

2024

瑞智精密 永續報告書

Environmental,
Social,
Governance Report



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0-1 About this Report

◆ Reporting period

This Report discloses the Company's approaches to economy, corporate governance, environmental protection and people (human rights) and its performance in the fiscal year 2024 (from January 1 to December 31, 2024) based on the environmental, social, and governance (ESG) spirit that is to be conveyed through this Report. This is the 9th sustainability report the Company has published (formerly, the Corporate Social Responsibility Report for the first five issues). The previous issue of the report was published in August 2024 (cycle: one year), and this Report is issued in August 2025. During this reporting period, the Company did not experience any material changes. The annual report is available for online browsing and download at the ESG section on the Company's official website: There is no restatement of the 2024 Report.

◆ Scope of the Report

The scope of this Report covers the business activities of the Guanyin Plant of Rechi Precision Co., Ltd. (hereinafter, the "Company"). The financial data (with the same reporting and disclosure period as this Report) is based on publicly disclosed consolidated financial data, audited and certified by Deloitte & Touche in accordance with International Financial Reporting Standards (IFRS), using NT\$1,000 as the unit of calculation. Other indicators – such as environmental protection, employees, and occupational safety – disclose only Rechi's own data; subsidiaries and overseas locations included in the consolidated financial statements are not within the scope of this Report. The data are presented in accordance with internationally accepted calculation methods.

◆ Reporting Principles

This Report is prepared under the framework of the GRI Universal Standards 2021 issued by the Global Sustainability Standards Board (GSSB) and in accordance with the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" and includes information recommended to be disclosed by the Task Force on Climate-Related Financial Disclosures (TCFD) and the Sustainable Accounting Standards Board (SASB). The aforementioned standards are attached for the reference of stakeholders. The information disclosed in this Report, after being reviewed by the head of each unit, confirmed by members of the Corporate Governance and Sustainable Development Committee and reviewed and approved by the President, has been reported to the Board of Directors.

◆ Report verification

To align with international trends and enhance credibility, the 2024 Sustainability Report of Rechi Precision Co., Ltd. has undergone a GRI audit (Report Gap Analysis Check) by the third-party assurance provider "BSI Taiwan (a branch of BSI Group Singapore, UK)." The content disclosed in this Report follows the GRI Standards 2021 framework. The BSI Check Opinion Statement can be found in the Appendix.

◆ Feedback

If you have any feedback and suggestions about this Report, please contact us via the means provided below:

RECHI PRECISION CO., LTD.

Director Yu, Administrative and Human Resources Center

Email: see0705@rechi.com

TEL: 03-4837201 ext. 245

0-2 Business Philosophy

2024 is a year of both challenges and hopes for ESG.

Rising geopolitical tensions have affected the economy, climate commitments, and sustainable development policies. Record-breaking high temperatures across the globe have brought new uncertainties, pressures, and challenges to humanity's sustainability efforts. In the environmental (E) aspect, progress has been made in renewable energy and circular economy transformation, as well as in the disclosure of corporate sustainability information. In the people (human rights) aspect (S), equality and inclusion have received unprecedented global attention.

Sustainability is not limited to the environmental aspect; the human (human rights) aspect should also receive high attention to avoid severely damaging a company's sustainable image.

This year, incidents of workplace bullying occurred in both the public and private sectors in Taiwan, highlighting the urgency of workplace culture and labor rights reform. Rechi Precision Co., Ltd. adopts a "zero tolerance" policy toward any possible bullying incidents and provides complaint channels for employees to respond and report in a timely manner, aiming to build a harmonious, friendly, and safe workplace environment.

Looking ahead, Rechi will continue to follow the principles of "Corporate Governance (G)" and uphold the mission of "maximizing corporate value and fulfilling the responsibility of caring for the Earth." Under the global trend of net zero and low carbon, we will incorporate sustainability thinking into corporate decision-making and innovation development, provide green and energy-saving products that meet customer needs, and leave a beautiful and sustainable environment for the next generation.



RECHI PRECISION CO., LTD. Chairman

陳盛油



1

Sustainable Rechi

1-1 About Rechi

◆ Overview

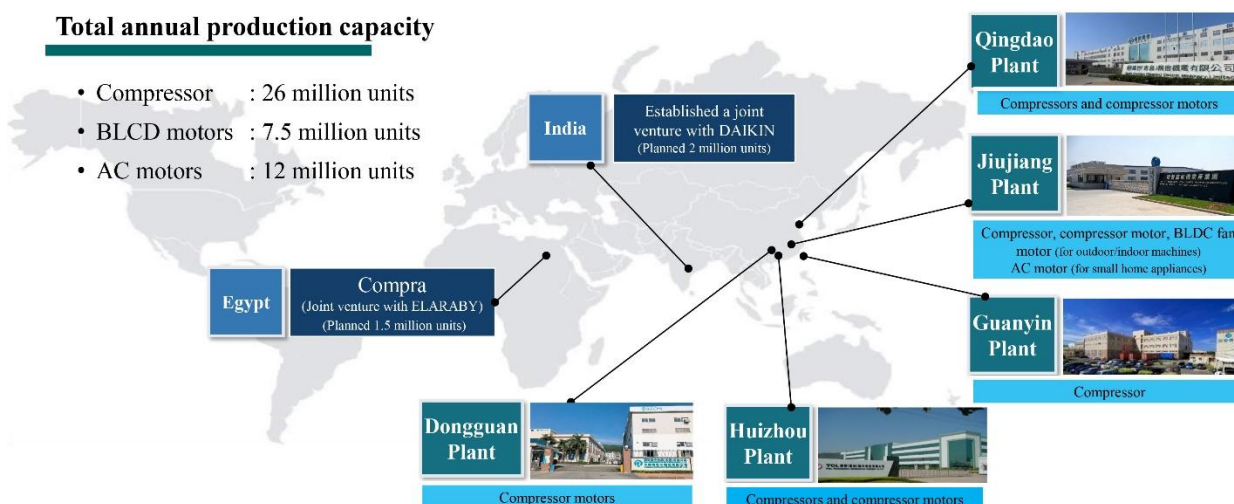
RECHI PRECISION CO., LTD.	
Market	Listed company (code 4532)
Industry classification	Electronic Machinery (the industry classification on the Market Observation Post System) Resource Transformation/Industrial Machinery & Goods (SASB Industry Classification System)
Headquarters	No. 943, Sec. 2, Chenggong Rd., Guanyin Dist., Taoyuan City 328, Taiwan (R.O.C.)
Shareholder structure	Domestic institutions 44.16%, domestic individuals 32.65%, foreign institutions 23.16%, and foreign individuals 0.03%
Authorized capital	NT\$ 5,049,151 thousand
Operating sites in Taiwan	Taiwan (Guanyin Plant)

The Company was founded in Guanyin, Taiwan in 1989, and it is currently the fourth largest rotary compressor manufacturer in the world. Under the leadership of Chen, Sheng Tien, the founder and Chairman, the Company secures its leading position in the global market with an annual capacity of 26 million compressors. In 2020, it achieved the milestone of 200 million compressors sold. Our production sites are located in Guanyin, Taiwan; Humen, Huizhou, Qingdao and Jiujiang in mainland China. In recent years, as the industry has undergone upgrades rapidly and AI technology has been well developed, Rechi Precision has actively undertaken digital transformation and adopted smart production processes to improve operational efficiency and product quality.

The Company deploys a global marketing network and provides a variety of compressors, motors and high-value-added products. With the strategic mindset of “Resource Exchange for Reciprocity,” it grows and excels with its suppliers and customers. In 2024, the sales volume of compressors reached 21.23 million units and the consolidated revenue amounted to NT\$21.5 billion.

Our professional team has developed high-efficiency, mute and miniaturized compressors with a complete product range from 20Frame to 55Frame fixed-speed/inverter and single-/dual-cylinder rotary compressors. They are widely used in household air conditioners, unitary A/C, portable air conditioners, dehumidifiers, heat pump dryers, heat pump water heaters or heat pump washing machines. At the same time, it is also committed to developing diverse applications of energy-saving products helping reduce the impact of the greenhouse effect and energy consumption. Having a critical role in the global rotary compressor industry, the Company adheres to the belief of keeping a balance between corporate growth and environmental protection for symbiosis and co-prosperity, while continuing to implement the value innovation strategy that meets global clients’ requirements for energy-saving products and obtain their recognition.

◆ Operating sites



◆ Products and Innovation

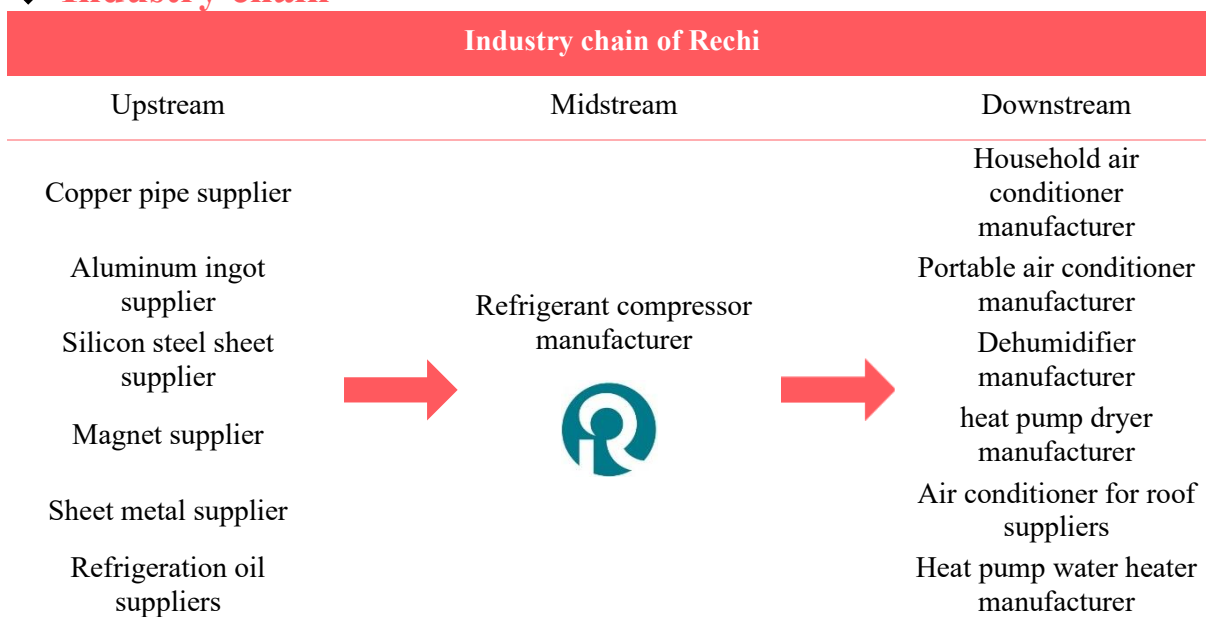
As business grows, the Company not only takes full responsibility for the implementation of energy conservation, environmental protection, and resource sustainability but also commits to developing products in compliance with various governments' latest energy efficiency regulations.

Our products have been in compliance with the European Union's Restriction of Hazardous Substances (RoHS) Directive, and we have obtained clients' recognition and various countries' authoritative certifications, including UL, VPC, 3C, TUV, KC, VDE, CB, TIS, INMETRO, and BIS, and certifications and verifications, including ISO 9001, ISO 14001, ISO 17025, ISO 14064, ISO 50001, and ISO45001. In addition, the Company's length calibration laboratory management system has earned a national level 2 certificate and been accredited by TAF, TUV CTF, UL WTDP, etc. It adheres to product quality that satisfies customer demands by carrying out calibration and measurement professionally.

In addition to compressors, Rechi Precision developed an energy-saving end product: heat pump water heaters in 2012, with Rechi Precision's heat pump compressors and high-efficiency plate heat exchangers adopted. Many series of such products have been certified with energy efficiency labels. We provide one-stop production services, from product R&D, design, production to sales. We also provide clients with complete service solutions in terms of energy efficiency and customized installation. Compared with traditional boilers, electric water heaters and other equipment with high energy consumption, our heat pumps can reduce the costs by as high as 70% or more.

The sales of our heat pump water heaters have grown through the expansion of distribution channels, and the market has grown rapidly. In recent years, we have also actively developed our business in overseas markets in Southeast Asia. We take part in exhibitions related to refrigeration and air-conditioning, ventilation, electrical and mechanical products, building materials, etc. from time to time to reinforce the Company's renown. We also strive to convey the concept of environmental protection and energy conservation through print media, TV interviews and online platforms in the hope to raise the public's acceptance and awareness of energy-saving products. Thus, we will be able to shape Rechi Precision's brand image and facilitate the sales and promotion of our energy-saving products. We promote the products at reasonable prices, to allow energy-saving products to be part of people's lives, thereby fulfilling our corporate responsibility for saving energy and caring for the Earth.

◆ Industry chain

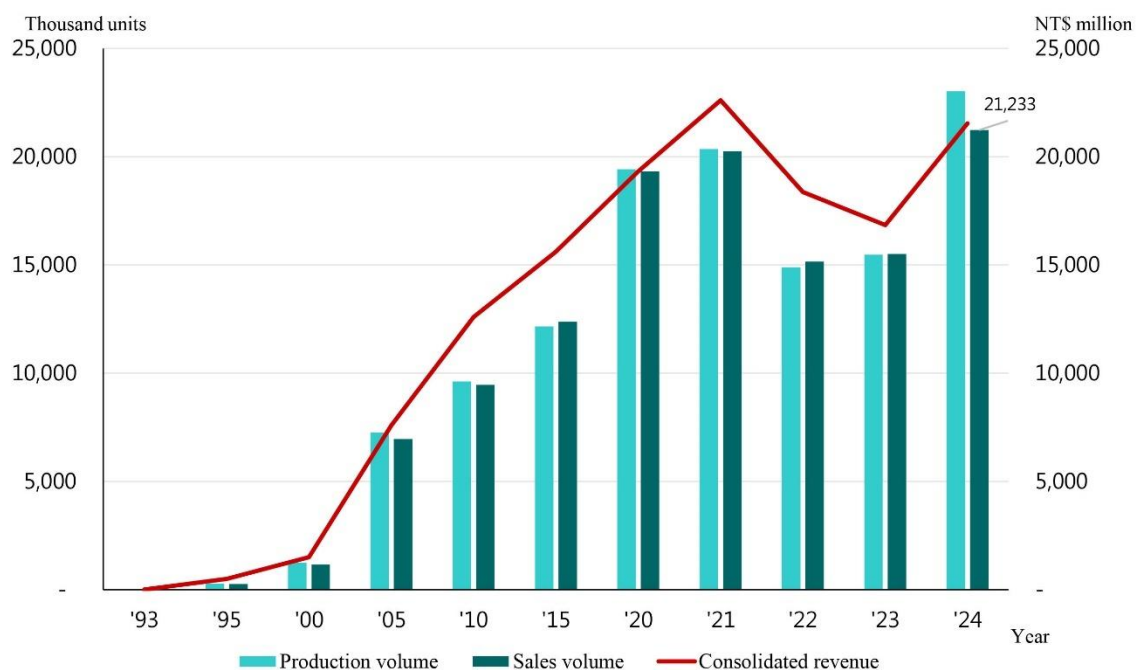


Note: The industrial chain is the same as the previous year

◆ Economic Performance

In 2024, overall inflation pressures in various countries tended to ease. However, regional differences and uncertainties remain, with challenges such as monetary policies suppressing economic growth, mounting sovereign debt pressure in emerging and developing economies, China's economic growth falling short of expectations, extreme climate events affecting livelihoods, and geopolitical conflicts causing fluctuations in energy prices. The IMF forecasts a global annual economic growth rate of 3.2%. According to comprehensive reports and the Company's statistical analysis, the cumulative sales of China's compressor industry in 2024 grew year-on-year, indicating that the industry has no ceiling in terms of prospects and that market demand continues to expand.

Historical production, sales, and revenue



To ensure shareholders' rights and sustainable operations, Rechi has strengthened its foundation to enhance overall performance. In response to the rapidly changing global market environment, the Company has made comprehensive efforts across R&D, sales, production, finance, and human resources, staying alert to and quickly responding to changes in the external environment to ensure profitability and long-term sustainability. The consolidated financial data for the most recent three years are shown in the table below:

Historical financial data			Unit: NT\$ thousand
Item	2022	2023	2024
Revenue	18,370,900	16,859,695	21,517,109
Operating costs	16,125,298	14,353,857	18,131,326
Employee salary and benefits	676,085	696,148	886,577
Payments to investors	436,702	525,572	600,568
Payments to government	241,434	317,019	472,045
Investments in society	3,270	2,580	303
Residual economic value	888,111	964,519	1,426,290

Note: Numbers with parentheses are negative

◆ Government grants received

The Statute for Industrial Innovation passed by the Legislative Yuan in April 2010 stipulates that companies can reduce the profit-seeking enterprise income tax payable for the year within the limit of 15% of the R&D investment or reduce the profit-seeking enterprise income tax payable within the limit of 10% of the R&D investment for three consecutive years starting from the year, without exceeding 30% of the profit-seeking enterprise income tax payable for the year. Over the past years, the investment tax credits obtained by the Company in accordance with the Statute for Industrial Innovation are as follows:

Historical government subsidies		Unit: NT\$ thousand
Year	Investment tax credits used in the year	
2020	10,301	
2021	10,618	
2022	10,520 (Note 1)	
2023	15,977 (Note 1)	
2024	17,163 (Note 1)	

Notes:

1. Not yet approved by the tax authority.
2. The financial subsidies accepted by the Company are limited to investment tax credits used to offset the profit-seeking enterprise income tax payable in the current year. The proportion of the Taiwan government's shareholding is 0.

◆ Business entities of the consolidated financial statements

Investor	Subsidiary name	Nature of the operations	Percentage of shareholdings (%)		Explanation
			December 31, 2024	December 31, 2023	
RECHI PRECISION CO., LTD.	Rechi Holdings Co., Ltd.	Investment business	100.00	100.00	
RECHI PRECISION CO., LTD.	Rechi Investments Co., Ltd.	Investment business	100.00	100.00	
RECHI PRECISION CO., LTD.	Dyna Rechi Co., Ltd.	BLDC Motor	94.42	65.65	Note 2, 3
Rechi Holdings Co., Ltd.	Rechi International Holdings Co., Ltd.	Investment business	100.00	100.00	
Rechi Holdings Co., Ltd.	Rechi Investments Holdings Co., Ltd.	Investment business	100.00	100.00	
Rechi Holdings Co., Ltd.	Dongguan Rechi Compressor Co., Ltd.	Production and sales of refrigerant compressors and refrigerant compressor accessories	100.00	100.00	
Rechi Holdings Co., Ltd.	TCL Rechi (Huizhou) Refrigeration Equipment Company Limited	Manufacturing and sales of air-conditioning compressors and electric motors, and providing after-sales service and technical consulting service	77.78	77.78	Note 1
Rechi Holdings Co., Ltd.	Rechi Precision (Huizhou) Mechanism Company	Production and sales of refrigerant compressors and refrigerant compressor accessories	25.00	25.00	
Rechi Holdings Co., Ltd.	Rechi Precision (Jiujiang) Electric Machinery Limited	Production and sales of refrigerant compressors and refrigerant compressor accessories	100.00	100.00	
Rechi International Holdings Co., Ltd.	GR Holdings (Hong Kong) Limited	Investment business	100.00	100.00	
GR Holdings (Hong Kong) Limited	Rechi Refrigeration Dongguan Co., Ltd.	Production and sales of refrigerant compressor motors and air conditioner accessories	100.00	100.00	
TCL Rechi (Huizhou) Refrigeration Equipment Company Limited	Rechi Precision (Huizhou) Mechanism Company	Production and sales of refrigerant compressors and refrigerant compressor accessories	67.86	67.86	
Rechi Investments Holdings Co., Ltd.	Rechi Precision (Qingdao) Electric Machinery Limited	Production and sales of new electromechanical components, fine blanking dies, precision bearings and relevant accessories	100.00	100.00	
TCL Rechi (Huizhou) Refrigeration Equipment Company Limited	Qingdao Rechi Electric Machinery Sales Company	Sales business	50.00	50.00	
Rechi Precision (Qingdao) Electric Machinery Limited	Qingdao Rechi Electric Machinery Sales Company	Sales business	50.00	50.00	
Rechi Precision (Jiujiang) Electric Machinery Limited	Dyna Rechi Jiujiang Co., Ltd.	Production and sales of refrigerant compressor motors and BLDC motors	35.50	35.50	
Dyna Rechi Co., Ltd.	Dyna Rechi Holdings Co., Ltd.	Investment business	100.00	100.00	
Dyna Rechi Holdings Co., Ltd.	Dyna Rechi Jiujiang Co., Ltd.	Production and sales of refrigerant compressor motors and BLDC motors	64.50	64.50	
Dyna Rechi Co., Ltd.	Ablek Technology Co., Ltd.	Sales business	100.00	100.00	
Ablek Technology Co., Ltd.	Ablek Technology Ltd.	Investment business	100.00	100.00	
Ablek Technology Ltd.	Ablek Technology Ltd.	Manufacturing and sales of motors for household appliances	100.00	100.00	

Notes:

- Information on the significant subsidiaries with non-controlling interests.
- The Company has acquired a majority of the seats on the Board of Directors of Dyna Rechi Co., Ltd., and has the substantive ability to control its relevant activities; therefore, it is classified as a subsidiary. Furthermore, to consolidate the operation of the BLCD motor business, the Company repurchased a 23.45% stake in Dyna Rechi Co., Ltd., from China Steel Corporation on December 14, 2023. This transaction resulted in the Company's shareholding ratio increasing from 42.20% to 65.65%. The Company acquired equity stake in its subsidiary, Dyna Rechi Co., Ltd., on April 17, 2024. The acquisition involves purchasing shares from directors and supervisors of Dyna Rechi Co., Ltd., Taiwan Sanyo Electric Co., Ltd., Richtek Technology Corporation, AccessTop Ltd., director HSU, YUNG FU and his first-degree relatives. The transaction involves acquiring a 28.77% equity stake in Dyna Rechi Co., Ltd., resulting in an increase in the Company's shareholding ratio from 65.65% to 94.42%.
- The aforementioned company is a subsidiary with material non-controlling interests as of December 31, 2023. On April 17, 2024, the Company purchased a 28.77% equity stake in it, making the non-controlling equity immaterial.

