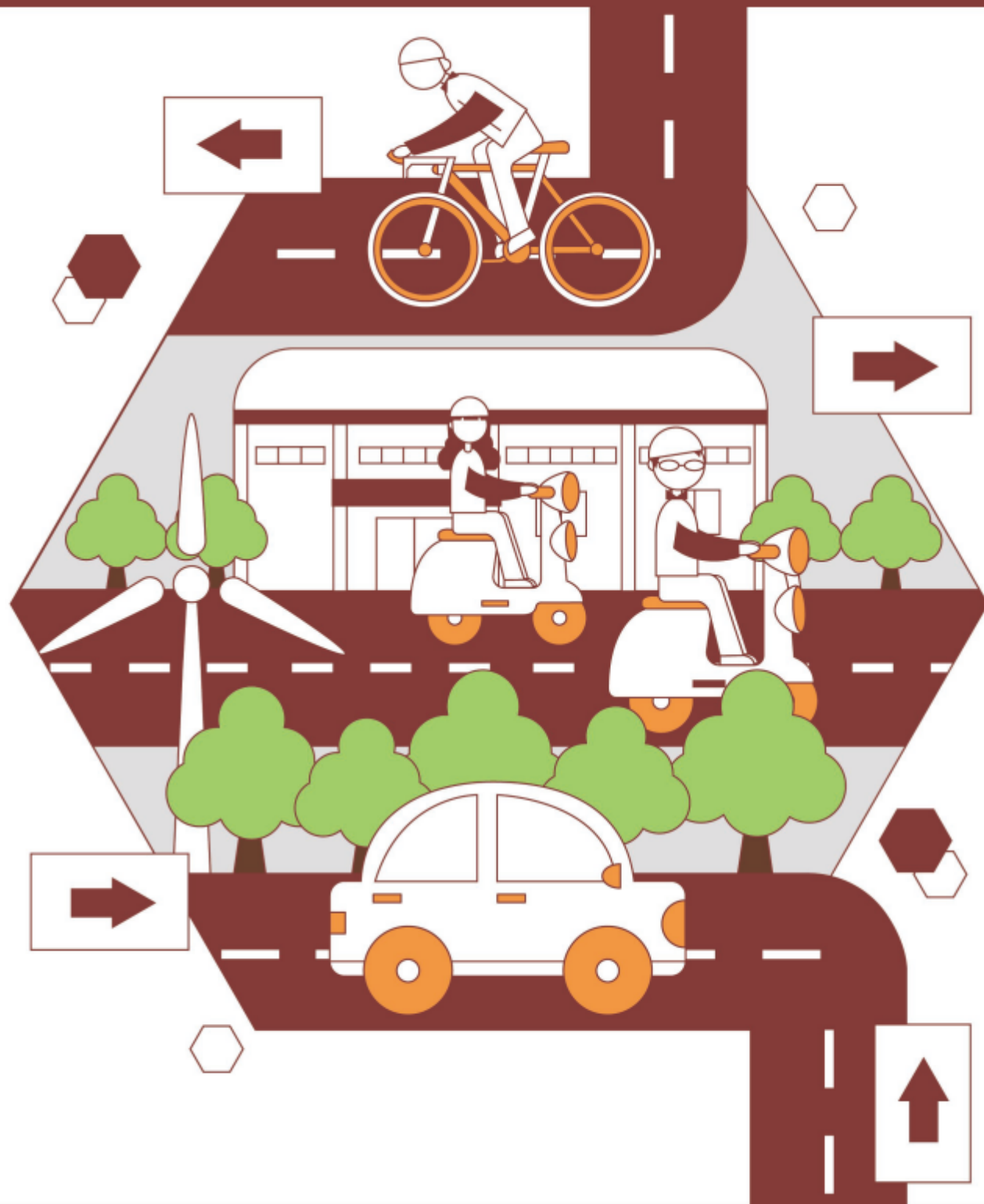




六暉控股股份有限公司
LUHAI HOLDING CORP.

2024 永續報告書

Sustainability Report



Contents

1. About the Report

1.1 Message from the Chairman.....	1
1.2 About LU HAI.....	3
1.3 Report Information.....	6
1.4 Sustainability Performance.....	7
1.5 The UN Sustainable Development Goals (SDGs).....	8
1.6 The UN Global Compact (UNGC).....	11

2. Sustainable Management

2.1 Sustainability Development Strategy.....	13
2.2 Implement a Sustainable Development Framework.....	14
2.3 The Board of Directors and its Functional Committees.....	15

3. Stakeholder and Significant Issues

3.1 Stakeholder Engagement.....	23
3.2 Process for Determining Material Topics.....	26
3.3 List of material topics.....	27
3.4 Management of material topics.....	28

4. Governance

4.1 Economic Performance.....	31
4.2 Tax.....	33
4.3 Integrity Management.....	35

4.4 Communication Channels and Complaint Mechanisms.....	36
4.5 Risk Management.....	37
4.6 Information Security and Customer Privacy Protection.....	39
4.7 Participation of Public Associations and Non-Profit Organizations..	41
4.8 Industry Innovation and Value Chain Integration	42
4.9 Sustainable Supply Chain Management	46

5. Social

5.1 Employee Development.....	50
5.2 Occupational Health and Safety	61
5.3 Social Participation.....	65

6. Environmental

6.1 Climate Change.....	69
6.2 Greenhouse Gas Management.....	75
6.3 Energy Resource Management.....	76
6.4 Waste Management.....	79
6.5 Pollution Prevention and Control	81

Appendix

I . Global Reporting Initiative Index	83
II . TCFD & Climate-related Information of Listed Company.....	91
III . Sustainability Accounting Standards Board Index.....	94

1. About the Report

1.1 Message from the Chairman

In the face of complex global economic shifts and the growing ESG movement, LU HAI upholds the spirit of innovation, responsibility, and inclusiveness, seeking opportunities amid challenges, actively responding to change, and continuously creating long-term value for stakeholders. As the global economy moves toward a low-carbon transition, we have integrated sustainability into the core business strategy. Against the backdrop of global supply chain restructuring and digital transformation, the Company continues to optimize products and services, enhance operational efficiency, and reduce its environmental footprint.

On the environmental aspect, in 2024, the Board of Directors approved the solar power system installation project at the XIAHUI RUBBER METAL IND. CO., LTD. Plant. At the same time, we have successfully obtained ISO 14064-1 certification for greenhouse gas inventory, strengthening the Company's carbon management system and laying a solid foundation for future carbon reduction efforts.

On the social aspect, we place strong emphasis not only on supply chain resilience and talent development but also on making respect for human rights a core part of its corporate social responsibility. LU HAI has established a comprehensive Human Rights Policy, recognizing and supporting international human rights standards such as the United Nations Global Compact, the Universal Declaration of Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work. The Company strictly complies with local labor laws to prevent any human rights violations. We uphold a zero-tolerance stance against all forms of forced labor, child labor, and discrimination, safeguarding employees' freedom of association and providing a safe and transparent grievance mechanism. We are committed to advancing human rights due diligence across our supply chain, ensuring that our suppliers embrace the same high standards to protect human rights throughout the entire value chain. At the same time, we actively foster a diverse and inclusive workplace, enhance employee training and benefits, and continually improve the work environment, enabling all employees to grow with dignity and equality.

To enhance transparency in sustainable governance, LU HAI has taken the lead in adopting the Task Force on Climate-related Financial Disclosures (TCFD) framework and the Sustainability Accounting Standards Board (SASB) standards. Through these initiatives, we are conducting a comprehensive assessment of how climate risks and opportunities may impact operations, while disclosing industry-specific sustainability information in a structured manner. On the governance aspect, we continue to strengthen our Board structure and enhance risk management mechanisms. Climate change, human rights risks, and other ESG factors have been integrated into our enterprise risk assessment system, while through the TCFD framework we identify short-, medium-, and long-term

risks and develop corresponding strategies to address them. Transparency and integrity are core values we uphold, and we remain committed to enhancing the quality of disclosures and strengthening investor relations to build lasting trust with stakeholders.

Looking ahead, LU HAI will continue to deepen its commitment to human rights protection, expand its deployment of green energy, and pursue business growth with a long-term perspective. We strive not only for growth and profitability but also to fulfill our role as a responsible corporate citizen, embedding the spirit of sustainability into LU HAI's strategic vision. We encourage all employees to actively embrace emerging global perspectives and standards, seize new opportunities, and strike a balance between business performance, corporate governance, environmental sustainability, and social inclusion. By doing so, we aim to create a virtuous cycle of positive impact, contribute to a better future for society, and continuously build a long-term competitive edge in sustainable growth.

Chairman WU, CHIN-LU

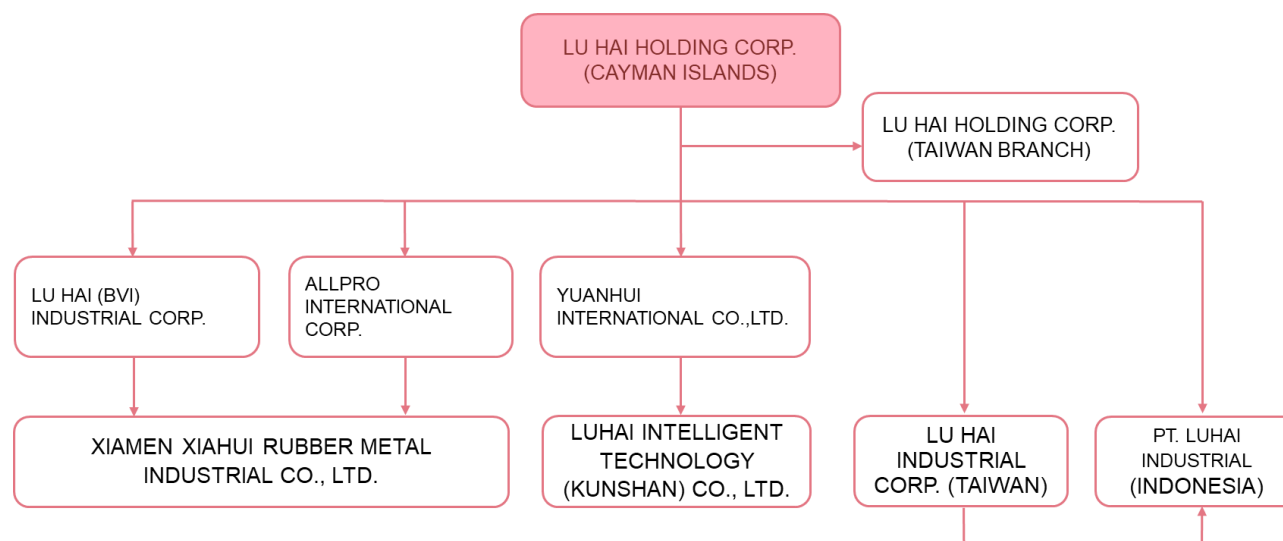


1.2 About LU HAI

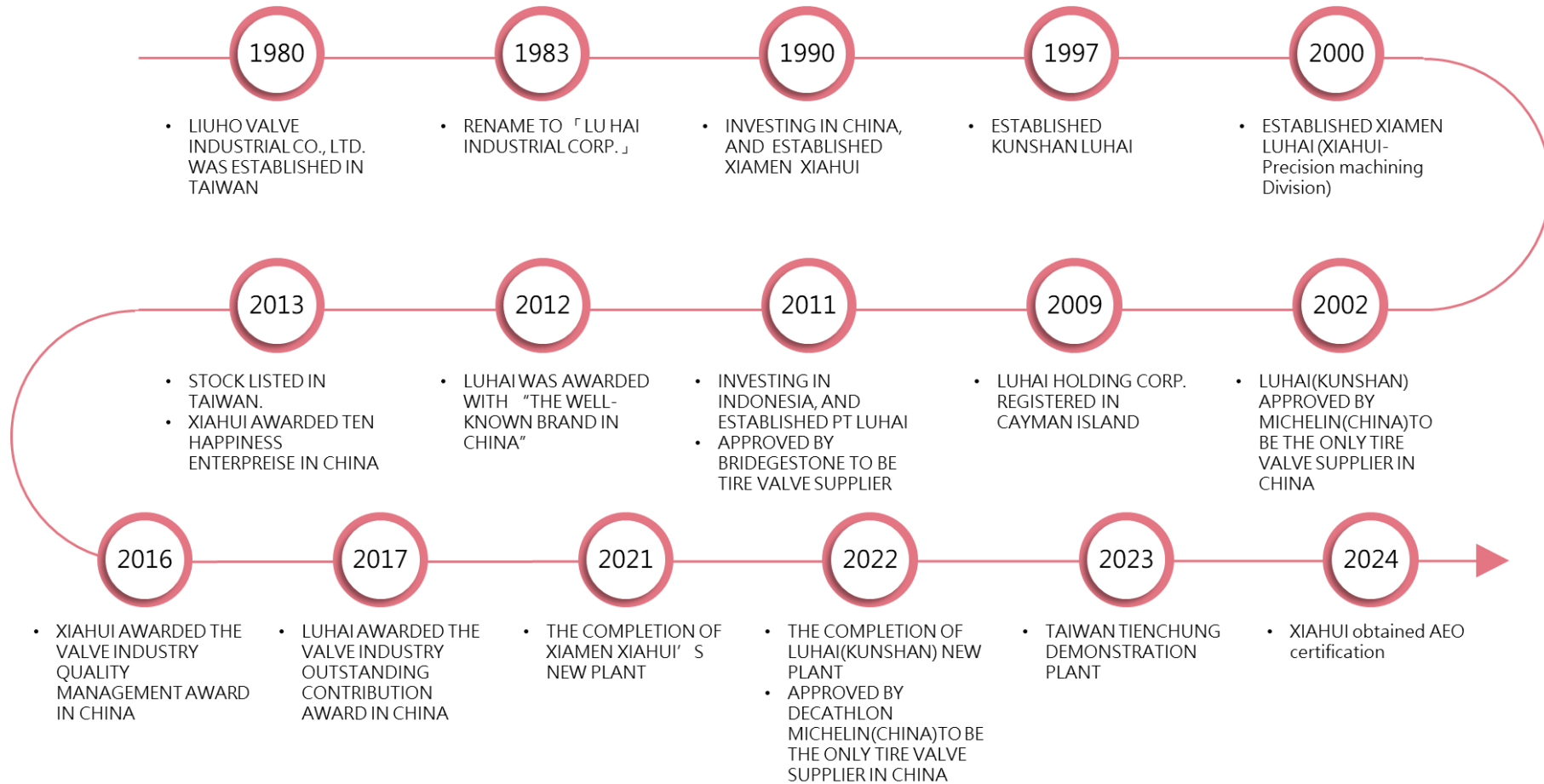
LU HAI HOLDING CORP. (referred to as "LU HAI" or "the Company") was established in May 1983, specializing in the manufacturing, processing, and trading of tire rubber valve stems and tire valve stem metal bodies. With the gradual expansion of our business, we have established manufacturing bases and important operational centers in Xiamen, Kunshan, and Indonesia. Additionally, the Company actively participates in investment projects related to the manufacturing and sale of valve stems. On October 19, 2009, LU HAI HOLDING CORP. was established in the Cayman Islands as the holding parent company of the entire group. We applied for our initial public offering in Taiwan and were listed on the Taiwan Stock Exchange with stock code 2115.

Establishment Date	October 19, 2009	Paid-up Capital	NT\$ 1043 million
Listing Date	December 25, 2013 (Stock Code: 2115)	Number of Employees	1,236
Headquarters	No. 64, Xin Gong 5th Road, Tianjhong Industrial Park, Tianzhong Township, Changhua County, Taiwan, 520003		
Operational Sites	<ul style="list-style-type: none"> ● XIAHUI RUBBER METAL IND. CO., LTD. established in 1990, located in Jimei District, Xiamen City, China. ● LUHAI INTELLIGENT TECHNOLOGY (KUNSHAN) CO., LTD., established in 1997, located in Kunshan City, Jiangsu Province, China. ● PT. LUHAI INDUSTRIAL, established in 2011, Indonesia. 		
Main Products	Approximately 80% of sales are from the manufacturing and sale of valve stems, while the remaining 20% come from accessory trading and other businesses.		

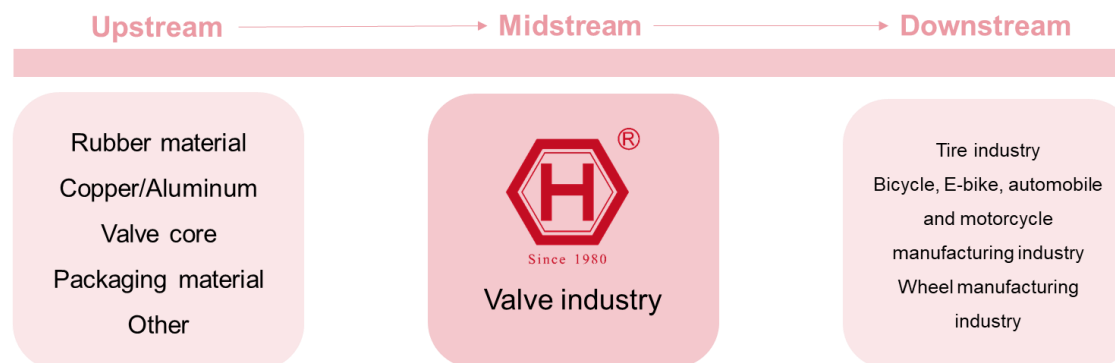
1.2.1 Group Structure



1.2.2 Important Milestones



LU HAI produces various types of valve stems that act as independent valve devices, allowing gas to enter tubeless tires or inner tubes when opened, automatically closing and sealing to maintain pressure and prevent gas leakage from the tire or inner tube. Apart from solid tires, all tires or inner tubes that require inflation rely on these devices for inflation. With technological advancement and innovation, LU HAI also manufactures precision machined parts other than valve stems and collaborates with customers to develop customized automated equipment.



The company adheres to the business philosophy of "Quality Oriented, Integrity, Customer First, Continuous Improvement." With over 40 years of experience, the LU HAI research and development team not only collaborates with customers to develop new products based on tire design concepts and functional requirements but also continuously invests in projects such as equipment automation, system integration, and mold and fixture development. We actively introduce high-end equipment from Germany, Italy, Switzerland, Japan, and other countries to strengthen our industry capabilities and strive to become the most competitive leader in the valve stem industry. The valve stems and related products produced by the LU HAI Group are designated products of leading global tire manufacturers, with applications ranging from bicycles, motorcycles, cars, trucks, buses to large agricultural vehicles. Our products are exported to over 90 countries and regions across all five continents worldwide.

Management System Name	Version	Taiwan Branch	XIAMEN XIAHUI	PT. LUHAI	KUNSHAN LUHAI
Quality Management System	ISO 9001 : 2015	●	●	●	●
Automotive Industry Quality Management System	IATF 16949 : 2016	-	●	●	-
Occupational Health and Safety Management System	ISO 45001 : 2018	●	●	●	●
Environmental Management System	ISO 14001 : 2015	●	●	●	●
GHG Inventory Standard	ISO 14064-1 : 2018	●	●	●	●

1.3 Report Information

Framework Basis

LU HAI HOLDING CORP. (Stock Code 2115, hereinafter referred to as "LU HAI" or "the Company") actively responds to the concerns, inputs, and performance related to sustainable development from various stakeholders by compiling and disclosing an annual sustainability report. The content of this report follows the frameworks provided by the Global Reporting Initiative (GRI) Standards 2021, the Sustainability Accounting Standards Board (SASB) Auto Parts, the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) published by the Financial Stability Board (FSB), the Sustainable Development Goals (SDGs) of the United Nations, the United Nations Global Compact (UNGC), and the "Operational Procedures for Listed Companies to Compile and File Sustainability Reports" issued by the Taiwan Stock Exchange. The corresponding comparison table is provided in the appendix.

Reporting period and frequency

This report covers the period from January 1, 2024 to December 31, 2024, which is consistent with the scope of the consolidated financial statements. For the purpose of ensuring the completeness and comparability of disclosed information, certain sections may include data or events beyond this reporting period. Such instances are duly noted in the respective sections.

LU HAI issues a sustainability report annually. You can download relevant information from the "Corporate Sustainable Development" section of LU HAI's website: <http://www.luhai.com.tw>

Issue Date: August 2025

Report Boundary and Data

This report covers the management performance in economic, environmental, and social aspects from January 1, 2024, to December 31, 2024. Financial information and audited financial data are consistent with the accountant's certification. Some statistical data are sourced from annual reports, government agencies, and relevant websites. The scope of disclosure mainly focuses on LU HAI HOLDING CORP., including its Taiwan branch, XIAHUI RUBBER METAL IND. CO., LTD., LUHAI INTELLIGENT TECHNOLOGY (KUNSHAN) CO., LTD. and PT. LUHAI INDUSTRIAL. Any inconsistencies in the scope of disclosed quantitative indicators will be specifically explained in the report.

Sustainability Reporting Responsibility Unit

If you have any suggestions on this report or the company's sustainable development, please feel free to contact us.

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1.4 Sustainability Performance



Environmental

- LU HAI's Taiwan branch, XIAMEN XIAHUI, KUNSHAN LUHAI, and PT. LUHAI have all obtained ISO 14001:2015 Environmental Management System certification.
- LU HAI has obtained third-party assurance for its greenhouse gas inventory in accordance with ISO 14064-1:2018.
- Zero major environmental fines.
- In 2024, the proportion of local raw material procurement at the Taiwan branch accounted for 100% of the total procurement amount.
- In 2024, the local procurement rate of raw materials by subsidiaries in China reached 96.89%.
- In 2024, the raw material recycling rates were 32.38% for PT. LUHAI INDUSTRIAL (Indonesia) and 52.51% for Xiahui Rubber Metal Ind. Co., Ltd.



AHM IRMC
2024 Green Supplier Award



Social

- LU HAI's Taiwan branch, XIAMEN XIAHUI, KUNSHAN LUHAI, and PT. LUHAI have all obtained ISO 45001:2018 Occupational Health and Safety Management System certification.
- XIAMEN XIAHUI was awarded the Second Prize in the Jimei District Occupational Health Literacy Knowledge Competition.
- PT. LUHAI was honored with the 2024 Green Supplier Award, presented by AHM IRMC.
- Subsidiary employee satisfaction scored over 80 in 2024
- Gender equality: 38.3% female staff, 29.8% female managers.
- In 2024, over 400 employee training sessions were held, totaling more than 9,600 training hours, with a total of 7,138 participants.
- 71.4% of top management are local residents.
- No human rights violations reported in 2024.
- Employee salary and benefits costs totaled NT\$612,028,000 in 2024, up 10.17% from 2023.







Governance

- Governance assessment: ranked 21%-40% in the category of company market capitalization under NT\$5 billion.
- Consolidated revenue in 2024: NT\$3.126 billion.
- 100% average director attendance in 2024.
- 3 female directors, comprising 33.33% of board.
- 3 independent directors, also 33.33% of board.
- Board accumulated 60 hours of training.
- No losses due to information security breaches in 2024.
- Customer satisfaction averaged over 90 for 4 consecutive years.
- 450 suppliers assessed in 2024, all participating, with 94.22% rated as excellent (Grade A).
- 237 suppliers signed sustainability commitments, representing 98.44% of procurement spend.
- In 2024, there were zero instances of insider trading or corruption.

1.5 The UN Sustainable Development Goals (SDGs)

As LU HAI HOLDING CORP. pursues sustainable development, it prioritizes corporate social responsibility in accordance with regulations set by the Taiwan Stock Exchange. The company regularly revises its "Practical Guidelines for Sustainable Development" as a framework to follow. In the pursuit of its corporate vision, LU HAI utilizes technology, adheres to energy conservation and environmental protection practices, and fosters innovation to create customer value, achieving mutual prosperity for the company and society. Here is a summary of the related practices and responses to align with the United Nations Sustainable Development Goals (SDGs).

SDGs	Summary of Responses ● Achievements ▲ Plan or Goals	Revealed Sections
	<ul style="list-style-type: none"> ● Regular monitoring of employee health conditions, subsidizing health examination fees, and arranging special occupational health checks. 	5.2 Occupational Health and Safety
	<ul style="list-style-type: none"> ● Employee education and training: Over 400 sessions conducted in 2024, with a total training time of 9,600 hours and 7,138 participants. 	5.1 Employee Development
	<ul style="list-style-type: none"> ● Appointment of 9 directors, including 3 female directors, accounting for 1/3 of director positions. ● Female employees account for 38.3%, female supervisors account for 29.8%. ● In 2024, a total of 24 employees applied for childcare leave without pay. 	2.3 The Board of Directors and its Functional Committees 5.1 Employee Development
	<ul style="list-style-type: none"> ● Automatic monitoring and testing to ensure wastewater quality meets standards before discharge, with no violations in 2024. ▲ Implementation of water resource management and continued promotion of process wastewater recycling. 	6.3 Energy Resource Management

SDGs

Summary of Responses ● Achievements ▲ Plan or Goals

Revealed Sections



- In 2024, the debt ratio decreased to 34.0%, 2% reduction compared to 2023.
- The company ensures fair and equitable wages and working conditions, prohibits discrimination, ensures equal job opportunities, prohibits child labor, and does not engage in forced labor.
- All subsidiaries have completed ISO 45001:2018 Occupational Health and Safety System certification.
- ▲ Continuous efforts are made to cultivate a culture of integrity, ensuring that every employee recognizes integrity as the cornerstone of the company's success.
- ▲ LU HAI will strive to diversify its products and services to meet the needs of different customer groups.
- ▲ The company actively invests resources to promote technological upgrades, increase production efficiency, reduce costs, and enhance competitiveness in the market.

