



南良國際股份有限公司

NAM LIONG GLOBAL CORPORATION

# 2022 Sustainability Report



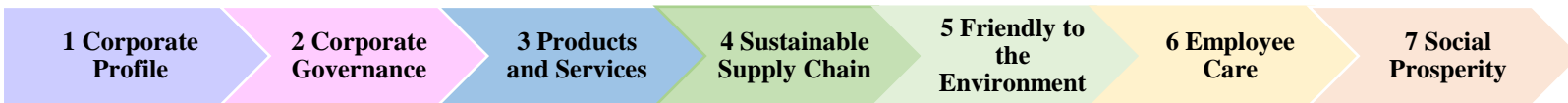


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NAM LIONG



# Corporate Profile

## I. Corporate Profile

### 1.1 About this Report

#### 1.1.1 Reporting Period

In this Sustainability Report, Nam Liong Global Corporation (hereinafter referred to as **Nam Liong Global**) makes systematic disclosure of **Nam Liong Global**'s performance, management approaches and objectives in governance, products, supply chain, environmental, and social aspects for the year 2022 (from January 1, 2022, to December 31, 2022). Nam Liong Global plans to publish Sustainability Report annually and make it publicly available on Nam Liong Global's official website in the future.

- Release date of previous report: December 2021
- Release date of current report: December 2023
- Expected release date of next report: December 2024

#### 1.1.2 Reporting Standards

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



### 1.1.3 Scope and Boundaries

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

\*Note 1: Each subsidiary is primarily disclosed in the Economic Performance section.

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

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

### 1.1.4 Restatements of Information

There has been no restatement of information in the preceding period for this Report.

### 1.1.5 Internal Controls

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

### 1.1.6 Contact Information

Contact Unit: Nam Liong Global Corporation

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

Tel:+886 (02)2659-1588

Email: [namliong\\_public@namliong-global.com](mailto:namliong_public@namliong-global.com)

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

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

## 1.2 Sustainability Strategies and Performance

### 1.2.1 Message from The Chairman and Performance of Sustainability Management

Since our establishment, Nam Liong Global has consistently upheld the business philosophy of 「*respect for life and care for the environment*」. In 2016, our corporate vision has been to **become the global benchmark producer of composite materials for sustainable operation with the fundamental principle of green, innovation, and smart manufacturing, sharing achievements with society and employees**. Over the years, we have continuously taken proactive measures for sustainable development in alignment with our vision.

Reflecting on 2022, our efforts to advance actions in the aspects of Environmental, Social, and Corporate Governance have yielded significant and impactful results.

Aspect	Effectiveness of Initiatives in 2022
Environmental Protection	<ul style="list-style-type: none"> <li>• <b><i>Innovation focused on Eco-Friendly Materials:</i></b> R&amp;D of high-performance Eco-Family polymeric foams, environmentally friendly biofilms, environmentally friendly co-extrusion granules, transitions to environmentally friendly inks for packaging and moving towards simplification.</li> <li>• <b><i>Attainment of Green Certifications:</i></b> OEKO-TEX® Standard 100 Certification, Bluesign® Standards, Global Recycled Standard (GRS), FSC Chain of Custody (CoC) Certification, USDA Certified Biobased Product, etc. These certifications contribute to creating distinctive and differentiated product features.</li> <li>• <b><i>Environmental Certification:</i></b> Continuously renewing ISO 140001 Environmental Management System certification, initiating ISO 14064-1 organizational GHG Inventory training, and eliminated the use of heavy oils in Taiwan region since 2021.</li> </ul>
Social Responsibility	<ul style="list-style-type: none"> <li>• <b><i>Continuously honored as Happy Enterprise:</i></b> The 1111 Job Bank 2022 Happy Enterprise.</li> <li>• <b><i>Respecting human rights:</i></b> No incidents of forced or compulsory labor violations, No significant penalties or compensation due to legal violations. Additionally, 100% of new personnel received human rights-related training and education.</li> <li>• <b><i>Prioritizing training and education:</i></b> In 2022, a total of 107 courses were provided, furnishing training for 672 individuals with a cumulative total of 3,410.8 person-hours. The average training hours per person amounted to 6.18 hours, indicating a growth compared to 2021 and underscoring our commitment and investment in employee education and training.</li> </ul>

Aspect	Effectiveness of Initiatives in 2022
<p><b>Social Responsibility</b></p>	<ul style="list-style-type: none"> <li>• <b>Prioritizing occupational health and safety management:</b> Continuously complying with local occupational health and safety regulations at each operational location, as well as managing in accordance with the ISO 45001: 2018 - Occupational Health and Safety Management System standards, our factories has established externally validated occupational health and safety management system. For other operational locations not meeting regulatory requirements, we strictly abide to the occupational health and safety management system.</li> <li>• <b>Continuously engaging in social activities:</b> Proactively undertaking the maintenance of trees around the Zheng Chenggong Tomb Monument and Wurong Park in the Yongkang District of Tainan City. We also consistently make donations to support public welfare and community initiatives, religious groups, police and fire departments, as well as educational causes.</li> </ul>
<p><b>Corporate Governance</b></p>	<ul style="list-style-type: none"> <li>• <b>No</b> incidents of integrity management or ethical-related <b>violations</b>; <b>no</b> incidents of <b>corruption</b>.</li> <li>• <b>Continuously utilizing ISO systems for risk management:</b> Renewing <b>ISO 13485</b> Medical Devices quality management certification, and proceeding with <b>ISO 27001</b> Information Security, Cybersecurity and Privacy Protection management system reaccreditation process. This improves corporate governance, effectively mitigating potential operational threats.</li> <li>• <b>Maintaining long-term collaboration relationships with suppliers:</b> Establishing enduring partnerships with trading partners. Negotiations involving key parties are conducted collaboratively by senior management personnel and relevant dedicated personnel, ensuring fairness and transparency of operations, as well as the cultivation of stable, long-term cooperative relationships.</li> </ul>

*Nam Liong Global will persist in utilizing digital and intelligent management methods to identify carbon emission hotspots through for comprehensive big data analysis, with a specific focus on raw materials, energy resources, water resources, waste, etc. Critical areas will be designated as crucial operational indicators and managed accordingly. Simultaneously, focus will be on the research and expanded promotion of the B90 series materials and GRS Recycled products. This ensures that every employee actively contributes to carbon reduction efforts, fulfilling corporate social responsibilities in both environmental protection and human rights, and propels Nam Liong Global steadily forward on the path of sustainable development.*



*General Manager of Nam Liong Global*



## 1.3 Stakeholder Engagement

### 1.3.1 Stakeholder Identification

- Stakeholder Identification

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

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

### 1.3.2 Stakeholder Communication

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

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

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



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

Stakeholders	Description	Communication Channels	Communication Frequency	Major Concerns	Responsible Unit	Communication Results
<b>Customers</b>	Mutually beneficial symbiotic relationship with customers	Email	Monthly	Marketing of eco-friendly products, process optimization, pollution control, customer relationship maintenance	Business Units	2022 Customer Satisfaction Survey results
		Video conferences	Quarterly			
		Visits	Irregularly			
<b>Employees and Other Workers</b>	Employees are the most valuable assets of the Corporation	Announcements	Irregularly	Labor protection, compensation and benefits, training and education	Human Resource Department	<ul style="list-style-type: none"> <li>Total 8 Labor/Management Meetings were held in 2022</li> <li>Average training hours per person amounted for 6 hours in 2022</li> </ul>
		Labor/Management meetings	Irregularly			
		Employee complaint box	Irregularly			
<b>Suppliers</b>	Mutually assisting and beneficial collaborative relationship with suppliers	Email	Monthly	Effective risk management, supplier relationship maintenance, supply chain audit management, fulfilling sustainable development	Business Units	Results of Quarterly Supplier Assessment
		Phone calls	Daily			
		Interviews	Irregularly			
<b>Shareholders and Other Investors</b>	Shareholders and investors play the role of crucial capital sources for the Corporation.	Shareholder meetings	Annually	Effective corporate governance, effective risk management,	Finance Department	<ul style="list-style-type: none"> <li>Holds Shareholder Meetings annually</li> <li>Holds Legal Person Briefing annually</li> </ul>
		Legal person briefing	Annually			

Stakeholders	Description	Communication Channels	Communication Frequency	Major Concerns	Responsible Unit	Communication Results
<b>Shareholders and Other Investors</b>	Operational performance demonstrates the Corporation's value, securing stable funding base and consequently, generating a positive cycle.	Operational performance announcements	Monthly	,improve operational performance and efficiency	Finance Department	<ul style="list-style-type: none"> <li>Releases Operational Performance Announcements on monthly basis</li> <li>Communication with investors through dedicated hotlines and Emails, conducted irregularly and as needed</li> </ul>
		Investor hotline/Email	As needed			
<b>Government Agencies</b>	Maintaining communication channels with the government is crucial for staying informed about the latest regulatory trends, avoiding legal violations, and ensuring sound operations.	Regulatory authorities' briefing	Irregularly	Facilitate stakeholder communication, effective risk management, fulfilling sustainable development	Finance Department、Occupational Safety and Health Department、Admin General Affairs Department Human Resource Department	<ul style="list-style-type: none"> <li>Engaging in discussions with relevant authorities on specific topics based on case needs, facilitating consensus-building and obtaining relevant recommendations</li> <li>Participating in explanatory sessions organized by relevant authorities to enhance communication efficiency on specific topics</li> </ul>
		Personal visits	As needed			
		Phone calls/Email	As needed			
<b>Financial Institutions</b>	Financial institutions play the role of crucial funding sources for the Corporation. Operational performance demonstrates the Corporation's value, securing stable funding base and consequently, generating a positive cycle.	Personal visits	As needed	Effective corporate governance, effective risk management, improve operational performance and efficiency	Finance Department	Visiting financial institutions as needed, maintaining close communication to secure stable source of funding
<b>Local Communities</b>	Fulfilling social responsibilities	Public welfare donations	Irregularly	Fulfilling social responsibilities	Admin General Affairs Department	Maintaining continuous and close communication

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

## 1.4 Management of Material Topics

### 1.4.1 Process to Assess Material Topics

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

#### Step 1. Assessing material topics

##### (1) Identifying sustainability topics:

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

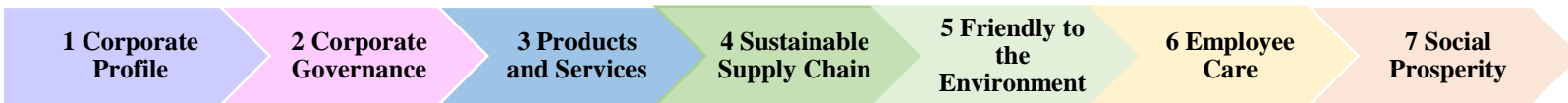
(2) **Identifying stakeholders:** The identification results highlight customers, shareholders and other investors, suppliers, employees and other workers, government agencies, local communities, and financial institutions as crucial stakeholders.

#### Step 2. Assessing impacts

##### (1) Assessing impacts and possibility of occurrences:

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

##### (2) Prioritizing and determining material topics:



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

### Step 3. Disclosing and continuous review of material topics

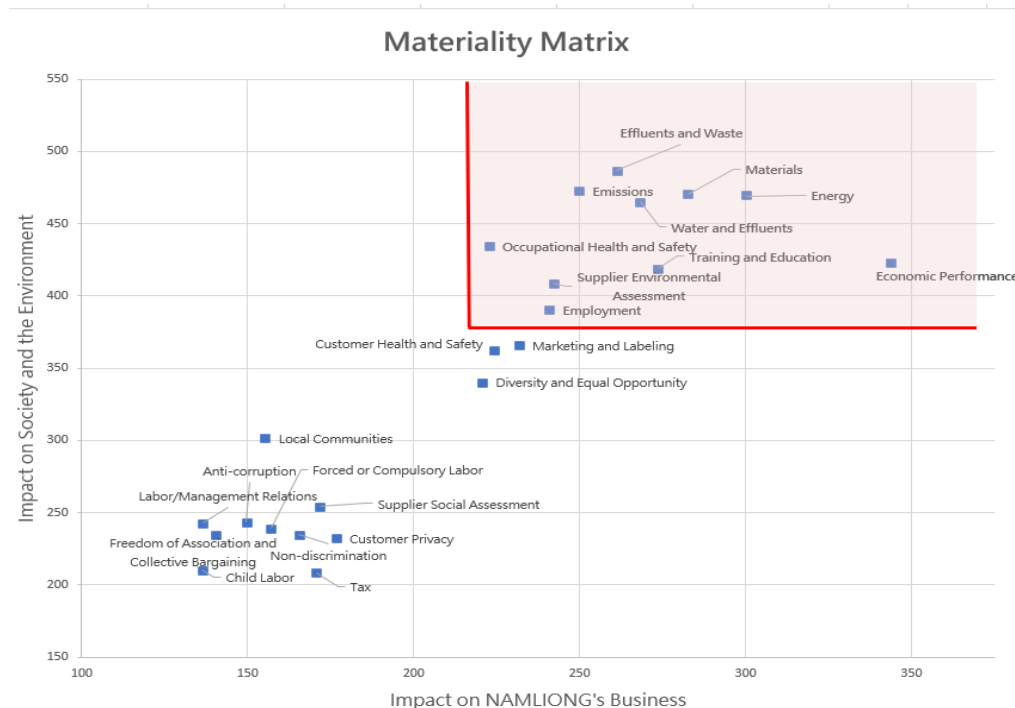
#### (1) Information disclosure

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

#### (2) Continuous review

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

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



## 1.4.2 Management of the Impacts of Material Topics

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

Material Topic	Corresponding to GRI	KPI AND OBJECTIVES	Progress Updates	Management Mechanisms	Reference to 2022 Sustainability Report
Economic Performance	GRI201	<ul style="list-style-type: none"> <li><b>Short-term Goals2022 – 2024:</b>Inventory increase ratio shall not exceed 5%</li> <li><b>Medium-term Goals2025 –2032 ; Long-term Goals2033 – 2050:</b>Inventory increase ratio shall not exceed 3%</li> </ul>	Goals were set in 2022, and progress tracking will continue	Progress tracking conducted during monthly meetings	2.3 Economic Performance
Materials	GRI301	<ul style="list-style-type: none"> <li><b>Short-term Goals2022 – 2024:</b>Use of renewable materials shall increase by 1%</li> <li><b>Medium-term Goals2025 –2032 ; Long-term Goals2033 – 2050:</b>Use of renewable materials shall increase by 5~8%</li> </ul>			5.1 Materials Management
Supplier Environmental Assessment	GRI308	<ul style="list-style-type: none"> <li>Anticipated to conduct supplier sustainability self-assessment questionnaire survey in 2023, with short-, medium-, and long-term goals set based on survey results</li> </ul>			4.Sustainable Supply Chain
Emissions	GRI305	<ul style="list-style-type: none"> <li><b>Short-term Goals2022 – 2024:</b>Aim to reduce GHG emissions by 10% compared to the baseline year (2022) in 2025</li> <li><b>Medium-term Goals2025 –2032 ; Long-term Goals2033 – 2050:</b>Aim to reduce GHG emissions by 25% compared to the baseline year (2022) in 2030 Commitment to achieve net-zero emissions by 2050</li> </ul>			5.4 Emission Monitoring

Material Topic	Corresponding to GRI	KPI AND OBJECTIVES	Progress Updates	Management Mechanisms	Reference to 2022 Sustainability Report
Energy	GRI302	<ul style="list-style-type: none"> <li>• <b>Short-term Goals2022 – 2024:</b>Aim to reduce energy consumption by 1% annually.</li> <li>• <b>Medium-term Goals2025 –2032 ; Long-term Goals2033 – 2050:</b>Aim to reduce energy consumption by 2% annually, with the green energy proportion being 5%.</li> </ul>	Goals were set in 2022, and progress tracking will continue.	Progress tracking conducted during monthly meeting	5.3 Energy Resource Governance
Waste	GRI306	<ul style="list-style-type: none"> <li>• <b>Short-term Goals2022 – 2024:</b>Ensuring compliance with wastewater discharge regulations; aim to increase the recycling rate of waste by 3% compared to the baseline year (2022) by 2024.</li> <li>• <b>Medium-term Goals2025 –2032:</b>Ensuring compliance with wastewater discharge regulations; aim to increase the recycling rate of waste by 5% compared to the baseline year (2022) by 2032.</li> <li>• <b>Long-term Goals2033 – 2050:</b>Ensuring compliance with wastewater discharge regulations; aim to increase the recycling rate of waste by 10% compared to the baseline year (2022) by 2050.</li> </ul>			5.6 Waste Management
Water and Effluents	GRI303	<ul style="list-style-type: none"> <li>• <b>Short-term Goals2022 – 2024:</b>Aim to reduce water consumption by 1% compared to the baseline year (2022) in 2024 .</li> <li>• <b>Medium-term Goals2025 –2032 ; Long-term Goals2033 – 2050:</b>Aim to reduce water consumption by 1.5% compared to the baseline year (2022) in 2050.</li> </ul>			5.5 Water Resources Management

Material Topic	Corresponding to GRI	KPI AND OBJECTIVES	Progress Updates	Management Mechanisms	Reference to 2022 Sustainability Report
Occupational Health and Safety	GRI403	<ul style="list-style-type: none"> <li>• <b>Short-term Goals2022 – 2024:</b> <ol style="list-style-type: none"> <li>1. Zero significant occupational accidents company-wide.</li> <li>2. Frequency of employee disabling injuries <math>\leq</math> 6.25.</li> </ol> </li> <li>• <b>Medium-term Goals2025 –2032 ; Long-term Goals2033 – 2050:</b> <ol style="list-style-type: none"> <li>1. Zero significant occupational accidents company-wide.</li> <li>2. Frequency of employee disabling injuries <math>\leq</math> 2.57.</li> </ol> </li> </ul>			6.4 Workplace Safety
Training and Education	GRI404	<ul style="list-style-type: none"> <li>• <b>Short-term Goals2022 – 2024:</b>Total person-hours of training and education amounted for 3,000 hours.</li> <li>• <b>Medium-term Goals2025 –2032:</b>Total person-hours of training and education amounted for 4,000 hours.</li> <li>• <b>Long-term Goals2033 – 2050:</b>Total person-hours of training and education amounted for 5,500 hours.</li> </ul>	Goals were set in 2022, and progress tracking will continue..	Progress tracking conducted during monthly meeting	6.3 Development Opportunities
Employment	GRI401	<ul style="list-style-type: none"> <li>• <b>Short-term Goals2022 – 2024:</b> <ol style="list-style-type: none"> <li>1.Nam Liong Global adheres to local labor regulations and international human rights requirements.</li> <li>2.Yearly turnover rate increased by less than 6%.</li> </ol> </li> <li>• <b>Medium-term Goals2025 –2032 ; Long-term Goals2033 – 2050:</b> <ol style="list-style-type: none"> <li>1.Nam Liong Global adheres to local labor regulations and international human rights requirements.</li> <li>2.Yearly turnover rate increased by less than 4%.</li> </ol> </li> </ul>			6.1 Human Capital





### 1.4.3 Material Topic-Economic Performance

Material Topic: Economic Performance	
Reason Considered Material	Establishing corporate vision and goals, incorporating sustainable business strategies, as well as evaluating financial performance indicators such as operating profit margins, stock prices, dividends, and the financial positions are fundamental elements of ensuring the Corporate’s sustainable operations.
Policies/Strategies	Continuously implementing vital strategies such as optimizing product portfolios, improving production efficiency, and strictly controlling costs and expenses.
Goals and Targets	<ul style="list-style-type: none"> <li>• <b>Short-term Goals:</b> Inventory increase ratio shall not exceed 5%.</li> <li>• <b>Medium-, Long-term Goals:</b> Inventory increase ratio shall not exceed 3%.</li> </ul>
Management Assessment Mechanisms	Through monthly business review meetings, reviewing objective accomplishment rates, and conducting assessments for units that have not achieved their goals or are incurring losses.
Performance and Adjustments	In 2022, the annual revenue amounted to NT\$ 30.82 billion, reflecting an 8.18% decrease compared to 2020. This decline is primarily attributed to the overall soft demand in the end markets of the textile industry and global inflation, which subsequently impacted the downstream brand manufacturers’ pulling power in the industry supply chain.
Prevention or Mitigation Measures	Actively strengthening collaborations with key customers to explore new order opportunities and expanding the momentum of global business orders, as well as enhancing the Corporate’s competitiveness in the industry through the application of eco-friendly bio-based materials and implementing the industry value chain.