1-2 Sustainable management

◆ Corporate Governance and the Sustainable Development Committee

In order to put sustainable development into practice and further promote the progression of the economy, the environment and people (including their human rights) for sustainable development, the Company adopted the “Corporate Social Responsibility Best-Practice Principles” in 2016 (renamed Sustainable Development Best-Practice Principles in 2022); in December 2014, the “Corporate Governance Committee” was established under the “Corporate Social Responsibility Promotion Committee”; in October 2021, in response to the Corporate Governance 3.0 plan set forth by the Financial Supervisory Commission, it was scaled up and renamed “Corporate Governance and Sustainable Development Committee” responsible for the implementation of corporate governance.

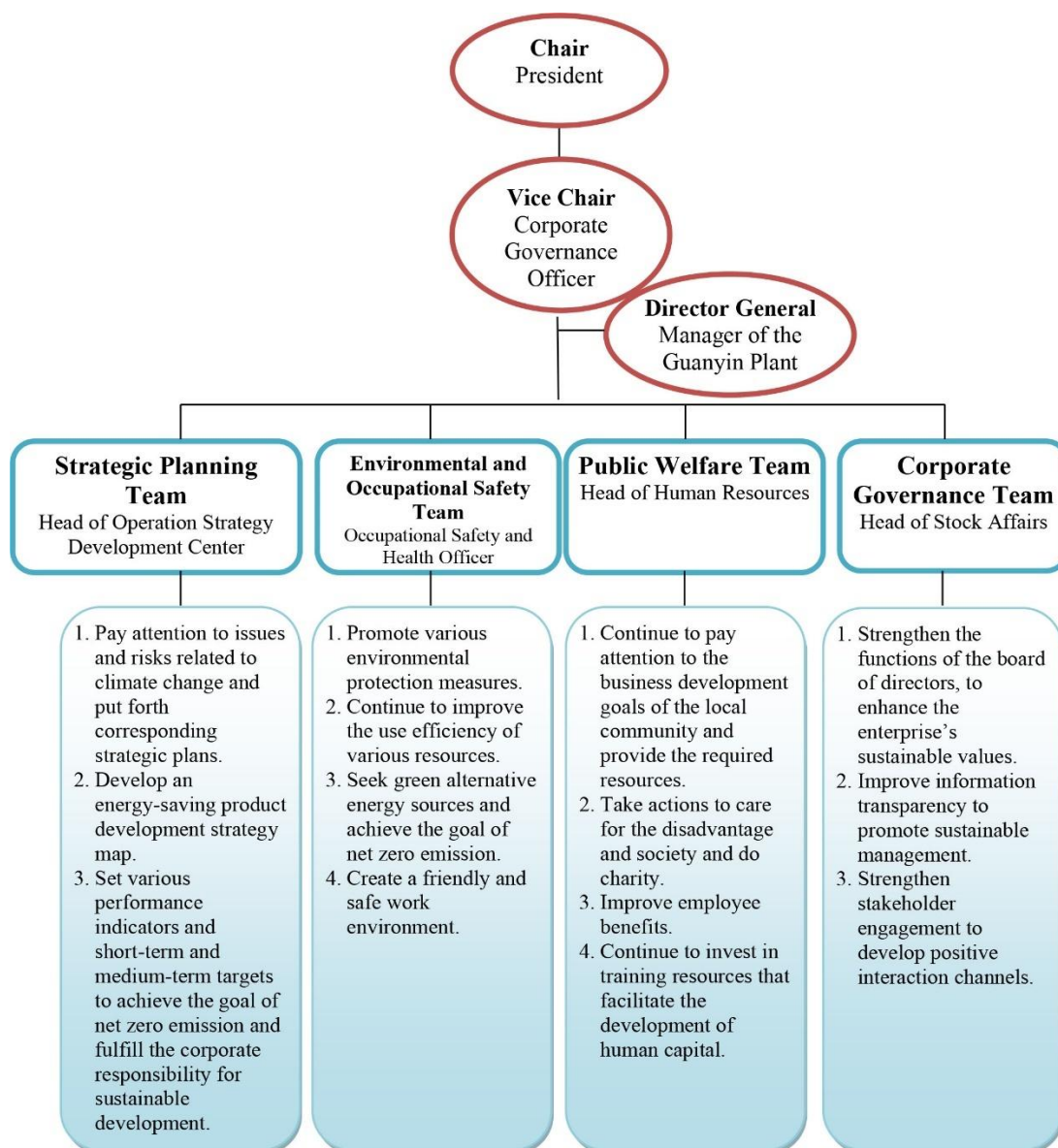
The general manager was served as the chairman of the committee, the officer of corporate governance was appointed to serve as the deputy chief, and the factory manager was served as the council. Other task forces are formed based on duties, and supervisors of responsible units shall act as a committee member to carry out subsequent operations:

- Operation planning team: Focuses on issues related to climate change and the risks, provides strategical plans in response; plans for energy-saving products developing schemes; set up the performance indexes for the objective of emission-free, and the goal for the short and medium run.
- Environment protection and occupational health team: Promotes measures for environmental protection, continues to enhance the efficacy of utilization of different resources provided; looks for alternative green energy for achieving the goal of emission-free and low carbon; creates a safe and friendly workplace.
- Social welfare team: Continued attention to the operation and development target of communities and provide resources as needed; promote social caring and charitable actions to take care of disadvantaged groups; improve various benefits for staff; remain keenly focused on delivering training resources for the development of human resources.
- Corporate governance team: Enhance the Board’s function, and improve the value of corporate sustainability; provide information transparency, and promote sustainable operation; enhance communication among stakeholders, and create channels for better interaction.

The Corporate Governance and Sustainable Development Committee’s meetings are held regularly to discuss relevant tasks and report each unit’s progress at the discussion meetings. The Committee prepares and publishes the Environmental, Social, and Governance Report every year according to applicable regulations to disclose its operation and review the performance, reported to the Board of Directors on a quarterly basis. The 2023 Environmental, Social, and Governance Report was verified by the third-party British Standards Institution (BSI Group Singapore Pte. Ltd. Taiwan Branch), reviewed by each unit head and confirmed by members of the Corporate Governance and Sustainable Development Committee. The Report was then reviewed and approved for issue by the President and subsequently raised to the 5th meeting of the 14th Board of Directors as a reporting matter in August 2024. The same procedures apply to the issue of the 2024 Environmental, Social, and Governance Report.

Each department of the Company regularly interacts with stakeholders through routine channels. In the event that a stakeholder or sustainability issue may pose a potential material negative impact on the Company, the responsible department will conduct due diligence to assess its impact on areas such as finance, legal compliance, environmental protection, and labor rights. Based on the significance and outcome of the incident, a report will be submitted to the Board of Directors in the quarter in which it occurs. The General Manager will report to the Board together with the business report. The Board of Directors will then make a resolution based on the due diligence report submitted by the department and assign the responsible department to implement the necessary actions. In 2024, there was no relevant potential or actual negative material event.

◆ Structure of the sustainable development organization



◆ Sustainable Development Policy

Based on the principle of materiality, Rechi conducts risk assessments on environmental, human (human rights), and corporate governance (ESG) issues related to its operations, and formulates corresponding risk management policies and strategies to ensure the steady development of the Company. The Company follows the following four major principles in promoting sustainable development:








1. Implement corporate governance: Ensure transparent and compliant corporate operations.
2. Develop a sustainable environment: Commit to reducing environmental impact and promoting green development.
3. Safeguard social welfare: Actively participate in social responsibility initiatives and care for the community and disadvantaged groups.
4. Enhance disclosure of corporate sustainability information: Ensure transparency of relevant information and promote stakeholder trust.

In addition, the Company clearly stipulates that all directors, managers, employees, appointees, and persons with substantial control must strictly comply with relevant regulations, management measures, and laws to ensure the Company meets the requirements for sustainable operation.

1-3 Stakeholder engagement

◆ Identification of stakeholders and purposes of engagement

A corporate's fulfillment of social responsibility is crucial to its pursuit of sustainable development, so, with reference to the historical operational experience, domestic and international trends and experience of experts, each department and peers, the Corporate Governance and Sustainable Development Committee of the Company has identified 7 categories of major stakeholders, including shareholders, financial institutions, employees, customers (distributors), suppliers (contractors), government agencies and other professional groups, based on the five major principles of the AA1000 Stakeholder Engagement Standard, namely, dependency, responsibility, influence, diverse perspectives and tension. The purpose of engagement with various stakeholders is as follows:

 <p>Shareholders</p> <p>Shareholders, as the Company’s primary investors, are concerned with stable profitability and return on investment, while also expecting the Company to demonstrate strong performance in sustainable governance. The purpose of engagement is to strengthen information transparency and protect shareholders’ rights and interests.</p>	 <p>Financial Institutions</p> <p>Financial institutions are an important pillar of the Company’s stable operations, providing funding and support to meet operational strategies and development needs, thereby achieving a win-win partnership. The purpose of engagement is to ensure cooperative relationships and obtain stable financing support.</p>	 <p>Employees</p> <p>Employees are key partners in the Company’s development. The Company is committed to creating a high-quality workplace and becoming a trusted and ideal employer. The purpose of engagement is to enhance employee retention and satisfaction.</p>	 <p>Clients (distributors)</p> <p>Clients (distributors) are a major source of the Company’s revenue. The Company meets customer needs through its advantages in product R&D and production, and works together to enhance brand value. The purpose of engagement is to enhance customer satisfaction.</p>
 <p>Suppliers (contractors)</p> <p>Suppliers (contractors) are key partners in maintaining stable production. Through lawful and compliant procurement processes, the Company builds strong cooperative supply chain relationships. The purpose of engagement is to establish a stable supply chain relationship.</p>	 <p>Government agencies</p> <p>Through clear and smooth two-way communication channels and adherence to relevant laws and policies, the Company improves its compliance. The purpose of engagement is to ensure that the Company has no major violations.</p>	 <p>Other professional groups</p> <p>Professional groups, as leaders in knowledge, help the Company improve management policies and technology through collaboration, thereby enhancing competitiveness in the market. The purpose of engagement is to absorb professional knowledge and technology trends.</p>	

◆ Stakeholders' issues of concern and communication mechanism

The purpose of the Company engaging its stakeholders is to identify the actual and potential and positive and negative impacts and determine management measures for various impacts. Meanwhile, the Company communicates with its stakeholders via diverse and bidirectional channels to facilitate a good understanding of their demands and expectations. The Company then cordially responds to gain stakeholders' acceptance and report the status of stakeholder communication at the Board of Directors' meeting held in November every year.

Stakeholders	Engagement frequency	Engagement pathway	Engagement result	Topic of concern
Shareholders	Annually	Hold shareholder meetings, issue annual reports, issue sustainability reports, hold investor conferences, and participate in corporate governance evaluations	<ul style="list-style-type: none"> ▪ EPS of 2.02 in 2024 ▪ A total of 47 material information announcements were made ▪ The Shareholders' Meeting was held on June 13, 2024 ▪ The Company was invited to the investor conference hosted by Yuanta Securities on September 26, 2024 	Economic performance, ethical governance, corporate governance, corporate sustainable development, risk management and anti-corruption
	Quarterly	Hold the Board of Directors' and functional committees' meetings, announce quarterly financial reports		
	Monthly	Set up a section dedicated to shareholders on the Company's website to announce revenue and performance		
	From time to time	Set up a contact point for shareholders' service and investors		
Financial Institutions	Quarterly	Communication by phone	<ul style="list-style-type: none"> ▪ At last one factory visit per year by each bank 	Economic performance, anti-corruption, labor-management relations, supplier sustainability management and customer service
	Annually	Visit the plant for meetings		
Employees	Quarterly	Labor-management meeting or Welfare Committee meetings	<ul style="list-style-type: none"> ▪ Increased the hiring rate by 5% and reduced the turnover rate by 2%. ▪ The overall employee satisfaction score was 4.5 points. 	Labor-management relations, employment, diverse and equal opportunities, forced or compulsory labor and occupational health and safety
	Annually	Set out an annual education and training plan		
	From time to time	Intranet, employees' complaint mailbox, employees' recreational and club activities, heads of each department have a talk or a meal with entry-level employees face-to-face from time to time		
Clients (distributors)	Annually	Customer satisfaction survey, participated in a total of 20 domestic and foreign product exhibitions	<ul style="list-style-type: none"> ▪ Compressor service: Satisfaction questionnaire response rate was 	Customer health and safety, customer service,

	From time to time	Set up the customer service e-mail address and the 24-hour free customer service number, cooperate with clients to initiate special projects, conduct client audits and evaluate factories, hold new product launch events and technology conferences, visit clients and hold video calls	100% with a weighted average satisfaction score of 89.4 points. ▪ Heat pump water heater service: Satisfaction questionnaire response rate was 100% with a weighted average satisfaction score of 99.2 points.	marketing and labeling
Suppliers (contractors)	Annually	Supplier evaluation and contractor education and training	▪ A total of 284 “CSR Environmental Management Survey” and “ESG/Management Self-Assessment Survey” forms were signed with suppliers, and there were no changes in the supply chain.	Supplier sustainability management, materials, environmental protection and legal compliance
	From time to time	Hold contracting price negotiation meetings and phone interviews, visit suppliers and invite suppliers/contractors to participate in the Company’s events		
Government agencies	From time to time	Sound corporate finance, information disclosure and transparency, compliance, competent authorities’ meetings, thematic seminars, development plans and research plans	▪ There were 0 significant violations of laws (in categories of economy, environment and people (human rights)) ▪ Applicable audits and filings were completed lawfully	Legal compliance, occupational safety and health and greenhouse gas emissions
Other professional groups	Annually	Engage in industry-academia collaboration conferences, technical cooperation and exchanges	▪ 6 industry-government-academia collaboration projects ▪ 8 industry-academia collaboration conference every month ▪ 2 corporate visit ▪ 17 physical technical consultation meetings every year ▪ 37 virtual technical consultation meetings every year	Training and education, forced and compulsory labor, occupational safety and health, and customer health and safety
	From time to time	Technical consultation and exchange events		

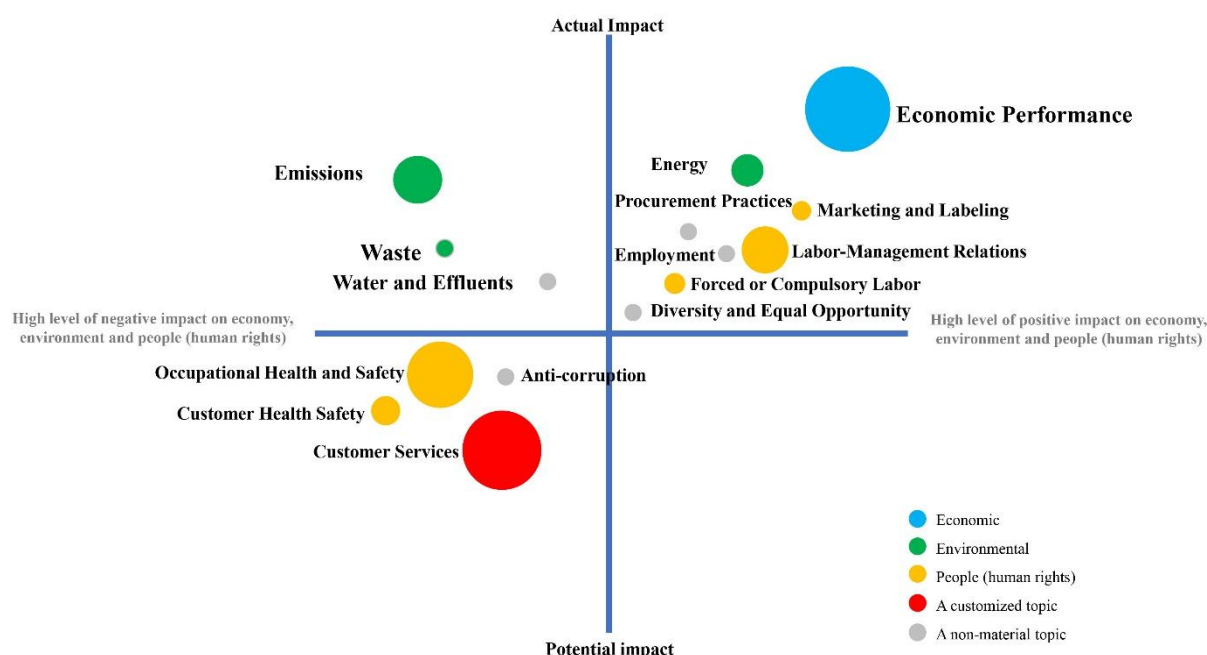
1-4 Material topics

◆ Identification and ranking of materials topics

1. To strengthen its sustainability strategy, Rechi has concluded 18 ESG topics relevant to its business nature, covering the 3 major ESG aspects, economy, environment and people (including their human rights), in accordance with the GRI Standards set by the Global Sustainability Standards Board (GSSB), the Task Force on Climate-Related Financial Disclosures (TCFD) and the Sustainable Accounting Standards Board (SASB) Standards with reference to the opinions of stakeholders.
2. Stakeholders rate their degrees of concern based on the impacts of organizational and operational activities on corporate governance, economy, the environment and people (human rights), and a total of 121 questionnaires were collected in 2024; the senior management of the Company rates its degree of concern based on the impacts of organizational and operational activities on corporate governance, economy, the environment and people (human rights), as well as the actual and potential negative shocks and positive impacts, and a total of 15 questionnaires were collected in 2024. Those two types of questionnaires were both collected online, and a total of 136 questionnaires were deemed valid.
3. Through an analysis of the questionnaires, we created a matrix based on the scores of stakeholders' attention to each topic and the scores of the impact on sustainable development given by the management. After discussion by the Corporate Governance and Sustainable Development Committee, a total of 10 major topics were identified for 2024 and we have set out effective management approaches to each topic.
4. After identification of material topics, corresponding chapters, and boundaries, we will continue to strengthen management and disclose relevant information in the ESG report. This report is our ninth issue of the ESG report. We will review whether or not material topics need to be adjusted on an annual basis.

◆ Materiality matrix

We conducted a matrix analysis using the parameters of “stakeholders’ degree of concern” and “level of impact on economy, the environment and people (including their human rights)” on each topic and the result is indicated in the chart below.



Based on the results of the stakeholder survey and joint discussions among members of the Corporate Governance and Sustainability Committee, and considering materiality, two new material topics were added: forced and compulsory labor, and waste. Additionally, two original material topics were removed: training and education, and anti-corruption.

Historical material topics

Order of material topics	Material topics of 2023	Material topics of 2024	Compared to the previous year
1	Economic Performance	Economic Performance	-
2	Customer Health Safety	Customer Services	↑3
3	Training and Education	Occupational Health and Safety	↑1
4	Occupational Health and Safety	Labor-Management Relations	↑4
5	Customer Services	Emissions	↑2
6	Marketing and Labeling	Energy	↑3
7	Emissions	Customer Health Safety	↓5
8	Labor-Management Relations	Forced or Compulsory Labor	Addition
9	Energy	Marketing and Labeling	↓3
10	Anti-corruption	Waste	Addition

◆ Boundaries and impacts of materials topics

Aspect	Order of material topics	ESG Impact Description	Aspect of impact	Internal boundaries	External boundaries			Disclosure number of GRI standards	Chapter in this Report
				companies	Suppliers	Clients	Local Communities		
Economic	Economic Performance	2024 operating revenue is expected to grow positively. Accurate positioning in the market can help improve the Company's operational performance and can increase employees' commitment and investors' willingness to invest.	Actual positive impact	●	○	○	★	201-1 201-3 201-4	1-1 1-4 4-1
A customized topic	Customer Services	The Company puts integrity first and boosts customer satisfaction with comprehensive services.	Potential negative impacts	●		○		A customized topic	1-4 2-3
People (human rights)	Occupational Health and Safety	The environmental safety management in the plant is the Company's responsibility and we also require suppliers to do so to establish an excellent occupational safety and health environment.	Potential negative impacts	●	○			403-1 ~ 403-10	1-4 4-3
People (human rights)	Labor-Management Relations	Employees are the Company's most critical asset. We protect employees' right to work and rights and interests through diverse communication channels as well as internal and external policy and requirements.	Actual positive impact	●				402-1	1-4 4-1
Environmental	Emissions	Greenhouse gas emissions have influenced global warming. Therefore, the Company hopes to make a contribution to the slowdown of global warming with the greenhouse gas inventory and gradual implementation of emission reduction measures.	Actual negative impacts	●				305-1 ~ 305-5 305-7	1-4 3-3 3-6
Environmental	Energy	The Company develops energy-saving products catering for clients' and consumers' demands. By gradual replacement of old energy-wasting equipment, it improves the energy efficiency.	Actual positive impact	●		○		302-1 302-3 ~ 302-5	1-4 2-1 3-2
People (human rights)	Customer Health Safety	The Company takes product quality very seriously to ensure customers' and consumers' safe product experience.	Potential negative impacts	●	○	○		416-2	1-4 2-2

A customized topic	Forced or Compulsory Labor	Comply with labor laws and regulations, ensure employees' freedom and fair working conditions, and oversee the supply chain to prevent forced labor and protect workers' rights and interests.	Actual positive impact	●	○			A customized topic	1-4 2-3 4-1 5-2
People (human rights)	Marketing and Labeling	Rechi abides by applicable laws and regulations for its marketing and labeling.	Actual positive impact	●		○		417-2 417-3	1-4 2-2 5-2
Environmental	Waste	Committed to reducing waste, ensuring regulatory compliance, improving resource efficiency, and minimizing environmental impact.	Actual negative impacts	●			★	306-1 ~ 306-5	1-4 3-5

Note: ● indicates a direct impact; ○ indicates an impact through business relations; ★ indicates an impact caused by the Company.