4.1 Economic Performance
 4.3 Integrity Management
 4.8 Industry Innovation and Value Chain Integration
 5.1 Employee Development
 5.2 Occupational Health and Safety



- In 2024, the company allocated NT54,213 million dollars for research and development, demonstrating a continued commitment to process development and optimization.
- All operational factories of LU HAI have obtained ISO 9001:2015 Quality Management System certification.
- XIAHUI RUBBER METAL IND. CO., LTD. and PT. LUHAI INDUSTRIAL (Indonesia) have obtained IATF16949:2016 International Automotive Industry Quality Management System certification.
- ▲ The Taiwan branch has obtained IATF16949:2016 International Automotive Industry Quality Management System certification.
- ▲ The company actively seeks collaboration with research institutions and other industry partners. Through the sharing of resources and knowledge, it aims to develop new technologies collaboratively and create greater value.

4.8 Industry Innovation and Value Chain Integration
 4.9 Sustainable Supply Chain Management



- Regular reporting to local regulatory authorities is conducted regarding industrial water usage and electricity consumption. The Department of Engineering sets annual goals and assesses their achievements.
- Pollution control devices are utilized to collect and treat exhaust gases and wastewater generated by each production workshop. Regular inspections are conducted annually to ensure compliance with regulatory requirements.

6.2 Greenhouse Gas Management
 6.3 Energy Resource Management
 6.4 Waste Management
 6.5 Pollution Prevention and Control

SDGs

Summary of Responses ● Achievements ▲ Plan or Goals

Revealed Sections



- In 2024, the raw material recycling rates were 32.38% for PT. LUHAI INDUSTRIAL (Indonesia) and 52.51% for XIAHUI RUBBER METAL IND. CO., LTD.
- Starting from 2023, an annual sustainability report is published regularly to enhance the quality of information disclosure.
- ▲ Efforts are continuously made to reduce and recycle wastewater, thereby decreasing wastewater discharge. Moreover, production planning across all factories is integrated to ensure optimal utilization of water resources.
- ▲ A commitment to eco-friendly product design is upheld, aiming to minimize environmental impact during the manufacturing process, conserve energy, and promote proper recycling of resources.

6.1 Climate Change
6.3 Energy Resource Management
6.4 Waste Management
6.5 Pollution Prevention and Control
Appendix III. Compilation Standards of the Sustainability Accounting Standards Board



- The company has adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework to assess and disclose the risks and opportunities associated with climate change.

6.1 Climate Change



- In 2024, there were zero instances of insider trading or corruption.
- Risk management policies are established and their implementation status is regularly submitted to the Board of Directors for review, thereby ensuring the effectiveness of the risk management framework.
- ▲ The company maintains communication channels with government entities to stay informed about the latest regulatory trends, ensuring compliance and stable operations.
- ▲ Ongoing communication with stakeholders is prioritized to safeguard their interests, enhancing operational efficiency and effectiveness while implementing corporate governance mechanisms.

2.1 Sustainability Development Strategy
3.1 Stakeholder Engagement
3.4 Management of material topics
4.3 Integrity Management
4.5 Risk Management



- The company actively fulfills its social responsibilities through activities such as charitable donations, emergency relief, and sponsorship of community events. The Taiwan Branch achieved a participation rate of 91.3% in 2024.
- ▲ The company actively engages with business associations and other relevant social and economic cooperation organizations to promote industrial, economic, and technological development.

4.7 Participation of Public Associations and Non-Profit Organizations
5.3 Social Participation

1.6 The UN Global Compact (UNGC)

The UNGC consists of ten universally recognized principles covering areas such as human rights, labor, environment, and anti-corruption efforts, designed for incorporation into corporate strategies and policies. While not a signatory to the United Nations Global Compact (UNGC), LU HAI remains vigilant in observing global ESG (Environmental, Social, and Governance) trends and undertaking related actions.

Category	10 Principles	Summary	Corresponding Sections
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights.	<p>The company has established the "Regulations for Human Rights Policy Management," which is implemented within its internal control processes. It is committed to:</p> <ul style="list-style-type: none"> ● Establishing a safe and healthy working environment. ● Providing fair and reasonable wages and working conditions. ● Eliminating discrimination and ensuring equal job opportunities. ● Prohibition of child labor. ● Prohibition of forced labor. ● Respecting freedom of association. ● Protecting privacy and preventing harassment. ● Providing a mechanism and channels for complaints. 	<p>5.1 Employee Development 5.2 Occupational Health and Safety</p>
	2. Businesses should make sure that they are not complicit in human rights abuses.		
Labour	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.		
	4. The elimination of all forms of forced and compulsory labour.		
	5. The effective abolition of child labour.		
	6. The elimination of discrimination in respect of employment and occupation.		
Environment	7. Businesses should support a precautionary approach to environmental challenges.	<ul style="list-style-type: none"> ● Developing high-performance green products to enhance application efficiency and strengthen the green connection with customers. ● Dedicated to developing green processes, promoting source improvement to reduce waste and energy consumption. ● Establishing an energy management mechanism to promote energy conservation, carbon reduction, and reduce pollution emissions. 	<p>4.8 Industry Innovation and Value Chain Integration 4.9 Sustainable Supply Chain Management 6.1 Climate Change 6.3 Energy Resource Management 6.4 Waste Management 6.5 Pollution Prevention and</p>
	8. Businesses should undertake initiatives to promote greater environmental responsibility.		

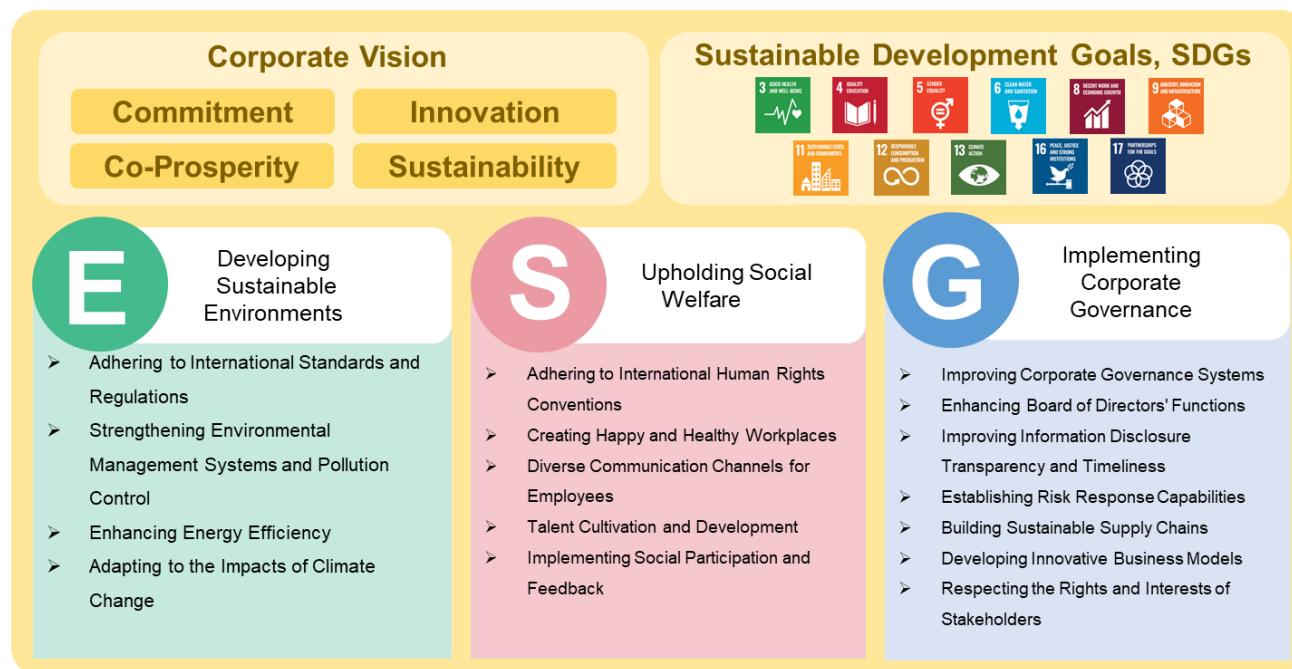
Category	10 Principles	Summary	Corresponding Sections
	9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	<ul style="list-style-type: none"> ● Enhancing resource utilization efficiency, promoting resource circulation, and fostering a circular economy through recycling and reuse. 	Control
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> ● Compliance advocacy and integrity education training to establish a culture of compliance. ● Enhancing integrity in business operations by refining rules and regulations. ● Implementing integrity in business operations and establishing an anti-bribery management mechanism. ● Identifying high-risk integrity violations in various factory operations and implementing preventive measures. 	4.3 Integrity Management 4.5 Risk Management



2. Sustainable Management

2.1 Sustainability Development Strategy

LU HAI is committed to the vision of "Commitment, Co-Prosperity, Innovation, and Sustainability," adhering to the business philosophy of "Quality Oriented, Integrity, Customer First, Continuous Improvement." We strive for sustainable growth in collaboration with all our business partners, fulfilling our responsibilities as responsible corporate citizens of the global village. We are dedicated to promoting ESG practices, enhancing environmental, safety, health, and energy management, to establish LU HAI as a sustainable and growing entity. Our goal is to create win-win situations for all stakeholders, add economic value to society, and continue to be a force for social upliftment.



On the aspect of corporate governance, we are committed to safeguarding shareholder interests, continually improving the structure and operation of the board of directors, including the establishment of independent directors and the formulation of various governance measures. We progressively fulfill responsibilities to shareholders, society, and the environment, laying a solid foundation for enhancing company value and competitiveness.

LU HAI aims for sustainable operations, focusing on core business operations, investing in and nurturing talent, optimizing existing capacity and processes, strengthening collaboration with the supply chain, and emphasizing energy conservation, carbon reduction, green environmental protection, social participation, and public welfare contributions. While achieving sustainable economic performance growth, we will continue to pay attention to the environmental and social development of the regions where we operate, steadily advancing towards the goal of sustainable operations.

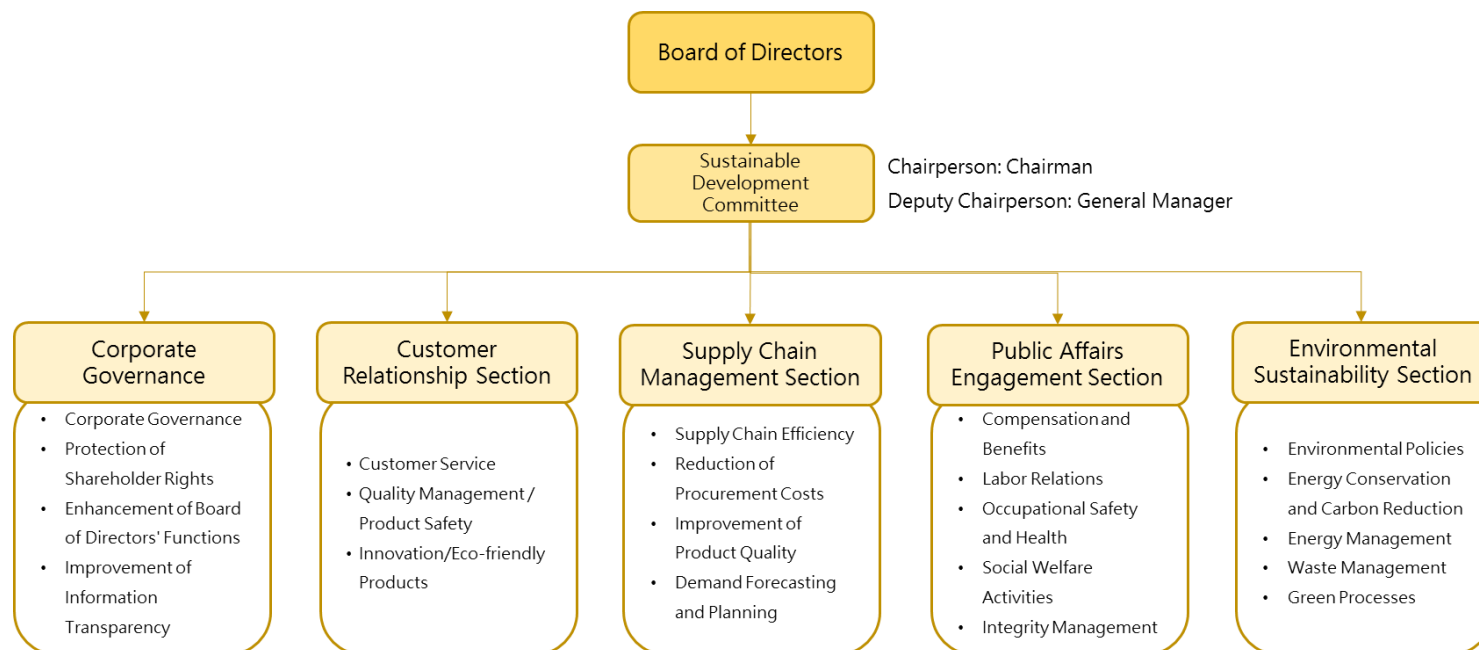
2.2 Implement a Sustainable Development Framework

2.2.1 Sustainability Governance Framework

To realize the ESG vision and mission, LU HAI HOLDING CORP. established a Sustainable Development Committee as the internal governance body for sustainability. The committee operates under a Board-approved organizational charter that clearly defines its roles and responsibilities. Its primary mandate is to manage, deliberate on, and oversee major ESG governance strategies, the effectiveness of policy implementation, and the achievement of ESG targets across company operations. Progress is reported to the Board of Directors on a

quarterly basis. The Board is responsible for assessing the likelihood of success for these strategies, regularly reviewing their progress, and urging the management team to make timely adjustments when necessary.

The Sustainable Development Committee is chaired by the Chairman, with the General Manager of the Group serving as Deputy Chairperson. To ensure effective governance across key areas, the committee operates under five sections: Corporate Governance, Customer Relationship, Supply Chain Management, Public Affairs Engagement, and Environmental Sustainability. Each section is led by an appointed executive who serves as a committee member. Each section is responsible for driving various sustainability initiatives, identifying material ESG issues related to the Company's operations, formulating management strategies and targets, and preparing the annual sustainability report.



2.2.2 Operational Status

In 2024, the Company did not record any major grievances or incidents causing serious negative impacts.

The communication methods and frequency of the Board of Directors in 2024 are as follows. The main economic aspect of the board reports will primarily focus on quarterly financial information.

Aspect	Report/Discussion Items	Communication Method and Frequency	Communication Outcome
Environmental	Progress of greenhouse gas inventory	Reported to the board quarterly, continuously monitoring the progress and completion of greenhouse gas inventory verification.	LU HAI adheres to the concept of sustainable operation, continuously concerned about global climate change and international environmental trends, and fulfills corporate social responsibility. According to regulatory standards, systematic greenhouse gas emission inventory and verification are conducted to understand the company's greenhouse gas emissions, serving as a reference for future greenhouse gas reduction efforts and fulfilling responsibility to mitigate global warming.
Social	Year-end bonus distribution	Reported to the board once a year.	<ul style="list-style-type: none"> Year-end bonuses are distributed before the Chinese New Year each year, and the actual amount distributed depends on the annual operating performance. If the company makes a profit for the year, no less than 1.5% shall be allocated for employee and director remuneration.
	Distribution of employee and director remuneration	Reported to the board twice a year.	

2.3 The Board of Directors and its Functional Committees

2.3.1 Board's Role and Performance in Sustainability Governance

Role and Supervisory Status of Sustainability Governance

The Board of Directors provides guidance on long-term business strategies and holds overall supervisory responsibility. Every three years, the Sustainable Development Committee leads a materiality assessment process. This includes distributing materiality questionnaires to senior management and stakeholders to evaluate the economic, environmental, and social impacts of various ESG issues, resulting in the identification of key material topics. Each section under the Sustainable Development Committee formulates project guidelines, conducts risk assessments, and develops response strategies based on identified material topics. The sections also monitor changes in risk and the status of risk management, regularly reporting on the progress of sustainability initiatives. The executive

members of the Sustainable Development Committee then consolidate these reports and submit them to the Board of Directors.

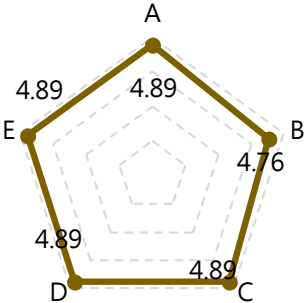
Each year, the sections under the Sustainable Development Committee collect relevant content and data for the sustainability report. The information is first reviewed by the respective group members, then consolidated by the executive members of the committee. The final report is submitted to the Board of Directors for review and approval before publication.

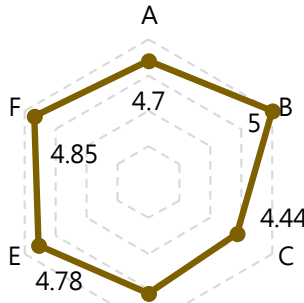
Supervision of Sustainability Management Performance Evaluation

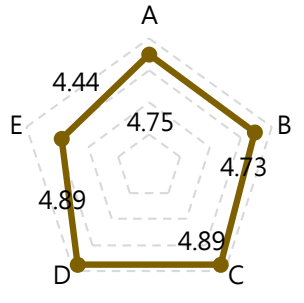
To strengthen corporate governance and enhance Board effectiveness, the Company has established the Regulations Governing the Performance Evaluation of the Board of Directors. Since 2020, internal Board performance evaluations have been conducted annually in accordance with the procedures outlined in these regulations. The results of these performance evaluations serve as a reference for the selection or nomination of directors and as a basis for determining individual directors' compensation. The 2024 performance evaluation of the Board of Directors was completed in January 2025. The evaluation was conducted using a self-assessment questionnaire, with each director assessing various aspects such as the board's participation in company operations, decision-making quality, composition and structure, selection and continuous training of directors, and internal control. The agenda working group of the Board compiled and summarized the results, which were reported and discussed during the board meeting on March 11, 2025, along with proposed areas for improvement.

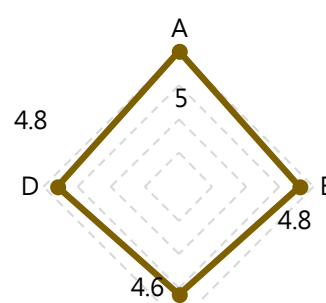
For 2024, performance evaluation questionnaires were conducted for the Board of Directors, the Audit Committee, the Compensation Committee, and individual Board members. Upon collecting and compiling the responses, the overall scores for all evaluations exceeded 90 points (on a 100-point scale). These results indicate that the Board's composition, structure, and level of engagement in company operations are all functioning effectively. In addition, the Company engages an external evaluation agency to conduct a Board performance assessment at least once every three years. The most recent external evaluation was conducted in 2023.

The 2024 performance evaluation results are summarized as follows:

Performance Evaluation of the Board of Directors		
Evaluation Content	Average Score	Evaluation Result Description
A. Participation in Company Operations	4.89	
B. Enhancement of Board Decision-Making Quality	4.76	
C. Board Composition and Structure	4.89	
D. Selection and Continuous Training of Directors	4.89	
E. Internal Control	4.89	

Board Member Performance Evaluation		
Evaluation Content	Average Score	Evaluation Result Description
A. Grasp of Company Goals and Tasks	4.70	
B. Awareness of Directors' Duties	5.00	
C. Participation in Company Operations	4.44	
D. Internal Relationship Management and Communication	4.56	
E. Professionalism and Continuous Training of Directors	4.78	
F. Internal Control	4.85	

Audit Committee Performance Evaluation		
Evaluation Content	Average Score	Evaluation Result Description
A. Participation in Company Operations	4.75	
B. Understanding of Audit Committee Responsibilities	4.73	
C. Improvement of Audit Committee Decision-Making Quality	4.89	
D. Composition and Selection of Audit Committee Members	4.89	
E. Internal Control Mechanisms	4.44	

Compensation Committee Performance Evaluation		
Evaluation Content	Average Score	Evaluation Result Description
A. Participation in Company Operations	5.00	
B. Understanding of Compensation Committee Responsibilities	4.80	
C. Improvement of Compensation Committee Decision-Making Quality	4.60	
D. Composition and Selection of Compensation Committee Members	4.80	

Ongoing Sustainability Training

According to LU HAI's "Corporate Governance Best Practice Principles," Article 41, board members are encouraged to participate in continuous education programs relevant to corporate governance topics such as finance, risk management, business, commerce, accounting, or law, either upon their appointment or during their tenure. These programs are organized by institutions designated by the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies. Additionally, the company mandates that employees at all levels enhance their professional and legal knowledge.

The Company arranges annual training programs for Board members to enhance their knowledge of corporate governance, as well as economic, environmental, and social issues, thereby strengthening the Board's risk management capabilities. In 2024, the training categories for board members included ESG, corporate governance, and more. Each board member completed an average of more than 6 hours of training, and all board members met the training hour requirements specified in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies. For detailed training records of the Board, please refer to page 36 of the Company's 2024 annual report.

2.3.2 The Structure and Functioning of the Board of Directors and Its Functional Committees

Composition and Diversity

To enhance corporate governance and promote the sound development of the board's composition and structure, the Board of Directors has adopted the "Corporate Governance Best Practice Principles." Article 20 of these principles states that board members should be diverse. Directors who also serve as company managers should not exceed one-third of the board seats.

The board should implement a suitable diversification policy based on the company's operations, business type, and development needs. This policy should include but not limit to basic attributes and values (gender, age, nationality, and culture) and professional knowledge and skills (professional background, expertise, and industry experience). Board members should generally possess the necessary knowledge, skills, and qualities required to perform their duties. To achieve the ideal corporate governance objectives, the collective capabilities of the board should include: 1. Operational Judgment Capability, 2. Accounting and Financial Analysis Abilities, 3. Management and Operational Skills, 4. Crisis Management Skills, 5. Industry Knowledge, 6. International Market Insight, 7. Leadership, 8. Decision-making Ability.

The current term of the Board of Directors is from June 19, 2024, to June 18, 2027. The Board consists of nine members, including three independent directors. Three female directors represent 33.3% of the Board. Two independent director holds a CPA license. One independent directors have professional backgrounds

in business management. The remaining directors possess expertise in fields related to the main products of LU HAI. The company places significant importance on the professional capabilities of its board members. By leveraging their extensive industry experience, the board effectively exercises its authority and functions, ensuring robust governance and the protection of shareholder rights.

Both the Compensation Committee and the Audit Committee of the Company are composed of three independent directors, all independent directors, with a gender ratio of 2:1 (male to female). The current term runs from June 19, 2024, to June 18, 2027.

	Board of Directors	Audit Committee	Compensation Committee
Composition and Appointment	<ul style="list-style-type: none"> The highest governing body at LU HAI is the Board of Directors, chaired by the Chairman, who oversees and supervises the company's various operations. The Board includes independent director seats, currently consisting of nine directors, with one-third being independent directors and one-third being female directors. The positions of Chairman and General Manager are held by different individuals. The General Manager is not a member of the Board. 	<ul style="list-style-type: none"> The Audit Committee was established in 2012 and is now in its sixth term, with a three-year tenure. It is composed entirely of independent directors, including one female member. 	<ul style="list-style-type: none"> The Compensation Committee was established in 2013 and is now in its fifth term, with a three-year tenure. Its members are all independent directors, including one female member.
Key Responsibilities	<ul style="list-style-type: none"> Appoints and supervises the company's management team to ensure the protection of stakeholder interests and to maximize shareholder benefits. Reviews the company's operational performance and discusses development strategies and major investment proposals 	<ul style="list-style-type: none"> Ensures the proper presentation of the company's financial statements. Appoints and evaluates the independence and performance of CPAs. Monitors the effectiveness of the company's internal control systems, compliance with relevant laws and regulations, and the management of existing or potential risks. 	<ul style="list-style-type: none"> Formulates and regularly reviews policies, systems, standards, and structures for the performance evaluation and compensation of directors and managers. Provides recommendations to the Board for decision-making purposes.

Board of Directors		Audit Committee		Compensation Committee	
Meeting Frequency	<ul style="list-style-type: none">● Meets at least once per quarter and convenes additional meetings as needed	<ul style="list-style-type: none">● Meets at least once per quarter and convenes additional meetings as needed.	<ul style="list-style-type: none">● Meets at least twice a year and convenes additional meetings as needed.		
Operational Status	<ul style="list-style-type: none">● Held six meetings in 2024 with a 100% attendance rate.● For detailed information regarding each member of the Board of Directors—including gender, age, and concurrent positions held within the Company or other entities—please refer to the Annual Report of the Shareholders’ Meeting and the Company’s website.	<ul style="list-style-type: none">● Held five meetings in 2024, with a 100% attendance rate.● For detailed profiles of each Audit Committee member and information regarding the committee’s operations, please refer to the Annual Report of the Shareholders’ Meeting and the Company’s official website.	<ul style="list-style-type: none">● Held three meetings in 2024, with a 100% attendance rate.● For detailed profiles of each Compensation Committee member and information on the committee’s operations, please refer to the Annual Report of the Shareholders’ Meeting and the Company’s website.		