### 1.4.4 Material Topic-Materials Management

Material Topic: Materials Management	
Reason Considered Material	There may be uncertainties arising from environmental, social, or economic factors in the current procurement of petrochemical raw materials, leading to negative impacts such as insufficient supply, unstable quality, and increased costs. Further influenced by growing concerns among international and brand customers about environmental issues and recycled materials, along with their requirements for relevant environmental certifications (HIGG, USDA, FSC, etc.), it is anticipated that this will increase both unstable threats and opportunities for eco-friendly materials.
Policies/Strategies	<ol style="list-style-type: none"> <li>1. Supply Chain Management: Promoting CSR to suppliers and demanding declarations on raw materials' compliance with restrictions on hazardous substances. Intermittent SGS inspections are conducted to verify compliance with environmental regulations and relevant international standards, thereby minimizing the environmental impact of our products.</li> <li>2. Materials Management: Committed to the development Eco-Family materials, focusing on recyclable, reusable, low-carbon bio-based materials, as well as solvent-free and solvent recovery processes. This facilitates material recycling, reduces environmental and labor costs for waste disposal. We further collaborate with certified manufacturers to jointly promote sustainability efforts in production and processing.</li> </ol>
Goals and Targets	<ul style="list-style-type: none"> <li>• <b>Short-term Goals:</b> Use of renewable materials shall increase by 1% (Including in-house recycling and reintroduction of materials).</li> <li>• <b>Medium-, Long-term Goals:</b> Use of renewable materials shall increase by 5~8%.</li> </ul>
Management Assessment Mechanisms	Establishing and continuously optimizing KPI for renewable material management, and regularly compiling accomplishment rates, as well as conducting progress tracking and improvement strategies discussion during monthly meetings.
Performance and Adjustments	<ul style="list-style-type: none"> <li>• Tracking and managing the statistical data of in-house recycling and reuse of materials.</li> <li>• Future inclusion of statistical management and tracking for R&amp;D of materials incorporating renewable resources.</li> </ul>
Prevention or Mitigation Measures	Actively seeking eco-friendly raw materials and exploring reuse options, such as in the production of fuel rods, etc..

### 1.4.5 Material Topic-Supplier Environmental Assessment

Material Topic: Supplier Environmental Assessment	
Reason Considered Material	From procurement to product disposal and the processing of recyclable raw material, crucial decision must be made, especially regarding the selection, planning, integration, assessment, and development of suppliers. Correctly choosing, evaluating, and identifying suitable suppliers become decisive competitive factors in global procurement.
Policies/Strategies	<p>The procurement and supplier management operations, conducted by the procurement departments of each business unit, focused on key management aspects, including quality, delivery time, and price coordination with a scoring system based on these four criteria. Other environmental management aspects for suppliers are determined based on management principles, product sales attributes, and system verification requirements. Nam Liong Global' s supplier management policies in 2022 aligns with the following principles:</p> <ol style="list-style-type: none"> <li>1. Operates following the Procedure for Procurement Management, Procedure for Restricted Substances Management in Eco-friendly Products, Procedure for Supplier Selection and Assessment, Procedure for FSC Material Procurement, and the three-tier Procurement Specifications and Restricted Substances Management Specifications of each business unit.</li> <li>2. Requires our suppliers to submit Restricted Substances Commitment Guarantee, Supplier Collaboration Agreement, and Code of Conduct. Those in compliance with GRS System Verification are required to submit additional agreements, including Recycled Materials Supplier Agreement, Recycled Materials Declaration Form, Restricted Substances Guarantee, and Social Responsibility and Anti-bribery Declaration.</li> </ol>
Goals and Targets	Anticipated to conduct supplier sustainability self-assessment questionnaire survey in 2023, with short-,medium-, and long-term goals set based on survey results.
Management Assessment Mechanisms	Quarterly supplier assessments are conducted, in accordance with Procedure for Supplier Selection and Assessment. The assessment are as follows: Grade A for scoring of 85 points or above, Grade B for scoring of 75-84 points, Grade C for scoring of 66-74 points, and Unqualified for scoring of 65 points or below.
Performance and Adjustments	<ol style="list-style-type: none"> <li>1. The supplier management assessment mechanism and frequency are adjusted based on decision made by the Corporation's highest supplier management body.</li> <li>2. The supplier management criteria are established in accordance with the management principles of each business unit, product sale attributes and system verification requirements.</li> </ol>
Prevention or Mitigation Measures	Regularly monitoring supplier assessment in each business unit for compliance check, ensuring that each business unit completes them within the specified time frame.



### 1.4.6 Material Topic-Emissions

Material Topic: Emissions	
Reason Considered Material	We have formulated strategies to reduce and manage GHG emissions in response to global climate change. We are committed to upholding intergenerational and environmental justice and ensuring a just transition. By fulfilling our shared responsibility to protect the earth’s environment, we aim to contribute to the sustainable development of our nation. The management of emissions is designated as a significant issue.
Policies/Strategies	<ol style="list-style-type: none"> <li>Nam Liong Global follows the regulatory framework for GHG inventory based on CNS 14064-1: 2021 and ISO 14064-1: 2018 standards. Our systematic GHG inventory and inventory list construction aligns with the GHG Protocol published by the World Business Council for Sustainable Development (WBCSD).</li> <li>Nam Liong Global conducted our first GHG inventory for the facility in 2022. The inventory scope covered Category 1 to Category 4 data from the year 2021 and has been successfully verified.</li> <li>The inventory boundary expands to include the Head Office, Niao Song Factory and Ren Ai Factory for the first time in 2023. The inventory scope covered Category 1 to Category 6 data for the year 2022.</li> <li>Nam Liong Global’s management process for GHG inventory follows the procedures outlined in the Procedure for GHG Inventory.</li> </ol>
Goals and Targets	<ul style="list-style-type: none"> <li><b>Short-term Goals:</b> Aim to reduce GHG emissions by <b>10%</b> compared to the baseline year (2022) in 2025.</li> <li><b>Medium-term Goals:</b> Aim to reduce GHG emissions by <b>25%</b> compared to the baseline year (2022) in 2030.</li> <li><b>Long-term Goals:</b> Commitment to achieve <b>net-zero</b> emissions by 2050.</li> </ul>
Management Assessment Mechanisms	The progress of GHG inventory is reported to the Board quarterly, in accordance with the Sustainable Development Roadmap set forth by the Financial Supervisory Commission R.O.C. (Taiwan).
Performance and Adjustments	Adjustments are made to the overall objectives of GHG inventory operations in alignment with the resolutions and policies set by the Sustainability Development Promotion Committee.
Prevention or Mitigation Measures	Internal audits of GHG inventory are conducted annually to ensure the accuracy of inventory schedules, data, and supporting documentation.

### 1.4.7 Material Topic-Energy

Material Topic: Energy	
Reason Considered Material	Nam Liong Global is committed to implementing energy-saving measures to address the challenges of climate change and align with the emission reduction goals of international customers. Renewable energy is also a primary focal point for sustainable development.
Policies/Strategies	<ol style="list-style-type: none"> <li>1. Audit and assessment of energy resource, with ongoing energy resource management.</li> <li>2. Enhancing equipment efficiency and reducing energy losses.</li> <li>3. Employee involvement and training.</li> <li>4. Promotion of renewable energy.</li> </ol>
Goals and Targets	<ul style="list-style-type: none"> <li>• <b>Short-term Goals:</b> Aim to reduce energy consumption by 1% annually.</li> <li>• <b>Medium-, Long-term Goals:</b> Aim to reduce energy consumption by 2% annually, with the green energy proportion being 5%.</li> </ul>
Management Assessment Mechanisms	Regularly review the energy resource management policy and objectives and generate energy resource management reports.
Performance and Adjustments	<ul style="list-style-type: none"> <li>• <b>Monitoring energy consumption and emissions:</b> Regularly monitor energy consumption and carbon emissions, conducting assessments and analysis. Identify areas for improvement and develop corresponding action plans based on the assessment results.</li> <li>• <b>Technological innovation and improvements:</b> Explore emerging energy technologies and solutions, introducing new technologies that align with corporate needs and sustainable development goals. Continuously improving energy infrastructure and equipment to enhance energy efficiency.</li> </ul>
Prevention or Mitigation Measures	<ul style="list-style-type: none"> <li>• <b>Provide employee training and awareness enhancement:</b> Conduct training sessions on energy resource management and energy conservation, enhancing employees' understanding and awareness regarding energy-related issues. Encourage employee participation in energy-saving efforts and provide incentives and rewards accordingly.</li> <li>• <b>Establishment of collaborative partnerships:</b> Collaborate with suppliers, customers, and other stakeholders to establish partnerships, collectively promoting energy resource management and sustainable development. Facilitate information sharing and technical collaboration to achieve joint energy efficiency and emission reduction goals.</li> </ul>

## 1.4.8 Material Topic-Effluents and Waste

Material Topic: Effluents and Waste	
Reason Considered Material	Effectively managing and treating wastewater is crucial for Nam Liong Global to achieve environmentally sustainable. This includes continuous focus on environmental protection, regulatory compliance, and resource recycling to achieve the goals of a circular economy.
Policies/Strategies	To address effluents and waste issues, Nam Liong Global has formulated the following strategies and policies: <ol style="list-style-type: none"> <li>1. Wastewater management: Establishing strict wastewater management system to ensure proper treatment and discharge of wastewater in compliance with regulations and environmental requirements. Implementing effective monitoring and testing to ensure wastewater has no negative effects on the environment and ecosystems.</li> <li>2. Waste classification and treatment: Encouraging the sorting and recycling of waste, promoting circular economy model, resource utilization, and energy recovery of waste.</li> <li>3. Waste reduction: Implementing internal waste reduction measures, encouraging employees to conserve resources and minimize waste generation.</li> </ol>
Goals and Targets	<ul style="list-style-type: none"> <li>• <b>Short-term Goals:</b> Ensuring compliance with wastewater discharge regulations; aim to increase the recycling rate of waste by 3% compared to the baseline year (2022) by 2024.</li> <li>• <b>Medium-term Goals:</b> Ensuring compliance with wastewater discharge regulations; aim to increase the recycling rate of waste by 5% compared to the baseline year (2022) by 2032.</li> <li>• <b>Long-term Goals:</b> Ensuring compliance with wastewater discharge regulations; aim to increase the recycling rate of waste by 10% compared to the baseline year (2022) by 2050.</li> </ul>
Management Assessment Mechanisms	<ol style="list-style-type: none"> <li>1. To assess the effectiveness and implementation progress of wastewater and waste management, regular monitoring and assessments of wastewater parameters, waste generation, and recycling rates are conducted.</li> <li>2. Regular assessment: Regularly assess the implementation and effectiveness of wastewater and waste management. Identify areas for improvement and develop corresponding action plans based on the assessment results.</li> </ol>
Performance and Adjustments	<ol style="list-style-type: none"> <li>1. Regular reviews: Regularly review the strategies and measures of wastewater and waste management. Assess the effectiveness and sustainability of these practices and develop corresponding adjustments and improvements accordingly.</li> <li>2. Continuous improvement: Continuously improving wastewater and waste management action plans based on feedback from employees and manages to improve environmental protection and resource utilization outcomes.</li> </ol>
Prevention or Mitigation Measures	Enhance management training, establish internal oversight and review mechanisms to ensure compliance with standards and requirement in the implementation of wastewater and waste management. Conduct regular inspection and audits, addressing issues promptly.

## 1.4.9 Material Topic-Water and Effluents

Material Topic: Water and Effluents	
Reason Considered Material	Effectively managing and protecting water resources are crucial for Nam Liong Global to achieve environmentally sustainable. Key areas we aim to address include water resource conservation, enhancing water resource efficiency, and the treatment and reuse of discharged water.
Policies/Strategies	To address water and effluents issues, Nam Liong Global has formulated the following strategies and policies: <ol style="list-style-type: none"> <li>1. Water resources management: Establishing water resources management involves monitoring water consumption, developing water conservation plans, and enhancing water efficiency. Measures such as promoting recycling water and rainwater harvesting are implemented to reduce reliance on natural water resources.</li> <li>2. Effluents treatment: Establish strict effluents treatment system to ensure the quality of discharged water in compliance with regulations and environmental standards. Implement appropriate treatment technologies and monitoring measures to minimize negative impacts on water bodies and the ecological environment.</li> <li>3. Education and promotion: Increase awareness among employees and stakeholders regarding water resources conservation and effluents treatment. Conduct promotional activities and training to encourage the practice of water conservation and eco-friendly efforts.</li> </ol>
Goals and Targets	<ul style="list-style-type: none"> <li>• <b>Short-term Goals:</b> Aim to reduce water consumption by 1% compared to the baseline year (2022) in 2024.</li> <li>• <b>Medium-, Long-term Goals:</b> Aim to reduce water consumption by 1.5% compared to the baseline year (2022) in 2050.</li> </ul>
Management Assessment Mechanisms	<ol style="list-style-type: none"> <li>1. Monitoring water consumption: Regularly monitor water consumption and efficiency, compare and analyze data to identify areas for improvement and develop corresponding action plans accordingly.</li> <li>2. Monitoring effluents quality: Regularly monitor and assess the quality of effluent, including pollutant concentrations and water quality indicators. Implement improvement measure based on monitoring results.</li> </ol>
Performance and Adjustments	<ol style="list-style-type: none"> <li>1. Regular reviews and improvements: Regularly review the strategies and measures of water and effluents management. Assess the effectiveness and sustainability of these practices and develop corresponding adjustments and improvements accordingly.</li> <li>2. Collaborative technological innovation: Collaborate with relevant suppliers to drive technological innovation and exchange best practices.</li> </ol>
Prevention or Mitigation Measures	Recycling and reuse of water resources: Promote the use of recycled water and rainwater harvesting systems to reclaim reusable water resources for appropriate purposes. Continuously improve the treatment technology and facilities for effluents treatment to enhance processing efficiency and compliance with water quality standards.

### 1.4.10 Material Topic-Occupational Health and Safety

Material Topic: Occupational Health and Safety	
Reason Considered Material	Employees are vital assets for Nam Liong Global, therefore, we are committed to ensuring the physical and mental well-being of our employees, creating a safe working environment, and preventing work-related accidents and ill health. We continuously strive to improve safety and health performance to fulfill our commitment to safe and healthy workplace.
Policies/Strategies	<ol style="list-style-type: none"> <li>1. Comply with environmental, safety and health regulations and other relevant requirements.</li> <li>2. Dedicate efforts to improving processes to reduce safety and health risks, as well as environmental impacts.</li> <li>3. Prioritize safety and health management, to prevent occupational injuries and ill health.</li> <li>4. Strengthen communication and participation, to create a friendly working environment.</li> </ol>
Goals and Targets	<ul style="list-style-type: none"> <li>• <b>Short-term Goals:</b> 1. Zero significant occupational accidents company-wide; 2. Frequency of employee disabling injuries <math>\leq 6.25</math>.</li> <li>• <b>Medium-, Long-term Goals:</b> 1. Zero significant occupational accidents company-wide; 2. Frequency of employee disabling injuries <math>\leq 2.57</math>.</li> </ul> <p>Note: The definition of significant occupational accidents is as follows:</p> <ol style="list-style-type: none"> <li>(1) An incident resulting in casualties;</li> <li>(2) An incident involving three or more injured individuals;</li> <li>(3) An incident resulting in hospitalization of at least one person due to injuries.</li> </ol>
Management Assessment Mechanisms	Analyze monthly statistics related to occupational accidents to identify their root causes and propose preventive measures to avoid their recurrence.
Performance and Adjustments	Annually tally the total count of occupational accidents, convert it into frequency of employee disabling injuries, and compare it against the industrial frequency of employee disabling injuries as published by the Ministry of Labor.
Prevention or Mitigation Measures	Convene quarterly meetings with the Occupational Safety and Health Committee to discuss and track improvements related to occupational accidents.



### 1.4.11 Material Topic-Training and Education

Material Topic: Training and Education	
Reason Considered Material	The core competency of a corporate lies within its employees. A high-quality workforce creates competitive advantage, contributing to operational performance. Moreover, it's essential for a corporate to ensure sustainable talent development. This involves not only taking care of existing employees but also attracting external talents. To achieve this, a well-established system and effective management are required for recruitment, developing, and retaining employee. This ensures the corporate maintains a substantial human capital. Consequently, training and education are considered as material topic.
Policies/Strategies	Nam Liong Global' s training and education policy is defined as “Being pragmatic and diligent, providing carefully selected quality training”. Nam Liong Global cultivates managerial and professional talents based on development needs of each department. This is achieved through diverse methods including course training, assignments of project tasks, participation in meetings, and job rotations. These efforts are aimed at developing talents who can keep pace with the Corporate’s development, possessing updated knowledge, skills and capabilities. To further incentivizing active participation in workshops and training, the Corporate fully covers the expenses incurred for training sessions assigned or approved by the Corporate. This is to enhance professional capabilities or to prepare for future job functions as required.
Goals and Targets	<ul style="list-style-type: none"> <li>• <b>Short-term Goals:</b> Total person-hours of training and education amounted for 3,000 hours.</li> <li>• <b>Medium-term Goals:</b> Total person-hours of training and education amounted for 4,000 hours.</li> <li>• <b>Long-term Goals:</b> Total person-hours of training and education amounted for 5,500 hours.</li> </ul>
Management Assessment Mechanisms	Nam Liong Global conducts annual internal management review procedure in accordance with ISO 9001 standards, assessing the effectiveness of training and education through the PDCA cycle.
Performance and Adjustments	The outcomes of education and training for the year 2022 are as follows: Total person-hours of training and education amounted for 3,410.8 hours; Training and education for new recruits: 100%; Annual training and education: 100%; OJT: 100%; Professional certification training: Compliant with regulatory requirements.
Prevention or Mitigation Measures	Conduct quarterly assessment during the Quality Management Committee and the Occupational Safety and Health Committee meetings to inspect the accomplishment of training and education arrangements in each business unit, ensuring that each business unit completes them within the specified time frame.