◆ Management approach for material topics

We have formulated policy/commitment, targets, evaluation mechanism, performance and adjustment on these 10 material topics enabling us to maintain competitiveness under the rapidly changing environment, and the details on each topic are described as follows:

1. Sustainable operations		Material topics covered: Economic Performance
Management purpose	<ol style="list-style-type: none"> Strengthen product competitiveness, reduce production cost, improve operational performance and maximize shareholders' equity Effectively manage regulatory risks, avoid major violations and penalties and pursue sustainable development. 	
Policy/Commitment	<ol style="list-style-type: none"> Building on innovative R&D technologies, adopt a value innovation strategy and aim to become the top-notch provider of energy-saving products in the industry. Continue to implement the environmental management system and improve environmental protection measures to comply with relevant laws and regulations, thereby fulfilling social responsibility. 	
Goals	<ol style="list-style-type: none"> Enhance performance and pursue profitability. Implement ESG sustainable development and digital transformation to keep abreast of low carbon business opportunities. 	
Specific actions	<ol style="list-style-type: none"> The senior management regularly discusses about the economy and business performance and makes decisions accordingly. The Corporate Governance and Sustainable Development Committee sets up targets and management strategy and enables initiation of various businesses. New employees accept training and education and sign the agreement for compliance with regulations (including relevant ethical and operational regulations such as anti-corruption) to prevent corruption. 	
Management and evaluation mechanism	<ol style="list-style-type: none"> The senior management regularly meet to ensure business performance meets expectation. Board of Directors' meetings are held regularly in which the business performance reports are reported to directors. 	
Performance and adjustment	<ol style="list-style-type: none"> Basic earnings per share in 2024 were NT\$2.02. There were no major violations of laws and regulations in 2024. 	
Grievance/remediation processes	Stakeholders can send feedback through telephone or e-mail stated in the "Investor Relations" section of the official website.	

2. Supply Chain Management Commitment

Material topics covered:
Forced or Compulsory Labor

Management purpose	Rechi values the execution standards of its suppliers in fulfilling social responsibilities and pays close attention to issues such as labor rights, occupational health and safety, environmental permits and reporting, pollution prevention, resource conservation, ethical standards, and economic management systems. This is to promote positive social change and continue advancing toward sustainable development for both the enterprise and the environment.
Policy/Commitment	<p>The sustainable supply chain strategy is carried out from three major dimensions, “corporate ethics,” “environmental protection” and “employee rights and care.” Abide by the supply chain ESG policy, implement the business mission of “maximizing corporate value and fulfilling the corporate responsibility for caring for the Earth,” execute supplier evaluation, selection and monitoring in accordance with supplier management standards to ensure suppliers’ prices, quality, delivery, service and environmental performance, thereby establishing a supplier management system to develop positive collaborative relations with suppliers. Exert our influence to make suppliers pay attention to people (human rights) and environmental protection issues, thereby promoting the sustainable development of the industry.</p> <p>Our suppliers include suppliers of raw materials, parts and components, agents, and contractors. By production location, they are located in Mainland China, Taiwan and other countries. We hope that our suppliers, through close collaboration with Rechi Precision Co., Ltd., can work hand in hand with us to align with international standards and build a sustainable supply chain.</p>
Goals	<ol style="list-style-type: none"> 1. Improve the completeness and correctness of suppliers’ data and continue to optimize maintenance and management measures. 2. Self-evaluation form for ESG implementation and management.
Specific actions	<ol style="list-style-type: none"> 1. Integrate supplier contracts, quality agreements, and the “ESG/Management Survey Self-Evaluation Form.” Improve the systematization of supplier data establishment and maintenance. 2. Conduct supplier analysis, including transaction amounts, number of purchase orders, material categories, supplier attributes, material specification counts, domestic and foreign suppliers, and reasons for reactivation, to enable effective use of supplier data. 3. Compile suppliers’ audit plans, including new and annual audits, to facilitate on-site audits, guidance, and tracking to improve suppliers’ overall service quality.
Management and evaluation mechanism	In 2024, ensure the execution of the ESG/Management Survey Self-Evaluation Form with a 100% annual return rate.
Performance and adjustment	In 2024, the response rate of the annual self-evaluation form for ESG implementation and management from key suppliers was 84%.
Grievance/remediation processes	<p>Communication channel:</p> <p>Tel: 03-4837201</p> <p>Name: Mr. Lai</p> <p>E-mail: lai@rechi.com</p>

3. Product quality

Material topics covered:
Customer health and safety,
marketing and labeling

Management purpose	Ensuring that the quality of our services or products can satisfy buyers' requirements has been centered on our quality management activities, based on which we make improvements to solve problems.
Policy/Commitment	<p>With "quality first and satisfied customers" at the core, we put quality first and provide products and services with which customers are satisfied.</p> <ol style="list-style-type: none"> (1) Put quality first in any process. (2) Continuously improve the process capability and strive to stabilize and improve the quality. (3) Adopt effective performance management and control measures to increase the flexibility of production and delivery, thereby achieving sustainable development. (4) Satisfy clients' needs for the Company and lay a solid foundation for long-term collaboration.
Goals	Adhere to the quality policy "Quality First, Customer Satisfaction", and set the targeted customer satisfaction score 85 points or above and the quality objective for customer complaint rate less than 5 PPM in 2025.
Specific actions	The Company's sales personnel are responsible for receiving clients' complaints (including faxes, letters, phone calls, and interviews). When there is a quality problem, they should immediately analyze the impact level of the problem and the urgency of response, determine whether or not the problem is a customer complaint or a general quality issue and handle it according to the customer complaint handling process.
Management and evaluation mechanism	When there is a major change or there is a major difference in the quality or the environment, the quality and environment system needs to be adjusted and it is up to the management representative to hold a management review meeting in short notice. The management representative is responsible for drawing up a formal agenda of the management review meeting and directly notifying the relevant personnel to participate in the meeting, to allow the personnel to prepare materials and views in advance.
Performance and adjustment	<p>In 2024, the weighted averages of customer satisfaction reached 89.4 points for compressors and 99.2 points for heat pump water heaters.</p> <p>Adjustment mechanism:</p> <ol style="list-style-type: none"> 1. The setting of performance indicators is based on the quality policy, which should be formulated first and the management review results and interest groups' needs should be considered when the policy is formulated. 2. At the end of every December, the head of each unit should enter the unit's performance indicators in the quality target management list. After it is reviewed and confirmed at the Management Review Committee meeting, it will be reviewed by the top-level managers, who will then make an official announcement. 3. When the performance indicators for a new year are being set, the implementation results of the prior year's indicators should be reviewed. Those not achieved should be included in the new year's ones, and then the Management Review Committee meeting will put forth the new year's performance indicators based on the prior year's implementation results.
Grievance/remediation processes	The Company's sales personnel should key in clients' complaints, relevant information and response in the Poor Product Quality Form, submit it to the supervisor or responsible personnel to sign and confirm and then send it to the quality assurance unit for processing.

4. Customer Services

Material topics covered:
Customer Services

Management purpose	Win clients' satisfaction with our perfect services and maximize corporate values through steady operations.
Policy/Commitment	<ol style="list-style-type: none"> 1. Implement the ethical management policy and actively prevent corruption to establish an integrity-based corporate culture for sound operations. Establish a service-oriented business model and optimize service process to improve customer trust and create a win-win situation. 2. Rechi Precision will not sell prohibited or controversial products; will not violate regulations on information on goods and services; will not violate regulations on health and safety impacts; will not violate the voluntary codes during the operations.
Goals	<ol style="list-style-type: none"> 1. Comply with government regulations and never violate marketing and promotion (including advertising, promotion, and sponsorship) and voluntary codes, nor be subject to fines, formal complaints, and social impact. 2. The objective for customer satisfaction survey (compressors) was 85 points. 3. The objective for customer satisfaction survey (heat pump water heaters) was greater than 85 points.
Specific actions	<ol style="list-style-type: none"> 1. Through nonroutine customer visits, construct channels for customer interaction, strengthen training and education and boost market competitiveness. 2. Pay attention to customer demand and provide outstanding customer service. 3. Provide value to customers by rapidly resolving customer complaints and easing customer distrust and build a win-win service partnership with customers. 4. Before the Company establishes a business relationship with others, we first evaluate the legality of the agent, supplier or client, whether there has been a record of unethical conduct and its transparency to ensure that it will not request, offer, or accept bribes. 5. Actively participate in domestic and international exhibitions to expand the market and enhance brand influence. 6. In 2024, all five models in the Rechi heat pump water heater series obtained: a. Energy-Saving Label certification issued by the Ministry of Economic Affairs; b. MIT Smile Mark product certification issued by the Ministry of Economic Affairs.
Management and evaluation mechanism	<ol style="list-style-type: none"> 1. Prepare annual budget every year 2. Hold objective management meetings weekly, follow up and review goal achievement and adopt necessary management measures. 3. Conduct regular customer satisfaction surveys in August every year to understand customer demands in depth through questionnaires and improve service and cooperation quality to ensure appropriate responses and customer satisfaction.
Performance and adjustment	<ol style="list-style-type: none"> 1. In 2024, the Company did not violate any laws and regulations, was not fined, and did not receive any formal complaints or complaints concerning impacts on people (human rights). We follow government regulations when promoting our products and have never violated regulations on marketing and promotion (including advertising, promotion and sponsorship) and voluntary codes.

	<p>2. The average score of the Company's 2024 customer satisfaction survey was at the excellent level.</p> <p>The satisfaction questionnaire response rate for the Overseas Marketing (Compressors) was 100% with a weighted average score of 89.4 points.</p> <p>The satisfaction questionnaire response rate for the Business Department (Heat Pump Water Heater) was 100% with a weighted average score of 99.2 points.</p>
Grievance/ remediation processes	<p>Tel: +886-3-483-7201~6</p> <p>Overseas Marketing (compressors): E-mail: marketing@rechi.com</p> <p>Business Department (Heat Pump Water Heater) Email: heat_pump@rechi.com</p>

<h2>5. Pollution prevention and control</h2>		Material topics covered: Waste
Management purpose	To fulfill our corporate responsibility for society and the world, we strive to prevent pollution and protect the environment. We continue to improve the working environment for business activities to achieve the purpose of protecting the global environment, reducing waste and the consumption of resources, and creating an eco-friendly environment.	
Policy/Commitment	<p>Comply with environmental regulations and protect the Earth's environment. Research and develop green products to prevent pollution effectively.</p> <p>Strengthen environmental protection awareness and encourage all employees to participate in environmental protection.</p> <p>Promote continuous improvement and create a high-quality environment.</p>	
Goals	<p>1. Waste management: Reduce general waste by 3%.</p> <p>2. Air pollution control: The emission complies with the air pollution control standard, and there was not any incident reported by the general public or associated with fines.</p> <p>3. Wastewater treatment: Wastewater quality meets the standards, and discharge volume reduced by 3%.</p>	
Specific actions	<p>1. Implement an environmental management system as per ISO 14001 to integrate business operations and environmental protection.</p> <p>2. Waste management: All waste produced by the Company is classified as general waste and recyclable waste and handed over to licensed and legal companies for recycling and disposal. Each unit in the plant implements waste classification and waste is managed by dedicated personnel, and we have large garbage trucks in place to comply with the government policy of "keeping trash off the ground."</p> <p>3. Air pollution control: The Company attaches importance to the management of employees' work environment and various environmental protection initiatives. The plant manages various air pollution prevention and control measures as per the fixed pollution source prevention program. We entrust an inspection agency to regularly monitor the concentration of air pollutants.</p> <p>4. Wastewater management: We pay attention to our harmonious coexistence with the surrounding environment to achieve sustainable development. We have set up a wastewater treatment plant and managed wastewater per the Water Pollution Prevention Plan. All wastewater from production and domestic sewage are collected separately and then treated and tested, and it will only be discharged to the sewers in Guanyin Industrial Park</p>	

	Operations Center after its quality has reached the discharge standard.
Management and evaluation mechanism	Comply with the environmental laws and regulations issued by the central and local authorities and the ISO 14001 international standards.
Performance and adjustment	<ol style="list-style-type: none"> 1. In 2024, there were no major nonconformities with environmental laws, and the Company passed the ISO 14001 evaluation of compliance. 2. The reduction in 2024 includes a 7.96% decrease in domestic waste and a 17.54% reduction in wastewater discharge.
Grievance/remediation processes	Communication between departments is facilitated through channels such as email. The responsible department is the Safety and Health Office.

6. Green Action		Material topics covered: Energy, Emissions
Management purpose	Ensuring that the Company's greenhouse gas inventory and verification adhere to standards for inventory as regards relevance, comprehensiveness, consistency, accuracy and transparency. Conserving energy and fulfilling corporate responsibility for the society and the Earth with the principle "Energy Saving, Carbon Reduction and Environmental Protection."	
Policy/Commitment	Comply with rules, implement energy management Set and achieve energy targets Emphasize support, provide necessary resources Optimize energy saving for design and procurement Improve constantly, prevent energy waste	
Goals	<ol style="list-style-type: none"> 1. Continuing to introduce relevant international standards for verifications. 2. The total electricity consumption in the factory area in 2025 is targeted to be 1% lower than in 2024. 3. The target for greenhouse gas emissions in the factory area in 2025 is a 1% reduction compared to 2024. 	
Specific actions	<ol style="list-style-type: none"> 1. Continue implementing the ISO 50001 energy management system and ISO 14064-1: 2018 greenhouse gas inventory. 2. Continue operating the greenhouse gas (GHG) inventory promotion team. 3. Giving priority to the purchase of energy-consuming equipment with energy-saving design and renewable energy. 4. Accelerating the development of new models featuring GWP refrigerant and avoiding direct discharge of refrigerant during tests. 5. Implement carbon inventory mechanism, commit to carbon emissions reduction, comply with the "Climate Change Response Act," continuously carry out carbon emissions reduction activities from time to time, and eliminate unnecessary energy consumption. 6. The feasibility of increasing the temperature of chilled water by 1–2 degrees, and increasing temperature by 1 degree will approximately save 3–6% of energy consumption of the chillers. 7. When there is no production during holidays or at night, the chiller system, air compressor system, and air conditioning system are turned off as an energy-saving measure. 8. In 2024, the Company replaced energy-intensive chillers and air compressors. It is estimated that 900,000 kWh of electricity will be saved in 2025. 	

Management and evaluation mechanism	<ol style="list-style-type: none"> 1. Conduct monthly statistical analysis of energy consumption to systematically understand the reasons for increases or decreases in energy use. 2. Continue to implement the ISO 14064-1:2018 greenhouse gas verification system to systematically inventory greenhouse gas emissions and continuously review and plan various energy-saving and carbon-reduction measures. 3. Continue to implement the ISO 50001 energy management system to systematically manage energy consumption.
Performance and adjustment	<ol style="list-style-type: none"> 1. In 2024, energy-saving initiatives in the plant reduced energy consumption by 2,125 GJ, achieving a 5.88% energy-saving rate, and reduced greenhouse gas emissions by 291.54 tCO₂e. 2. The total electricity consumption in the plant area in 2024 decreased by 2.91% compared to 2023. 3. All results of the regular tests on nitrogen oxides (NO_x), sulfur oxides (SO_x) and particulates (Par.), as well as volatile organic compounds (VOCs) in the manufacturing process are normal, and there was no violation penalty for air pollution.
Grievance/remediation processes	Communication tools among departments, such as e-mail, BPM system and the repair order form of the General Affairs Section while the General Affairs Section is mainly in charge.

<div> <div>7. Harmonious Workplace</div> <div>Material topics covered: Labor-Management Relations, Forced or Compulsory Labor</div> </div>	
Management purpose	With employees at the center, the Company attaches great importance to employee safety and talent cultivation to establish a healthy workplace full of passion and energy and a harmonious labor-management relationship.
Policy/Commitment	<ol style="list-style-type: none"> 1. Taking the harmony between employees and the employer as the medium and long-term strategic goal. 2. Care about employees and provide them with a platform to perform, continuously motivate employees with senses of fulfillment and satisfaction on their career, create a friendly workplace that is vigorous and healthy.
Goals	Prevent any major labor disputes, discrimination, forced labor, sexual harassment, or human rights violations from happening.
Specific actions	<p>Implement an equal system: The Company treats both male and female employees equally and emphasizes equal pay for equal work. Labor-related regulations and welfare apply to all employees of the Company. Their rights such as compensation, promotion, reward and punishment, performance appraisal, leave and pension shall not be damaged due to their gender, race, nationality, age, physical or psychological disabilities, religion, ethnicity, etc. Therefore, the Company can attain the goal of comprehensive care for employees.</p> <p>Diverse benefit measures:</p> <ol style="list-style-type: none"> 1. Complete insurance plans: In addition to the applications of labor insurance and national health insurance for employees and the monthly contribution to the labor pension fund according to laws, the Company also applies the group insurance for employees and the travel insurance for business trips and expatriate employees to reinforce overall protection. 2. Complete benefit measures: we provide gifts or gift certificates on Labor

	<p>Day, Mid-Autumn Festival, Spring Festival, and employee birthday every year and provide marriage allowances, condolence money for injuries, illnesses, and hospitalization, and funeral condolence money.</p> <p>3. Diverse welfare facilities: we care about employees' health, safety, and psychological development, so the Company has the welfare facilities, such as employee cafeteria, dormitory, and entertainment room, on site.</p>
Management and evaluation mechanism	<p>1. No major discrimination incidents, no forced or compulsory labor, and no labor disputes.</p> <p>2. We have established a labor-management meeting mechanism in accordance with the law and regularly hold labor-management meetings.</p>
Performance and adjustment	<p>1. The Company fully complies with the Labor Standards Act for employment.</p> <p>2. In 2024, no incidents of forced or compulsory labor, discrimination, sexual harassment, human rights violations, or social impact occurred at Rechi.</p> <p>3. In 2024, labor-management meetings at Rechi were held regularly in accordance with the law. A total of 9 proposals were discussed and recommended; 5 were implemented, and 4 were postponed following discussions between labor and management. All employees of the Company are covered.</p>
Grievance/remediation processes	<p>1. We have established a labor-management meeting mechanism and an Employee Welfare Committee to build a communication channel between labor and management through organizational operations, to ensure smooth labor-management communication. We also have employee incentives and punishments, sexual harassment prevention measures, complaints and punishment regulations in place.</p> <p>2. Complainant protection: Ensure that employees who file a complaint or assist others in filing their complaints will not be dismissed or otherwise at a disadvantage. Prohibit any act in violation of human rights or degrading act due to differences in gender, race, nationality, age, physical and psychological disabilities, religion, ethnicity, or any other characteristics protected by relevant laws and establish a workplace that values human rights.</p>

<h2>8. Occupational safety protection</h2>		Material topics covered: Occupational Health and Safety
Management purpose	To effectively prevent occupational accidents and promote labor safety and health.	
Policy/Commitment	<p>Observing safety and health laws and regulations and implementing risk management</p> <p>Fostering health and taking initiative in education and training</p> <p>Strengthening communication and continuing to advance goals</p> <p>Preventing occupational accidents and involving all employees</p>	
Goals	<p>Short term: No major violation of occupational safety rules.</p> <p>Long term: Zero occupational injury and zero accident.</p>	
Specific actions	<p>1. Comply with the occupational safety and health regulations and latest policies promulgated by the central and local authorities.</p> <p>2. Introducing relevant procedures in accordance with the ISO 45001 standard.</p> <p>3. Adopt an electronic reporting process for emergencies. `</p>	

	<ol style="list-style-type: none"> 4. Organize various safety and health courses and drills to enhance employees' awareness of safety and health. 5. Improve contractor management, and require the signing of an undertaking form for construction safety and health. 6. Organize employee health checks and health promotion events.
Management and evaluation mechanism	Regularly hold occupational safety and health meetings to discuss various safety and health proposals and formulate annual labor inspection guidelines. Communicate and review various occupational safety performance indicators to enhance employees' safety at work and in the workplace environment, implement health promotion initiatives, and establish four major plans to reduce the occurrence of occupational accidents.
Performance and adjustment	<ol style="list-style-type: none"> 1. In 2024, the ISO 45001 Occupational Safety and Health Management System was introduced and certification was completed. 2. In 2024, 2 occupational accidents (excluding traffic accidents) were reported, with no major occupational safety incidents. 3. In 2024, 569 participants completed 1,514 hours of occupational safety and health training courses; 2 self-defense fire drills were held with 252 participants totaling 1,008 hours; 47 participants completed 177 hours of legally required license training. 4. There were a total of 234 contractors (non-employee workers) in 2024 with a total of 11,571 hours worked and no occupational accident. 5. In 2024, 63 employees underwent special operation physical examinations; 50 received on-site medical services; 1 received maternal protection services; and 2 health seminars were held for 42 participants, totaling 84 hours.
Grievance/remediation processes	<ol style="list-style-type: none"> 1. An Occupational Safety Committee has been established to provide a communication channel between employees and management through organizational operations. 2. Set up the factory manager's mailbox as a bridge for communication between the top and bottom. Responsible unit: Safety and Health Office

◆ Channels for Complaints and Whistleblowing

For ensuring the implementation of ethical corporate management, a stakeholder, either external personnel or internal personnel, may follow the Rechi Precision's "Rules for Handling the Whistleblowing of Illegal and Unethical or Dishonest Conducts" and submit a report at the stakeholders section for investors, clients, employees and distributors on the Company's corporate website. The dedicated unit of the Company together with the manager or personnel who accepted the report, assisted by the Legal Compliance Department or other relevant departments if necessary, shall immediately conduct an investigation about the fact to protect the rights of the person who was concerned, and the person of concern shall have the opportunity to explain. The Company shall keep the identity and report content of whistleblowers confidential, and when an incident reported is confirmed, the Company agrees to protect whistleblowers from any improper treatments arising from whistleblowing. The Company will involve stakeholders, the potential users, to design, review, operate and optimize the complaint system. In 2024, the Company did not receive any complaint or whistleblowing report.