Name	Nationality	Gender	Age			Concurrent Employee	Tenure of Independent Directors	Professional Background	Professional Skill	Industry/Academic Experiences
			Under 50	51~64 years old	Over 65					
WU, CHIN-LU	R.O.C.	Male		✓			-	Tire Valve		✓
WU, CHING-SHU	R.O.C.	Male		✓			-	Tire Valve		✓
HSU, HAO-YUN	R.O.C.	Male		✓			-	Tire Valve		✓
HSU, YA-TING	R.O.C.	Female		✓		✓	-	Tire Valve		✓
HSU, HUAI-YUN	R.O.C.	Female	✓			✓	-	Business Management		✓
HSU, HAN-YUAN	R.O.C.	Male	✓			✓	-	Tire Valve		✓
YEN, MEI-YING	R.O.C.	Female		✓			(Note)	Finance	Accountant	✓
YEH, CHIH-MING	R.O.C.	Male		✓			4	Business Management		✓
WANG, SHIH MING	R.O.C.	Male		✓			1	Finance	Accountant	✓

Note: Independent Director Ms. YEN, MEI-YING possesses extensive financial and accounting experience as well as a CPA qualification, enabling her to provide professional advice on the Company's operational management. Although she has served as an independent director of the Company for more than three consecutive terms, her contributions to corporate governance and the enhancement of gender diversity on the board are evidently beneficial.

Nomination and selection

The company's Articles of Incorporation specify that the board elections adopt a candidate nomination system. The qualifications of nominees are carefully evaluated, ensuring compliance with the conditions set forth in Article 30 of the Company Act. This process is conducted in accordance with Article 192-1 of the Company Act. Nine directors shall be elected from the list of candidates at the shareholders' meeting, with each serving a term of three years. The standards for nomination and selection include the candidates' independence, professional background, and relevance to the company's operational development, while also taking into consideration the diversity of the board's composition.

Conflict of Interest Recusal

The Chairman of the Board does not hold any executive management positions within the Company. In addition, the Board Meeting Rules and the organizational charters of the functional committees include clear provisions on conflict of interest avoidance. If a Board proposal involves a director, their spouse, a relative within the second degree of kinship, or a company in which the director holds a controlling or subordinate relationship, the director is required to disclose the key details of the conflict of interest at the Board meeting. If there is a risk of harming the Company's interests, they must abstain and are not allowed to participate in the discussion and voting, and cannot act as proxies for other directors to exercise their voting rights. Directors' spouses, blood relatives within the second degree of kinship, or companies in a controlling subsidiary relationship with directors, those with conflicts of interest regarding the agenda items mentioned above are deemed to have personal interests in those matters. The names of the involved directors, the details of the conflict, and the circumstances of their recusal are all recorded in the meeting minutes.

Compensation Policy

Director remuneration is handled in accordance with the Company's Regulations for Director and Functional Committee Remuneration. After review by the Compensation Committee, proposals are submitted to the Board of Directors for resolution. Director remuneration includes fixed cash compensation, variable board compensation, meeting attendance fees, and reimbursement for business-related expenses (such as travel and special allowances). The company does not offer stock options, profit-sharing stock plans, retirement benefits, or severance payments to directors. Director remuneration is determined in accordance with individual participation and contribution and by referring to industry standards. In addition, if the Company achieves a profit in a given year, it shall allocate no more than 3% of its pre-tax profit as director remuneration in accordance with the Articles of Incorporation. For details on the 2024 director remuneration amounts and calculation basis, please refer to page 18 of the Company's 2024 Annual Report.

The remuneration system for senior management is proposed by the Compensation Committee and approved by the Board of Directors. The remuneration structure includes fixed salary, employee compensation and performance bonuses, as well as retirement and severance payments. The retirement and severance system follows the same regulations as those for all other employees, in accordance with the Labor Standards Act and relevant laws. For details on senior management compensation and pay range information for 2024, please refer to page 19 of the Company's 2024 Annual Report.

In 2024, the ratio of the annual total compensation of the highest-paid individual to the median of the annual total compensation for all other employees (excluding the highest-paid individual) was 6.18. The ratio of the percentage increase in the highest-paid individual's annual total compensation to the percentage increase in the median annual total compensation for all other employees was 13.69.

Details on the median and average salary of non-managerial employees in 2024, as well as the changes compared to the previous year, is shown below.

Non-supervisory Employees	2024	2023	Change Rate
Number of Employees (Persons)	46	32	43.75%
Median Salary (NT\$ Thousands)	490,000	466,000	5.15%
Average Salary (NT\$ Thousands)	441,000	430,000	2.56%

Note: Compensation ratios are calculated solely based on data from the Taiwan branch.

Ratios of standard entry level wage by gender compared to local minimum wage in 2024 is shown below.

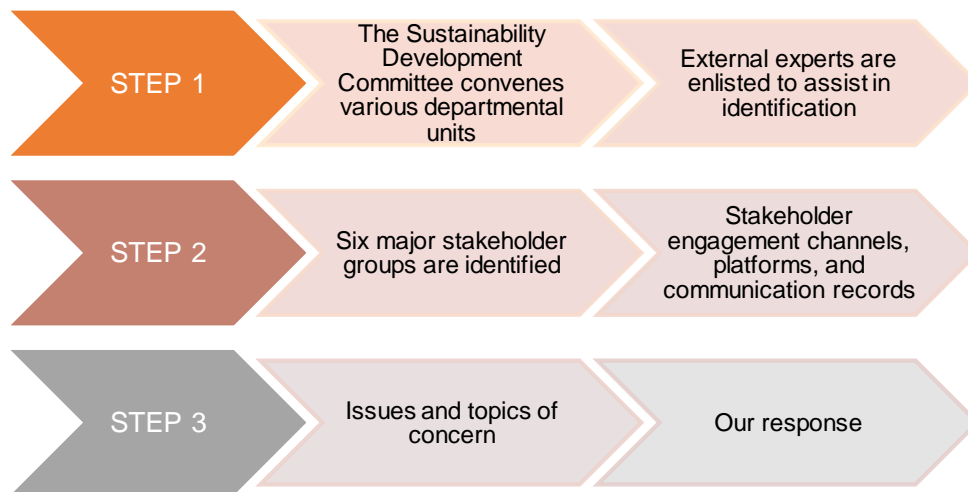
Ratio of Standard Salary to Local Minimum Wage	Taiwan	Xiamen	Kunshan	Indonesia
Male Junior Staff	1.13	2.04	1.00	1.00
Female Junior Staff	1.07	1.72	1.00	1.00

Note: Junior staff refers to "direct employees." The standard salary is the company's prescribed minimum salary (excluding overtime pay or other job-related allowances that vary in amount).

3. Stakeholder and Significant Issues

3.1 Stakeholder Engagement

LU HAI pursues sustainable operation and profitability under the principle of integrity, emphasizing various issues such as the environment, society, and corporate governance. Through various communication channels, we understand the concerns of stakeholders, which are then incorporated into the content of reports and serve as reference for setting future management policies and operational activities. Additionally, apart from assisting in planning short, medium, and long-term strategies for the company, this approach further creates value for stakeholders and promotes continuous internal and external communication, fostering mutual growth and advancing towards a better sustainable future.



To meet the expectations of all stakeholders and safeguard their rightful interests, which remains a top priority while enabling more effective communication with LU HAI's stakeholders, the Sustainable Development Committee convenes internal discussions with various departments regarding the stakeholders they engage with or impact through their operations. The Company refers to the five key principles of the AA1000 Stakeholder Engagement Standard (AA1000 SES 2015), Dependency, Responsibility, Urgency, Influence, and Diverse Perspectives, to identify groups or organizations that significantly affect or are affected by the Company. Following this identification process, the directly related stakeholder groups have been classified into six main categories: investors/shareholders, customers, suppliers, employees, communities, and government agencies.

In order to understand and respond to stakeholder concerns, the Company offers multiple communication channels to facilitate effective engagement and dialogue with its stakeholders. A dedicated stakeholder section on its website maintains open communication channels with stakeholders (including shareholders and investors, customers, suppliers, employees, communities, and government agencies) and respects and maintains their legitimate rights and interests. Contact information is also provided on the Market Observation Post System for stakeholders to reach out through designated personnel, fax, email, and other means to address important issues of concern.

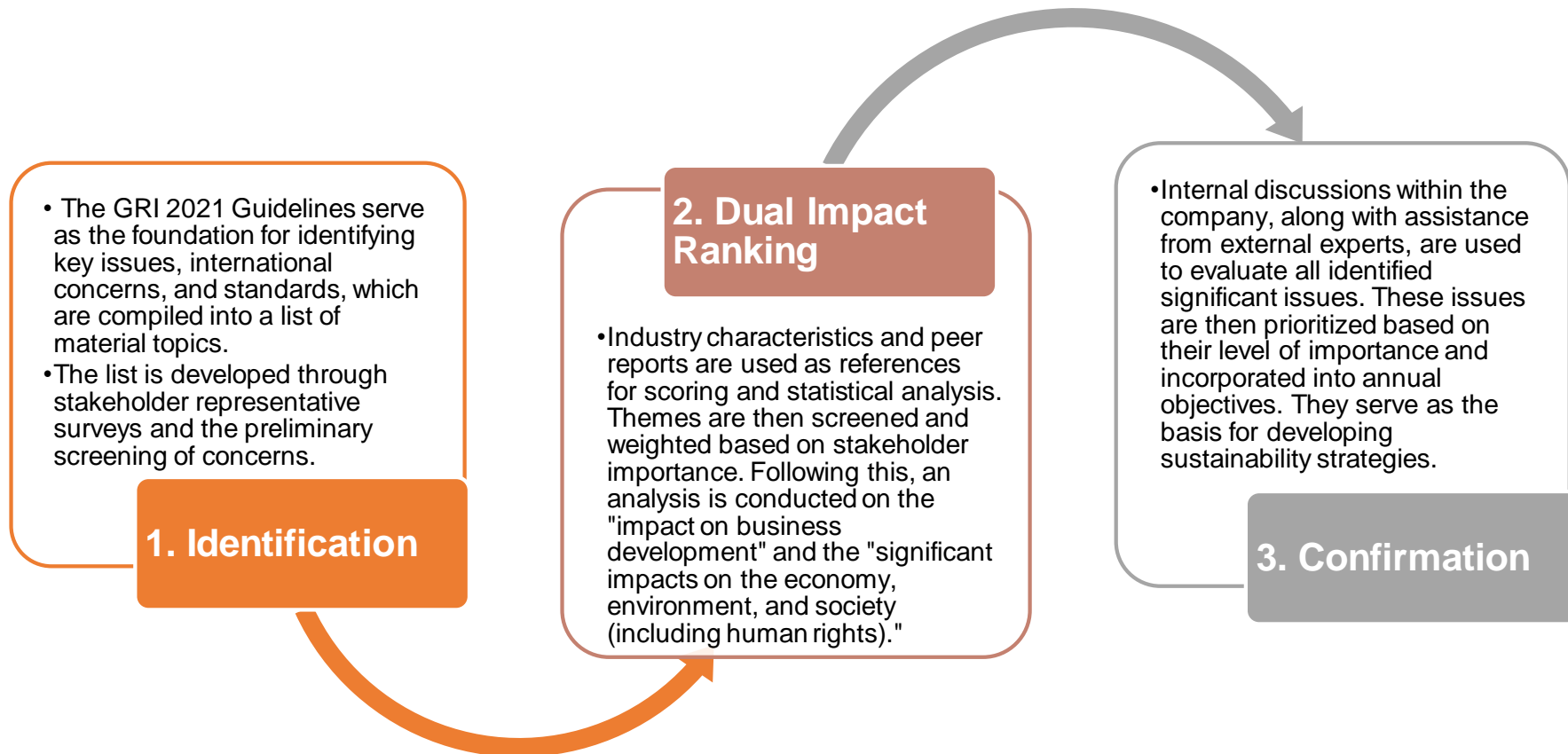
Stakeholder Concerns, Communication Channels, and Effectiveness

Stakeholders	Significance of Stakeholders to the Company	Key Issues of Concern	Communication and Response Methods	Effectiveness of Communication
Shareholders and Investors	<ul style="list-style-type: none"> Shareholders and investors are vital supporters of the company's survival and development. Through their financial investments and oversight of corporate governance, they enable the company to sustainably grow and thrive. The social evaluation of the company by shareholders and investors can impact fluctuations in stock prices. 	<ul style="list-style-type: none"> Company's operational performance Dividend policy Industry outlook 	<ul style="list-style-type: none"> Corporate Presentations Spokesperson Communication Company Website Market Observation Post System Shareholder Meetings 	<ul style="list-style-type: none"> Hosting one annual General Shareholders' Meeting. Conducting one Corporate Presentation event. Regularly disclosing financial and business information on both the Market Observation Post System and the company website. Having designated spokespersons and deputy spokespersons to promptly address investor inquiries and concerns. Publishing the ESG report on both the Market Observation Post System and the company website.
Customers	<ul style="list-style-type: none"> LU HAI fulfills customer orders and improves products to provide consistently high-quality goods while establishing effective communication channels. We gradually implement environmental sustainability measures, collaborating with customers to enhance green initiatives, creating a win-win situation for both parties. Customer quality requirements also influence the company's technological research and development and quality management. 	<ul style="list-style-type: none"> Products and Services Quality and Delivery Time Customer Privacy Customer Satisfaction Survey 	<ul style="list-style-type: none"> Customer Audit Customer Meetings Satisfaction Questionnaire Survey Email/Phone Participation in Exhibitions 	<ul style="list-style-type: none"> Conduct annual important customer satisfaction surveys once. Disclose the latest product technologies on the company website. Participate in important customer technical forum presentations and present technical research and development achievements. Regularly attend customer-supplier conferences annually. Collaborate with customers on product, environmental, and labor rights requirements and audits, jointly mitigate related risks, and commit to continuously improving ESG practices.
Suppliers	<ul style="list-style-type: none"> Suppliers and LU HAI have a symbiotic and mutually beneficial partnership. Excellent suppliers provide high-quality and stable raw 	<ul style="list-style-type: none"> Supply Chain Management 	<ul style="list-style-type: none"> Procurement Contracts Visits and Meetings Supplier Evaluation 	<ul style="list-style-type: none"> Supplier Evaluation for 450 suppliers. Periodic supplier audits are conducted.

Stakeholders	Significance of Stakeholders to the Company	Key Issues of Concern	Communication and Response Methods	Effectiveness of Communication
	materials to meet the production deadlines and quality requirements of end customers.	<ul style="list-style-type: none"> Ensuring Continuous and Smooth Supply 		<ul style="list-style-type: none"> 237 suppliers have signed sustainability commitment agreements, accounting for 98.44% of the total procurement amount.
Employees	<ul style="list-style-type: none"> Employees are the most valuable assets of a company and are also a crucial key to operational success. LU HAI adheres to the principle of employing the right person for the right job, allowing employees to work with peace of mind, fully showcase their expertise, and unleash their potential to achieve the company's sustainable business goals. 	<ul style="list-style-type: none"> Employee Rights Compensation and Benefits Labor Relations Environmental Safety and Health 	<ul style="list-style-type: none"> Employee Welfare Committee Labor-Management Meetings Email 	<ul style="list-style-type: none"> The Taiwan Branch held the Employee Welfare Committee meeting five times. In 2024, over 400 employee training sessions were conducted, totaling 9,600 hours of training with 7,138 participants. Monthly supervisor meetings were convened to review the company's operational status. There were zero complaints received via telephone or mail from employees.
Community	<ul style="list-style-type: none"> LU HAI upholds the spirit of taking from society and giving back to society by actively contributing to the community. We spare no effort in caring for the neighborhoods and local groups, providing job opportunities, and maintaining friendly relations with the community. 	<ul style="list-style-type: none"> Environmental Issues Social Welfare 	<ul style="list-style-type: none"> Company Website Email/Phone Participation in Activities 	<ul style="list-style-type: none"> The Company engaged in charitable donations, emergency relief, and community sponsorships. In 2024, the Taiwan branch recorded a 91.3% participation rate in the Tianzhong Marathon. 71.8% of top management positions are filled by local residents.
Government Agencies	<ul style="list-style-type: none"> Government agencies serve as important indicators and guides for corporate development and market expansion. Adhering to and responding to government regulations is a fundamental principle of business operations 	<ul style="list-style-type: none"> Corporate Governance Regulatory Compliance 	<ul style="list-style-type: none"> Company Website Market Observation Post System Official Correspondence 	<ul style="list-style-type: none"> The company provides relevant reports and responds to inquiries regularly as required by government regulations.

3.2 Process for Determining Material Topics

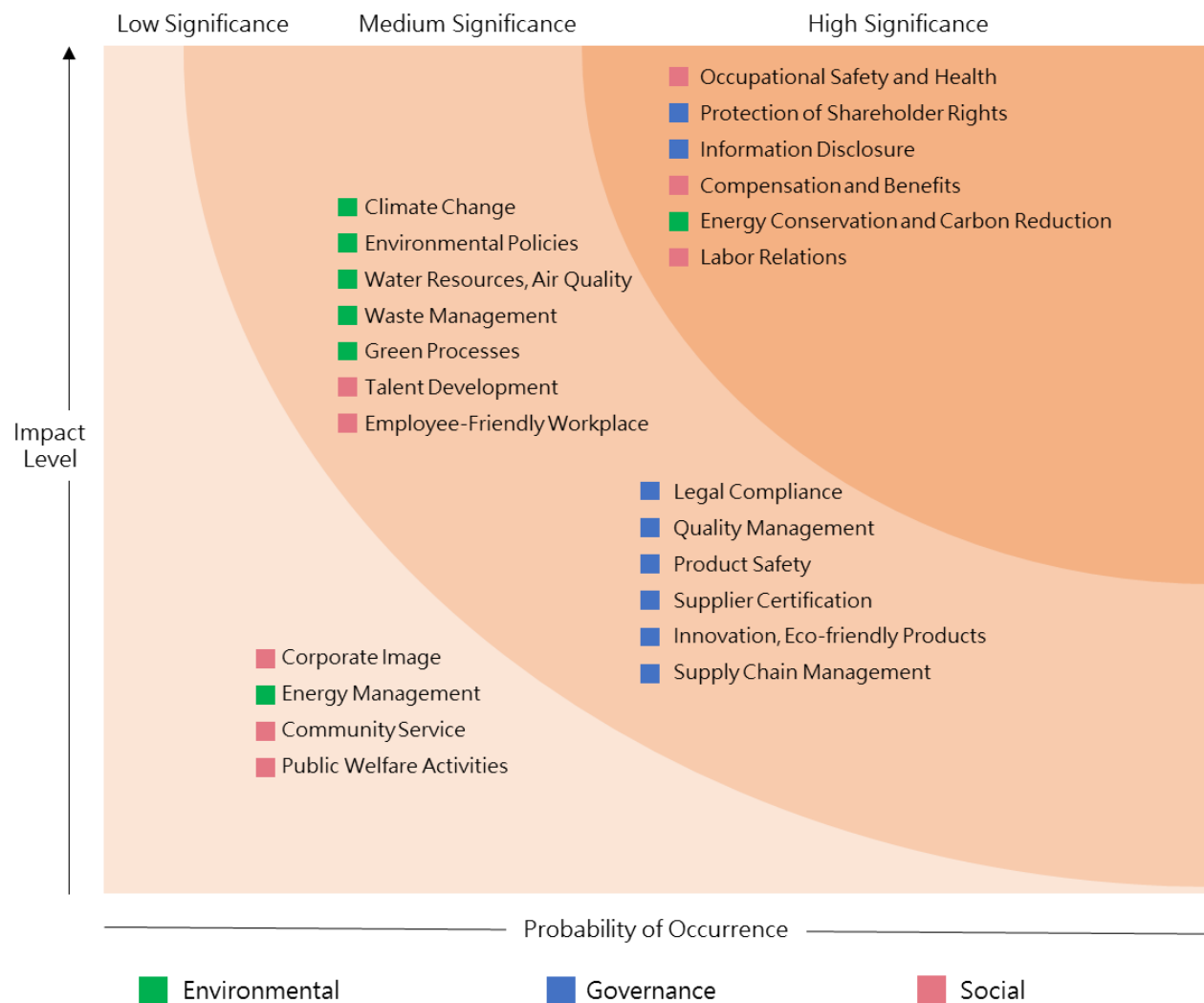
The Company refers to the four core principles of accountability under AA1000: Materiality, Inclusivity, Responsiveness, and Impact. Following the GRI 3: Material Topics 2021 standard, a further assessment is conducted on the significance of impacts related to economic, environmental, and human rights aspects. This impact assessment evaluates how material topics affect corporate development, performance, positioning, and company value, as well as the extent of the Company's organizational activities on the environment and society (including human rights). The frequency of conducting significant issue analysis is once every three years, with the next analysis scheduled for 2025. During this period, annual reviews and discussions will be conducted, and feedback and suggestions from stakeholders will be collected and addressed through various communication channels. The implementation is as follows:



3.3 List of material topics

The analysis of significant issues involves plotting them on a graph with "Impact on Business Development (Probability of Occurrence)" on the X-axis and "Significant Economic, Environmental, and Social Impacts including Human Rights (Degree of Impact)" on the Y-axis. Issues falling into the quadrant of high importance are categorized as significant issues. Through this process, 29 stakeholder sustainability issues have been identified, and after further internal discussion and assessment of their impact, 12 issues with higher potential impact have been prioritized.

- 1 Customer Service
- 2 Corporate Governance
- 3 Integrity Management
- 4 Internal Controls
- 5 Risk Management
- 6 Business Performance
- 7 Occupational Safety and Health
- 8 Protection of Shareholder Rights
- 9 Information Disclosure
- 10 Compensation and Benefits
- 11 Energy Conservation and Carbon Reduction
- 12 Labor Relations



3.4 Management of material topics

In response to the impact characteristics of each material topic, the Company establishes appropriate policies and management practices. The following sections detail the management measures corresponding to each material topic:

Aspect	Significant Issues	Stakeholders	Corresponding GRI	Corresponding Sections
Environmental	Energy Conservation and Carbon Reduction	Shareholders and Investors	301 Materials 302 Energy 305 Emissions 306 Effluents and Waste	6.2 Greenhouse Gas Management 6.3 Energy Resource Management 6.4 Waste Management 6.5 Pollution Prevention and Control
Social	Occupational Safety and Health	Employees	403 Occupational Health and Safety	5.2 Occupational Health and Safety
	Compensation and Benefits	Employees	General Disclosures 401 Employment	2.3 The Board of Directors and its Functional Committees 5.1 Employee Development
	Labor Relations	Employees	401 Employment 405 Diversity and Equal Opportunity	5.1 Employee Development
Governance	Corporate Governance	Government Agencies	General Disclosures	4.3 Integrity Management
	Internal Controls	Shareholders and Investors	General Disclosures	4.5 Risk Management
	Risk Management	Shareholders and Investors	General Disclosures	4.5 Risk Management
	Protection of Shareholder Rights	Shareholders and Investors	General Disclosures 201 Economic Performance	3.1 Stakeholder Engagement 4.1 Economic Performance
	Information Disclosure	Shareholders and Investors	General Disclosures	3.1 Stakeholder Engagement
	Customer Service	Customers	General Disclosures 416.Customer Health and Safety 417 Marketing and Labeling 418 Customer Privacy	4.6 Information Security and Customer Privacy Protection 4.8 Industry Innovation and Value Chain Integration
	Integrity Management	Customers/Suppliers	General Disclosures 205 Anti-Corruption 206 Anti-Competitive Behavior	3.1 Stakeholder Engagement 4.3 Integrity Management
	Business Performance	Customers/Suppliers	201 Economic Performance	4.1 Economic Performance 4.2 Tax

Short, Medium, and Long-Term Goals

LU HAI Group regards sustainable development as an integral part of its business decision-making process and is committed to deeply embedding sustainability principles into corporate governance and daily operations. While continuously enhancing the Group's overall business value, we also actively strengthen our ESG governance structure and management capabilities, striving toward the goal of long-term sustainable operation.

In identifying significant sustainability issues, we utilize the principle of double significance and engage with stakeholders to integrate our core capabilities. Based on the identification results, our goals are focused on 12 significant issues. Our short-term goal, set for 2026, continues our commitment to the environment and society. In the future, leveraging LU HAI's core capabilities and team, we aim to bring about positive and proactive changes for humanity and the environment, enhancing LU HAI's green competitiveness and creating shared value with society.