## 1.4.12 Material Topic-Employment

Material Topic: Employment	
Reason Considered Material	Employees are the most valuable assets for Nam Liong Global, and harmonious labor/management relationship form the foundation for stable business development. Therefore, it is crucial for us to prioritize and care for our employees, enabling them to have fulfilling career paths. When employees feel valued and have opportunities for growth within the Corporate, they are more likely to remain committed and dedicated for the long term, fostering the Corporate's growth and sustainability.
Policies/Strategies	Nam Liong Global's policy for labor/management relationships is defined as "Working together for shared results".
Goals and Targets	<ul style="list-style-type: none"> <li>Nam Liong Global adheres to local labor regulations and international human rights requirements.</li> <li><b>Short-term Goals:</b> Yearly turnover rate increased by less than 6%.</li> <li><b>Medium-, Long-term Goals:</b> Yearly turnover rate increased by less than 4%.</li> </ul>
Management Assessment Mechanisms	Nam Liong Global conducts analytical reviews of employee management through Supporting Review Meetings and Operational Review Meetings, on monthly basis.
Performance and Adjustments	Nam Liong Global's annual employee turnover rate for the year was 16%, adjusted based on the economic conditions and labor market during that year.
Prevention or Mitigation Measures	Nam Liong Global has established a Whistleblowing and Whistleblowers Protection Procedure, allowing employees to file complaints with the Human Resource Department through written communication, phone calls, Email, and other available channels.

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



NAM LIONG



# Corporate Governance

## II. Corporate Governance

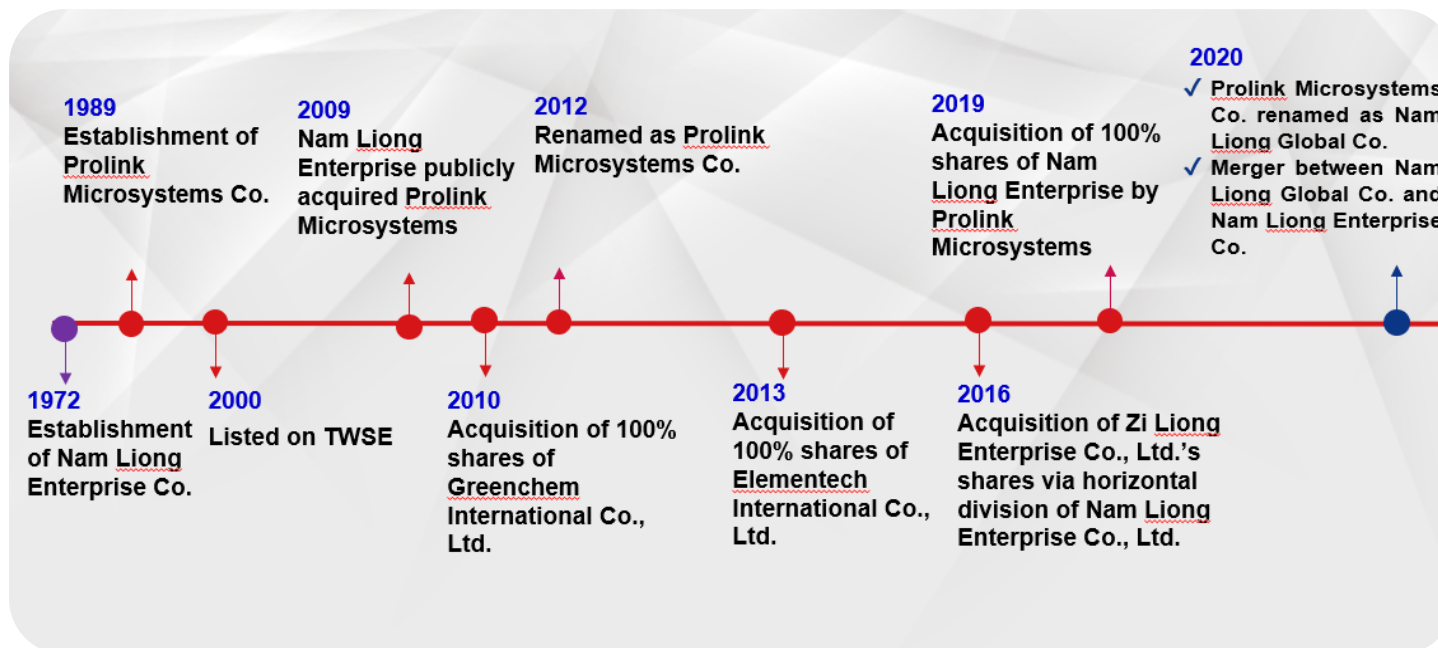
### 2.1 Corporate Overview

#### 2.1.1 Corporate Profile

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

<b>Corporate Name</b>	Nam Liong Global Corporation		
<b>Corporate Type</b>	Publicly Listed Corporate		
<b>Date of Establishment</b>	August 11, 1989		
<b>Head Office Location</b>	114 6F., No.349, Yangguang St., Neihu Dist., Taipei City		
<b>Industry Category</b>	<b>Wearing Apparel, Other Textiles and Products Manufacturing, Footwear Manufacturing</b>		
<b>Main Products or Services</b>	Nam Liong Global is committed to <b>specializing in technological and functional products complimented by specialized and functional materials</b> . Our product categories span across footwears, bags, clothing, sports and medical devices, and specialized materials. We aim to become comprehensive material supplier, focusing on high-tech and functional eco-friendly textiles, polymer materials, and high resilience foaming eco-friendly materials. We possessed multiple patents and consolidated our market leadership through technological innovation, and continuous efforts in building and integrating complete supply chain system. We prioritize addressing out customer's demands and pain points, delivering exceptional product quality, and rapidly improving customer service to further enhance <b>Nam Liong Global's</b> business reputation.		
<b>Paid-in Capital</b>	NT\$ 1,223,922,500	<b>Number of Employees</b>	552

• **Corporate Milestones**



• **Membership in Public Associations**

Nam Liong Global continues to participate in industrial public associations, exchanging industry knowledge, information and practical experiences with peers and professionals. These participations aim to collectively respond to international developments and improve industry standards. In 2022, Nam Liong Global joined five public associations, as listed below:

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

### 2.1.2 Operational Locations

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



## 2.2 Governance Structure

### 2.2.1 Governance Framework

#### 《A-Governance Framework Overview》

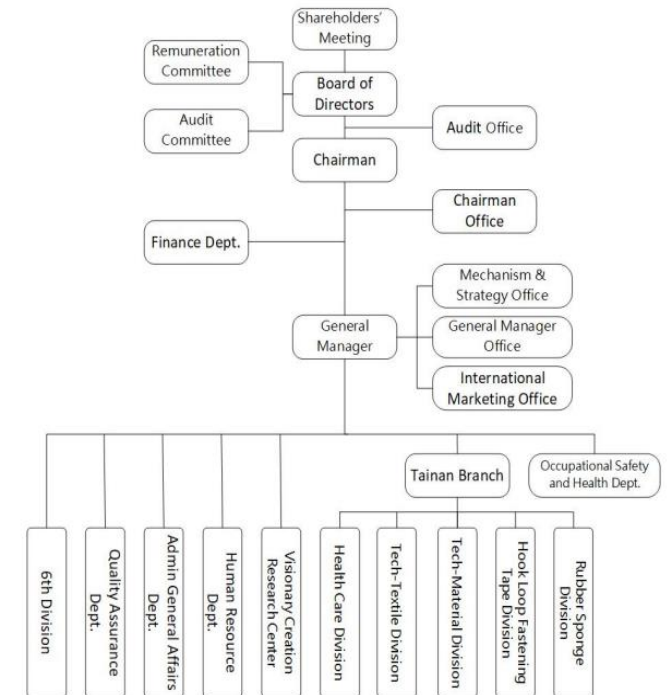
Nam Liong Global’s highest authority body is the Shareholders’ Meeting, which elects the Board of Directors. The Board of Directors acts as the highest governing body, responsible for the overall management decisions of the Corporate. In addition, functional committees such as the remuneration committee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

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

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

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

Nam Liong Global generally convenes quarterly board meetings. In the year of 2022, a total of 6 board meetings were held, with an average attendance rate of 86%. Please refer to Page 22, 43-45 of Nam Liong Global’s 2022 Annual Report for detailed information regarding the attendance records of each Director and the agenda contents.



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

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



### Distribution of Professional Capabilities and Experiences Among Directors

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

### 《C-Professional Development of Directors》

**Nam Liong Global** Annually arranges educational courses for directors focusing on professional skills, knowledge, and sustainability-related issues to enhance their capabilities in navigating operational challenges. In 2022, a cumulative total of 66 hours were devoted to training programs and courses. Please refer to Page 30 of **Nam Liong Global' s 2022** Annual Report for detailed information regarding the individual training records of each director.

### 《D-Remuneration Policy for Directors and Senior Management》

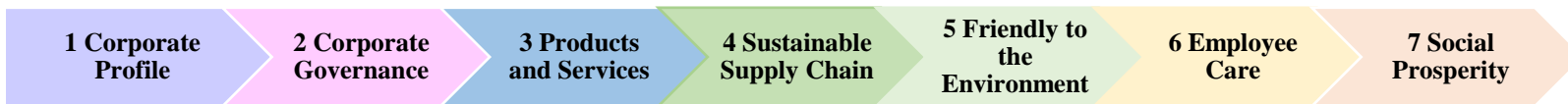
- **Remuneration Structure for Directors and Senior Management Personnel**

The remuneration of **Nam Liong Global' s** directors includes transportation reimbursement and director pays. The Remuneration Committee uses industry benchmarks and performance of individual director as the basis of adjustments in individual remunerations. In addition to fixed salaries and retirement benefits, performance bonuses are calculated based on accomplishment in performance indicators. Please refer to Page 17 to 21 of **Nam Liong Global' s 2022** Annual Report for detailed information regarding directors' remuneration, tiers, and payment standards.

The remuneration of **Nam Liong Global' s** senior management personnel are proposed by the Remuneration Committee and approved by the Board of Directors. It includes fixed salaries, retirement benefits, and performance bonuses calculated based on the accomplishment in performance indicators. **The retirement system for senior management personnel aligns with that of other employees within the Corporate.** Please refer to Page 19 to 20 of **Nam Liong Global' s 2022** Annual Report for detailed information regarding senior management personnel's remuneration and tiers.

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

The notice period for resignation and retirement of directors and senior management at **Nam Liong Global** complies with local government regulations. The notification duration and the calculation method for severance pay aligns with that of other employees. Departing directors and senior management receive no additional payments or tangible benefits, except for severance pay. Please refer to Page 19 to 20 of **Nam Liong Global' s 2022** Annual Report for detailed information.



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

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

- **Recoupment Mechanism**

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

《E-Performance Assessment of the Board of Directors》

Nam Liong Global conducts annual self-assessments for the Board of Directors, functional committees (including the Audit Committee, Remuneration Committee), and individual board members as a general practice. Please refer to Page 23 of **Nam Liong Global's 2022 Annual Report** for the performance assessment results.

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

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

- At **Nam Liong Global**, the Rules of Procedure for Board of Directors' Meeting, as well as those of the Audit Committee and Remuneration Committee, all include regulations regarding avoidance of conflict of interest. In case a director's agenda involves personal interests, those of their spouse, close blood relations within the second degree, or companies where the director has a controlling or subordinate relationship, they must disclose these interests during the Board Meeting. If there is potential harm to the Corporate's interests, they are prohibited from participating in discussions, voting, or exercising proxy voting rights on these matters. The names of relevant directors, essential explanations, and details of avoidance are documented in the meeting records. Directors and executives are also required to complete an annual declaration of related parties' transactions, which is reported to the Audit Committee.
- Please refer to Page 22 of **Nam Liong Global' s 2022** Annual Report for detailed information regarding the related-parties' transactions, and the cross-shareholding status between directors, controlling shareholders, or other stakeholders in 2022.
- Additionally, Nam Liong Global has established a Code of Conduct for Integrity Management, and continuously monitors the development of domestic and international standards for integrity management. This information is used to review and enhance the Corporate's Integrity Management Policies and initiatives, aiming to improve the effectiveness of implementing integrity management within the Corporate. As of the end of 2022, **Nam Liong Global** has not experienced any significant incidents related to conflict of interest.

## 2.2.2 Functional Committees

### 《A-Audit Committee》

- **Nam Liong Global' s** Audit Committee comprises 3 Independent Directors, serving from June 23, 2022, to June 22, 2025. Its responsibilities include reviewing the Corporate's financial statements, overseeing the appointment and independence of CPAs, establishing or amending internal control systems, and ensuring the Corporate's compliance with relevant regulations. The committee generally convene meetings quarterly, with department heads, internal auditors, and CPAs to attend discussions as necessary. In 2022, a total of 3 meetings were convened with a member attendance rate of 100%.
- Please refer to Page 23-24 of **Nam Liong Global' s 2022** Annual Report for detailed information regarding the operation of Audit Committee.

### 《B-Remuneration Committee》

- The current-term Remuneration Committee consists of 3 members, all of whom are Independent Directors, meeting the requirements for independence, serving from June 23, 2022, to June 22, 2025. Nam Liong Global has established organizational regulations for the Remuneration

Committee, outlining its responsibilities and obligations. This committee is responsible for formulating and regularly evaluating the remuneration system and standards for the members. The committee generally convene meetings semi-annually. In 2022, a total of 2 meetings were convened with a member attendance rate of 100%.

- To ensure the transparency and equality of the remuneration system as well as protect the interests of stakeholders, Nam Liong Global has established a mechanism for external stakeholder participation. The Remuneration Committee regularly reviews the Remuneration Policy of Nam Liong Global, and the annual distribution of remuneration for employees and directors must be approved by the Board of Directors.
- The remuneration for employees and directors for this year has been approved by the Board of Directors on March 29, 2023.

#### 《C-Sustainability Development Promotion Committee》

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

## 2.3 Economic Performance

### 2.3.1 Economic Value

Each year in the fourth quarter, departments draft the budget for the following year. The Finance Department consolidates budgets related to sales, production, procurement, and salary expenses, compiles an estimated income statement, submits it for the General Manager's review, and presents it for the first Board Meeting in the following year. All daily accounting records and financial statement are prepared on accrual basis,

According to the Business Entity Accounting Act and IFRSs. The Finance Department conducts a monthly analysis comparing budget figures with actual reports, reviewing differences in amounts and reasons. In case of significant differences or influences due to force majeure, the department

shall present these matters to the Board for discussion and for the formulation of revised business objectives. After the supervisor's review, each quarterly financial statement is reviewed and certified by CPAs and then submitted for review by the Audit Committee and reported for the Board resolution.

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

Income Statement	2022		2021	
Unit: NT\$ thousand	Amount	%	Amount	%
Net Sales Revenue	\$ 3,082,227	100	\$ 3,356,900	100
Cost of Goods Sold	<u>2,262,133</u>	<u>74</u>	<u>2,485,138</u>	<u>74</u>
Gross Profit	<u>820,094</u>	<u>26</u>	<u>871,762</u>	<u>26</u>
Operating Expenses				
Sales Expenses	180,060	6	192,840	6
Administrative Expenses	410,025	13	399,615	12
R&D Expenses	<u>90,095</u>	<u>3</u>	<u>88,810</u>	<u>2</u>
Total Operating Expenses	<u>680,180</u>	<u>22</u>	<u>681,265</u>	<u>20</u>
Net Other Income and Expenses	<u>-</u>	<u>-</u>	<u>432</u>	<u>-</u>
Operating Income	<u>139,914</u>	<u>4</u>	<u>190,929</u>	<u>6</u>
Non-operating Income and Expenses				
Other gains and losses	916	-	( 6,349 )	-
Financial Costs	( 30,670 )	( 1 )	( 27,222 )	( 1 )
Interest Income	3,352	-	1,865	-
Other Income	29,074	1	32,690	1
Net Gain (Loss) on Foreign Currency Exchange	52,847	2	( 12,424 )	-
Extraordinary Expenses	( <u>3,934</u> )	<u>-</u>	( <u>3,396</u> )	<u>-</u>
Total Non-operating Income and Expenses	<u>51,585</u>	<u>2</u>	( <u>14,836</u> )	<u>-</u>
Pre-tax Profit	\$ 191,499	6	\$ 176,093	6
Income Tax Expense	( <u>13,880</u> )	<u>-</u>	( <u>25,838</u> )	( <u>1</u> )
Net Profit for the Year	<u>177,619</u>	<u>6</u>	<u>150,255</u>	<u>5</u>

## 2.3.2 Tax Policies

- **Approach to tax**

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

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

### Tax Strategy and Management Approach of Nam Liong Global

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

- **Tax Risk Management**

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

- **Whistleblowing Mechanism**

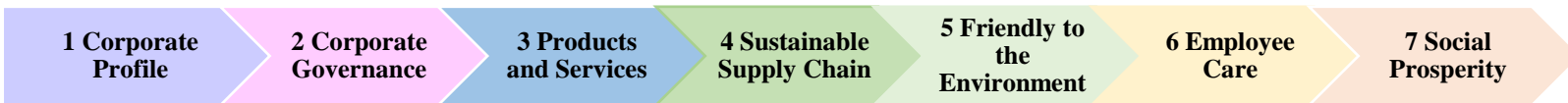
An internal independent complaint channel is established within the Corporate, allowing employees or external stakeholders to raise concerns about unethical or illegal tax practices or any suspicions that might jeopardize the Corporate's tax integrity. These complaints are then processed by the Finance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

- **Stakeholder Communication**

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

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





## 2.4 Responsible Business Conduct

### 2.4.1 Integrity Management

#### 《A-Integrity Management Regulations》

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

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

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

#### 《B-Reporting and Complaint Mechanism》

To mitigate the impact of any breaches in integrity or professional ethics, employees at all operational locations of **Nam Liong Global** can utilize the internal whistleblower process for complaints and disclosures. This process is also available for suppliers and stakeholders to report any illegal or unethical behavior. The reporting channel are accessible through hotline/website/email (**[namliong\\_public@namliong-global.com](mailto:namliong_public@namliong-global.com)**). The Finance

Department is responsible for receiving and investigating reports. They escalate to the independent directors in the events of the reported matters involves directors and managers. Additionally, an independent audit office is established to supervise the follow-up procedures related to the reported incidents, and integrate integrity management regulations in the annual regular business audit agenda.

### 《C-Stakeholder Communication and Prevention》

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

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

Nam Liong Global conducts integrity management-related training sessions, outlining prohibited behaviors in their business operations. These include courses on professional ethics (trade secrets, intellectual properties, information usage, fair competition and antitrust practices), as well as anti-corruption courses (covering bribery, improper benefits, extortion, and money laundering). These sessions aim to prevent dishonest conducts. In 2022, the governance units consisting of 9 Board members, participated in integrity management-related training sessions, with each member attending for 6 hours, totaling 54 hours. The statistical breakdown of employees from various operational locations who participated is as follows:

### 《D-Statistics on Anti-Corruption Training Participation》

Number of Participants	Region	Ranking				Functional Category		Total Number of Employees
		Senior Executives	Middle Executives	Frontline Executives	Basic Staffs	Clerical Staffs	Production, Sales and Research	
Trainees	Taiwan Region	1	15	0	0	3	13	16
Expected trainees		14	79	60	399	93	459	552
Training rate		7.1%	19.0%	0.0%	0.0%	3.2%	2.8%	2.9%

## 2.4.2 Human Rights Policies

### 《A-Introduction to Human Rights Policies》

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

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

### 《B-Human Rights Risks Identification and Explanation of Policies》

- **Human Rights Risks Identification and Formulation of Policies**

Nam Liong Global assesses human rights issues and entities with potential risks based on past incidents of human rights cases and industry-specific risks. Subsequently, we formulate human right policies and risk mitigation measures, including compensatory systems. Identified potential

human rights issues for 2022 includes discrimination, freedom of association and collective bargaining, child labor, forced or compulsory labor, labor disputes, sexual harassment, etc. There were no related complaints or audit records reported in 2022. Please refer to the table below for detailed information:

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

## 《C-Human Rights Education Training》

- **Human Rights Policy Training:**

Human Rights Education Training Records for 2022	
Region	Taiwan
Total person-hours of training and education regarding human rights amounted for new recruits	222.2
Ratio of human rights education training for new recruits	100%

To ensure that employees, external workers, suppliers, and external stakeholders are fully aware of **Nam Liong Global's** human rights policies, in addition to providing human rights policy education and training for new recruits upon their arrival, we regularly employ various methods such as cloud office announcements, educational training, and other means to educate and raise awareness. This is aimed at ensuring that all personnel understand their rights and Corporate's regulations. In 2022, the cumulative total training hours related to human right policy at Nam Liong Global amounted to 222.2 hours, with a total of 100 new recruits completing the training, representing 100% of the total number of new recruits.