2

Innovative products and
quality service

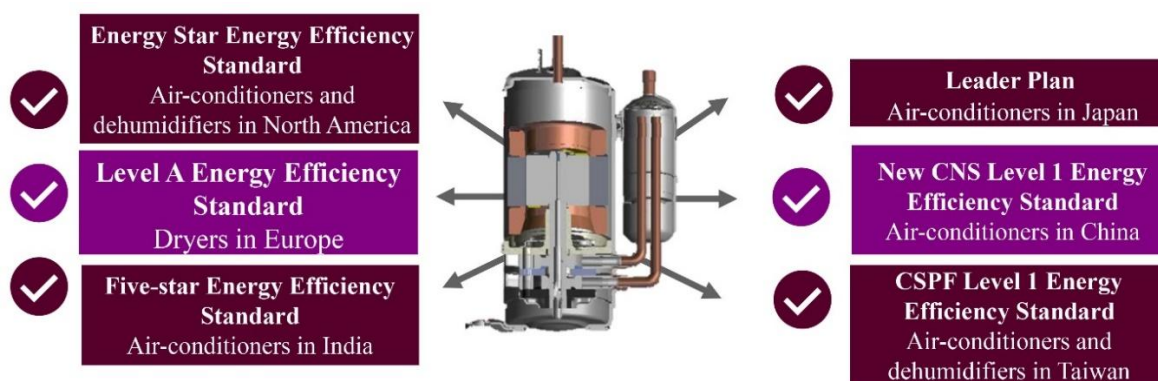
2-1 Innovative R&D

◆ Product features

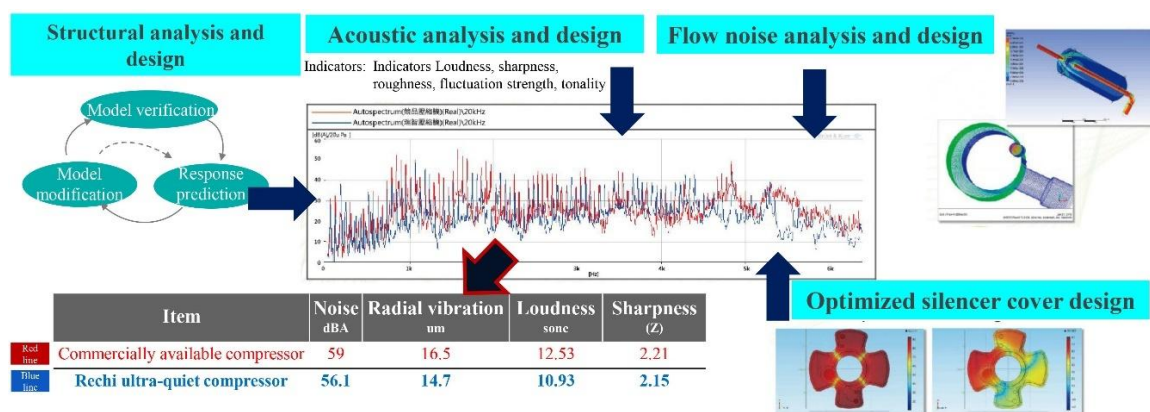
Rechi focuses on the production of compressors and related components, including compressor motors and brushless DC motors. Upholding a strategy centered on technological innovation and market demand, Rechi continues to optimize its product structure and expand the application of compressors across diverse fields. In response to the global trend of energy conservation and carbon reduction, Rechi actively develops innovative energy-saving products and market solutions, striving to become a leader in setting new product standards in the industry.

To further enhance product competitiveness, and adhering to the principle of “striving for excellence,” Rechi actively engages in technical exchanges and collaborations across industry, government, and academia, focusing on four major R&D directions: high efficiency, low noise, miniaturization, and diversified applications. Through these R&D focuses, Rechi not only continuously improves product competitiveness but also provides more innovative solutions to the market, contributing to the sustainable development of the industry.

- High performance: Rechi is committed to adopting unique and innovative technologies to ensure high-efficiency compressor performance and to achieve energy saving and carbon reduction, meeting the highest energy efficiency standards across various countries. By optimizing product structure, Rechi further enhances operational efficiency. At the same time, the Company develops customized solutions tailored to different markets and application scenarios to meet customer demands in areas such as energy efficiency, environmental protection, and operational cost reduction, thereby contributing to the global green transition and sustainable development.



- Quietness: Rechi continues to increase R&D investment in vibration and noise reduction. Through precise testing and breakthrough innovations, the Company has successfully obtained multiple related patents and developed proprietary low-noise compressor technologies. These technologies effectively reduce vibration and noise during operation, while also enhancing product stability and durability. Additionally, Rechi actively integrates acoustic analysis with structural optimization to develop solutions that balance high performance with low noise, meeting the demands of noise-sensitive markets such as home appliances and commercial equipment, thereby enhancing user comfort and product market competitiveness.



- **Miniaturization:** To meet future trends in product applications, Rechi has successfully advanced the miniaturization of compressor designs by introducing variable frequency and high-frequency technologies, addressing the diversified application needs of customers. The Company continues to optimize component design to further reduce the size and weight of compressors, improving product portability and installation flexibility. These miniaturized products also maintain a balance of high performance and stability, and are widely used in space- and energy-sensitive scenarios such as home appliances, portable cooling devices, and in-vehicle air conditioning systems, offering more flexible and reliable solutions while expanding compressor applications in emerging fields.
- **Diverse applications:** Continue to initiate innovative applications of energy-saving products in various fields and gain wide recognition from world-renowned home appliance manufacturer clients. The Company is committed to deeply exploring the needs of different industries and actively expanding the application of compressors in smart homes, automotive air conditioning, new energy, and industrial cooling. Through technological innovation and customized solutions, Rechi's products successfully meet requirements for high performance, environmental protection, and high reliability, receiving strong recognition in global markets and enhancing the Company's competitiveness in the home appliance sector.



The Company has created an infinite future of energy-saving product applications recognized by many world-class home appliance manufacturers!



In addition to the highly recognized compressor products, we also develop, design and manufacture heat pump water heater products. The heat pump water heaters produced by Rechi are known for their excellent quality and reliability, offering the advantages of a stable hot water supply and rapid heating, making them an ideal choice for environmentally friendly, energy-saving, and power-efficient products. In addition to providing high-efficiency, energy-saving products, Rechi also offers professional hot water system design and construction planning services, along with comprehensive after-sales support to ensure peace of mind for customers. Today, Rechi's heat pump water heaters are widely used in major hotels, schools, hospitals, and residential complexes. They can even operate reliably in cold mountainous regions. Thanks to their outstanding performance and energy efficiency, these products have earned strong trust in everyday use and have proven their reliability and durability in extreme environments. Rechi not only provides high-quality hot water equipment but also wins high praise and

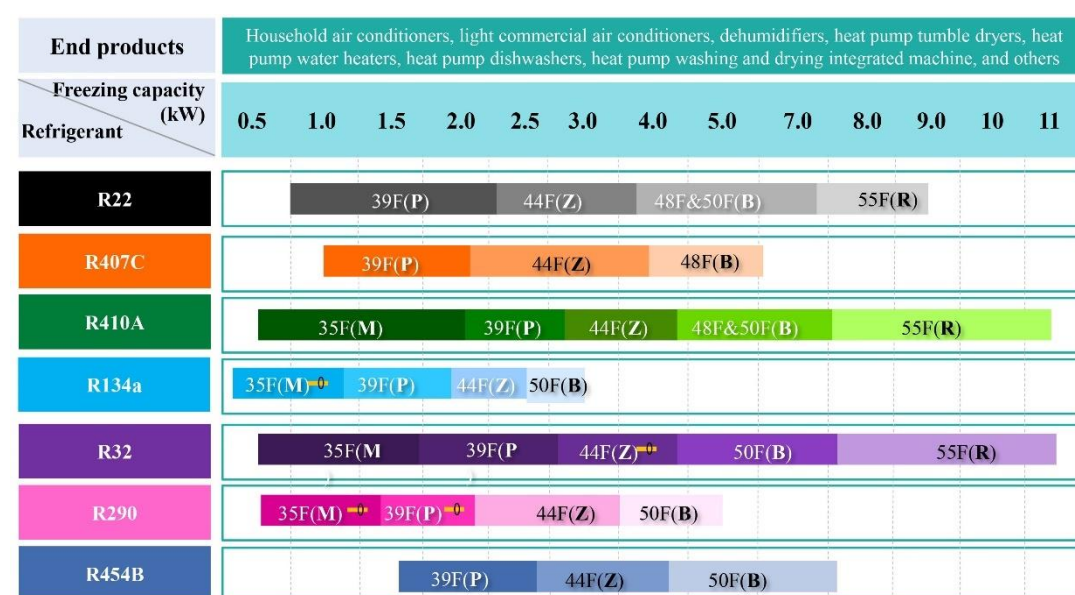
long-term partnerships from numerous clients through innovative technology, superior design, and comprehensive services.

◆ Investment in innovation and performance

► Compressor products

In response to global trends and requirements for energy conservation and carbon reduction, Rechi actively promotes the innovation and upgrading of its compressor products and accelerates product iteration. Building on its established energy-saving product lines, the R&D department continues to develop newer, more efficient, and more environmentally friendly products to replace older models. Furthermore, Rechi continues to expand the performance range across its product series, aiming to enhance the competitive edge of its compressors in both compact personal air conditioning and large-scale light commercial applications – further strengthening the overall profitability of the Group.

Map of fixed speed compressor products

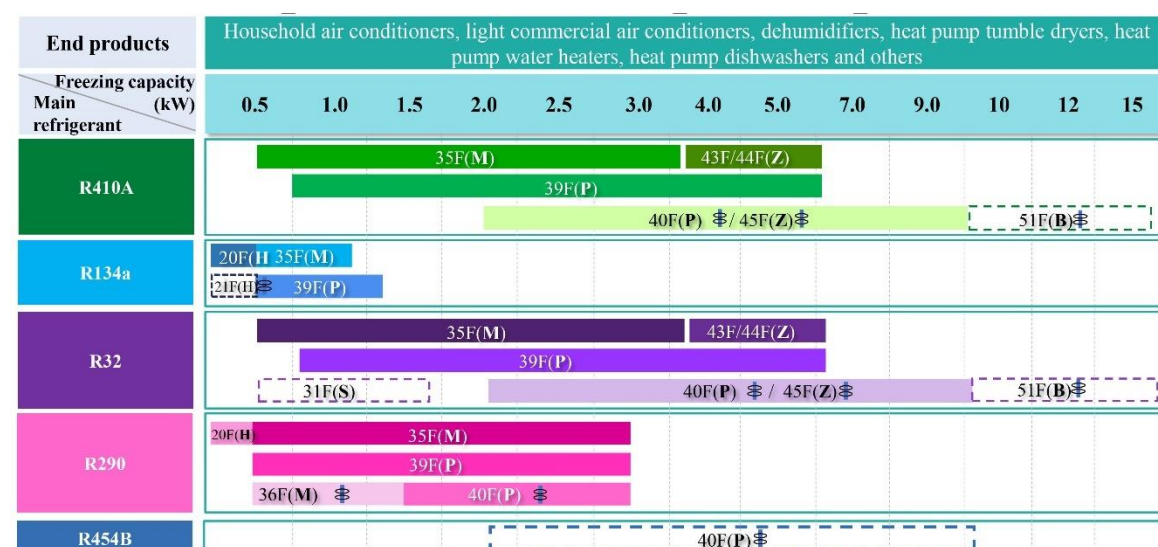


ential

The brackets represents the product series coding

⚡ : Horizontal design (not required)

Map of inverter compressor products



The brackets represents the product series coding ⚡ : Dual-cylinder design □ : Under development

In addition, to better respond to market demands and changes in global environmental standards, Rechi has increased its investment in technological innovation and developed customized solutions tailored to the needs of different markets. For example, the Company is actively promoting the adoption of next-generation environmentally friendly refrigerants and natural refrigerants across various heating and cooling applications, and is developing high-efficiency compressors designed to perform in extreme climate conditions, meeting the specific requirements of cold or high-temperature regions. While enhancing product reliability, Rechi has also optimized its manufacturing processes, reduced production costs, and further strengthened the market competitiveness of its products.

Looking ahead, Rechi will continue to explore emerging markets and provide professional solutions for a variety of industry applications, expanding the scope of compressor usage. From home appliances, commercial air conditioning, dryers, and water heaters to specialized refrigeration equipment, Rechi's products now meet increasingly diverse market demands. Through ongoing technological innovation and market expansion, Rechi's global influence and market share have continued to grow steadily. This enables Rechi to maintain its leading position in an intensely competitive market while offering customers more efficient, energy-saving, and environmentally friendly product options. R&D personnel and expense for the most recent 3 years are as follows:

R&D personnel and expense			Unit: NT\$ thousand
Item	2022	2023	2024
R&D expense	505,438	549,969	717,465
R&D/Revenue ratio	3%	3%	3%
R&D personnel	87	104	103
Number of master's degree and above held/Number of R&D staff ratio	36%	32%	32%

Notes:

1. The R&D expense is consolidated with the Group's R&D expense.
2. The personnel data is sourced from the personnel data of the R&D Center at the Guanyin Plant.

R&D projects completed in the most recent two years

Item	2023	2024
1.	R&D of 2.2-4.0KW inverter compressor series conforming to the new energy saving law in Japan.	Development of high-temperature R32 refrigerant compressors for North American Unitary applications
2.	R&D of micro two-cylinder inverter compressors	R&D of new 50FR aluminum wire motor series
3.	R&D of R290 horizontal inverter compressors conforming to the new EU energy efficiency regulation for household dishwashers	Magneto-mechanical coupling analysis and electromagnetic noise simulation for inverter motors
4.	R&D of R290 horizontal inverter models conforming to the new EU energy efficiency regulation for washer-dryers.	R&D of the compressor with supplying air and increasing enthalpy for cooling
5.	R&D of R290 refrigerant heat pump washer-dryers with fixed-speed compressors.	R&D of 21 Frame micro twin-cylinder inverter compressors

- Development of high-temperature R32 refrigerant compressors for North American Unitary systems:

This project addresses the upcoming transition to low-GWP refrigerants in the North American market, effective from 2023. It covers a wide range of household applications such as window units, through-the-wall units (PTAC), dehumidifiers, and unitary systems. R32 and R454B are currently the most widely considered alternatives to R410A. Due to specific customer requirements (e.g. Daikin and potentially Goodman), R32 was prioritized, and Rechi developed a dedicated compressor for R32 Unitary applications.

- R&D of the new 50FR aluminum wire motor series:

This project aims to enhance the performance and cost-efficiency of fixed-frequency single-phase induction compressors by fully optimizing aluminum wire motor design. With other brands already introducing aluminum wire compressors to the market, Rechi proactively launched R&D and successfully developed a specialized 50FR mold design for aluminum motors. Shared component design with existing products was also integrated to boost production efficiency and reduce costs. This achieved optimal integration of operational efficiency, reliability, and manufacturing cost, enhancing Rechi's technological advancement and product competitiveness.

- Magneto-mechanical coupling analysis and electromagnetic noise simulation for inverter motors:

This study established and validated analysis techniques for electromagnetic noise in permanent magnet synchronous motors. Using magneto-structural-acoustic multi-physics coupling simulations, it modeled noise characteristics and verified accuracy through real-world testing. Transfer Path Analysis (TPA) was used to dissect noise paths, explore rotor dynamic eccentricity effects on electromagnetic force, and validate both electromagnetic and structural models. Findings showed high consistency between simulation and measurement. Noise comparison revealed that high-frequency and high-speed operations significantly contribute to noise. Time-frequency and modal analysis matched well, confirming this method's reliability. The technology is suitable for early-stage design, allowing effective prediction and adjustment of vibration and noise while maintaining performance.

- R&D of the compressor with supplying air and increasing enthalpy for cooling:

This project supports the growing heat pump market driven by energy efficiency and environmental trends. EVI technology, known for its high efficiency and eco-friendliness, has become a key solution for low-temperature heating. It works by using two-stage throttling to redirect a portion of refrigerant gas into the compressor, increasing the mass flow rate and reducing evaporator dryness. This enhances both heating and cooling capacity while addressing issues like poor low-temperature heating and high discharge temperatures. EVI technology shows great potential in the heat pump market and is expected to improve product competitiveness and create significant value for the Company.

- R&D of 21 Frame micro twin-cylinder inverter compressors:

This project focuses on the development of a 21 Frame micro twin-cylinder inverter compressor, primarily involving a newly designed pump and motor structure. After testing, the new design successfully passed customer performance validation and completed small-scale hand-assembled sample delivery. Moving forward, this new pump structure will serve as the foundation for broader application in other micro air conditioning products and is expected to generate greater benefits for Rechi.

► Heat pump water heater products

Recognizing the growing potential in Taiwan’s residential heat pump water heater market and the rising societal awareness of energy conservation and environmental protection, Rechi plans to further complete its heat pump product line. New product launches include direct-heating integrated residential (floor-standing) units and large-scale commercial systems aimed at expanding both residential and commercial market share and boosting revenue. At the same time, Rechi remains committed to energy efficiency and environmental responsibility by actively developing high-efficiency, eco-friendly heat pump technologies. In 2023, its heat pump water heater products successfully passed the certification for the 2024 New Energy Label by Taiwan’s Bureau of Energy, showcasing the products’ outstanding energy-saving performance and making them a top choice among energy-efficient consumer products.

◆ Intellectual property management plan

Rechi, as the fourth largest global brand in rotary compressors, aims to protect R&D resources and continuously promote product innovation, strengthen the core technology and competitiveness of products, increase corporate profits, achieve operational goals, and ensure sustainable operations. To prevent potential loss due to nepotism, our company has established an intellectual property management system. Through intellectual property management, we understand the quantity of intellectual property and its trends, enhance the effectiveness of the intellectual property management system, and effectively plan and assess new product intellectual property to protect the company’s operational freedom and maintain the development of research and innovation, continuously accumulating intellectual property assets.

► Intellectual property management system

- Patent management

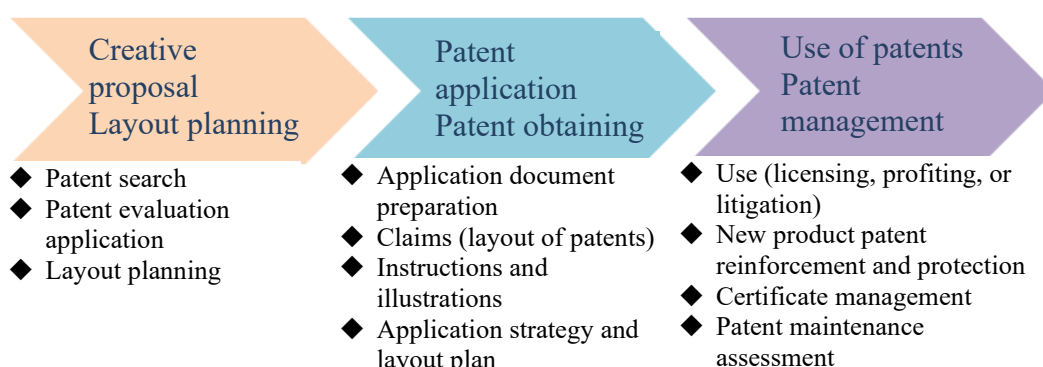
Patents are a means to protect innovation. To strengthen the management of intellectual property rights, our company follows the “Intellectual Property Rights Management Procedures” and the “Group Patent Management and Incentive Policies.” Through a comprehensive proposal and review mechanism, evaluation, and reward system, we encourage employee contributions and innovative research, transforming research outcomes into protected intellectual property rights, thereby enhancing the company’s self-patenting energy and other intangible intellectual assets. By strengthening the company’s patent layout, we enhance Rechi’s overall patent strength, ensuring competitiveness; simultaneously, we have established a “Patent Infringement Handling Procedure” to prevent infringement allegations and take measures respecting others’ intellectual property, providing guidelines for relevant personnel to correctly handle operations to ensure the company’s legitimate rights and reputation.

- Trademark Management

Trademarks are used to maintain the brand, sustain goodwill, and prevent consumer confusion. Our company follows the “Intellectual Property Rights Management Procedures” to regulate the application, review mechanism evaluation, acquisition, and maintenance of trademarks, to protect Rechi’s intangible assets, maintain Rechi’s business reputation, and prevent others from registering our trademarks, thus safeguarding Rechi’s brand rights.

- Copyright management

In accordance with the “Regulations Governing Knowledge Document Management Implementation” formulated by the Company, which continues to encourage colleagues in the R&D center to write knowledge documents, and convert various professional knowledge, work processes, and work content into knowledge documents, which become the Company’s intangible intellectual assets and are summarized in the works. Such works are also stored in the reading room and network hard disk enabling the relevant personnel of the company to read and learn to improve their professional skills and apply them in practice.



