nutrition services and enhance the delivery of warm, nutritious meals to elderly recipients.	5.2 Community Engagement and Social Investment

United Nations Sustainable Development Goals (SDGs)		2025 Action	Relevant Section
SDG Goal	Target		
 SDG 3 Good Health and Well-being	3.8 Achieve Universal Health Coverage	In 2025, a total of 167 employees received influenza vaccinations, including 61 employees who received government-funded vaccines and 106 employees who received company-subsidized vaccinations.^{Note} Note: The Company subsidized 50% of the cost of self-paid influenza vaccinations.	4.1 Talent Management and Development
	3.9 Reduce illnesses and deaths caused by hazardous chemicals and pollution	- Installed air pollution control equipment to maintain compliance with regulatory emission standards. - In 2025, NAK received one administrative penalty under the Air Pollution Control Act due to a MEK reporting discrepancy. The Company completed the required corrective actions within the prescribed timeframe and fulfilled the required four-hour environmental compliance training.	3.2 Energy and Greenhouse Gas Management
 SDG 4 Quality Education	4.5 Eliminate All Discrimination in Education	- Donated NT\$600,000 to the Boyo Social Welfare Foundation's Chen You-Lan Center in Xinyi Township, Nantou, supporting afterschool tutoring programs for students from economically disadvantaged families in rural areas and benefiting approximately 170 students. - The program primarily serves Indigenous students (86.2%), as well as students from low-income and lower-middle-income households (24.5%), single-parent families (24.5%), grandparent-led households (10.2%), blended families (7.4%), new immigrant families (10.8%), families with members with disabilities (1.7%), and children without adequate parental care (0.5%).	5.2 Community Engagement and Social Investment
 SDG 5 Gender Equality	5.1 Eliminate all forms of discrimination against women and girls	- Continued to uphold equal pay practices; in 2025, the gender pay ratio among non-managerial employees was 0.99:1 (female to male). - Established Health Promotion Guidelines to strengthen employee health management, including measures to prevent occupational violence and protect maternal health.	4.1 Talent Management and Development
 SDG 6 Clean Water and Sanitation	6.3 Improve water quality, wastewater treatment, and safe reuse	- Operated wastewater treatment facilities and conducted continuous water quality monitoring to ensure compliance with regulatory discharge standards. - In 2025, all monitored water quality indicators met applicable regulatory requirements, with no exceedances identified.	3.3 Water Resource Management

United Nations Sustainable Development Goals (SDGs)		2025 Action	Relevant Section
SDG Goal	Target		
 SDG 7 Affordable and Clean Energy	7.3 Double the rate of improvement in energy efficiency	- Enhanced product innovation by optimizing the sealing performance of industrial standard oil seals, contributing to an estimated 15–20% improvement in energy efficiency per unit. - The precision reducer oil seal development project enhances transmission efficiency through optimized sealing performance. Depending on shaft diameter specifications, each oil seal is estimated to provide annual energy-saving potential of approximately 50%–58% per unit.	3.2 Energy and Greenhouse Gas Management
	8.5 Achieve full and productive employment and equal pay for work of equal value	Promoted inclusive employment by hiring 8 Indigenous employees and 9 employees with disabilities, who collectively accounted for 2% of the total workforce.	4.1 Talent Management and Development
 SDG 8 Decent Work and Economic Growth	8.7 Eradicate forced labor, end modern slavery and human trafficking, and eliminate child labor	No cases of child labor were identified in 2025.	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 provided safety training for 1,312 participants, totaling 5,193 training hours. - Achieved a Disabling Injury Frequency Rate (FR) of 1.68, lower than the 2024 rubber manufacturing industry average of 2.14. The Disabling Injury Severity Rate (SR) was 110, and NAK continued to enhance occupational safety measures to reduce injury severity. No occupational injuries were recorded among non-employee workers. Note: Industry benchmarks for the rubber manufacturing sector in 2024: FR 2.14 and SR 51 (based on official occupational safety statistics).	4.2 Safe Working Environment

United Nations Sustainable Development Goals (SDGs)		2025 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 maintain compliance with regulatory emission standards. - Received one administrative penalty in 2025 due to a MEK reporting discrepancy; completed corrective actions within the designated timeframe and fulfilled the required environmental compliance training. - Operated wastewater treatment facilities with continuous water quality monitoring. - In 2025, all monitored water quality indicators complied with applicable regulatory standards, with no exceedances identified.	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 plant-site green spaces, including landscaping areas at 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 the Waste Management Guidelines to enhance waste sorting, storage, recycling, and disposal practices in accordance with regulatory requirements and industry best practices.	3.4 Circular Economy
	12.5 Substantially reduce waste generation through prevention, reduction, recycling, and reuse	To enhance resource efficiency and advance circular economy practices, NAK promotes the recycling of waste paper, scrap metal, waste plastics, cardboard boxes, and PE bags. The Company also implements spent activated carbon regeneration and reuse programs and collaborates with suppliers to recover and reuse pallets, reducing resource consumption and waste generation.	
 SDG 13 Climate Action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters	In 2025, NAK engaged the Taiwan Green Productivity Foundation to provide climate change advisory services and conducted a cross-departmental climate change workshop to enhance employees' understanding of TCFD recommendations, climate-related risk assessment, and scenario analysis. The Company continued to strengthen greenhouse gas inventory management, energy efficiency initiatives, and carbon reduction measures to enhance climate resilience and support long-term sustainable operations.	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 business ethics and integrity management training to all new employees during onboarding, achieving a 100% completion rate. - Promoted ethical business practices among suppliers, with 49 suppliers engaged through integrity management initiatives in 2025. - No incidents involving corruption, insider trading, or other integrity-related violations were identified in 2025.	2.2 Ethical Business Practices
	16.6 Develop effective, accountable, and transparent institutions at all levels		

1.2 Sustainability Philosophy

GRI 2-12 | GRI 2-13 | GRI 2-14 | GRI 2-16 | GRI 2-22 | GRI 2-23 | GRI 2-24

As global attention to sustainability continues to grow, NAK recognizes the importance of managing environmental and social impacts across its value chain. The Company is committed to strengthening sustainability governance and enhancing operational resilience to support long-term sustainable growth.

As a leader in the sealing components industry, NAK remains committed to delivering high-quality products while continuously advancing environmental protection, energy efficiency, and waste reduction initiatives. The Company strives to meet customer needs and deliver long-term value while upholding its responsibility to the environment. NAK also encourages its partners to enhance their sustainability practices and collaborate toward a shared vision of economic prosperity, social equity, and environmental stewardship.

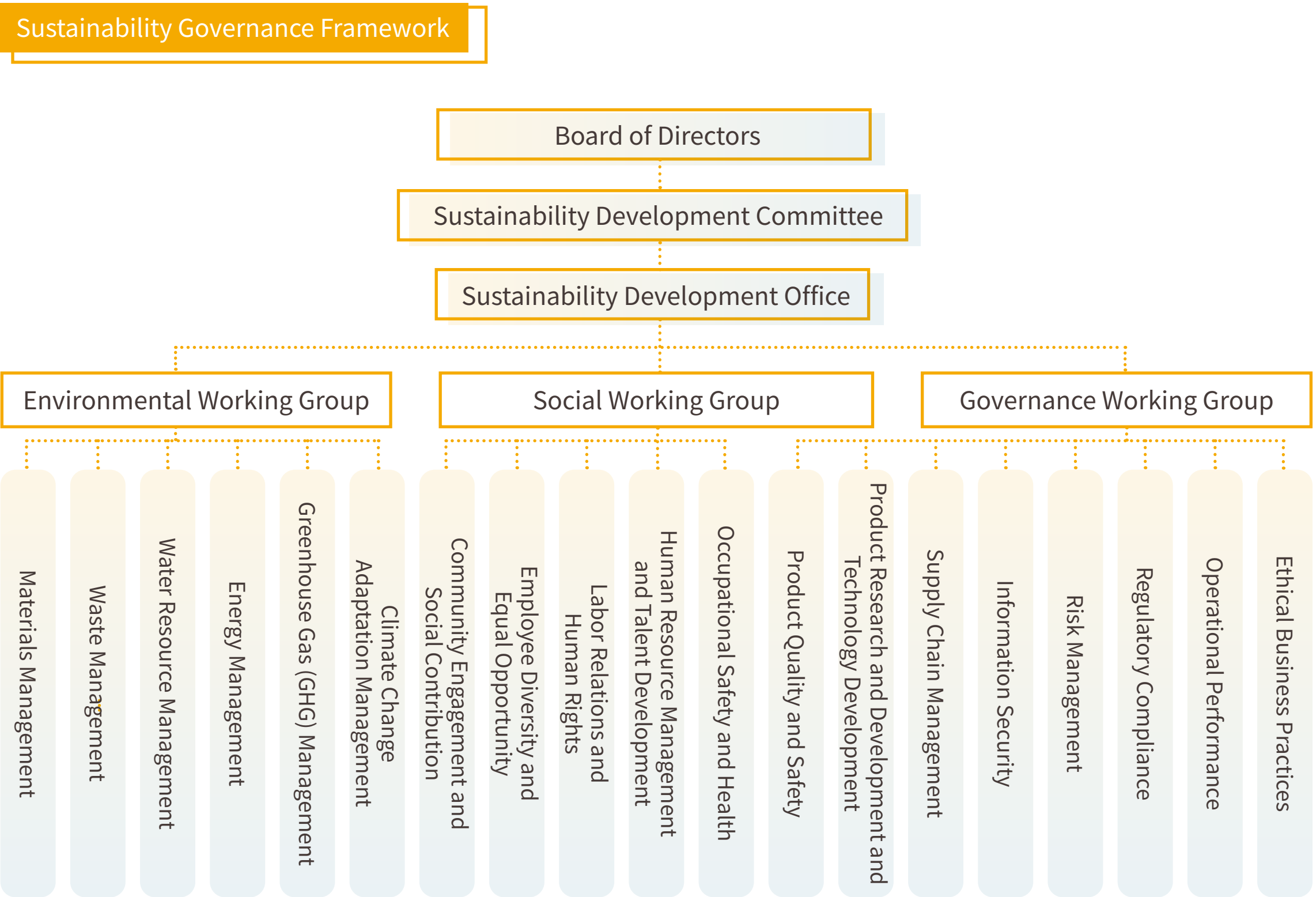
Our Vision
To forge a world-class brand and build world-class manufacturing operations.

 Customer-Centric Commitment	NAK strives to understand, meet, and anticipate customer needs by delivering consistent product quality, responsive service, and reliable technical support. Guided by this commitment, the Company aims to foster long-term, trust-based partnerships that create shared value with customers and contribute to sustainable growth across industries.
 Accountability	NAK is committed to fulfilling its responsibilities to customers, suppliers, employees, shareholders, and society. The Company promotes a culture of integrity, accountability, and responsibility, encouraging employees to uphold ethical standards, honor commitments, and contribute to sustainable business development. Through these efforts, NAK continues to strengthen stakeholder trust and create long-term value.
 Innovation and Breakthrough Thinking	At NAK, innovation extends beyond technology, encompassing business strategy, product development, management, technology, and manufacturing processes. Guided by a culture of continuous learning, improvement, and innovative thinking, the Company strives to lead the sealing components industry, create value for stakeholders, and advance sustainable development.
 Leadership by Example	NAK is committed to nurturing the next generation of leaders. The Company believes that effective leaders demonstrate both humility and resilience—sharing credit with their teams in times of success and taking responsibility while learning from challenges. Through empowerment, coaching, guidance, and collaboration, NAK fosters a leadership culture that supports both employee development and organizational performance.
 People First	NAK is committed to creating a positive, inclusive, and fulfilling workplace where employees feel respected, supported, and valued. Through a culture of teamwork, continuous learning, and personal growth, NAK encourages employees to realize their potential and contribute to shared success, strengthening the Company's long-term sustainability.
 Long-Term Thinking	NAK adopts a strategic and long-term approach to business development. Leveraging sound financial management practices, market insights, and technological capabilities, the Company invests in innovation and product development to meet evolving industry demands, enhance business resilience, and create sustainable long-term value.

Sustainability Governance Structure

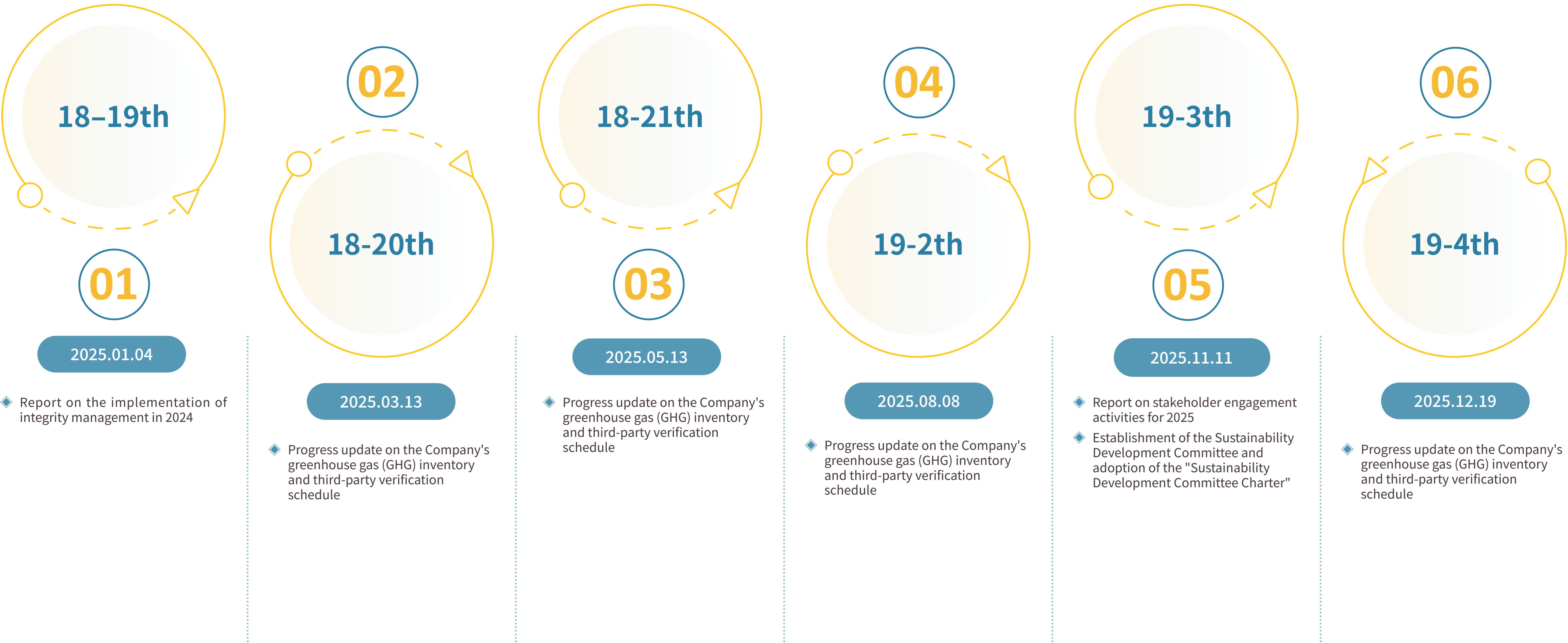
In January 2023, in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, NAK established the Sustainability Development Office as its dedicated sustainability unit, supported by three ESG task forces responsible for coordinating sustainability initiatives, implementing ESG actions, and preparing the Sustainability Report. These task forces integrate resources across departments to embed sustainability strategies into business operations.

On November 11, 2025, NAK established the Sustainability Development Committee and appointed Director Rita Hsu as Chief Sustainability Officer (CSO) to oversee sustainability governance. Manager Kim Shek of SBU 3 oversees the implementation of related sustainability initiatives.



The Sustainability Office is responsible for developing sustainability strategies, implementation plans, and management measures, with implementation progress overseen by the Board of Directors. The Company regularly reports progress related to greenhouse gas inventory and verification to the Board, while other sustainability initiatives are executed by relevant departments in accordance with established plans.

Since 2024, the Company has reported sustainability strategies and project implementation results to the Board at least once annually. In 2025, sustainability-related topics were discussed in 6 of the 7 Board meetings held, accounting for 85% of all Board meetings. The sustainability-related topics reported to the Board included:



1.3 Stakeholder Identification and Engagement

GRI 2-26 | GRI 2-29

NAK continued to review and refine its stakeholder identification process in 2025. Considering past experience, industry characteristics, and business operations, the Company identified seven key stakeholder groups: customers, suppliers/contractors, employees, shareholders/investors, community and non-profit organizations, government authorities, and banks. Through transparent and effective communication channels, NAK engages with stakeholders to understand their concerns, incorporate feedback, and continuously enhance its sustainability practices.

Stakeholder	Importance to NAK (Materiality)	Responsible Department	Key Topics of Concern / Expectations	Engagement Methods and Frequency	2025 Engagement Summary and Company Response
 Customers	NAK is committed to providing high-quality products and reliable services that support customer needs, enhance operational efficiency, and create long-term shared value.	Marketing Department	Product Quality and Safety Product Research and Development and Technology Development Materials Management Occupational Safety and Health Climate Change Adaptation	- Annual customer satisfaction surveys - Regular customer visits and factory tours - Participation in international trade exhibitions and industry events - Ongoing communication through dedicated customer service channels (email and telephone)	- The 2025 customer satisfaction survey achieved an overall satisfaction rate of 87.5% - NAK established a customer feedback management process to systematically review survey results, identify improvement opportunities, and respond to customer needs and concerns. Regular review meetings are held to monitor improvement actions and follow up on implementation progress - In 2025, NAK received 104 customer complaints, mainly associated with product quality issues - The Company implemented corrective and preventive actions to address root causes, prevent recurrence, and enhance product and service quality
 Suppliers / Contractors	NAK recognizes suppliers as important partners in achieving sustainable development. Through long-term collaboration and responsible supply chain management, the Company works with suppliers to promote quality, ethical practices, and sustainability throughout the value chain.	Procurement Department	Product Quality and Safety Information Security Product Research and Development and Technology Development Supply Chain Management Operational Performance	- Require suppliers to annually sign the Integrity and Anti-Corruption Commitment to promote ethical business practices throughout the supply chain - Incorporate sustainability, environmental, social, and compliance requirements into procurement contracts where applicable	100% of suppliers signed the Integrity and Anti-Corruption Commitment in 2025 100% completion rate for annual supplier audits in 2025

Stakeholder	Importance to NAK (Materiality)	Responsible Department	Key Topics of Concern / Expectations	Engagement Methods and Frequency	2025 Engagement Summary and Company Response
 Employees	NAK is committed to creating a positive, respectful, and safe workplace where employees feel valued, supported, and empowered to grow. By fostering a culture of teamwork, continuous learning, and mutual respect, the Company strengthens employee engagement and promotes shared success, supporting long-term sustainable development.	Human Resources Department	Occupational Safety and Health Labor Relations and Human Rights Regulatory Compliance Operational Performance Human Resource Management and Talent Development	- Quarterly labor-management meetings - Semiannual employee welfare committee meetings - Annual health checkups and health promotion activities - Annual team-building activities - Ongoing training and development programs - Online suggestion box for employee feedback - Employee grievance hotline - Weekly company updates through social media - Official LINE account communication as needed	4 labor-management meetings conducted 2 employee welfare committee meetings held 14,581 training hours provided to 920 participants 2 employee feedback cases received through the suggestion box; all resolved 6 grievance hotline cases received; all resolved 7,384 social media responses provided 2,282 employee interactions through the official LINE account
 Shareholders / Investors	Long-term engagement with shareholders is essential to NAK's stable growth and sustainable development. Guided by the principles of transparency, integrity, and responsible corporate governance, the Company ensures fair and timely access to material information for all investors while fostering a culture of openness, accountability, and meaningful engagement to support 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 annually - Publish annual and quarterly financial reports - Disclose material information through the Market Observation Post System (MOPS) - Provide dedicated investor email and telephone channels for timely communication	- Annual shareholders' meeting held on June 20, 2025 - Participated in investor conferences hosted by Yuanta Securities on September 25 and December 26, 2025 - Quarterly financial reports disclosed in accordance with regulatory requirements 23 material disclosures published through MOPS - Cybersecurity disaster recovery drill completed with no major issues identified - No legal or corruption-related cases reported in 2025 - Financing credit lines approved by five banks and the Board of Directors

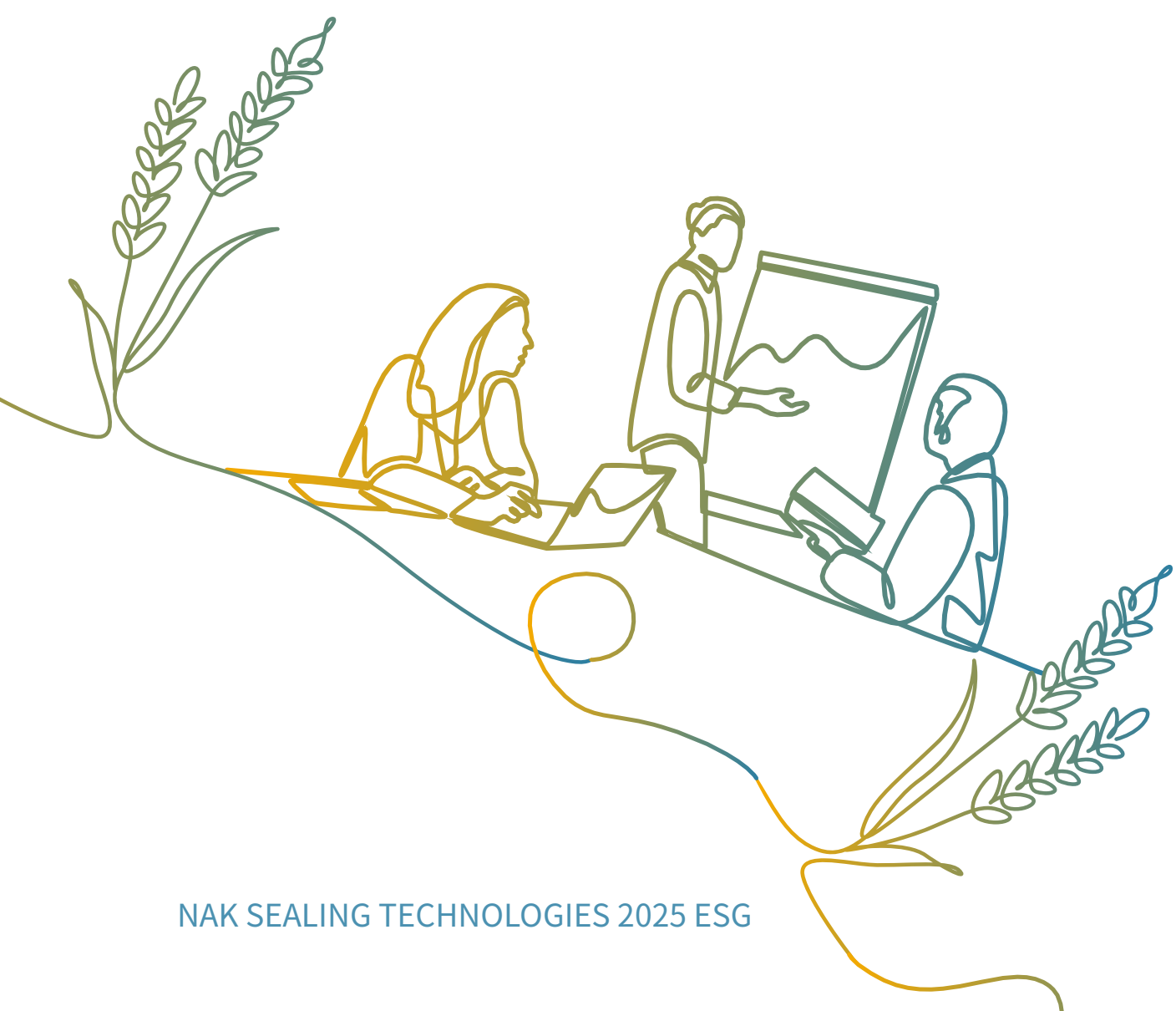
Stakeholder	Importance to NAK (Materiality)	Responsible Department	Key Topics of Concern / Expectations	Engagement Methods and Frequency	2025 Engagement Summary and Company Response
 Communities / NGOs	NAK recognizes the importance of maintaining positive relationships with local communities. Through social responsibility initiatives and stakeholder engagement activities, the Company works to understand community needs, respond to concerns, and contribute to social and environmental well-being. By building mutual trust and collaboration, NAK aims to support sustainable development in the communities where it operates.	Human Resources Department	Occupational Safety and Health Labor Relations and Human Rights Community Engagement	- Engaged in industrial park initiatives to foster communication and collaboration with local communities - Supported social welfare and community development through charitable initiatives	- NT\$800,000 donated to support local community projects - NT\$708,000 contributed to charitable activities and nonprofit organizations
 Regulatory Authorities	NAK is committed to responsible business operations by adhering to applicable laws, regulations, and ESG-related requirements. The Company continuously strengthens its compliance management, corporate governance practices, and operational controls to enhance stakeholder trust and support long-term sustainable development.	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 as required - Maintain ongoing communication with regulatory authorities - Participate in policy briefings organized by government authorities as required - Obtain and maintain compliance-related certifications - Set environmental targets and monitor performance against them - Conduct greenhouse gas (GHG) inventories and implement emission reduction strategies	- Regulatory briefings and training programs attended by 72 participants, totaling 408 training hours - Compliance and safety inspections completed - Waste reduction and reuse initiatives continued - Targeted GHG reduction strategies implemented
 Financial Institution	NAK recognizes banks and financial institutions as important partners in supporting business operations and sustainable growth. The Company maintains transparent communication and responsible financial management practices to strengthen relationships with financial partners, enhance mutual trust, and support long-term business resilience.	Finance Department	Operational Performance Risk Management Regulatory Compliance Product Research and Development and Technology Development Product Quality and Safety	Quarterly communication with financial partners through phone calls, emails, and on-site visits	- Quarterly communication maintained with financial partners - New credit facilities established and existing financing arrangements maintained

1.4 Materiality Assessment and Analysis

GRI 3-1 | GRI 3-2

NAK conducts its materiality assessment in accordance with the "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" in Taiwan, the GRI Universal Standards (2021), and other relevant sustainability standards and frameworks, including SASB and TCFD. Through stakeholder engagement and the evaluation of ESG-related issues, the Company identifies material sustainability topics to guide sustainability management, reporting, and continuous improvement.

As the Company conducts a comprehensive materiality assessment every three years, the 2025 report adopts the material topics identified in the previous assessment cycle, with no significant changes identified.