## 《D-Human Rights Communication Channels and Incident Explanation》

- **Communication and Remedial Measures for Human Right Policies or Incidents**

Nam Liong Global has established a platform for feedback and a suggestion mailbox to facilitate communication between all workers and external stakeholders with the dedicated department responsible for human rights issues. This includes suggestions for policy improvements, alerting potential risks, and reporting cases violating human rights. To ensure the impartiality of investigations and reviews in reported or filed cases, a cross-departmental team within the Human Resource Department is responsible for investing and reviewing human rights-related incidents, as well as developing improvement measures. In 2022, no incidents violating human rights or carrying potential risks were identified.

### Human Rights Incidents Occurred and Improvement Measures Taken in 2022

Human Rights Issues	Number of Cases Received	Number of Cases Not Accepted	Number of Cases Investigated	Description:
Discrimination	0	0	0	Nam Liong Global conducts annual audits of our operational locations and suppliers worldwide. The particular focus is given to operational locations or suppliers with significant potential risks to confirm compliance with human rights standards. The audit for the year 2022 revealed no instances of violations or potential human rights risks.
Freedom of Association and Collective Bargaining	0	0	0	
Child Labor	0	0	0	
Forced or Compulsory Labor / Labor Disputes	0	0	0	
Sexual Harassment	0	0	0	

### 2.5 Compliance with Laws and Regulations

Nam Liong Global violated **0** environmental regulations, **3** social regulations, **0** governance and economic regulations, and **1** products and services regulations in **2022**. The number of major regulatory violations, nature of sanctions, infractions committed, and the improvement measures taken for each of the four aspects: environment, society, governance and economics, and products and services, are explained below:

#### Summary of Regulations Violations for the year 2022

Aspect	Number	Operational Location	Explanations for Violations	Article	Sanctions		Explanation of Improvement Methods
					Fines (Unit: NT\$)	Other Penalties	
Social Regulations	1	Plant	The workers were not provided with one day rest in every seven days as a weekly day off.	Article 36-1 of the Labor Standards Act	20,000	-	The request for overtime needs to be submitted in accordance with the Corporate's regulations before commencing overtime work. The attendance system will conduct an initial check, and if there has been continuous work for seven days, the system will proactively notify and prohibit the approval of the overtime request to prevent a recurrence of similar regulatory violation.

Aspect	Number	Operational Location	Explanations for Violations	Article	Sanctions		Explanation of Improvement Methods
					Fines (Unit: NT\$)	Other Penalties	
Social Regulations	2	Plant	The employer did not install shielding, guards, protective casings, or bridging devices for parts of machineries such as prime movers, rotating shafts, gears, pulleys, flywheels, transmission wheels, transmission belts, etc., which pose a risk of harm to workers. Machineries such as rollers made of paper, cloth, steel cables, or others with entanglement hazards lack shielding, guards, or safety doors with interlocking mechanisms. Additionally, entrances and exits of each floor of elevator's lifting path are lack of interlocking device that prevents the doors of the elevator entrance and exit from opening where there is a more than 7.5 centimeters between the carrier floor and the floor.	Article 57-1 of the Occupational Safety and Health Facility Regulations, as well as Article 6-1 of the Occupational Safety and Health Act	80,000	-	<ol style="list-style-type: none"> <li>1. Installed guards, enclosures, and interlocking switches on September 6, 2022. Improved the height of elevator doors and installed interlocking devices to prevent the elevator entrance foors from opening when the difference between the carrier floor and the floor exceeds 7.5 centimeters.</li> <li>2. Conducted a comprehensive inspection of all motor-driven belts on machines. For machineries without protective covers, immediate action was taken to request the production unit to make improvements to ensure the safety of operators.</li> <li>3. For any future equipment purchases, equipment suppliers are required to install guards or enclosures on parts such as prime mover, shaft, gears, pulleys, flywheels, transmission wheels, and transmission belts that might pose a risk to operators.</li> </ol>
Social Regulations	3	Plant	The employer failed to halt the operations and feeding of relevant machineries during cleaning, oiling, inspection, repair, or adjustment process, which posed a hazard to the workers.	Article 57-1 of the Occupational Safety and Health Facility Regulations, as well as Article 6-1 of the Occupational Safety and Health Act	100,000	-	Amendment in accordance with regulations.

Aspect	Number	Operational Location	Explanations for Violations	Article	Sanctions		Explanation of Improvement Methods
					Fines (Unit: NT\$)	Other Penalties	
Products and Services	1	Ren Ai Factory	The product was part of a marketing plan conducted by a television program team through collaboration based on mutual trust. However, due to oversight, there was a failure to comply with the constraints and checks over the broadcast content produced by the production team, resulting in discrepancies between the actual aired content and the approved advertisement content listed in the application.	Violation of the Medical Devices Act	200,000	-	To enhance the overall quality management system and reduce the likelihood of similar incidents, we conducted voluntary audit for the QMS of our medical equipment manufacturing plant this year (passed but awaiting official documentation). This initiative aims to reinforce the implementation of SOPs related to quality management, regulation compliances, and other relevant aspects.

(Note: This table shows only cases where fines amounting to NT\$10,000 or more were imposed.)

### Summary Table of Violations and Fines for 2022

Status of Fine Payments		Number of Cases	Amount
Fines to be Paid from Previous Years		0	0
2022	Newly Added Fines for Payment	4	400,000
Fines to be Accounted for by the Year End		0	0

## 2.6 Risk Management

### 2.6.1 Risk Management Organization

The company's capability in risk management plays a critical role in addressing risks and opportunities arising from both internal and external factors. Risks and opportunities stemming from global trends and the environment can significantly impact a company's profitability and even its survival.



Rather than leaving the future to unpredictable environment and variables, it's better to continuously enhance a company's competitiveness and influence, fully grasp business opportunities, and face the challenges of a new era.

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

**Responsibilities for Managing Risks Within Respective Units**

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

**2.6.2 Risk Identification and Mitigation Measures**

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

Risk Aspect	Risk Issue Identification	Risk Mitigation Measures
Social	<b>Human Capital Risk Management</b>	<ul style="list-style-type: none"> <li>Nam Liong Global provides a comprehensive training program offering diverse educational training for all employees.</li> </ul>
Economic	<b>Operational Risks</b>	<ul style="list-style-type: none"> <li>To expand our presence in the China market and enhance our global competitiveness, we are planning Phase 2 expansion of a new factory in Nanxiong, Jiaying. This expansion is expected to increase the supply capabilities of high-tech textiles and composite polymer materials in the China, European, and American markets.</li> <li>The global market turbulence and tariff issues caused by the US-China Trade War have led to customer order delays, cautiousness, or even shifting to other materials. This situation has affected China's export market. To address this risk, the expanded production capacity needs to be more flexible and geared towards the active development of green and eco-friendly materials. There will be ongoing improvements to production equipment, as well as plans for replacements, to adapt to an uncertain future.</li> </ul>
Economic	<b>Operational Risks (Information Security)</b>	<ul style="list-style-type: none"> <li>Nam Liong Global has established a comprehensive network firewall and computer security protection system to manage, maintain and ensure the security of essential business functions like operations, production, R&amp;D, and financial accounting.</li> <li>Critical systems have been designed with a high-availability (HA) structure and supplemented with a backup mechanism to guarantee uninterrupted services and prevent data loss. In addition to the HA architecture implemented in the mainframe, a tape backup method is employed, with backup tapes stored in off-site locations. This measure ensures the uninterrupted operation of critical information systems and data preservation, thereby reducing the risk of unexpected disasters or human error leading to system disruptions.</li> <li>The HA architecture undergoes at least one annual drill to verify the effectiveness and feasibility of the contingency plan. Continuous improvements and updates are planned to improve the continuity of operations.</li> </ul>

Risk Aspect	Risk Issue Identification	Risk Mitigation Measures
Economic	Exchange Rate Risk	To mitigate the impact of fluctuations in exchange rates on the value of foreign currency assets and potential fluctuations in future cash flows, multinational corporation primarily utilizes natural hedging by matching foreign currency assets and liabilities to reduce the impact of exchange rate fluctuations and avoid associated risks.
Economic	Interest Rate Risks	<ul style="list-style-type: none"> <li>To mitigate the financial risks, Nam Liong Global is committed to identifying, evaluating, and avoiding market uncertainties, reducing the potential negative impacts of market fluctuations on the Corporate's financial performance.</li> <li>The financial operations of Nam Liong Global primarily focus on achieving long-term stable cash flows. Additionally, the management regularly monitors the volatility of market interest rates, adjusting the allocation of financial assets' fixed and variable rate based on market conditions and capital requirements to achieve our financial management objectives.</li> <li>Nam Liong Global does not engage in transactions involving financial instruments (including derivative financial instruments) for speculative purposes.</li> </ul>
Economic	Earning or loss of highly-risky, high-leverage investment, capital loan and guarantee and derivatives trades	Nam Liong Global has refrained from engaging in highly-risky, high-leverage investment, and derivative commodity transactions in the recent fiscal year. Capital loans and providing guarantees are conducted cautiously in accordance with Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees. All pertinent details are disclosed and announced in compliance with the regulatory requirements in each financial report.

## 2.7 Information Security

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

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





NAM LIONG



**Products and Services**

### III. Products and Services

#### 3.1 Eco-Family

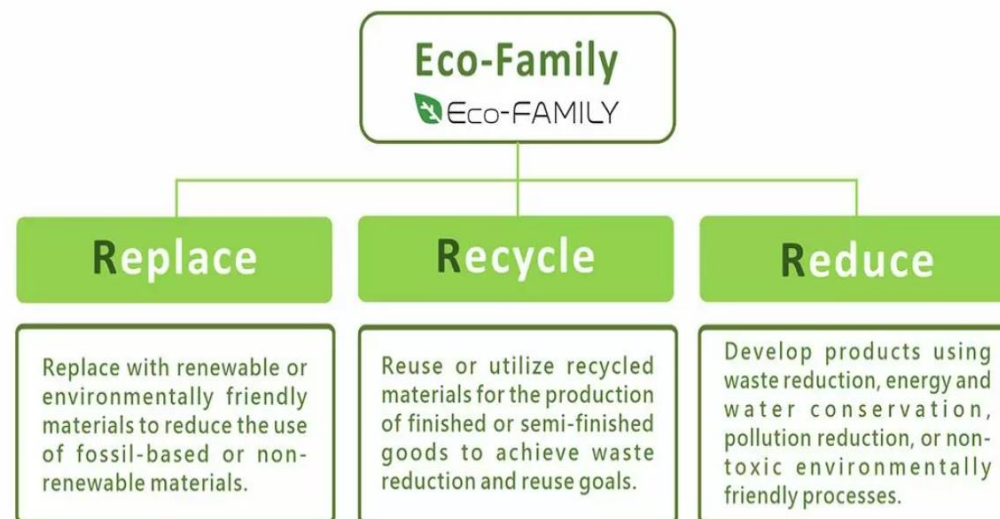
##### 3.1.1 Green Products and Our Commitments




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

Confronting climate change, discussions and strategies centering climate transition issues such as low carbon, net zero emissions, carbon neutrality, etc. have become increasingly urgent and forceful globally in recent years. During the United Nations Climate Change Conference, countries have shown clearer consensus and accelerated actions toward carbon reduction. As early as 2012, the Ellen MacArthur Foundation, best known for promoting the circular economy in the UK, proposed that the circular economy is restorative and regenerative by design, aiming to rebuild capital within a system and reconceive economic activities to build a circular resource flow. This involves abandoning the traditional linear economic model of extraction, production, and disposal in favor of a circular design and development system.

Nam Liong Global determined **Green, Innovation, Smart Manufacturing** as our Corporate vision in 2015. We are committed to innovating and transforming production processes, energy, and the circular economy, as well as having “Green sustainability and environmental protection” serve as the primary strategy for innovative development. Since 2019, Nam Liong has further defined green materials and eco-friendly processes, as well as initiating the planning and promotion of the Eco-Family product series.

The Eco-Family product series is conceptualized from the perspective of sustainability and perpetuity. During the development and design of products and processes, it aims to be environmentally friendly and have minimal impact on the environment. This is achieved by focusing on the implementation of the **3R Principle (Replace, Recycle, Reduce)**.



<p><b><u>Replace-</u></b></p> <ul style="list-style-type: none"> <li>➤ Reducing the use of petrochemical-based materials and minimizing the reliance on non-renewable resources, as well as opting for materials that have minimal environmental impact or are renewable. This approach aims to decrease the reliance on petrochemical raw materials.</li> <li>➤ Nam Liong’s SEAMATE® BIO-II™ Bio-sponge Rubber Sponge is the closed-cell sponge made from the renewable raw materials, such as sugar cane, seashell, rubber tree, and non-edible plant oil. It has received USDA certification. We utilize seashell from Taiwanese fisheries not only to avoid carbon emissions caused by long-distance transportation, but also for the recycling and reuse of waste materials.</li> </ul>	<p><b><u>Recycle-</u></b></p> <ul style="list-style-type: none"> <li>➤ Reusing or utilizing recycled materials in the production of finished or semi-finished products to achieve the goals of waste reduction and reuse.</li> <li>➤ We recycle and reprocess leftover materials into eco-friendly recycled EVA products such as BIO-EVA35R. Difficult-to-recycle waste is redesigned for new applications, such as the WSR product series is used in applications like cushioning, soundproofing, and molded parts.</li> </ul>	<p><b><u>Reduce-</u></b></p> <ul style="list-style-type: none"> <li>➤ Developing products through environmentally friendly processes that reduce waste, conserve energy, save water, minimize pollution, or employ non-toxic methodologies.</li> <li>➤ Developing single-material recyclable materials, composite use of waterless dyed fabrics, composite process materials and applications, etc. In addition to compliance with restricted substance regulations such as RoHS 2.0, REACH SVHC, CPSIA, etc., the product development has also obtained various certifications like OEKO-TEX® Standards 100, Bluesign®, GRS, etc., ensuring the delivery of products that meet and satisfy customer requirements.</li> </ul>
 <p>Rubber tree    Plant Oil</p>	 <p>Recycled PET fabric    Recycled rubber</p>	 <p>Dope Dye    Seashell</p>

**Nam Liong Global** upholds the Corporate core value of “Respect for life and care for the environment”, promoting ESG as a value proposition for Corporate sustainability. In terms of R&D, we are committed to providing more innovative, sustainable, and eco-friendly materials while continuously enhancing our service to brand customers.

## 3.2 Products Health and Safety

### 3.2.1 Product Quality Management

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

#### 《ISO 14001: 2015 Environmental Management System》

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

#### 《Bluesign® Standard》

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



### 《OEKO-TEX® Standard》

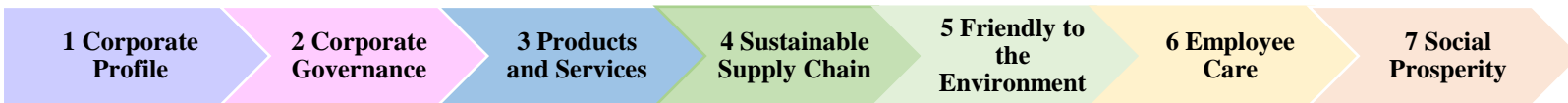
The OEKO-TEX has established test methods and standards for harmful substances concerning human health and the environment, known as the OEKO-TEX Standard 100. This standard comprises general regulations, testing methods, procedures, and quality control requirements for all textile products. Textile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

<p><a href="#">OEKO-TEX®Class II certification</a> (Closed-Cell Polymeric Foam) (Certificate No.: TPAO 040585)</p>	<p><a href="#">OEKO-TEX®Class I certification</a> (More-Tex™ Hook Loop Tapes) (Certificate No.: TPAO 048622)</p>
<p><a href="#">OEKO-TEX®Class I certification</a> (UREMAX® and ECOMATE® TPU Membrane) (Certificate No.: TP001 159432)</p>	<p><a href="#">OEKO-TEX®Class I certification</a> (UREMAX®, ECOMATE® 100% TPU Membrane and PU Membrane) (Certificate No.: 19.HCN.84408)</p>

### 《Global Recycled Standard, GRS》

To achieve GRS certification, a product must contain a minimum of 20% recycled fibers as raw materials and being 100% pollutant-free. It's essential to clearly indicate whether the recycled materials are pre-consumer or post-consumer waste and the respective proportions of both in the recycled materials. Besides the regulations on raw materials, GRS standards also strengthen norms concerning corporate social responsibilities, pollution prevention and treatment in production processes, and chemical restrictions. Nam Liong Global is dedicated to reducing industrial waste to minimize ecological impacts on the environment. As a result, starting from 2019, we have progressively obtained GRS certification.

<p><a href="#">Global Recycled Standard, GRS</a> (Products include plastic, films, woven fabric, knitted fabric, non-slip woven fabric, non-slip knitted fabric), all certified (Certificate No.: IDFL 20-302392) with certificate obtained by Nam Liong Global</p>	<p><a href="#">Global Recycled Standard, GRS</a> (Plastic pallets, films, etc.), all certified (Certificate No.: IDFL 19-295175) with certificate obtained by JIAXING NANXIONG POLYMER CO., LTD.</p>
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### 《International Bio-based Materials Verifications》

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

<p><b>DIN CERTCO</b> (ECOMATE® membrane), (Certificate No.: TA8071300277)</p>	<p><b>USDA Certified Biobased Product certification</b> (SEAMATE®BIO- II™ products), (Certificate No.: TA8071300277)</p>
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### 《International Bio-based Materials Verifications》

Nam Liong Global abides by legal requirements and has implemented several international management system, including ISO 90001 (Nam Liong Global, JIAXING NANXIONG POLYMER CO., LTD.), ISO 45001: 2018, ISO 13485: 2016, ISO 14064-1: 2018 (Nam Liong Global), QMS Certificate (Nam Liong Global), Higg Index Certificate FSLM Survey (Nam Liong Global), Higg Index Certificate FEM Survey (Nam Liong Global), FSC-STD-40-004 V3-1 (Nam Liong Global), ISO 27001: 2013 (Nam Liong Global), etc., ensuring the implementation of quality and environmental policies. Nam Liong Global strictly complies with environmental regulations and other statutory requirements, as well as reducing air pollutant emissions and minimizing environmental pollution.