● Patent protection mechanism

In accordance with current patent laws and the recommendations of patent firms, Rechi has established the “Patent Infringement Handling Procedures” as an internal policy to prevent potential infringement claims and to respect the intellectual property rights of others. These procedures provide relevant personnel with clear operational guidelines to ensure that related matters are handled in accordance with the law, safeguarding Rechi’s legal rights and corporate reputation. Through intellectual property (IP) management, Rechi can monitor the number and trends of its IP assets, further enhancing the efficiency of its management system and enabling effective evaluation and planning of IP throughout the new product development process.

● Intellectual property results

To enhance the core technologies and competitiveness of its products, Rechi’s R&D Center conducts practical design work and systematic training annually to cultivate top talent and move toward meeting the demands of high-tech, competitive industries. Beyond talent development, Rechi is also committed to strengthening its patent output capacity, laying a solid foundation for the development of forward-looking, energy-efficient products. Through IP management, the Company effectively tracks the quantity and trends of its IP portfolio, improves the operational efficiency of its IP management system, and ensures proper IP evaluation and planning throughout the product development cycle.

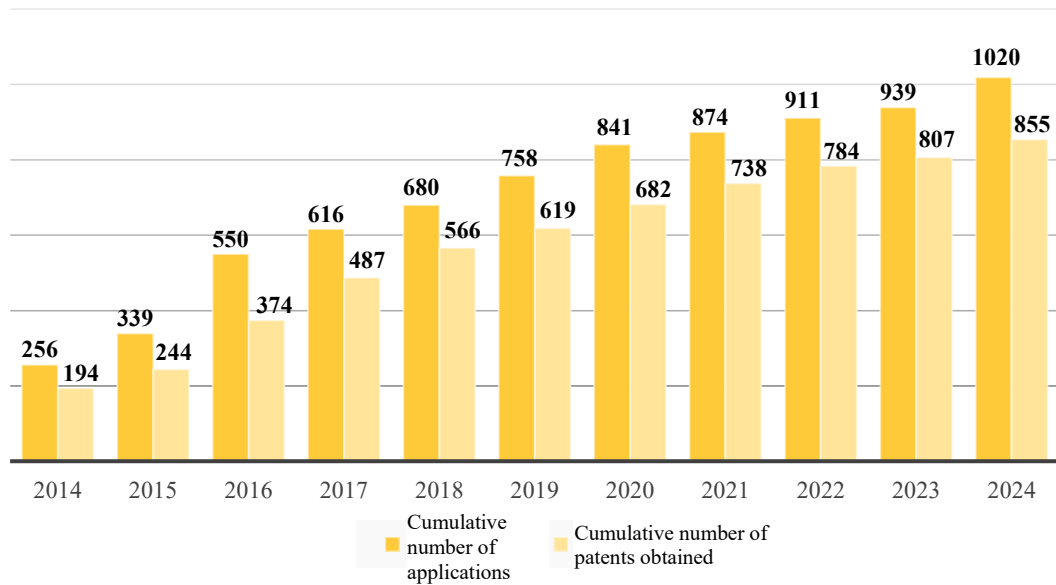
- Patents: As of the end of 2024, the Company has filed approximately 1019 patent applications in total, with over 854 patents approved. In 2024, it successfully obtained 48 patent approvals, including 3 in Taiwan and 45 in Mainland China. For the quality of our patents, we have an approval rate of 84%.
- Trademarks: As of the end of 2024, the Company has filed a total of 22 trademark applications, of which 5 were filed in 2024.
- Copyright: As of the end of 2024, the Company has completed a total of 246 knowledge documents and reports covering a wide range of professional knowledge concerning the Company’s products.

Number of patents obtained in the most recent three years

Data/Year	2022	2023	2024
Number of patents obtained	46	23	48
Cumulative number of valid patents	784	807	855

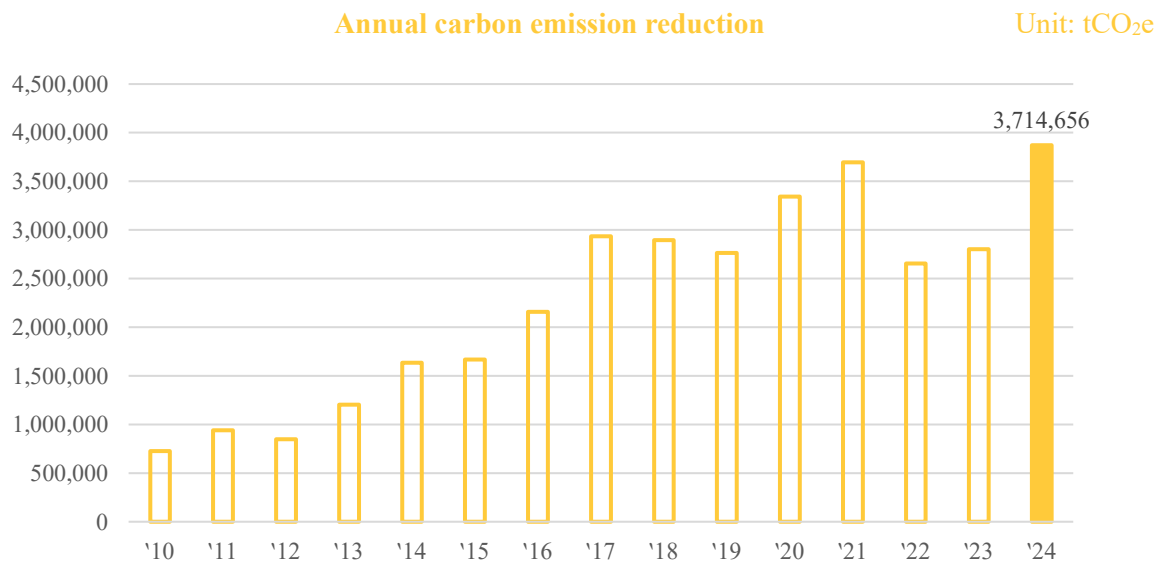
Note: The cumulative number of valid patents is counted using the data since the year of the Company was founded (1989).

Chart for the number of patent applications and licenses from 2014 to 2024



◆ Energy Conservation Index

As a leading provider of forward-looking energy-efficient products, Rechi develops and supplies a wide range of energy-saving solutions to customers worldwide. Generally, a higher EER (Energy Efficiency Ratio) indicates better energy efficiency and lower power consumption. The Company has established its own carbon-reduction index, using an EER greater than 2.5 as the benchmark for energy savings, with an estimated annual usage of 1,080 hours per product serving as a monitoring indicator and energy-saving target. At the same time, Rechi aligns with government energy efficiency standards and energy-saving policies. Based on the latest electricity emission factor standard (announced in April 2025 for the 2024 reporting year) by Taiwan's Ministry of Economic Affairs (MOEA), the 2024 electricity emission factor is 0.474 kgCO₂e/kWh. Using Rechi's 2024 sales performance as an example, the Company contributed to global energy-saving and carbon-reduction efforts by saving approximately 7.83 billion kWh of electricity (equivalent to 28,188,000 GJ), resulting in an estimated reduction of approximately 3.71 million tCO₂e, which represents a 32.56% increase in reduction compared to the previous year. Since the target was first established in 2006, Rechi's cumulative actual sales have contributed to a total electricity saving of 67.33 billion kWh, which is equivalent to a reduction of approximately 34.49 million tCO₂e globally. With business growth, we also actively take into account environmental protection, to make the most substantive reduction in the environmental impact. Carbon emissions reduced by our models sold over the years are shown in the figure below:



2-2 Product quality and safety

Rechi focuses on providing high-quality products and services that meet customer needs, adhering to the quality policy of “Quality First, Customer Satisfaction,” and always prioritizing customer satisfaction as the primary goal. At the same time, Rechi is committed to ensuring customer health and safety, complying with relevant marketing and labeling regulations, and demonstrating its comprehensive commitment to quality and service.

◆ Product quality

To ensure products meet high quality standards while also complying with environmental and safety requirements, Rechi actively promotes green management and control, and has obtained international certifications such as ISO 9001. Additionally, the Company continues to strengthen implementation of ISO 14001, ISO 50001, and ISO 14064, demonstrating its commitment to sustainable development and environmental protection.



For more
information
about Rechi's
quality

Certification				
	ISO 9001	ISO 14001	ISO 50001	ISO 14064-1
Validity period	2026/05/19	2026/04/10	2026/08/06	Annual regular audits conducted

◆ Safety products

We produce and manufacture products with a rigorous attitude, placing great emphasis on product safety. Our core technologies ensure that products, accessories, packaging materials, etc., comply with international hazardous substance regulations and the safety standards of various countries. In our product development specifications, we also require suppliers to provide materials that comply with Rechi's chemical substance management regulations. We refuse to use raw materials that contain hazardous substances. In 2024, there were no incidents of non-compliance with laws and regulations related to the health and safety of products and services, no incidents of non-compliance related to product and service information and labeling, and no incidents of non-compliance with regulations related to marketing communications (including advertising, promotion, and sponsorship). Additionally, Rechi assists customers in obtaining product certifications to demonstrate its strong commitment to quality and standards. Currently, 65% of compressor models have achieved safety certification (e.g. EU TUV EN60335-1:2012, EN60335-2-34:2013), and the energy efficiency labeling rate for heat pump water heaters has reached 100%.

► Labeling for compressor specification

As environmental awareness rises, the manufacturing industry must keep up with the trend. Rechi fully understands the impact of human activity on the environment and society. As Rechi's compressors are not final products, but are supplied to downstream manufacturers to be made into air conditioning or household appliances, consumers cannot directly learn about the materials or composition of the products from the labels. To ensure product quality and consumer safety, Rechi strictly requires that all new materials comply with both RoHS and REACH standards for source control.

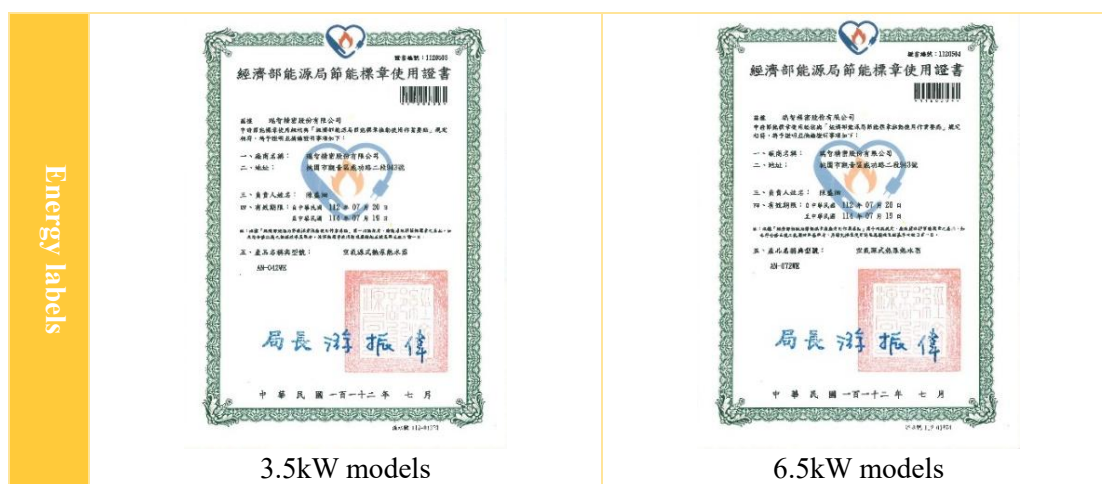
When introducing new materials or suppliers, Rechi proactively communicates relevant policies and requires suppliers to provide RoHS test reports and REACH-related certification documents, such as the “Non-Prohibited Substances Guarantee,” “Restricted Substances Guarantee,” and the material composition analysis sheet, to ensure all materials meet RoHS and REACH standards and avoid environmental pollution. In addition, Rechi will correctly label product specifications, power supply requirements, refrigerant type, and certification body, to safeguard consumers’ right to choose and ensure safe usage.

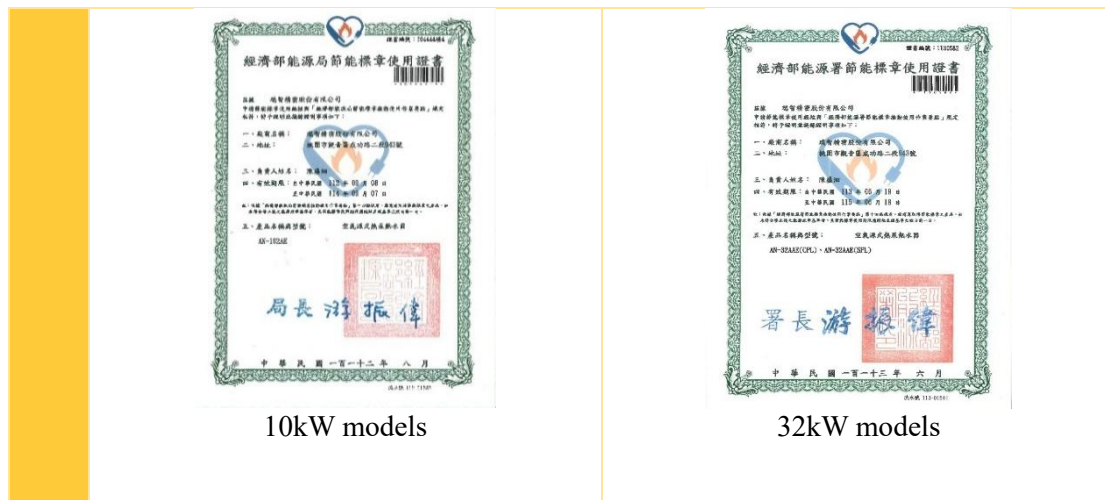
To comply with international standards, Rechi adopts the EU’s RoHS and REACH regulations. RoHS stands for “Restriction of Hazardous Substances.” With the advancement of technologies, many electronic products are discarded and end up in the landfill, causing harm to the environment and human health. The RoHS directive mainly restricts the use of hazardous substances in product manufacturing and complies with EU Directive 2011/65/EU and its amendment (EU) 2015/863 – including Lead (Pb), Mercury (Hg), Cadmium (Cd), Hexavalent Chromium (Cr⁶⁺), Polybrominated Biphenyls (PBB), Polybrominated Diphenyl Ethers (PBDE), Bis(2-ethylhexyl) phthalate (DEHP), Butyl Benzyl Phthalate (BBP), Dibutyl Phthalate (DBP), and Diisobutyl Phthalate (DIBP).

REACH is another EU regulation, aiming to disclose the production and use of chemicals as well as their potential impact on human health and the environment. REACH requires manufacturers, importers, and their clients to disclose information on chemicals to each other throughout the entire supply chain, so that the information of products they supply on health and safety are readily available. It especially lists the substances of “Very High Concern,” including substances that are carcinogenic, mutagenic, toxic to reproduction, persistent, bioaccumulative and toxic.

► Labeling for heat pump heater specification

In order to protect consumers’ rights and interests, Rechi Precision Co., Ltd. ensures that product specifications, power requirements, refrigerant types, and relevant certification information are accurately labeled, while also providing clear purchasing guidance and user safety instructions. Rechi’s heat pump water heaters have also successfully obtained the MIT Smile Mark certification issued by the Ministry of Economic Affairs. This symbolizes that the products meet high standards in origin, quality inspection, and have been officially recognized, reflecting Rechi’s outstanding commitment to quality and safety – making it a trusted brand known for being “safe, healthy, and reliable.”





2-3 Customer Services

Since its establishment, Rechi Precision Co., Ltd. has been operating for more than 30 years, and it has always attached great importance to customer opinions and feedback. Every service is an opportunity to enhance customers' trust and satisfaction and build a professional image. Rechi believes that the establishment of trust and satisfaction comes from excellent products and quality. Rechi continues to strengthen interaction channels with customers, improve production conditions, enhance employee education and training, and regularly evaluate customer satisfaction. These measures jointly maintain Rechi's competitiveness in the market and ensure strong global distribution and procurement partnerships.

◆ Client satisfaction

In order to understand customer needs and evaluate Rechi's products in depth, and to continuously optimize products and services based on survey results – thereby improving customer satisfaction and the Company's brand reputation – Rechi conducts annual surveys of all strategic and key customers. The survey is usually initiated in early August each year and completed before the end of August.

► Compressor service

The survey includes six major categories: (1) service attitude; (2) order processing service; (3) technical support; (4) after-sales service; (5) product satisfaction; (6) delivery satisfaction. The Company provide detailed surveys for different departments of customers, such as development units, procurement units, and quality units. After the survey, each unit shall take corrective actions on criteria that received a lower score and that requested by clients for improvement.

In 2024, Rechi conducted a customer satisfaction survey for various products across departments, and a total of 49 questionnaires were collected from domestic and international customers. Rechi will continue to address deficiencies and strengthen communication with customers, aiming to further improve service quality, customer satisfaction, and trust.

The followings are criteria used in the client service satisfaction survey in the past three years and the trend thereof

Survey item	2022	2023	2024
Service attitude	9.3	9.2	9.4
Order service	9.5	9.1	8.7
Technical support	8.5	8.6	8.9
After-sales service	8.6	8.6	8.7
Product satisfaction	7.9	8.6	8.7
Delivery satisfaction	8.7	8.8	8.8
Average score	8.8	8.8	8.8
Weighted average of overall satisfaction	87.6	86.8	89.4

Notes:

1. The weighted average of overall customer satisfaction for compressors in the past three years is 87.93 points.
2. The scores each scale on the satisfaction questionnaire represents: 5 (very satisfied) → 10 points, 4 (satisfied) → 8 points, 3 (fair) → 5 points, 2 (unsatisfied) → 2 points, 1 (very unsatisfied) → 0 point

► **Heat pump water heater service**

Each year, Rechi Precision Co., Ltd. selects 20 distributors and direct-sale customers whose annual sales exceed NT\$500,000 as survey targets. Rechi Precision Co., Ltd. conducts regular satisfaction surveys through in-person visits, fax, or email, sending out the “Customer Satisfaction Survey.” The survey covers multiple aspects, including “service spirit,” “technical support,” “after-sales service 198,” “order response,” “delivery service,” and “product satisfaction,” totaling 6 items.

Based on the survey results from customer responses, we conduct an in-depth analysis of various indicator issues, hold review meetings, and formulate and implement response and improvement measures to effectively achieve the goal of customer satisfaction feedback, further enhancing the competitiveness and brand image of Rechi Precision Co., Ltd.’s services. Actively improve deficiencies and strengthen communication with customers, hoping to comprehensively enhance service quality and increase customer satisfaction and trust. Rechi Precision Co., Ltd. is able to better align with customer needs and continuously improve service quality.

The followings are criteria used in the client service satisfaction survey in the past three years

Survey item	2022	2023	2024
Service Spirit	9.9	9.8	10.0
Technical support	9.8	10.0	10.0
After-sales service 198	9.5	10.0	10.0
Reply to order	9.8	9.8	10.0
Delivery service	9.9	10.0	9.9

Product satisfaction	8.75	9.6	9.63
Average score	9.6	9.9	9.92
Weighted average of overall satisfaction	96.1	98.7	99.2

Notes:

1. The weighted average of overall customer satisfaction for heat pump water heaters in the past three years is 98 points.
2. The scores each scale on the satisfaction questionnaire represents: 5 (very satisfied) → 10 points, 4 (satisfied) → 8 points, 3 (fair) → 5 points, 2 (unsatisfied) → 2 points, 1 (very unsatisfied) → 0 point

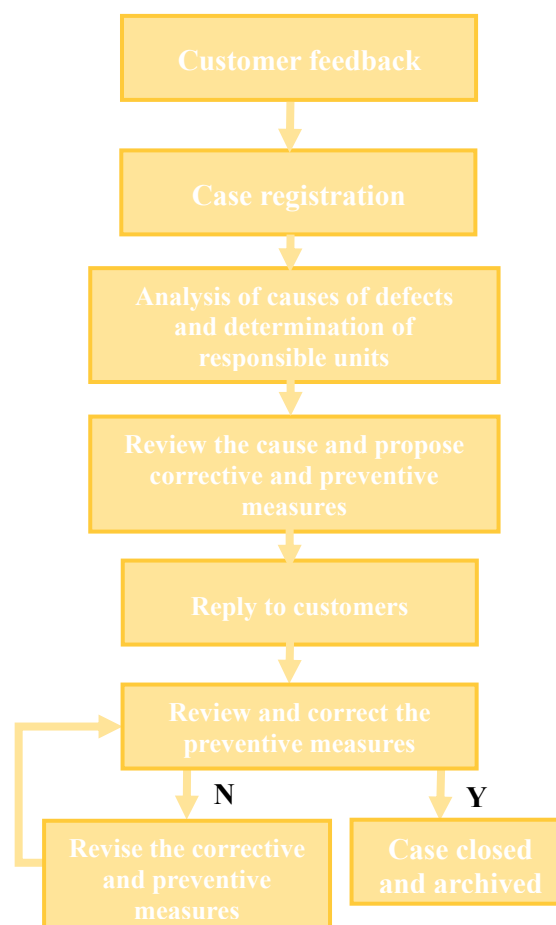
◆ Customer grievance and handling process

For protecting customer rights and further improving the communication with customers, the Company has set up multiple channels for customer grievance. When the responsible sales personnel receive a complaint from clients about product quality via fax, mail, telephone or interview, they should immediately analyze the impact level and the urgency of such an issue, determine whether or not it is a customer complaint or a general quality issue and process according to the procedures for handling customer complaints.

When a customer raises a complaint, Rechi will first ensure a clear understanding of the specific situation regarding the problem. After confirming the details, they will register the case. After receiving the returned defective goods, we will analyze the cause of the defect and propose a solution based on the scope of the issue's impact, striving to meet customer expectations and regularly update the handling progress.