• Materiality Assessment Process

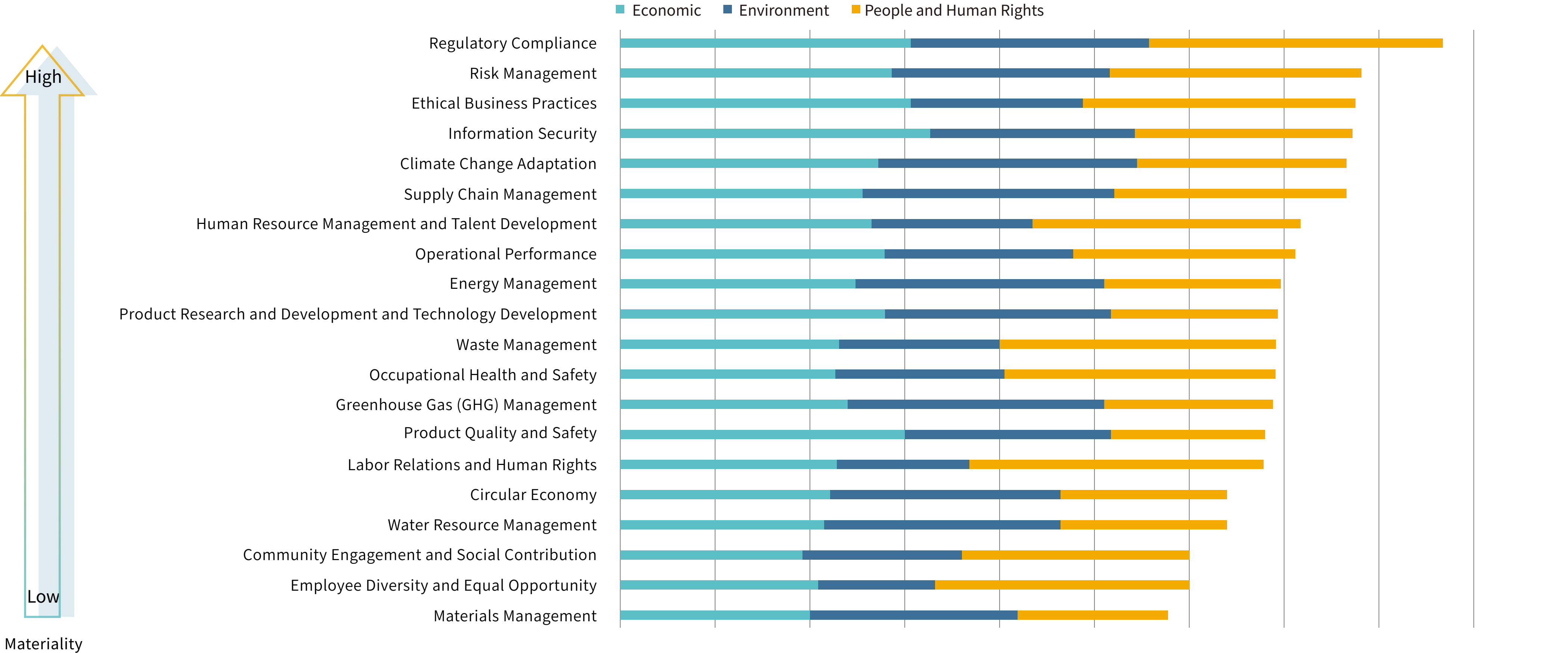


• Material Topic Impact Assessment

NAK evaluated the significance of impacts associated with 20 identified sustainability-related topics across the economy, the environment, and people, including human rights. Each topic was assessed based on actual and potential positive and negative impacts, impact magnitude, and likelihood of occurrence using a five-point scoring scale ranging from 0 to 5.

An Internal Impact Assessment Questionnaire was distributed to division-level managers to evaluate the significance of each topic's impacts. The assessment results were consolidated to calculate the overall impact score for each topic. The scores were ranked from highest to lowest impact significance, and the results are presented in the bar chart below.

Material Sustainability Topics by Impact Severity



List of Material Topics

Aspect	Material Topic (2025)	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 for shareholders and stakeholders by maintaining responsible business operations, enhancing employee well-being, 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 a fundamental component of NAK's business operations. The Company establishes preventive and corrective measures to strengthen compliance management, mitigate operational risks, and support long-term sustainable development.	V	V	V	V	2.3 Regulatory Compliance	GRI 2-27 Compliance with Laws and Regulations
	Risk Management	NAK adopts a systematic risk management approach to identify, assess, and mitigate potential risks across its operations. Through effective risk governance and management practices, the Company strengthens operational resilience, addresses uncertainties, and supports long-term sustainable development.	V	V		V	2.7 Risk Management	Custom Topic
	Information Security Management	Information security is a strategic priority for NAK. The Company implements comprehensive information security measures to protect sensitive data, safeguard intellectual property, and maintain the confidentiality, integrity, and availability of information assets.	V	V	V	V	2.6 Information Security	GRI 418 Customer Privacy
	Supply Chain Management	NAK is committed to building a resilient and responsible supply chain by strengthening supplier management, ensuring supply continuity, and enhancing operational efficiency while supporting long-term sustainable growth.	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	NAK recognizes that climate change may create both physical risks and transition risks affecting its operations and long-term business development. The Company evaluates climate-related risks and opportunities and implements mitigation and adaptation strategies to strengthen climate resilience and support sustainable growth.	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 is committed to delivering reliable and high-quality products by maintaining robust quality management systems and conducting comprehensive safety inspections. Through continuous improvement and quality assurance practices, the Company supports regulatory compliance, customer satisfaction, and stakeholder confidence.	V	V		V	3.5 Product Quality and Safety	GRI 416
Social	Human Resource Management and Talent Development	NAK is committed to fostering employee growth by providing comprehensive learning and development resources, structured training programs, and opportunities for continuous learning to support long-term 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	NAK is committed to maintaining a safe and healthy workplace by implementing Occupational Safety and Health (OSH) management systems across its facilities. Through risk identification, preventive measures, and continuous improvement initiatives, the Company strives to reduce workplace risks and safeguard employee well-being.	V	V			4.2 Safe Working Environment	GRI 403 Occupational Health and Safety

Ethical Corporate Governance

- 2.1 Corporate Governance
- 2.2 Ethical Business Practices
- 2.3 Regulatory Compliance
- 2.4 Operational Excellence and Business Continuity
- 2.5 Supply Chain Management
- 2.6 Information Security
- 2.7 Risk Management

CHAPTER

02

2.1 Corporate Governance

Corporate Governance Structure

GRI 2-9 | GRI 2-10 | GRI 2-11

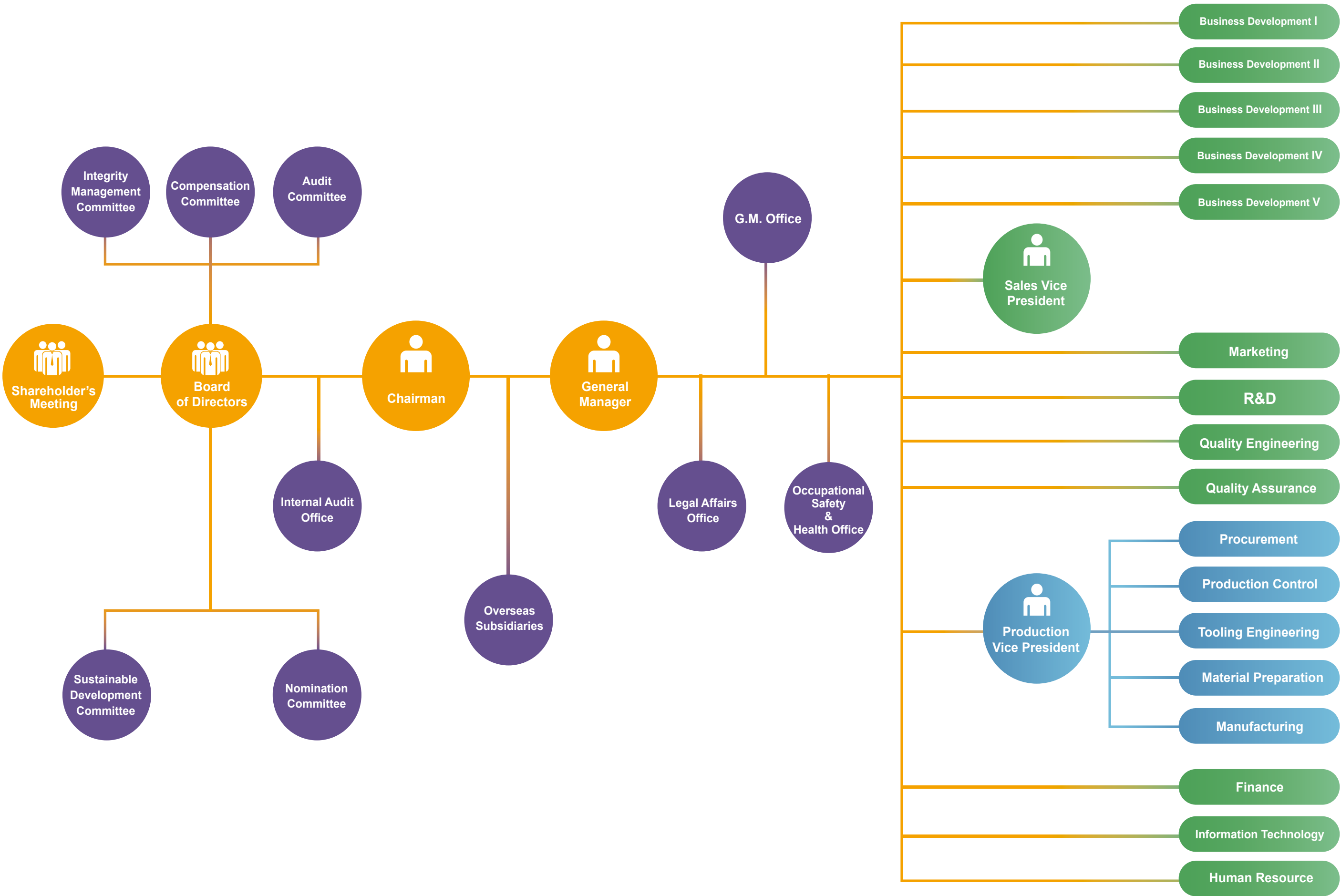
The Board of Directors serves as NAK's highest governance body and oversees corporate governance matters with the support of specialized board committees, including the Audit Committee, Remuneration Committee, Integrity Management Committee, Nomination Committee, and Sustainability Development Committee.

To promote effective governance and diverse perspectives, NAK has established a Board diversity policy in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. Director candidates are nominated and evaluated based on professional expertise, industry experience, integrity, and qualifications, with appointments approved by the Board and subsequently elected by shareholders.

NAK aims to maintain a diverse Board structure by ensuring balanced gender representation, with each gender accounting for at least one-third of Board composition, while limiting employee representatives to no more than one-third of Board seats.



Governance Structure



Note: The diagram above illustrates the corporate governance structure of NAK as of December 31, 2025.

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 consists 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 evaluated based on their academic background, professional experience, integrity, and relevant qualifications. Final nominees are approved by the Board and elected by shareholders at the shareholders' meeting.

The Board must include at least three independent directors, representing no less than one-fifth of the total Board seats, in accordance with regulations issued by the competent securities authority. The qualifications, shareholding requirements, restrictions on concurrent positions, and responsibilities of independent directors comply with applicable legal requirements.

Board Diversity Policy

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

Pursuant to the Articles of Incorporation, the Chairperson of the Board is elected from among the directors with the presence of at least two-thirds of Board members and approval by a majority of attending directors. As of 2025, Mr. Joseph Shek serves as Chairperson, and Mr. Eric Shek serves as General Manager.

Board Composition (as of year-end 2025):

- Total: 9 directors (5 general directors, 4 independent directors)
- Gender: 3 female directors (33%)
- Age distribution: 3 directors under 50, 1 director aged 51–60, 3 directors aged 61–70, and 2 directors aged over 71
- Expertise: Finance and accounting, corporate management, law, physics, and extensive industry experience

For detailed board member profiles, terms of service, and qualifications, please refer to the 2025 Annual Shareholders' Meeting Report, Chapter 2: Corporate Governance Report.



• Functional Committees

To strengthen corporate governance, enhance the effectiveness of Board deliberations, and avoid conflicts of interest in the review of material proposals, NAK has established five functional committees under the Board of Directors: the Audit Committee, the Remuneration Committee, the Integrity Management Committee, the Nomination Committee, and the Sustainability Development Committee. These committees support the Board in fulfilling its oversight responsibilities and strengthening governance 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 (2025)
 Audit Committee	Comprised entirely of independent directors, the Audit Committee provides independent oversight to support the Board's decision-making. The Committee promotes regulatory compliance, safeguards shareholder interests, and strengthens the integrity of the Company's financial reporting and corporate governance. Primary Responsibilities: 1. Review the Company's financial statements. 2. Oversee the external auditors' independence and performance. 3. Review the effectiveness of internal control systems. 4. Monitor regulatory compliance. 5. Oversee operational and financial risk management.	Four Independent Directors	100%
 Remuneration Committee	The Remuneration Committee assists the Board in overseeing the remuneration and performance evaluation of directors and executives. The Committee establishes fair and transparent remuneration policies aligned with the Company's long-term development. Primary Responsibilities: 1. Review policies and standards for the remuneration and performance evaluation of directors and executives. 2. Evaluate directors' and executives' remuneration based on individual performance, corporate results, industry practices, and potential risks. 3. Review the achievement of performance goals by directors and executives.	Four Independent Directors	100%
 Ethical Corporate Management Committee	The Integrity Management Committee, supported by the Human Resources Department as the dedicated unit, oversees the Company's integrity management practices. The Committee reports to the Board at least once annually on implementation progress and improvement actions to support the effective implementation of integrity policies. Primary Responsibilities: 1. Integrate integrity and ethical values into the Company's business operations. 2. Establish and review integrity management policies and anti-corruption measures in compliance with applicable laws and regulations. 3. Plan and oversee the effectiveness of whistleblowing mechanisms. 4. Promote integrity awareness and coordinate ethics training. 5. Monitor the implementation of integrity management policies.	Four Independent Directors and three NAK managerial employees	100%

Board Member Continuing Education

GRI 2-17

NAK encourages board members to pursue continuing education to enhance their professional competencies, stay informed of industry and regulatory developments, and strengthen their corporate governance capabilities. These efforts support informed decision-making and reinforce Board effectiveness.

In 2025, the Company supported directors in attending training programs, seminars, and forums covering topics such as information security governance and sustainable supply chain management. On average, each board member completed six hours of continuing education, 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 through 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. Remuneration for the General Manager and Deputy General Managers is determined in accordance with the Compensation and Performance Evaluation Guidelines for Key Executive Officers.

The Company's remuneration structure consists of fixed and variable components. Fixed compensation is determined with reference to market benchmarks, Company performance, and job responsibilities to ensure competitiveness and stability. Variable compensation is linked to Company performance and takes sustainability performance into consideration, encouraging 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 annual earnings allocated for director compensation.

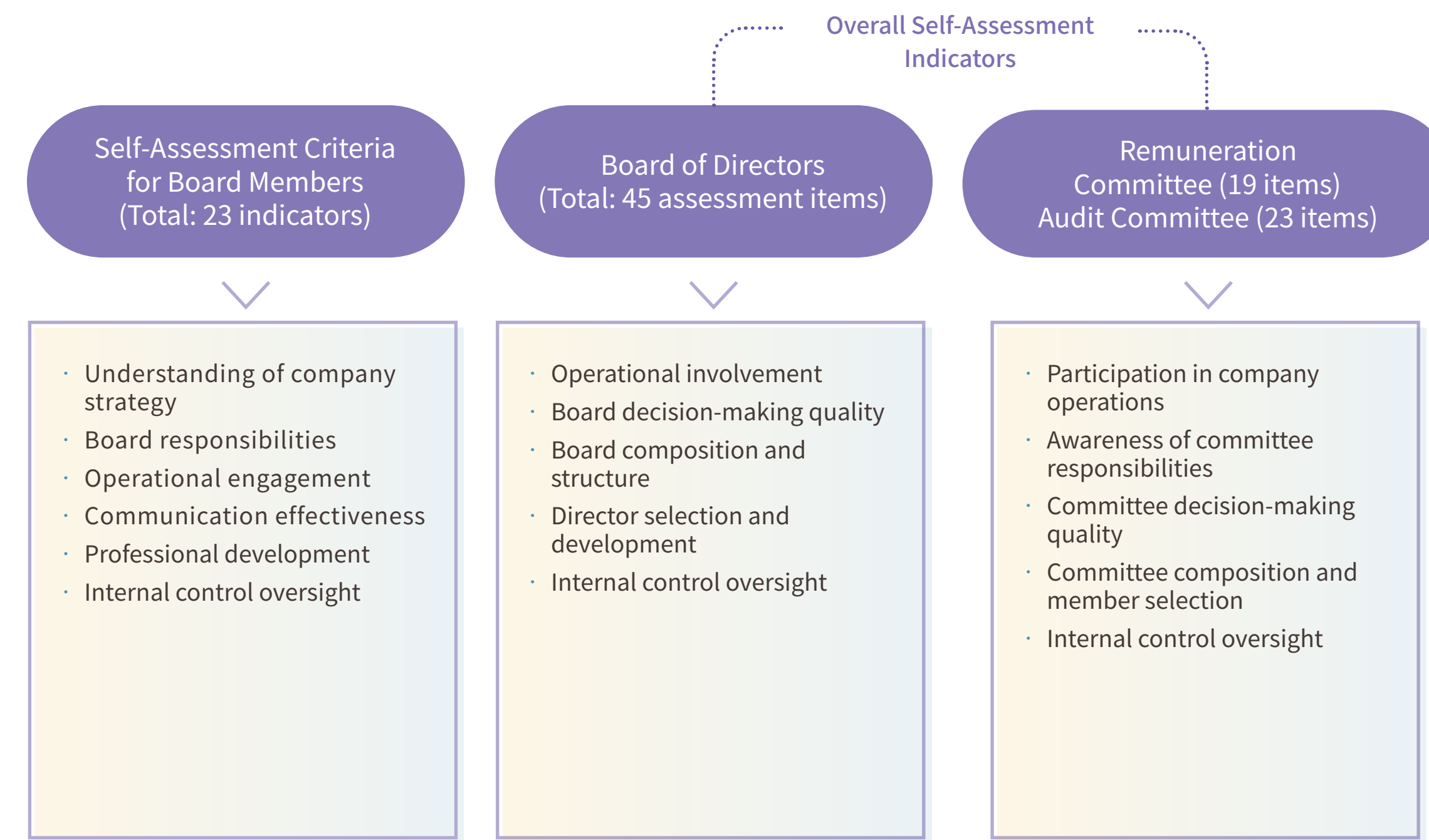
The Remuneration Committee reviews the performance evaluation criteria, remuneration policies, and compensation structure for directors and executives annually. Individual remuneration is determined based on performance results and submitted to the Board of Directors for review, supporting fair, transparent, and performance-based remuneration practices.

Board Performance Evaluation

GRI 2-18

To strengthen corporate governance and enhance Board effectiveness, NAK established the Board Performance Evaluation Guidelines in 2020. Annual performance evaluations are conducted for the Board of Directors, individual directors, the Remuneration Committee, and the Audit Committee, with the results consolidated and reported to the Board of Directors.

In 2025, the performance evaluations of the Board of Directors, the Remuneration Committee, and the Audit Committee were all rated "Excellent," with average scores of 4.91/5, 4.74/5, and 4.74/5, respectively, reflecting the effective performance of their governance responsibilities.



Conflict of Interest Management

GRI 2-15

To ensure transparency and prevent conflicts of interest from affecting decision-making, NAK has established conflict of interest provisions in its Board Meeting Regulations. Directors who have a conflict of interest in an agenda item, whether involving personal interests or those of a represented legal entity, are required to disclose 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, enhances decision-making independence, and protects stakeholder interests.

Communication on Critical Events

GRI 2-16

The Board of Directors, as NAK's highest governance body, provides oversight and supports sound decision-making in accordance with applicable laws, the Articles of Incorporation, and shareholder resolutions. Its responsibilities include approving annual and quarterly financial reports, overseeing the effectiveness of internal control systems, approving the appointment or dismissal of external auditors and senior executives, and approving strategic plans.

To maintain information consistency and enable timely responses, Board members and senior management maintain open communication channels, particularly when addressing critical or material events. In 2025, the Board convened seven meetings, during which no material concerns were raised.



2.2 Ethical Business Practices

Management Approach – Integrity and Ethical Conduct

GRI 3-3

GRI

GRI Correspondence: GRI 205 、 206

Impact Significance

Integrity is fundamental to responsible business operations. NAK's integrity management practices strengthen corporate governance, promote ethical conduct, and protect stakeholder interests, contributing to positive economic and social impacts.

Commitments / Policies

Integrity is a core value at NAK. The Company has established integrity management policies and procedures, including ethical business conduct guidelines and whistleblowing mechanisms, to promote ethical governance and responsible business practices.

Short- to Mid-Term Goals (By 2027)

1. Achieve a 100% completion rate for integrity management training for all new employees.

2. Achieve a 100% completion rate for annual integrity management refresher training for existing employees.

3. Maintain zero material integrity management incidents.

Long-Term Goals (By 2030)

1. Achieve 100% inclusion of binding integrity-related clauses in supplier and customer contracts.

2. Maintain zero substantiated significant integrity violations.

Action Plan

1. Conduct annual integrity management refresher training.

2. Include integrity-related provisions in supplier and customer contracts.

3. Conduct integrity management audits.

4. Provide integrity training for directors, managerial officers, and employees.

Effectiveness Evaluation

Monitoring Process:

The Integrity Management Committee reports to the Board of Directors at least annually on the Company's integrity management policies, measures to prevent unethical conduct, and implementation status.

2025 Performance:

1. Integrity management awareness training is included in new employee orientation, achieving a 100% completion rate.

2. Integrity management awareness activities recorded 546 employee participations.

3. A total of 45 suppliers signed integrity management commitments.

4. No violations related to integrity management, corruption, or unethical conduct were reported.

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 an ethical corporate culture, 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 employees with clear guidelines for upholding ethical behavior and integrity. To support effective implementation, NAK has established the Integrity Management Promotion Task Force under the supervision of the Board of Directors. The Task Force is responsible for policy oversight, consultation, and reporting, and reports implementation progress to the Board at least annually.

Primary Responsibilities of the Integrity Management Promotion Task Force include:

Integrate integrity management into corporate strategy and establish anti-corruption measures in compliance with applicable laws and regulations.

Develop and update anti-corruption policies, operating procedures, and guidelines.

Establish integrity management structures and responsibilities, and implement mutual supervision mechanisms for high-risk activities.

Promote and coordinate integrity management training and awareness programs.

Plan, maintain, and periodically review the effectiveness of whistleblowing mechanisms.

Assist the Board in monitoring the effectiveness of integrity management and regularly reviewing compliance with related policies and procedures.

NAK SEALING TECHNOLOGIES 2025 ESG

25

Before entering into a business relationship, NAK conducts due diligence to evaluate the integrity, legal compliance, integrity management policies, and business records of potential partners, including agents, suppliers, customers, and other counterparties. This process helps ensure that business relationships are conducted in a fair, transparent, and bribery- and corruption-free manner.

Evaluation criteria include:

- 
- ☐ 1. Country of registration, business location, organizational structure, business policies, and payment locations.
 - ☐ 2. Whether the entity has established an integrity management system and its implementation effectiveness.
 - ☐ 3. Whether the entity operates in a country with a high risk of corruption.
 - ☐ 4. Whether the entity operates in an industry with a high risk of bribery.
 - ☐ 5. The entity's business performance and reputation.
 - ☐ 6. References and feedback from the entity's business partners.
 - ☐ 7. Whether the entity has been involved in bribery, corruption, or illegal political contributions.

All directors, managers, employees, appointees, and persons with actual control over the Company are strictly prohibited from offering, promising, requesting, or accepting any improper benefits, whether directly or indirectly. They are also prohibited from engaging in dishonest or unlawful conduct or breaching fiduciary duties to obtain or retain improper advantages. The acceptance of gifts, hospitality, discounts, or preferential treatment obtained by virtue of one's position is strictly prohibited.

The Code of Ethical Corporate Management requires employees not to abuse their authority or tolerate dishonest conduct by subordinates. Where serious violations are supported by sufficient evidence, NAK may take disciplinary action, including termination of employment, in accordance with applicable laws and Company regulations.

In addition, contracts with agents, suppliers, customers, and other counterparties include integrity-related clauses requiring compliance with ethical standards. NAK reserves the contractual right to terminate agreements with counterparties that engage in dishonest or unethical conduct.

Integrity Training and Awareness Promotion

GRI 205-2

NAK conducts at least one annual integrity management training or awareness program to strengthen employees' understanding of integrity management, anti-corruption, and regulatory compliance. The program aims to reinforce ethical conduct and support the effective implementation of integrity management practices in daily operations.

In 2025, NAK's integrity training and awareness programs covered the following topics:

- Integrity Management
- Procedures for Handling Material Non-Public Information
- Occupational Safety and Health Management
- Accounting Systems
- Internal Control Systems

2025 Integrity Management Training / Awareness Summary

Target Group	Total Participants	Total Training Hours	Completion Rate ^{Note}
Board members	9	4.5	100%
Managers	17	8.5	100%
Employees	546	273	100%
New employees	249	125	100%
Total	821	411	100%

Note : Training Completion Rate is calculated as: Actual number of participants who completed the training ÷ Total number of participants required to attend.



Whistleblowing Mechanism and Reporting of Misconduct

GRI 2-26 | GRI 205-3 | GRI 206-1

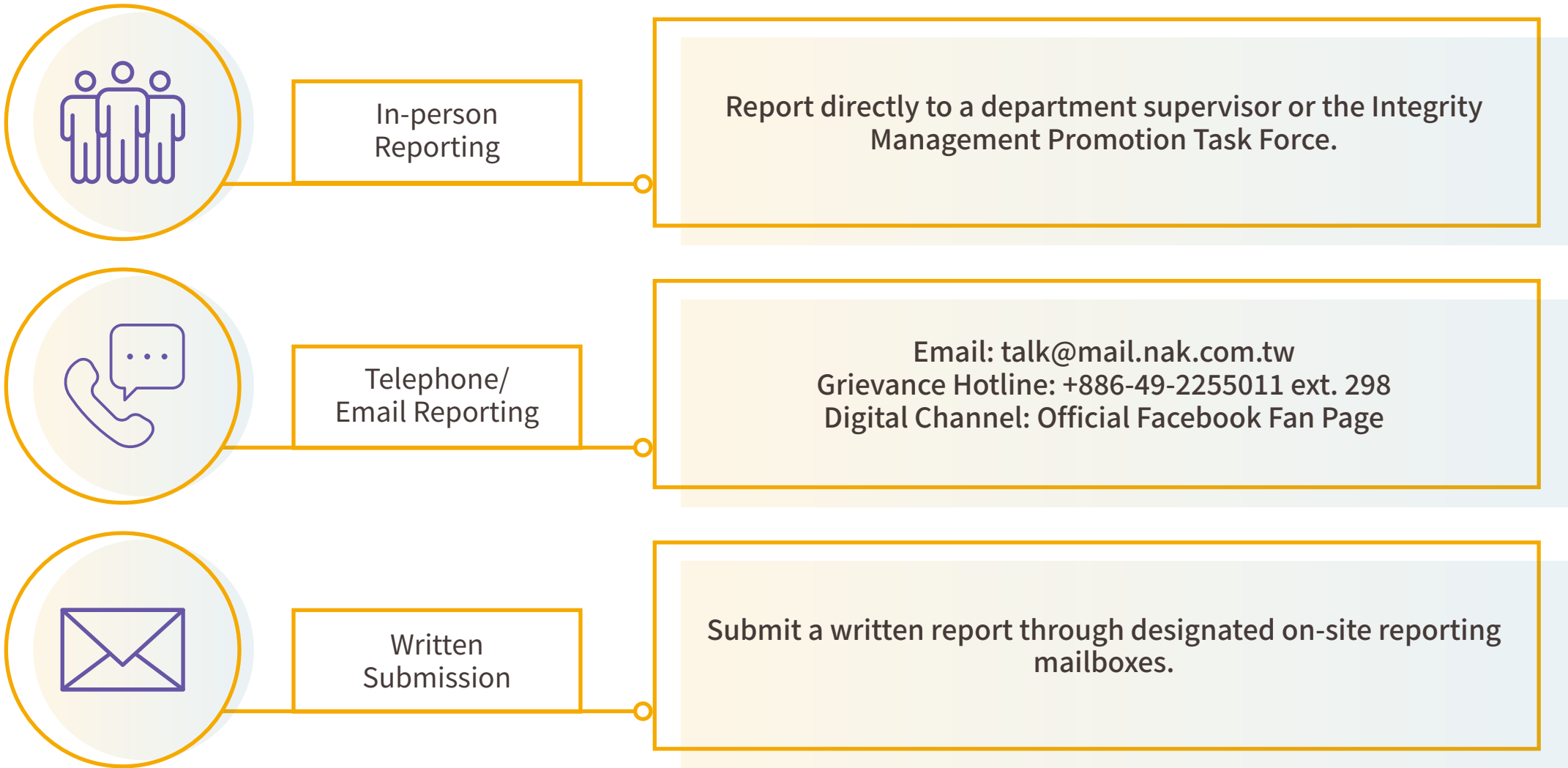
NAK has established the Procedures for Handling Reports of Illegal, Unethical, or Dishonest Conduct to support the effective implementation of integrity management. Reports may be submitted through three channels: in-person reporting, telephone reporting, or written reports. All reports are received by the Integrity Management Promotion Task Force, which maintains strict confidentiality of the whistleblower's identity and the reported information.