## 3.2.2 Product Risk Assessment

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

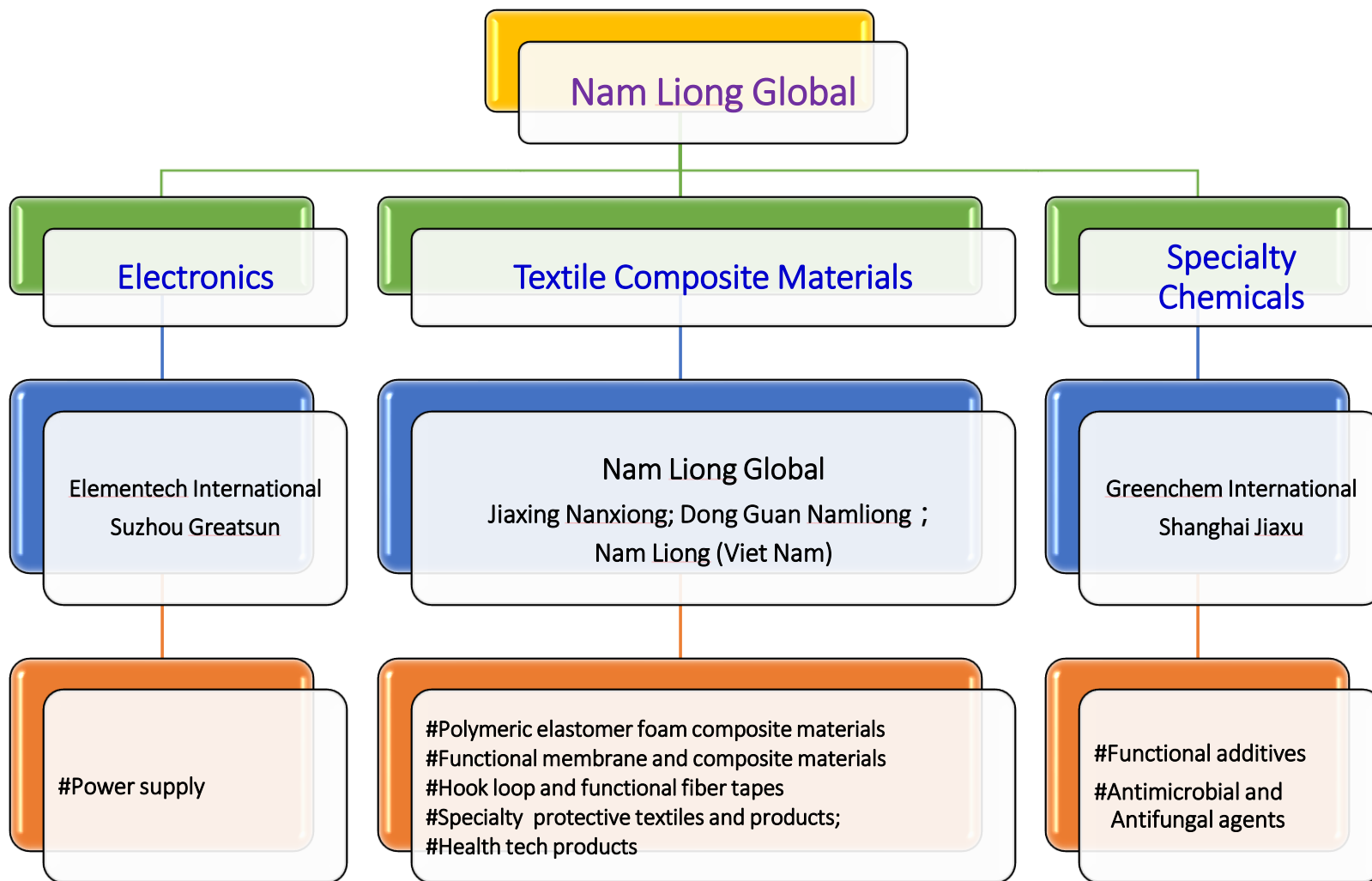
### 3.2.3 Customer Privacy Management

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



### 3.3 Marketing and Labeling

#### 3.3.1 Products and Services Overview



## Polymeric Elastomer Foam Composite Material

Specializing in **R&D of polymeric elastomer foam composite materials**, we are dedicated to replacing petrochemical raw materials with natural resources, renewable biomaterials, and recycled eco-friendly materials.

Our commitment and efforts that aligns with the principles of the **3Rs (renewable, reduce, recycle)** are validated through international certifications such as **OEKO-TEX STANDARD 100, USDA BIOPREFERRED, GLOBAL RECYCLED STANDARD (GRS),** and others.



## Major Applications



### 【Consumer product-related applications】

Wet suits, dry suits, surf suits, swimwear, sweat-wicking rhythmic sportswear, medical protective gears, sports protective gear, footwears, bags, masks, etc.



### 【Industrial product-related applications】

Pads, sealing rings, weatherstrips, thermal insulation materials, shock-absorbing materials, etc., used in machinery, automobiles, rail vehicles, ships and others.



## Functional Membrane and Composite Materials

Specializing in the **independent production of functional Membrane**, we offer comprehensive professional total solution through employing **diverse lamination processes** such as **PUR lamination and coating** (also known as extrusion) to streamline production and reduce waiting times. Our products, certified internationally, ensure customers confidence and safety, fostering a mutually beneficial industrial structure with our clients.



## Major Applications

- Functional membrane
- Composite film materials
- specialty chemical products



**Ready-to-wear clothing materials:** Raincoats, jackets, mountaineering gears, motorcycle attires, outdoor products, etc.



**Home textile materials:** Mattress protectors, mattress covers, dust mite-proof water proof bed covers, etc.



**Footwear materials:** Waterproof sock covers, insole injection, etc.



**Inflatable materials:** Hot and cold packs, waterproof bags, cycling water bags, outdoor self-inflating sleeping pads, medical mattresses, life jackets, etc.



**Automotive interior materials:** Sunroof, headrests, massage airbags, seats, isolation films, etc.

## Hook Loop and Functional Fiber Tapes

Being professional manufacturer of hook loop fasteners tapes, with over three decades of production experience and specialty expertise, we offer diverse range of hook loop fastener tapes production combinations, and have actively meeting our customers' demands for smaller quantities and one-time purchases through both horizontal and vertical product range expansion.

**Qwic-Lock**

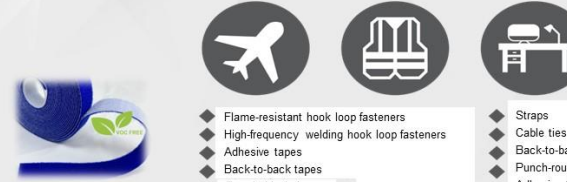


**MORE-TEX™**  
Hooks and Loops

## Major Applications



- |                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|
| ◆ Elastic bands      | ◆ Elastic bands      | ◆ Straps             | ◆ Straps             |
| ◆ Piping pockets     | ◆ Piping pockets     | ◆ Cable ties         | ◆ Back-to-back tapes |
| ◆ Herringbone tapes  | ◆ Herringbone tapes  | ◆ Back-to-back tapes | ◆ Elastic bands      |
| ◆ Back-to-back tapes | ◆ Alligator clips    | ◆ Punch-round straps | ◆ Punch-round straps |
| ◆ Straps             | ◆ Back-to-back tapes | ◆ Adhesive tapes     | ◆ Adhesive tapes     |



- |                                              |                      |
|----------------------------------------------|----------------------|
| ◆ Flame-resistant hook loop fasteners        | ◆ Straps             |
| ◆ High-frequency welding hook loop fasteners | ◆ Cable ties         |
| ◆ Adhesive tapes                             | ◆ Back-to-back tapes |
| ◆ Back-to-back tapes                         | ◆ Punch-round straps |
| ◆ Breathable knit tapes                      | ◆ Adhesive tapes     |
| ◆ Straps                                     |                      |



## Specialty Protective Textiles and Products

Utilizing specialty fibers, fabrication designs and composite processing techniques, our materials are geared towards personal and occupational safety protection, exhibit remarkable durability, high strength, cut resistance, flame resistance, and excellent protective qualities, ensuring essential protection for human body.

We are proud to be designated as the Asian partner by the prominent U.S. raw material manufacturer, DUPONT.



**ZEROMELTS®**  
FR MATERIALS

◆ DUPONT◆  
**Kevlar.**



## Major Applications



## Health Tech Products



Dedicated to promoting a healthier lifestyle, we seamlessly integrate **high-tech weaving technology** to extend Nam Liong group's **functional materials** into our daily lives.

This ensures a continuous enhancement of product functionality, contributing to the designs of a healthy and joyful lifestyle. Our commitment involves safeguarding well-being and presenting a fresh perspective on health protection.



## Power Supply (Elementech, Greatsun)

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

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



## Chemical Products (Greenchem, Jiayu)

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

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

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



### 3.3.2 Products and Services Labeling Standards

• **Health Care Division:**

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

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







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

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

- **ELEMENTECH INTERNATIONAL’s Management Approach of Power Supplies**:The power supply has obtained certifications including the UL/cUL and the FCC/ISED for the U.S./Canada, CE Marking for European countries, BSMI for Taiwan, as well as CCC for China. Additionally, based on customer request, it can also acquire the KC certification for South Korea, PSE for Japan, RCM for New Zealand and Australia, BIS for India, NOM for Mexico, IRAM for Argentina, EAC for Russia, GS for Germany, and PSB for Singapore, etc.

- **Incidents of non-compliance concerning product and service information and labeling**: There are currently no related violation.

### 3.3.3 Products and Services Marketing

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

Nam Liong Global consistently monitors and complies with domestic and international legal trends to ensure compliance with respective regulations across all operational locations. In 2022, there was 1 incident of non-compliance with the Medical Devices Act, resulting in penalty, as shown on Page 44. Nam Liong Global promptly rectified and provided the necessary details to the regulatory authority. We are committed to enhancing post-market surveillance of medical devices to prevent recurrence in the future. No other complaints related to privacy breaches or data loss of customers were report, nor were there any violations of regulations or voluntary guidelines concerning the health and safety impact of products and services within their lifecycle.



NAM LIONG



# Sustainable Supply Chain

## IV. Sustainable Supply Chain

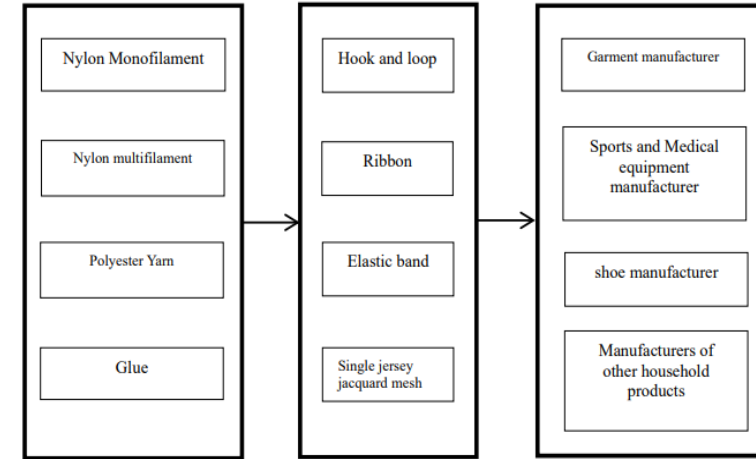
### 4.1 Industrial Supply Chain

#### 4.1.1 Industry Overview

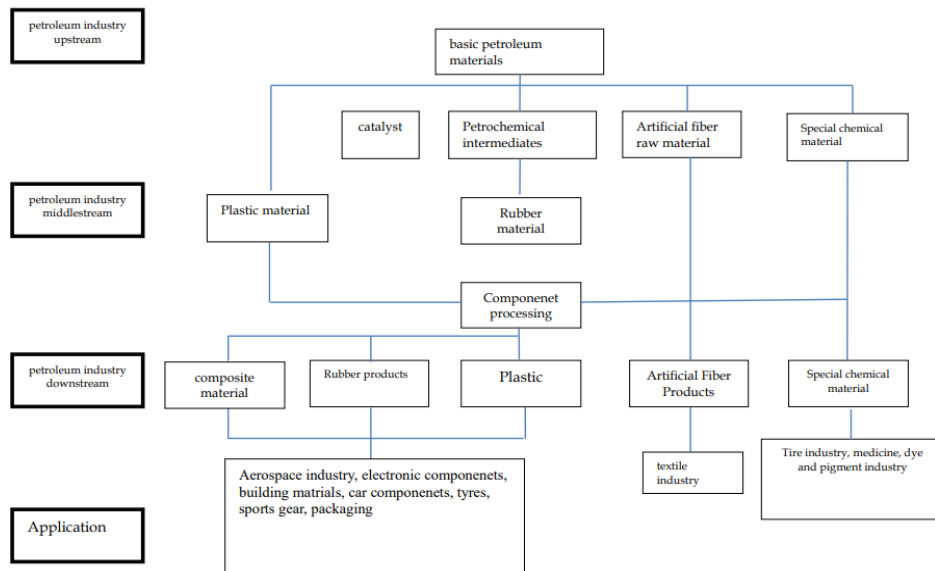
Nam Liang Global mainly focuses on downstream textile composites, including polymer elastic foam materials, functional composite films, hook loop fasteners, specialty textiles, chemical products (specialty chemical products, polymer products), electronic products-power supply, and other supplementary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

#### Textile Composites

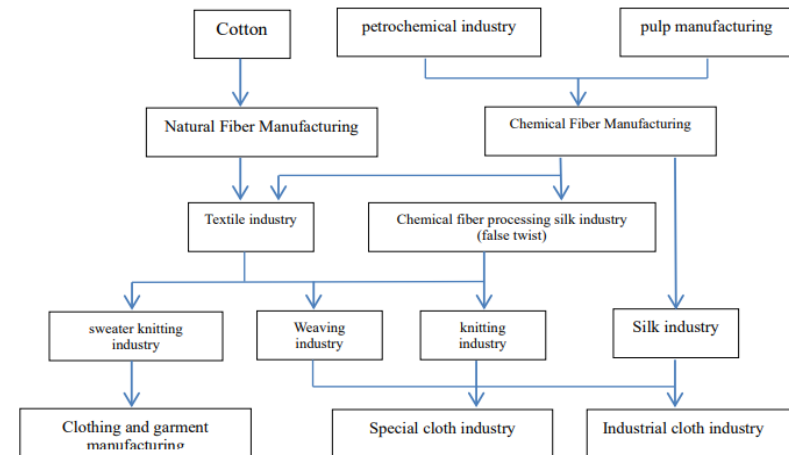
##### ■ Hook Loop Fastening Tape



##### ■ Rubber Sponge, Tech-Material



##### ■ Tech-Textile



### 4.1.2 Supply Chain Structure

In 2022, there was a total of 392 raw material suppliers engaged in transactions with Taiwan factories and Nam Liong Global, 30 of them being domestic suppliers (approximately 85.4%, and accounted for 14.6% of total domestic procurement. The procurement percentage breakdown is as shown in the table below.

Contract Type	Procurement Region	2022	
		Household Units	Percentage of the Procurement Amount in relation to the Total Procurement Amount (%)
Labor (Contracting and Services)	Domestic	78	100
	Foreign	0	0
Goods (Raw Materials)	Domestic	271	84.1
	Foreign	27	15.9
Engineering (Construction and Equipment)	Domestic	43	92.9
	Foreign	3	7.1
<b>Total</b>		422	100%

(Note: Domestic refers to local area in Taiwan; Foreign refers to regions outside Taiwan (China, U.S., Vietnam, etc.))

- Procurement Policy:** Due to the diverse regulations in different locations where Nam Liong International operates, including Taiwan, China, Vietnam, and other areas, procurement units in different departments have established additional individual assessment standards for different types of cases. They set specific terms in contracts to ensure that suppliers meet requirements (such as ISO, JIS, DIN, EN, etc.). Nam Liong Global sustains our business philosophy, aiming not only to enhance competitiveness but also to maintain corporate ethics, promote environmental conservation, and fulfill social responsibilities.

## 4.2 Supply Chain Management

### 4.2.1 Supply Chain Management Policies

The procurement and supplier management operations at Nam Liong Global are currently conducted independently by each business unit's procurement department without the establishment of a centralized procurement center within the Corporate. The primary evaluation criteria managed by the individual business units include aspects such as **quality, delivery time, pricing and coordination**. In 2023, there are plans to conduct a sustainability self-assessment questionnaire for supplier to continuously monitor and understand the sustainability management plans and execution within the supply chain.

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



## 4.2.2 Supply Chain Audit Effectiveness

### 《Supplier Selection and Assessment》

The Quality Assurance Department primarily follows the Procedure for Supplier Selection and Assessment for supplier management, encompass four performance evaluations, namely quality, delivery time, pricing and coordination. The individual supplier whose the total scores for the first three items fall below 50 points is deemed under observation. The procurement unit issues a verbal warning and requests the supplier to make improvements. Those assessed as failing must cease procurement immediately. The procurement and quality assurance units are responsible for verifying the supplier's actual improvements. Only after successful verification can procurement from them resume. However, exceptions are granted by department-level unit managers, but details must be recorded in the Transaction Abnormalities section of the Supplier Information Card. Quarterly, the procurement unit evaluates the suppliers in collaboration, establishing a Qualified Supplier List, subject to managerial approval, aligns with the supplier's annual assessment grade, which is determined by the average sum of quarterly assessment scores and the documented in the Supplier Information Card.

《Supplier Assessment Results》 : The performance indicators for 2022 shows that all supplier assessment results have met the target values.

	Control Item	Indicator Period	Target Value	Q1	Q2	Q3	Q4
Rubber Sponge Division	Overall average score of supplier assessment	Quarter	90 ↑	98	98	98	99
	Control Item	Indicator Period	Target Value	January	April	July	October
Hook Loop Fastening Tape Division	Overall average score of supplier assessment	Quarter	90 ↑	97.1	97.8	97.1	97.7
	Control Item	Indicator Period	Target Value	January	April	July	October
Tech-Material Division	Overall average score of supplier assessment	Quarter	90 ↑	95.4	96.3	96.8	95.6
	Control Item	Indicator Period	Target Value	January	April	July	October
Tech-Textile Division	Overall average score of supplier assessment	Quarter	80 ↑	96	96.2	96.7	97.5
	Control Item	Indicator Period	Target Value	January	April	July	October



NAM LIONG



Friendly to the Environment

## V. Friendly to the Environment

### 5.1 Materials Management

#### 5.1.1 Materials Management Policies

Nam Liong Global procures our materials from external suppliers, mainly involving **Hook Loops, adhesives, adhesive additives, pharmaceuticals, rubber raw materials, fabrics, specialty yarns, high polymer plastics, polymer foam materials, and specialty fibers**. We continue to search for more eco-friendly alternative materials that comply with GRS certification criteria. Additionally, there's strict control over the procurement and composition of materials to ensure compliance with international initiatives, directives, and regulations.

In 2022, the total consumption of product materials and packaging materials amounted for 406,801.1500 metric tons (with renewable materials accounted for 0.0035% of this total). Moving forward, Nam Liong Global is committed to enhancing our procurement policies to increase the proportion of renewable materials in our sourcing.