After the problem is resolved, Rechi will take corrective actions to address the root cause of the issue. At the same time, Rechi will establish preventive measures to avoid recurrence of the issue, which may include improving product quality or optimizing service processes.

Finally, each handling process will be documented in detail, and data will be regularly analyzed to learn from experience, continuously improving products and services to ensure better customer experiences in the future. Through this series of steps, not only are current issues resolved, but customer satisfaction and trust are also enhanced, further strengthening the Company's market competitiveness.



Grievance and handling process

◆ Product sale and promotion

“Exhibitions” are always the most direct and important means to meet customers and receive orders among all marketing activities. In order to create the channels for direct communication with clients and the general public, the Business Department regularly visits clients or participates in exhibitions to increase market visibility seeking opportunities for domestic and overseas sales, or finds overseas distributors and agents building marketing channels to gain competitive advantage through the participation in various exhibitions.

► Compressor service

The Company takes any opportunities to showcase its new products or services while participating in exhibitions or technology seminars in connection to refrigeration and air conditioning or the compressor industry from time to time, whereby facilitating a better understanding of its rivals and gaining new trends of the industry. In these exhibitions, the Company is able to connect with existing or potential customers delivering information and building relations, and further shape and maintain brand image for product promotion and business development. We aim to increase our product visibility and showcase the innovative concept and design therein.

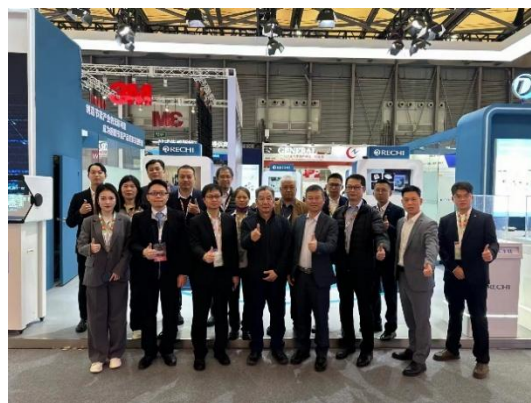
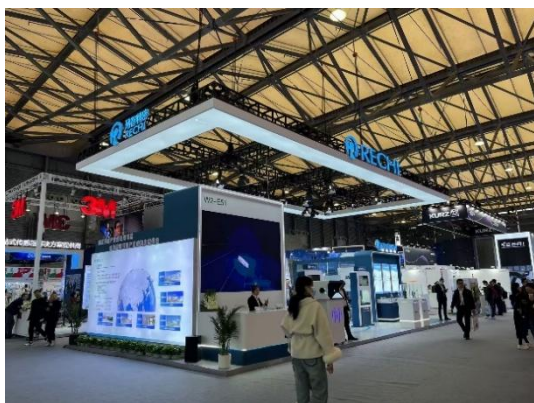
February 2024 – ACREX India (India Heating, Ventilation, Air Conditioning and Refrigeration Exhibition)

ACREX India 2024 is the largest exhibition for air conditioning, heating, ventilation, and smart buildings in South Asia, organized by ISHRAE (Indian Society of Heating, Refrigerating and Air Conditioning Engineers) and Informamarkets. The theme of this year’s exhibition is “Powering Global HVAC Supply Chain,” focusing on the rapid growth of India’s HVAC manufacturing industry and showcasing the latest technologies across various HVAC supply chain sectors.



March 2024 – Shanghai Home Appliance and Consumer Electronics Expo

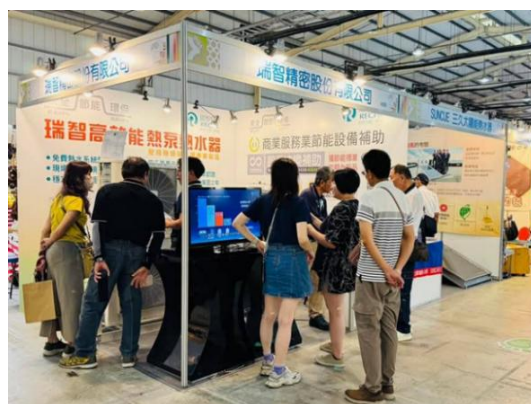
The Appliance & Electronics World Expo (AWE) is hosted by the China Household Electrical Appliances Association and is one of the world’s top three home appliance and consumer electronics exhibitions. This year’s theme, “Intelligent Technology, Creating the Future,” will focus on the fields of technology, innovation, intelligence, health, and low carbon.



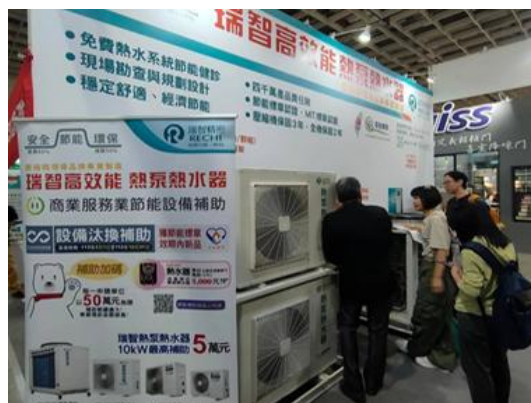
► Heat pump water heater service

To expand face-to-face communication channels with customers and the general public, Rechi's high-efficiency heat pump water heaters will actively participate in major exhibitions across Taiwan in 2024. Through on-site demonstrations and product presentations, Rechi aims to increase product awareness and exposure, helping more people understand the company's strengths and unique features. In addition, Rechi will periodically participate in meetings and events organized by industry associations, such as the Taiwan Hotel & B&B Association and the Electrical Appliance Guild. The company will also continue to reach more potential customers through publications such as the Taiwan Hotel Association's annual meeting handbook, promoting the superior quality and innovative technology of Rechi water heaters.

May 2024 – Sustainable Development and Low-Carbon Green Building Exhibition at Taichung International Exhibition Center



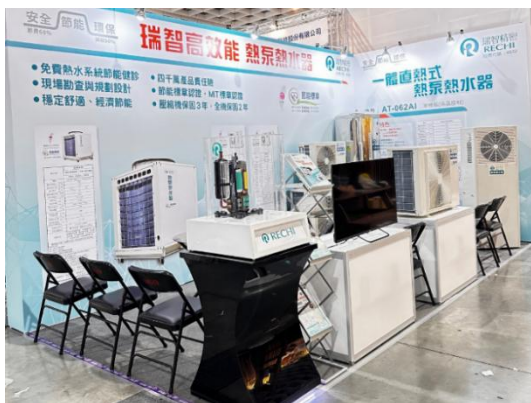
June 2024 – Taiwan International Interior Design Expo at Nangang Exhibition Center, Taipei



September 2024 – Kaohsiung International Building Materials Exhibition



December 2024 – The 36th Taipei International Building and Construction Materials Exhibition at Nangang Exhibition Center, Taipei



2-4 A sustainable supply chain

The sustainable supply chain has become an inevitable direction for industrial development. In response to the global sustainable development goals, Rechi actively optimizes its supply chain, which not only reduces costs and improves efficiency, but also creates new business opportunities. As the market demand for sustainable products continues to grow under a virtuous cycle, we will seize this trend to achieve the sustainable growth of the Company.

◆ Supply Chain Sustainability Policy

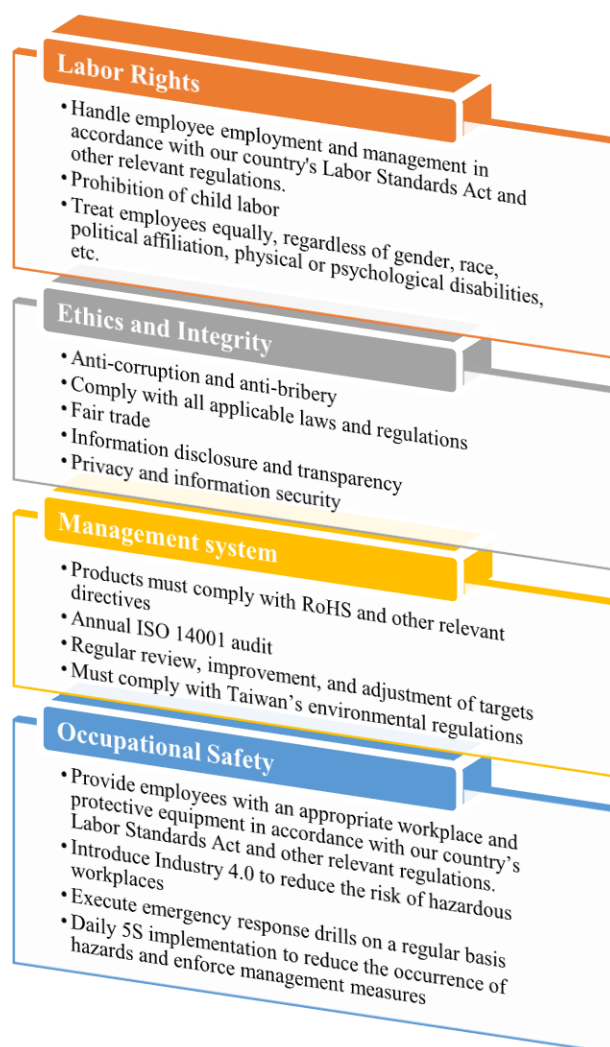
In accordance with the Responsible Business Alliance (RBA) Code of Conduct while with reference to the United Nations Guiding Principles on Business and Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the Universal Declaration of Human Rights, we have formulated a letter of undertaking for supplier management. In addition to the evaluation of suppliers' quality, cost, delivery time, service and process capability, we conduct due diligence, implement green-based procurement management.

We treat all suppliers with an honest attitude, adopt the principles of fairness, impartiality, and transparency and take cost reduction as our primary consideration. We have required all suppliers and contractors to sign the “CSR Environmental Management Questionnaire” from 2016 to 2022 and the “Self-Evaluation Form for ESG Implementation and Management” starting from 2023, to convey Rechi Precision’s business philosophy and environmental policy and urge supply chain members to pay attention to environmental issues and to jointly create a friendly working environment. The relevant policies and commitments are approved at the Deputy General Manager level to ensure the authority and consistency of implementation.



For more information on Rechi’s supply chain, please scan the QR Code.

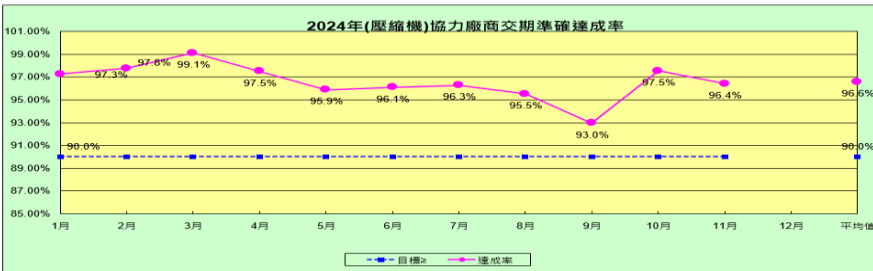
The “Self-Evaluation Form for ESG Implementation and Management” covers the three major aspects: people (human rights), environment and corporate governance. In terms of human rights, the main concern is whether suppliers provide protective equipment and safety facilities in accordance with local labor laws to ensure worker safety. In terms of the environment, the focus is on whether suppliers comply with local environmental regulations and whether there have been any violations or penalties – both of which are important factors in contributing to environmental protection. In terms of corporate governance, the focus is on whether suppliers have established policies and concrete actions regarding ethical conduct, anti-corruption, and anti-bribery, as well as whether they undergo regular or ad hoc audits to assess the effectiveness of implementation. Rechi is committed to continuously valuing and strengthening supply chain management, growing alongside suppliers, and making the greatest contribution to the sustainability of people (human rights) and the environment. The Company has requested the suppliers whose transaction amount with the Company reached NT\$1 million in 2024 to sign the “ESG/management self-evaluation form.” There were a total of 25 suppliers qualified, of which 21 suppliers actually signed the form with a response rate of 84%.



◆ Supply Chain Assessment and Evaluation

Rechi regularly evaluates suppliers to ensure they continue to meet our requirements and maintain a long-term, high-quality partnership. Through regular evaluations, suppliers are encouraged to improve their manufacturing processes, quality, technology, and management capabilities; enhance their organizational strength; and reduce costs in order to achieve the goal of sustainable co-prosperity.

Production management personnel compile evaluation data monthly, calculate the percentage of each rating level, and create trend charts for data analysis and comparison. If any trending issues are identified, further investigation and analysis will be conducted to identify areas for improvement or to verify the applicability and effectiveness of the procurement system.

Evaluation Time	Monthly assessments are conducted based on quality and delivery performance.																																																																																																
Evaluation Basis	Evaluations of suppliers of raw materials, components, and outsourced processing are conducted monthly using the “Supplier Evaluation Form.”																																																																																																
Evaluation Responsibility	<p>Monthly supplier evaluations are jointly supervised by the Quality Control and Production Management departments. Each department is responsible for strictly verifying the overall performance of suppliers.</p> <p>1. The Quality Control unit or the user department is responsible for quality-related items.</p> <p>2. The Production Management unit is responsible for delivery-related items.</p> <p>3. Each unit submits the previous month’s evaluation statistics to the Production Management unit for monthly consolidation.</p>																																																																																																
Supplier Grading	<p>Suppliers are graded into four levels: A, B, C, and D.</p> <p>A Grade – 95 points and above</p> <p>B Grade – below 95 points to 90 points and above</p> <p>C Grade – below 90 points to 80 points and above</p> <p>D Grade – below 80 points</p>																																																																																																
Report the Evaluation Results	<p>The Production Management unit retains the evaluation data and, each month, calculates the percentage of each grade level, creates a trend chart, and reviews the data to help identify and resolve issues.</p> <table><thead><tr><th>項目</th><th>1月</th><th>2月</th><th>3月</th><th>4月</th><th>5月</th><th>6月</th><th>7月</th><th>8月</th><th>9月</th><th>10月</th><th>11月</th><th>12月</th><th>平均值</th></tr></thead><tbody><tr><td>評估供應商數</td><td>107</td><td>44</td><td>112</td><td>274</td><td>350</td><td>222</td><td>285</td><td>342</td><td>211</td><td>316</td><td>297</td><td></td><td>2560</td></tr><tr><td>供應商交貨數</td><td>110</td><td>45</td><td>113</td><td>281</td><td>365</td><td>231</td><td>296</td><td>358</td><td>227</td><td>324</td><td>308</td><td></td><td>2658</td></tr><tr><td>達成率</td><td>97.3%</td><td>97.8%</td><td>99.1%</td><td>97.5%</td><td>95.9%</td><td>96.4%</td><td>96.3%</td><td>95.5%</td><td>93.0%</td><td>97.5%</td><td>96.4%</td><td></td><td>96.6%</td></tr><tr><td>目標值</td><td>90.0%</td><td>90.0%</td><td>90.0%</td><td>90.0%</td><td>90.0%</td><td>90.0%</td><td>90.0%</td><td>90.0%</td><td>90.0%</td><td>90.0%</td><td>90.0%</td><td></td><td>90.0%</td></tr><tr><td>達成狀況</td><td>OK</td><td>OK</td><td>OK</td><td>OK</td><td>OK</td><td>OK</td><td>OK</td><td>OK</td><td>OK</td><td>OK</td><td>OK</td><td></td><td>OK</td></tr></tbody></table> 													項目	1月	2月	3月	4月	5月	6月	7月	8月	9月	10月	11月	12月	平均值	評估供應商數	107	44	112	274	350	222	285	342	211	316	297		2560	供應商交貨數	110	45	113	281	365	231	296	358	227	324	308		2658	達成率	97.3%	97.8%	99.1%	97.5%	95.9%	96.4%	96.3%	95.5%	93.0%	97.5%	96.4%		96.6%	目標值	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%		90.0%	達成狀況	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK		OK
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◆ Improvement for supply chain assessment

ESG supplier evaluation and improvement is not only a deep examination of the supply chain, but also a demonstration of the company’s commitment to sustainable development goals. We believe that the implementation of this system can generate a more positive impact on the company, suppliers, and society as a whole.

1. Suppliers can file a grievance and feedback to the Production Management Section of the Company through many channels such as the Company's public telephone and e-mail or visits.
2. For a supplier that provides materials not meeting standards, does not improve and receives an unqualified result in the supplier assessment, its qualification shall be re-evaluated based on the result, and a note shall be added to the remark column of its profile while the supply from the said supplier shall be suspended.
3. For domestic and overseas work in progress and materials that are deemed unqualified according to the incoming inspection regulations, the Quality Control Section shall fill out the "Internal Notice for Defective Incoming Materials" to inform the production management personnel for notifying the suppliers to file the "Collaborative Supplier M.R.B. Application" or the "S.C.A.R. Corrective Actions to be taken" and the corrective action analysis form. Their corrective actions and effectiveness thereof will be subsequently followed up.

◆ Newly Selected Supply Chain

In order to improve the economic efficiency of factories in Taiwan, ensure the job security of existing employees, promote local employment, and drive economic growth. The change of production models will inevitably have an impact on the existing supply chain. To fulfill our corporate social responsibility, we strive to minimize suppliers' losses and maintain a consistent attitude toward new suppliers. Under the premise of fairness, impartiality, and transparency, we aim to reduce costs as our primary consideration and work to reduce damage to the environment, while making comprehensive and continuous improvements to achieve localized sustainable management.

- **Environmental responsibility:** new suppliers must demonstrate their commitment to reducing carbon emissions, improving resource efficiency, waste management, and biodiversity protection. For example, whether the supplier uses sustainable raw materials or implements environmentally friendly production processes.
- **Social responsibility:** This includes suppliers' performance in employee treatment, community engagement, and consumer rights protection. Suppliers should comply with fair labor standards, safeguard workers' rights, and be able to demonstrate their social contributions.
- **Governance structure:** The governance structure of suppliers must be transparent, fair, and meet ethical standards. This includes anti-corruption policies, data protection, and business compliance.
- **Risk management:** Suppliers must have strategies to address environmental and **human rights** risks to reduce potential negative impacts and ensure business continuity.
- **Continuous improvement:** Seek suppliers who are capable of continuously improving their ESG performance. They should have clear goals and metrics to evaluate and refine their ESG strategies.

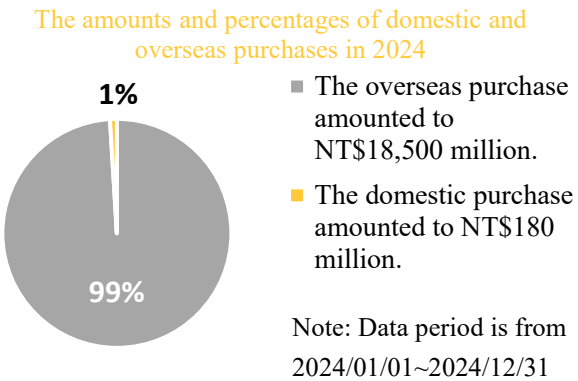
When selecting new suppliers, Rechi conducts surveys, on-site audits, or refers to third-party rating agency reports to evaluate suppliers' ESG performance, ensuring alignment with the company's sustainable development goals. In 2024, since no new suppliers were added, the percentage of new suppliers screened using environmental and social criteria was 0%.

◆ Raw material purchase ratio

The procurement of local raw materials and supplier sustainability management can not only improve the economic benefits for our plants in Taiwan but also ensure our employees' right to work, while facilitating local employment and driving economic growth. The change of production models will inevitably have an impact on the existing supply chain. To fulfill our corporate social responsibility, we strive to minimize suppliers' losses and maintain a consistent attitude toward new suppliers. Under

the premise of fairness, impartiality, and transparency, we aim to reduce costs as our primary consideration and work to reduce damage to the environment, while making comprehensive and continuous improvements to achieve localized sustainable management.

Direct and indirect materials, without violating the lowest cost principle, are gradually transferred from suppliers in China to Taiwan-based ones and the existing suppliers can continue to supply goods to the group after training if possible. With that, we can increase employment opportunities for local people, promote economic development, shorten the delivery time and reduce transportation costs and risks.



◆ **Restricted Hazardous Substance Management**

● **RoHS management:**

To reduce the impact of hazardous substances on the environment, the EU released the RoHS Directive in 2003 and has restricted the use of mercury (Hg), lead (Pb), cadmium (Cd), and hexavalent chromium (Cr 6+), polybrominated biphenyls (PBBs), and polybrominated diphenyl ethers (PBDEs) in electrical and electronic products since July 2006. In response to the EU RoHS Directive, we have worked with suppliers to confirm and improve all products and began to produce compressors in compliance with the RoHS Directive in July 2005.

● **Management of REACH Substances of Very High Concern (SVHC):**

Following RoHS, the EU implemented the REACH regulation in 2007 for substances and finished goods exported to the EU. The Company also works with its suppliers on the regular inspections regarding Substances of Very High Concern (SVHC) and Dangerous Substances.

According to the Company’s regulations governing hazardous substances, to achieve the goal of being eco-friendly in material selection, we meet the requirements of both international regulations and clients’ requirements, and we clearly stipulate in the purchase contract that the products provided by suppliers should comply with the EU RoHS Directive and relevant environmental protection regulations, which include the REACH Substances of Very High Concern, and continue to pay attention to substances with potential hazards. We aim to provide non-toxic and non-polluting products to clients through green supply chain management, to reduce the harm to the environment or human body.

● In 2024, we conducted a sieve analysis on products provided by our suppliers for the 71 substances restricted by RoHS, and all of them passed.

They also passed the test for the 244 Substance of Very High Concern listed in the REACH.