Upon receiving a report, the Task Force works with the Audit and Legal Departments to conduct an investigation, and all relevant departments are required to cooperate fully. If a report involves a director or senior executive, the case is reported to the Audit Committee for review. Records of reports, investigations, and outcomes are retained in written or electronic form for a minimum of five years or until the conclusion of any related legal proceedings.

To encourage both internal and external reporting, NAK has established a whistleblower reward mechanism that provides rewards based on the significance of substantiated cases. Individuals who knowingly submit malicious or false reports may be subject to disciplinary action in accordance with Company regulations.

2025 Outcomes:

- Zero confirmed cases of corruption were 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 related to corruption, anti-competitive behavior, antitrust, or monopoly practices.



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 fundamental to NAK's operations. By implementing preventive and corrective measures, the Company seeks to minimize compliance risks, safeguard its corporate reputation, and strengthen operational resilience. Significant regulatory violations could adversely affect stakeholder confidence, business continuity, and long-term development. Accordingly, effective regulatory compliance management has the potential to generate positive economic, environmental, and social impacts, while non-compliance may result in adverse impacts on stakeholders and business operations.

Commitments / Policies

NAK is committed to complying with all applicable laws and regulations. To strengthen compliance management and support sustainable operations, the Company regularly reviews and updates its internal policies and procedures in response to regulatory developments and evolving best practices.

Short- to Mid-Term Goals (By 2027)

Maintain zero major cases of non-compliance with environmental and social laws and regulations each year.

Long-Term Goals (By 2030)

1. Establish comprehensive compliance policies and procedures covering applicable legal and regulatory requirements.
2. Establish a designated compliance function to oversee ongoing compliance management.
3. Regularly review and update compliance policies to align with regulatory changes and best practices.

Action Plan

1. Conduct preventive compliance reviews to identify regulatory risks and maintain compliant operations.
2. Monitor regulatory updates and revise internal policies accordingly.
3. Provide regular compliance training to enhance employees' legal knowledge and awareness.
4. Establish a Regulatory Compliance Task Force to monitor and address potential compliance risks.

Effectiveness Evaluation

Monitoring Process:
Conduct regular internal compliance audits to verify alignment with regulatory requirements and facilitate timely corrective actions for identified gaps.

2025 Performance:

1. No major regulatory violations occurred in 2025.
2. Minor compliance issues were promptly addressed through corrective actions, and improvements were implemented accordingly.

Grievance Mechanism

NAK provides an anonymous compliance reporting mailbox on its official website for employees and external stakeholders to report concerns. A designated task force reviews and follows up on cases to ensure timely resolution.

NAK SEALING TECHNOLOGIES 2025 ESG

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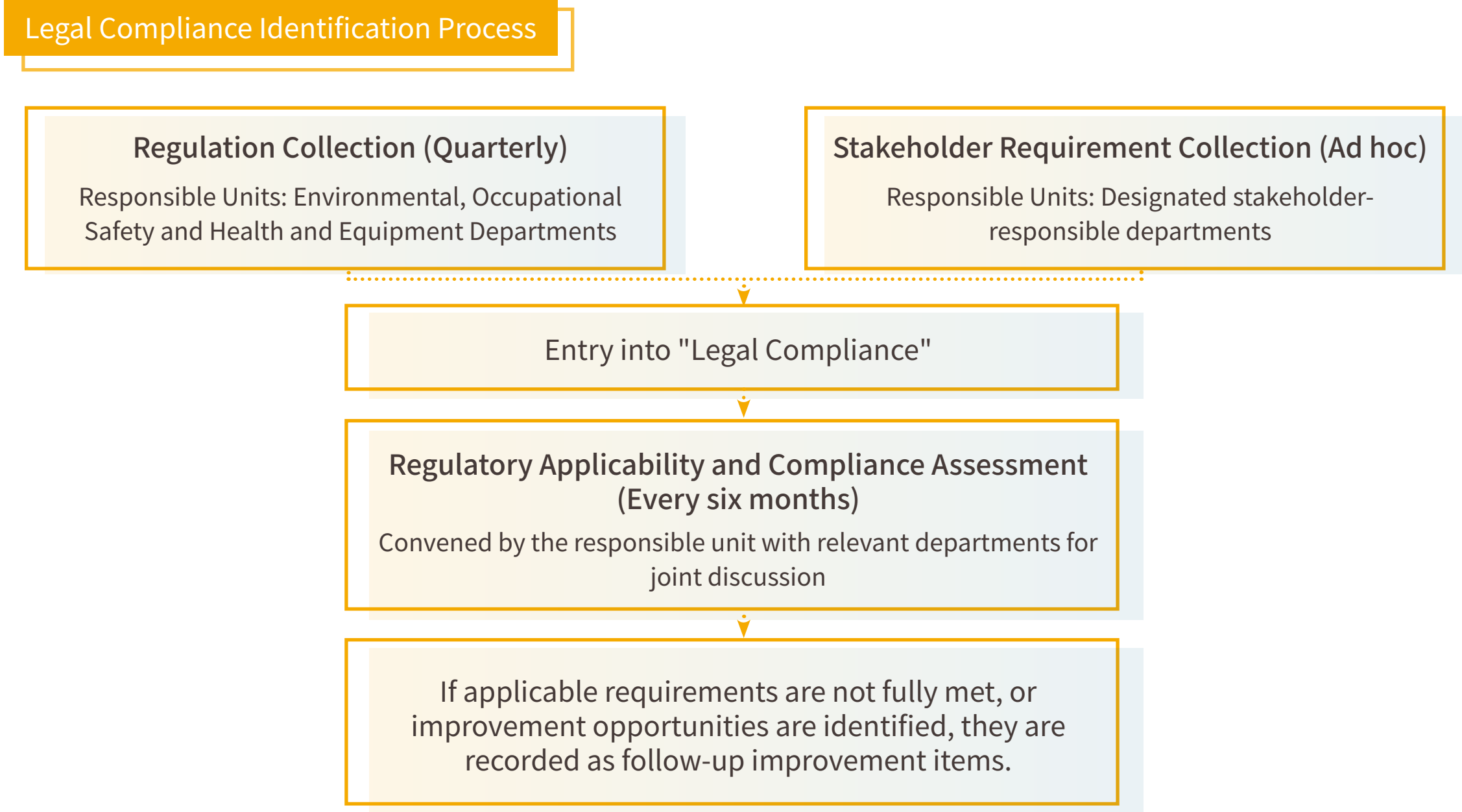
Legal Identification and Collection

Compliance with applicable laws and regulations is fundamental to NAK's operations. The Company has established the Regulations and Other Requirements Identification and Management Guidelines to ensure that relevant legal and regulatory requirements are regularly identified, updated, and reviewed. These guidelines provide employees with clear compliance requirements and help prevent potential violations.

Legal compliance responsibilities are jointly managed by the General Manager's Office and relevant departments. NAK's Legal Department provides legal consultation and contract review services to support compliance across all operating markets.

The Environmental, Occupational Safety and Health (OSH), and Equipment Departments are responsible for identifying and monitoring regulations related to environmental protection, energy management, and workplace safety. New, amended, or obsolete regulations are recorded and tracked through the Company's Legal Compliance system, an automated platform supporting regulatory updates and compliance monitoring.

Regular assessments are conducted to verify compliance status. Where gaps, risks, or improvement opportunities are identified, responsible departments are required to implement corrective actions and track improvement progress.



Legal Compliance Training and Awareness Programs

NAK regularly provides training and awareness programs on relevant laws and regulations for directors, managerial officers, and employees to ensure they stay updated on regulatory developments. In 2025, the Company conducted training programs covering sustainability, integrity management, diversity and inclusion, and occupational safety and health, with 267 participant attendances totaling 615.9 training hours. Details are provided in the table below.

Training / Awareness Topic	Target Group	Number of Participants	Total Training / Awareness Hours
Sustainability and Net-Zero Awareness Training	Managers	81	209.7
Introduction to C-TPAT Supply Chain Security Audit Course	Managers, Sales Department Staff	31	93
AWorkplace harassment and bullying awareness training	Managers, Employees	41	102.5
Occupational Safety and Health Supervisor Training – Chemicals	Occupational Safety and Health Supervisors	34	102
Board-level cybersecurity governance oversight strategy	Directors, independent directors, and employees	13	39
Water Pollution, Waste Management, and Air Pollution Regulations	Employees	26	31.6
Industrial Park Environmental Regulations	Employees	22	16
Domestic and International Environmental Regulations (Taiwan, Europe, and the U.S.)	Employees	19	22.1
Total		267	615.9

Regulatory Compliance Status

GRI 2-27

In 2025, NAK recorded two regulatory non-compliance cases related to environmental and social regulations, one occurring in 2024 and the other in 2025. Neither case was considered a material violation. NAK addresses all regulatory non-compliance cases by requiring responsible departments to identify root causes, implement corrective actions, and complete improvement actions within the required timeframe to prevent recurrence.

In addition, NAK recorded no violations in 2025 related to product and service health and safety, product information and labeling, or marketing communications, including advertising, promotion, and sponsorship activities.

Definition of Major Violation Administrative fines of NT\$500,000 or more	Major Violations (2025) 0 cases (Total fines: NT\$0)	Non-Major Violations (2025) 2 cases (Total fines: NT\$200,000)
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Note: In 2025, NAK incurred two regulatory penalties. One penalty, totaling NT\$140,000, arose from an incident that occurred in 2024, while the other resulted from a violation that occurred in 2025 and carried a fine of NT\$60,000.

2.4 Operational Excellence and Business Continuity

GRI 201-1 | GRI 201-4

In 2025, NAK recorded consolidated revenue of NT\$3,990,745,000, representing a decrease of approximately 1.72% compared with the previous year. The decline was primarily attributable to global customers' inventory adjustments, which resulted in lower revenue compared with 2024.

NAK distributes its direct economic value generated among stakeholders while retaining a portion for reinvestment in future operations. In 2025, approximately 84.64% of the direct economic value generated was distributed, primarily through operating costs, employee salaries and benefits, and payments to capital providers.

Regional Sales Distribution (Past Three Years)

Unit: NT\$ Thousand						
Region \ Year	2023		2024		2025	
	Amount	Proportion	Amount	Proportion	Amount	Proportion
Asia	2,540,539	53.08%	2,432,907	62.01%	2,501,000	62.67%
Europe	1,398,201	29.21%	898,391	22.90%	922,660	23.12%
Americas	794,827	16.61%	558,456	14.23%	534,361	13.39%
Africa	52,959	1.10%	33,702	0.861%	32,724	0.82%

Note: Data are based on CPA-audited consolidated financial statements for 2023–2025.



Direct Economic Value Generated and Distributed (Past Three Years)

Unit: NT\$ Thousand				
Item		2023	2024	2025
Direct economic value generated ^{Note 2}		3,750,089	2,871,564	2,821,137
Direct economic value distributed	Operating costs	1,534,325	1,098,263	1,376,418
	Employee wages and benefits	907,663	700,830	682,679
	Payments to providers of capital	469,971	582,638	582,291
	Payments to government	5,102	4,293	3,447
	Community investments	1,166	1,609	1,283
Economic value retained		831,863	225,447	433,504

Note 1: Data are based on the audited standalone financial statements for 2023–2025.
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 include donations to government entities, charitable organizations, and other public welfare contributions.

As of December 31, 2025, NAK did not have any government shareholders. In 2025, the Company received government financial assistance totaling NT\$71 thousand. The significant decrease compared with 2024 was primarily due to the completion of subsidies received under the Lean Manufacturing Upgrade and Transformation Program. In 2024, NAK received NT\$12,535 thousand in subsidies from this program to support production process improvements.

Government Financial Assistance

Unit: NT\$ Thousand			
	2023	2024	2025
Government Subsidies	71	12,535	71

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 material shortages and supply disruptions while promoting sustainability practices among suppliers. It enhances operational resilience and helps reduce potential impacts on the environment, human rights, and society.

Commitments / Policies

Suppliers are key partners in NAK's operations. To ensure alignment with the Company's requirements for quality, delivery, environmental protection, and occupational safety and health, NAK has established a Supplier Code of Conduct. All suppliers are required to sign the Code and commit to responsible environmental and social practices.

Short- to Mid-Term Goals (By 2027)

1. Finalize the Supplier CSR Code of Conduct and Integrity Clause and complete the supplier signing process.
2. Complete annual supplier evaluations.
3. Incorporate environmental, occupational safety and health, and energy management requirements into supplier evaluation criteria and contracts.

Long-Term Goals (By 2030)

1. Achieve a 100% signing rate for the Supplier CSR Code of Conduct and Integrity Clause.
2. Maintain a 100% completion rate for annual supplier evaluations.
3. Encourage suppliers to establish GHG inventory practices to enhance supply chain environmental performance.

Action Plan

Enhance supplier sustainability management through evaluations, ESG requirement integration, and continuous improvement initiatives to strengthen supply chain resilience and reduce related risks.

Effectiveness Evaluation

Monitoring Process:

1. Conduct regular supplier audits.
2. Track corrective action responses and completion timelines.

2025 Performance:

Achieved a 100% response rate to supplier audit findings, with corrective actions tracked accordingly.

Grievance Mechanism

General Communication:
Managed through designated account managers to maintain regular communication and engagement with suppliers.

Complaints: Handled by the Audit Department Manager to ensure independent review, fair investigation, and appropriate 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 raw materials are essential to product performance and durability, while responsible environmental and social practices support sustainable operations.

NAK expects suppliers to provide quality materials, ensure reliable delivery, and comply with applicable laws, regulations, and standards. Since 2022, all suppliers have been required to sign the Supplier Code of Conduct, which establishes requirements for responsible operations, environmental protection, and reduction of carbon emissions and environmental impacts.

Key Areas of the Supplier Code of Conduct:

Clean production and sustainable procurement; Pollution prevention and resource efficiency; Safe handling of chemicals and hazardous substances; Air pollutant emission control; Wastewater and waste management; Automation and process improvements to reduce employee workload; Production efficiency enhancement; Processing waste reduction, recycling, and reuse of materials

Supplier Code of Conduct



Environmental

- Clean production and procurement
- Pollution prevention and resource efficiency
- Management of chemicals and hazardous materials
- Air pollutant emission management
- Wastewater and waste management
- Recycling and reuse of materials and products



Labor and Human Rights

- Prohibition of child labor
- Prevention of discrimination in any form
- Prohibition of forced labor
- Respect for freedom of association
- Use of automation to reduce employee workload
- Promotion of occupational health and safety



Ethical Standards

- Anti-corruption and prohibition of bribery
- Anti-money laundering practices
- Establishment of information security management systems
- Protection of personal data

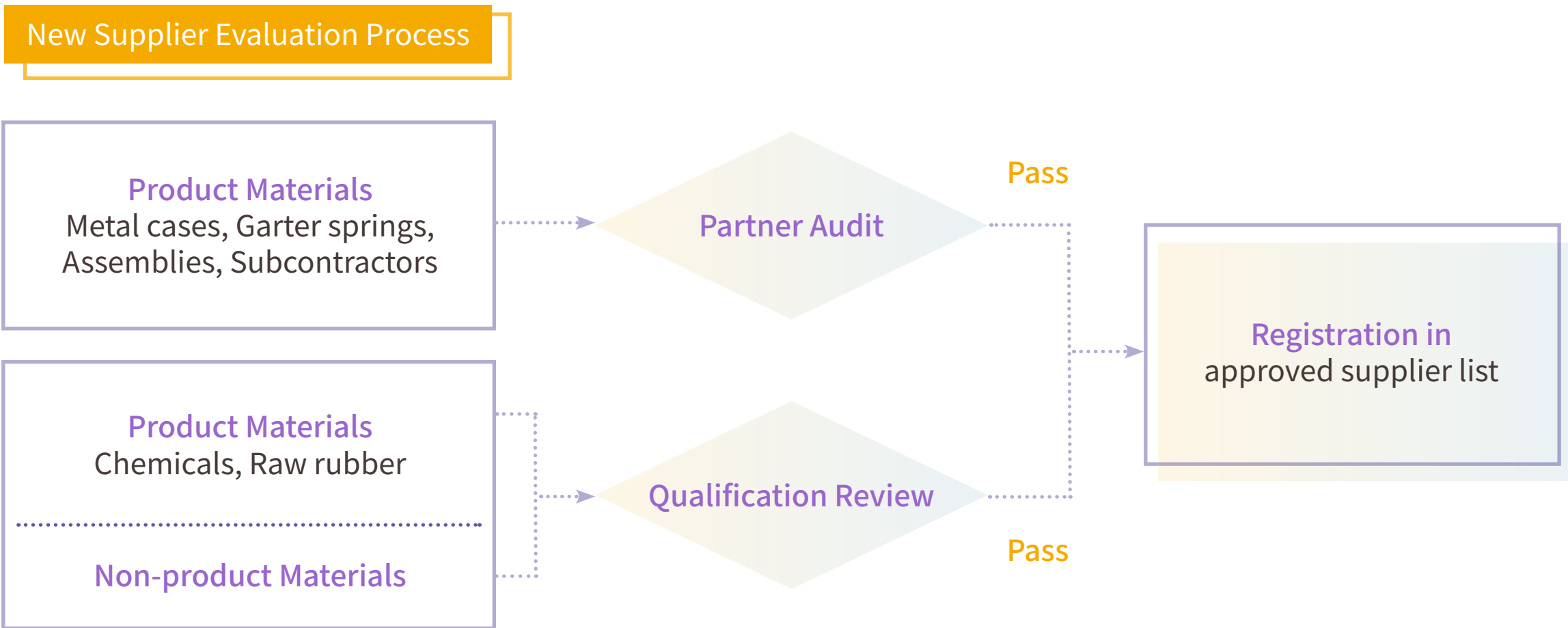
• Supplier Selection and Evaluation

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

Evaluation Criteria:

- ISO 9001 quality management certification is required; IATF 16949 certification is encouraged, with third-party certification preferred.
- Environmental and occupational safety and health performance, including ISO 14001 and ISO 45001 certifications.
- On-site audits are required for key material suppliers, including metal cases, garter springs, assemblies, and subcontractors.
- Raw material suppliers must provide material source documentation, including SDS, IMDS, RoHS, and REACH compliance records.

Only suppliers that pass the evaluation process and sign the Supplier Code of Conduct are approved as qualified business partners. In 2025, NAK did not onboard any new suppliers.



• Supplier Audit

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

Routine Assessments:

- Each purchase order is evaluated based on delivery performance and product quality.
- Supplier delivery and quality performance are tracked through regular evaluations.
- Monthly performance summaries are compiled for suppliers accounting for 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 requiring improvement monitoring.

Corrective Action:

- Suppliers receiving a C rating for three consecutive months are subject to on-site audits conducted by the Procurement and Quality Assurance Departments.
- Audit results determine whether suppliers remain 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 implement improvement actions and complete a Supplier Improvement Notice form. Suppliers rated "C" for three consecutive months are subject to joint on-site audits by the Procurement and Quality Assurance Departments. Audit results determine whether the supplier remains on NAK's approved supplier list.	

The annual audit evaluates the effectiveness of suppliers' quality, environmental, and occupational safety and health (OSH) management systems. Suppliers are required to complete an annual 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 based on ISO 9001/IATF 16949, ISO 14001, and ISO 45001 requirements. Suppliers are graded according to audit results, and those not meeting requirements receive improvement guidance.

For identified deficiencies, suppliers must submit corrective action plans, which are reviewed by the Quality Assurance Department and Occupational Safety and Health Office. Follow-up audits are conducted within 3–6 months to verify improvement effectiveness.

Suppliers involved in hazardous waste violations or other major issues that may negatively affect NAK's reputation are subject to immediate termination of business relationships.

In 2025, the average supplier audit score was 91.659, and no suppliers were identified as having significant actual or potential 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	✗ Disqualified (Supplier Qualification Revoked)		

• Sustainable Material Selection and Supplier Collaboration on Research and Development

NAK promotes the procurement of sustainable raw materials and collaborates with suppliers to develop environmentally friendly materials. The Company also encourages suppliers to conduct greenhouse gas inventories in accordance with ISO 14064. Through supply chain carbon management initiatives, NAK aims to enhance environmental sustainability performance across the supply chain.

Local Procurement

GRI 204-1

To strengthen supply chain resilience and support regional development, NAK promotes local procurement to shorten lead times, reduce transportation costs, lower logistics-related carbon emissions, and contribute to local economic development.

Local procurement is defined as the purchase of raw materials where the material shipping origin and purchasing facility are located within the same country.

In 2025, NAK achieved a local procurement rate of 68%, demonstrating its commitment to operational efficiency and responsible supply chain management.

2.6 Information Security

Management Approach — Information Security Management

GRI 3-3

GRI

GRI Correspondence: GRI 418

Impact Significance
Cybersecurity is a critical consideration in the digital era. Establishing effective cybersecurity management systems strengthens information protection, enhances employee awareness, and helps prevent cyberattacks and data breaches. Security incidents involving customer or supplier data may result in privacy risks, fraud exposure, legal liabilities, and reputational impacts. NAK's cybersecurity practices therefore have material impacts on governance and social sustainability.

Commitments / Policies
NAK is committed to ensuring the confidentiality, integrity, and availability (CIA) of critical information systems and data across the organization through effective cybersecurity management practices.

Short- to Mid-Term Goals (By 2027)
Reduce the social engineering simulation failure rate to 8%.
Long-Term Goals (By 2030)
1. Reduce the social engineering simulation failure rate to below 5%.
2. Implement an ISO/IEC 27001 Information Security Management System (ISMS).

Action Plan
1. Conduct annual social engineering simulations and cybersecurity awareness training to enhance employee information security awareness.
2. Regularly review critical system and equipment audit logs to identify unauthorized access.
3. Continuously monitor networks and systems to detect and prevent cybersecurity threats.
4. Conduct vulnerability scanning and implement timely remediation for identified vulnerabilities.
5. Classify and encrypt sensitive data to reduce information leakage risks.
6. Track and rescan medium- and high-risk vulnerabilities until remediation is completed.

Effectiveness Evaluation
Monitoring Process:
1. Regularly review and update information security policies and standards, and communicate security requirements to all employees.
2. Conduct regular internal and external audits and implement corrective and preventive actions for identified findings.
2025 Performance:
1. Conducted social engineering simulations with a failure rate of 8.51%; further cybersecurity awareness training will be provided.
2. No material cybersecurity incidents or personal data breaches were reported.

Grievance Mechanism
1. Primary contact: The IT Department serves as the primary contact point for information security-related concerns.
2. Incident Reporting: Employees are required to follow the Company's Information Security Incident Reporting Procedures to ensure timely escalation, investigation, and resolution of security incidents.

In recent years, the increasing frequency and sophistication of ransomware and cyberattacks have posed significant risks to business continuity, financial performance, corporate reputation, and stakeholder trust.

NAK is committed to protecting intellectual property and information security, recognizing their importance to maintaining competitiveness and supporting trusted partnerships. The Company has established a comprehensive cybersecurity management framework to safeguard confidential information and enhance operational resilience.

Key initiatives include:

- Implementing information security monitoring systems to detect and respond to potential threats in real time.
- Deploying vulnerability scanning tools to identify security weaknesses and reduce risks of external intrusion and data leakage.
- Strengthening access controls and hardware/software asset management to maintain system security and integrity.

Through these initiatives, NAK continues to enhance its cybersecurity capabilities, address evolving cyber threats, protect stakeholder trust, and support sustainable operations.

Information Security Governance Framework

The IT Department serves as NAK's dedicated cybersecurity management unit. On December 26, 2023, the Board of Directors appointed an Information Security Officer and supporting personnel to strengthen cybersecurity governance. The IT Department is responsible for developing cybersecurity policies, implementing security operations, and coordinating related initiatives across departments.

NAK's Information Security Policy aligns with the ISO/IEC 27001:2022 Information Security Management System (ISMS) framework. Internal regulations, including the Internal Control System: Electronic Data Processing Cycle and Information Security Policy Guidelines, define cybersecurity requirements and operational standards across six strategic areas:

- Information asset management
- Security control enhancement
- Cybersecurity training and awareness
- Disaster recovery and backup drills
- Risk assessment and management
- Incident response and digital forensics

The Audit Office conducts annual reviews of the Electronic Data Processing Cycle under the internal control system to evaluate the effectiveness of information security controls.

NAK will continue strengthening its cybersecurity management framework and pursue ISO 27001 certification to ensure information confidentiality, integrity, and availability while protecting stakeholder interests and supporting sustainable business operations.



Data Protection and Privacy

GRI 418-1

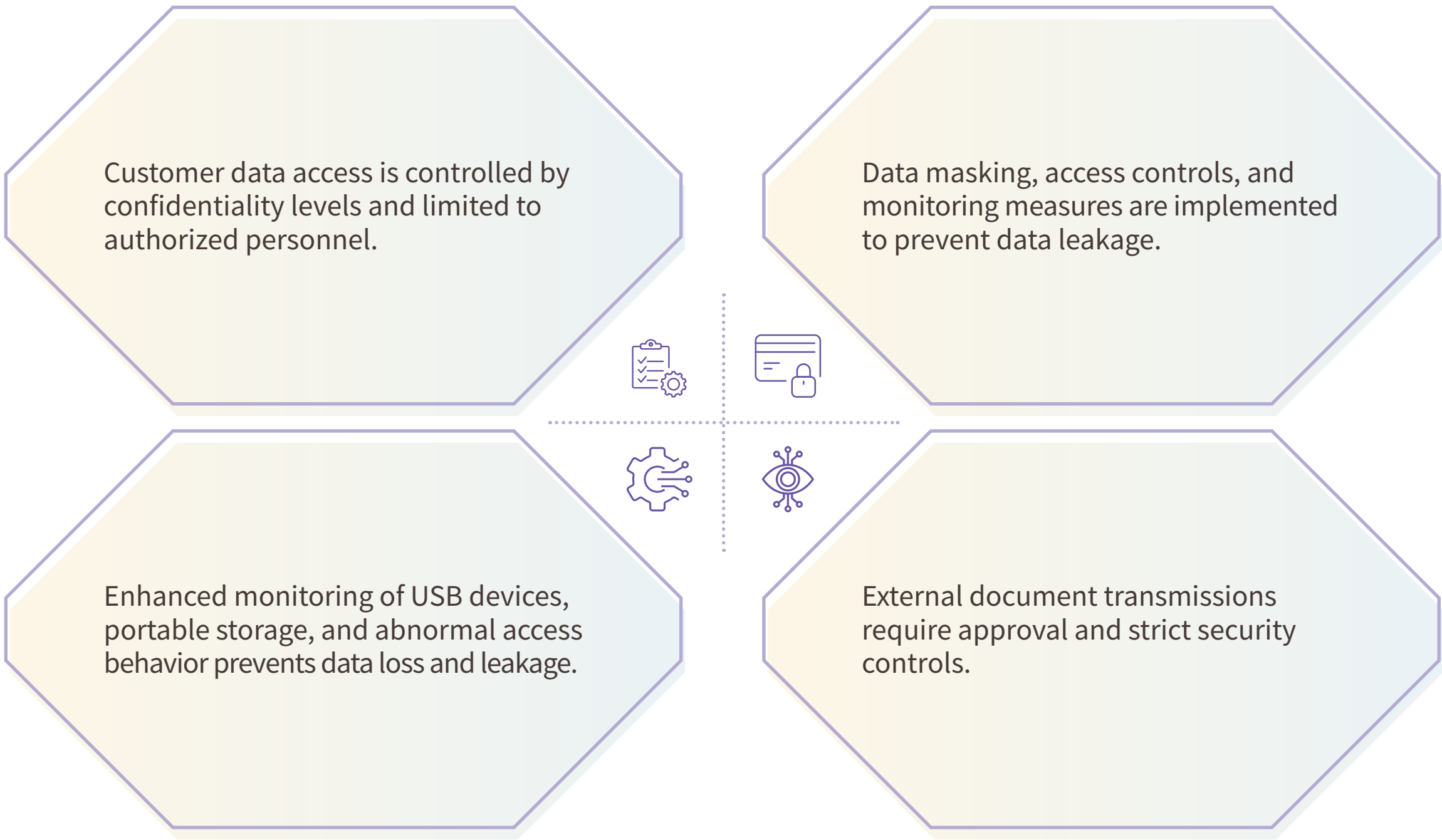
Safeguarding customer privacy and confidential information is fundamental to NAK's long-term sustainability and competitiveness. The Company continuously enhances its technical infrastructure and management systems to strengthen information security and data protection.