Aspect	Significant Issues	Short-Term Goals	Medium and Long-Term Goals
Environmental	Energy Conservation and Carbon Reduction	<ul style="list-style-type: none"> ● Resource classification, recycling, and promotion of paperless initiatives. ● Continue to implement the ISO 14064-1 greenhouse gas inventory system and obtain third-party verification. ● Annual reduction of greenhouse gas emissions by more than 1%. Annual reduction of greenhouse gas emissions by more than 1%. 	<ul style="list-style-type: none"> ● Increase in green energy generation, green certificates, and circular economy products. ● Implementation and promotion of ISO14067 product carbon footprint management system. ● Implementation of ISO 50001 to strengthen energy management. ● Alignment with Taiwan's 2050 net-zero emission pathway and strategy.
		<ul style="list-style-type: none"> ● Maintain the effectiveness of the ISO 45001:2018 occupational health and safety management system. ● Establish a friendly workplace environment to ensure the safety and health of workers. ● Enhance employees' knowledge of safety and health to achieve no more than 5 work-related accidents per year. 	<ul style="list-style-type: none"> ● Enhance employees' knowledge of safety and health to achieve and maintain the goal of zero accidents. ● Contractor safety operations to achieve 100% safety promotion.
Social	Occupational Safety and Health Compensation and Benefits Labor Relations	<ul style="list-style-type: none"> ● Continuously require all employees to complete and sign the "Employee Integrity Operation Statement" at 100%. 	<ul style="list-style-type: none"> ● Continuously improve corporate governance and stable profitability.
Corporate Governance	Corporate Governance Internal Controls		

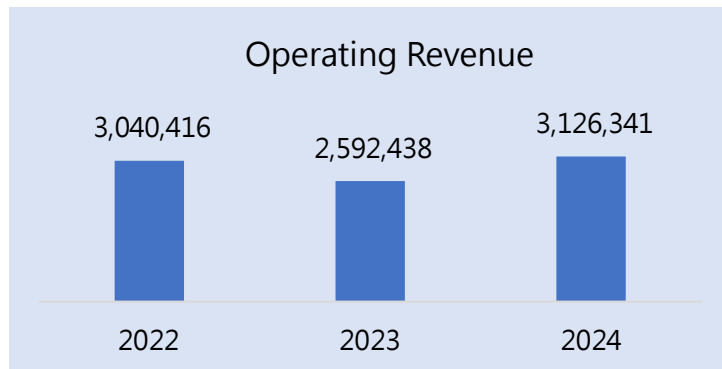
Aspect	Significant Issues	Short-Term Goals	Medium and Long-Term Goals
	Risk Management Protection of Shareholder Rights Information Disclosure	<ul style="list-style-type: none"> ● Continuously maintain zero violations of the code of ethics and integrity violations. ● Continuously communicate with stakeholders to protect their rights, make operations more efficient and effective, and implement corporate governance mechanisms. 	<ul style="list-style-type: none"> ● Continuously maintain zero violations of the code of ethics and integrity violations. ● Ensure that 100% of new suppliers sign the Supplier Code of Conduct.
	Customer Service Integrity Management Business Performance	<ul style="list-style-type: none"> ● Continuously develop new customers, certify new products, and optimize quality. ● Comply with quality-related certifications and standards to ensure no violations of health and safety regulations for products and services. ● Increase employee awareness and participation in quality and safety. ● Continuously expand the diversity of products and services to meet the needs of different customer groups. ● Actively invest resources in promoting technological upgrades and applying advanced technology to production and operations to increase production efficiency, reduce costs, and enhance competitiveness in the market. 	<ul style="list-style-type: none"> ● Become a leader in product quality and safety within the industry and gain industry recognition accordingly. ● Achieve a customer satisfaction score of over 90 by continuously improving the quality of products and services. ● Cultivate a high-quality quality and safety management team to ensure the enhancement of relevant professional capabilities within the company.

4. Governance

4.1 Economic Performance

4.1.1 Financial performance

Unit: NT\$ Thousand



In 2024, LU HAI's consolidated revenue reached NT\$3,126,341 thousand, with operating profit of NT\$322,764 thousand and net profit after tax of NT\$213,516 thousand. Throughout 2024, as the bicycle industry continued

inventory destocking and the related supply chain gradually recovered, product demand rebounded, leading to growth in sales volume of bicycle valve stems. Benefiting from the recovery of global trade and the acquisition of new customers, sales volumes of motorcycle and electric scooter valve stems steadily increased. With the revival of the automotive industry, rising safety awareness, and increased customer demand, sales volumes of truck and automobile valve stems also grew, contributing to overall growth in revenue and profitability in 2024. However, LU HAI pursues "steady management" as its long-term development goal and maintains a sound and stable financial structure for the group. As a result, the Company's financial structure, debt servicing capacity, and profitability remain at solid and stable levels. In 2024, we did not make any political contributions and received approximately NT\$40.704 million in financial subsidies from various local governments.

Year	2022	2023	2024
Operating Revenue	3,040,416	2,592,438	3,126,341
Operating Costs	2,375,840	2,059,829	2,433,642
Gross Profit	664,576	532,609	692,699
Operating Expenses	330,572	343,121	369,935
Operating Profit	334,004	189,488	322,764
Net Profit Before Tax	350,384	325,750	346,258
Income Tax Expense	123,523	150,722	132,742
Net Profit After Tax	226,861	175,028	213,516
Employee Salaries and Benefits	552,318	555,522	612,028
ROE (Return on Equity)	7.57%	5.77%	6.78%
EPS (Earnings Per Share) (NT\$)	2.28	1.76	2.05
Debt-to-Asset Ratio (%)	37.58%	36.01%	33.79%
Current Ratio (%)	275.44%	245.71%	301.16%
Quick Ratio (%)	209.04%	187.50%	218.82%

4.1.2 Revenue Breakdown

LU HAI's primary production bases are in China and Indonesia. In recent years, the company has continuously expanded its scale in Indonesia, with its revenue share from this region now exceeding 20%. The increase in safety awareness and mandatory regulations have led to higher market penetration for aftermarket (AM) tire pressure monitoring systems (TPMS). Additionally, securing long-term original equipment (OE) market orders from international clients has boosted the revenue share of TPMS valve stems, providing significant momentum for LU HAI's operations.

Unit: NTD Thousands; %

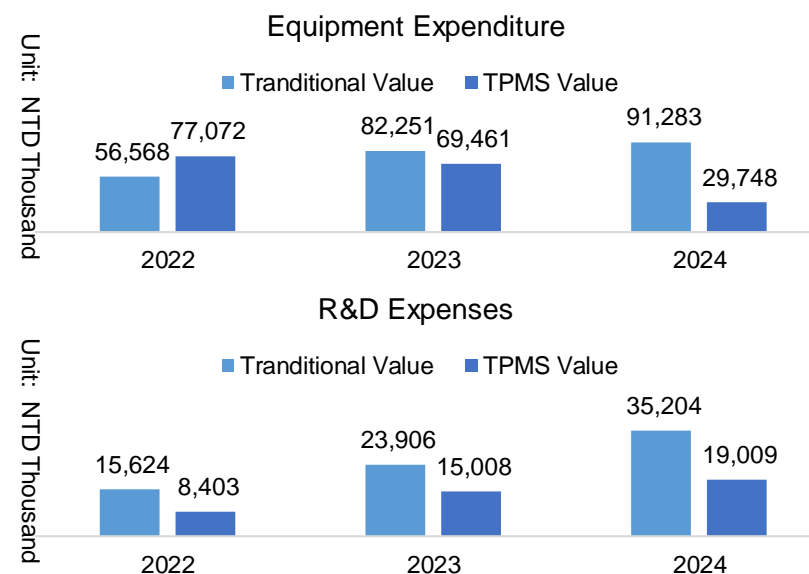
Major products\Year	2023		2024	
	Sales amount	%	Sales amount	%
Bicycle class	363,203	14.01%	578,225	18.50%
Motorcycle and electric scooter class	741,767	28.61%	821,435	26.27%
Passenger car, truck and off-the-road vehicles class	904,261	34.88%	1,060,671	33.93%
Accessories and other	583,207	22.50%	666,010	21.30%
Total	2,592,438	100.00%	3,126,341	100.00%

Unit: NTD Thousands; %

Region\Year	2023		2024	
	Sales amount	%	Sales amount	%
China	1,228,901	47.40%	1,557,300	49.81%
Indonesia	631,163	24.35%	725,587	23.21%
Other Regions	732,374	28.25%	843,454	26.98%
Total	2,592,438	100.00%	3,126,341	100.00%

4.1.3 Equipment Expenditure and R&D Expenses

In recent years, LU HAI has been continuously investing in automation equipment to save labor and improve production efficiency, in line with fulfilling OE orders from international TPMS customers. In 2021, the company also took significant steps towards environmental sustainability by investing heavily in pollution control equipment, resulting in a substantial increase in equipment expenditure. Furthermore, LU HAI's R&D focus remains on continuous process improvement, promoting automation, and developing new technologies to save labor and reduce costs, while persistently aiming for energy conservation and carbon reduction. The TPMS R&D team has been actively developing new products in recent years, and the benefits of these efforts are beginning to show in the company's revenue growth.



4.2 Tax

LU HAI adheres to tax regulations and legislative intent, fulfilling tax obligations diligently and establishing tax policies for compliance.

4.2.1 Tax Policy

1. We comply with all tax laws and their legislative intent in the jurisdictions where we operate, ensuring timely filing and payment of taxes.
2. Tax disclosures are handled according to relevant regulations and standards, ensuring transparency in our financial reporting.
3. All major corporate decisions take into account the tax implications.
4. We analyze the operational environment and use management mechanisms to assess and manage tax risks.
5. We strive to build relationships based on mutual respect and trust with tax authorities, ensuring transparency and cooperation in all tax matters.

4.2.2 Tax Governance, Control, and Risk Management

1. LU HAI's Finance Department personnel are responsible for tax governance and daily tax administration. To assist the company in fulfilling its tax obligations, LU HAI also leverages the professional services provided by external tax advisory firms.
2. LU HAI's Board of Directors entrusts the Audit Committee with the supervision of the quality and integrity of the company's accounting, auditing, financial reporting processes, and financial controls. The Committee regularly reviews significant matters including accounting policies and procedures, internal control systems, legal compliance, and corporate risk management, with tax compliance being a crucial part of legal compliance.
3. LU HAI operates mainly in China, Indonesia, and the Republic of China (Taiwan). In conducting and expanding its business in these regions, LU HAI adheres to the tax regulations of each operational jurisdiction. Adverse changes in tax laws and regulations can increase the company's effective tax rate and negatively impact operating performance. To manage tax risks effectively, LU HAI continuously monitors significant tax policy and regulatory changes in the countries where it operates. By utilizing various channels, the company ensures early preparation and prevention measures. It evaluates and manages tax risks arising from regulatory changes and business activities, ensuring proper assessment, management, and control of these risks.

4.2.3 Stakeholder Engagement and Management of Tax-Related Issues

1. Intercompany transactions within LU HAI are conducted based on the arm's length principle and comply with the internationally recognized Transfer Pricing Guidelines published by the Organization for Economic Cooperation and Development (OECD).

2. LU HAI's transfer pricing practices are executed in accordance with the 'Regulations for the Management of Related Party and Intragroup Transactions'. The company's financial reporting is transparent, and tax disclosures are handled in compliance with relevant regulations and standards, ensuring adherence to tax laws.

4.2.4 Effective Tax Rate

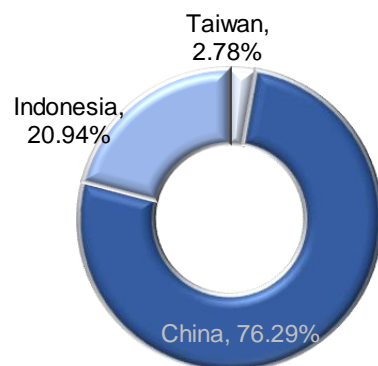
1. LU HAI is headquartered in Changhua County, Taiwan. As the Company expanded its operations, manufacturing and business locations were established in Xiamen and Kunshan in China, as well as Indonesia. In 2024, the statutory corporate income tax rates in these jurisdictions were 25% in China, 22% in Indonesia, and 20% in Taiwan. LU HAI and its subsidiaries comply with the local tax laws in all operating locations. The

Year	2022	2023	2024
Net Profit Before Tax (A)	350,384	325,750	346,258
Income Tax Expense (B)	123,523	150,722	132,742
Effective Tax Rate (B)/(A)	35.3%	46.3%	38.3%

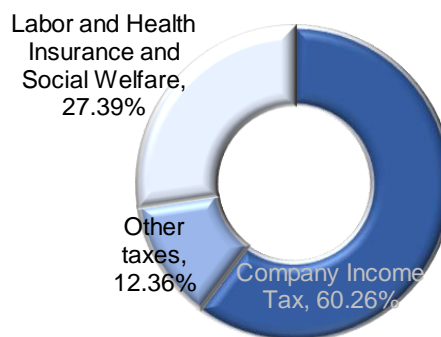
Company's major invested subsidiaries have continued to generate stable profits and, in accordance with operational plans, remit earnings back to the parent company. Including the 10% withholding tax on remitted earnings (mainly in China) and additional taxes on undistributed earnings, LU HAI's consolidated income tax expense for 2024 amounted to NT\$133 million, resulting in a consolidated effective tax rate of 38%.

2. Table: LU HAI's Tax Contribution by Region

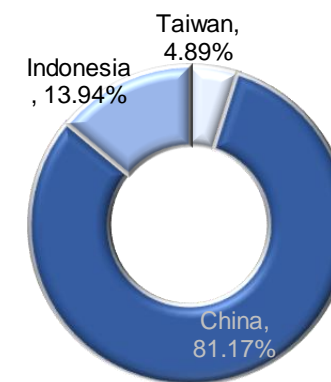
The proportion of actual income tax paid in each region



The proportion of various taxes (by item)



The proportion of various tax (by country)



4.3 Integrity Management

The Company has established several policies and guidelines to promote integrity management, including the "Principles of Integrity and Ethical Management," "Ethical Corporate Management Operational Procedures and Guidelines," "Code of Conduct," and "Regulations Governing the Prevention of Insider Trading Management." The above integrity management policies have all been approved by the Board of Directors before implementation. Guided by the principles of integrity, transparency, and accountability, LU HAI has adopted an integrity-based management policy and established robust corporate governance and risk control mechanisms, aiming to create a sustainable business environment for long-term development.

The Company has also established internal control and internal audit systems, which are executed by the audit unit. Key business activities are designated as audit priorities, and any instances of fraud or inappropriate conduct are handled immediately in accordance with relevant regulations. To ensure transparency in financial and internal operations, the Company has established accounting systems for compliance by accounting personnel. The Company also conducts regular internal audits, reporting audit findings to the Audit Committee and the Board of Directors.

Regarding conflict of interest avoidance, the company has established clear provisions within the Rules of Procedure for Board Meetings. Directors are required to disclose the key details of any conflict of interest they or the legal entities they represent may have in relation to meeting agenda items. If the matter poses a potential risk to the Company's interests, the director must refrain from participating in both discussion and voting and must also recuse themselves from acting as a proxy for other directors in the vote. Additionally, if a director's spouse, a relative within the second degree of kinship, or a company in a controlling or subordinate relationship with the director has an interest in the matter, the director is deemed to have a personal interest in the case.

Identity	Implementation Content
Directors and All Employees of the Company	<ul style="list-style-type: none"> On the day of appointment, the company will send an email containing the "Internal Shareholder Brochure" to newly appointed directors and managers. It complies with related laws to inform the new managers and notifies the stock agency on the same day to report relevant information about the new internal personnel. Irregularly send emails with the document "Common Patterns of Violations of Securities and Exchange Act in Internal Shareholding Changes" to urge internal personnel to handle equity changes in accordance with the law. Irregular emails to the dedicated mail and hotline for complaints and reports set up for company employees and outsiders in accordance with the Gender Equality Law, the Code of Integrity and related methods and laws.
Directors of the Company	<ul style="list-style-type: none"> The company requires all directors to sign the "Statement of No Violation of Principles of Integrity and Ethical Management" upon appointment, achieving 100% completion.

All Employees	<ul style="list-style-type: none"> During biannual performance assessments, the company integrates integrity compliance into employee performance evaluation criteria.
New Employees, Suppliers	<ul style="list-style-type: none"> The company requires all new employees to sign the "Integrity Management Statement", and 100% of the signing was completed in 2024. The company regularly assesses whether suppliers have violated integrity. No violations by suppliers in 2024.

4.4 Communication Channels and Complaint Mechanisms

The company adheres to Integrity Management as the cornerstone of its business conduct. We continuously strengthen corporate governance by establishing essential regulations that explicitly prohibit behaviors such as corruption, bribery, and unfair competition. Additionally, we have established channels for reporting, including employee complaints and disclosures from customers and suppliers. These reporting methods are disclosed on the company website under the section dedicated to stakeholders. The Administration Department is responsible for integrity management and handles these matters with dedicated personnel. We strictly maintain confidentiality for all reported cases and handle them with care to protect the privacy of the whistleblowers.

In 2024, the company did not receive any reports of violations of ethical standards or integrity issues

IR & PR Contact Person

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Stock Transfer Agent

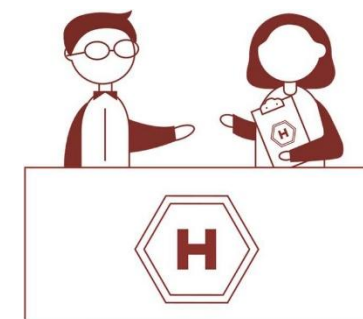
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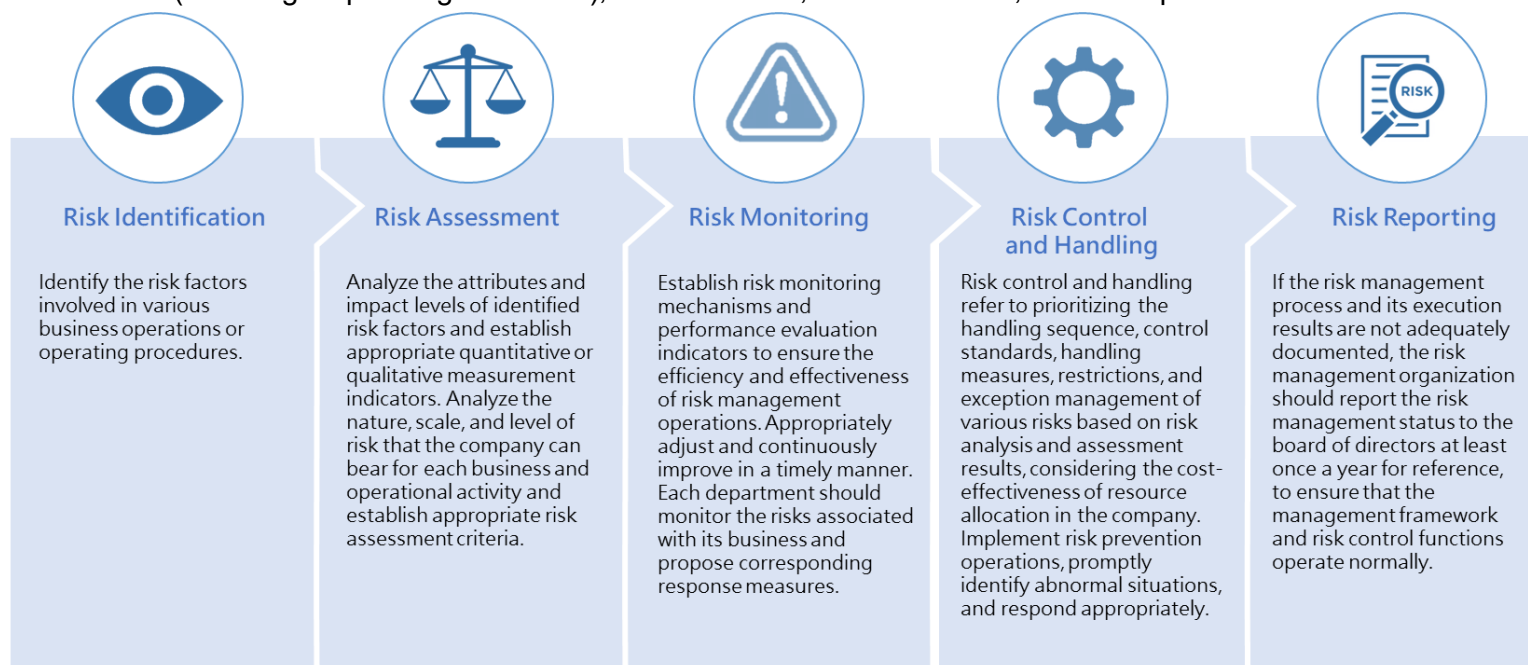
4.5 Risk Management

4.5.1 Risk Management Mechanism

The Company adopts a preventive approach to risk management, not only establishing a rigorous internal control system in accordance with legal requirements but also conducting regular and ad-hoc audits through the internal audit unit to ensure compliance and proper implementation. In addition, to effectively manage and mitigate potential risks, the Company obtained Board approval in 2025 for the implementation of the Risk Management Policy and Procedures. The Company reports on its risk management status to the Board of Directors at least once a year. To ensure the Company and its subsidiaries uphold corporate sustainability, LU HAI adheres to organizational management systems and internal control frameworks at all levels, effectively managing risks associated with operational processes. With active Board-level involvement and systematic management, the Company is committed to assessing the potential impact of various risks on business operations, implementing robust risk management practices, achieving sustainable operational goals, and safeguarding stakeholder interests. LU HAI's risk management framework covers economic (including corporate governance), environmental, and social risks, in full compliance with relevant laws and regulations, with a structured process for risk assessment, response, and monitoring of significant risk impacts

For major crisis events involving multiple departments or sites, the General Manager or an appointed representative is responsible for overall command and coordination. This ensures that response actions are swift and effective, minimizing potential impacts on operations.

Each department follows the risk management procedures, which



cover risk identification, risk assessment, risk monitoring, risk response and mitigation, as well as risk reporting and disclosure. This comprehensive approach ensures a full understanding of risk categories and the implementation of appropriate response measures, enabling effective risk management.

Internal Control System

The Audit Office of the company is directly under the Board of Directors and is responsible for matters related to internal control. The audit supervisor attends the meetings of the Board of Directors and the Audit Committee to report on audit-related matters. Significant subsidiaries within the group also have audit offices under their respective Boards of Directors, with dedicated audit personnel responsible for matters related to the internal control system.

The formulation and amendment of the Company's Internal Control System are subject to approval by the Audit Committee and resolution by the Board of Directors. For major subsidiaries within the Group, the formulation and amendment of their respective Internal Control Systems are carried out upon resolution by their Boards of Directors. The audit supervisor reports the "Annual Audit Plan" and its execution results to the Audit Committee and issues an "Internal Control System Statement." The company's "Annual Audit Plan" is approved by the Audit Committee before being submitted to the Board of Directors for resolution. Any deficiencies and anomalies in internal control are tracked for improvement on a quarterly basis.

Item		2022	2023	2024
1. Annual Audit Plan and Implementation Status	Abnormal Follow-up and Improvement Recommendations	None	None	None
	Audit Report - Monthly Submission to Audit Committee	Yes	Yes	Yes
2. Internal Control System Self-Assessment	Frequency of Self-Assessment by Departments (at least once a year, same for subsidiaries)	V	V	V
	Date of Board Approval of Internal Control System Statement	2023.3.14	2024.3.12	2025.3.11
3. Audit Supervisor's Reports and Communication with Independent Directors	Frequency of Board Meetings	5	5	6
	Frequency of Audit Committee Meetings	5	5	5
	Communication Meetings with Audit Committee	1	2	2
4. Subsidiary Supervision	Annual audit plans include four major cycles for each significant subsidiary, with at least one on-site audit per year.	Note 1	V	V
5. Educational Training	Audit Supervisor/Audit Staff: 12 hours per person per year	V	V	V
6. Audit Reporting	Annual audit plans, audit staff roster and training hours, audit plan implementation, internal control statement, and improvement of internal control deficiencies	V	V	V
7. CPA Audit of Internal Control System - No Significant Deficiencies		V	V	V
8. Exchange's Internal Control System Review - Improvement of Abnormal Deficiencies		None	None	None

Note 1: During the pandemic period from 2020 to 2022, overseas travel for on-site audits was not possible. However, tasks were still completed using various alternative methods.

4.5.2 Regulatory Compliance

There were no significant regulatory non-compliance incidents reported by the Company in 2024.

4.6 Information Security and Customer Privacy Protection

4.6.1 Information Security Management

Information Security Risk Management Framework

In terms of information security, the company ensures the confidentiality, integrity, and availability of important company information in accordance with the control procedures related to computerized information processing systems under Article 9 of the Regulations Governing Establishment of Internal Control Systems by Public Companies. The company has established the Regulations Governing the Management of Information Security by referring to the Information Security Control Guidelines for Listed and Over-the-Counter Companies, and has appointed dedicated security supervisors and personnel to enhance the company's information security.

The General Manager of the company forms an information security team while the top executive of the company's IT Department or other department supervisors with relevant information security knowledge serves as the dedicated security supervisor. Appropriate personnel are assigned as dedicated security personnel to promote, coordinate, supervise, and review information security management matters. The security team is responsible for implementing the company's information security plan.

The company's internal control system includes regulations related to information security, which are periodically or irregularly audited for continuous improvement to provide an environment for information systems that is secure and operationally uninterrupted.

Information Security Policy and Objectives

The company's information security policy and objectives, proposed by the security team, are approved by the General Manager and regularly reviewed. They are effectively communicated to employees to emphasize their importance. To maintain the confidentiality, integrity, and availability of the company's assets, as well as safeguard the security of user data privacy, all employees are committed to achieving the following objectives:

Protect the information security of the company's research and development, business, production, finance, personnel, etc., ensuring that information is

accessed only by authorized personnel to maintain its confidentiality.

Safeguard the information security of the company's research and development, business, production, finance, personnel, etc., preventing unauthorized modifications to ensure accuracy and integrity.

Ensure that the implementation of the company's various operations, production, finance, personnel, etc., complies with relevant regulatory requirements

Information Security Project Achievements This Year

To address the company's information operations environment, including computer systems, networks, data, equipment, personnel, antivirus, and anti-hacking measures, the company has integrated these aspects into a comprehensive security management mechanism. This includes establishing prevention and emergency response measures and regularly promoting information security awareness to ensure the safety of the company's information operations. The company has defined relevant information policies and regulations, including the Regulations Governing the Management of Electronic Data and the Regulations Governing the Management of Information System Major Disaster Emergency Response.

For various information risks, such as device management, hardware protection, internet and mobile security, the company has planned management measures to improve and enhance the security and protection of its networks and information systems. In January 2025, the company executed a disaster recovery drill for its business continuity plan. This drill ensures that, in the event of a disaster affecting normal operations, the company can quickly restore order and resume operations. The drill outlined the necessary resources, steps, and systems required to resume operations, along with advance preparations for potential disasters, ensuring uninterrupted business continuity. The drill was conducted using an offline recovery method, and the recovery was successful.