3

Environmental Conservation Green Management

3-1 Sustainable business strategy

The government agency officially announced the “Pathway to Net-zero Emissions in 2050” in March 2022, so we introduced the “ISO 14001 Environmental Management System” and the “ISO 50001 Energy Management System” in order to align with the Net-zero emissions in 2050 policy as we continue to upgrade the energy-saving equipment in the plant and actively implement policies such as energy saving, carbon reduction, water saving, electricity saving, etc.

The Company’s practical actions include the continuous planning of energy-saving measures to reduce electricity consumption, the reduction of carbon emissions, the replacement of old equipment and machinery, the decrease in the number of machinery to lower energy consumption, the replacement of old equipment such as air conditioners to improve energy efficiency, and the replacement of compressors with inverters for energy efficiency. So, our plant can further attain the goal of energy saving and carbon reduction. In addition, we gradually replace old lighting fixtures with energy-efficient LED fixtures, and by the function of each area such as the pantry, outdoor and hallway, we evaluate the feasibility of installing motion sensor light fixtures.

In addition, Rechi has also supported sustainable development through financial means. From March 2024 to June 2024, US\$1 million was invested in green deposits. These funds are designated exclusively to support the development of renewable energy, energy-saving equipment upgrades, and low-carbon transportation, among other green projects. Through this capital allocation mechanism, Rechi promotes the development of the environmental protection industry and the transition to a low-carbon economy, demonstrating the Company’s commitment to fulfilling its ESG (Environment, People [Human Rights], and Corporate Governance) responsibilities, and bringing tangible benefits to environmental sustainability and positive social development.

3-2 Energy management

The primary energy used by the Company included purchased electricity and liquefied petroleum gas whereas it has not used any renewable energy. However, it has introduced the “ISO 50001 Energy Management System” keeping abreast of changes in energy usage. In 2024, Rechi formulated an Energy Target Management Plan for electricity, implementing holiday shutdowns of the chiller system, night-time and holiday shutdowns of the air compressor system, and night-time and holiday shutdowns of the air handling units. Additionally, the plan included energy-saving measures such as regional lighting adjustments, the replacement of energy-intensive air compressors, and the replacement of energy-intensive chiller systems. These measures resulted in energy savings of 590,156 kWh, and purchased electricity in 2024 was reduced by approximately 2.91% compared to 2023. In 2025, in addition to continuing the existing Energy Target Management Plan, we will further evaluate the replacement of air compressors and encourage departments with higher electricity consumption to formulate improvement plans, aiming to achieve annual energy-saving and carbon-reduction goals. As for liquefied petroleum gas, due to a 12.60% increase in compressor production capacity in 2024, consumption increased by 24.76% compared to 2023. However, thanks to higher sales in 2024 and relatively stable total energy consumption, overall energy intensity decreased by 24.71% compared to the previous year.

Rechi’s internal energy consumption over the years

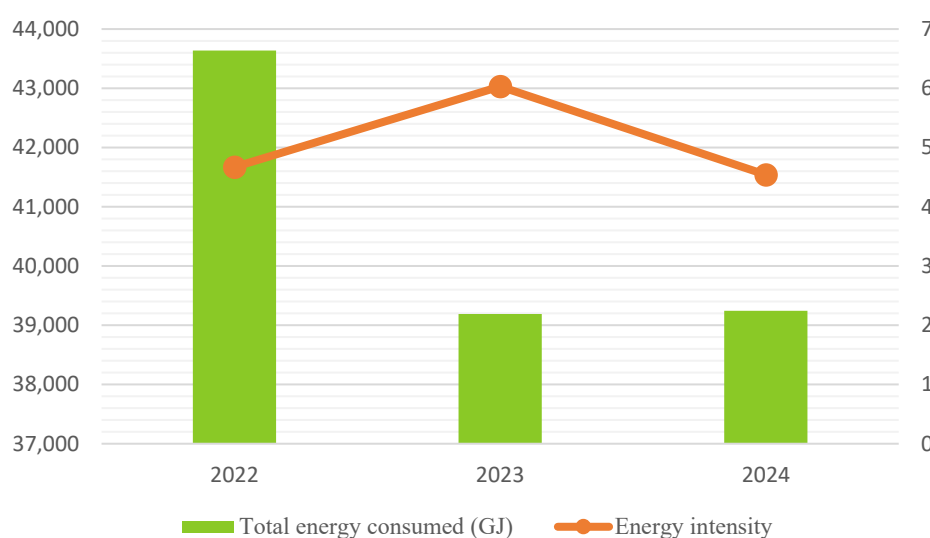
Item	2022	2023	2024
Liquefied petroleum (GJ)	5,632.13	4,177.56	5,211.86
Total electricity (GJ)	38,003.69	35,051.87	34,030.83
Total energy consumed (GJ)	43,635.82	39,189.06	39,242.69

Net sales (NT\$ million)	9,338.52	6,491.16	8,652.94
Energy intensity	4.67	6.03	4.54
Compared to the previous year (%)	23.22%	29.12%	-24.71%

Notes:

1. The conversion factor is 1 kWh= 3.6 million joules, and the heat values are fixed; liquefied petroleum gas: 10,720 kcal/kg; 1 joule = 0.239 calories; 1 calorie= 4.184 joules
2. Energy intensity formula: total energy consumed (GJ) / total output (NT\$ million)
3. The decrease in energy intensity in 2024 is due to an increase in sales and no significant change in total energy consumption.

Historical energy consumption and energy intensity



◆ Energy-saving measures

In order to implement energy conservation and carbon-reduction plans and proactively respond to greenhouse gas reduction regulations, Rechi has continued to carry out energy-saving measures, in line with the national energy-saving target and regulatory requirement that “energy users’ average annual electricity saving rate from 2015 to 2024 should be at least 1%.” In 2024, Rechi’s annual electricity savings rate was 5.88%, and the average annual electricity savings rate from 2015 to 2024 was 3.43%.

In alignment with the introduction of the “ISO 50001 Energy Management System”, the Company has formulated various energy objectives and the corresponding management programs/energy-saving measures based on such objectives, which have been addressed successfully. Rechi will continue to make efforts to extend the existing programs and propose new energy-saving measures.

Year	Energy savings (electricity) consumption	Greenhouse gas emissions reduced	Energy-saving measures:
2022	62.99	8.91	1. Replacing the 400W mercury vapor lamps with the 100W LED lamps 2. Turning off chillers during holidays. 3. Turning off compressors during holidays. 4. Adjusting lighting in the plant 5. Replacement of air compressors and chillers 6. Cooling tower pipelines switched to parallel operation; due to reduced process demand, operation was adjusted from two units to one
2023	3,468.36	476.90	

2024	2125	292.13	7. Shutdown of air handling unit in the grinding area during nights and holidays to save energy
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Note: Energy unit (GJ); greenhouse gas unit (tCO₂e)

3-3 Greenhouse gas inventory

Greenhouse gases (GHG) are naturally or artificially occurring gases in the atmosphere that can absorb and release radiation with certain wavelengths of infrared radiation from the Earth's surface, the atmosphere and clouds.

The greenhouse gases emitted from the water, gas and electricity consumption from various activities have resulted in global warming and damages to human sustainability. The Company is therefore committed to energy saving and carbon reduction with the hope to make positive contributions to the environment and ecosystem while lowering operating costs with the associated measures to meet the demands of stakeholders.

The Company's GHG data have been verified with the ISO 14064-1: 2018 standard. The year 2021 was originally set as the base year, but since Scope 3 inventory was added in 2022, the base year has been changed to 2022. The information on the responsibility, organizational boundaries, scope of verification and emissions are provided as follows.

◆ Responsibility

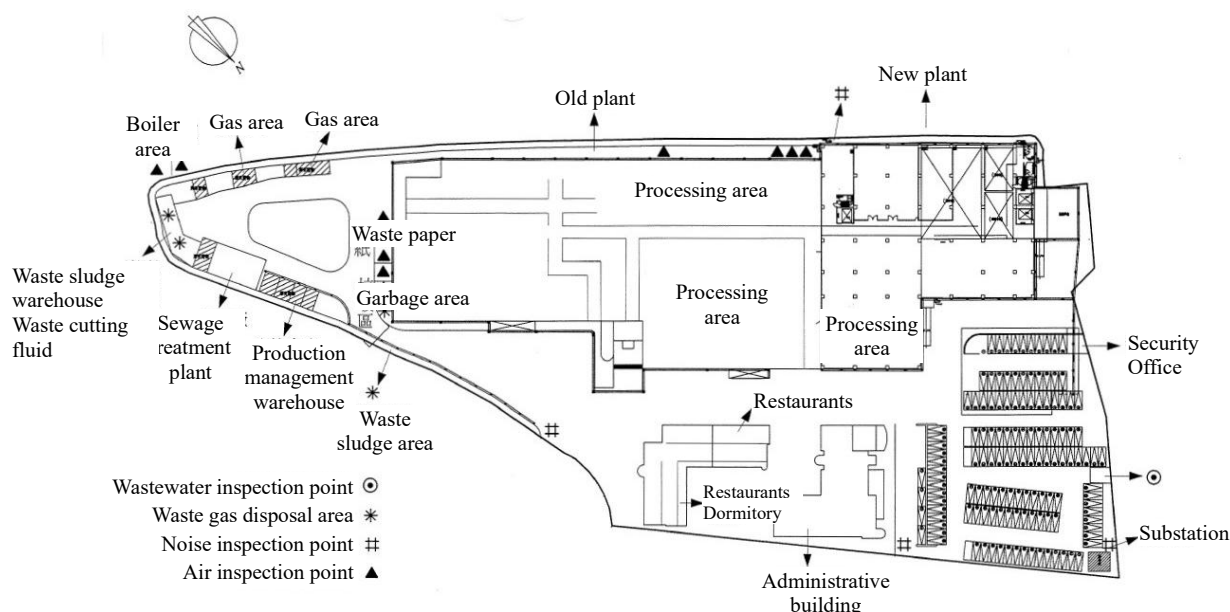
The management of Rechi Precision Co., Ltd. makes sure the development, record maintenance and documentation of the greenhouse gas information system meet the standards, and the Greenhouse Gas Inventory Initiation Team is in charge of taking inventory, summarizing information and preparing reports on GHG emissions, evaluating, determining and reporting the information on greenhouse gas emissions, and coordinating relevant departments to provide other information necessary for issuing the greenhouse gas report.

Adhering to the principles of being a third-party verification organization and the mutual agreement, the Metal Industries Research and Development Centre (MIRDC) conducted the greenhouse gas emissions verification on the organization level from January 1, 2024 to December 31, 2024 for the GHG inventory reporting period (from May 8, 2025 to May 20, 2025), and issued a verification opinion of greenhouse gas emissions.

◆ Organizational boundaries

The organizational boundaries set for the Company GHG inventory is the single factory of RECHI PRECISION CO., LTD. (Address: No. 943, Section 2, Chenggong Road, Guanyin District, Taoyuan City).

Floor plan of the Plant



◆ Reporting boundaries

The Company has set the inventory boundaries to cover the 7 GHGs defined in the ISO 14064-1: 2018 standard, which are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorinated compounds (PFCs), sulfur hexafluoride (SF₆) and nitrogen trifluoride (NF₃), and the reporting boundaries are described below:

- **Direct GHG emissions (scope 1):** Direct greenhouse (GHG) emissions that occur from sources that are controlled or owned by the Plant. E.g. emissions from emergency power generated by generators, garden machinery, welders, various furnaces and ovens, company vehicles, septic tanks, extinguishers, fugitive emission of refrigerant.
- **Indirect GHG emissions from energy (Scope 2):** Indirect GHG emissions associated with the import/purchase of electricity, heat or steam used by the organization. The external electricity is used by the Plant of RECHI PRECISION CO., LTD.
- **Indirect GHG emissions from transportation (Scope 3):** emissions from upstream raw materials and downstream products transportation, and indirect transportation emissions from employee commuting and business travel.
- **Indirect emissions from raw materials/services (Scope 4):** GHG emissions from upstream mining and processing in connection with the organization's use/service and GHG emissions from waste treatment arising from the organization's use/service.

◆ Historical GHG emissions

The emissions from various GHG emissions sources are calculated mainly using the "Emission Factor Approach", and the equation is: the quantity used or produced (activity rate) × emission factor × IPCC (2021) Global Warming Potential (GWP) = emissions in CO₂ equivalents (CO₂e).

The total Scope 1 and Scope 2 emissions of the Company in 2024 was 8,365.06 tCO₂e, an 11.27% decrease from the base year 2022. However, due to the decline in production capacity, the decline in energy consumption of production equipment that was proportionally lower than the decrease in sales and the relatively higher emissions from the infrastructure have both resulted in the increase in emission intensity.

Historical Scope 1 and Scope 2 emissions Unit: tCO₂e

Year	Scope 1	Scope 2	Total	Sales volume (NT\$ million)	Energy intensity
2022	4,207.20	5,225.16	9,432.36	9,338.52	1.01
2023	3,841.76	4,809.90	8,651.66	6,491.16	1.33
2024	3,884.33	4,480.73	8,365.06	8,652.94	0.97

Note:





1. Greenhouse gas emission intensity formula: (scope 1+ scope 2) / total output (NT\$ million)

3-4 Water resources Management

The Company's wastewater is classified into four major categories: wastewater from production, R&D facility wastewater, plant facility wastewater and domestic wastewater, and then discharged as per the two major wastewater attributes:

- 1. Due to its low pollution nature, wastewater can be used for floor cleaning and plant watering after treatment or discharged into the sewage outlet of the Guanyin Industrial Park Operations Center.
- 2. Wastewater, wastewater from R&D facilities, and wastewater from plant facilities are first discharged into the automatic wastewater treatment center established by the plant. After a complete wastewater treatment process with the wastewater in compliance with the discharge standards of the Guanyin Industrial Park Operations Center, the wastewater can be discharged into the sewage outlet of the Guanyin Industrial Park Operations Center.

Types of wastewater

Type	Percentage	Source
 Wastewater from production	30%	Production line cleaning wastewater
 R&D facility wastewater	35%	Wastewater from heat exchange of calorie counting machines and longevity test machines
 Plant facility wastewater	20%	Compressor, chiller and cooling tower drainage
 Domestic wastewater	15%	Domestic wastewater from washing, toilet, and bathroom facilities in the administration building and the dormitory and restaurant building

The Rechi Precision Wastewater Treatment Plant has a total treatment capacity of 140 metric tons per day. After the process wastewater is treated to be aligned with the discharge standard every day, it is discharged to the sewage system of Guanyin Industrial Park Operations Center. In 2024, the volume of water discharged was 33.73 million liters, a decrease of 7.71 million liters from 40.90 million liters in 2023. The discharged water quality is regularly sampled and tested, and the chemical oxygen demand (COD) was 33mg/L and the suspended solids (SS) was 13.8mg/L, both better than the quality standard for a sewage treatment plant.

Wastewater test results over the years

Unit: mg/L

Year	SS	COD	Handling unit
2022	25	78.6	Guanyin Industrial Park Operations Center
2023	15.3	36.7	
2024	13.8	33	

Note: Discharge standards SS=480, COD=560

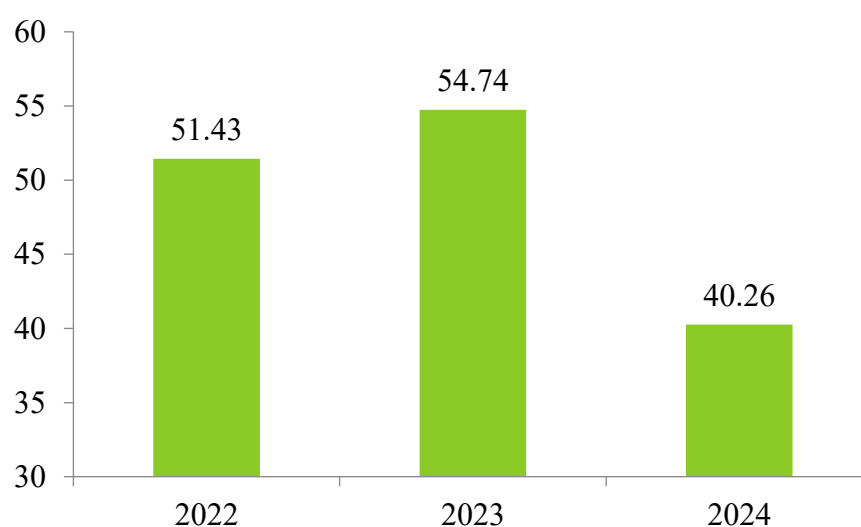
The Company is located in Guanyin Industrial Park, where the industrial water supply comes from tap water. Since the use of groundwater is strictly prohibited in the park, tap water is the only available water source. The water is supplied from the Shihmen Reservoir, which is not located in a water-stressed area. In the beginning, when the plant was established, issues of saving power resources for creating better profits and energy conservation and a reduction of carbon emission has been taken into consideration and protection of environmental resource was seen as the objective of production; thus, 40.26 million liters of water used in 2024, which is 14.48 million liters less than 54.74 million liters of water used in 2023. In terms of water resource control, the inexpensiveness of energy is never a criterion taken into consideration by the Company, as it values its responsibility as a corporate, would do its best to save energy and deduct carbon, and is committed to loving and protecting the Earth with the expectation to save and leave more energy to the later generations, to date, the Company has not violated any regulations against environmental issues.

Table of Water Usage over the years

Unit: million liters

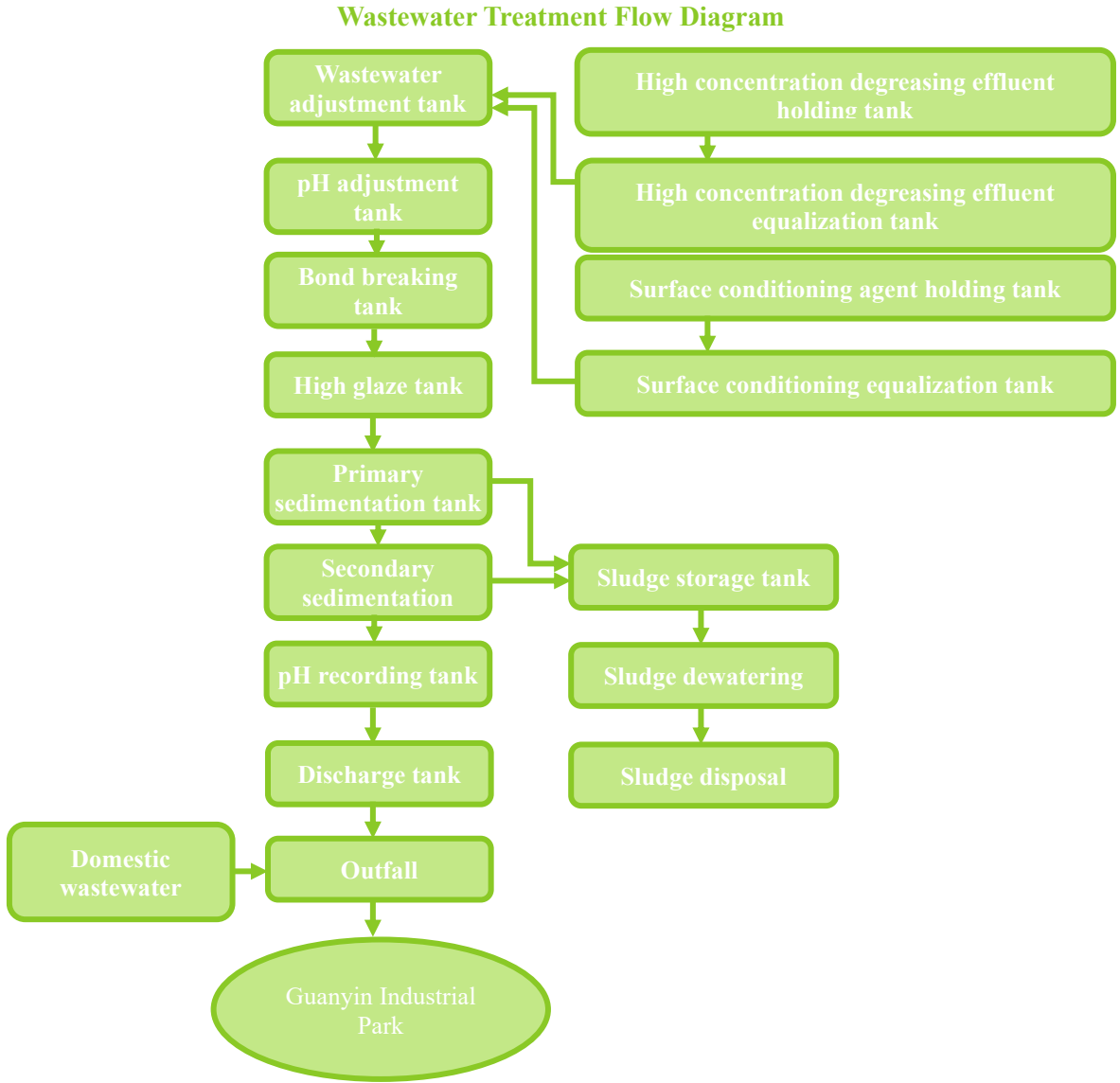
Year	Water source	Total water used	Total water discharged	Water consumption
2022	Tap water	51.43	45.18	6.25
2023	Tap water	54.74	40.90	13.85
2024	Tap water	40.26	33.73	6.54

Water intake over the years



The overall water consumption of tap water (including the dormitory and restaurant buildings) is based on the data of the water consumption in each area: R&D: 35%, processes: 30%, domestic water: 20%, dormitory: 15%; reclaimed water reused as water for R&D (35%). A small water recycling system is set up at the R&D facility, and it mainly recycles the water discharged from calorie counting machines and longevity testing machines. After the water is collected and stored, it is used for the cooling water tower of the longevity testing machine. It is estimated that the water consumption can be decreased by five cubic meters per day.