SASB-CG-AA-440a.4 Category Statistics of procurement amount accounting for the top 80%	Non-renewable Materials		Renewable Materials		Total	
	2022		2022		2022	
	Unit: Metric tons	Proportion (%)	Unit: Metric tons	Proportion (%)	Unit: Metric tons	Proportion (%)
Hook Loops	400,936.0000	98.56%	0	0.00%	400,936.0000	98.56%
Adhesives, adhesive additives, pharmaceuticals, rubber raw materials	2,706.5668	0.67%	0	0.00%	2,706.5668	0.67%
Fabrics	1,486.1500	0.37%	14.3950	100.00%	1,500.5500	0.37%
Specialty yarns	1,212.9420	0.30%	0	0.00%	1,212.9420	0.30%
High polymer plastics	251.6620	0.06%	0	0.00%	251.6620	0.06%
Polymer foam materials	136.8230	0.03%	0	0.00%	136.8230	0.03%
Specialty fibers	56.6160	0.01%	0	0.00%	56.6160	0.01%
<b>Product Materials-Total</b>	<b>406,787.7598</b>	<b>100%</b>	<b>14.3950</b>	<b>100%</b>	<b>406,801.1500</b>	<b>100%</b>



### 5.1.2 Materials Procurement Management by SASB Standards

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

## 5.2 Management of Chemical Substances in Products

### 5.2.1 Management of Chemical Substances in Products by SASB Standards

SASB Code	Description
<ul style="list-style-type: none"> <li>• <b>SASB-CG-AA-250a.1</b> : Discussion of processes to maintain compliance with restricted substances regulations</li> <li>• <b>SASB-CG-AA-250a.2</b> : Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products</li> </ul>	<ul style="list-style-type: none"> <li>• Nam Liong Global has established a comprehensive procedure managing environmental, health and safety regulations. Quarterly assessments regarding environmental protection, occupational safety, fire safety and other relevant regulatory aspects, are conducted to ensure compliance with local regulations, as well as GRS and Bluesign certification requirements.</li> <li>• Nam Liong Global implements chemical management protocol aligned with the Regulations for the Labeling and Hazard Communication of Hazardous Chemicals. This protocol regulates, inventories, labels, and provides educational training for all hazardous chemicals used, disposed of, or stored. All employees are educated about potential hazards, preventive measures, and emergency response procedures concerning hazardous chemicals, aiming to prevent disasters and environmental pollution incidents.</li> </ul>

## 5.3 Energy Resource Governance

### 5.3.1 Energy Resource Management

#### 《Energy Resource Management》

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

#### 《Energy Strategy and Action Plan》

No.	Strategy	Action Plan
1	<b>Audit, assessment, and continuous management of energy resources</b>	Conduct regular energy audits to assess the energy consumption across departments and facilities within the Corporate. Analyze energy consumption patterns, identify areas of high energy consumption, and potential energy wastage. Establish a continuous energy management system to ensure efficiency and conservation in energy consumption. Develop energy management policies and goals, conducting periodic assessments and monitoring to ensure energy consumption aligns with environmental and economically sustainable practices.
2	<b>Enhance equipment efficiency and reduce energy loss</b>	Regularly assess the energy efficiency of each department within the Corporate and provide training and guidance to improve energy consumption effectiveness. Raise awareness among employees regarding the importance of energy conservation by offering corresponding training and education. Develop energy-saving implementation plans for systems such as: chiller systems, compressed air systems, and boiler systems. Install energy-efficient lighting systems, such as replacing LED lights for conventional lighting equipment. Encourage the shutdown of unnecessary electronic devices and lighting, as well as introducing energy-saving modes and auto-off features. Utilize energy-saving air compressor and conduct periodic leak checks and maintenance. Implement heat recovery equipment in the boiler system to reduce energy consumption and regularly inspect steam pipelines for insulation and leak detection.
3	<b>Employee engagement and training</b>	Encourage employees to contribute energy-saving suggestions and ideas, developing a corporate culture centered around energy conservation. Offer regular training and educational activities to enhance employees' understanding and skills in energy resource management. Establish internal communication channels to facilitate the exchange of energy reduction initiatives and share best practices within the Corporate.
4	<b>Promotion of renewable energy</b>	Actively seeking renewable energy solutions, such as solar, wind, and biomass energy, to reduce reliance on fossil fuels.

### 5.3.2 Energy Consumption

Nam Liong Global, following the ISO 14064-1: 2018 Greenhouse Gases guidelines for GHG inventories, conducted as internal audit of our primary energy usage categories, which predominantly include natural gas and electricity. To calculate energy consumption, we implemented the updated Heat Content of Energy Products 2021 announced by the Bureau of Energy, Ministry of Economic Affairs. This involved multiplying energy usage by the unit heat value, converting it into gigajoules (GJ). In 2022, Nam Liong Global recorded a total internal energy consumption of 81,766.25828 gigajoules (GJ).

Internal Energy Consumption Analysis Table (Unit: gigajoules GJ)		Nam Liong Global	
		Total Energy Consumption	Proportion of Total Energy Consumption
Non-renewable Energy	Natural Gas	47,013.4200	57.50%
	Automotive Gasoline	847.0211	1.04%
	Diesel	1,581.9910	1.93%
	Liquefied Natural Gas (LPG)	200.6239	0.25%
Purchased Energy	General Electricity	32,123.2100	39.28%
	Green Power	0.0000	0.00%
Energy Sold	Solar Power	1,852.8444	
Annual Total Energy Consumption (GJ)		81,766.2583	100.00%

## 5.4 Emission Monitoring

### 5.4.1 GHG Inventory

The inventory stage primarily reveals information related to the 2022 GHG inventory of Nam Liong Global. Through this inventory process and statistical analysis, it aims to comprehend the GHG emissions of Nam Liong Global, and further aspires to commit to GHG reduction efforts in the future, contributing to the mitigation of global warming and fulfilling our responsibility as a corporate citizen.

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

- In 2022, **Nam Liong Global'** s total GHG emissions amounted to **9,522.219** metric tons of CO<sub>2</sub>e, including emissions from both the Head Office and the Tainan Branch.
- Emission factors: Primarily derive from the GHG Emission Factor Management Table version 6.0.4 announced by the Ministry of Environment, and the GWP adapted from IPCC Sixth Assessment Report.

GHG Emissions (tCO <sub>2</sub> e)	Head Office	Tainan Branch and Plant	Niao Song Factory	Ren Ai Factory	Total
Category 1	3.4611	2,951.9116	231.0539	54.5540	3,240.9806
Category 2	43.8538	2,108.7000	1,948.9635	313.1766	4,414.6939
Category 3	7.0932	89.9218	51.2149	31.6849	179.9148
Category 4	9.9873	1,150.9114	446.8195	78.9112	1,686.6294
Category 5	-	-	-	-	0.0000
Category 6	-	-	-	-	0.0000
<b>Total</b>	<b>64.3950</b>	<b>6,301.4450</b>	<b>2,678.052</b>	<b>478.3270</b>	<b>9,522.2190</b>

## 5.4.2 Reduction of GHG Emissions

Nam Liong Global's GHG reduction targets: Aiming for a 10% reduction by 2025, and a 25% reduction by 2030, in comparison to the emissions recorded in the baseline year of 2022. Strategies devised to address climate change or GHG management include:

Reduction of GHG Emissions Items	Action Plan
<b>Implementation of ISO 14064-1: GHG Inventory</b>	Initiate education to understand the proportion of carbon emissions and identify carbon emissions hotspots as a basis for future discussion on carbon reduction. Meanwhile, adopting the Eco-Family series products in response to preparing for carbon footprint assessment of products.
<b>Materials Management</b>	Actively developing and seeking low-carbon or eco-friendly substitute materials to mitigate the impact of raw materials and supplies.
<b>Water-saving Management</b>	Implementing a regular water pipe inspection plan, installing timers to stop water supply during non-production hours, installing water-saving devices, and increasing recycled water from runoff, as well as promoting water-saving measures during daily morning meetings to raise employees' awareness of water conservation.
<b>Energy-saving Management</b>	<ul style="list-style-type: none"> <li>• Implementing regular maintenance of machinery to enhance operational efficiency and reduce energy consumption losses.</li> <li>• Replacing old machinery with newer, more energy-efficient models to upgrade operational efficiency.</li> <li>• Comprehensive evaluation and potential replacement of outdated air conditioning system to improve their efficiency.</li> <li>• Assessing the feasibility and benefits of installing smart meters and real-time energy monitoring systems to understand energy consumption patterns and identify areas of high energy consumption.</li> <li>• Establishing energy-saving objectives based on the GHG inventory results for each facility in the future.</li> <li>• Assessing the potential for supplying self-use energy through renewable energy sources.</li> </ul>
<b>Natural Gas Conservation Management</b>	Regularly inspect and maintain steam pipelines and boilers to ensure their proper functioning.
<b>Waste-reduction Management</b>	Business waste: Internal recycling initiatives are implemented within the facilities, while external efforts focus on utilizing solid recovered fuel (SRF) or other recycling projects. General household waste: Reinstate resources recycling bins across all factory areas, enhance employee guidance on waste segregation, and effectively improve the recycling efforts of general household waste.

### 5.4.3 Ozone-Depleting Substances (ODS) Inventory

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

### 5.4.4 Other Air Pollutant Emissions

Nam Liong Global primarily generates air pollutants from stationary sources, such as emissions produced during process heating or boiler combustion, including NO<sub>x</sub>, particulate matter and VOCs, etc. Secondary sources of air pollution include mobile sources like emission from fuel-operated vehicles within the facility. To monitor and manage the emission of air pollutants within the facility, Nam Liong Global abides by the detection frequency specified in the operation permit for stationary pollution sources. third-party inspection organizations are employed to conduct gas testing on emission pipes within the premises, ensuring that the generated air pollutants comply with or surpass government regulations.

Air Pollution Control Equipment and Treatment Efficiency			Concentration Measurement of Air Pollutants		
Names of Pollutants	Control Equipment	Treatment Efficiency (%)	Major Gases	Actual measured concentration (ppm)	Emission Standards (Unit)
Particulate Pollutants (Par)	Collective dust collection bag	90%	Volatile Organic Compounds (VOC)	9	None
Particulate Pollutants (Par)	Scrubber tower	95%	Note 1: This table indicates values from the 2022 emissions testing report for changes in Stationary Pollution Source and Fuel Use Permit Note 2: Emissions standards compliance adheres to government regulations/Pollution Source Use Permit		

Historical Data Specific to Air Pollutant Emissions (Unit: kilograms)		
Items	2022	
Nitrogen oxides (NO <sub>x</sub> )	1,228.00	Note 1: Measurement method explanation: Calculated based on declaration amount of Nam Liong Global's 2022 Air Pollution Control Fee. Note 2: Factors: All based on the GHG Emission Factor Management Table announced by the Ministry of Environment. Note 3: Given the Head Office and Ren Ai Factory being office areas and process only simple processes, there are no need for emission pipelines and corresponding monitoring.
Volatile Organic Compounds (VOCs)	54,546.19	
Hazardous air pollutants (HAP)	14,676.41	
Particulate Pollutants (Par)	40.93	

In 2022, **Nam Liong Global** emitted 1,228 kilograms of nitrogen oxides (NOx), 0 kilograms of persistent organic pollutants (POP), 54,546.19 kilograms of volatile organic compounds (VOCs), 14,676.41 kilograms of hazardous air pollutants (HAPs), 40.93 kilograms of particulate matter (Par), and 0 kilograms of other significant gases.

### 《Air Pollution Prevention and Management》

Based on the 2022 air pollutant emission statistics analysis, Nam Liong Global replaced heavy oil boilers with natural gas boilers in 2022. This replacement led to a significant reduction in sulfur oxides (SOx) and nitrogen oxides (NOx) by 100% and 75%, respectively. Moreover, particulate matter (Par) was reduced to 90%.

**Nam Liong Global** mainly emits volatile organic compounds (VOCs) and hazardous air pollutants (HAP) due to mainly engage in adhesion and coating processes. Nam Liong Global is committed to enhancing the raw materials used in the process by gradually shifting towards water-based or solvent-free adhesives. Additionally, at the Niao Song Factory site, the installation of a Regenerative Thermal Oxidizer (RTO) has been completed to reduce emissions of the air pollutants. We plan to assess the feasibility of exhaust gas interception system in the future to decrease natural gas consumption and gradually implement relevant control measurements.

## 5.5 Water Resources Management

### 5.5.1 Assessment of Water-related Impacts

#### 《Assessment of Water-related Impacts》

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

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



### 《Water Resource Management Policy》

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

### 《Water Quality Management Indicators for Effluents》

Nam Liong Global establishes water quality management standards for effluents based on local regulations and norms

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

### 《Effectiveness in Water Resource Management》

Efficiency of Nam Liong Global's Wastewater Treatment: **The daily treated wastewater consistently meets the Effluent Standards, and no environmental penalties were recorded in 2022.**

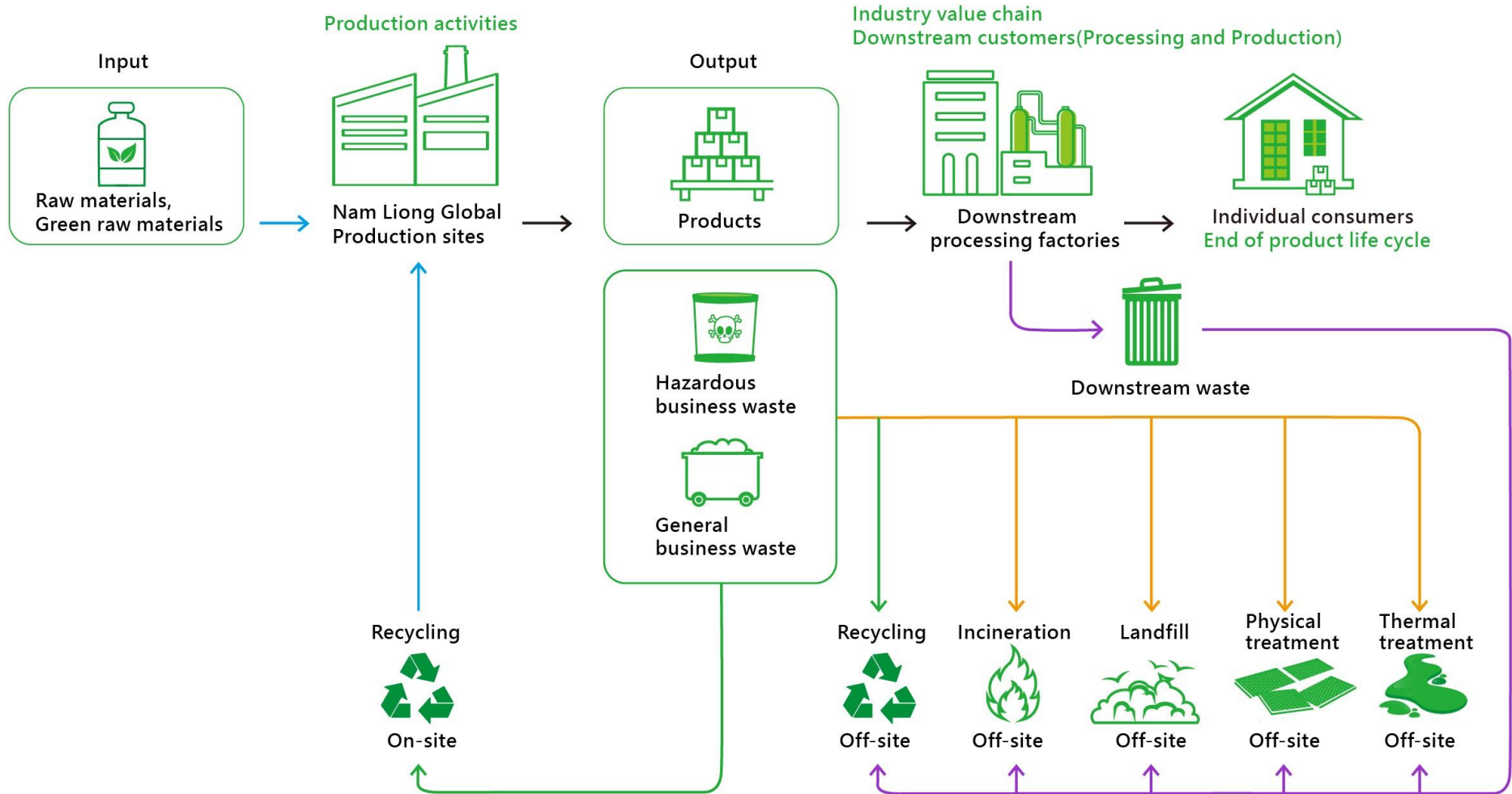
#### 5.5.2 Withdrawal, Discharge and Consumption of Water

In 2022, Nam Liong Global had a total water withdrawal of 124,727 cubic meters (million liters), a total water discharge of 106,845 cubic meters, resulting in a total water consumption of **17,882** cubic meters.

Items (Unit: cubic meters/million liters)	2022				
	Tainan Branch and Plant	Niao Song Factory	Ren Ai Factory	Total of three factories	Regions with water resource pressures
Total withdrawal (Third-party water supply)	112.8610	7.3690	4.4970	124.7270	0.0000
Total discharge	94.9790	7.3690	4.4970	106.8450	0.0000
Total consumption	17.8820	0.000	0.0000	17.8820	0.0000
Proportion of Water Consumption from Regions with Water Resource Pressures (%)	0.000%				

## 5.6 Waste Management

### 5.6.1 Assessment of Waste-related Impacts





## 5.6.2 Waste Management Policies

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

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

## 5.6.3 Waste Disposal

In 2022, **Nam Liong Global** generated a total of **919.664** metric tons of waste, with hazardous business waste accounting for **6.040** metric tons, which represents **0.66%** of total waste generated. **Non-hazardous business waste accounting for 913.624** metric tons, accounting for **99.34%** of total waste generated. Apart from striving to reduce waste generation at its source, **Nam Liong Global** endeavors to enhance the value of existing waste resources by utilizing recycling methods, reusing materials, and other recycling methods in compliance with local regulations and feasible technologies. In **2022**, Nam Liong Global processed **0.66%** of hazardous business waste and **36.19%** of non-hazardous business waste through recycling methods, accounting for **36.85%** of the total waste generated during the year.

### 《Methods of Disposal, Transfer, and Reuse of Industrial Waste》

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

1. Transporting waste rubber to a processing facility for use as auxiliary fuel in cogeneration boilers or adding it into rubber production as materials after processing into pellets at other treatment facilities;
2. Sending produced waste plastics to a physical treatment facility for crushing and pelleting

before being delivered to the final treatment facility for use as auxiliary fuel in cogeneration boilers; 3. Transporting generated waste to treatment facilities for use as solid recovered fuel (SRF) raw materials.

### 《Methods of Direct Disposal of Industrial Waste》

The remaining waste apart from those indicated in the chart above is directly disposed of through **physical treatment, incineration, and thermal treatment**. In 2022, the total volume of waste directly disposed of by Nan Liong Global amounted to 645.064 metric tons, accounting for 65.16% of the annual total waste volume. All these wastes were outsourced for third-party disposal, and the total amount handled by third-party outsourcing represents the total volume of waste taken off-site.

Waste Category (Unit: Metric tons)		2022	Head Office	Tainan Branch and Plant	Niao Song Factory	Ren Ai Factory	Amounts	Percentage
Prepared for reuse and recycling	Hazardous business waste	In-house recycling	0	6.0400	0	0	6.0400	0.66%
		External recycling	0	0	0	0	0	0.00%
	General business waste	In-house recycling	0	0.4600	0	0	0.4600	0.05%
		External recycling	0	332.3700	0	0	332.3700	36.14%
Not prepared for reuse and recycling	Hazardous business waste	Incineration	0	0	0	0	0	0.00%
		Landfill	0	0	0	0	0	0.00%
	General business waste	Incineration	2.9320	343.5600	98.6100	31.1620	476.2640	51.79%
		Landfill	0	0	0	0	0	0.00%
		Thermal treatment	0	89.0200	0	0	89.0200	9.68%
		Physical treatment	0	15.5100	0	0	15.5100	1.68%
Total Amount of Waste			2.9320	786.9600	98.6100	31.1620	919.6640	100.00%



NAM LIONG



Employee Care

## VI. Employee Care

### 6.1 Human Capital

#### 6.1.1 Human Resource Management

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

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

#### 6.1.2 Recruitment

##### 《A-Year-end Employee Composition》

As of the end of 2022, the total number of employees at Nam Liong Global was 552. This includes permanent employees (employment contracts with no fixed term - indefinite contracts) totaling 552, temporary workers (employment contracts with a fixed term - definite contracts) totaling 0, and uncategorized employees totaling 0. Categorized by employment type, there were 552 full-time employees (weekly working hours meeting the local regulations' definition of weekly working hours for full-time employees), 0 part-time employees (weekly working hours does not meet the local regulations' definition of weekly working hours for full-time employees), and 0 employees without guaranteed hours (employees with variable weekly working hours, such as on-call staffs). Nam Liong Global predominantly employs local staff, with 100% of senior management being residents from local area. There were no foreign employees. At the end of 2022, **1 female employee was on maternity leave, and there were 2 female employees and 1 male employee on unpaid leave. This constitutes a total of 3 employees on unpaid leave (referring to employees who remain covered by labor insurance (social insurance) during their leave period. Employees who are no longer covered by insurance but the Corporate still recognizes them as on unpaid leave are not included).** There have been no significant changes in the workforce over the past three years.