Strict access controls and data management mechanisms are implemented across systems and processes involving the collection, storage, and use of personal data. Personal information storage and transmission comply with applicable security requirements to ensure confidentiality, integrity, and availability.

Key Information Security Management Measures Include:

 Internet Security Control	• Deployment of firewalls to strengthen network perimeter protection. • Regular virus scans across computer systems to detect and prevent malware threats. • Periodic reviews of system logs for network services to identify and address abnormal activities.
 Data Access Control	• Assign designated personnel to manage computer equipment and enforce account/password protection. • Grant access permissions based on job responsibilities and the principle of least privilege. • Immediately revoke access rights for transferred or departing employees. • Securely remove or overwrite confidential and sensitive data, as well as licensed software, before device decommissioning. • Require formal approval for remote access to management information systems.
 Incident Response and Recovery	• Regularly review and update emergency response plans. • Conduct annual system recovery drills to validate preparedness and response capabilities. • Implement system backup mechanisms, including secure offsite backups.
 Awareness and Auditing	• Regularly promote information security policies to enhance employee awareness. • Conduct annual independent IT security testing to identify vulnerabilities and strengthen cybersecurity resilience.

Personal Data Protection Measures:



Information Security Incident Reporting and Response Process

Effective incident handling is critical to sustaining operations and maintaining customer trust. Delayed responses to major incidents may result in operational disruptions, financial losses, and reputational risks.

To mitigate these risks, NAK has established incident reporting and response procedures requiring employees to promptly notify responsible units, activate emergency response protocols, and execute recovery actions in accordance with established SOPs. This structured approach enhances response efficiency and minimizes potential impacts.

In 2025, NAK recorded zero information security incidents resulting in financial losses or customer impacts, demonstrating the effectiveness of its information security management practices.

2.7 Risk Management

Management Approach — Risk Management

GRI 3-3

GRI

GRI Correspondence: Custom Topic

Impact Significance

Effective risk identification, prevention, and response mechanisms enhance NAK's operational resilience, reduce potential losses, and safeguard stakeholder interests. NAK's Risk Management Approach systematically identifies and addresses risks across economic, environmental, and social dimensions, supporting business continuity, long-term development, and sustainable value creation.

Commitments / Policies

NAK is committed to implementing an integrated risk management system to identify, assess, and mitigate key risks across strategic, operational, compliance, information security, climate, and geopolitical areas, strengthening resilience and supporting sustainable growth.

Short- to Mid-Term Goals
(By 2027)

1. Establish a Risk Management Committee to oversee the risk governance framework.

2. Conduct two risk scenario simulations (including cybersecurity scenarios) and implement improvement plans to enhance resilience.

Long-Term Goals (By 2030)

1. Develop an Enterprise Risk Management (ERM) system covering strategic, financial, operational, climate, and supply chain risks.

2. Submit annual risk management performance reports to the Board of Directors to support decision-making.

Action Plan

1. Strengthen the risk management framework and evaluate the establishment of a Risk Management Committee to enhance governance.

2. Regularly update and implement risk identification processes covering key risks, including climate change, information security, and geopolitical issues.

3. Enhance departmental risk accountability through cross-functional drills and contingency plan testing.

4. Provide ongoing training on risk management, information security, and sustainability to improve employee awareness and preparedness.

Effectiveness Evaluation

Monitoring Process:

1. Annual review and reporting of risk management effectiveness to the Board of Directors.

2. Continuous improvement based on audit findings.

2025 Performance:

Key risks were identified, with corresponding controls established and implemented.

Grievance Mechanism

NAK provides a complaint mailbox and anonymous reporting channel for employees to report concerns. Designated units are responsible for review and follow-up actions.

Risk Management Structure

NAK has not currently established a dedicated Risk Management Committee. In accordance with the Operational Planning and Management Guidelines, the manager of the General Manager's Office leads department heads in conducting annual risk assessments, evaluating risk levels, and developing corresponding control measures.

To strengthen risk governance, NAK implements a layered risk management approach through internal regulations. High-risk items require responsible departments to develop action plans, which are consolidated and monitored by the General Manager's Office through 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 verified through internal and external audits. Major operational policies, investments, and financing activities are reviewed by relevant departments and submitted to the Board of Directors for approval. The Company also maintains property, product liability, and product recall insurance to mitigate operational risks.

For business continuity, NAK has established the Emergency Response Management Regulations and Business Continuity Response Guidelines. Department heads are responsible for identifying potential disruption risks and implementing response measures for incidents such as accidents, natural disasters, and infectious disease outbreaks. These mechanisms help minimize operational impacts and maintain business continuity.

NAK Risk Management Structure and Roles and Responsibilities

Board of Directors	General Manager Office Manager	Audit Office	Departments
Evaluates and approves major operational policies, investments, and financing decisions.	Leads annual risk assessments, coordinates cross-functional risk management, and monitors mitigation progress.	Audits daily risk management activities, ensures internal control compliance, and consolidates business interruption risk assessments.	Implements daily risk management measures, analyzes risk data, and develops emergency response actions.
			

NAK SEALING TECHNOLOGIES 2025 ESG

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Risk Control Measures and Outcomes

NAK conducts annual risk identification and trend analysis through responsible departments. Key risks, including sustainability, information security, financial, internal control, and geopolitical risks, are consolidated into the annual Risk Map and Response Strategy.

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 2025, 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 oversees climate-related risk management through defined responsibilities, risk assessments, monitoring, and training. Climate risk strategies are implemented across departments, with outcomes reviewed and disclosed in the annual report.	In 2025, NAK obtained Green Building Label certification (Existing Building Improvement Category) and passed the Cleaner Production Assessment System for General Industries, demonstrating compliance with both green infrastructure and operational management requirements. In addition, the Company renewed Green Factory Label certifications for Plant No. 2 and Plant No. 4.
 Internal Control Risk	NAK's Internal Audit Office reports directly to the Board of Directors and develops annual audit plans based on risk assessments and operational priorities. Regular audits are conducted on internal controls and key processes to evaluate control effectiveness, enhance governance, and mitigate operational, fraud, and compliance risks.	In 2025, all audits and corrective actions for identified deficiencies were completed in accordance with the annual audit plan. No material deficiencies affecting the overall effectiveness of the internal control system were identified. These results demonstrate the effectiveness of NAK's internal audit and continuous improvement mechanisms.
 Information Security Risk	The IT Department manages information security policies, cybersecurity practices, and employee awareness initiatives as part of NAK's risk management framework. The Audit Office conducts annual IT system audits under the electronic data processing internal control framework to verify effectiveness.	In 2025, NAK completed 91 software and hardware updates, conducted one social engineering drill with a pass rate of 91.49%, and organized 140 information security awareness campaigns.

Risk Category	Management Policies and Response Strategies	Effectiveness
 Financial Risk	The Finance Department works closely with operational units to identify, assess, and manage financial risks. Market Risk (including interest rate, exchange rate, inflation, and raw material price fluctuations): Optimize borrowing structures; utilize forward contracts for foreign currency hedging; implement bulk purchasing and multi-sourcing strategies and diversify investment portfolios. Credit Risk: Evaluate new customers in accordance with internal credit policies considering financial conditions and transaction history. Liquidity Risk: Centrally manage surplus funds and allocate resources based on operational needs to maintain sufficient liquidity. Inventory Obsolescence Risk: Monitor market trends and adjust inventory levels and pricing strategies to minimize potential losses.	• Despite exchange rate fluctuations, NAK recorded foreign exchange gains of NT\$8,444K through effective foreign exchange risk management. • Interest rate risk was effectively managed, with a 10-basis-point rate change impacting net income by approximately NT\$45K. • Maintained NT\$1,730,000K in unused credit facilities to ensure financial flexibility and liquidity.
 Geopolitical Risk	In 2025, all audits, corrective actions, and follow-up reviews of identified deficiencies were completed in accordance with the annual audit plan. No material deficiencies affecting the overall effectiveness of the internal control system were identified. These results demonstrate the effectiveness of NAK's internal audit and continuous improvement mechanisms.	In 2025, NAK monitored geopolitical risks and adjusted production and shipment arrangements based on market conditions. No material geopolitical events significantly affected operations. The Company will continue to enhance supply chain resilience and multi-site risk management.

Environmental Sustainability Management

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

CHAPTER

03

3.1 Climate Action and Resilience

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

GRI 3-3

GRI Correspondence: GRI 201-2 、GRI 305

Impact Significance

Climate change presents significant risks and opportunities for businesses. NAK implements integrated management across energy, waste, water resources, and GHG emissions to reduce impacts, enhance climate resilience, and support sustainable operations.

Commitments / Policies

NAK is committed to complying with climate-related laws and standards, implementing energy efficiency and carbon reduction initiatives, and monitoring and disclosing GHG emissions performance to support sustainable operations.

Short- to Mid-Term Goals (By 2027)

1. Maintain ISO 14064-1:2018 certification.
2. Obtain Green Factory Label certification for NAK Plant No. 4.

Long-Term Goals (By 2030)

1. Obtain ISO 14067:2018 verification for Product Carbon Footprint (PCF) of Taiwan plants.
2. Install solar photovoltaic (PV) power systems.

Action Plan

1. Conduct regular GHG emissions inventories and management reviews, establish reduction targets, and engage third-party verification services. Strategies will be adjusted promptly if targets are not achieved.
2. Collaborate with supply chain partners to promote 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 operations.
4. Collaborate with relevant organizations to conduct climate-related seminars and activities, enhancing employees' awareness and understanding of climate change.

Effectiveness Evaluation

Monitoring Process:

1. Conduct annual GHG inventories with third-party verification in accordance with ISO 14064-1:2018.
2. Conduct annual management reviews in accordance with ISO 14001 and ISO 50001 to ensure the effective operation of environmental and energy management systems.

2025 Performance:

1. Taiwan plants completed ISO 14064-1:2018 verification for 2024 GHG emissions in 2025.
2. Plant No. 4 obtained Green Building Label certification (Existing Building Improvement Category) in 2024.
3. Plants No. 2 and No. 4 obtained Green Factory Label certification in 2025.

Grievance Mechanism

A dedicated working group reviews and addresses relevant concerns to ensure transparent communication and continuous improvement.

Climate Governance Framework

NAK actively addresses climate change by identifying climate-related risks and opportunities and developing corresponding management strategies. In alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Company manages climate-related issues through four core pillars: Governance, Strategy, Risk Management, and Metrics & Targets, with the goal of enhancing climate resilience and adaptive capacity.

The Board of Directors serves as the highest governing body for climate-related matters, overseeing climate risks and opportunities, setting strategic direction, monitoring risk management, ensuring transparent disclosure, and considering stakeholder expectations. To further strengthen sustainability governance, NAK established the Sustainability Development Committee under the Board of Directors in late 2025 to oversee sustainability policies, objectives, strategies, and the implementation of material sustainability initiatives.

The Sustainability Development Office leads the climate governance framework by defining responsibilities, conducting risk assessments, monitoring implementation progress, consolidating climate-related information, and coordinating cross-functional actions. Relevant departments, including the President's Office, Human Resources, Finance, and other responsible units, assess climate-related risks and opportunities within their respective areas and implement corresponding measures, such as energy efficiency projects, sustainability training, and renewable energy initiatives.

The Sustainability Development Office regularly reports climate-related implementation progress and performance to the Sustainability Development Committee and the Board of Directors. Climate management outcomes are disclosed in the Company's Annual Report.

Climate Change Governance Structure



Climate Risk Management

In alignment with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, NAK's Sustainability Development Office identifies, assesses, and manages climate-related risks and opportunities across short-, medium-, and long-term horizons.

- Transition Risks: Policy, regulatory, resource, technology, and market-related changes
- Physical Risks: Acute and chronic physical hazards arising from climate change
- Opportunities: New markets, innovative products, and resource efficiency improvements

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

NAK's climate risk management approach includes:

- Establishing indicators and targets
- Developing response strategies and action plans
- Assigning responsible departments
- Monitoring implementation progress and outcomes

The detailed climate risk management process is outlined below.

Climate Risk Management Process

Identification of Climate Issues and Risk/Opportunity Screening

NAK identifies climate-related risks and opportunities by analyzing sustainability trends, regulations, and industry practices.

Key Finding:

Transition Risks: Carbon pricing, regulatory changes, low-carbon product demand, and raw material cost increases

Physical Risks: Extreme weather events, including typhoons and floods

Opportunities: Expansion of low-carbon products and services

Climate Risk and Opportunity Assessment

The Sustainability Development Office and internal stakeholders assess the operational and financial impacts of climate-related risks and opportunities.

Material Climate Topics:

Transition Risks: Low-carbon product demand and raw material cost increases

Opportunities: Development of low-carbon products and services

Strategy Formulation and Financial Impact Assessment

NAK develops response strategies for identified climate-related risks to minimize potential impacts and explores initiatives to capture opportunities.

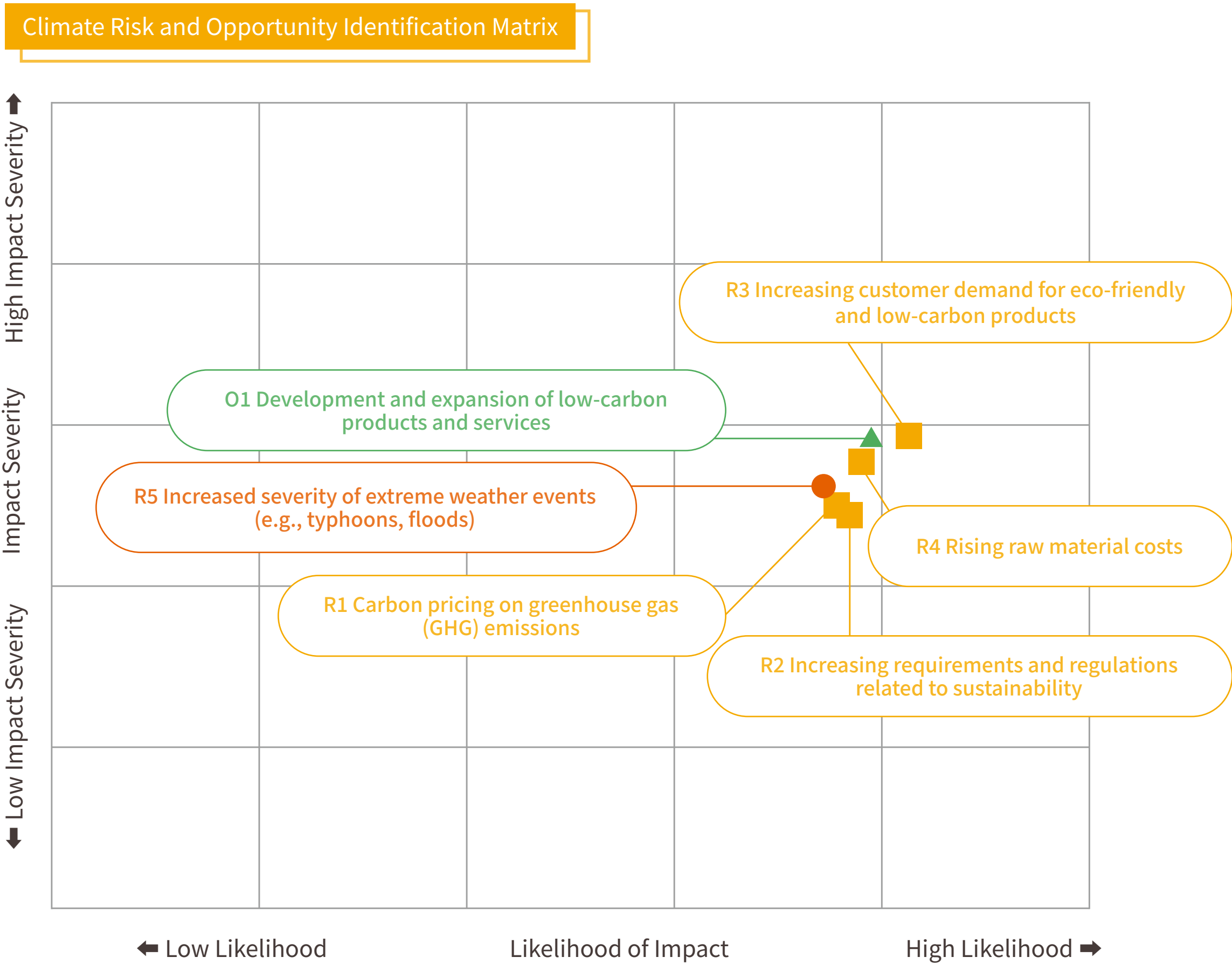
A qualitative financial impact assessment is conducted for each material climate issue, considering operational implications and required resources, including time, technology, and manpower.

Monitoring and Management

The Sustainability Development Office monitors progress against climate targets, reviews industry and international developments, and updates strategies as needed to strengthen climate resilience.

Results of Material Climate Risk and Opportunity Identification

NAK assessed climate-related risks and opportunities based on time horizon and their potential operational impact. Of the five identified risks and one opportunity, two risks and one opportunity were determined to be material. The matrix below summarizes their categories, likelihood, and potential impacts.



Climate Change Mitigation and Adaptation Strategies

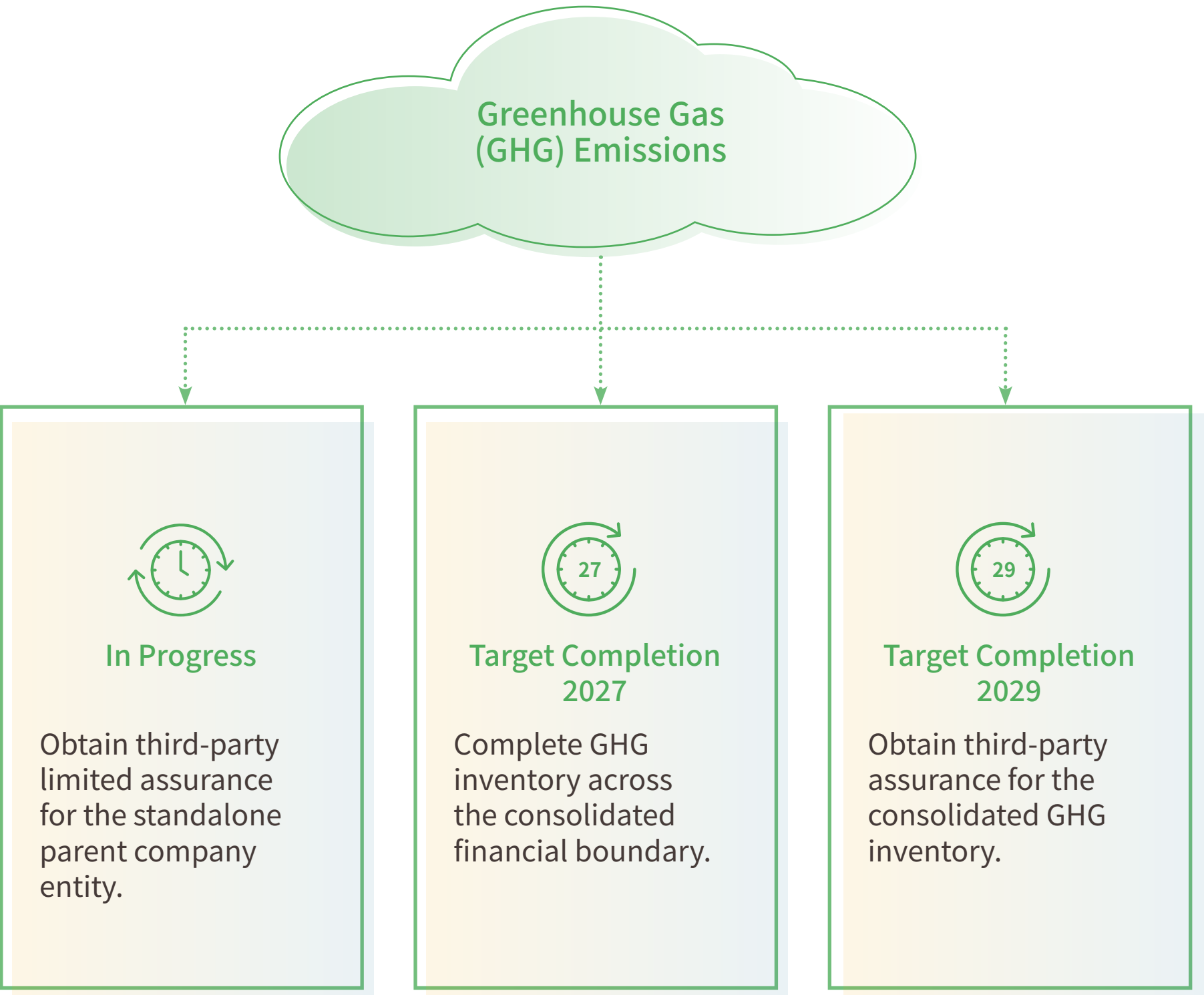
GRI 201-2

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 sustainability regulations in key markets (EU and North America) are driving demand for sustainable products. Failure to comply may lead to lost orders, customer attrition, and reputational risks.	1. Monitor customer environmental and carbon requirements 2. Integrate green branding into sales and marketing activities	1. Maintain regular customer engagement to anticipate to anticipate new requirements 2. Integrate green branding into sales activities
	Market	Increase in raw material costs	Short-term (0–3 years)	Global energy crises and supply chain disruptions are increasing raw material costs, placing pressure on production costs and profit margins.	1. Secure long-term procurement contracts 2. Strengthen local sourcing partnerships 3. Optimize pricing strategies to reflect rising costs	1. Optimize production processes to improve material efficiency 2. Diversify the supplier base to reduce supply chain volatility
Opportunity	Resource Efficiency	Low-carbon products and services	Short-term (0–3 years)	Low-carbon products enhance competitiveness, attract customers, and create new revenue opportunities.	Conduct ISO 14067 Product Carbon Footprint (PCF) assessments	1. Build a sustainable materials supply chain through supplier collaboration 2. Ensure product alignment with international environmental standards

Key Metrics and Climate Targets

In alignment with the Financial Supervisory Commission's Sustainability Roadmap for TWSE/TPEX-Listed Companies, NAK adopts a phased approach to managing climate-related risks and GHG emissions. The Sustainability Development Office oversees implementation progress, monitors target achievement, updates strategies as needed, and reports annually to the Board of Directors to ensure effective governance and continuous improvement.



3.2 Energy and Greenhouse Gas Management

Energy Consumption Overview

GRI 302-1 | GRI 302-3

Energy is fundamental to NAK's manufacturing operations. In response to challenges arising from limited energy resources and climate change, NAK prioritizes decarbonization and energy efficiency as key operational objectives. Through continuous monitoring and improvement of energy consumption, the Company enhances energy efficiency across its facilities.

In 2025, NAK's total energy consumption was 87,261.13 GJ, with purchased electricity accounting for 87.52% of total energy use, primarily for production activities. Direct energy consumption included gasoline, diesel, and liquefied natural gas (LNG).

Energy intensity was 0.71 GJ per thousand units produced in 2025. Compared with the previous year, energy intensity increased due to higher production volumes driven by customer demand and stable operation of manufacturing equipment.

Energy Consumption and Intensity Statistics (Past Three Years)

		Unit: GJ		
Category	Energy Type	2023	2024	2025
Non-Renewable Fuels Consumed Internally	Liquefied Natural Gas	10,637.37	7,185.22	10,104.68
	Gasoline	128.14	98.86	102.01
	Diesel	865.64	693.54	684.51
Purchased and Consumed Energy	Purchased Electricity	90,540.00	70,613.32	76,369.93
Total Energy Consumption		102,171.15	78,590.94	87,261.13
Energy Intensity (GJ / 1,000 units)		0.65	0.67	0.71

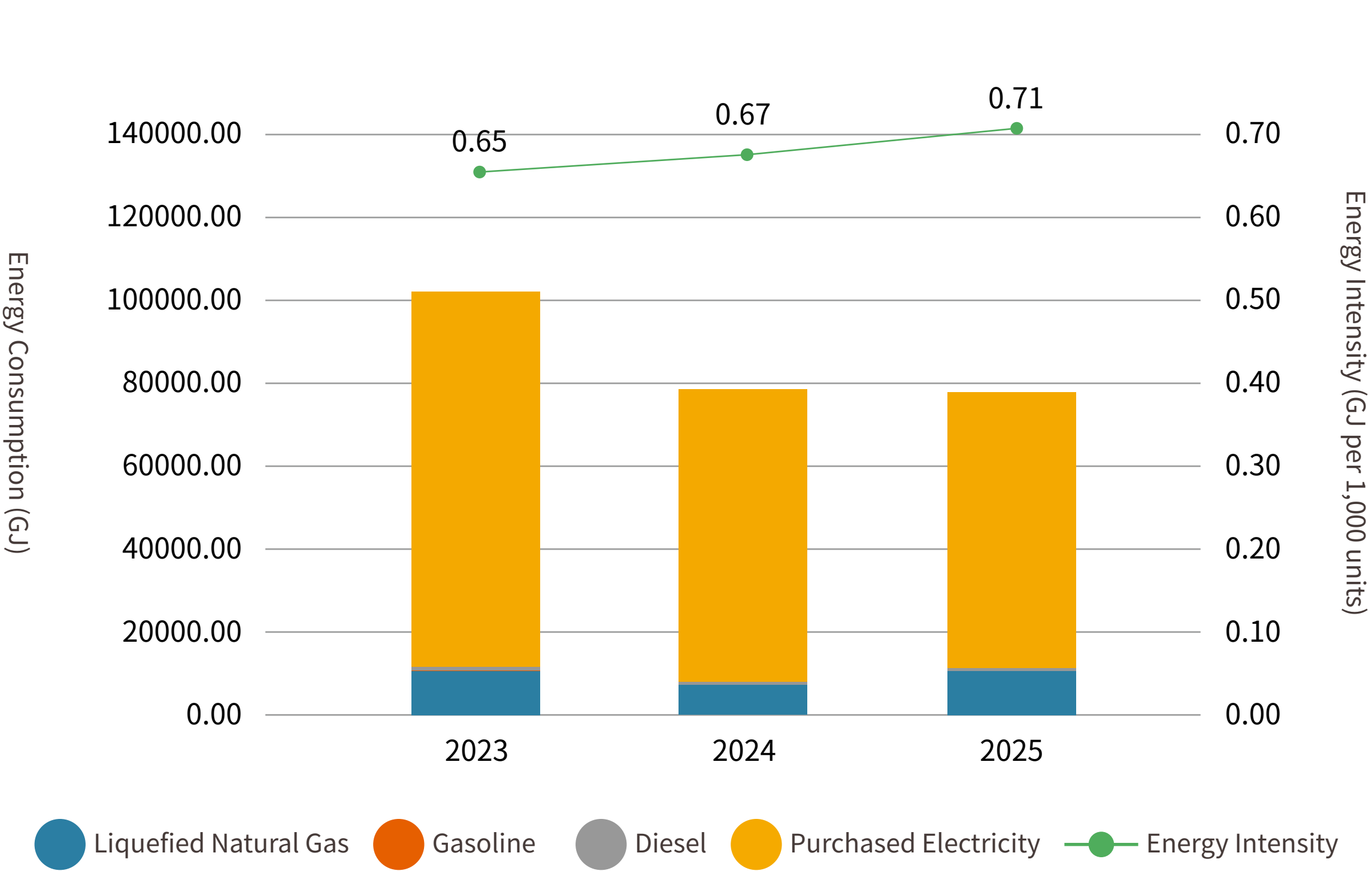
Note 1: Data coverage: NAK's Taiwan operations.