[In 2024, the company reported zero major information security incidents and no losses due to information security breaches.](#)

4.6.2 Customer Privacy Protection

LU HAI maintains a long-term focus on the cooperative relationship between the company and its customers, adhering to confidentiality agreements established by both parties. Each year, the validity of contracts is reviewed to confirm their effectiveness. In 2024, confidentiality agreements were still signed with customers, with no violations reported. Concerning customer privacy or data management, LU HAI pays attention to confidentiality clauses with customers, maintaining the confidentiality of customer intellectual property. Additionally, measures are taken to prevent the leakage of customer confidential information or personal data through compliance with the Cyber Security Management Act.

In 2024, the Company experienced no cases of customer confidential information, privacy, or personal data leakage.

4.7 Participation of Public Associations and Non-Profit Organizations

By engaging with industry associations and interacting with members of these associations, LU HAI enhances its understanding of industry trends, market information, and government regulations. This also strengthens cooperation with other enterprises, ensuring the company keeps pace with new technological developments while simultaneously enhancing its brand image and market visibility.

Plant	Association Name	Role
Taiwan Branch	Changhua County Fire Department	Consultant
	Changhua County Friends of the Police Association Tianzhong Office	Member
	N. Generation	Member
	Taiwan Rubber & Elastomer Industries Association (TREIA)	Member
	New Homeland of Spinal Cord Injury	Consultant
	Taiwan's Rice Heaven – Tianzhong Marathon	Member
	Association of Sustainable Social Enterprise of Taiwan (ASSET)	Member
PT. LUHAI	Tanggungjawab Sosial Perusahaan (TSP) Tingkat Kabupaten Serang	Member
	Asosiasi Pengusaha Indonesia (APINDO) Kabupaten Serang	Member
	Serikat Pekerja Nasional (SPN) PT. LUHAI Industrial	Member
KUNSHAN LUHAI	Kunshan General Union	Member
	Kunshan Taiwanese Compatriots Investment Enterprises Association	Director and Supervisor
	Chinese Cycling Association	Member

Plant	Association Name	Role
XIAMEN XIAHUI	China Rubber Industry Association Tyre Branch	Member
	Tyres and Rims Valve Stem Technology Committee	Committee Member
	Fujian Association of Automobile Manufacturers	Member
	Xiamen Jimei District Human Resources Association	Member
	Xiamen Science and Technology Service Association	Member
	Xiamen Association of Environmental Protection Industry	Member
	Xiamen Energy Conservation Association	Member
	Jimei District Guankou Town Kengnei Village United Care Committee	Member
	Taiwanese Chamber of Commerce Xiamen	Director
	Xiamen Trademark Brand Association	Director
	Xiamen Association of Enterprises with Foreign Investment	Director

4.8 Industry Innovation and Value Chain Integration

4.8.1 Product Quality and Safety

LU HAI has obtained several ISO system certifications and adheres to the relevant laws and regulations stipulated by these systems. The company maintains comprehensive standards for quality management, occupational health and safety, and environmental protection. To adapt to an increasingly competitive industry environment, LU HAI employs a quality control system as the core of its quality strategy management, aiming to provide zero-defect products and services. The company's quality control strategic action direction emphasizes prevention and the pursuit of zero defects in quality. This includes strengthening the management of products and services and following quality policies from product development, raw material supply, production processes, finished product quality control, and product shipment. By adhering to IATF16949 and utilizing complete information systems and management procedures, LU HAI manages all factors affecting quality to achieve customer satisfaction.

Product Development Before Mass Production

- Conduct thorough risk management to ensure product safety by evaluating costs, quality, and performance.
- Implement requirements related to quality and hazardous substance management.
- Prioritize the procurement of raw materials from suppliers with ISO certifications.
- Inform suppliers in writing of any regulatory requirements that must be met for products or raw materials used in manufacturing.
- Purchase products, components, materials, or services from specific suppliers as specified in customer contracts.
- For OE customers, submit a 4M (Man, Machine, Material, Method) change application to customers when there are changes in products, equipment, personnel, or methods. Proceed with changes only after receiving customer approval.
- Ensure the primary raw materials comply with international hazardous substance regulations through third-party testing (e.g., SGS reports). Regularly conduct surveys with outsourced suppliers to ensure ongoing compliance.

Production Services (Inspection and Testing Control)

- Conduct inspections and testings for external purchases, in-process items, semi-finished goods, finished products, incoming inventory, and outgoing shipments to verify that they conform to quality standards.

Non-Conformance Control Process

- Define procedures for identifying, labeling, recording, evaluating, isolating, and disposition of non-conforming and potentially suspect products during the production process.
- Non-conforming or suspect products should undergo evaluation to determine whether they can be reworked, accepted under concession (special approval), scrapped, or returned to the supplier.
- Following rework, repair, or downgrade of non-conforming or suspect products, conduct re-verification to ensure they now meet the required specifications, and maintain records of this verification process.

LU HAI is dedicated to providing excellent valve stem manufacturing services to ensure customer satisfaction. To achieve this goal, we focus on maintaining high-quality standards across all operational aspects and continuously improve our quality management system, striving for zero defects in our products. In order to enhance our quality analysis capabilities, LU HAI has established quality laboratories in various locations globally to conduct analyses ranging from early-stage process development to product application phases. These analyses include material characterization, process analysis, and failure analysis of customer product returns, aiming to establish an accurate and efficient defense system to comprehensively control product quality.

LU HAI has a dedicated quality assurance department comprised of experienced professionals in quality management. From supplier selection and evaluation, material incoming inspection, process quality control, pre-shipment final inspection, to identifying and satisfying customer requirements, as well as improving feedback issues from customers, we adhere to a strict set of process standards.

Additionally, we have professional laboratories for conducting performance testing experiments on products to ensure that the products provided to customers meet high-quality and safety standards. We continually strive to ensure product quality, reliability, and meet customer needs. In the event of quality issues arising after product delivery to customers, we follow a process of internal communication with relevant departments based on customer feedback.



We convene relevant departments to implement improvements, and the quality assurance department regularly compiles complaint reports, documenting the issues and the process of resolution, for continuous improvement purposes.

We are committed to being responsible for the products we produce, and we ensure that product labeling and marketing methods comply with regulations and international standards. We provide product information on the company website and have channels for stakeholder communication, allowing stakeholders to file complaints or communicate through designated channels.

Our quality management philosophy emphasizes prevention as the primary focus and continual improvement. We take action as needed to address and resolve any product quality issues. Our quality management practices adhere to a zero-defect policy, with quality being rigorously monitored at every level. We conduct inspections throughout the entire process from raw material procurement to product manufacturing and shipping. With comprehensive laboratory equipment, we test the composition and properties of raw materials and the functionality of products to ensure user safety. Additionally, LU HAI annually invests in product liability insurance to protect consumer rights



4.8.2 Customer Relationship Management

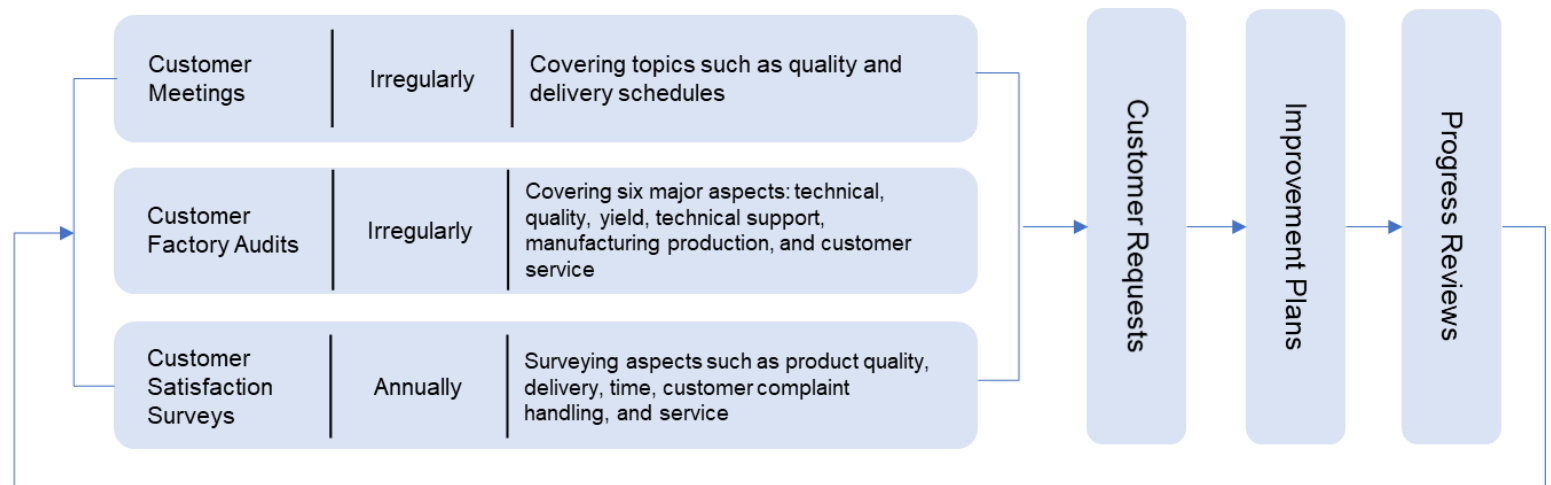
LU HAI regards customer feedback and opinions as a crucial foundation for enhancing customer relationships. To meet customer needs, LU HAI customer service team utilizes various channels such as irregular meetings, quarterly evaluation meetings, and annual satisfaction surveys to gather feedback on various aspects including business practices, technology, quality, yield, design support, manufacturing, customer relationships and services, and future requirements. Through regular review, analysis, and the implementation of appropriate improvement plans, we continuously deepen our relationships with customers by addressing their needs comprehensively.

Starting from product delivery to customer sites, we collect data on product quality performance at the end-user level. We understand customer complaints and potential dissatisfaction and respond with targeted action plans and improvement measures. By assessing customer satisfaction with our products from various perspectives, we continually strive to meet customer needs.

Multi-dimensional Communication Channels

Multi-dimensional communication channels are employed to gain a deeper understanding of customer requirements. These channels include telephone communication, regular/irregular on-site visits, customer audits, video conferences, annual satisfaction surveys, and the collection of customer Product Parts per Million (PPM) data. We promptly make adjustments based on customer feedback to meet their expectations and needs. As environmental protection and human rights awareness grows, procurement policies of major brand customers now require suppliers to prioritize corporate social responsibility, business ethics, quality, and supplier relationship management.

Third-party organizations such as ECOVADIS and VERITAS are commissioned to evaluate suppliers online or onsite, and the evaluation scores are included in supplier evaluations.



Customer Satisfaction

LU HAI values customer opinions and collects feedback and suggestions on various products and services as references for internal operational improvements. At the same time, in line with the spirit of ISO 9001 regarding customer quality commitments and customer satisfaction, customer satisfaction surveys are conducted at least once a year for both domestic and international customers. According to written procedures, customer satisfaction is investigated, including trends in customer satisfaction and key indicators of dissatisfaction. Each year, satisfaction surveys are conducted, with main evaluation items including product quality, product delivery time, sample delivery time, service attitude of sales personnel, service attitude of delivery personnel, and feedback on complaint handling. This allows us to understand customer evaluations of LU HAI. Strategies are proposed for units causing customer dissatisfaction, and after review and approval, improvement strategies are reported and effectiveness is regularly confirmed. Necessary corrective measures are taken for customer dissatisfaction issues, and review reports are presented at internal management meetings (such as production and sales meetings, business management meetings, and management review meetings). We provide excellent customer service to enhance customer satisfaction with our products, and earn their trust in our company.



Plant Item	Average Score/Level of Satisfaction		
	2022 年	2023 年	2024 年
Taiwan Branch	87.78	92.12	90.33
XIAMEN XIAHUI*	97.87%	98.91%	100.00%
KUNSHAN LUHAI	93.00	94.00	95.00
PT. LUHAI	92.66	90.33	96.83

Note: The percentage of satisfaction score for XIAHUI RUBBER METAL IND. CO., LTD. is above 70.



Customer Complaint Handling Process

Given the nature of the industry and practical requirements, LU HAI responds to customer complaints promptly and efficiently, gathering relevant personnel immediately to address the issues and organize teams to propose effective improvement solutions in the shortest time possible. Customers also review documents and sites periodically or irregularly, online or on-site, to confirm the implementation status of factory quality improvements.

Throughout the stages of product receipt, production, and delivery, items are clearly labeled to avoid misuse and ensure that product quality meets customer and/or regulatory requirements. Pending inspection, repair, rework, and inspected items are clearly identified and stored appropriately. Relevant operating procedures are established to ensure that when product abnormalities or customer complaints occur, production batches can be traced, meeting customer and automotive recall regulatory requirements.

Throughout 2024, the Company adhered to applicable laws and regulations concerning product and service information and labeling, and no incidents of non-compliance related to marketing and communication activities were reported.

4.9 Sustainable Supply Chain Management

4.9.1 Continued ESG Risk Management

LU HAI has always regarded suppliers as important partners in the company's operations. In the promotion of corporate social responsibility, the management of the entire supply chain is incorporated, and the Regulations Governing Supplier Management are formulated to evaluate suppliers. In addition to considering quality and delivery time in the management of the entire supply chain, the company interacts with suppliers on a regular basis and conducts quarterly assessments. If suppliers violate international environmental protection standards, occupational health and safety, labor rights, and integrity management issues, cooperation may be terminated depending on the severity of the situation.

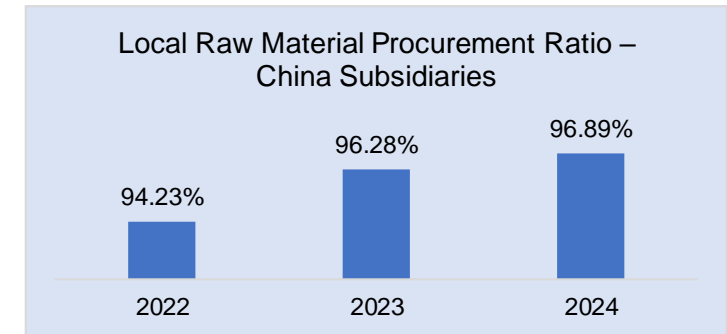
Furthermore, efforts are made to invite partners in the supply chain to work together with LU HAI in environmental protection, creating a green supply chain to reduce the environmental impact of pollutants. Additionally, the company opposes the use of minerals extracted in armed conflicts and human rights violations (such as tantalum (Ta), tin (Sn), gold (Au), tungsten (W), etc.). In 2024, 237 suppliers signed the "Supplier Sustainability Commitment," with the overall cumulative signed procurement amount accounting for 98.44%. Criteria are established for suppliers to protect the environment, human rights, safety, health, and sustainable development. This includes requirements and expectations for suppliers in environmental, safety, and health risks, prohibition of child labor, labor management, no harmful labor rights, ethical standards, and integrity management.

In accordance with the company's Regulations Governing Supplier Management, regular business evaluations are conducted on suppliers. This involves written audits using questionnaires and documents to investigate potential risks in labor, health and safety, environment, integrity and ethics, as well as management systems. Evaluations are made on ESG risk levels and ESG capabilities. Additionally, all suppliers must comply with annual due diligence investigations, such as those regarding conflict minerals, to manage potential risks in labor, health and safety, environment, integrity, and ethics and to prevent negative impacts that

could affect the supply chain operation.

Status of Supplier Sustainability Commitment Signatures in 2024

Region	Number of Signatories	Percentage of Signed Suppliers to Total Suppliers	Percentage of Annual Procurement Amount from Signed Suppliers %
Taiwan	28	37.33%	82.69%
China	156	37.32%	93.03%
Indonesia	53	46.90%	98.45%



4.9.2 Supporting Local Procurement

LU HAI has operations in Taiwan, China, and Indonesia, with Taiwan serving as the main operational base. Each subsidiary upholds the spirit of enhancing local industries. In situations where product quality and procurement conditions are similar, priority is given to purchasing from local suppliers. Through establishing good cooperative relationships, LU HAI aims to promote stable economic development in the local communities. In 2024, the proportion of raw material procurement from local sources at the Taiwan Branch accounted for 100% of the total procurement amount. In China, the proportion of locally sourced raw materials was 96.89%. At PT. LUHAI, where the major raw materials are provided by the subsidiary, the proportion of locally sourced raw materials was 6.39%. By reducing the transportation distance of materials and products, LU HAI can minimize carbon emissions associated with transportation, thereby achieving a more environmentally friendly production process. Moreover, local procurement directly supports business growth, enabling the company to provide more local employment opportunities, improve labor conditions, and ultimately achieve co-prosperity.

4.9.3 Selection and Recognition of New Suppliers

For new suppliers, an evaluation team is established to assess suppliers' various capabilities. Suppliers are required to have at least ISO 9001 certification and comply with environmental management requirements. The evaluation assesses the supplier's technical development capabilities, quality system assurance capabilities, equipment processing accuracy, maximum production capacity, annual sales volume, turnover, financial status, and long-term and short-term development plans. Suppliers whose evaluation scores meet the supplier rating threshold are included as potential suppliers for development. Those who do not meet the evaluation criteria must improve before undergoing re-evaluation. If a supplier fails the evaluation twice, they will no longer be developed by the company.

A supply chain management model is established from upstream raw materials to downstream components. Control and guidance are provided to the supply chain from three directions:

Supplier Management System Certification

To ensure that suppliers protect the environment and improve safety and health, it is required that suppliers obtain international certifications such as ISO9001, ISO14001, IATF16949, and other quality, environmental, and occupational health and safety management systems. Suppliers who have not obtained these certifications must develop implementation plans

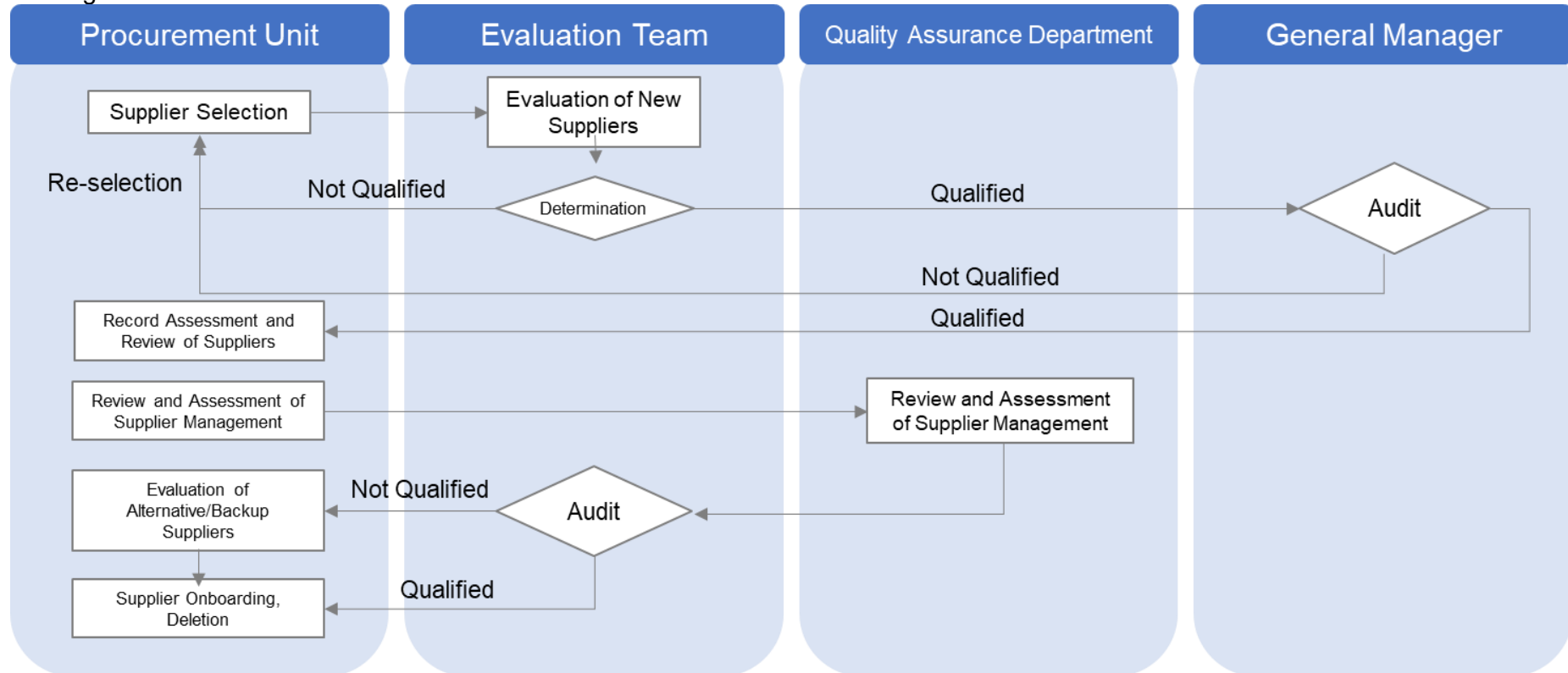
Supplier Audits and Guidance

Suppliers are required to propose improvement plans for quality defects to meet the company's requirements.

Supplier Evaluation

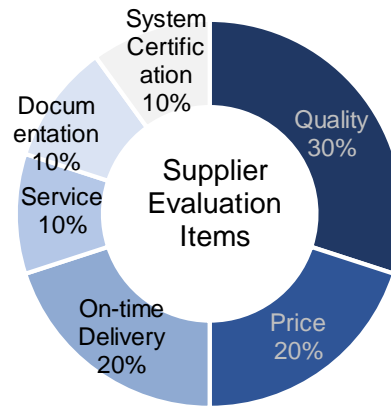
Suppliers are evaluated quarterly based on metrics such as production returns, batch returns, abnormal replies, customer complaints, delay rate, and cooperation level. Suppliers scoring below 70 points in quarterly evaluations are considered disqualified and will receive guidance to help improve quality.

Supplier Management Process:



4.9.4 Supplier Evaluation

To effectively manage supplier quality, delivery, and cooperation, and to ensure compliance with the Regulations Governing Supplier Management, and to enhance performance and competitiveness, quarterly assessments are conducted by procurement personnel and quality assurance units (some subsidiaries conduct assessments annually or semi-annually). The assessment criteria include production returns, purchase returns, abnormal responses, customer complaints, delivery delay rates, and cooperation. If a supplier scores below 59 in the quarterly assessment, they will be considered disqualified, and business dealings with them will be terminated. Suppliers are graded as shown on the right:



Year Average Score	Grade Level	Description
90~100	A	No deficiencies found.
80~89	B	Improvement actions required for identified deficiencies.
70~79	C	Improvement actions required for identified deficiencies.
60~69	D	Suppliers must complete improvements within six months, or they will be deemed unqualified.
59 以下	E	Business relationship will be terminated.

2024 Supplier Evaluation Results

Plant	Total Number of Suppliers Evaluated This Year (Number of Evaluations)	Grade A		Grade B		Grade C		Grade D		Grade E	
		Quantity	%	Quantity	%	Quantity	%	Quantity	%	Quantity	%
Taiwan Branch	183	183	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
XIAMEN XIAHUI	133	126	94.7%	7	5.3%	0	0.0%	0	0.0%	0	0.0%
KUNSHAN LUHAI	21	15	71.4%	6	28.6%	0	0.0%	0	0.0%	0	0.0%
PT. LUHAI	113	100	88.5%	13	11.5%	0	0.0%	0	0.0%	0	0.0%

5. Social

5.1 Employee Development

5.1.1 Human Rights Policy and Commitment

Human Rights Commitment

To fulfill corporate social responsibility and protect fundamental human rights, LU HAI endorses and supports international human rights conventions, including the United Nations Global Compact, the Universal Declaration of Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work. The Company strictly complies with local labor laws to prevent any human rights violations. The Company is also committed to strengthening gender equality and workplace safety. In addition to providing a safe and reasonable workplace, LU HAI ensures all employees are treated with respect and dignity. The Company has established the Regulations Governing Personnel Management, Regulations Governing Human Rights Policy Management, and Regulations for Gender Equality in Employment in accordance with labor laws, related personnel regulations, and the spirit of international human rights conventions to protect employees' legal rights. In 2024 all security personnel at XIAHUI RUBBER METAL IND. CO., LTD. received training on human rights policies and procedures, achieving a 100% training rate. Additionally, LU HAI HOLDING CORP. incorporates its human rights policy into supplier management and requires new employees to acknowledge and sign related documents to ensure effective implementation of the policy.

Accessible Labor-Management Communication Channels

LU HAI values harmonious labor-management relations and regularly holds labor-management meetings. The company has established internal communication channels to ensure employees' thoughts and opinions are promptly addressed. Policies have been implemented to consider and protect employees' rights. In addition to providing a diverse work environment, LU HAI encourages employees to balance work and health and actively fosters mutual trust between labor and management.

LU HAI is committed to protecting the legitimate rights and interests of complainants. The company has established clear complaint procedures and mechanisms to ensure that all information related to a complaint is kept confidential. Additionally, LU HAI guarantees that complainants will not face retaliation for filing a complaint, thus safeguarding their rightful interests.

In 2024, LU HAI reported zero labor conditions and human rights related cases, such as discrimination, child labor, and sexual harassment.

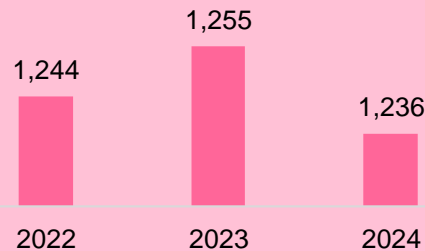
- Employee Communication Channels (Frequency): Employee Welfare Committee: Quarterly; Labor-Management Meetings: Quarterly; Email: As needed
- Employee Grievance Channels: Employees can submit complaints or feedback through the following channels: Suggestion Box; Email; Written Documents; Telephone Hotline; Face-to-Face Communication.
- Telephone Hotline: +886-4-8748122, Email: luhai.report@luhai.com.tw

5.1.2 Employee Composition

As of the end of 2024, the Company had a total of 1,236 employees, with male and female employees accounting for 62.7% and 38.3%, respectively. Female managers represented 29.8% of all managerial positions. There have been no significant changes in the Company's workforce size over the past two years.