Employee Structure Unit: person	Gender	Taiwan Region	Total
All employees	Male	340	340
	Female	212	212
	Other	0	0
	Subtotal	552	552

### 《B-Employee Diversity》

At Nam Liong Global, the employee ratio between men and women is 62% and 38% respectively. Most employees aged between 31-50, accounting for 56% of the total workforce. Additionally, we hired 4 individuals with disabilities in accordance with legal requirements and has also employed 1 individual of indigenous descent to uphold **Nam Liong Global's** commitment to diversity and equality. The total number of employees categorized by job levels and diversity indicators at the end of 2022 are as below:

(Note: The percentage in this table are calculated based on the number of employees of the same job level and type, for example, the male proportion in the basic staffs = number of male basic staffs ÷ Total number of basic staffs)



### Employee Diversity

Job levels		Senior Executives	Percentage %	Middle Executives	Percentage %	Frontline Executives	Percentage %	Basic Staffs	Percentage %	Total	Percentage %
<b>Total Number of Employees in Each Job Level</b>		14	3%	79	14%	60	11%	399	72%	552	100%
<b>Gender</b>	<b>Male</b>	11	79%	58	73%	54	90%	217	54%	340	62%
	<b>Female</b>	3	21%	21	27%	6	10%	182	46%	212	38%
	<b>Other</b>	0	0%	0	0%	0	0%	0	0%	0	0%
<b>Age</b>	<b>Below 30</b>	0	0%	0	0%	0	0%	124	31%	124	22%
	<b>31-50</b>	4	29%	48	61%	38	63%	218	55%	308	56%
	<b>51 and above</b>	10	71%	31	39%	22	37%	57	14%	120	22%
<b>Whether they are indigenous descent</b>		0	0%	0	0%	1	2%	0	0%	1	0%
<b>Whether they have a disability</b>		0	0%	1	1%	1	2%	2	1%	4	1%
<b>Education Level</b>	<b>Ph.D.</b>	1	7%	1	1%	0	0%	1	0%	3	1%
	<b>Master</b>	5	36%	15	19%	0	0%	25	6%	45	8%
	<b>Higher</b>	6	43%	56	71%	22	37%	155	39%	239	43%
	<b>Secondary</b>	2	14%	7	9%	34	57%	82	21%	125	23%
	<b>Elementary</b>	0	0%	0	0%	4	6%	136	34%	140	25%
<b>Nationality</b>	<b>Citizenship</b>	14	100%	79	100%	56	93%	263	66%	412	75%
	<b>Foreign nationality</b>	0	0%	0	0%	4	7%	136	34%	140	25%

### 《C-Personnel Turnover》

Nam Liong Global has a well-established recruitment system, aiming for mutual growth and development between the Corporate and employees, while also respecting employees' choices in career transitions. In 2022, Nam Liong Global recruited a total of 100 new employees, comprising 67 males and 33 females, with a majority being under the age of 30. Additionally, 90 employees left the Corporate (none of them reaching retirement age), consisting of 56 males and 34 females. Reasons for departure included family caregiving, relocation, and career changes. To safeguard employee rights and improve the recruitment system, supervisory units were tasked with the responsibility of conducting interviews with all departing employees to gain a throughout understanding of the reasons for their departure. This information will serve as a reference for subsequent improvements in human resource management.

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

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

Gender	Age	Total Number and Proportion of New Recruits in 2022		Total Number and Percentage of Departures in 2022	
		Taiwan	Ratio of New Recruits (%)	Taiwan	Ratio of Departures (%)
Male	Below 30	40	19.71%	27	16.47%
	31-50	26		23	
	51 and above	1		6	
	Subtotal	67		56	
Female	Below 30	14	15.57%	16	16.04%
	31-50	19		18	
	51 and above	0		0	
	Subtotal	33		34	
Other	Subtotal	0	0.00%	0	0.00%
<b>Total</b>		<b>100</b>	<b>18.16%</b>	<b>90</b>	<b>16.30%</b>

### 6.1.3 Labor/Management Agreement

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

- Types of Employee Communication Channel

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

- Employee Feedback Statistics for the Year 2022

Communication Channel	Number of Cases	Primary Feedback Content	Number of Cases Resolved	Number of Cases Pending
Labor/Management Meetings	11	11	11	0
Welfare Committee Meetings	12	12	12	0
Employee Suggestion Boxes	0	0	0	0
Improvement Proposal System	276	26	26	0

## 6.2 Compensation and Benefits

### 6.2.1 Equal Compensation

#### 《A-Gender Pay Gap》

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

In 2022, at Nam Liong Global, the annual total remuneration of the highest-paid individual was 8.71 times the median of the Corporate's annual total remuneration (excluding this highest-paid individual). The percentage increase in the annual total remuneration of the highest-paid individual was 6.37 times the median percentage increase in the Corporate's average total remuneration (excluding this highest-paid individual).

Operational Locations	Gender Pay Gap across Different Job Levels (Male: Female)				Gender Pay Gap across Different Job Functions (Male: Female)	
	Senior Executives	Middle Executives	Frontline Executives	Basic Staffs	Production, Sales and Research	Clerical Staffs
Taiwan	1: 0.83	1: 0.97	1: 0.92	1: 0.95	1: 0.77	1: 0.85
Note1: The final remuneration of male employees is considered as 1. Note2: Senior executives are defined as executives in hod grades 1 to 3; middle executives are defined as executives in job grades 4-7; Frontline executives are defined as executives in job grades of 8-11; and basic staffs are defined as non-managerial personnel.					Note: The final remuneration of male employees is considered as 1.	

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

Nam Liong Global strictly follows the relevant requirements of local labor regulations in our operations. In Taiwan, the standard starting salary we offered exceeds the minimum wage stipulated by the Labor Standards Act and complies with local regulations regarding minimum wages in other operational regions. In 2022, the average monthly remuneration for basic staffs at each significant operational location exceeds the statutory minimum wage by 1.085 times.

Ratio of Remuneration for Basic Staffs Compared to the Local Minimum Wage as per Local Regulations at Significant Operational Locations				
Significant Operational Location	Male	Female	Other	Average
Taiwan	1.087	1.085	0	1.085
Note: The minimum monthly wage in Taiwan for the year 2022 is NT\$ 25,250.				

### 《C-Information regarding Non-managerial Staffs》

Nam Liong Global discloses the remuneration information of Full-time Non-managerial Employees in accordance with regulatory requirements. In 2022, the number of non-managerial full-time employees was 522, with an average salary and median salary of NT\$ 744,312 and NT\$ 598,287.5, respectively. Due to an increase in manpower demand in 2022 compared with 2021, there was growth in new recruits, resulting in an overall increase in the workforce, hence, the median salary experienced a slight decrease.

## 6.2.2 Comprehensive Benefits

### 《A- Benefits》

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



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

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

《B-Retirement Benefits System》

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

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

## 6.2.3 Parent-friendly Workplace

### 《A-Parental Leave Policy》

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

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

### 《B-Parental Leave Statistics》

In 2022, **Nam Liong Global** achieved a 100% rejoining rate after employees availed themselves of parental leave. All employees returned to the Corporate after the parental leave period. The one-year retention rate after returning to work stands at 0%, primarily due to no employees returning to work from parental leave in 2021.

## 6.3 Development Opportunities

### 6.3.1 Training and Education

#### 《A-Introduction to Types of Educational Training Courses》

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

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

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

In 2022, a total of 107 courses were offered, training 672 individuals with a cumulative total of 3,410.8 training hours. On average, everyone received 6.18 hours of training.

Total number of training sessions, total participants, total man-hour			
Course Category	Total Number of Sessions	Total Participants	Total Man-Hour
New recruit orientation	12	100	450
Specialized skill-based courses	63	263	1,678.8
General education courses	17	97	394.5
Language enhancement programs	0	0	0.0
Management and leadership courses	15	212	887.5
Other	0	0	0.0
<b>Total</b>	<b>107</b>	<b>672</b>	<b>3,410.8</b>





《C-Average Training Hours by Gender》

Our education and training policies remain unbiased regarding gender. In 2022, the average training hours for males were 5.75 hours, females averaged 5.70 hours, while individuals of other genders had an average of 0 hours.

(Note: Average training hours = Total training hours for each gender ÷ Total number of employees of each gender)

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

The average training hours for each job level in 2022 are as shown in the table on right.

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



Average Training Hours by Job Level	
Job level	2022
Senior Executives	9.79
Middle Executives	13.97
Frontline Executives	4.96
Basic Staffs	4.12

《E-Employee Retirement or Departure Transition Assistance Policy》

- Retiring employees may experience a sense of disorientation in life after leaving the workplace, potentially leading to financial strain, increased time with family members, declining physical abilities, resulting in psychological anxiety, family interaction issues, and caregiving concerns. To aid employees in preparing for retirement, Nam Liong Global offers consultation on retirement or secondary employment-related matters, assisting employees in understanding potential retirement challenges and planning for their retirement life.
- In case of internal restructuring or force majeure leading to employee layoffs, Nam Liong Global aims to reduce employees’ psychological and economic pressure during the transition period by assisting them in transitioning to their next job. Besides statutory severance pay, counseling services are provided when necessary.

## 6.3.2 Performance Review

### 《A-Performance Review Policy Description》

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

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

### 《B-Completion of Annual Performance Review》

In 2022, all new recruits at Nam Liong Global underwent a probationary review, and apart from those on leave without pay, all full-time employees completed their annual performance review.

2022	Completion of Annual Performance Reviews by Gender			Completion of Annual Performance Reviews by Job Levels								Completion of Annual Performance Reviews by Job Function			
	Number of Review Conducted	Total Number of Employees	Percentage %	Senior Executives	Percentage %	Middle Executives	Percentage %	Frontline Executives	Percentage %	Basic Staffs	Percentage %	Clerical Staffs	Percentage %	Production, Sales and Research	Percentage %
Uncategorized	0	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Male	337	340	99%	8	73%	58	73%	54	90%	217	54%	39	43%	298	65%
Female	212	212	100%	3	27%	21	27%	6	10%	182	46%	51	57%	161	35%
Other	0	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
<b>Total</b>	<b>549</b>	<b>552</b>	<b>99%</b>	<b>11</b>	<b>100%</b>	<b>79</b>	<b>100%</b>	<b>60</b>	<b>100%</b>	<b>399</b>	<b>100%</b>	<b>90</b>	<b>100%</b>	<b>459</b>	<b>100%</b>

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

## 6.4 Workplace Safety

### 6.4.1 Occupational Health and Safety Management

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

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

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

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

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

- **Occupational Health and Safety Committee**

**Nam Liong Global's** Occupational Health and Safety Committee is jointly composed of representatives from both labor and management, totaling 23 members. The Vice Manager of the Occupational Health and Safety Department serves as Director, with 8 labor representatives, accounting for 35% of the committee members. The committee convenes quarterly to review the Corporate's occupational health and safety management regulations, assess the effectiveness of various management procedures, evaluate the occupational health and safety education training plan, and examine reports on occupational accidents.



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

- **Workers Communication and Reporting Mechanism**

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

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

- **Occupational Health and Safety Risk Assessment**

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

These internal auditors conduct annual inspections of operational sites at the main plant, Niao Song Factory, and Ren Ai Factory. They classify risks into five categories based on severity, likelihood of occurrence, and existing protective measures, namely Major Risk, High Risk,

Moderate Risk, Low Risk and Minor Risk. They assess potential significant workplace accidents or work-related ill health categories and establish risk reduction control measures for significant and high-risk area. These measures are regularly audited for effectiveness by external personnel. To ensure the efficacy of control measures, Nam Liong Global compares external audit results with predefined objectives. External auditors, equipped with specialized training and professional certification in hazard identification and risk assessment, conduct regular meetings to review deficiencies, track effectiveness, and formulate subsequent improvement strategies.

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

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

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

### 《C-Occupational Health and Safety Education Training》

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

Category	Frequency	Number of Trainees	Training Hours
Health and Safety In-job Training	9	154	591
Hazardous Chemicals Training and Fire Drills	5	195	732
Forklift Operation Safety Education Training	2	32	96
Fixed Crane Operations Safety Education Training	3	7	21
Boiler Operation Safety Education Training	2	2	6
Hazardous Operations Supervisor Health and Safety Education Training	2	2	12
First Aid Personnel Health and Safety Education Training	3	12	36

### 《D-Occupational Health Services and Health Promotion》

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

Regarding personal health promotion, Nam Liong Global provides a subsidy for a general medical check-up once every two years for full-time employees, as well as monitors and manages those with highly abnormal medical check-up results. Considering factors such as employees' age, medical check-up values over the past three years, and common major diseases identified in the Ministry of Health and Welfare's survey, common personal health risks include hypertension, hyperlipidemia, high blood sugar, lack of exercise, and unhealthy dietary habits. Consequently, Nam Liong Global periodically arranges on-site health services conducted by contracted nurses and physicians, offering one-on-one health consultations. We also advocate for health awareness and encourage employees to adopt exercise habits to enhance their physical and mental well-being. In 2022, 487 in-service employees participated in medical check-ups, accounting for a 93% participation rate.

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

In response to the COVID-19 pandemic, Nam Liong Global, in accordance with government measures, implemented the following control measures during the Nationwide Level 3 Alert: 1. All individuals intending to enter the premises must wear masks throughout their visit; 2. Entrants must comply with security personnel for temperature measurements and use alcohol-based hand sanitizers for hand disinfection before entering the factory area; 3. All colleagues must remain wear mask while indoors; 4. Preferential use of video conferencing for meetings to reduce staff movement or close contact, minimizing the risk of virus transmission.

#### 《E-Contractor Occupational Health and Safety Audits》

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

### 6.4.2 Work-related injuries and ill health

#### 《A-Accident Investigation Procedure》

**Nam Liong Global** has developed a Procedure for Environmental, Health and Safety Management. In the event of an accident, the injured party or other personnel present should immediately report to the unit supervisor in accordance with the management procedure. The unit supervisor

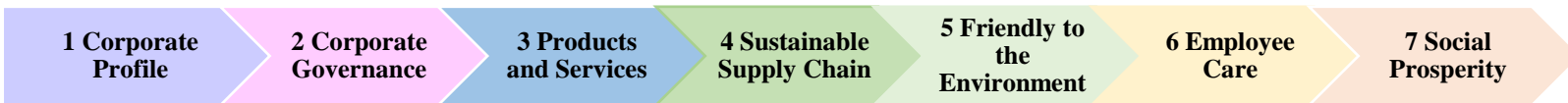
should then immediately inform the **Occupational Safety and Health Department**, providing details such as the nature of the accident, identities of the injured individuals, location, reasons for the accident, and the extend of injuries. Upon receiving the report, the **Occupational Safety and Health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

### 《B-Workplace Incident Records》

In 2022, employees at **Nam Liong Global** were involved in a total of 10 occupational incidents. Among these, **2** were classified as severe incidents, with **0** reported fatalities. The primary causes of the severe incidents were **lacerations** and **falls**. The occupational health and safety personnel have conducted comprehensive investigations in conjunction with labor representatives and have improved the existing management measures. Continuous monitoring ensures the effectiveness of the implemented improvement measures.

Severe or fatal accidents	Description	Improvement measures
Severe occupational incident	Lacerations by equipment.	<ul style="list-style-type: none"> <li>• Install an interlocking switch on the machinery, so that when it is turned on, the equipment automatically stops.</li> <li>• Strengthen education and training for personnel; site supervisors should regularly inspect the work area to ensure that operators comply with the regulations.</li> <li>• Display on-site warning signs for hazards and operational guidelines for the information of the operators.</li> </ul>
Severe occupational incident	Personnel tripped between pallets resulting in a fracture	<ul style="list-style-type: none"> <li>• Require that pallets be placed within the designated lines on site to ensure unobstructed pedestrian pathways.</li> <li>• Implement on-site staff education and training programs for awareness purposes.</li> </ul>





Employee Occupational Injuries and Incidents Analysis Over the Years (Unit: Number of occurrences)		
Incident Type	2022	
	Recordable Incidents	Work-related ill health
Physical Hazards	10	0
Chemical Hazards	0	0
Bio-Hazards	0	0
Human Factors Hazards	0	0
Socio-Psychological Hazards	0	0
<b>Total</b>	<b>10</b>	<b>0</b>

### 《C-False Alarms》

There were **2** false alarms that occurred during this year. These incidents were caused by **inadvertent triggering of fire alarms and a fire outbreak that was promptly extinguished**. Consequently, Nam Liong Global reinforced standard operating procedures for on-site workers and enhanced management mechanisms to prevent potential actual hazards in the future.

#### 2022 False Alarms Statistics

False Alarms Type	Frequency	Description	Improvement measures
Inadvertent triggering of fire alarms	1	The personnel accidentally triggered the fire alarm due to unstable balance during construction.	When working at elevated heights, using a safety ladder assists in the construction process to prevent instability due to improper force application.
Fire outbreak	1	The ventilation duct was not properly straightened, causing the accumulation of organic solvent gas within the pipe, resulting in a fire outbreak. Personnel promptly detected and extinguished the fire.	Completely replacing the ventilation system of the production equipment and ensuring during installation that there are no significant bends causing obstruction to the ventilation.