Note 2: LNG calorific values are calculated using monthly weighted averages provided by the gas utility company. Gasoline and diesel calorific values for 2025 are based on Ministry of Environment data released in February 2026. Other energy conversion factors follow the latest Net Calorific Value of Energy Products published by Taiwan's Energy Administration, MOEA.

Note 3: Conversion factor: 1 kcal = 4.187 joules.

Note 4: Energy intensity is calculated using annual production volume (thousand units) at NAK's Taiwan facilities.

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, which was verified by an independent third party in accordance with ISO 14064-1:2018. The Company established 2022 as the base year and continues to conduct annual GHG inventories with third-party verification. This approach enhances carbon emission transparency and supports the development and implementation of effective energy-saving and GHG reduction strategies to address climate change.

In 2025, NAK's total GHG emissions were 23,991.370 metric tons CO₂e, comprising the following:

- Scope 1 (Direct emissions): 1,005.2627 metric tons CO₂e (4.19%), 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): 10,053.0843 metric tons CO₂e (41.90%).
- Scope 3 (Other indirect emissions): 12,933.0234 metric tons CO₂e (53.91%).

NAK's GHG emissions intensity in 2025 was 0.090 metric tons CO₂e per 1,000 units produced, demonstrating the Company's continued efforts to monitor emissions performance and improve carbon management.

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

Unit: tCO ₂ e			
GHG Emissions Category	2023	2024	2025
Scope 1	1,547.9788	977.6698	1,005.2627
Scope 2	12,421.2710	9,295.3024	10,053.0843
Scope 3	14,986.4602	11,522.4760	12,933.0234
Total Emissions	28,955.710	21,795.448	23,991.370
Scope 1 and Scope 2 Combined	13,969.2498	10,272.9722	11,491.2080
Emissions Intensity (tCO ₂ e / 1,000 units)	0.089	0.088	0.090

Note 1: Data Scope: Data from 2023 to 2025 covers NAK's Taiwan operations and its subsidiary, Song-Chyuan International Co., Ltd. (hereinafter referred to as "Song-Chyuan").

Note 2: GHG Inventory Standard: GHG emissions are calculated in accordance with ISO 14064-1:2018.

Note 3: Organizational Boundary: The operational control approach is adopted. The GHG inventory covers NAK's Taiwan operations, including CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃.

Note 4: Emissions Intensity: Calculated using annual production volume (thousand 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) and its 2025 Errata. Emission factors are primarily sourced from the Ministry of Environment's "GHG Emission Factor Management (113.03.05)." Taiwan electricity emission factors are provided by the Energy Administration, Ministry of Economic Affairs (MOEA). Scope 3 emission factors are sourced from the Taiwan Product Carbon Footprint Database, Taiwan High-Speed Rail, SimaPro, and the 2016 Taipei Metro Report.

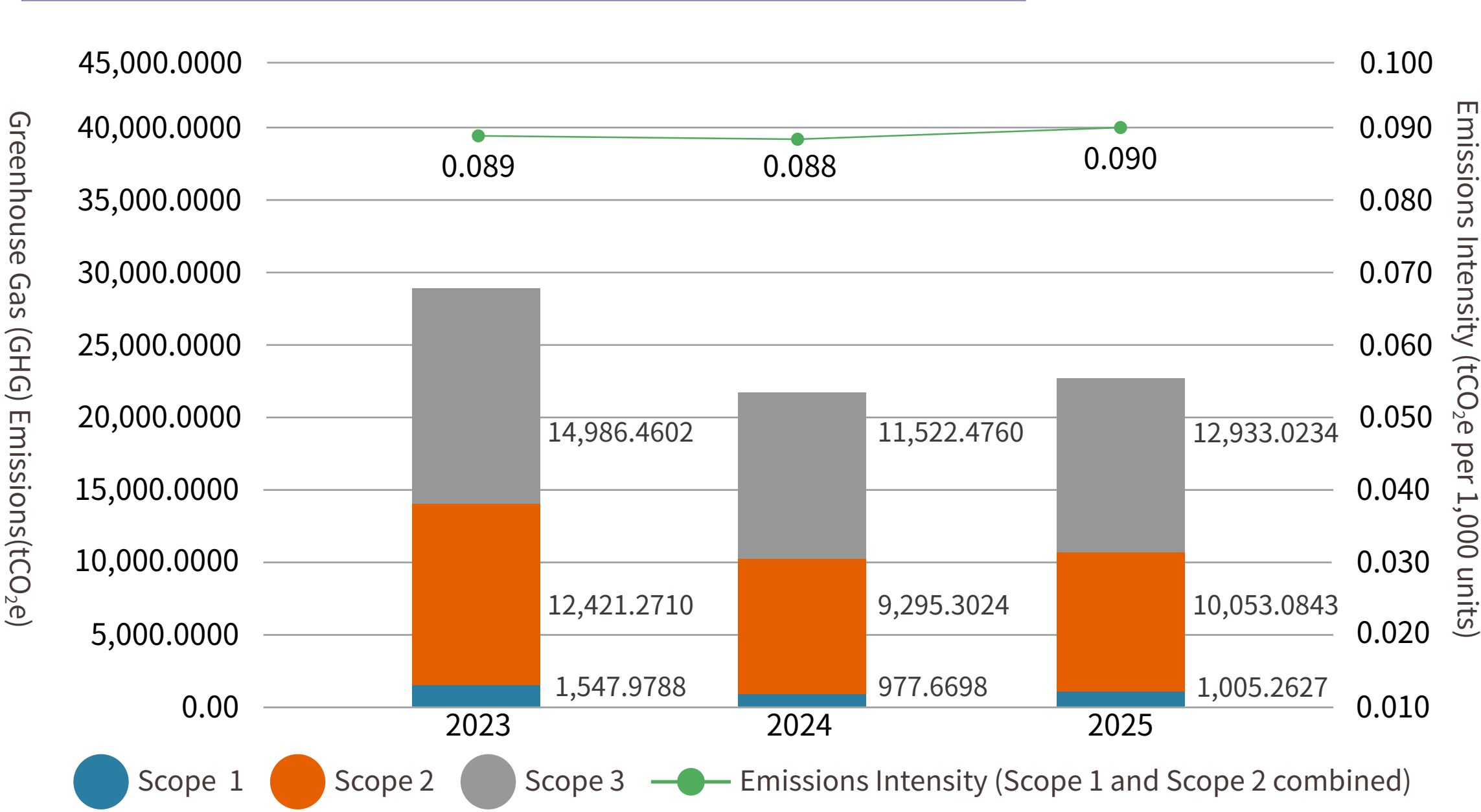
Note 6: Verification: From 2023 to 2025, Scope 1, 2, and 3 GHG emissions were verified by the Metal Industries Research & Development Centre (MIRDC) in accordance with ISO 14064-3:2018 and received reasonable assurance.

Scope 3 GHG Emissions Breakdown

Unit: tCO ₂ e				
Scope 3 Category		2023	2024	2025
Category 3 Indirect GHG Emissions from Transportation	Upstream Transportation and Distribution	85.6084	56.9811	63.2600
	Downstream Transportation and Distribution	3,492.5681	2,040.0484	2,089.3681
	Business Travel	49.5108	111.3223	115.1617
Category 4 Indirect GHG Emissions from Use of Goods and Services	Fuel- and Energy-Related Activities	2,495.0197	2,053.1075	2,544.4055
	Processing of Sold Products	8,579.1389	6,921.2290	7,941.2725
	Waste Generated in Operations	284.6142	339.7877	179.5556

Note: Data for 2023–2025 covers NAK's Taiwan operations, including the leased facility operated by subsidiary Song Chuan.

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



Air Pollutant Emissions Management

GRI 305-6 | GRI 305-7

Air emissions from the sealing industry primarily originate from process fugitive emissions and boiler combustion. Key pollutants include sulfur oxides (SOx), nitrogen oxides (NOx), volatile organic compounds (VOCs), particulate matter (PM), hazardous air pollutants (HAPs), and ozone-depleting substances (ODS).

NAK continuously monitors air emissions and operates pollution control systems, including activated carbon adsorption systems, zeolite rotor concentrators with regenerative thermal oxidizers (RTOs), and baghouse dust collectors, to ensure regulatory compliance and minimize environmental impacts.

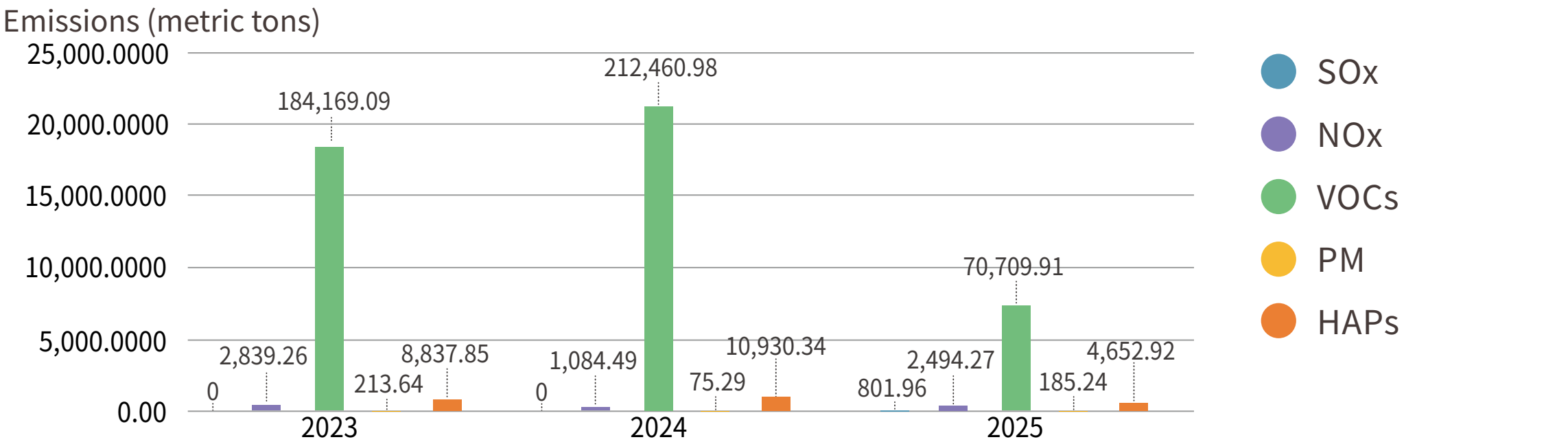
A violation of the Air Pollution Control Act that occurred in 2024 resulted in a penalty issued in 2025. NAK completed all required corrective actions within the designated timeframe and fulfilled the required four-hour environmental compliance training in accordance with applicable regulations.

Air Pollutant Emissions (Past Three Years)

Unit: Kilograms (kg)			
Pollutant Type	2023	2024	2025
Sulfur Oxides (SOx)	0	0	801.96
Nitrogen Oxides (NOx)	2,839.26	1,084.49	2,494.27
Volatile Organic Compounds (VOCs)	184,169.09	212,460.98	70,709.91
Particulate Matter (PM)	213.64	75.29	185.24
Hazardous Air Pollutants (HAPs)	8,837.85	10,930.34	4,652.92

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

Air Pollutant Emissions (Past Three Years)



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

Unit: Kilograms (kg)			
Type of ODS	2023	2024	2025
HCFC-22	0.000641	0.000641	0.000656

Note 1: ODS emissions primarily result from refrigerant leakage in air conditioning and refrigeration systems.
Note 2: Ozone Depletion Potential (ODP) values are based on the Montreal Protocol. The ODP value of 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 the early adoption of ISO 14001 certification (since 2008) and ISO 50001 certification (since 2018). By focusing on pollution prevention, process waste reduction, and continuous improvement, the Company is committed to developing green products through green manufacturing processes.

A dedicated team oversees these initiatives to enhance environmental performance, improve operational efficiency, and support continuous 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 ₂ e 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
2025	Replaced the electric heating elements of 48 vulcanizing machines	61,248	220.49	28.54

Note 1: Electricity emission factors from Taiwan's Energy Administration were applied, including 0.466 kgCO₂e/kWh for 2025 GHG inventory calculations.
Note 2: Energy savings for air compressors and chillers were based on meter readings, while savings for lighting fixtures and fans were estimated using pre-replacement consumption baselines and theoretical calculations.

Product Energy Efficiency and Carbon Reduction Initiatives

In addition to replacing aging equipment, NAK continues to develop energy-efficient products. In 2024, the Company optimized industrial standard oil seals, achieving estimated annual energy savings of 15%–20% per seal. In 2025, NAK developed precision reducer oil seals, delivering estimated annual energy savings of 50%–58% per seal, depending on shaft diameter specifications.

Initiative Description	Electricity Saved (kWh)	Energy Saved (GJ)	CO ₂ e Reduction (metric tons)
torque optimization project for industrial standard oil seals	1,518,139	5,465.3	707.45
precision reducer oil seal development	377,827	1,360.18	176.07

Note 1: The 2025 electricity emission factor of 0.466 kgCO₂e/kWh was based on Taiwan's Energy Administration data for industrial GHG inventories.
Note 2: Energy savings and carbon reductions were estimated using 2025 shipment volumes and annual electricity consumption differences.

3.3 Water Resource Management

Water Risk and Management Measures

GRI 303-1 | GRI 303-2

With increasing climate change impacts, uneven rainfall patterns and extreme weather events (e.g., torrential rainfall, droughts, and floods) have heightened water-related risks to business continuity.

Risk Assessment: NAK evaluates site-specific water stress using the World Resources Institute (WRI) Aqueduct Water Risk Atlas. Current assessments indicate that the Jiji Weir, NAK's primary water source, is not located in a high water-stress area.

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

Future Strategy: NAK will continue monitoring regional water stress trends and implementing proactive measures to manage potential water-related risks.

Wastewater Management:

- All wastewater discharges comply with ISO 14001:2015 requirements and applicable local regulations.
- Routine monitoring covers pH, Chemical Oxygen Demand (COD), Suspended Solids (SS), and Ammonia Nitrogen
- Effluent standards comply with the requirements of the Nangang Industrial Park Sewerage System.

Water Quality Monitoring (Past Three Years)

Water Quality Parameter	Regulatory Limit	Actual Measured Range (Annual)		
		2023	2024	2025
pH	5-9	6.8-7.1	6.6-7.2	6.4-7.3
COD (mg/L)	< 640	10.2-116	15.5-84.3	28.4-103
SS (mg/L)	< 320	16-164	9.4-28.8	2.5-47
Ammonia Nitrogen (mg/L)	< 50	0.26-26.2	0.46-11.4	0.29-24.5

Note: Monitors daily risk management activities, ensures internal control compliance, and consolidates business interruption risk assessments.

Water Consumption Overview

GRI 303-3

NAK sources all water from third-party municipal suppliers, with primary uses in manufacturing processes and employee domestic consumption. In 2025, total water withdrawal was 88.16 million liters. Over the past three years, water withdrawal has remained relatively stable, with no significant year-on-year fluctuations.

Water Withdrawal – Three-Year Summary

Unit: Million Liters			
Year	2023	2024	2025
Water Indicator			
Withdrawal Volume	78.30	84.95	88.16

Note: Water withdrawal volumes are based on utility invoices from municipal water providers.



3.4 Circular Economy

Waste Management

GRI 306-1 | GRI 306-2

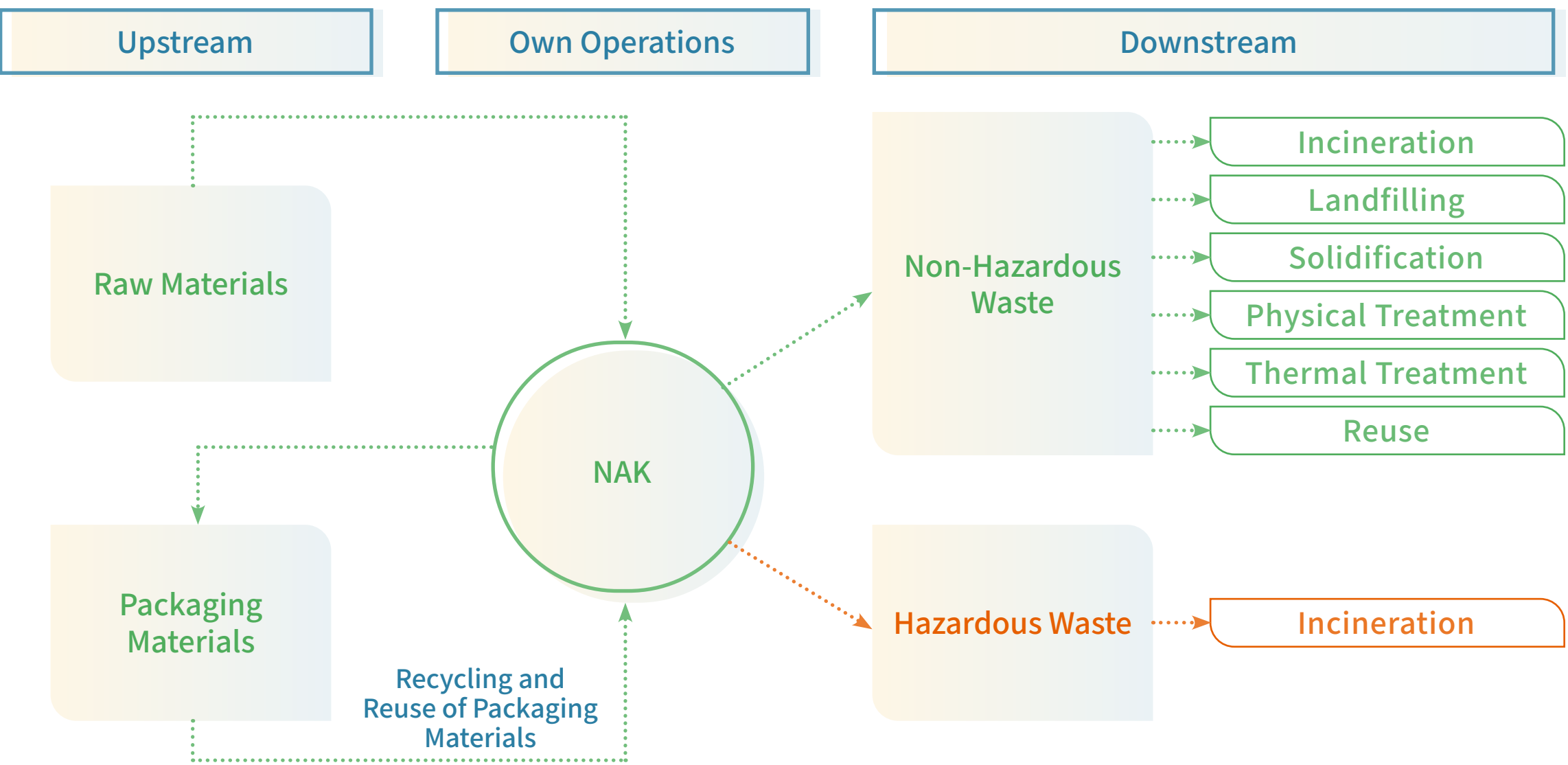
NAK is committed to responsible waste management, emphasizing resource recovery, stabilization, harmless treatment, cost efficiency, and environmental protection. The Company has established the "Waste Management Guidelines" to ensure proper waste segregation, storage, recycling, and disposal, thereby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

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

All waste removal and treatment activities are outsourced to licensed third-party contractors, who undergo compliance audits at least once a year.

In accordance with Taiwan's "Waste Disposal Act," NAK reports waste management activities through the official Industrial Waste Reporting and Management Information System, including removal dates, contractors, treatment providers, vehicle license numbers, waste types, and quantities. A three-part waste manifest system is also implemented to ensure traceability and compliant waste handling.

Waste Management Flowchart



Waste Generation and Treatment

GRI 306-3 | GRI 306-4 | GRI 306-5

In 2025, NAK generated total waste of 984.93 metric tons, comprising 974.53 metric tons of general industrial waste (98.94%) and 10.40 metric tons of hazardous industrial waste (1.06%).

Due to the high calorific value of rubber, 13.70% of waste rubber generated from oil seal production in 2025 was transferred to a recycling partner for use as fuel in its cogeneration system. The waste rubber was processed into Solid Recovered Fuel (SRF) through crushing, magnetic separation, and air separation, and used as an alternative fuel to reduce fossil resource consumption. This initiative supports carbon reduction, enhances waste utilization efficiency, and promotes circular economy practices.

Waste Statistics (Past Three Years)

Unit: Metric Tons

Waste Category	2023	2024	2025
General Industrial Waste	1,252.16	1,344.19	974.53
Hazardous Industrial Waste	16.57	11.06	10.40
Total Annual Waste Generated	1,268.73	1,355.25	984.93



Three-Year Waste Generation and Treatment Overview

Unit: Metric Tons

Waste Category	Waste Item	Treatment Method	Treatment Volume		
			2023	2024	2025
General Industrial Waste	General business activity waste	Incineration (non-energy recovery)	637.28	745.31	351.75
	Domestic waste from employees	Incineration (non-energy recovery)	2.07	70.31	65.18
	Non-hazardous organic waste liquids or solvents	Incineration (non-energy recovery)	5.58	-	5.52
	Non-hazardous dust collection ash or its mixtures	Landfilling	27.74	8.60	8.05
		Solidification	5.31	21.79	4.87
	Inorganic sludge	Thermal Treatment	20.72	24.94	18.84
		Physical Treatment	7.53	18.93	6.73
	Waste wood	Reuse	27.02	24.61	18.98
	Waste lubricating oil	Physical Treatment	5.60	17.69	4.98
	Waste rubber	Reuse	465.84	374.45	447.82
	Mixed rubber waste	Incineration (non-energy recovery)	28.52	-	-
		Physical Treatment	-	-	-
	Spent activated carbon	Reuse	15.73	20.34	23.52
	Waste oil mixtures	Incineration (non-energy recovery)	-	8.33	11.54
	Waste paint and paint sludge	Incineration (non-energy recovery)	3.22	0.51	0.53
	Mixed plastic waste	Physical Treatment	-	6.52	6.22
	Spent abrasive materials	Physical Treatment	-	-	-
	Subtotal		1,252.16	1,344.19	974.53
Hazardous Industrial Waste	Waste liquids with a flash point < 60° C (excluding alcoholic waste with ethanol < 24%)	Incineration (non-energy recovery)	16.57	11.06	10.40
	Subtotal		16.57	11.06	10.40

Note: All waste generated by NAK is handled by licensed third-party waste management providers.

Waste Reduction and Materials Management

GRI 301-1 | GRI 301-2

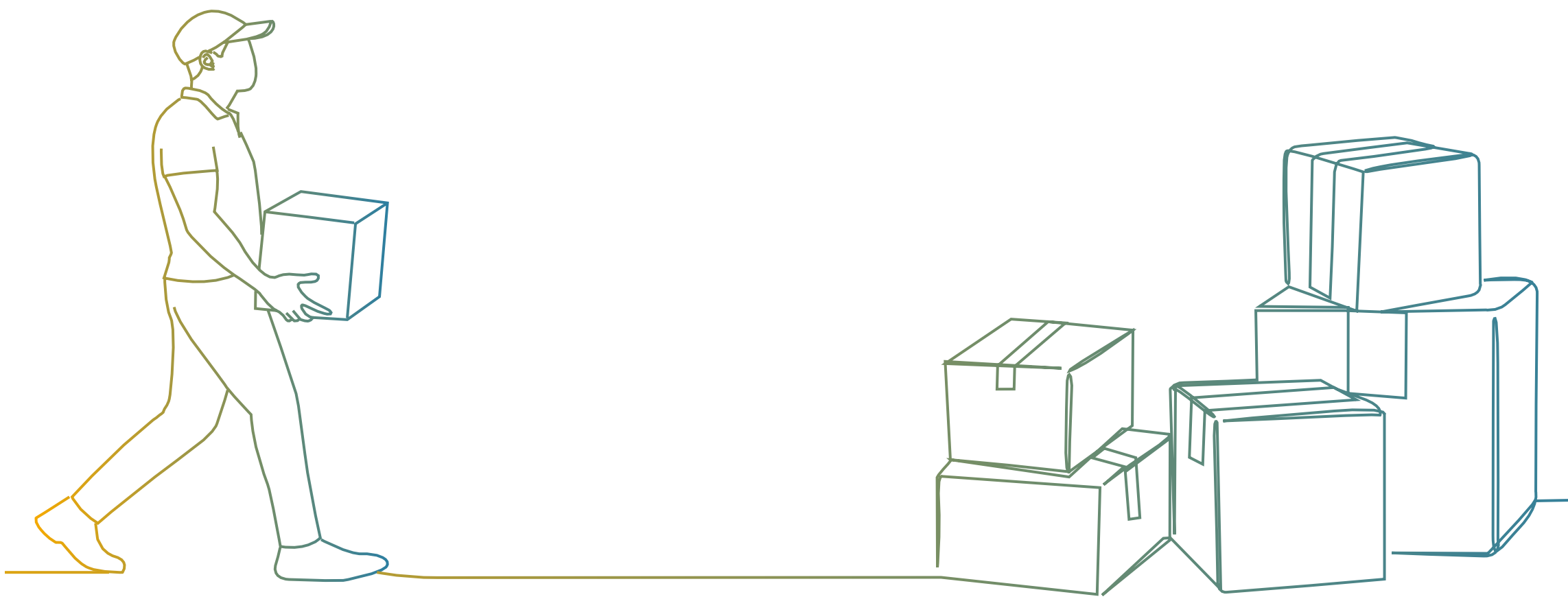
NAK is actively working to minimize the environmental impacts of its operations. Renewable materials currently account for 2% of the total material weight consumed, reflecting the Company's efforts to reduce reliance on finite natural resources.

Since 2022, NAK has implemented packaging reduction initiatives, including the reuse of outbound corrugated cartons and polyethylene (PE) bags, as well as the recycling of waste paper, scrap metal, and plastic waste. These actions demonstrate the Company's commitment to sustainability and resource conservation.

Materials Usage (Past Three Years)

Unit: Metric Tons

Material Category	Material Name	Material Weight		
		2023	2024	2025
Non-Renewable Materials	Metal Cases	2,430.10	1,707.77	1,916.66
	Garter Springs	122.77	90.11	73.25
	Raw Rubber, Chemicals, Solvents, Steel	3,265.60	2,347.00	2,025.50
Renewable Materials	Wooden Pallets	192.20	118.30	101.70



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 essential to protecting end-user safety and meeting customer expectations. Providing safe, high-quality products strengthens customer trust, enhances business performance, and supports a positive brand reputation, while quality deficiencies may lead to social, economic, and reputational impacts.

Commitments / Policies

NAK is committed to "Total Quality Management and Customer Satisfaction," continuously striving to meet customer expectations through the delivery of safe and high-quality products.

Short- to Mid-Term Goals (By 2027)

Maintain the internal and external failure cost ratio at or below 1.10% annually.

Long-Term Goals (By 2030)

Reduce and maintain the internal and external failure cost ratio at or below 0.50%.

Action Plan

- Design Quality Built-In
Implement a Design Review Checklist at the design stage to prevent defect recurrence and enhance product quality.
- Six Sigma Methodology
Apply Six Sigma methodologies for root cause analysis to identify defect mechanisms and implement effective corrective actions.

Effectiveness Evaluation

Monitoring Process:

- The Quality Assurance (QA) Department conducts monthly reviews of internal scrap and customer complaints, develops improvement projects, and tracks implementation progress through regular follow-ups.

2025 Performance:

- Internal and external failure cost ratio: 2.05%
- Improvement projects initiated: 110 cases

Grievance Mechanism

Corrective actions are coordinated by account managers to ensure customer alignment and timely resolution.

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." The Company's quality management framework is aligned with ISO 9001:2015 and IATF 16949:2016, ensuring rigorous control across all product quality processes.

Daily quality practices include incoming, in-process, and final inspections conducted by the Quality Control (QC) team. The Quality Engineering (QE) Department coordinates annual quality system audits and conducts quarterly process and product audits to verify system effectiveness.