LU HAI also engages non-employee workers, primarily through non-regular engineering contracts for tasks such as equipment installation, maintenance, and upgrades. Additionally, some regular contracts cover services like security and cleaning. Currently, we do not have statistics on the number of non-employee workers.

Group Headcount Over the Past Three Years



Employee Gender Ratio

Region	Taiwan	China	China	Total	%
Male	18	607	137	762	61.7%
Female	28	366	80	474	38.3%
Total	46	973	217	1,236	100%



Employee Composition as of Year-End 2024

Taiwan Branch

Category	Subcategory	Male		Female		Total	
		Number	%	Number	%	Number	%
Contract	Formal	18	100%	28	100%	46	100%
	Non-Formal	0	0.0%	0	0.0%	0	0.0%
Position	Supervisor	6	33.3%	8	28.6%	14	30.4%
	Non-Supervisor	12	66.7%	20	71.4%	32	69.6%
Age	<30	1	5.5%	2	7.1%	3	6.5%
	30~50	12	66.7%	25	89.3%	37	80.4%
	>50	5	27.8%	1	3.6%	6	13.1%
Total		46					

XIAMEN XIAHUI

Category	Subcategory	Male		Female		Total	
		Number	%	Number	%	Number	%
Contract	Formal	574	99.7%	349	98.9%	923	99.4%
	Non-Formal	2	0.3%	4	1.1%	6	0.6%
Position	Supervisor	27	4.7%	10	2.8%	37	4.0%
	Non-Supervisor	549	95.3%	343	97.2%	892	96.0%
Age	<30	114	19.8%	62	17.6%	176	18.9%
	30~50	366	63.5%	279	79.0%	645	69.4%
	>50	96	16.7%	12	3.4%	108	11.6%
Total		929					

KUNSHAN LUHAI

Category	Subcategory	Male		Female		Total	
		Number	%	Number	%	Number	%
Contract	Formal	31	100%	13	100%	44	100%
	Non-Formal	0	0.0%	0	0.0%	0	0.0%
Position	Supervisor	10	32.3%	4	30.8%	14	31.8%
	Non-Supervisor	21	67.7%	9	69.2%	30	68.2%
Age	<30	13	41.9%	1	7.7%	14	31.8%
	30~50	13	41.9%	10	76.9%	23	52.3%
	>50	5	16.1%	2	15.4%	7	15.9%
Total		44					

PT. LUHAI

Category	Subcategory	Male		Female		Total	
		Number	%	Number	%	Number	%
Contract	Formal	118	86.1%	69	86.3%	187	86.2%
	Non-Formal	19	13.9%	11	13.8%	30	13.8%
Position	Supervisor	16	11.7%	3	3.8%	19	8.8%
	Non-Supervisor	121	88.3%	77	96.3%	198	91.2%
Age	<30	38	27.7%	37	46.3%	75	34.6%
	30~50	92	67.2%	43	53.8%	135	62.2%
	>50	7	5.1%	0	0.0%	7	3.2%
Total		217					

Note: 1. Non-formal employees are specified as periodic contract personnel. 2. Supervisors are defined as employees at the section chief level and above.

5.1.3 Diversity, Equity, and Inclusion

LU HAI warmly welcomes talent from all backgrounds to join our team. The recruitment process strictly adheres to local laws and operates with transparency and fairness. We aim to foster a diverse cultural environment by hiring individuals from various industries and prioritizing local employment and community contribution. We ensure equal opportunity regardless of race, language, gender, age, religion, or disability.

In 2024, female employees accounted for 38.3% of the workforce, remaining steady compared to the previous year. Female managers represented 29.8% of all managerial positions, also unchanged from the prior year. The Company's employee turnover remained stable in 2024, continuing the trend observed over the past three years. The employee entry rate was 53.1%, while the turnover rate was 53.9%, showing no significant difference from the levels of the past two years. Statistics on new hires and resignations by plant are presented in the table below.

Taiwan Branch

Category	Subcategory	New Hire		Turnover	
		Number	%	Number	%
Gender	Male	9	50.0%	7	38.9%
	Female	6	21.4%	4	14.3%
Age	<30	3	100%	0	0.0%
	30~50	11	29.7%	8	21.6%
	>50	1	16.7%	3	50.0%
Total		15	32.6%	11	23.9%

XIAMEN XIAHUI

Category	Subcategory	New Hire		Turnover	
		Number	%	Number	%
Gender	Male	359	62.3%	382	66.3%
	Female	243	68.8%	252	71.4%
Age	<30	257	146.0%	250	142.0%
	30~50	326	50.5%	356	55.2%
	>50	19	17.6%	28	25.9%
Total		602	64.8%	634	68.2%

KUNSHAN LUHAI

Category	Subcategory	New Hire		Turnover	
		Number	%	Number	%
Gender	Male	19	61.3%	10	32.3%
	Female	2	15.4%	3	23.1%
Age	<30	8	57.1%	3	21.4%
	30~50	11	47.8%	7	30.4%
	>50	2	28.6%	3	42.9%
Total		21	47.7%	13	29.5%

PT. LUHAI

Category	Subcategory	New Hire		Turnover	
		Number	%	Number	%
Gender	Male	12	8.8%	7	5.1%
	Female	6	7.5%	1	1.3%
Age	<30	8	10.7%	2	2.7%
	30~50	10	7.4%	6	4.4%
	>50	0	0.0%	0	0.0%
Total		18	8.3%	8	3.7%

Note 1: The number of new hires does not exclude those who left during the period.

Note 2: New hire (turnover) rate = Number of new hires (turnovers) in the category / Total number of employees in the category at the end of the year.

5.1.4 Employee Rights and Welfare

At our company, we firmly believe that employees are the cornerstone of our survival and growth. With this in mind, we strive to create a warm, harmonious, and joyful working environment where every employee feels respected and appreciated. To help our employees balance work and life, we continuously improve the workplace environment and regularly organize various courses, subsidize club activities, celebrate birthdays, and host team-building events. These initiatives aim to relieve stress and promote physical and mental well-being. Moreover, we are committed to meeting the needs of women and maternal employees by enhancing employee benefits, thereby increasing their sense of happiness in the workplace and loyalty to the company. To further support the employees, we have established an Employee Welfare Committee, responsible for providing or organizing various welfare measures and activities, ensuring that we address the needs and well-being of our staff. In 2024, our total expenditure on employee salaries and welfare benefits amounted to NTD 612,028 thousand dollars.

Item	Content
Bonus and Benefits	Year-End Bonus and Performance Bonus
Holiday Bonuses	Chinese New Year, Dragon Boat Festival, and Mid-Autumn Festival
Dining Benefits	Employee Cafeteria and Meal Allowances
Educational Assistance	Financial support for employees to participate in external courses and training programs
Additional Support	Assistance for weddings, funerals, and celebrations, Childbirth Assistance, Employee Travel Subsidies, Long-Service Awards, Birthday Bonuses, Scholarships for Employees' Children, Regular Health Checks, Employee Dormitories, Club Activities



Healthy Living · Family Harmony” — Annual PT. LUHAI Sports Day

To promote employees' physical and mental well-being and strengthen family bonds, subsidiary PT. LUHAI holds a grand sports day every year. This event is not only a celebration of athletic competition but also an important occasion for employees and their families to gather and share joyful moments. Through a variety of competitive and fun activities, employees can take a break from their daily work routines, refresh their minds and bodies, and enjoy quality time with their families. This event enhances communication and emotional connections among participants, embodying the Company's commitment to healthy living, fostering family harmony, and strengthening team collaboration.

Additionally, on-site raffle activities and thoughtful gifts are arranged to ensure every participant feels the Company's sincere appreciation and care. This annual event has become an indispensable part of PT. LUHAI's corporate culture, deeply embedding the values of health, happiness, family, and compassion into the daily lives of employees and their families



To foster a friendly workplace and support employees' family care needs during childbirth and parenting, LU HAI fully complies with the Labor Standards Act, the Act of Gender Equality in Employment, and relevant laws and regulations in the countries where its overseas subsidiaries operate. Accordingly, the Company has established and implemented a parental leave without pay policy.

This policy aims to help employees balance work and family responsibilities during the parenting stage, reduce the risk of career interruption, and enhance retention. During the leave period, employees retain their legal right to return to work. Upon completion of the leave, the Company arranges for their reinstatement to their original positions and provides necessary support for workplace reintegration to ensure a smooth return to work.

Return-to-Work and Retention after Parental Leave, as presented in the table below.

Category	Male	Female	Total
Number of Employees Eligible for Unpaid Parental Leave in the Year	6	19	25
Number of Employees Who Applied for Unpaid Parental Leave in the Year	5	19	24
Number of Employees Expected to Return After Parental Leave (A)	5	16	21
Number of Employees Who Returned After Parental Leave (B)	5	15	20
Return to Work Rate (B/A)	100%	94%	95%
Number of Employees Who Returned from Parental Leave in the Previous Year (C)	9	6	15
Number of Employees Retained for More Than 12 Months After Return (D)	7	4	11
Retention rate after return (D/C)	78%	67%	73%

Compensation Policy

LU HAI values workplace diversity and equal promotion opportunities, ensuring equal pay for equal work regardless of gender, race, religion, political stance, marital status, or union membership. Salaries, bonuses, and employee compensation are determined according to the company's Salary Management Regulations so as to provide salaries in compliance with local wage laws, including those concerning minimum wage, overtime, and statutory benefits.

The company shares its operational success with its employees. If there is a profit in a given year, no less than 1.5% of the pre-tax profit is allocated as employee compensation according to the company's Articles of Incorporation. Employee bonuses are distributed based on the company's Employee Performance Bonus Assessment and Compensation Distribution Regulations.

The company's annual performance, financial and business conditions, individual positions, responsibilities, and contributions are taken into consideration for bonuses. The company has established internal control systems and various management regulations that clearly define employee rights, obligations, and welfare. These regulations are reviewed regularly to protect employee interests.

Gender-wise Basic Salary Ratio	Taiwan Branch	XIAMEN XIAHUI	KUNSHAN LUHAI	PT. LUHAI
Male	1.00	1.00	1.00	1.00
Female	0.95	0.84	1.00	1.00

Retirement System

The Company and its reinvested subsidiaries incorporated in the Republic of China adopt a defined contribution plan under the "Labor Pension Act," whereby pension contributions are made by the Company and its subsidiaries at a rate of 6% of monthly wages, deposited into individual labor pension accounts. For affiliated investment companies outside the Republic of China, contributions are made in accordance with local regulations of the investment countries, with rates as shown in the table below:

	Xiamen (Local / Non-Local)		Kunshan (Local / Non-Local)		Indonesia	
	Employer's Contribution	Employee's Contribution	Employer's Contribution	Employee's Contribution	Employer's Contribution	Employee's Contribution
XIAMEN XIAHUI	16%	8%				
KUNSHAN LUHAI			16%	8%		
PT. LUHAI					5.7%	3%

Employees' Level of Satisfaction

LU HAI values all colleagues. To understand employees' recognition of the company's management philosophy, corporate culture, work planning, supervisory management, and welfare system, and to establish a more comfortable, efficient, and competitive work environment, XIAHUI, KUNSHAN LUHAI, and PT. LUHAI conduct annual employee satisfaction surveys. Based on the survey results, action plans are launched to improve the overall environment of the company, thereby enhancing employee loyalty and work performance.

In 2024, the average employee satisfaction score at XIAMEN XIAHUI and KUNSHAN LUHAI exceeded 80 points. At PT. LUHAI, 81.37% of employees rated their satisfaction at 5 on a 5-point scale.

5.1.5 Collective bargaining agreements

LU HAI respects each employee's freedom of association and the right to participate in union activities. All employees are eligible to join the union as members. A collective agreement has been signed between the union and the company, stipulating work rules and labor conditions. The company maintains regular communication with union representatives to enhance and promote labor-management cooperation. Employees' difficulties, concerns, and needs can be clearly communicated through unions and various grievance channels. **As of 2024, there have been no labor disputes.**

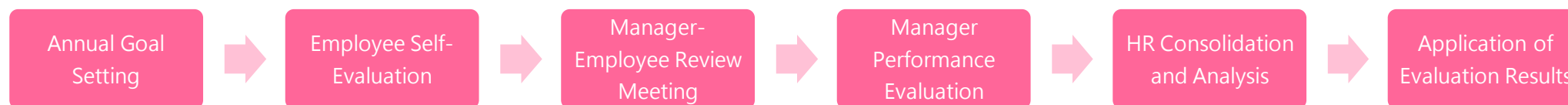
In 2024, 100% of employees at the Taiwan branch joined the Employee Welfare Committee. The subsidiaries in Mainland China and Indonesia also achieved 100% union membership rates. All unionized employees are protected under collective agreements.

5.1.6 Talent Cultivation and Development

Performance Assessment

Each year, the company conducts performance and competency evaluations with the goal of enhancing employee capabilities and developing their potential. These evaluations promote positive interactions between supervisors and employees, provide a high-quality learning environment, and facilitate comprehensive education and training planning. They are part of a robust performance management system. The evaluation criteria include: work quality, work efficiency, operations and ethics, knowledge and skills, and responsibility. The results of these evaluations serve as the basis for education and training, employee promotions, and various personal management decisions.

According to the Company's internal "Employee Performance Evaluation Procedures," performance evaluations are conducted twice a year, with one cycle every six months. These evaluations apply to both new employees who have completed their probation period and existing staff. In 2024, the performance



evaluation coverage rate reached 99.69%.

2024 Performance and Competency Evaluation Coverage Rate

Employee Category	Taiwan Branch		XIAMEN XIAHUI		KUNSHAN LUHAI		Total
	Male	Female	Male	Female	Male	Female	
Technology R&D	-	-	100.00%	100.00%	100.00%	-	100.00%
Marketing and Sales	100.00%	100.00%	-	100.00%	100.00%	100.00%	100.00%
Manufacturing, Quality Assurance, Engineering	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Administrative Support and Management	100.00%	100.00%	93.75%	97.83%	100.00%	100.00%	97.29%
Total	100.00%	100.00%	99.63%	99.72%	100.00%	100.00%	99.69%

Note 1: The Chairman, employees on unpaid leave, contract employees, and those who have been employed for less than three months during the evaluation year are not included in the performance evaluation.

Note 2: In PT. LUHAI, only direct/indirect on-site personnel are currently evaluated. We plan to expand the evaluation to include more employees and departments in the future.

Education and Training

The Company and its invested subsidiaries place great emphasis on talent development, focusing primarily on on-the-job training complemented by diverse learning methods to cultivate a wide range of professional skills. To enhance employees' professional capabilities and career competitiveness, employees are encouraged to pursue further education and may apply to participate in external training programs as needed.

Each department develops a comprehensive annual training plan covering pre-employment orientation, on-the-job training, job rotation training, and external professional development. Training programs are designed in tiers according to job levels to comprehensively enhance professional skills and management capabilities, strengthen key competencies, deepen corporate culture, and support employees in continuously improving their performance in their respective roles, thereby boosting overall organizational competitiveness.



Item	Content
New Employee Training	When new employees report to the Administration Department, they receive pre-employment education and training. Relevant departments explain the company's business philosophy, attendance management regulations, safety and health management rules, work rules, and life norms. This helps new employees quickly understand the work environment and their rights, facilitating faster integration into the team.
Annual Training Needs and Budget Survey	Each year, departments propose internal and external training needs and plan the annual education and training schedule.
Professional Skills Training	Departments provide specialized knowledge or skills training required for job duties, such as CNC programming, quality control skills, international trade, and business operations.
Internal Training	Internal training leverages individual knowledge and experience sharing, quickly transferring wisdom and creating value within the company. This approach not only promotes effective knowledge dissemination within the company but also enhances individual workplace skills and self-worth.

The Company provides training necessary for employees' career growth. In 2024, the Group conducted over 400 training sessions, totaling more than 9,600 training hours and reaching a total of 7,138 training participants.

Employee Category	Gender	Taiwan Branch		XIAMEN XIAHUI		KUNSHAN LUHAI		PT. LUHAI	
		Total Hours	Avg. Hours	Total Hours	Avg. Hours	Total Hours	Avg. Hours	Total Hours	Avg. Hours
Supervisor	Male	137.5	4.30	1,921.11	1.62	240	2	107	2.68
	Female	179	3.44	244.58	1.18	96	2	5	0.71
Non-Supervisor	Male	469.5	4.19	2,611.08	1.38	504	2	97	0.19
	Female	523	3.71	2,190.91	1.17	216	2	72	0.13
Total		1,309	3.88	6,967.68	1.35	1,056	2	281	0.25

Note 1: Supervisors are defined as employees at the section chief level and above.

1.Unity, Collaboration, and Innovation - 2024 LUHAI INTELLIGENT TECHNOLOGY (KUNSHAN) CO., LTD. All-Employee Team-Building Event



Subsidiary LUHAI INTELLIGENT TECHNOLOGY (KUNSHAN) CO., LTD. has been undergoing a strategic transformation, evolving from its traditional roots in tire valve manufacturing within the rubber industry into a technology-focused enterprise specializing in bicycle front fork system components and precision parts machining. Following a factory relocation and organizational restructuring, the newly formed team now spans three generations: senior, mid-career, and younger employees, bringing together a blend of

experience and youthful energy. To carry forward LU HAI's long-standing people-centered corporate culture and strengthen the cohesion and morale of the post-transformation team, the company's labor union organized this meaningful and impactful team-building event.

This team-building event combined fun and challenging group tasks, allowing employees to relieve stress in a relaxed and enjoyable atmosphere while deepening teamwork, mutual understanding, and trust. The program focused on themes such as collaboration, complementarity, overcoming challenges, and moving forward with determination. It effectively inspired employees' sense of responsibility and contribution to the team, fostering resilience and a spirit of collective progress, laying a solid foundation for achieving the Company's future goals. °

This event was not only a gesture of gratitude for the dedication and hard work of all employees but also a vivid demonstration of the company's commitment to the ideal of "Happy Work, Healthy Living." It reflected the firm determination of LUHAI INTELLIGENT TECHNOLOGY (KUNSHAN) CO., LTD. to move forward into the future with unity and shared purpose, creating new opportunities together. °

2. Developing Professional Skills and Inspiring Excellence - 2024 XIAHUI RUBBER METAL IND. CO., LTD. Job Skills Competition

To continuously enhance the professional skill levels of frontline employees, encourage self-directed learning and technical innovation, and strengthen team cohesion and overall competitiveness, subsidiary XIAHUI RUBBER METAL IND. CO., LTD. organized the "2024 Job Skills Competition."

The competition focused on the vulcanization process as a demonstration area, with contest tasks designed to closely reflect practical operations. It provided a comprehensive assessment of employees' professional skills and operational proficiency. By publicly selecting and recognizing outstanding technical talent, the event set benchmarks for excellence and further motivated all employees to continuously improve in professional knowledge, operational techniques, and innovative thinking. This initiative has laid a solid foundation for high-quality, high-efficiency production operations and injected ongoing momentum into the Company's sustainable development.



5.2 Occupational Health and Safety

5.2.1 Occupational Safety and Health Policy

"Safe production" is the fundamental cornerstone for ensuring product quality, protecting employee health, and promoting sustainable business operations. Employees are the Company's most valuable asset, and LU HAI recognizes its responsibility for the occupational safety and health of every employee. The Company is committed to creating a safe, healthy, and risk-free working environment, preventing workplace accidents and occupational diseases, and safeguarding employees' physical and mental well-being as well as their overall welfare.

To implement effective occupational safety and health management, the Company has established and operates a comprehensive occupational safety and health management system in accordance with the regulations of each operating location. Standard-compliant safety and health working conditions are provided to all employees. Through systematic hazard identification, risk assessment, and control measures, the Company continuously eliminates or reduces potential workplace risks. In addition, active employee participation in safety and health activities and consultation mechanisms is encouraged to strengthen self-management and raise safety awareness among employees.

In terms of organizational management structure, both the Company and its subsidiaries have established dedicated Environmental, Health, and Safety (EHS) units and appointed responsible supervisors. The Company has obtained certification for both the ISO 14001 Environmental Management System and the ISO 45001 Occupational Health and Safety Management System, ensuring that EHS management practices comply with international standards and local regulatory requirements. The scope of EHS management covers workplace safety, disaster prevention, employee health promotion, and emergency response measures, all aimed at continuously improving overall occupational safety and health performance.

The Company will continue to strengthen its occupational safety and health management measures by enhancing employee safety awareness and operational capabilities through training, audits, inspections, and continuous improvement mechanisms. The goal is to achieve zero accidents and zero occupational diseases while establishing a healthy, safe, and reassuring workplace as a key foundation for sustainable business development.



In 2024, there were zero fatalities caused by occupational injuries, zero cases of severe occupational injuries, and 42 recordable occupational injury cases. There were also zero deaths resulting from occupational diseases.

5.2.2 Occupational Safety and Health Education

To ensure that all workers understand and comply with occupational safety and health regulations as well as the Company's EHS management systems, ongoing efforts are made to strengthen the workplace safety culture. In accordance with local regulatory requirements at each site, the Company regularly conducts occupational health and safety training programs. In 2024, a total of 1,244 training attendances were completed, with each worker receiving an average of no less than one hour of training. The total training hours exceeded 1,500 hours.

In addition, based on operational risks and job-specific requirements, the Company regularly arranges initial and refresher training courses for employees in special operations roles (such as forklift operation, welding, and first aid). These programs ensure that employees possess the necessary safety knowledge and practical skills. Adequate and appropriate personal protective equipment (PPE) is also provided to reinforce employees' awareness and ability to protect themselves.

In terms of the working environment, continuous improvement measures are implemented across the Company's production sites, including noise reduction, high-temperature control, and pollution mitigation projects, to provide employees with safe and healthy working conditions. In addition, the Company regularly

or occasionally conducts occupational injury prevention campaigns, fire drills, and hands-on emergency response training to enhance employees' preparedness and risk awareness, fostering a people-centered safety culture.

LU HAI periodically conducts first aid training, including Cardiopulmonary Resuscitation (CPR) and the use of Automated External Defibrillators (AEDs). Through these training sessions, employees gain a thorough understanding of emergency procedures, enabling them to remain calm and act decisively in acute emergency situations. This training empowers employees to provide timely and effective support to injured or ill staff, thereby minimizing the impact of accidents on company operations and employee health. In addition, these training sessions help enhance employees' knowledge regarding potential risks so that they can be more alert and pay attention to safety issues at work, further reducing accidents and injuries.



To equip employees with fundamental fire safety knowledge, enhance their self-protection capabilities, and ensure they can effectively respond to sudden fires, evacuate, escape, and perform emergency rescue, the Taiwan Branch and subsidiaries conduct at least one fire drill annually. Personnel from the fire department are invited to the premises to explain and demonstrate the proper use of fire extinguishers and hoses. The content of these drills covers:

- Initial fire situation confirmation, firefighting, control, and coordination and command at the fire scene;
- Activation of evacuation mechanisms and guidance in various workshops;
- Evacuation guidance;
- Roll call at the assembly points for evacuated personnel;
- Positioning of all emergency response teams;
- Explanation and demonstration of fire extinguisher and hose usage.

Through these fire drills, employees not only enhance their fire safety awareness but also master the operation of fire extinguishers and hoses, significantly improving their ability to respond to emergencies.

Additionally, every 1.5 months, subsidiary supervisors provide explanations on fire safety concepts, allowing employees to experience the recoil strength of water and learn how to properly control the fire hose nozzle. In 2024, LU HAI conducted a total of 22 drills related to emergency rescue and firefighting, with a total training duration of 34.5 hours and 1,244 participants.

5.2.3 Occupational Health Care and Wellness Promotion

The company is committed to the health of its employees, promoting physical and mental well-being to achieve work-life balance and reduce workplace safety and health risks. The Taiwan Branch subsidizes annual health checkup costs for employees, while general staff at the XIAMEN XIAHUI and PT. LUHAI undergo health checkups every two years.

For employees in specific positions, the subsidiary will arrange special health checkups alongside the general ones and ensure that employees wear protective gear according to regulations.

Item	2022	2023	2024
Number of Employees Receiving General Health Checkups	23	108	956
General Health Checkup Cost (Thousand Dollar)	37,818	84,613	437,081
Number of Employees Receiving Special Health Checkups	728	750	719
Special Health Checkup Cost (Thousand Dollar)	403,306	351,735	340,013
Total Checkup Cost (Dollar) (Thousand Dollar)	441,124	436,348	777,094

Note 1: No health checkups were conducted at some plants in 2022 due to the impact of COVID-19.



5.3 Social Participation

Guided by the core philosophy of giving back to society, the LU HAI Group remains committed to supporting community development and public welfare initiatives. Efforts are focused on fostering long-term, friendly, and trust-based relationships with local neighborhoods while actively creating local employment opportunities to contribute to regional economic growth.

The Taiwan Branch regularly donates to the Changhua County New Homeland of Spinal Cord Injury, sponsors the Tianzhong Marathon, and funds local events, enthusiastically participating in public welfare activities. In 2024, the Company's total contribution to social welfare initiatives amounted to NT\$3.696 million, demonstrating a concrete commitment to fulfilling corporate social responsibility.