### 《D-Annual Incident Rate Remains Unchanged from Previous Years》

The occupational incident rate for the current year at Nam Liong Global is 9.5, identical to the rate in the previous year. The Occupational Safety and Health Committee of Nam Liong International reviewed the causes, re-evaluated management shortcomings, and intensified awareness campaigns and educational training to enhance workplace safety and employee safety awareness

#### Employee Work-related Injuries and Ill Health Statistics

Statistic Items (Unit: Calculated per 1 million work hours)	2022	Description for Each Calculations
<b>Total work hours (hours)</b>	<b>1,053,792</b>	Note 1: Work-related Fatality Ration = Work-related Fatalities ÷ Total work hours × 1,000,000
<b>Work-related Fatalities (times)</b>	<b>0</b>	Note 2: Severe Work-related Injury refer to injuries that prevent employees from recovering to their re-injury health status within 6 months, excluding fatalities
<b>Work-related Fatality Ratio</b> <sup>Note 1</sup>	<b>0</b>	Note 3: Severe Work-related Injury Ratio = Severe Work-related Injuries Count ÷ Total work hours × 1,000,000
<b>Severe Work-related Injury Count (times)</b> <sup>Note 2</sup>	<b>0</b>	Note 4: Recordable Incident Count refer to all work-related incidents that occurred during this year, including the number of severe work-related injuries and fatalities
<b>Severe Work-related Injury Ratio</b> <sup>Note 3</sup>	<b>0</b>	Note 5: Recordable Incident Ratio = Recordable Incident Count ÷ Total work hours × 1,000,000
<b>Recordable Incident Count (times)</b> <sup>Note 4</sup>	<b>10</b>	Note 6: Work-related Ill Health Ratio = Number of Work-related Ill Health Cases ÷ Total work hours × 1,000,000
<b>Recordable Incident Ratio</b> <sup>Note 5</sup>	<b>9.5</b>	
<b>Number of Work-related Ill Health Cases (cases)</b>	<b>0</b>	
<b>Work-related Ill Health Ratio</b> <sup>Note 6</sup>	<b>0</b>	



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Social Prosperity



## VII. Social Prosperity

### 7.1 Care for Local Communities

Nam Liong Global is committed to care for communities, including support for local security and law enforcement agencies, respect for and assistance to religious institutions, sponsorship of charitable organizations and community development associations, and concern for local educational initiatives. Through these donations, Nam Liong Global demonstrates a commitment to developing and caring for the community, aiming towards the collective construction of a better society. The donation breakdown for the year 2022 is as follows:

Items	Description
<p>Public welfare and community donations NT\$ 10,990,000</p>	<p>Donations totaling NT\$ 10,990,000 were made to multiple charitable organizations and community development associations. Additionally, Nam Liong Global adopted the responsibility of maintaining the trees around the Zheng Chenggong Tomb Monument and Wurong Park in the Yongkang District of Tainan City. Beneficiary organizations include the Sanmin Community Development Association in Yongkang District of Tainan City, the Tainan Cancer Prevention and Control Association, the Kaohsiung Autism Foundation, the Yen-Hsing Dayu Love and Charity Association in Tainan City, Children's Home, Da Tong Childcare Center, Taiwan Fund for Children and Families, Purple Lotus Foundation, Zi-Liang Foundation, among others. These organizations provide social welfare, advancing philanthropic causes, and addressing the needs of vulnerable communities. Nam Liong Global continues to support their commitment to serving the community.</p>
<p>Donation to religious organizations NT\$ 612,0000</p>	<p>Nam Liong Global donated NT\$ 612,000 to religious institutions, including the Yongkang District Yen-Hsing Thean Hou Temple Management Committee, Kaitai Thean Hou Temple Management Committee, Yongkang District Yen-Hsing Thean Hou Temple Management Committee, Zhouwei Street Bao Ning Temple Management Committee, Kaichi Kaishan Temple Management Committee, Hsiao Fu Dadi Temple Management Committee, Kaichi Kaishan Temple Management Committee, Dongbianliao Shun Ling Temple Management Committee, Zhouzaiwei Bao Ning Temple Management Committee, Fayu Zen Temple, Kaiping Fu An Temple Management Committee, and others. These religious institutions play vital roles in promoting community harmony, caring for vulnerable groups, and preventing cultural heritage within the local community. Nam Liong Global's donations express support and respect for these religious institutions, assisting them in organizing more activities beneficial to the community.</p>

Items	Description
<p><b>Donation to police and fire departments</b> NT\$ 100, 000</p>	<p>Nam Liong Global jointly donated NT\$ 100,000 to the Tainan City Voluntary Fire Brigade, the Fourth Office of the National Highway Police Association, and the Tainan City Friends of Police Association. These units are integral components of local social security and law enforcement. The donations from Nam Liong Global aim to support and respect the efforts of these units in ensuring community safety, assisting them in delivering higher-quality services.</p>
<p><b>Educational donations</b> NT\$ 60, 000</p>	<p>Nam Liong Global donated NT\$60,000 to Sancun Elementary School. This donation reflects the importance placed on the field of education and expresses support for educational institutions and students. Education stands as a cornerstone for society progress, and Nam Liong Global aims to assist schools in providing better teaching resources and environments through this donation, thereby fostering comprehensive development among students.</p>





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# Appendix



## Appendix

### GRI STANDARDS REFERENCE TABLE:

Disclaimer: NAM LIONG GLOBAL has reported information on the Company's ESG efforts for the period from January 1 to December 31, 2022, in accordance with GRI Standards, by GRI 1: Foundation 2021

#### Universal Standards

GRI Standards	Items	Reference to 2022 Sustainability Report	Page	Clarification of Omissions	
				Disclosures Omitted	Reasons and Explanations
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	2.1.1 Corporate Profile	28	NA	
	2-2 Entities included in the organization's sustainability reporting	1.1.3 Scope and Boundaries	6		
	2-3 Reporting period, frequency and contact point	1.1.6 Contact Information	6		
	2-3 Reporting period, frequency and contact point	1.1.1 Reporting Period	6		
	2-4 Restatements of information	1.1.4 Restatements of Information	6		
	2-5 External assurance	--	--	Included in future planning	
	2-6 Activities, value chain and other business relationships	4.1.2 Supply Chain Structure	68		
	2-7 Employees	2.1.1 Corporate Profile	28		
		6.1.2 Recruitment	87		
	2-8 Workers who are not employees	2.1.1 Corporate Profile	28		
	2-9 Governance structure and composition	2.2.2 Functional Committees	36		
	2-10 Nomination and election of the highest governance body	2.2.1 Governance Framework	31		
	2-11 Chair of the highest governance body				
	2-12 Role of the highest governance body in overseeing the management of impacts	1.4.1 Process to Assess Material Topics	12		
		1.4.2 Management of the Impacts of Material Topics	14		
2-13 Delegation of responsibility for managing impacts					
2-13 Delegation of responsibility for managing impacts	1.4.1 Process to Assess Material Topics	12			
2-14 Role of the highest governance body in sustainability reporting					

GRI Standards	Items	Reference to 2022 Sustainability Report	Page	Clarification of Omissions	
				Disclosures Omitted	Reasons and Explanations
<b>GRI 2: General Disclosures 2021</b>	2-15 Conflicts of interest	2.2.1 Governance Framework	31		
	2-16 Communication of critical concerns				
	2-17 Collective knowledge of the highest governance body				
	2-18 Evaluation of the performance of the highest governance body				
	2-19 Remuneration policies				
	2-20 Process to determine remuneration				
	2-21 Annual total compensation ratio	6.2.1 Equal Compensation	92		
	2-22 Statement on sustainable development strategy	1.2.1 Message From The Chairman and Performance of Sustainability Management	7		
	2-23 Policy commitments	2.4.1 Integrity Management	41		
		2.4.2 Human Rights Policies	43		
	2-24 Embedding policy commitments	2.4.1 Integrity Management	41		
		2.4.2 Human Rights Policies	43		
	2-25 Processes to remediate negative impacts	1.4.2 Management of the Impacts of Material Topics	14		
	2-26 Mechanisms for seeking advice and raising concerns	2.4.2 Human Rights Policies	43		
		2.4.1 Integrity Management	41		
	2-27 Compliance with laws and regulations	2.5 Compliance with Laws and Regulations	46		
2-28 Membership associations	2.1.1 Corporate Profile	28			
2-29 Approach to stakeholder engagement	1.3.2 Stakeholder Communication	9			
	1.3.1 Stakeholder Identification	9			
2-30 Collective bargaining agreements	6.1.3 Labor/Management Agreement	91			
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	1.4.1 Process to Assess Material Topics	12	NA	
	3-2 List of material topics	1.4.2 Management of the Impacts of Material Topics	14		



## Topic Standards

GRI Topics	GRI Standards	Items	Reference to 2022 Sustainability Report	Page	Clarification of Omissions	
					Disclosures Omitted	Reasons and Explanations
* Economic Performance	201 Economic Performance	201-1 Direct economic value generated and distributed	2.3.1 Economic Value	37		
		201-2 Financial implications and other risks and opportunities due to climate change	--	--	Expected disclosure in 2023	
		201-3 Defined benefit plan obligations and other retirement plans	6.2.2 Comprehensive Benefits	93		
		201-4 Financial assistance received from government	2.3.1 Economic Value	37		
Market Presence	202 Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	6.2.1 Equal Compensation	92		
		202-2 Proportion of senior management hired from the local community	6.1.2 Recruitment	87		
Indirect Economic Impacts	203 Indirect Economic Impacts	203-1 Infrastructure investments and services supported	7.1 Care for Local Communities	108		
		203-2 Significant indirect economic impacts				
Procurement Practices	204 Procurement Practices	204-1 Proportion of spending on local suppliers	4.1.2 Supply Chain Structure	68		
Anti-corruption	205 Anti-corruption	205-1 Operations assessed for risks related to corruption	2.4.1 Integrity Management	41		
		205-2 Communication and training about anti-corruption policies and procedures				
		205-3 Confirmed incidents of corruption and actions taken				
Anti-competitive Behavior	206 Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.4.1 Integrity Management	41		
Tax (2019)	207 Tax (2019)	207-1 Approach to tax	2.3.2 Tax Policies	39		
		207-2 Tax governance, control, and risk management				
		207-3 Stakeholder engagement and management of concerns related to tax				
		207-4 Country-by-country reporting				
* Materials	301 Materials	301-1 Materials used by weight or volume	5.1.1 Materials Management Policies	72		
		301-2 Recycled input materials used				
		301-3 Reclaimed products and their packaging materials	--	--		

GRI Topics	GRI Standards	Items	Reference to 2022 Sustainability Report	Page	Clarification of Omissions	
					Disclosures Omitted	Reasons and Explanations
<b>* Energy</b>	302 Energy	302-1 Energy consumption within the organization	5.3.2 Energy Consumption	76		
		302-2 Energy consumption outside of the organization	--	--		
		302-3 Energy intensity	5.3.2 Energy Consumption	76		
		302-4 Reduction of energy consumption	5.4.2 Reduction of GHG Emissions	78		
		302-5 Reductions in energy requirements of products and services	--	--		
<b>*Water and Effluents (2018)</b>	303 Water and Effluents (2018)	303-1 Interactions with water as a shared resource	5.5.1 Assessment of Water-related Impacts	80		
		303-2 Management of water discharge-related impacts				
		303-3 Water withdrawal	5.5.2 Withdrawal, Discharge and Consumption of Water	82		
		303-4 Water discharge				
		303-5 Water consumption				
<b>*Emissions</b>	305 Emissions	305-1 Direct (Scope 1) GHG emissions	5.4.1 GHG Inventory	77		
		305-2 Energy indirect (Scope 2) GHG emissions				
		305-3 Other indirect (Scope 2) GHG emissions				
		305-4 GHG emissions intensity	5.4.1 GHG Inventory	77		
		305-5 Reduction of GHG emissions	5.4.2 Reduction of GHG Emissions	78		
		305-6 Emissions of ozone-depleting substances (ODS)	5.4.3 Ozone-Depleting Substances (ODS) Inventory	79		
		305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	5.4.4 Other Air Pollutant Emissions	79		
<b>*Waste (2020)</b>	306 Waste (2020)	306-1 Waste generation and significant waste-related impacts	5.6.1 Assessment of Waste-related Impacts	83		
		306-2 Management of significant waste-related impacts	5.6.2 Waste	84		
			5.6.1 Assessment of Waste-related Impacts	83		
		306-3 Waste generated	5.6.3 Waste Disposal	84		
		306-4 Waste diverted from disposal				

GRI Topics	GRI Standards	Items	Reference to 2022 Sustainability Report	Page	Clarification of Omissions			
					Disclosures Omitted	Reasons and Explanations		
<b>*Waste (2020)</b>	306 Waste (2020)	306-5 Waste directed to disposal	5.6.3 Waste Disposal	84				
<b>*Supplier Environmental Assessment</b>	308 Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	4.2.1 Supply Chain Management Policies	69				
		308-2 Negative environmental impacts in the supply chain and actions taken	4.2.2 Supply Chain Audit Effectiveness	70				
<b>*Employment</b>	401 Employment	401-1 New employee hires and employee turnover	6.1.2 Recruitment	87				
		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.2.2 Comprehensive Benefits	93				
		401-3 Parental leave	6.2.3 Parent-friendly Workplace	95				
	402 Labor/ Management Relations	402-1 Minimum notice periods regarding operational changes	6.1.1 Human Resource Management	87				
<b>*Occupational Health and Safety (2018)</b>	403 Occupational Health and Safety (2018)	403-1 Occupational health and safety management system	6.4.1 Occupational Health and Safety Management	99				
<b>*Occupational Health and Safety (2018)</b>	403 Occupational Health and Safety (2018)	403-2 Hazard identification, risk assessment, and incident investigation						
		403-3 Occupational health services						
		403-4 Worker participation, consultation, and communication on occupational health and safety	6.4.1 Occupational Health and Safety Management	99				
		403-5 Worker training on occupational health and safety						
		403-5 Worker training on occupational health and safety	6.3.1 Training and Education	96				
		403-6 Promotion of worker health						
		403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.4.1 Occupational Health and Safety Management	99				
		403-8 Workers covered by an occupational health and safety management system						
		403-9 Work-related injuries	6.4.2 Work-related injuries and ill health	103				
		403-10 Work-related ill health						

GRI Topics	GRI Standards	Items	Reference to 2022 Sustainability Report	Page	Clarification of Omissions	
					Disclosures Omitted	Reasons and Explanations
<b>*Training and Education</b>	404 Training and Education	404-1 Average hours of training per year per employee	6.3.1 Training and Education	96		
		404-2 Programs for upgrading employee skills and transition assistance programs				
		404-3 Percentage of employees receiving regular performance and career development reviews	6.3.2 Performance Review	98		
Diversity and Equal Opportunity	405 Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	6.1.2 Recruitment	87		
		405-2 Ratio of basic salary and remuneration of women to men	2.2.1 Governance Framework	31		
			6.2.1 Equal Compensation	92		
Non-discrimination	406 Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	2.4.2 Human Rights Policies	43		
Freedom of Association and Collective Bargaining	407 Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk				
Child Labor	408 Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor				
Forced or Compulsory Labor	409 Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor				
Security Practices	410 Security Practices	410-1 Security personnel trained in human right policies or procedures				
		410-1 Security personnel trained in human right policies or procedures				
Rights of Indigenous Peoples	411 Rights of Indigenous Peoples	411-1 Incidents of violations involving rights of indigenous peoples	2.4.2 Human Rights Policies	43		
Local Communities	413 Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	7.1 Care for Local Communities	108		
		413-2 Operations with significant actual and potential negative impacts on local communities				

GRI Topics	GRI Standards	Items	Reference to 2022 Sustainability Report	Page	Clarification of Omissions	
					Disclosures Omitted	Reasons and Explanations
Supplier Social Assessment	414 Supplier Social Assessment	414-1 New supplier that were screened using social criteria	4.2.1 Supply Chain Management Policies	69		
		414-2 Negative social impacts in the supply chain and actions taken	4.2.2 Supply Chain Audit Effectiveness	70		
Public Policy	415 Public Policy	415-1 Political contributions	2.3.1 Economic Value	37		
Customer Health and Safety	416 Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	3.2.2 Product Risk Assessment	58		
		416-2 Incidents of non-compliance concerning the health and safety impacts of products and services				
Marketing and Labeling	417 Marketing and Labeling	417-1 Requirements for product and service information and labeling	3.3.2 Products and Services Labeling Standards	64		
		417-2 Incidents of non-compliance concerning product and service information and labeling				
		417-3 Incidents of non-compliance concerning marketing communications	3.3.3 Products and Services Marketing	65		
Customer Privacy	418 Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.2.3 Customer Privacy Management	59		

## SASB STANDARDS REFERENCE TABLE

Disclaimer: NAM LIONG GLOBAL has reported information on the Company's ESG efforts for the period from January 1 to December 31, 2022, in accordance with SASB Standards

SASB Industry Classification: Apparel, Accessories and Footwear

Indicator Type	SASB CODE	Topic	Metric	Category	Unit of Measure	Reference to 2022 Sustainability Report	Page	Clarification of Omissions	
								Disclosures Omitted	Reasons and Explanations
Accounting Metric	CG-AA-250a.1	Management of Chemicals in Products	Discussion of processes to maintain compliance with restricted substances regulations	Discussion and analysis	-	5.2.1 Management of Chemical	74		
Accounting Metric	CG-AA-250a.2	Management of Chemicals in Products	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Discussion and analysis	-	Substances in Products by SASB Standards	74		
Accounting Metric	CG-AA-430a.1	Environmental Impacts in the Supply Chain	Percentage of TIER 1 supplier facilities in compliance with wastewater discharge permits and/or contractual agreement	Quantitative	Percentage (%)	--		Inquiry conducted in 2023	
Accounting Metric	CG-AA-430a.1	Environmental Impacts in the Supply Chain	Percentage of supplier facilities beyond TIER 1 in compliance with wastewater discharge permits and/or contractual agreement	Quantitative	Percentage (%)	--			
Accounting Metric	CG-AA-430a.2	Environmental Impacts in the Supply Chain	Percentage of TIER 1 supplier facilities that have completed the Sustainable Apparel Coalition (SAC)'s Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	Quantitative	Percentage (%)	--			
Accounting Metric	CG-AA-430a.2	Environmental Impacts in the Supply Chain	Percentage of supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition (SAC)'s Higg Facility Environmental Moduled (Higg FEM) assessment or an equivalent environmental data assessment	Quantitative	Percentage (%)	--			
Accounting Metric	CG-AA-430b.1	Labor Conditions in the Supply Chain	Percentage of TIER 1 supplier facilities that have been audited to a labor code of conduct	Quantitative	Percentage (%)	--			Inquiry conducted in 2023
Accounting Metric	CG-AA-430b.1	Labor Conditions in the Supply Chain	Percentage of supplier facilities beyond TIER 1 that have been audited to a labor code of conduct	Quantitative	Percentage (%)	--			

Indicator Type	SASB CODE	Topic	Metric	Category	Unit of Measure	Reference to 2022 Sustainability Report	Page	Clarification of Omissions	
								Disclosures Omitted	Reasons and Explanations
Accounting Metric	CG-AA-430b.1	Labor Conditions in the Supply Chain	Percentage of total audits conducted by a third-party auditor	Quantitative	Percentage (%)	--			
Accounting Metric	CG-AA-430b.2	Labor Conditions in the Supply Chain	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audit	Quantitative	Ratio	--			
Accounting Metric	CG-AA-430b.3	Labor Conditions in the Supply Chain	Description of the greatest labor risks in the supply chain	Discussion and analysis	-	--			
Accounting Metric	CG-AA-430b.3	Labor Conditions in the Supply Chain	Description of the greatest environmental, health, and safety risks in the supply chain	Discussion and analysis	-	--			
Accounting Metric	CG-AA-440a.3	Raw Materials Sourcing	<ol style="list-style-type: none"> <li>List of priority raw materials</li> <li>Environmental and/or social factor(s) most likely to threaten sourcing of each priority raw material</li> <li>Discussion on business risks and/or opportunities associated with environmental and/or social factors</li> <li>Management strategy for addressing business risks and opportunities</li> </ol>	Discussion and analysis	-	5.1.2 Materials Procurement Management by SASB Standards	73		
Accounting Metric	CG-AA-440a.4	Raw Materials Sourcing	<ol style="list-style-type: none"> <li>Amount of priority raw materials purchased;</li> <li>Amount of each priority raw materials that is certified to a third-party environmental or social standard</li> </ol>	Quantitative	Metric tons	5.1.1 Materials Management Policies	72		
Activity Metric	CG-AA-000.A	Supply Chain	Number of Tier 1 suppliers	Quantitative	Number	--		Survey conducted in 2023	
Activity Metric	CG-AA-000.A		Number of suppliers beyond Tier 1	Quantitative	Number	--			