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

In 2025, NAK recorded zero violations of product-related health and safety regulations. The Company has established a long-term goal of achieving "Zero PPM" (parts per million) defects. Continuous improvement initiatives, jointly led by the QE and Quality Assurance (QA) Departments, address customer complaints and internal quality issues. By applying Six Sigma methodologies, NAK aims to minimize recurring defects and foster a proactive quality management culture.

NAK is committed to developing green products by sourcing raw materials that comply with global environmental requirements. Each year, the Company allocates a dedicated budget to engage independent third-party laboratories for comprehensive testing of restricted and hazardous substances. These assessments ensure compliance with international requirements and regulations, including REACH, RoHS, California Proposition 65 (CP65), Polycyclic Aromatic Hydrocarbons (PAHs), and Persistent Organic Pollutants (POPs).

Through these initiatives, NAK safeguards consumer health, enhances product safety, and supports global sustainability goals.

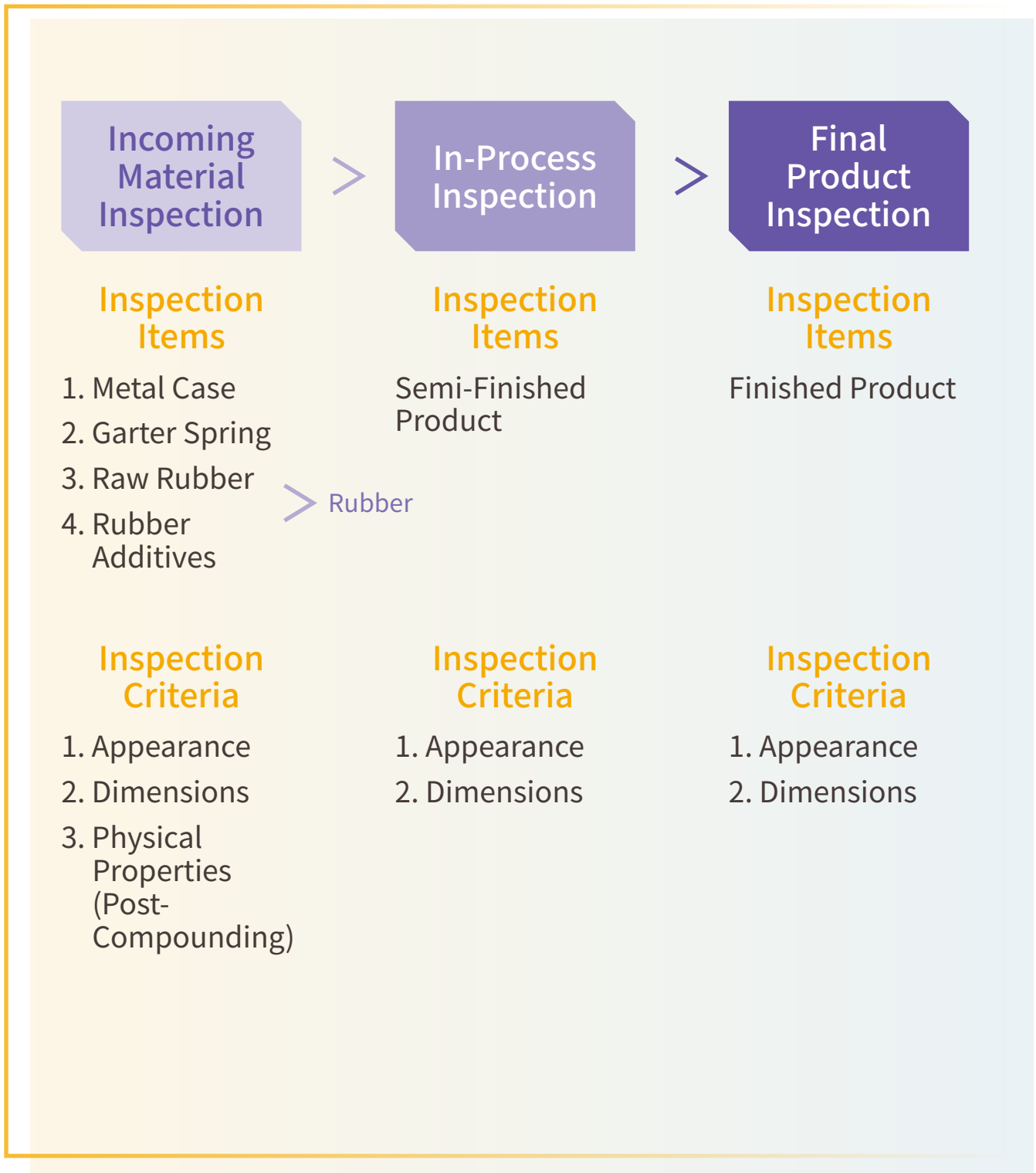
Quality Control Inspection Process



ISO 9001 : 2015



IATF 16949 : 2016



Research and Development and Innovation

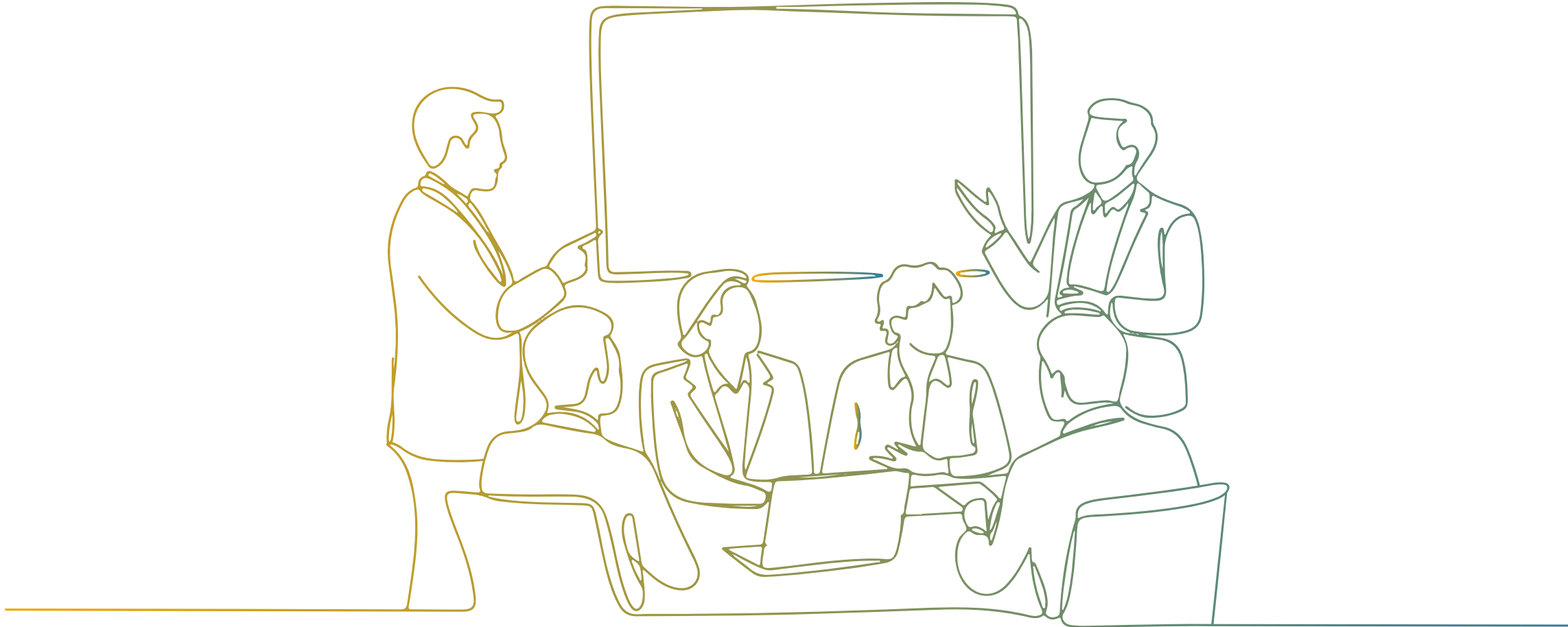
NAK's Research and Development Innovation Strategy	
Product Development	Tailor solutions to customer-specific needs in strategic sectors
Test Equipment Development	Strengthen product reliability, performance validation, and core research capacity
Advanced Material Innovation	Develop sealing materials 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, product redesign, and customer technical support.

In 2025, R&D investment reached NTD 63.339 million, representing 2.68% of annual revenue. NAK operates ISO/IEC 17025:2017-accredited laboratories and successfully passed the renewal review in 2024, supporting advanced testing capabilities 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-based testing methods covering hardness, strength, adhesion, durability, and compound verification, including FT-IR analysis and 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 versus leading competitors, enhancing energy efficiency and performance.	A photograph showing two black, circular oil seals. One is a standard O-ring, and the other is a more complex, multi-lipped design. They are set against a light blue background.
Standard Industrial Oil Seal Optimization Project	Reduced torque by 15–20% compared with the previous product generation, lowering power demand and improving operational efficiency.	

Talent Management and Employee Well-being

- 4.1 Talent Management and Development
- 4.2 Safe Working Environment
- 4.3 Labor Relations and Human Rights

CHAPTER

04

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 is essential to strengthening organizational competitiveness, supporting employee growth, and enhancing talent retention. However, challenges such as employee turnover and skill gaps may create both positive and negative social and economic impacts.

Commitments / Policies

NAK is committed to building a supportive and innovative workplace through compliance with labor standards, ensuring workplace safety, promoting diversity and inclusion, and supporting continuous employee learning.

Short- to Mid-Term Goals (By 2027)

1. Employee Benefits: Provide benefits exceeding legal requirements to enhance employee well-being.

2. Training Programs: Deliver foundational and advanced training programs for new and existing employees to improve 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. Diversity and Inclusion: Foster a gender-balanced 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. Regularly review labor regulations and implement timely internal adjustments to ensure compliance.

2. Establish clear career pathways and succession plans to support employee development and long-term retention.

3. Enhance employee benefits and compensation competitiveness to attract, motivate, and retain talent.

4. Provide comprehensive training programs to strengthen employee capabilities and support career development.

Effectiveness Evaluation

Monitoring Process:

1. Develop annual training plans, track quarterly implementation progress, and review training outcomes during annual strategy meetings.

2. Conduct annual strategic tool and project presentation events, with outstanding projects selected and shared by department managers.

3. Hold quarterly labor-management meetings to understand employee needs and collect feedback.

4. Review salary and benefits information annually and discuss potential improvement measures with management.

5. Conduct annual job and competency assessments to identify workforce development needs and improvement plans.

2025 Performance:

1. Established competency certification and training systems tailored to different departments and job functions to support employee learning and career development.

2. Presented seven strategic management tool projects in 2025.

3. Implemented an average salary increase of 4% in 2025.

4. Held five labor-management meetings during the year.

5. Completed competency assessments and development reviews across all departments.

Grievance Mechanism

NAK encourages employees to raise concerns, provide suggestions, or submit feedback directly to the HR Department or through regular labor-management meetings. These channels promote open communication, strengthen mutual trust, and support continuous workplace improvement.

NAK SEALING TECHNOLOGIES 2025 ESG

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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 2025, NAK employed a total of 939 individuals. The gender distribution remained balanced, with male employees accounting for 47.6% and female employees accounting for 52.4% of the workforce. A significant majority of employees (99.58%) were full-time regular employees, supporting the Company's operational stability.

To cultivate future talent, NAK continues to operate internship programs. In 2025, interns represented 0.42% of the total workforce, reflecting the Company's commitment to developing the next generation of professionals and supporting long-term organizational sustainability.

The 16 in-plant contractors, including security and janitorial personnel, contribute to maintaining a safe, clean, and supportive workplace. NAK recognizes and appreciates their contributions to daily operations.

Workforce and Non-Employee Statistics (Past Three Years)

Plant 1 Employees															
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		
2023	76	-	76	-	-	-	76	88	-	88	-	-	-	88	164
2024	74	-	74	-	-	-	74	77	-	77	-	-	-	77	151
2025	74	-	74	-	-	-	74	74	-	74	-	-	-	74	148

Plant 2 Employees															
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		
2023	148	-	148	3	-	3	151	148	1	149	2	-	2	151	302
2024	149	-	149	1	-	1	160	145	-	145	1	-	1	146	296
2025	158	-	158	3	-	3	161	161	-	161	1	-	1	162	323

Plant 3 Employees															
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		
2023	14	-	14	-	-	-	14	19	-	19	-	-	-	19	33
2024	7	-	7	-	-	-	7	4	-	4	-	-	-	4	11
2025	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Plant 4 Employees															
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		
2023	152	-	152	-	-	-	152	235	-	235	-	-	-	235	387
2024	151	-	151	-	-	-	151	226	-	226	-	-	-	226	377
2025	145	-	145	-	-	-	145	221	-	221	-	-	-	221	366

Plant 5 Employees															
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		
2023	55	-	55	-	-	-	55	35	-	35	-	-	-	35	90
2024	49	-	49	-	-	-	49	31	-	31	-	-	-	31	80
2025	54	-	54	-	-	-	54	28	-	28	-	-	-	28	82

Plant 6 Employees															
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		
2023	11	-	11	-	-	-	11	7	-	7	-	-	-	7	18
2024	11	-	11	-	-	-	11	7	-	7	-	-	-	7	18
2025	13	-	13	-	-	-	13	7	-	7	-	-	-	7	20

In-Plant Contractors									
Year	Male			Subtotal	Female			Subtotal	Total
	Security Staff		Cleaning Staff		Security Staff		Cleaning Staff		
2023	6		1	7	-		9	9	16
2024	6		1	7	-		9	9	16
2025	6		1	7	-		9	9	16

Note 1: Employee insurance coverage data are presented based on the number of insured employees at each site as of December 31, the end of the reporting period.

Note 2: The 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 definitions provided by the Ministry of Labor. Part-time employees (i.e., employees with reduced working hours) are those whose working hours are substantially shorter than those of full-time employees, with working hours mutually agreed upon by the employer and employee.

Note 4: Regional Information: All employees listed in the table above are located in Nantou, Taiwan. NAK has no employees in other domestic or overseas regions.

• Employee Onboarding and Turnover

In 2025, NAK recruited 258 new employees, with a new hire rate of approximately 27%. During the same period, 221 employees left the Company, resulting in a turnover rate of approximately 24%. NAK analyzed the reasons for employee departures, which primarily included differences between job expectations and actual working conditions, family-related factors, completion of migrant worker employment contracts, and personal career planning. To improve employee retention, NAK will strengthen job content communication during recruitment interviews to better align employee expectations with actual job responsibilities. The Company will also provide support measures, including unpaid leave arrangements and education subsidies, to enhance retention and support employees' long-term career development.

New Hire and Turnover Data – 2025

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	117	75	64%	44	38%
	31~50	274	44	16%	56	20%
	Over 51	56	2	4%	4	7%
	Subtotal	447	121	27%	104	23%
Female	Under 30	96	74	77%	48	50%
	31~50	291	63	22%	61	21%
	Over 51	105	-	0%	8	8%
	Subtotal	492	137	28%	117	24%
Total	Under 30	213	149	70%	92	43%
	31~50	565	107	19%	117	21%
	Over 51	161	2	1%	12	7%
	Subtotal	939	258	27%	221	24%

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 recognizes workforce diversity as a key driver of sustainable development. By promoting diversity in gender, age, and professional and cultural backgrounds, the Company aims to enhance competitiveness and foster an inclusive and innovative workplace. As of the end of 2025, the overall male-to-female employee ratio was 1:0.91, with female employees slightly outnumbering male employees. However, the male-to-female ratio in managerial positions was 4:1, indicating opportunities to further enhance female representation in management. Employees aged 31–50 accounted for approximately 60% of the workforce. More than half of NAK's employees are local residents of Nantou. Among managerial employees, 55 employees (74%) are local residents, while 465 non-managerial employees (54%) are from the local area. Regarding educational background, employees with a high school education or below accounted for 59% of the workforce, followed by university graduates at 25%. The combined employment ratio of indigenous peoples and persons with disabilities was 1.5%.

2025 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)	0	0%	117	100%	117	12%
	30~50	39	14%	235	86%	274	29%
	Over 50 (excluding 50)	17	30%	39	70%	56	6%
	Subtotal	56	13%	391	87%	447	48%
Female	Under 30 (excluding 30)	0	0%	96	100%	96	10%
	30~50	11	4%	280	96%	291	31%
	Over 50 (excluding 50)	7	7%	98	93%	105	11%
	Subtotal	18	4%	474	96%	492	52%
Total	Under 30 (excluding 30)	0	0%	218	100%	213	23%
	30~50	50	9%	515	91%	565	60%
	Over 50 (excluding 50)	24	15%	137	85%	161	17%
Number of Employees (as a Percentage of Total Workforce)		74	8%	865	92%	939	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	21	16	18	74
Non-management Staff	-	42	214	74	535	865
Subtotal	-	60	235	90	553	939
% of Total Employees	0%	6%	25%	10%	59%	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	5	9	14
Subtotal	5	9	14
% of Total Employees	0.5%	1%	1.52%

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

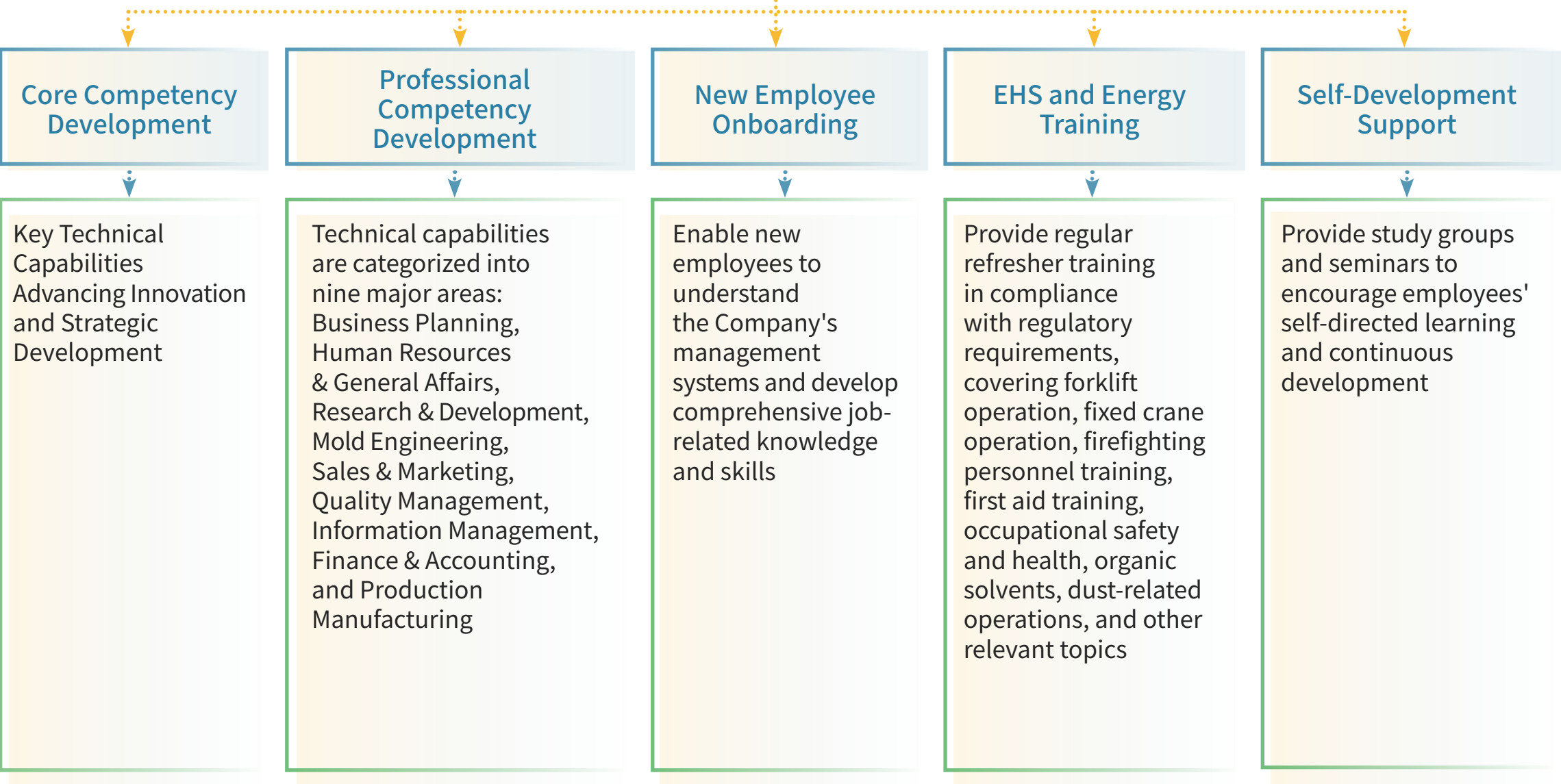
NAK implements a comprehensive training framework tailored to employee levels and job functions to strengthen professional competencies, managerial capabilities, and operational effectiveness.

In 2025, the Company provided onboarding, environmental health and safety, energy management, and job-specific training through internal and external resources. Training formats included lectures, workshops, site visits, and seminars to support continuous learning and employee development.

Training Results in 2025:

- Total number of training sessions: 920
- Average training hours per employee: 15.74 hours

NAK Training Framework and Talent Development



Average Training Hours per Employee (Past Three Years)

Gender	Employee Category	2023			2024			2025		
		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	1,753	51.56	34	2,091	61.49	35	2,232	63.77
	Non-management Staff	358	5,616	15.69	394	6,678	16.95	403	5,559	13.79
Female	Management Staff	8	557	69.66	8	588	73.54	15	834	55.6
	Non-management Staff	457	5,603	12.26	476	7,422	15.59	467	5,956	12.75
Total		857	13,529	15.79	912	16,779	18.40	921	14,581	15.83

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 Tools Presentation Conference to promote knowledge sharing and continuous improvement. In 2025, the event recorded a total of 93 participants, with employees from various functions presenting seven projects covering four strategic methodologies: Strategic Selling, Design for Six Sigma (DFSS), Six Sigma, and Lean Manufacturing.

The event provides employees with opportunities to learn from cross-functional best practices, strengthen professional capabilities, and foster process improvement and innovation.



• Performance Evaluation Mechanism

NAK's performance appraisal process integrates manager assessments with employee participation to validate performance outcomes and establish objectives and evaluation criteria for the next review period.

The Human Resources Department develops standardized evaluation criteria, performance scoring methods, bonus allocation principles, and eligibility criteria for different job categories, ensuring a transparent and consistent performance management system aligned with the Company's business objectives.

In 2025, 100% of eligible employees completed the performance appraisal process. Interns, hourly-paid employees, temporary employees, agency workers, and employees who were on unpaid leave for more than 90 days during the appraisal period were excluded from the evaluation.

Comprehensive Employee Benefits

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

NAK is committed to providing a safe, comfortable, and supportive workplace. In addition to statutory benefits, including insurance, pensions, and leave, the Company provides a wide range of employee benefits, such as dormitories, training-related transportation subsidies, SGS-certified meal services, marriage and bereavement allowances, domestic and overseas travel programs, club activities, and long-service awards, to enhance employee well-being and strengthen employee engagement.

NAK's commitment to employee well-being has been recognized through the "Happy Enterprise Award" by 1111 Job Bank for consecutive years (2021–2025), highlighting the Company's continued efforts to foster a positive and supportive workplace environment.



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



• Fair and Transparent Compensation System

NAK maintains a transparent and equitable compensation framework. Employee salaries are determined based on factors including educational background, professional expertise, tenure, and individual performance. The Company's compensation practices are regularly benchmarked against industry standards to ensure competitiveness and fairness. NAK upholds strict non-discrimination principles, ensuring that compensation decisions are not influenced by gender, age, ethnicity, nationality, religion, political affiliation or beliefs, or sexual orientation. Through this framework, the Company ensures that employees are fairly recognized for their contributions and that all employees are valued and respected equally.

Compensation Ratio, Average, and Median

In 2025, the ratio of the highest-paid employee's total compensation to the median total compensation of all other employees was 7.7. Overall compensation decreased compared with the previous year, primarily due to reductions in overtime payments and bonus payouts.

Compensation of Full-Time Non-Managerial Employees

Annual Total Compensation Ratio ^{Note 1, 3, 4}	7.7 : 1
Annual Total Compensation Growth Ratio ^{Note 2, 3, 4}	-10.26 : -1

Note 1: Annual total compensation ratio = Total annual compensation of the highest-paid employee ÷ Median annual total compensation of all other employees (excluding the highest-paid employee).
Note 2: Annual total compensation growth ratio = Percentage increase in the highest-paid employee's annual total compensation ÷ Percentage increase in the median annual total compensation of all other employees (excluding the highest-paid employee).
Note 3: Annual total compensation is calculated on an accrual basis and includes regular salary (base salary, fixed monthly allowances, and bonuses), overtime pay (taxable and non-taxable), and non-regular compensation (non-monthly allowances, bonuses, employee profit-sharing, etc.).
Note 4: Employees hired after December 1 or employees not employed as of December 31 of the reporting year are excluded from the calculation.

Compensation of Full-Time Non-Managerial Employees

Year	2023	2024	2025
Average Employee Salary (NTD '000 per person)	597	565	484
Median Employee Salary (NTD '000 per person)	488	462	460

Note 1: Total employee compensation refers to salaries attributable to the reporting year and is 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 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.

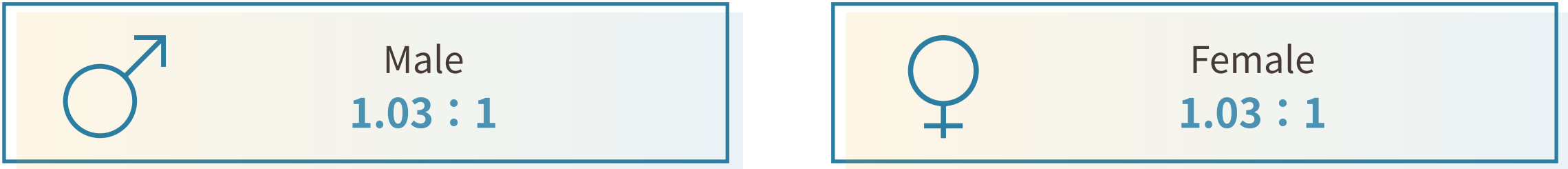
Equal Pay and Fair Compensation for Entry-Level Employees

NAK is committed to maintaining a fair compensation policy that goes beyond statutory 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 wages to the local minimum wage remains consistently above the legally required level. This practice demonstrates NAK's commitment to employee well-being and social responsibility in compensation practices.

NAK will continue to optimize its compensation structure to enhance long-term competitiveness and ensure that employees receive stable and equitable economic security.

2025 Ratio of Standard Entry-Level Salary to Local Minimum Wage



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

Female-to-Male Base and Total Compensation Ratio

NAK is committed to promoting gender equality and ensuring fair compensation practices regardless of gender. The Company applies consistent compensation policies for male and female employees and prohibits gender-based discrimination in compensation decisions.

In 2025, the female-to-male compensation ratio was 1.00 for managerial employees and 0.94 for non-managerial employees. Through regular compensation reviews, transparent promotion mechanisms, and objective performance evaluations, NAK promotes equal opportunities, supports fair career development, and strengthens organizational competitiveness.

2025 Female-to-Male Base and Total Compensation Ratio



• Employee Benefits System

NAK is committed to supporting employee well-being, health, and professional development through a comprehensive benefits program. The program includes insurance coverage, various bonuses, and financial subsidies designed to support employees throughout their employment lifecycle.

In addition, NAK promotes work-life balance and employee engagement through flexible working arrangements, recreational activities, and social clubs. These initiatives help employees maintain physical and mental well-being while strengthening workplace connection and a positive organizational culture.