Overseas subsidiaries also actively fulfill their social responsibility commitments by implementing a variety of community engagement projects tailored to local needs. PT. LUHAI places great importance on religious diversity, making long-term donations to support the construction and renovation of nearby mosques to enhance the quality and accessibility of community religious spaces. Additionally, surplus construction materials have been used to pave village roads, improving local infrastructure and enhancing residents' quality of life.

In supporting disadvantaged groups, XIAHUI RUBBER METAL IND. CO., LTD. provides scholarships and venue resources for economically underprivileged students and collaborates with local government agencies to organize community care initiatives. Regular visits are made to children with physical and mental disabilities within the community, helping to improve their living conditions and learning environments. LUHAI INTELLIGENT TECHNOLOGY (KUNSHAN) CO., LTD. extends care to local orphanages and welfare centers for underprivileged children by donating essential supplies and engaging in face-to-face interactions to deliver warmth and support, actively responding to the needs of vulnerable groups in the community.

Through a diverse range of locally rooted social engagement initiatives, the LU HAI Group has deepened its connection with the community, fulfilled its corporate citizenship responsibilities, and continues to promote mutual prosperity and sustainable development between the Company and society.



- Through a diverse range of locally rooted social engagement initiatives, the LU HAI Group has deepened its connection with the community, fulfilled its corporate citizenship responsibilities, and continues to promote mutual prosperity and sustainable development between the Company and society.
- Sports Promotion: Sponsorship of the Tianzhong Marathon to promote local sports culture and community engagement.
- Community Activities: Support for various local festivals and cultural events to strengthen community cohesion
- Employment Opportunities: Provision of local job opportunities to stimulate regional economic development.

5.3.1 Building a Sustainable Community Vision - Supporting the Tianzhong Marathon to Strengthen Local Connections and Promote Social Engagement

The Tianzhong Marathon, one of Taiwan's four major marathon events, is held annually in Tianzhong Township, Changhua County, attracting numerous runners from both domestic and international communities. This event not only embodies the spirit of nationwide fitness but also fosters community cohesion and vitality, generating profound positive impacts on the local economy and cultural promotion.

The Company has long been committed to community development and cultural sustainability. Upholding the core values of corporate social responsibility, it continues to sponsor the Tianzhong Marathon as a concrete way to support local sporting events. In 2024, 91.3% of employees at the Taiwan facility participated in the event, demonstrating strong internal engagement and positive energy.

In addition to financial support, the Company actively encourages employees to participate as runners, fostering deeper interaction and engagement between the enterprise and the local community through sports and community activities. During the event, Tianzhong Township is filled with enthusiastic energy, with local businesses and vendors actively participating, which boosts regional consumption and promotes tourism benefits.

Through ongoing sponsorship and participation, LU HAI not only enhances its local brand image but also actively promotes community cohesion, cultural heritage, and economic vitality. Moving forward, the Company will continue investing in local events to strengthen positive connections with the community and jointly build a sustainable and prosperous social environment.



5.3.2 Promoting Community Development through Resource Reuse - Transforming Construction Waste into Rural Road Base Materials

The Company's subsidiary PT. LUHAI, guided by principles of resource recycling and environmental sustainability, has implemented an innovative construction material reuse program during new plant construction and old facility demolition projects. Materials originally slated for disposal, including bricks, stones, wall components, and excavated soil, are carefully sorted, classified, and processed, then transported to nearby villages for use as base materials in road paving.

This initiative resulted in the construction of a sturdy new road measuring 60 meters in length and 2.5 meters in width, significantly improving the local transportation environment. The newly paved road effectively fills existing potholes and eliminates water accumulation during rainy days, enhancing safety for children traveling to school, convenience for residents commuting, and stability for elderly pedestrians. Motorcycle and bicycle traffic flows more smoothly, reducing the risk of accidents caused by slippery surfaces, thereby substantially improving the traffic safety and quality of life for over 300 villagers.

In addition to significantly reducing construction waste disposal, this project embodies resource reuse and local community contribution, concretely demonstrating the Company's sustainable commitment to environmental protection and shared community development.



5.3.3 Strengthening Social Enterprise Inclusion and Caring for Vulnerable Groups - 2024 Lunar New Year Charity and Family Fun Day



The subsidiary XIAHUI RUBBER METAL IND. CO., LTD., in collaboration with local government, jointly hosted the Lunar New Year-themed charity event titled “Building Synergy through Social Enterprise Inclusion · A Warm New Year with Beneficial Enterprises.” Held on-site at the XIAHUI RUBBER METAL IND. CO., LTD. factory, the event featured two main activities: the “Spring Festival Family Fun Fair” and the “Lunar New Year Care Visits.” This initiative aimed to deepen positive interactions between the Company and the local community, spread festive warmth, and fulfill corporate social responsibility.

The Spring Festival Family Fun Fair attracted a total of 41 parent-child pairs, including families of company employees, local community families, and families with special needs. The event featured a variety of

engaging booths, including “Fortune Toss,” “Fitness Fortune,” “Handwritten Blessing Characters,” “Candied Fruit Skewers,” “Handmade Reunion Blessings,” and “Spring Couplets Writing and Giveaway.” The diverse and lively activities created a warm and festive atmosphere filled with rich Lunar New Year spirit. During the event, participants expressed that such parent-child interactive activities provided children with a fulfilling and meaningful weekend and also allowed family members to experience the charm of traditional New Year customs together, strengthening family bonds and enhancing a sense of community belonging.

During the New Year’s care visits, the Company’s labor union collaborated with community members and the Youth Care Committee staff to visit 33 economically disadvantaged households in local villages, delivering thoughtful New Year care packages and essential daily supplies. During the visit, volunteers kindly reminded recipients to keep warm due to the recent low temperatures. These warm greetings and thoughtful care deeply conveyed the warmth of society and the festive spirit to the assisted families. Many recipients expressed their gratitude, sharing that they truly appreciate the Company and community’s ongoing support each year, which touches their hearts and brings them comfort

Through this event, XIAHUI RUBBER METAL IND. CO., LTD. not only strengthened positive interactions with the community but also fulfilled its sustainable development commitment of giving back to society, demonstrating specific corporate actions that support vulnerable groups and local communities.



6. Environmental

6.1 Climate Change

6.1.1 Climate Oversight and Governance Structure

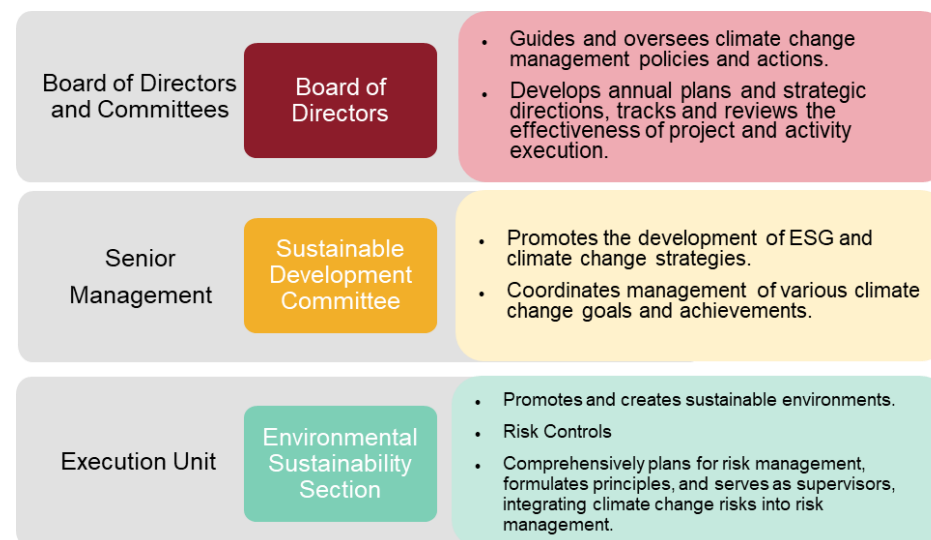
The Company has established a Sustainable Development Committee, chaired by the Chairman of the Board with the General Manager serving as Vice Chairman, responsible for overseeing governance matters related to climate change. The Sustainable Development Committee reviews the Company's action plans for climate-related risks and opportunities at least once a year, evaluates implementation progress, and discusses future strategies. In addition, progress and outcomes are reported to the Board of Directors at least quarterly.

To enhance effectiveness, the Committee has established five functional sections. Among them, the Environmental Sustainability section is specifically responsible for advancing initiatives related to environmental policies, energy conservation and carbon reduction, energy management, waste management, and green

manufacturing processes. In addition, the Company has established the "Risk Management Policy and Procedures," which has been approved by the Board of Directors. Climate change risk management has been formally integrated into the overall corporate risk management framework to ensure that climate-related issues are thoroughly considered in business decision-making.

6.1.2 Climate Strategy

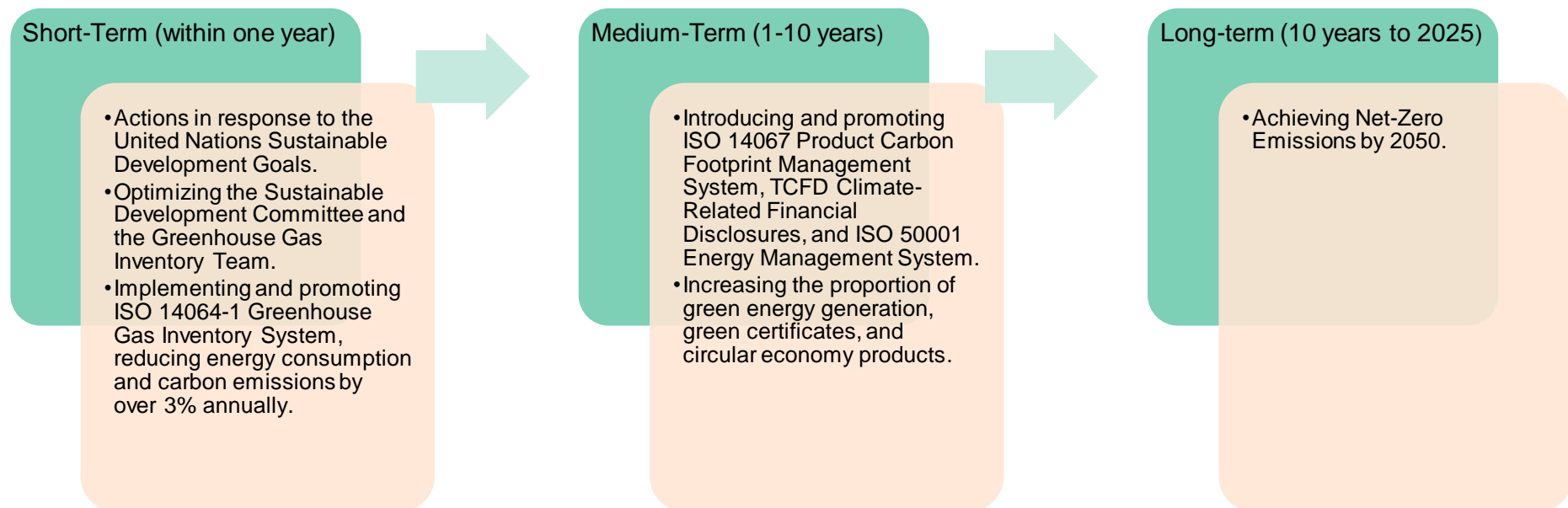
The Company follows the framework of the Task Force on Climate-related Financial Disclosures (TCFD) to establish a climate change management mechanism. A cross-functional team has been organized to collect, consolidate, and analyze climate-related data, supporting the Sustainable Development Committee in identifying and assessing material climate-related risks and opportunities.



For the identified short-term (within 1 year), medium-term (1–10 years), and long-term (over 10 years) risks and opportunities, the Company evaluates their potential impact on financial performance, business model, and operational strategy. Based on this assessment, adjustments to the business model and corresponding response measures are developed to ensure stable operations while capturing opportunities related to the low-carbon transition.

Since 2022, the Company has formally implemented a climate change governance framework and plans to complete the full establishment of related policies and systems by 2025. This initiative aims to strengthen the integration of climate change issues into the overall corporate risk management structure.

Additionally, the Sustainable Development Task Force holds regular meetings to examine the potential impacts of climate change on business operations and to formulate corresponding policies and action plans. The Company has also established a clear decarbonization roadmap, aiming to reduce greenhouse gas emissions by 25% by 2030 compared to the baseline year, and to achieve net-zero emissions by 2050. This commitment reflects the Company's transition toward becoming an environmentally friendly enterprise characterized by low pollution, low energy consumption, and low carbon emissions.



6.1.3 Climate-Related Risk Identification, Assessment, and Management

Considering internal management mechanisms and the lifecycle characteristics of its core products, the Company conducts systematic identification and assessment of short-, medium-, and long-term climate-related risks and opportunities in alignment with the TCFD framework. The evaluation covers the following aspects:

- **Transition Risks:** This includes aspects such as policies and regulations, technology, market, and reputation. The Company assesses the potential impacts of regulatory changes (e.g., carbon pricing, carbon taxes), the application of new technologies, shifts in market demand, and reputation management on its operations.
- **Physical Risks:** These include acute risks such as extreme weather events, heavy rainfall, and floods, as well as chronic risks like rising temperatures and sea level rise. The Company evaluates their potential impacts on production sites, supply chains, infrastructure, and other operational aspects.
- **Opportunities:** These include improvements in resource use efficiency, transition of energy sources (such as renewable energy), development of low-carbon products and services, emerging market opportunities, and enhancement of resilience. The Company explores potential business opportunities and competitive advantages arising from climate change.

The Company conducts assessments of the short-, medium-, and long-term impacts of the identified risks and opportunities, taking into account the geographic distribution of its operational sites and supply chains. This comprehensive evaluation identifies the potential effects of climate change events on the entire value chain and their financial relevance.

Through this systematic assessment process, the Company gains a full understanding of climate-related risks and develops targeted management measures and adaptation strategies to enhance corporate resilience and seize opportunities in the low-carbon transition.



Identification of Climate-Related Risks and Opportunities

Risks and Opportunities		Impact Description	Response Strategies
Transition Risks	Policy and Regulation	Financial impact from carbon taxes/fees and stricter regulations and financial supervision.	A. Closely monitor international trends and regulatory changes. B. Hold biannual meetings of the Environmental Group to timely formulate response strategies. C. Actively participate in assisting regulatory authorities in amending relevant management measures. D. Conduct scenario simulations to assess potential impacts and assist in strategy formulation.
	Technology	Uncertainty in revenue and investment due to the upgrading of existing products and services with green, environmentally friendly, and low-carbon alternatives.	
	Market	Market volatility due to stranded assets in high-carbon industries. Increased costs due to rising prices of water, electricity, and raw materials.	
	Reputation	Changes in market demand and consumer awareness necessitate considering ESG factors in operational development and investment decisions.	
Physical Risks	Acute	Increased frequency and intensity of extreme weather events such as typhoons, heavy rains, floods, and droughts leading to asset impairment, operational disruptions, and safety concerns.	A. Regularly monitor risks in high-risk areas and assess potential internal impacts through external information collection to plan adaptive measures. B. Plan adaptive measures, such as increasing water recycling and reusing ratios, and diversifying production sites. C. Collaborate with external consultants to provide professional climate education and training.
	Chronic	Global warming exceeding 1.5°C, climate pattern changes, and sea-level rise impacting the economy, company operations, and increasing costs due to asset impairment or early replacement.	
Opportunities	Resource Efficiency	Optimize processes to enhance energy efficiency and reduce costs. Digitize processes to reduce paper usage.	A. Replace high-efficiency equipment to save costs. B. Optimize processes to enhance energy efficiency. C. Utilize renewable energy sources. D. Develop low-carbon process products. E. Raise employee awareness of climate change through education, training, and internal announcements. F. Establish management structures, revise climate risk management policies, and strengthen management systems.
	Energy Sources	Use renewable energy to reduce dependence on fossil fuels and sensitivity to carbon pricing, thereby lowering greenhouse gas emissions.	
	Products and Services	Develop low-carbon products and services to support net-zero policies, assist customer transitions, and create business opportunities. Enhance digitization to improve services for customers and suppliers, and reduce labor costs associated with these services.	
	Market	Expand business through innovative green process products.	
	Resilience	Improve the ability to respond to climate change, effectively manage risks, and seize opportunities.	

Risk Impact Assessment

Risks	Business Item	Risk Impact Description	Main Risk	Risk Impact Level		
				Short Term	Medium Term	Long Term
Transition Risks	Financing	Natural disasters cause asset impairment or disrupt customer operations, such as water/power shortages and supply chain interruptions, leading to increased credit risk.	Credit Risk	Low	Medium	Medium
	Investment	Climate change affects macroeconomic factors (e.g., GDP, unemployment rates) or causes physical risk events, adversely impacting related investments (business decline, increased operational costs, supply disruptions), leading to investment cost fluctuations.	Market Risk	Low	Medium	Medium
	Own Operations	Operational sites are impacted by extreme weather (e.g., typhoons, heavy rain, drought), causing safety concerns and damages related to employees, transportation, and equipment, thereby affecting operations.	Operational Risk	Low	Low	Medium
	Suppliers	Natural disasters damage infrastructure (e.g., power, internet, logistics), affecting service provision.	Operational Risk	Low	Low	Medium
Physical Risks	Financing	In response to the transition to a low-carbon economy, the imposition of carbon taxes/fees and tariffs may financially impact companies if they are unable to reduce carbon emissions.	Credit Risk	Low	Medium	Medium
	Investment	High-carbon businesses face increased operational costs (due to high carbon fees) and the potential failure of business transformation, increasing investment risks.	Market Risk	Low	Medium	Medium
	Own Operations	The imposition of carbon taxes/fees and tariffs requires companies to invest more in new energy-saving and carbon reduction initiatives, necessitating more funds and resources.	Operational Risk	Low	Low	Medium
	Suppliers	Suppliers pass on carbon-related costs from the transition, or must adjust their operations due to regulatory requirements, increasing expenses.	Operational Risk	Low	Low	Low

Climate-Related Response Strategies

Climate-Related Opportunities	Current Status	Internal Goals	External Policies
Resource Efficiency	<ul style="list-style-type: none"> Promote resource sorting and recycling, adopt paperless practices, and replace energy-consuming equipment. 	<ul style="list-style-type: none"> Use 2024 the baseline year for greenhouse gas inventory. Reduce waste by 30% by 2030. 	
Energy Sources	<ul style="list-style-type: none"> Implement ISO 50001 to enhance energy management. 		
Products and Services	<ul style="list-style-type: none"> Create a positive impact and deepen connections with customers and sustainable partners through engagement, ESG initiatives and consulting services. 	<ul style="list-style-type: none"> Become the best sustainability partner for customers by 2030. Align with Taiwan's 2050 net zero emission pathway and strategies. 	
Market			<ul style="list-style-type: none"> Paris Agreement Taiwan 2050 Net Zero Emission Pathway Corporate Governance 3.0 – Blueprint for Sustainable Development
Resilience	<ul style="list-style-type: none"> Establish management structures and amend internal climate-related management regulations, integrating them into daily operations and business development to strengthen risk management and opportunity grasping. Participate in regulatory bodies and related projects to help formulate relevant standards, such as Taiwan's version of sustainable taxonomy and climate risk management projects. Train internal sustainability and climate talent, and plan subsidies for relevant certifications. Improve mitigation capabilities through new process improvements and operational management. 	<ul style="list-style-type: none"> Actively participate in government and international sustainability and climate change initiatives to enhance climate response capabilities. Benchmark against international standards, progressively improve annually, and achieve net zero emissions by 2050. 	

6.2 Greenhouse Gas Management

6.2.1 Strategies, Approaches, and Targets for Greenhouse Gas Management

To achieve the net-zero targets set by the Paris Agreement, the Taiwan government has taken proactive measures, initially launching the Sustainable Development Roadmap for Taiwan-listed companies in 2022, followed by the enactment and amendment of the Climate Change Response Act in 2023. As a responsible global corporate citizen, LU HAI places great importance on this issue. Even before the Sustainable Development Roadmap for listed companies was introduced, LU HAI had already implemented the ISO 14064-1:2018 greenhouse gas inventory in 2022. The inventory scope covers Scope 1, Scope 2, and Scope 3 emissions, with the organizational boundary including all subsidiaries. This year marks the first external verification; therefore, the base year is set as 2024, with the verification period covering January 1 to December 31, 2024. Going forward, the base year will be established and adjusted according to the Group's needs and relevant national policies.

LU HAI is attentive to the impacts of climate change on its business operations. The Company has established greenhouse gas reduction targets using 2024 as the base year: a short-term goal of reducing emissions by 3% annually, a mid-term goal of reducing emissions by 25% by 2030, and a long-term goal of reducing emissions by 50% by 2050. Regarding greenhouse gas reduction measures, the Company promotes paperless office practices, procures green products and raw materials, encourages employees to bring their own utensils, updates equipment, and adopts best production methods. By implementing these measures and actions, the Company gradually reduces greenhouse gas emissions.

6.2.2 Greenhouse Gas Emissions

The Company calculates its greenhouse gas (GHG) emissions in accordance with the ISO 14064-1:2018 standard. In 2024, the inventory results were as follows: Scope 1 emissions amounted to 2,592.36 tCO₂e, Scope 2 emissions totaled 17,059.89 tCO₂e, and Scope 3 emissions reached 74,893.62 tCO₂e. The emission intensity was 30.24 tCO₂e per NT\$1 million in revenue.

The total GHG emissions stated above have been verified by KPMG Carbon Resources Advisory Co., Ltd. (KPMG Carbon) in accordance with ISO 14064-3:2019, issued by the International Organization for Standardization (ISO). The verification provided reasonable assurance for Scope 1 and Scope 2 emissions, and limited assurance for Scope 3 emissions (indirect emissions from transportation) and Scope 4 emissions (indirect emissions from product use).

Greenhouse Gas Emissions	2024	2023	2022	<p>Note 1: The scope of the inventory includes LU HAI HOLDING CORP. (Taiwan Branch, XIAMEN XIAHUI, KUNSHAN LUHAI and PT. LUHAI).</p> <p>Note 2: Calculations are based on the emission factors published by the Ministry of Environment, Executive Yuan in Taiwan (GHG Greenhouse Gas Emission Factor Management Table Version 6.0.4) and the China Products Carbon Footprint Factors Database (2022).</p> <p>Note 3: Global Warming Potential (GWP) values are sourced from the Sixth Assessment Report (2021).</p> <p>Note 4: Each business unit uses the latest electricity emission factors announced by their respective authorities: Taiwan Branch: Energy Administration, Ministry of Economic Affairs, Taiwan. XIAMEN XIAHUI / KUNSHAN LUHAI: Ministry of Ecology and Environment of the People's Republic of China.PT. LUHAI INDUSTRIAL (Indonesia): International Carbon Database Initiative (CaDI).If the factors of the current year are not published before verification, the latest published values are used as the benchmark.</p> <p>Note5 : Other secondary data sources include: the SimaPro 9.4.0.1 database, the International Aluminum Institute's emission factors for refined aluminum, and emission factors for China based on the 'China Product Life Cycle Greenhouse Gas Emission.</p>
Scope 1 (ton CO ₂ e)	2,592.36	2,587.08	2,502.20	
Scope 2 (ton CO ₂ e)	17,059.89	20,602.25	19,899.04	
Scope 2 (ton CO ₂ e)	74,893.62	54,511.90	51,695.02	
Total Emission Amount (ton CO ₂ e)	94,545.87	77,701.24	74,096.26	
Emission Intensity (ton CO ₂ e/Million Dollars)	30.24	29.97	24.76	

6.3 Energy Resource Management

6.3.1 Energy Management

The Company fully complies with the ISO 14001 Environmental Management System standard, striving to reduce pollution sources, improve energy efficiency, and promote clean production to minimize the potential environmental impact of its operations. To achieve energy-saving and carbon reduction targets, each factory continuously reviews and optimizes environmental protection facilities. Through regular maintenance and upkeep, the Company ensures efficient and stable equipment operation, effectively reducing energy consumption and process emissions, thereby mitigating environmental impact.

In daily operations, the Company continuously promotes energy-saving and carbon reduction measures, including reducing electricity consumption in office and production units and optimizing the efficiency of industrial water and electricity usage. The Engineering Department sets clear annual energy management targets and implements monthly tracking and performance evaluation mechanisms to monitor progress, ensuring continuous improvement and effective management of energy use.

In addition, to align with the energy transition trend and increase the share of renewable energy use, the Company's Board of Directors officially approved the "Solar Power System Installation Project at the XIAMEN XIAHUI Factory" in 2024. The project is scheduled for completion in 2025, with the generated green electricity to be prioritized for on-site consumption. This will effectively reduce reliance on conventional power sources and serve as a key milestone in achieving low-carbon operations and sustainable de

Item / Year	2022	2023	2024
Electricity Consumption (KWH)	33,326,941	33,965,126	37,313,635
Energy Intensity (kWh / Million Revenue)	10,961.31	13,101.62	11,935.24

Note1: The data covers the Taiwan branch, XIAMEN XIHUI, KUNSHAN LUHAI and PT. LUHAI.



6.3.2 Water Resources Management

The Company regularly evaluates and reviews water usage and discharge practices at each operational site to assess their potential impact on the environment and society. Based on water risk analyses and impact pathway assessments, the Company formulates corresponding management policies and annual targets, aiming to reduce water-related risks and minimize the overall environmental impact across all sites.

Item / Year	2022	2023	2024
Water Consumption (tons)	119,908.7	135,699.3	169,788.1
Water Intensity (tons/ Million Revenue)	39.44	52.34	54.31

To enhance the effectiveness of water resource management, the Company continuously promotes water-saving initiatives. The Environmental Safety and Engineering Departments set annual water conservation targets, which are monitored and analyzed on a monthly basis to improve water use efficiency. Dedicated water-saving indicators are established for key water-consuming processes at each factory. Environmental Safety personnel conduct monthly performance tracking and identify units that fall short of targets, issuing improvement requests and following up on corrective actions to ensure effectiveness.

Each department is also required to regularly review the water management performance of key processes. By analyzing statistical data from the following month, departments continuously optimize water-saving measures to ensure that water conservation targets are effectively implemented. These efforts further reduce water resource consumption and operational risks, reinforcing the Company's commitment to environmental protection.

The Taiwan branch primarily sources its water from the Taiwan Water Corporation, with the majority used for employee domestic needs. The Company's primary manufacturing base is the XIAMEN XIAHUI factory, where all process-generated wastewater is properly treated by dedicated on-site wastewater treatment facilities. The treatment process strictly complies with the discharge standards set by local regulations. Treated wastewater is discharged to the municipal wastewater treatment plant only after it has been confirmed to meet the required effluent quality standards.

To ensure stable wastewater quality and compliance with regulatory requirements, the plant conducts regular internal sampling and testing. In addition, professional third-party agencies are commissioned to carry out water quality monitoring and analysis. This comprehensive approach allows for close oversight of all discharge indicators and minimizes potential environmental impact.

In 2024, all wastewater discharge tests met the required standards, with no incidents of exceeding regulatory limits.



Automatic Monitoring

- According to the relevant technical specifications for pollution permits, submit a self-monitoring plan to the Environment and Ecology Bureau and carry out self-monitoring of the company's wastewater.
- According to the self-monitoring plan requirements for various pollutants, online monitoring systems have been installed for ammonia nitrogen, COD, pH, and flow, with data collected every four hours and uploaded in real time to the municipal, provincial, and national platforms. Other pollutants are monitored by collecting water samples twice daily for laboratory testing, and the results are uploaded to the self-monitoring system.
- Additionally, in accordance with the self-monitoring plan, a qualified testing company with CMA certification is commissioned to perform testing of all pollutants as required by the plan..

Analysis and Improvement

- Quarterly statistics of wastewater monitoring data, and analysis of monitoring data.
- Monthly statistics of wastewater sludge production (tons), conducting root cause analysis in case of abnormal situations, proposing corrective action plans, and tracking and confirming the effectiveness of the corrective action plans.

Objective Management

- According to relevant regulations, implement a clean production plan, conduct clean production analysis of wastewater for each process, and establish a clean production target of 0.72 tons per 10,000 units of water used.
- The Quality Assurance Department is responsible for daily testing of wastewater effluent concentrations, while the Environmental Safety Department is responsible for regularly monitoring the concentrations of various types of wastewater, analyzing whether the pollutant factor concentrations exceed the limits.
- Establish targets for water usage for each process, monthly statistics and calculations by the Environmental Safety Department, issue improvement notices to departments exceeding water usage targets, request improvement measures, and confirm the effectiveness of improvement measures in the next month's statistics.

6.4 Waste Management

The Company upholds the philosophy of "environmental friendliness and resource recycling." In accordance with the ISO 14001 Environmental Management System, a dedicated management unit has been established to systematically manage and handle various types of waste generated during operations, aiming to reduce environmental impact and achieve corporate sustainability goals.

We strictly comply with environmental regulations at each operational site, conducting classification, labeling, and temporary storage management of general industrial waste and hazardous waste. All waste is fully entrusted to legally qualified and government-approved professional treatment vendors for collection and final disposal. The entire process is conducted with lawful reporting and traceable management to ensure operational transparency and minimize environmental risks.

The Company annually reports its waste management status to local environmental authorities in accordance with regulations and strictly complies with local control requirements for specific types of waste. To ensure that third-party treatment vendors comply with regulations and contractual obligations, we conduct rigorous qualification assessments before collaboration, evaluating their processing capacity and compliance. Contracts clearly specify treatment standards, procedures, and responsibilities to guarantee that waste disposal is safe, compliant, and controllable.

The Taiwan branch and LUHAI INTELLIGENT TECHNOLOGY (KUNSHAN) CO., LTD. primarily generate household waste and aluminum scraps from production, which constitute a very small proportion of the entire group's waste. XIAHUI RUBBER METAL IND. CO., LTD. disposes of sludge through co-processing in cement kilns; chemical packaging waste is treated by incineration; waste mineral oil and waste emulsified liquid are handled via atomization treatment. Additionally, the transfer of hazardous waste from the factory to the final disposal site is fully monitored by environmental authorities using a GPS system, ensuring transparency and safety throughout the transportation and handling process. At PT. LUHAI, waste rubber materials are handed over to qualified contractors with recycling and reuse capabilities for resource recovery. Other recyclable waste is managed in accordance with local regulations, either entrusted to government-approved entities or collected and reused by the Company itself, thereby implementing the goal of resource circularity.

In 2024, no significant waste leakage or regulatory violations occurred.

All waste is entrusted to licensed disposal contractors for removal within the legally required timeframes, with relevant reporting procedures conducted in accordance with regulations to ensure compliance and minimize environmental risks.

Measures to Mitigate Operational Risks in Waste Disposal and Transportation:

1. We sign waste disposal contracts with certified companies, including waste transportation. The qualifications of transportation companies are thoroughly reviewed.
2. We enter into safety management agreements with waste disposal and transportation companies.
3. Waste is securely sealed and packaged during storage to prevent any potential leakage.
4. In accordance with the requirements of the Ministry of Ecology and Environment, we utilize a systematic tracking system for waste transfers. The entire transportation process is monitored via GPS tracking, ensuring coordinated and secure waste handling.



In 2024, the Company generated 132.97 metric tons of hazardous waste, an increase compared to 2023. The main reason for the increase was the expansion of anodizing capacity at XIAMEN XIAHUI.

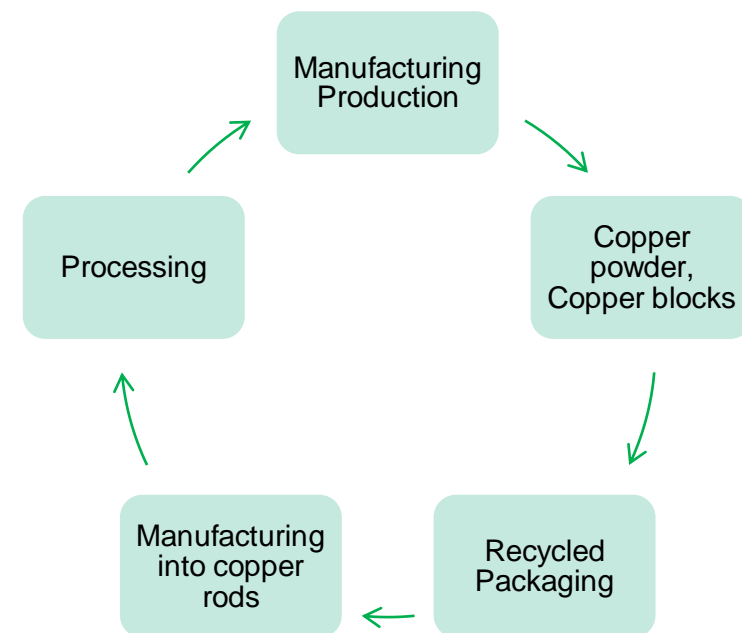
Hazardous/Non-Hazardous	Disposal Type	2022	2023	2024
Hazardous Waste	Processed as per regulations by category	161.85	60.08	132.97
	Direct disposal (incineration/landfill)	327.85	271.89	493.17
Non-Hazardous Waste	Sold/Recycled	4,687.29	4,920.21	5,561.61

Regarding renewable resources, LU HAI actively promotes the recycling and reuse of copper powder and scrap materials to reduce unnecessary resource waste, while seeking waste reduction and reuse technology development. Throughout the value chain, we collaborate with upstream and downstream partners

to promote the recycling and sharing of packaging materials. Additionally, we are committed to testing materials with low environmental impact, aiming to maximize the benefits of a circular economy. The Company creates circular value by recovering raw materials from production processes, advancing waste reduction technologies, and designing and promoting products with a circular economy focus.

The company actively promotes the installation of various energy-saving equipment to reduce energy consumption and continuously improves the efficiency of resource utilization and the recycling and reuse of raw materials. For example, we make extensive use of recycled materials in packaging materials such as pallets, separators, and cartons, adopting reusable pallets and repairing wooden pallets to reduce environmental impact.

In 2024, the recycling rate of key raw materials was 32.38% for PT. LUHAI and 52.51% for XIAMEN XIAHUI.



6.5 Pollution Prevention and Control

After relocating to a new factory, XIAHUI RUBBER METAL IND. CO., LTD. invested approximately RMB 20 million in environmental protection equipment, adopting advanced industry techniques to ensure that all waste gas and wastewater emissions fully comply with regulatory standards, effectively achieving emission reduction. For high-noise equipment, the company uses vibration isolation pads to reduce noise levels and prioritizes the procurement of environmentally certified, low-noise, and high sound-insulation machinery to minimize waste generation and energy consumption.



Meanwhile, PT. LUHAI incorporated green space planning during plant construction by planting various types of trees to enhance the overall environment,

aiming to create a factory that harmoniously coexists with nature and fulfills the vision of giving back to the earth from which it benefits.

XIAMEN XIAHUI, in collaboration with the Environmental Safety and Engineering Departments, is committed to various air pollution prevention and control measures. Effective collection and treatment of waste gases from each workshop are ensured through the adoption of optimal pollution control equipment. XIAHUI regularly inspects various waste gas pollution factors annually, and compliant waste gas treatment facilities are installed for all processes generating waste gases, ensuring that the plant's waste gas pollution factors meet emission standards. The main sources of pollutants are gases produced by vulcanization and electroplating, including hydrogen sulfide, volatile organic compounds (VOC), and hydrochloric acid mist. Depending on the waste gases generated in different workshops, pollution prevention facilities such as alkaline spray systems, dry filters, activated carbon adsorption (desorption), catalytic combustion, and alkaline spray systems are installed to effectively control pollution. All air emissions are tested at discharge outlets as required by law, and the results comply with relevant regulatory emission standards.



Although PT. LUHAI has not yet installed its own air pollution monitoring equipment, the Company commissions a professional testing firm every February and August each year to conduct regular air pollution and noise inspections in accordance with government regulations. The testing items include concentrations of major pollutants such as SO₂, CO, NO₂, NH₃, as well as noise level measurements in decibels. All inspection results have consistently shown that the Company's air pollution and noise levels comply with the regulatory standards set by the local government.

Appendix

I . Global Reporting Initiative Index

Statement of Use	LU HAI HOLDING CORP. has followed the GRI Standard for reporting for the period January 1, 2024 to December 31,2024.			
GRI	GRI 1 : Foundation (2021)			
	GRI 2 : General Disclosures (2021)			
	GRI 3 : Material Topics (2021)			
Disclosure Items		Section	Page	Supplementary Notes
GRI 2 : General Disclosures				
The organization and its reporting practices				
2-1	Organizational details	1.2 About LU HAI	3	
2-2	Entities included in the organization’s sustainability reporting	1.3 Report Information	3	
2-3	Reporting period, frequency and contact point	1.3 Report Information	6	
2-4	Restatements of information	1.3 Report Information	6	
2-5	External assurance		-	The company has voluntarily issued sustainability reports starting from 2022
Activities and workers				
2-6	Activities, value chain and other business relationships	1.2 About LU HAI	3	
2-7	Employees	5.1.2 Employee Composition	51	
2-8	Workers who are not employees	5.1.2 Employee Composition	51	
Governance				

Disclosure Items		Section	Page	Supplementary Notes
2-9	Governance structure and composition	2.2 Implement a Sustainable Development Framework	14	Please refer to 2024 Annual Report - III. Corporate Governance Report
		2.3 The Board of Directors and its Functional Committees	15	
2-10	Nomination and selection of the highest governance body	2.3 The Board of Directors and its Functional Committees	15	
2-11	Chair of the highest governance body	2.3 The Board of Directors and its Functional Committees	15	
2-12	Role of the highest governance body in overseeing the management of impacts	1.1 Message from the Chairman	1	
		2.2 Implement a Sustainable Development Framework	14	
		4.5 Risk Management	37	
2-13	Delegation of responsibility for managing impacts	2.2 Implement a Sustainable Development Framework	14	
		4.5 Risk Management	37	
2-14	Role of the highest governance body in sustainability reporting	2.1 Sustainability Development Strategy	13	
		3.1 Stakeholder Engagement	23	
		3.4 Management of material topics	28	
2-15	Conflicts of interest	4.3 Integrity Management	35	
2-16	Communication of critical concerns	2.2.2 Operational Status	15	Please refer to 2024 Annual Report - III Corporate Governance Report
2-17	Collective knowledge of the highest governance body	2.3 The Board of Directors and its Functional Committees	15	Please refer to 2024 Annual Report - III Corporate Governance Report
2-18	Evaluation of the performance of the highest governance body	2.3.2 The Structure and Functioning of the Board of Directors and Its Functional Committees	18	Please refer to 2024 Annual Report - III Corporate Governance Report
		2.3.2 The Structure and Functioning of the Board of Directors and Its Functional Committees	18	
2-19	Remuneration policies	5.1.4 Employee Rights and Welfare	54	

Disclosure Items		Section	Page	Supplementary Notes
2-20	Process to determine remuneration	2.3.2 The Structure and Functioning of the Board of Directors and Its Functional Committees	18	
		5.1.4 Employee Rights and Welfare	54	
2-21	Annual total compensation ratio	2.3.2 The Structure and Functioning of the Board of Directors and Its Functional Committees	18	
Strategy, policies and practices				
2-22	Statement on sustainable development strategy	1.1 Message from the Chairman	1	
		2.1 Sustainability Development Strategy	13	
2-23	Policy commitments	2.1 Sustainability Development Strategy	13	
		4.9 Sustainable Supply Chain Management	46	
		5.1 Employee Development	50	
2-24	Embedding policy commitments	2.1 Sustainability Development Strategy	13	
		4.9 Sustainable Supply Chain Management	46	
		5.1 Employee Development	50	
2-25	Processes to remediate negative impacts	4.4 Communication Channels and Complaint Mechanisms	36	
		4.8.2 Customer Relationship Management	44	
		5.1 Employee Development	50	
2-26	Mechanisms for seeking advice and raising concerns	4.4 Communication Channels and Complaint Mechanisms	36	
		4.8.2 Customer Relationship Management	44	
		5.1 Employee Development	50	
2-27	Compliance with laws and regulations			There were no significant violations recorded by the Company in 2024.
2-28	Membership associations	4.7 Participation of Public Associations and Non-Profit Organizations	41	
Stakeholder engagement				

Disclosure Items	Section	Page	Supplementary Notes
2-29 Approach to stakeholder engagement	3.1 Stakeholder Engagement	23	
2-30 Collective bargaining agreements	5.1.5 Collective bargaining agreements	57	
GRI 3 : Material Topics			
3-1 Process to determine material topics	3.2 Process for Determining Material Topics	26	
3-2 List of material topics	3.3 List of material topics	27	
3-3 Management of material topics	3.4 Management of material topics	28	
GRI 201 Economic Performance (2016)			
201-1 Direct economic value generated and distributed	4.1.1 Financial performance	31	Please refer to 2024 Financial Statements
	5.3 Social Participation	65	
201-2 Financial implications and other risks and opportunities due to climate change	6.1.3 Climate-Related Risk Identification, Assessment, and Management	71	
201-3 Defined benefit plan obligations and other retirement plans	5.1.4 Employee Rights and Welfare	54	
201-4 Financial assistance received from government	4.1.1 Financial performance	31	
GRI 202 Financial assistance received from government			
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	2.3.2 The Structure and Functioning of the Board of Directors and Its Functional Committees	18	
202-2 Proportion of senior management hired from the local community	1.4 Sustainability Performance	7	
GRI 203 Indirect Economic Impacts (2016)			
203-1 Infrastructure investments and services supported	5.3 Social Participation	65	
203-2 Significant indirect economic impacts	3.2 Process for Determining Material Topics	26	
GRI 204 Procurement Practices (2016)			
204-1 Proportion of spending on local suppliers	4.9.2 Supporting Local Procurement	47	

Disclosure Items		Section	Page	Supplementary Notes
GRI 205 Anti-corruption (2016)				
205-1	Operations assessed for risks related to corruption	4.3 Integrity Management	35	
205-2	Communication and training about anti-corruption policies and procedures	4.3 Integrity Management	35	
205-3	Confirmed incidents of corruption and actions taken	4.3 Integrity Management	35	
GRI 206 Anti-competitive Behavior (2016)				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices			There was no such incident during the reporting period.
GRI 207 Tax (2019)				
207-1	Approach to tax	4.2.1 Tax Policy	33	
207-2	Tax governance, control, and risk management	4.2.2 Tax Governance, Control, and Risk Management	33	
207-3	Stakeholder engagement and management of concerns related to tax	4.2.3 Stakeholder Engagement and Management of Tax-Related Issues	33	
GRI 301 Materials (2016)				
301-2	Recycled input materials used	6.4 Waste Management	79	
301-3	Reclaimed products and their packaging materials	6.4 Waste Management	79	
GRI 302 Energy (2016)				
302-1	Energy consumption within the organization	6.3.1 Energy Management	76	
302-3	Energy intensity	6.3.1 Energy Management	76	
302-4	Reduction of energy consumption	6.3.1 Energy Management	76	
302-5	Reductions in energy requirements of products and services	6.3.1 Energy Management	76	
GRI 303 Water and Effluents (2018)				
303-2	Management of water discharge-related impacts	6.3.2 Water Resources Management	77	
303-3	Water withdrawal	6.3.2 Water Resources Management	77	
GRI 305 排放(2016)				
305-1	Direct (Scope 1) GHG emissions	6.2 Greenhouse Gas Management	75	
305-2	Energy indirect (Scope 2) GHG emissions	6.2 Greenhouse Gas Management	75	
305-3	Other indirect (Scope 3) GHG emissions	6.2 Greenhouse Gas Management	75	
305-4	GHG emissions intensity	6.2 Greenhouse Gas Management	75	

Disclosure Items		Section	Page	Supplementary Notes
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	6.5 Pollution Prevention and Control	81	
GRI 306 Effluents and Waste 2016 (2020)				
306-1	Water discharge by quality and destination	6.4 Waste Management	79	
306-2	Waste by type and disposal method	6.4 Waste Management	79	
306-3	Significant spills	6.4 Waste Management	79	
306-4	Transport of hazardous waste	6.4 Waste Management	79	
306-5	Water bodies affected by water discharges and/or runoff	6.4 Waste Management	79	
GRI 401 Employment (2016)				
401-1	New employee hires and employee turnover	5.1.3 Diversity, Equity, and Inclusion	52	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.1.4 Employee Rights and Welfare	54	
401-3	Parental leave	5.1.4 Employee Rights and Welfare	54	
GRI 403 Occupational Health and Safety (2018)				
403-1	Occupational health and safety management system	5.2 Occupational Health and Safety	61	
403-3	Occupational health services	5.2.3 Occupational Health Care and Wellness Promotion	64	
403-5	Worker training on occupational health and safety	5.2.2 Occupational Safety and Health Education	62	
403-6	Promotion of worker health	5.2 Occupational Health and Safety	61	
GRI 404 Training and Education (2016)				
404-1	Average hours of training per year per employee	5.1.6 Talent Cultivation and Development	58	
404-3	Percentage of employees receiving regular performance and career development reviews	5.1.6 Talent Cultivation and Development	58	
GRI 405 Diversity and Equal Opportunity (2016)				
405-1	Diversity of governance bodies and employees	2.3.2 The Structure and Functioning of the Board of Directors and Its Functional Committees	18	Please refer to 2024 Annual Report - III. Corporate Governance Report
		5.1.2 Employee Composition	51	
405-2	Ratio of basic salary and remuneration of women to men	5.1.4 Employee Rights and Welfare	54	
GRI 406 Non-discrimination (2016)				

Disclosure Items		Section	Page	Supplementary Notes
406-1	Incidents of discrimination and corrective actions taken	5.1.1 Human Rights Policy and Commitment	50	There was no such incident during the reporting period
GRI 407 Freedom of Association and Collective Bargaining (2016)				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	5.1.5 Collective bargaining agreements	57	
GRI 408 Child Labor (2016)				
408-1	Operations and suppliers at significant risk for incidents of child labor	4.9.1 Continued ESG Risk Management	46	
		5.1.1 Human Rights Policy and Commitment	50	
GRI 409 Forced or Compulsory Labor (2016)				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.9.1 Continued ESG Risk Management	46	
		5.1.1 Human Rights Policy and Commitment	50	
GRI 410 Security Practices (2016)				
410-1	Security personnel trained in human rights policies or procedures	5.1.1 Human Rights Policy and Commitment	50	
GRI 413 Local Communities (2016)				
413-1	Operations with local community engagement, impact assessments, and development programs	3.2 Process for Determining Material Topics	26	
413-2	Operations with significant actual and potential negative impacts on local communities	5.3 Social Participation	65	
GRI 416 Customer Health and Safety (2016)				
416-1	Assessment of the health and safety impacts of product and service categories	4.8.1 Product Quality and Safety	42	There was no such incident during the reporting period
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services			
GRI 417 Customer Health and Safety (2016)				
417-1	Requirements for product and service information and labeling	4.8.2 Customer Relationship Management	44	

Disclosure Items		Section	Page	Supplementary Notes
417-2	Incidents of non-compliance concerning product and service information and labeling	4.8.2 Customer Relationship Management	44	
417-3	Incidents of non-compliance concerning marketing communications	4.8.2 Customer Relationship Management	44	There was no such incident during the reporting period
GRI 418 Customer Privacy (2016)				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.6.2 Customer Privacy Protection	40	

II. TCFD & Climate-related Information of Listed Company

Dimension	TCFD Disclosure Recommendation	Climate-related Information of Listed Companies	Section	Page	Note
Governance	Describe the board's oversight of climate related risks and opportunities.	Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	6.1.1 Climate Oversight and Governance Structure	69	
	Describe management's role in assessing and managing climate-related risks and opportunities.		6.1.1 Climate Oversight and Governance Structure	69	
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	6.1.2 Climate Strategy	69	
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Describe the financial impact of extreme weather events and transformative actions.	6.1.3 Climate-Related Risk Identification, Assessment, and Management	71	
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.			Our company has not yet used scenario analysis to assess climate change risks.
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks	Describe how climate risk identification, assessment, and management processes are	6.1.3 Climate-Related Risk Identification, Assessment, and	71	

Dimension	TCFD Disclosure Recommendation	Climate-related Information of Listed Companies	Section	Page	Note
		integrated into the overall risk management system.	Management		
	Describe the organization's processes for managing climate-related risks		6.1.3 Climate-Related Risk Identification, Assessment, and Management	71	
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.		6.1.3 Climate-Related Risk Identification, Assessment, and Management	71	
Metrics & Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	1. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	6.1.3 Climate-Related Risk Identification, Assessment, and Management	71	Our company does not use internal carbon pricing.
		2. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.			
	Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan	6.2 Greenhouse Gas Management	75	
	Describe the targets used by the organization to manage climate-	If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the	6.1.3 Climate-Related Risk Identification,	71	

Dimension	TCFD Disclosure Recommendation	Climate-related Information of Listed Companies	Section	Page	Note
	related risks and opportunities and performance against targets.	progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	Assessment, and Management		

III. Sustainability Accounting Standards Board Index

SASB- Auto Parts

Category	TOPIC	CODE	METRIC	Section and supplementary note	PAGE
Environment	Energy Management	TR-AP-130a.1	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	6.3.1 Energy Management	76
	Waste Management	TR-AP-150a.1	(1) Total amount of waste from manufacturing, (2) percentage hazardous, (3) percentage recycled	6.4 Waste Management	79
Social capital	Product Safety	TR-AP-250a.1	Number of vehicles recalled	There was no such incident during the reporting period	
Business models and innovation	Design for Fuel Efficiency	TR-AP-410a.1	Revenue from products designed to increase fuel efficiency or reduce emissions	Our company's TPMS products can improve vehicle fuel efficiency.	
	Materials Efficiency	TR-AP-440b.1	Percentage of products sold that are recyclable	4.9 Sustainable Supply Chain Management	46
		TR-AP-440b.2	Percentage of input materials from recycled or remanufactured content	6.4 Waste Management	79
	Materials Sourcing	TR-AP-440a.1	Description of the management of risks associated with the use of critical materials	6.4 Waste Management	79
Leadership and Corporate Governance	Competitive Behaviour	TR-AP-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	There was no such incident during the reporting period	

ACTIVITY METRIC	CATEGORY	CODE	UNIT OF MEASURE	Quantitative data of 2024
Number of parts produced	Quantitative	TR-AP-000.A	Number	Bicycle class : 162.59 million PCS Motorcycle and electric motorcycle class : 260.82 million PCS Passenger car, truck and off-the-road vehicles class : 140.58 million PCS

Weight of parts produced	Quantitative	TR-AP-000.B	Metric ton(t)	Not applicable. All of our company's products have defined acceptable weight ranges and standards, and are strictly controlled by quality assurance.
Area of manufacturing plants	Quantitative	TR-AP-000.C	Square meters(m ²)	Taiwan Branch : 5,351 m ² XIAMEN XIAHUI : 89,274.68 m ² / XIAMEN XIAHUI (GUANKOU) : 7,997.81m ² KUNSHAN LUHAI : 27,966.67 m ² / PT. LUHAI : 30,181.6 m ²