Employee Benefits Overview

Category	Description
Insurance	In addition to statutory labor and health insurance, all employees are covered by company-sponsored group insurance, including life, critical illness, accident, cancer, medical, and occupational accident insurance. Employees on overseas business trips or assignments are also provided with travel insurance and international emergency assistance.
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	• Flexible working hours
Subsidies	• Marriage subsidy • Childbirth subsidy • Funeral subsidy • Company travel subsidy • Flu vaccine subsidy

Domestic and Overseas Employee Trips

The NAK Employee Welfare Committee organizes annual domestic and overseas employee trips to enhance employee well-being and strengthen workplace relationships. Participation is open to employees, their family members, and friends. In 2025, seven travel itineraries, including three overseas and four domestic routes, were provided, attracting a total of 622 participants.



NAK Family Day

NAK recognizes employees' families as an integral part of the NAK community and organizes an annual Family Day to promote employee-family engagement. In 2025, the Company held the Family Day and Mid-Autumn Festival Celebration in September, with 802 employees and family members participating.

The event featured barbecue, refreshments, lucky draws, and stage performances, providing employees and their families with a positive and meaningful experience while strengthening workplace connection and community engagement.



Health Promotion Activities

NAK promotes employee health through various wellness initiatives. In 2025, the Company invited professional counselors to conduct mental health assessments and seminars, helping employees enhance self-awareness, stress management capabilities, and interpersonal skills while reducing workplace mental health risks.

The Company also launched the "10,000 Steps for Health" campaign, providing fitness tracking devices and incentives to encourage regular exercise and strengthen health awareness. In addition, NAK provides comprehensive health examinations that exceed regulatory requirements to support the early identification and management of potential health risks.



Mental Health Seminar



10,000 Steps for Health Campaign

Encouragement of Influenza Vaccination

To promote employee health and workplace well-being, NAK provides an annual influenza vaccination subsidy program. Professional medical teams are invited to provide on-site vaccination services, enhancing accessibility and encouraging employee participation.

In 2025, a total of 167 employees received influenza vaccinations, representing a 12% increase compared with 2024. This initiative helps strengthen workplace health protection measures and contributes to a safer and healthier working environment.



Development of Recreational Spaces and Club Activities

NAK has established a 1,500-square-meter employee recreation center that integrates humanistic design and natural elements. The facility is equipped with various amenities, including an indoor basketball court, badminton court, table tennis room, gym, and fitness classroom.

The recreation center provides employees with a convenient space for relaxation and exercise, while club subsidies from the Employee Welfare Committee encourage participation through affordable activities and professional instruction.

The Employee Welfare Committee supports various employee clubs, including badminton, basketball, fitness, yoga, and dance clubs, promoting work-life balance and cross-department interaction. In 2025, participation in club activities reached 2,613 instances, fostering a healthy and energetic workplace culture.



Badminton Club



Basketball Club



Yoga Club



Fitness Club



Aerobics Club

Retirement System and Model Employee Selection

NAK's retirement system complies with the Labor Standards Act and the Labor Pension Act. Employees covered under the old pension system receive monthly contributions to a dedicated pension reserve account at the Bank of Taiwan based on actuarial recommendations. Employees covered under the new pension system receive a monthly employer contribution equivalent to 6% of their salary to individual pension accounts. Employees may also make voluntary pension contributions through payroll deductions.

To recognize employee dedication and long-term contributions, NAK organizes annual Long-Service and Retirement Recognition Awards, providing gold commemorative gifts and medals for every five-year service milestone. The Company also selects outstanding employees annually based on corporate values and provides various rewards to encourage exemplary performance and reinforce a culture of recognition.



• Parental Leave Policy

NAK supports employees in balancing work and family responsibilities by complying with all relevant legal requirements and providing employees with the right to apply for unpaid parental leave. Application procedures are clearly defined in the Employee Work Rules under the provisions for leave and unpaid parental leave. In addition, the Company provides consultation services to assist employees in applying for leave in accordance with the Act of Gender Equality in Employment and the Regulations for Implementing Unpaid Parental Leave. In 2025, a total of 29 employees applied for unpaid parental leave at NAK. Among them, seven employees were expected to return to work during the year, and all seven successfully returned, resulting in a return-to-work rate of 100%.

For employees who returned to work in 2024, two of seven employees remained employed for more than one year after returning, resulting in a retention rate of 22%.

Parental Leave Utilization Statistics

Category	Male Employees	Female Employees	Total
2025 – Employees eligible for unpaid parental leave (A)	23	15	38
2025 – Employees who applied for unpaid parental leave (B)	4	5	9
2025 – Employees expected to return from unpaid parental leave (C)	3	4	7
2025 – Employees who actually returned from unpaid parental leave (D)	3	4	7
2024 – Actually returned from unpaid parental leave (E)	4	5	9
2024 – Still employed 12 months after returning (F)	1	1	2
Parental Leave Application Rate (B ÷ A)	17%	33%	24%
Return-to-Work Rate (D ÷ C)	100%	100%	100%
Retention Rate (F ÷ E)	25%	20%	22%

4.2 Safe Working Environment

Management Approach – Occupational Safety and Health

GRI 3-3

GRI

GRI Correspondence: GRI 403

Impact Significance

NAK recognizes that providing a safe and healthy workplace is a fundamental corporate responsibility. Effective occupational safety and health management protects employees, enhances operational performance, and supports sustainable business development, while insufficient management may create risks to employee well-being, talent retention, and product quality.

Commitments / Policies

NAK follows international occupational health and safety standards, including ISO 45001, and promotes a "prevention first, safety foremost" approach. Through systematic risk assessments and continuous improvement initiatives, the Company strives to prevent workplace incidents and maintain a safe and healthy working environment.

Short- to Mid-Term Goals (By 2027)

Maintain FR and SR at or below the rubber product manufacturing industry average by 2026, and achieve levels at least 3% below the industry average from 2027 onward.

Long-Term Goals (By 2030)

Maintain FR and SR at least 5% below the rubber product manufacturing industry average.

Action Plan

- Strengthen safety controls for high-risk operations.
- Develop emergency response plans and conduct regular drills.
- Conduct risk assessments for critical processes.
- Provide safety training to enhance employee awareness.
- Perform regular equipment inspections and maintenance.

Effectiveness Evaluation

Monitoring Process:

- Conduct regular OSH audits and annual third-party reviews to verify safety management effectiveness.
- Monitor FR and SR KPIs quarterly and implement continuous improvement actions.

2025 Performance:

- Internal OSH audits completed with no significant deficiencies identified.
- ISO 45001:2018 compliance verified through annual third-party audits by G-CERTI International Co., Ltd.; certification remains valid.
- Disabling Injury Frequency Rate (FR): Employees 1.68; Non-employees 0 (2024 industry average: 2.14).
- Disabling Injury Severity Rate (SR): Employees 110; Non-employees 0 (2024 industry average: 51).

Grievance Mechanism

Quarterly labor-management meetings are conducted to collect employee feedback and address workplace concerns.

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Occupational Safety and Health Management System

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

NAK is committed to providing a safe and healthy workplace for all personnel by complying with applicable regulations, including the Occupational Safety and Health Management Act, and implementing an Occupational Safety and Health (OSH) Management System aligned with ISO 45001:2018.

The system covers all employees, contractors, and visitors across NAK's Taiwan facilities, achieving 100% coverage. To ensure continuous effectiveness, the Company conducts regular internal audits and annual external audits by accredited third-party certification bodies.

NAK has established an Occupational Safety and Health Committee in accordance with regulatory requirements. As of the end of 2025, labor representatives accounted for 50% of committee members, supporting balanced participation in OSH decision-making. The committee meets quarterly to review OSH policies, performance, audit results, and regulatory updates.

Employees may provide OSH suggestions or concerns directly to supervisors or labor representatives via phone or email. Relevant feedback is reviewed by the committee and incorporated into safety and health initiatives when appropriate.

NAK regularly communicates OSH regulations, policies, and safety information through internal publications, electronic bulletin boards, and training programs to strengthen employee awareness and compliance.



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

- Hazard Identification and Risk Assessment Management

Aligned with ISO 45001 requirements, NAK has established the Hazard Identification and Risk and Opportunity Assessment Procedure. Each department is responsible for identifying and evaluating occupational hazards within its scope, covering routine and non-routine activities across applicable operations and facilities.

Hazard identification and risk assessments are conducted annually and whenever significant operational changes or regulatory updates occur. Assessment results are reviewed to determine whether updates to the risk and opportunity assessment register are required.

NAK evaluates risks based on severity and likelihood, develops appropriate control measures and action plans, and continuously monitors their effectiveness to reduce occupational hazards and improve safety performance.



Key Risk Categories and Mitigation Strategies

Risk Category	Description	Mitigation Measures
 Physical Hazards	- Slips and trips caused by wet floors or walkway obstructions - Injuries from falling objects in elevated areas - Mold collapse risks caused by improper forklift or pallet jack operation - Hearing damage risks from machinery noise exposure - Laceration risks during machine blade maintenance	- Provide anti-slip footwear and mats while maintaining workplace cleanliness - Control stacking height to prevent falling objects - Implement forklift and pallet jack safety procedures with operator training - Provide hearing protection and require use in high-noise areas - Install safety guards on trimming blades to prevent maintenance-related injuries
 Chemical Hazards	- Chemical skin contact causing burns - Inhalation of chemical vapors from solvents, adhesives, and caustic substances - Chemical pipeline leakage or rupture causing exposure risks - Chemical container tipping causing vapor exposure - Fire and injury risks from high-temperature equipment	- Provide and require the use of appropriate personal protective equipment (PPE) - Provide chemical handling training and safety awareness programs - Regularly inspect, maintain, and replace equipment and pipelines - Implement spill containment systems and proper chemical storage practices - Install firefighting equipment and conduct regular emergency drills
 Ergonomic Hazards	- Injuries caused by manual handling of heavy loads - Musculoskeletal risks from improper working postures - Physical strain caused by repetitive tasks	- Provide training on proper lifting techniques and introduce mechanical aids or automation where feasible - Provide ergonomic training and optimize workstation design - Reduce repetitive motions through automation and appropriate rest periods

Occupational Incident Investigation Procedure

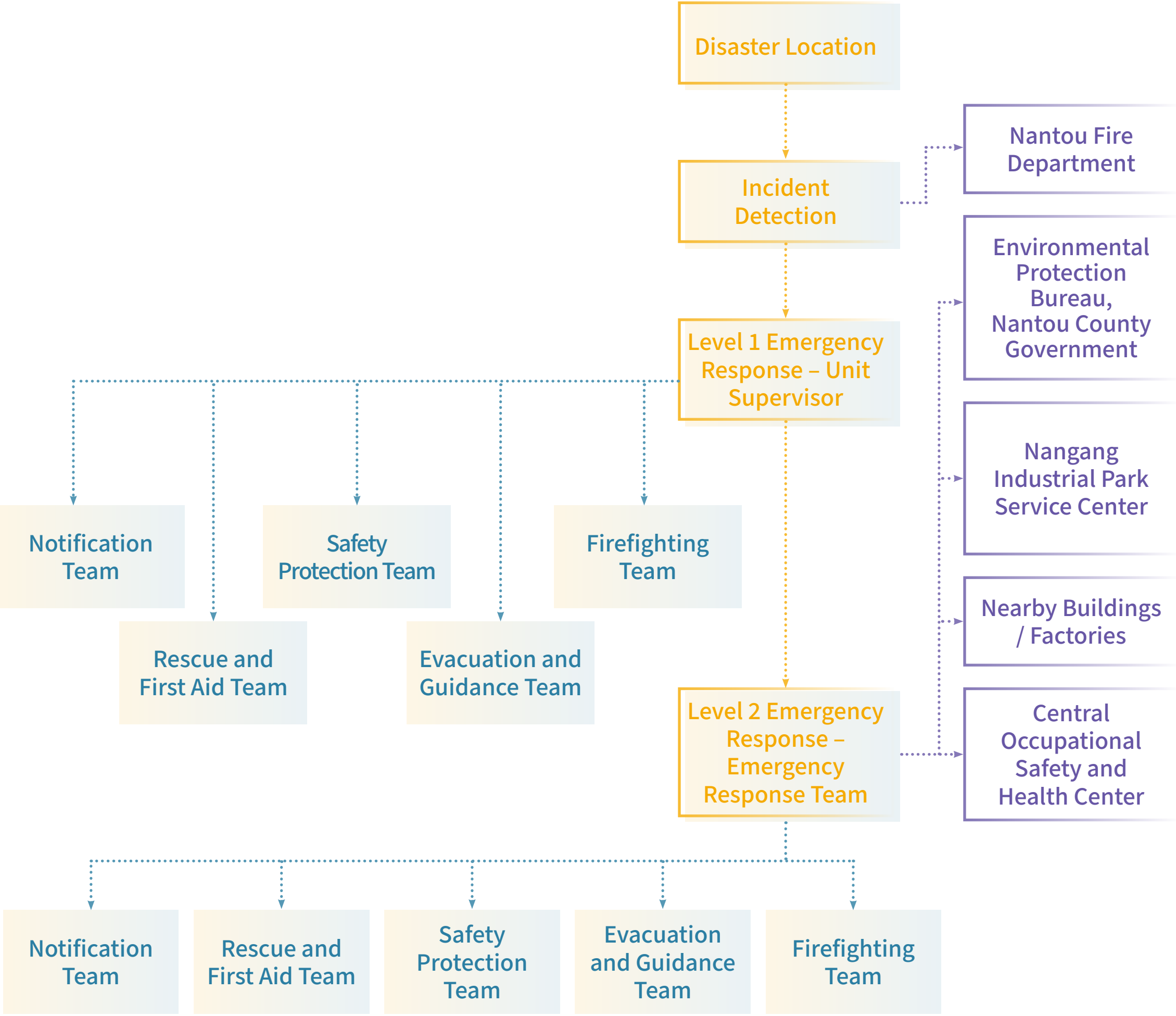
NAK has established the "Property Loss and Incident Investigation Management Regulations" and "Emergency Response Measures Management Regulations" to ensure timely incident response and recovery of normal operations.

When an incident occurs, the Company conducts investigations into property damage and personal injuries, implements immediate corrective and preventive measures, and reports results in accordance with legal requirements. Investigation findings and risk assessment results are used to enhance emergency response measures and prevent recurrence.

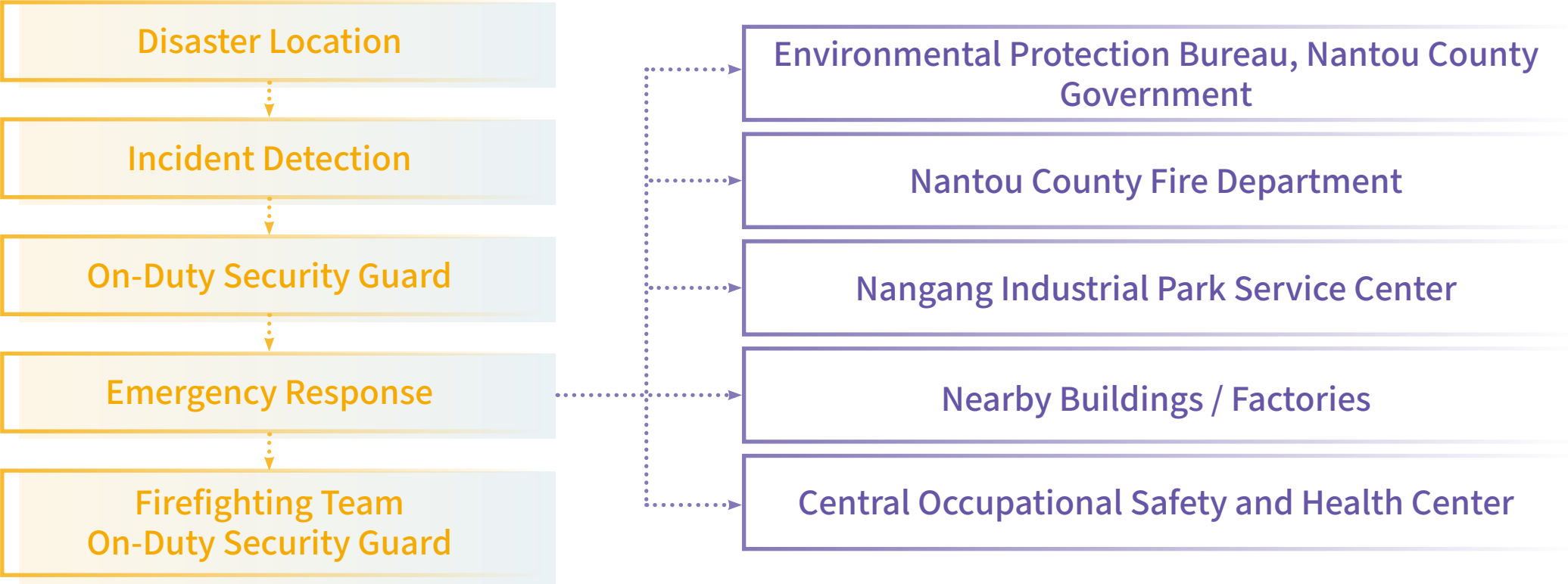
Incident Investigation Process:

1. Immediate Response:
- Provide first aid, notify relevant personnel, and implement emergency procedures.
2. Incident Investigation:
- The responsible department conducts investigations according to internal regulations, with support from the OSH Unit when necessary.
3. Objectives of the Investigation:
- Identify root causes and incident sequences
 - Evaluate injury severity and economic impacts
 - Define responsibilities
 - Develop corrective and preventive actions

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 proactively manages occupational safety and health (OSH) risks by establishing a workplace environmental monitoring plan in accordance with regulatory requirements. Certified third-party agencies conduct regular assessments to evaluate employee exposure to environmental factors and ensure compliance with safety standards.

The Company also performs targeted monitoring for chemical and physical agents, while incorporating employee feedback and ISO 45001 audit recommendations to continuously improve workplace conditions.

NAK provides job-specific OSH training programs, including new employee safety training, OSH personnel training, and emergency response drills. In 2025, the Company conducted 1,295 OSH training sessions, totaling 5,031 training hours. Training effectiveness is evaluated through knowledge assessments, training records, and post-training reviews to strengthen safety awareness and workplace preparedness.

2025 Occupational Safety and Health Training Overview

Training Category	Target Audience	Total Participants	Total Training Hours
New Hire Occupational Safety and Health Training	Employees	115	345
In-Service OSH Training for Safety Personnel	Management Personnel	34	102
Emergency Response Drill (Self-Defense Firefighting Team Training)	Employees and Supervisors	1,146	4,584



Emergency response drills were conducted twice in 2025

Worker Health Promotion

NAK is committed to fostering a safe, supportive, and healthy workplace by providing voluntary health promotion programs that address employees' physical and mental well-being. Supported by a structured Health Promotion Management Approach and four dedicated programs, these initiatives enhance employee engagement, workplace cohesion, and long-term organizational sustainability.

Ergonomic Hazard Prevention Program

- Conduct regular health examinations to monitor employee health conditions
- Provide on-site physician consultations for early risk identification and health management
- Promote employee sports clubs and health activities to support wellness
- Conduct ergonomic assessments based on musculoskeletal risks and employee feedback, with occupational physicians recommending workplace improvements and assistive devices

Maternal Health Protection Program

- Provide breastfeeding-friendly facilities, including lactation rooms, sterilizers, breast milk refrigerators, and access control
- Provide the NAK Mom Handbook and support services for expectant and new mothers
- Offer dedicated parking spaces and prenatal check-up subsidies for eligible employees
- Provide breastfeeding breaks exceeding legal requirements
- Support postpartum return-to-work assessments and job matching through occupational physician consultation

Prevention of Illness from Excessive Workload

- Conduct stress management activities and mental health seminars to reduce workplace psychological risks
- Provide relaxation spaces and wellness facilities to support employee well-being
- Install automated blood pressure monitoring equipment to promote self-health management

Prevention of Unlawful Infringement in the Workplace

- Conduct sexual harassment prevention training and workplace diversity awareness programs
- Establish clear grievance procedures and confidential reporting channels
- Provide counseling and support services for affected employees

2025 Health and Wellness Initiatives and Campaigns

- ◆ Provided influenza vaccination services for 167 employees, including 106 receiving company subsidies.
- ◆ Conducted mental health assessments and seminars to enhance psychological well-being (15 participants)
- ◆ Promoted employee sports clubs and wellness activities to encourage healthy lifestyles.
- ◆ Organized the "10,000 Steps for Health" campaign to promote exercise habits (18 participants).
- ◆ Held blood donation activities to support social welfare (27 participants).



On-site physician consultations



Self-service blood pressure monitoring



Occupational health nurse LINE support group

NAK has established an on-site health management system supported by occupational nurses and visiting physicians to provide occupational illness prevention, emergency assistance, and wellness promotion services.

The Company provides health examinations exceeding regulatory requirements and offers physician consultations for employees with abnormal health findings. All health records are strictly managed in accordance with the Personal Data Protection Act, with access limited to authorized occupational health professionals.

In collaboration with occupational medicine specialists, NAK conducts musculoskeletal risk assessments and implements targeted prevention programs based on employee health conditions. The Company also provides dedicated maternal health programs to support employees during pregnancy and breastfeeding periods, promoting an inclusive and family-friendly workplace.

 General Health Checkups	Provided health examinations exceeding legal requirements for employees with over one year of service. On-site medical professionals recommend appropriate check-up items, and workplace-based examinations enhance accessibility and participation.
 Special Health Checkups	In compliance with Taiwan's Labor Health Protection Rules, NAK conducts annual health screenings for employees engaged in designated high-risk operations, including exposure to noise, dust, and n-hexane. Screening results are classified by risk level, and individual health management plans are implemented to ensure effective health protection.
 Occupational Disease Prevention	NAK proactively evaluates job duties and equipment, implements workplace improvements, and provides appropriate PPE to reduce exposure risks and protect employee health.
 Regular Workplace Disinfection	NAK conducts annual facility-wide disinfection to maintain a clean, safe, and hygienic workplace environment.



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 evaluates OSH performance through occupational injury and illness statistics to identify root causes and improve safety management. In 2025, major injury types included slips, trips, falls, crushing injuries, and cuts. Corrective actions included health guidance, work practice improvements, equipment modifications, safety enhancements, and component replacements.

In 2026, NAK will continue strengthening safety training, workplace observations, and on-site management to enhance proactive risk control. The Company will also promote ergonomic improvements through optimized handling equipment, workstation adjustments, reduced repetitive tasks, and protective measures, aiming to achieve zero occupational accidents.

Occupational Injuries and Illnesses (Past Three Years)

Year		2023		2024		2025	
Category		Employees	Non-Employees	Employees	Non-Employees	Employees	Non-Employees
Cumulative Work Hours		2,266,970	27,776	1,722,679	28,000	1,789,953	31,488
Occupational Injuries	Total Number of Work-Related Injuries Note 1, 2	7	-	2	-	3	-
	Number of Serious Work-Related Injuries Note 1, 2	-	-	1	-	-	-
	Number of Work-Related Fatalities	-	-	-	-	-	-
	Recordable Work-Related Injuries Note 2	7	-	3	-	3	-
	Total Lost Workdays Note 3	292	-	313	-	196	-
	Rate of Serious Work-Related Injuries Note 4	-	-	0.58	-	-	-
	Lost-Time Injury Frequency Rate (FR) Note 5	3.08	-	1.74	-	1.68	-
	Lost-Time Injury Severity Rate (SR) Note 6	128	-	181	-	110	-
	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 cases resulting in 180 or fewer lost workdays. Severe injuries are defined as cases resulting in more than 180 lost workdays.

Note 2: Annual Injury Types:
2023: 7 cases, including slips/trips/falls, high-temperature contact, caught-in/caught-between, falling objects, cuts, lacerations, and abrasions.
2024: 3 cases, including slips/trips/falls, caught-in/caught-between, and falling objects.
2025: 3 cases, involving improper working postures, cuts, and abrasions.

Note 3: Lost workdays are calculated from the day after the incident and include calendar days during which employees are unable to perform regular duties, including weekends, holidays, shutdown periods, and injury-related after returning to work. The incident date and return-to-work date are excluded.

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

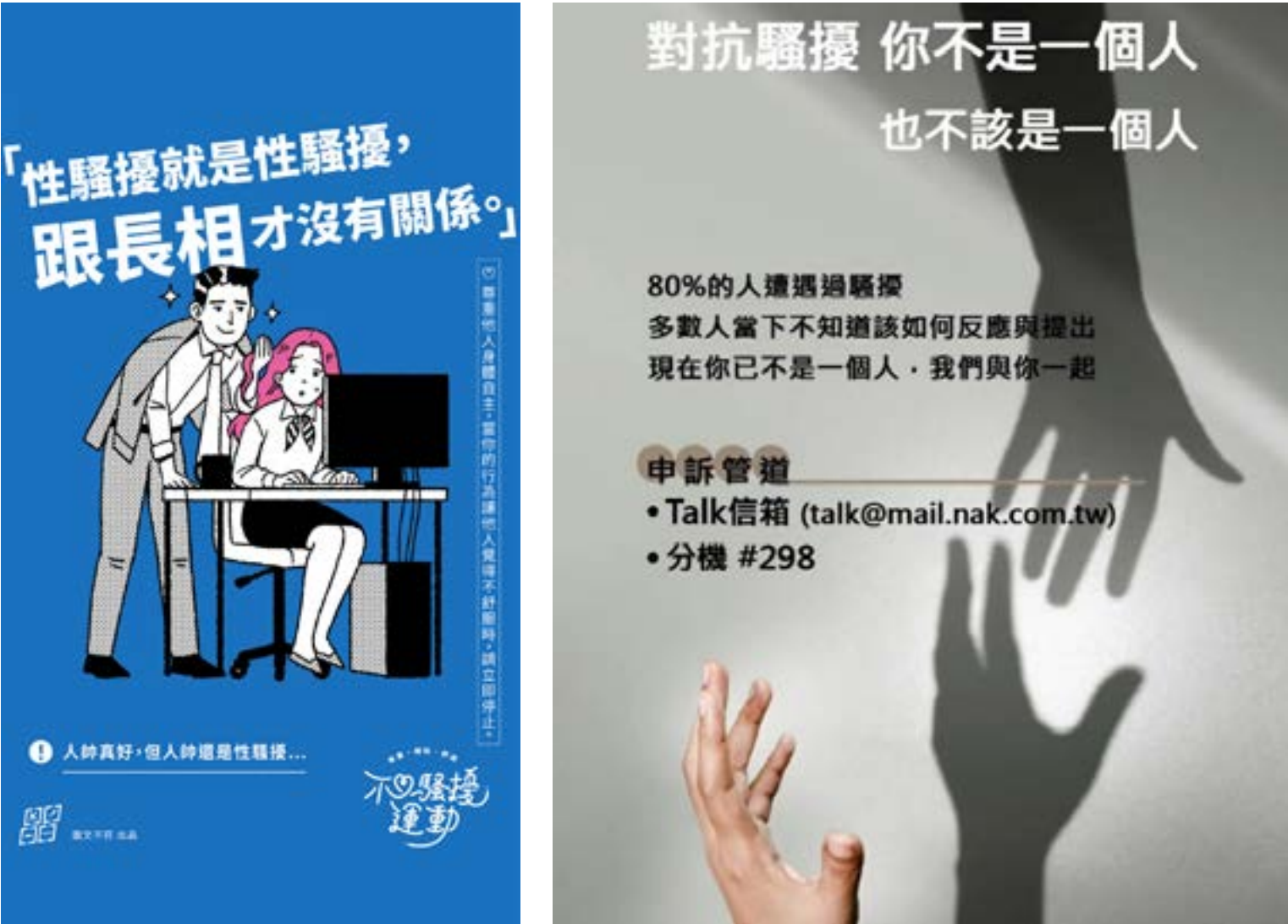
GRI 2-23 | GRI 2-24 | GRI 2-26 | GRI 406-1 | GRI 408-1 | GRI 409-1

NAK is committed to respecting internationally recognized human rights. Through its Code of Conduct, the Company prohibits child labor, forced labor, harassment, discrimination, and all forms of human rights violations. These principles apply to NAK and all business partners, including suppliers, agents, distributors, subsidiaries, and contractors.

Our key human rights policies include:

 Prohibition of Child Labor and Forced Labor	NAK complies with the United Nations Convention on the Rights of the Child and applicable labor laws, prohibiting child and forced labor. Age verification procedures and regular supply chain audits are implemented to prevent labor exploitation and ensure compliance with minimum working age requirements. ◆ 2025 Performance: Zero cases of child labor or forced labor recorded.
 Diversity, Equity, and Non-Discrimination	NAK is committed to equal employment opportunities and an inclusive workplace. The Company prohibits discrimination based on gender, age, race, nationality, sexual orientation, disability, religion, political opinion, or other protected characteristics in recruitment, promotion, and all workplace practices. ◆ 2025 Performance: No reported incidents or complaints related to discrimination.
 Employee Health and Safety	NAK prioritizes employee health and safety by complying with applicable regulations and implementing an ISO 45001-based Occupational Safety and Health (OSH) management system. The Company proactively identifies and controls workplace hazards to reduce occupational injuries and illnesses. ◆ 2025 Performance: No disputes or complaints related to health and safety reported.
 Freedom of Association and Collective Bargaining	NAK respects employees' rights to freedom of association and collective bargaining. The Company provides multiple communication channels, including labor-management meetings, grievance hotlines, internal communications, and employee engagement activities. All grievances are handled confidentially to protect employee privacy and rights. ◆ 2025 Performance: No labor disputes reported; 14 employee suggestions or feedback cases formally addressed and resolved.
 Working Hours and Compensation	NAK complies with applicable laws and regulations on minimum wages and working hours. The Company also expects business partners to meet these standards, ensuring fair compensation and legally compliant wage practices. All overtime is voluntary and compensated in accordance with applicable regulations. ◆ 2025 Performance: Compensation fully compliant with Taiwan Labor Standards Act.

NAK promotes human rights awareness through onboarding training and ongoing internal communication. New employees receive training on anti-discrimination, diversity and inclusion, workplace equality, and the prohibition of child labor, forced labor, and harassment. These principles are reinforced through regular awareness campaigns and internal communications.



Awareness Poster

Grievance Channels

@
Email
talk@mail.nak.com.tw

f
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

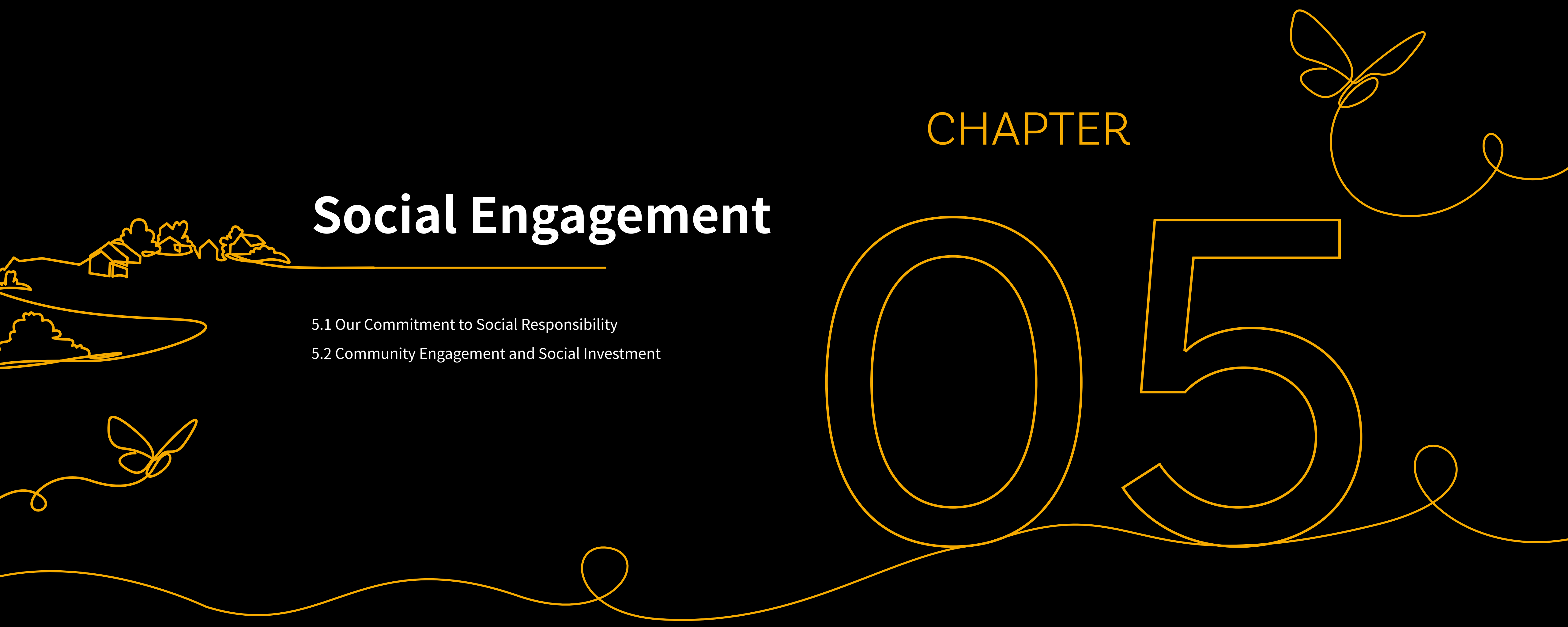
NAK is committed to fostering a workplace culture of open, timely, and transparent communication. In accordance with Article 16 of Taiwan's Labor Standards Act, the Company ensures that employees and their representatives receive advance notice of significant operational changes. When adjustments to labor conditions are proposed, they are reviewed and approved through the Labor-Management Meeting process, which serves as a forum for joint discussion and decision-making between labor and management representatives.

Although NAK does not currently have employee-initiated labor unions, the Company has established multiple labor-management communication and consultation channels, including formal written notices, all-employee meetings, and consultations with employee representatives.

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

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





Social Engagement

5.1 Our Commitment to Social Responsibility

5.2 Community Engagement and Social Investment

CHAPTER

05

5.1 Our Commitment to Social Responsibility

At NAK, we believe that true corporate success extends beyond financial performance and is reflected in the value a company creates for society. We are committed to being a responsible corporate citizen by actively engaging in social initiatives and contributing to the communities where we operate.

NAK's social engagement strategy is guided by the belief that businesses play an important role in promoting social harmony and sustainable progress. The Company is dedicated to advancing a broad range of public welfare initiatives, with a focus on education, environmental stewardship, and community development.

Through these efforts, NAK aims to enhance quality of life, support sustainable development, and create meaningful long-term value for future generations.

5.2 Community Engagement and Social Investment

In 2025, NAK allocated a total of NT\$1,693,000 to community engagement and social responsibility initiatives. The majority of this investment supported local community events, followed by environmental beautification projects, donations to volunteer firefighters, police, civil defense units, and other charitable activities.

During the summer and fall, NAK organized two corporate blood donation drives to encourage employees to contribute to public health and community well-being. In addition, the Company continued to support youth development by providing internship opportunities for underprivileged students during winter and summer breaks, helping nurture future talent.

2025 Highlights of Social Engagement Contributions



Local Event Sponsorships
NT\$800,000



Support for Emergency Services
NT\$101,000



Charitable Donations
NT\$708,000



Environmental Greening and Beautification
NT\$84,000



Blood Donation Drives
27 employees



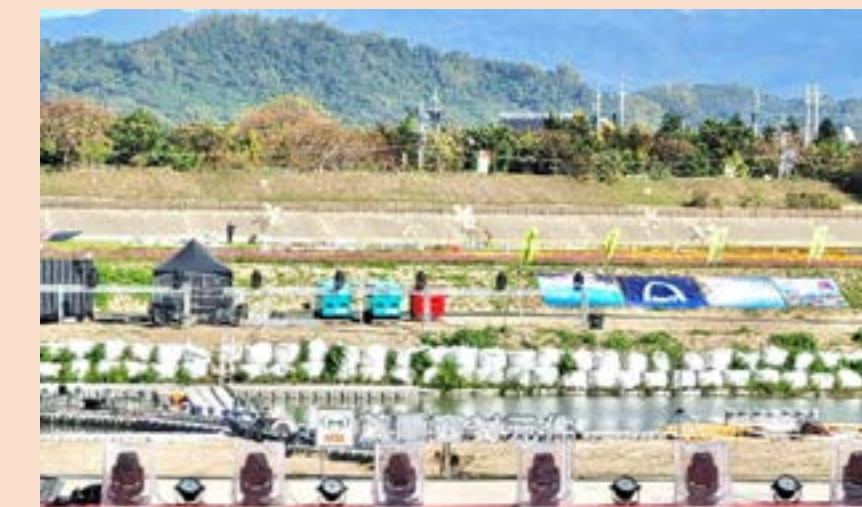
Internship Programs
3 students



Local Engagement and Support for Emergency Services

NAK actively supports local community development through long-term engagement and charitable initiatives. The Company has continuously sponsored the Nantou Lantern Festival to promote local cultural activities and provide the public with opportunities to experience diverse lantern displays.

NAK also donated insulated meal bags to the Nantou County Left Bank Growth Academy Care Association to improve meal delivery conditions and enhance the dining experience for elderly recipients. In addition, the Company provides ongoing support to the Nantou Police Friends Association and volunteer firefighters, contributing to community safety and social well-being.





Environmental Stewardship

NAK's Taiwan facilities are located in the Nangang Industrial Park in Nantou, where the Company actively contributes to environmental beautification and ecological conservation. NAK has adopted and maintains several green spaces, including the banyan tree roundabout at Plant No. 6 and the sidewalks surrounding Plants No. 2 and No. 4, featuring well-maintained turf, shrubs, and date palms.

The Company invests approximately NT\$84,000 annually in the maintenance of these areas to preserve their appearance and ecological value. Through these ongoing efforts, NAK contributes to a cleaner, greener, and more sustainable industrial environment while supporting community well-being.



Charitable Giving and Community Engagement

NAK actively supports social welfare initiatives through ongoing charitable donations and community engagement. The Company provides regular financial support to the Nantou County Home Support Center and the Genesis Social Welfare Foundation to assist disadvantaged groups. In 2025, NAK sponsored the 56th Anniversary and Winter Warmth Charity Fair organized by the Nantou County Home Support Center. In alignment with SDG 4: Quality Education, the Company also partnered with the Boyo Social Welfare Foundation to support after-school tutoring programs for students from resource-limited families at the Chen You-Lan Center in Xinyi Township, Nantou. The program supported 11 classrooms and approximately 170 students, helping promote equal access to educational opportunities.



Youth Internship and Talent Development Program

Through engagement with social workers, NAK identified that students from Ren-Ai Children's Home and Xuan-Ai Children's Home may face limited employment opportunities and challenging working conditions during part-time jobs. To provide a safer and more meaningful alternative, the Company launched an internship program for students aged 16 and above, offering structured learning, a supportive workplace, and paid internship opportunities during school vacations.

In 2025, three students participated in internships across production, marketing, tooling, and design departments, gaining practical workplace experience and professional skills. The program also contributed to positive educational outcomes, with one student successfully gaining admission to multiple universities after presenting internship projects during admission interviews.

Through this initiative, NAK aims to enhance students' employability, develop practical skills, and support their transition into future careers.



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 and covers the reporting period from January 1 to December 31, 2025.
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	52	
	2-8	Workers who are not employees	4.1 Talent Management and Development	52	
	2-9	Governance structure and composition	2.1 Corporate Governance	21-23	
	2-10	Nomination and selection of the highest governance body	2.1 Corporate Governance	21-22	
	2-11	Chair of the highest governance body	2.1 Corporate Governance	21-22	
	2-12	Role of the highest governance body in overseeing the management of impacts	1.2 Sustainability Philosophy	12-13	
	2-13	Delegation of responsibility for managing impacts	1.2 Sustainability Philosophy	12	
	2-14	Role of the highest governance body in sustainability reporting	About This Report 1.2 Sustainability Philosophy	3 13	
	2-15	Conflicts of interest	2.1 Corporate Governance	22 、 24	

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	13 24	
	2-17	Collective knowledge of the highest governance body	2.1 Corporate Governance	23	
	2-18	Evaluation of the performance of the highest governance body	2.1 Corporate Governance	22	
	2-19	Remuneration policies	2.1 Corporate Governance	23	
	2-20	Process to determine remuneration	2.1 Corporate Governance	23	
	2-21	Annual total compensation ratio	4.1 Talent Management and Development	59	
	2-22	Statement on sustainable development strategy	Message from the Chairperson 1.2 Sustainability Philosophy	6 12	
	2-23	Policy commitments	1.2 Sustainability Philosophy 2.2 Ethical Business Practices 4.3 Labor Relations and Human Rights	12 25-26 70	
	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	12 21-23 70 25 、 27 、 30 、 32 、 39 、 48 、 52 、 63	
	2-25	Processes to remediate negative impacts	Material Topic Management Approach	25 、 27 、 30 、 32 、 39 、 48 、 52 、 63	
	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	14-16 27 71 25 、 27 、 30 、 32 、 39 、 48 、 52 、 63	

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	28	
	2-28	Memberships associations	About NAK	5	
	2-29	Approach to stakeholder engagement	1.3 Stakeholder Identification and Engagement	14-16	
	2-30	Collective bargaining agreements	4.3 Labor Relations and Human Rights	71	

• **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	17	
	3-2	List of material topics	1.4 Materiality Assessment and Analysis	18	
Material Topic: Ethical Business Practices					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.2 Ethical Business Practices	25	
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	2.2 Ethical Business Practices	26	
	205-3	Confirmed incidents of corruption and actions taken	2.2 Ethical Business Practices	27	
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.2 Ethical Business Practices	27	
Material Topic: Regulatory Compliance					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.3 Regulatory Compliance	27	
Material Topic: Supply Chain Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.5 Supply Chain Management	30	
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	2.5 Supply Chain Management	31	

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	30-31	
	308-2	Negative environmental impacts in the supply chain and actions taken	2.5 Supply Chain Management	31	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using environmental criteria	2.5 Supply Chain Management	30-31	
	414-2	Negative environmental impacts in the supply chain and actions taken	2.5 Supply Chain Management	31	
Material Topic: Information Security Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.6 Information Security	32	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and loss of customer data	2.6 Information Security	33	
Material Topic: Risk Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.7 Risk Management	35	
Material Topic: Climate Change and GHG Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.1 Climate Action and Resilience	39	
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	3.1 Climate Action and Resilience	41	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	3.2 Energy and Greenhouse Gas Management	43	
	305-2	Energy indirect (Scope 2) GHG emissions	3.2 Energy and Greenhouse Gas Management	43	
	305-3	Other indirect (Scope 3) GHG emissions	3.2 Energy and Greenhouse Gas Management	43	
	305-4	GHG emissions intensity	3.2 Energy and Greenhouse Gas Management	43	
	305-5	Reduction of GHG emissions	3.2 Energy and Greenhouse Gas Management	45	
Material Topic: Occupational Safety and Health					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.2 Safe Working Environment	63	

GRI Standard		Disclosure	Section	Page	Notes / Reasons for Omission
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	4.2 Safe Working Environment	64-65	
	403-2	Hazard identification, risk assessment, and incident investigation	4.2 Safe Working Environment	64-66	
	403-3	Occupational health services	4.2 Safe Working Environment	64-65	
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.2 Safe Working Environment	64-65	
	403-5	Worker training on occupational health and safety	4.2 Safe Working Environment	66-67	
	403-6	Promotion of worker health	4.2 Safe Working Environment	67-69	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.2 Safe Working Environment	66-69	
	403-8	Workers covered by an occupational health and safety management system	4.2 Safe Working Environment	64-65	
	403-9	Work-related injuries	4.2 Safe Working Environment	69	
	403-10	Work-related ill health	4.2 Safe Working Environment	69	
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	52	
GRI 201: Economic Performance 2016	201-3	Defined benefit plan obligations and other retirement plans	4.1 Talent Development and Management	62	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	4.1 Talent Development and Management	56	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.1 Talent Development and Management	60-62	
	401-3	Parental leave	4.1 Talent Development and Management	63	
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	4.1 Talent Development and Management	71	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	4.1 Talent Development and Management	57	

GRI Standard	Disclosure		Section	Page	Notes / Reasons for Omission
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	4.1 Talent Development and Management	57-58	
	404-3	Percentage of employees receiving regular performance and career development reviews	4.1 Talent Development and Management	58	
Material Topic: Product Quality and Safety					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.5 Product Quality and Safety	48	
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	49	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3.5 Product Quality and Safety	49	

• 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	29	
	201-4	Financial assistance received from government	2.4 Operational Excellence and Business Continuity	29	
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	59	
	202-2	Proportion of senior management hired from the local community	4.1 Talent Development and Management	56	
GRI 300 : Environmental					
GRI 301: Materials 2016	301-1	Materials used by weight or volume	3.4 Circular Economy	48	
	301-2	Recycled input materials used	3.4 Circular Economy	48	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	3.2 Energy and Greenhouse Gas Management	42	
	302-3	Energy intensity	3.2 Energy and Greenhouse Gas Management	42	

GRI Standard	Disclosure		Section	Page	Notes / Reasons for Omission
GRI 302: Energy 2016	302-4	Reductions of energy consumption	3.2 Energy and Greenhouse Gas Management	45	
	302-5	Reductions in energy requirements of products and services	3.2 Energy and Greenhouse Gas Management	45	
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	3.3 Water Resource Management	45	
	303-2	Management of water discharge-related impacts	3.3 Water Resource Management	45	
	303-3	Water withdrawal	3.3 Water Resource Management	46	
GRI 305: Emissions 2016	305-6	Emissions of ozone-depleting substances (ODS)	3.2 Energy and Greenhouse Gas Management	42	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	3.2 Energy and Greenhouse Gas Management	42	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	3.4 Circular Economy	46	
	306-2	Management of significant waste-related impacts	3.4 Circular Economy	46	
	306-3	Waste generated	3.4 Circular Economy	43	
	306-4	Waste diverted from disposal	3.4 Circular Economy	43	
	306-5	Waste directed to disposal	3.4 Circular Economy	43	
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	22 56-57	
	405-2	Ratio of basic salary and remuneration of women to men	4.1 Talent Management and Development	59	
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	4.3 Labor Relations and Human Rights	70	
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	70	
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	70	

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	39
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	41
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	41
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	40
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	41
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.	43

Appendix III. Third-Party Assurance Statement

維揚聯合會計師事務所
WEYONG INTERNATIONAL CPAs & CO.

台中市40350西區公益路52號10樓之1
10F-1, No. 52, Kong-I Rd., Taichung City 40350 Taiwan
Tel: +886-4-23192789 Fax: +886-4-23225038



會計師有限確信報告

茂順密封元件科技股份有限公司 公鑒：

本會計師接受茂順密封元件科技股份有限公司(以下簡稱「茂順公司」)之委任，對茂順公司民國 114 年度(2025 年度)永續報告書中所選定之績效指標(以下簡稱「確信標的資訊」)執行確信程序並出具有限確信報告。

確信標的資訊與適用基準

茂順公司所選定之確信標的資訊與適用基準，請詳附件一「確信標的資訊彙總表」。

管理階層之責任

管理階層之責任係依照臺灣證券交易所「上市公司編製與申報永續報告書作業辦法」、全球永續性報告協會(Global Reporting Initiative, GRI)發布之通用準則、行業準則及主體準則編製及允當表達民國 114 年度(2025 年度)永續報告書內所涵蓋之確信標的資訊，並負責建立及維持與永續報告書編製有關之必要內部控制，以確保永續報告書中所選定之確信標的資訊未存有導因於舞弊或錯誤之重大不實表達。

會計師之責任

本會計師係依據財團法人會計研究發展基金會所發布之確信準則 3000 號「非屬歷史性財務資訊查核或核閱之確信案件」規劃並執行工作，以對第二段所述之確信標的資訊是否存在重大不實表達出具有限確信報告。另，本會計師執行有限確信時，對與有限確信攸關之內部控制取得必要之瞭解，以設計當時情況下適當之有限確信程序，惟其目的並非對茂順公司民國 114 年度(2025 年度)永續報告書之相關內部控制設計或執行之有效性提供任何確信。

獨立性及品質管理規範

本會計師及所隸屬會計師事務所已遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及專業上應有之注意、保密與專業行為。此外，本會計師所隸屬會計師事務所遵循品質管理準則，維持完備之品質管理制度，包含與遵循職業道德規範、專業準則及所適用法令有關之書面政策或程序。

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所執行程序之彙總說明

本會計師係針對第二段所述之確信標的資訊執行有限確信工作，主要執行之確信程序包括：

- 取得茂順公司民國 114 年度(2025 年度)永續報告書，並閱讀其內容；
- 訪談茂順公司管理階層及攸關員工，以瞭解用以蒐集及產出確信標的資訊之相關作業流程與資訊系統；
- 基於對上述事項所取得之瞭解，就永續報告書所選定之確信標的資訊執行分析性程序，或於必要時檢視相關文件，以獲取足夠及適切之有限確信證據。

上述確信程序係基於本會計師之專業判斷，包括辨識確信標的資訊可能存有重大錯誤或不實表達之範圍並評估其潛在風險，設計足夠且適切之確信程序暨評估確信標的資訊之表達。本會計師相信此項確信工作可對本確信報告之結論提供合理之依據。惟本會計師對於有限確信案件風險之瞭解及考量低於對合理確信案件者，所執行程序之性質及時間與適用於合理確信案件者不同，其範圍亦較小，因此有限確信案件中取得之確信程度明顯低於合理確信案件中取得者。

先天限制

茂順公司民國 114 年度(2025 年度)永續報告書內容涵蓋非財務資訊，對於該等資訊之揭露內容可能涉及茂順公司管理階層之重大判斷、假設與解釋，故不同利害關係人可能對於該等資訊有不同之解讀。

確信結論

依據所執行之程序與所獲取之證據，本會計師並未發現確信標的資訊有未依適用之報導基準編製而須作重大修正之情事。

其他事項

本確信報告出具後，茂順公司對任何確信標的資訊或適用基準之變更，本會計師將不負就該等資訊重新執行確信工作之責任。

維揚聯合會計師事務所

會計師：

事務所地址：台中市西區公益路 52 號 10 樓之 1

中華民國 115 年 06 月 16 日

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附件一

確信標的資訊彙總表

編號	確信標的資訊	永續報告書 對應章節	適用 基準																			
1	單位：GJ <table><tr><th>類型</th><th>能源種類</th><th>2025</th></tr><tr><td rowspan="3">組織內部消耗之非再生燃料</td><td>液化天然氣</td><td>10,104.08</td></tr><tr><td>汽油</td><td>102.01</td></tr><tr><td>柴油</td><td>684.51</td></tr><tr><td>外購且消耗之能源</td><td>外購電力</td><td>76,369.93</td></tr><tr><td colspan="2">能源消耗總量</td><td>87,261.13</td></tr><tr><td colspan="2">能源密集度(GJ/仟個)</td><td>0.71</td></tr></table> 註 1：數據統計範圍涵蓋茂順台灣據點。 註 2：熱值除液化天然氣依天然氣公司提供之每月熱值加權平均而得，以及 2025 年專用汽油及專用柴油熱值依據環境部 2026 年 2 月公告之數值計算外，其餘依經濟部能源署最新公告之「能源產品單位熱值表」計算。 註 3：1 Kcal=4.187 焦耳。 註 4：能源密集度之分母採用茂順台灣據點年度生產量，單位為仟個。	類型	能源種類	2025	組織內部消耗之非再生燃料	液化天然氣	10,104.08	汽油	102.01	柴油	684.51	外購且消耗之能源	外購電力	76,369.93	能源消耗總量		87,261.13	能源密集度(GJ/仟個)		0.71	3.2.1 能源使用狀況	GRI Standards 302-1 組織內部的 能源消耗量
類型	能源種類	2025																				
組織內部消耗之非再生燃料	液化天然氣	10,104.08																				
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能源消耗總量		87,261.13																				
能源密集度(GJ/仟個)		0.71																				
2	單位：百萬公升 <table><tr><th>年份</th><th>2025</th></tr><tr><td>用水指標</td><td></td></tr><tr><td>取水量</td><td>88.16</td></tr></table> 註：自來水取水量採用水費單為依據。	年份	2025	用水指標		取水量	88.16	3.3.2 水資源耗用情形	GRI Standards 303-3 取水量													
年份	2025																					
用水指標																						
取水量	88.16																					

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編號	確信標的資訊	永續報告書 對應章節	適用 基準																																																																								
3	廢棄物統計 單位：公噸 <table><tr><th>廢棄物種類</th><th>2025</th></tr><tr><td>一般事業廢棄物</td><td>974.53</td></tr><tr><td>有害事業廢棄物</td><td>10.40</td></tr><tr><td>年度事業廢棄物總重量</td><td>984.93</td></tr></table> 廢棄物產出細項及處理方式 單位：公噸 <table><tr><th>廢棄物種類</th><th>廢棄物細項</th><th>處理方式</th><th>處理量</th></tr><tr><td rowspan="15">一般事業廢棄物</td><td>事業活動產生之一般垃圾</td><td>焚化(非能源回收)</td><td>351.75</td></tr><tr><td>事業員工生活垃圾</td><td>焚化(非能源回收)</td><td>65.18</td></tr><tr><td>非有害有機廢液或廢溶劑</td><td>焚化(非能源回收)</td><td>5.52</td></tr><tr><td>非有害廢棄物或其混合物</td><td>掩埋</td><td>8.05</td></tr><tr><td rowspan="2">無機性污泥</td><td>固化</td><td>4.87</td></tr><tr><td>熱處理</td><td>18.84</td></tr><tr><td></td><td>物理</td><td>6.73</td></tr><tr><td>廢木材</td><td>再利用</td><td>18.98</td></tr><tr><td>廢潤滑油</td><td>物理</td><td>4.98</td></tr><tr><td>廢橡膠</td><td>再利用</td><td>447.82</td></tr><tr><td rowspan="2">廢橡膠混合物</td><td>焚化(非能源回收)</td><td>-</td></tr><tr><td>物理</td><td>-</td></tr><tr><td>廢活性碳</td><td>再利用</td><td>23.52</td></tr><tr><td>廢油混合物</td><td>焚化(非能源回收)</td><td>11.54</td></tr><tr><td>廢油漆、漆渣</td><td>焚化(非能源回收)</td><td>0.53</td></tr><tr><td>廢塑膠混合物</td><td>物理</td><td>6.22</td></tr><tr><td>噴砂廢棄物</td><td>物理</td><td>-</td></tr><tr><td colspan="3">小計</td><td>974.53</td></tr><tr><td rowspan="2">有害事業廢棄物</td><td>廢液閃火點小於60℃(不包含乙醇體積濃度小於24%之酒類廢棄物)</td><td rowspan="2">焚化(非能源回收)</td><td>10.40</td></tr><tr><td>小計</td><td>10.40</td></tr></table> 註：茂順之廢棄物皆為離廠處理。	廢棄物種類	2025	一般事業廢棄物	974.53	有害事業廢棄物	10.40	年度事業廢棄物總重量	984.93	廢棄物種類	廢棄物細項	處理方式	處理量	一般事業廢棄物	事業活動產生之一般垃圾	焚化(非能源回收)	351.75	事業員工生活垃圾	焚化(非能源回收)	65.18	非有害有機廢液或廢溶劑	焚化(非能源回收)	5.52	非有害廢棄物或其混合物	掩埋	8.05	無機性污泥	固化	4.87	熱處理	18.84		物理	6.73	廢木材	再利用	18.98	廢潤滑油	物理	4.98	廢橡膠	再利用	447.82	廢橡膠混合物	焚化(非能源回收)	-	物理	-	廢活性碳	再利用	23.52	廢油混合物	焚化(非能源回收)	11.54	廢油漆、漆渣	焚化(非能源回收)	0.53	廢塑膠混合物	物理	6.22	噴砂廢棄物	物理	-	小計			974.53	有害事業廢棄物	廢液閃火點小於60℃(不包含乙醇體積濃度小於24%之酒類廢棄物)	焚化(非能源回收)	10.40	小計	10.40	3.4.2 廢棄物產生及處理	GRI Standards 306-3 廢棄物的產生 306-4 廢棄物的處置轉移 308-5 廢棄物的直接處置
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