The benefit of recycled water is not very significant. Under multiple considerations, in addition to the possibility of setting up a small recycling water system, the establishment of a larger recycling water system will not be considered for now. We will switch our focus to water conservation or improvement to water consumption, which may have far greater effect than that of recycling water.



3-5 Waste management

The Company primarily manufactures compressors. Given the industry’s nature, waste output includes general trash, inorganic sludge, waste oil, etc. In 2023, new categories of waste plastic and waste cloth were added, with no hazardous industrial waste produced. All waste is legally transported and treated, mostly by incineration. According to the characteristics of resources recycled, most of them

are mainly scrap metal and paper, and they are ultimately recycled and re-used by the resource recycling service providers. The company does not import or export foreign waste.

Historical Waste Treatment					Unit: tons
Type of waste	2022	2023	2024	Treatment method	Treatment location (on-site/off-site)
General waste	47.5	33.3	30.6	Incineration (without energy recovery)	Off-site
Inorganic sludge	0.0	8.6	9	Physical	Off-site
Waste oils	9.4	11.6	8.8	Physical	Off-site
Waste plastic	-	10	28	Incineration (without energy recovery)	Off-site
Textile waste	-	1.2	1.2	Incineration (without energy recovery)	Off-site
Subtotal	56.9	64.7	77.6		
Scrap metal	151.8	170.3	152.5	Recycling	Off-site
Waste paper	86.9	54.6	72.4	Recycling	Off-site
Scrap metal barrels	2.6	4.4	31	Recycling	Off-site
Waste plastic	25.8	15.4	50	Recycling	Off-site
Waste wood	33.1	24.2	25.9	Recycling	Off-site
Subtotal	300.3	268.9	331.8		
Total weight	357.2	333.6	409.4		

Note:

1. “0” indicates below the minimum level for clearance.
2. The disposal of waste in our plant does not have the preparation, recycling, and burial of waste.

3-6 Air pollution management

In terms of air pollution control, the Company regularly detects the levels of nitrogen oxides (NO_x), sulfur oxides (SO_x) and particulate matters (Par.) and the level of volatile organic compounds (VOCs) in the manufacturing process in accordance with laws and regulations, and all levels are tested normal. In addition, it adheres to laws in the application for the installation, change, handling, modification and extension of the stationary pollution source, and it does not use or produce any ozone depleting substance (ODS).

Stationary pollution source detection data

Company name	Air pollutant	Tested value in 2020	Control standard	Unit
Steam boiler	Particulate matter	ND	30	(mg/Nm3)
	Sulfur dioxide	ND	50	ppm
	Nitrogen oxides	68	100	ppm
Sheet metal cleansing	Particulate matter	1	50	(mg/Nm3)
	Sulfur dioxide	1.8	100	ppm
	Nitrogen oxides	ND	150	ppm
Pre-treatment line	Hydrofluoric acid	ND	0.025	g/s
	Nitric acid	3.32E-05	0.051	g/s
	Phosphoric acid	ND	0.01	g/s
	Fluoride	1.32E-03	0.013	g/s
Post-treatment line	Particulate matter	1.81	50	(mg/Nm3)
	Sulfur dioxide	2.7	100	ppm
	Nitrogen oxides	9.2	150	ppm
Paint spray booth	Xylene	ND	12.179	g/s

Note:

1. The stationary pollution source detection was made before the permit renewal (once every 5 years)
2. “ND” indicates the value below the limit of detection.

3-7 Environmental Accounting

The Company’s total amount of various environmental protection expenditures in 2023 and 2024 were NT\$2,313 thousand and NT\$3,252 thousand respectively, of which air pollution prevention and control accounted for 0.0% and 0.0%, respectively, water pollution prevention and control accounted for 44.3% and 32.9%, respectively, waste disposal accounted for 43.3% and 46.1%, respectively, and others accounted for 12.4% and 21%, respectively. The details of various environmental protection expenses in 2023 and 2024 are as follows:

Historical environmental protection expenses

Unit: NT\$ thousand

Item	2022	2023	2024
Air pollution control	3	1	2
Water pollution prevention and control	1,056	1,024	1,069
Waste disposal	1,210	1,002	1,498
Others	635	286	683
Total	2,904	2,313	3,252

Note: Including general public facilities maintenance fees and environmental protection consultation fees and other expenses.

3-8 Climate change governance

In recent years, extreme weather events have become more frequent, indicating the severity of global warming. Many countries have been taking the issue of climate change seriously, and by means of adoption of amendment to regional laws, urged companies to include climate change issues in their operational management. In addition to the identification of business risk caused by climate change, the Company has also included the four thematic areas: governance, strategy, risk management and metrics and targets, recommended in the Task Force on Climate-Related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB). The performance of its governance has been disclosed in the Sustainability Report in the hope that stakeholders can facilitate a better understanding of the impacts of climate-related risks and opportunities on the Company and the countermeasures thereof.

► Governance

Matters in connection with climate change are discussed and assessed in the Sustainable Development Committee's meetings and subsequently approved by a resolution in the Board of Directors' meeting. Task teams were formed under the Committee, and the strategic planning team is responsible for coordinating all task teams and reporting to the Board of Directors in regard to TCFD climate governance every year as a reference for their decisions.

► Strategy

We are aware that climate change has had a profound impact on our business operations. To effectively manage the associated risks and opportunities, we continue to follow the TCFD (Task Force on Climate-related Financial Disclosures) framework to advance related management efforts, and have incorporated climate issues into our operational decision-making and strategic planning to mitigate potential impacts and strengthen long-term resilience.

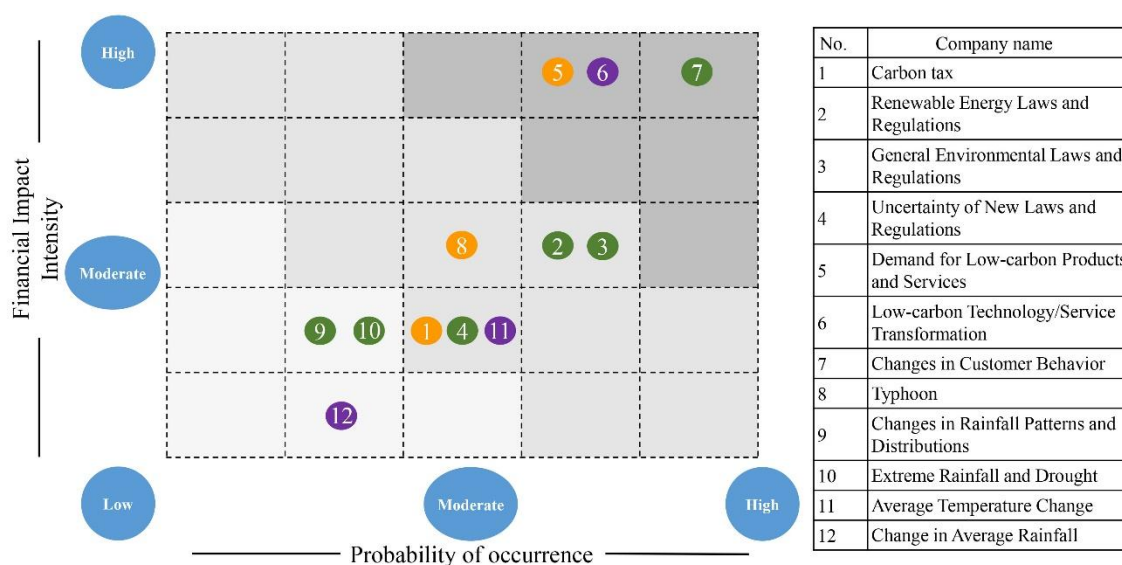
In response to the impact of climate-related risks and opportunities on Rechi's strategy and financial planning, we have adopted both quantitative and qualitative climate scenario analyses, using TCFD-recommended scenarios for evaluation. Following discussion at the Sustainable Development Committee meeting, it was resolved to adopt the 2°C scenario (2DS) as the basis for Rechi's physical climate risk assessment, supplemented by tools provided by the TCCIP (Taiwan Climate Change Projection and Information Platform) to conduct thematic descriptions and analyses of both physical and transition risks related to climate change. Ultimately, the 2DS / RCP2.6 scenario was selected as Rechi's physical climate risk scenario for identifying and describing risks and opportunities associated with climate change. In reference to TCFD reports relevant to the manufacturing industry and considering the Company's long-term operational development needs, climate-related risks and opportunities are categorized by time horizon as follows: short term (1–3 years), mid-term (3–5 years), and long term (6–10 years), to support strategic planning and resource allocation, ensuring operational flexibility and resilience in facing climate challenges.

Climate-related risks and opportunities are re-identified and reassessed annually, covering both immediate and long-term physical risks, as well as potential policy, regulatory, market, and reputational

risks during the transition process. Each department identifies and evaluates risks based on its annual plans and operational characteristics. Through cross-departmental meetings, they integrate perspectives to propose response strategies and action plans, which are incorporated into annual operations.

To enhance overall management efficiency, Rechi has incorporated climate risks into the Company's overall risk management framework. A standardized process is used to regularly identify and review risks, with rolling adjustments made during the annual meetings. By integrating climate risk into the existing operational risk management system, the effectiveness and feasibility of climate risk governance are significantly enhanced. Through joint discussions and identification by all business units, the impacts of climate change on Rechi's operations and corresponding response measures are summarized as follows:

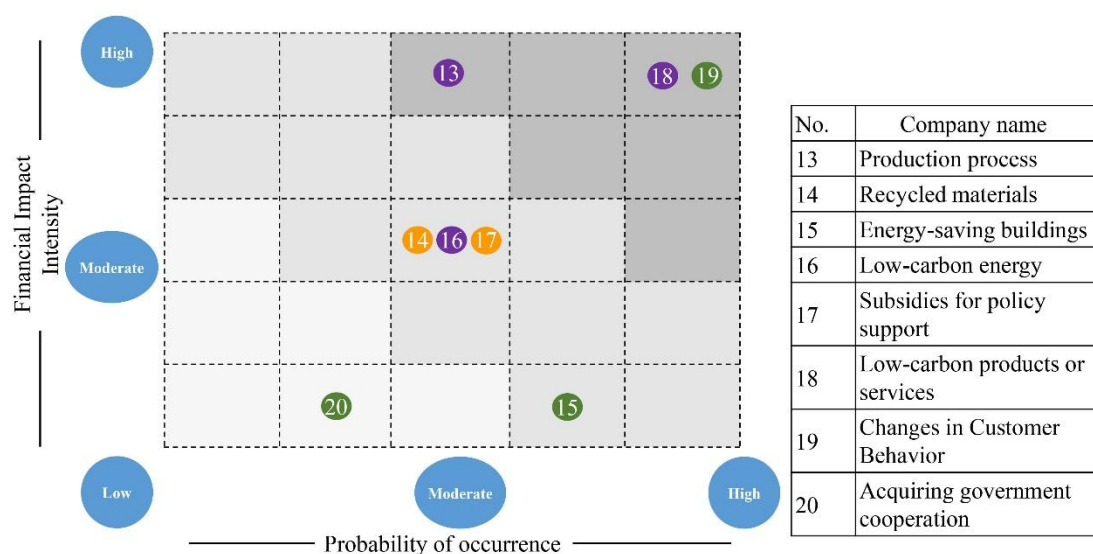
Climate Change – Risk Matrix



Note:

1. Short term: Expected to occur within 1–3 years (orange)
2. Mid-term: Expected to occur within 3–10 years (green)
3. Long term: Expected to occur after 10 years (purple)

Climate Change – Opportunity Matrix



Note:

1. Short term: Expected to occur within 1–3 years (orange)
2. Mid-term: Expected to occur within 3–10 years (green)
3. Long term: Expected to occur after 10 years (purple)

Climate Change Risk Identification Table

Risk factor	Impact Description	Occurrence time	Financial Impact	Risk level	Description of the management method
Carbon tax	If a carbon tax is implemented, production and logistics costs will increase, thereby affecting product pricing and market competitiveness.	Short term (1 to 3 years)	Increased indirect costs	Moderate	Prioritize the adoption of low-carbon production technologies, assess the carbon footprint of the supply chain, and cooperate with low-carbon logistics providers to reduce overall carbon emissions.
Renewable Energy Laws and Regulations	Government promotion of renewable energy usage may affect electricity procurement and manufacturing costs, requiring a higher proportion of green power usage to meet regulatory standards.	Medium-term (3 to 10 years)	Increased capital expenditure	Moderate	Solar power systems have been planned for rooftops and parking lots of the plant.
General Environmental Laws and Regulations	As environmental regulations tighten, operational models must adjust to reduce carbon emissions, leading to additional expenditures.	Medium-term (3 to 10 years)	Increased indirect costs	Moderate	<ol style="list-style-type: none"> 1. Inventory all equipment and gradually replace energy-intensive machines with energy-saving, eco-friendly alternatives 2. Conduct regulation audits and compliance checks
Uncertainty of New Laws and Regulations	Regulatory uncertainty hinders proactive strategy adjustments; operational flexibility is needed to adapt to changes and minimize policy risk.	Medium-term (3 to 10 years)	Increased indirect costs	Moderate	Establish a regulatory monitoring mechanism and collaborate with industry associations to ensure timely operational adjustments and avoid potential penalties or restrictions.
Demand for Low-carbon Products and Services	As climate change concerns grow, high-GWP refrigerant products are being phased out, significantly impacting R&D. Failure to develop products with low-GWP refrigerants and improve compressor energy efficiency could lead to unmet market demand for efficient, low-carbon products and result in lost market share.	Short term (1 to 3 years)	Loss of existing customers	High	During the product design and development process, we are committed to complying with international safety, energy and environmental regulations, ensuring the compliance and safety of our products in the global market and enhancing their value and competitiveness. Actively develop high-efficiency, energy-saving products using low-GWP refrigerants to reduce emissions, achieve reduction targets, and extend product life cycles.

Low-carbon Technology/Service Transformation	<p>If Rechi fails to take early action in developing high-efficiency, energy-saving products and adopting low-GWP environmentally friendly refrigerant technologies, it will not only affect the Company's position and competitiveness in the international market, but also lead to significantly higher transition costs – including equipment purchases, upgrades, and increased R&D investments – which will further impact overall profitability.</p>	Long term (10 years or more)	Increased R&D costs	High	<p>Reduce R&D investment in older products and prioritize resources for the development of compressors featuring low-GWP refrigerants, high performance, and energy-saving technologies. This will enhance product value, mitigate regulatory risks from tightening environmental laws, and ensure alignment with market trends and compliance requirements.</p>
Changes in Customer Behavior	<p>As extreme climate events become more frequent, consumers are paying increasing attention to energy conservation and carbon reduction. Purchasing decisions are increasingly focused on a company's environmental commitments and sustainability performance. If companies fail to adjust their products or services in a timely manner to meet higher energy efficiency standards, environmental regulations, and greenhouse gas reduction requirements, they will risk market loss and may even be eliminated from the market.</p>	Medium-term (3 to 10 years)	Decrease in operating revenue	High	<ol style="list-style-type: none"> 1. Introduce a supplier selection mechanism requiring supply chain partners to provide carbon emission data and set emission-reduction targets to enhance the overall ESG performance of the supply chain. 2. Closely monitor market regulations and development trends, and increase R&D investment.
Typhoon	<p>If the factory is hit by severe typhoons, it may lead to production suspension, equipment damage, and even affect ERP systems and power supply. Additionally, the import and export of raw materials may be disrupted, causing supply chain interruptions and impacting production and delivery schedules. Traffic disruptions may also affect employee commuting, resulting in</p>	Short term (1 to 3 years)	Increased direct costs	Moderate	<ol style="list-style-type: none"> 1. Strengthen flood and wind protection facilities at the plant; establish disaster response plans to ensure personnel safety and rapid production recovery 2. Increase raw material inventory in advance and adjust inventory strategies based on typhoon forecasts 3. Establish backup communication and UPS systems to ensure

	workforce scheduling difficulties or even injuries and fatalities.				uninterrupted operation of critical systems during disasters
Changes in Rainfall Patterns and Distributions	Uneven rainfall distribution may cause water shortages, affecting process water use in production, reducing capacity, and increasing costs. Additionally, sudden heavy rainfall may result in flooding or seawater intrusion at the plant, damaging equipment, causing property loss, interrupting production, and disrupting supply chain transportation and employee commuting, thereby affecting normal business operations	Medium-term (3 to 10 years)	Increased direct costs	Low	<ol style="list-style-type: none"> 1. Introduce water recycling and water-saving equipment to improve water use efficiency and reduce production risks 2. Strengthen waterproofing, flood prevention, and drainage system maintenance to enhance infrastructure resilience 3. Establish a water reuse system and implement process water reduction strategies 4. Install backup power systems and reinforce UPS equipment to ensure uninterrupted operations
Extreme Rainfall and Drought	Heavy rainfall may cause flooding, leading to equipment damage and production delays. Droughts may impact process water usage and cooling systems, increasing operating costs. Supply chain disruptions may result in raw material shortages and delayed deliveries. In addition, tightening environmental regulations will pressure companies to develop high-efficiency, low-carbon products to adapt to market changes and reduce associated risks.	Medium-term (3 to 10 years)	Increased direct costs	Low	The R&D department can strengthen disaster prevention facilities and water resource management to ensure equipment safety and stable operation. At the same time, establish a diversified supply chain and leverage digital simulation technologies to mitigate environmental impact. Closely monitor regulatory changes, proactively deploy high-efficiency and low-carbon technologies, and establish comprehensive emergency plans to ensure uninterrupted R&D progress.
Average Temperature Change	Rising temperatures will increase the demand for air conditioning and refrigeration equipment, driving compressor technology toward higher efficiency, lower energy consumption, and improved high-temperature resistance. Conversely, falling temperatures may increase	Long term (10 years or more)	Increased indirect costs	Moderate	Strengthen R&D in high-efficiency, low-energy-consumption technologies, especially high-temperature and low-temperature heat pump technologies. Track changes in regulations to develop products that meet energy-saving and environmental standards. At the same time, flexibly

	the demand for heating equipment, requiring compressors to operate in lower-temperature environments, such as the development of low-temperature heat pump technologies. At the same time, intensified global temperature changes may lead to stricter energy regulations. Governments are reinforcing energy-saving and environmental protection standards for compressors, requiring products with higher efficiency and lower carbon emissions. Additionally, changing regional demands for heating and cooling equipment may prompt companies to adjust their product lines, affecting the allocation of R&D resources.				adjust R&D resource allocation based on market demand and enhance collaboration with research institutions to improve testing and technical capabilities.
Change in Average Rainfall	Long-term changes in rainfall will impact the stability of Rechi's supply chain, facility maintenance, and process water management. This may result in delivery delays, production interruptions, and rising operating costs.	Long term (10 years or more)	Decrease in operating revenue	Low	<ol style="list-style-type: none"> 1. Strengthen warehouse and logistics management to improve supply chain flexibility and stability 2. Build flood prevention, drainage, and rainwater harvesting systems to ensure facility safety and business continuity 3. Promote water recycling, reuse, and water conservation management

Climate Change Opportunity Identification Table

Opportunity factor	Impact Description	Occurrence time	Financial Impact	Opportunity level	Description of the management method
Production process	Optimize the production process to reduce the generation of industrial waste, lower production costs, and reduce carbon emissions.	Long term (10 years or more)	Reduced operating costs	High	Reduce costs associated with production defects, minimize material and energy waste.
Recycled materials	Introduce recycled metal materials and high-recyclability packaging materials to reduce the	Short term (1 to 3 years)	R&D cost reduction	Moderate	<ol style="list-style-type: none"> 1. Optimize supply chain and material selection; increase the reuse ratio of

	demand for new raw materials and effectively lower the supply chain’s carbon footprint. Ensure the quality and stable supply of recycled materials while complying with international environmental regulations and market standards.					<div>recycled materials</div> <div>2. Reduce production costs and reliance on natural resources</div> <div>3. Ensure compliance with international environmental regulations and customer requirements, such as RoHS and REACH</div> <div>4. Avoid hazardous substances to enhance product competitiveness and corporate sustainability image</div>
Energy-saving buildings	Improve energy efficiency in factories and offices to reduce long-term operational costs.	Medium-term (3 to 10 years)	Reduced operating costs	Low		Promote the ISO 50001 system and introduce energy-saving equipment such as LED lighting and smart air conditioning systems to lower energy expenses.
Low-carbon energy	Expand green energy generation facilities to reduce reliance on traditional energy sources.	Long term (10 years or more)	Reduced carbon pricing costs	Moderate		Install solar power generation systems on-site to increase the proportion of self-generated electricity
Subsidies for policy support	Leverage government subsidies to reduce the initial costs of technological transitions and new energy investments, accelerating the development and application of low-carbon technologies.	Short term (1 to 3 years)	R&D cost reduction	Moderate		Actively apply for government subsidies, promote R&D projects, and speed up the adoption of new energy and energy-saving technologies.
Low-carbon products or services	Develop high-efficiency, energy-saving products using recyclable packaging, adopt low-GWP refrigerants, and utilize high-efficiency compressors to reduce energy use and carbon emissions while increasing product value and market competitiveness. Synchronize R&D with regulatory requirements to expand global market share, strengthen brand image, and enhance sustainability advantage.	Long term (10 years or more)	Climate change adaptation	High		<div>1. Strengthen R&D capacity, introduce high-efficiency compressors and low-GWP refrigerant technologies</div> <div>2. Meet market demand for high-performance, eco-friendly products</div> <div>3. Collaborate with customers on customized solutions to enhance product adaptability and competitiveness</div>

					4. Accelerate innovation, deepen partnerships, track market and technology trends, and create new business opportunities
Changes in Customer Behavior	With growing market demand for low-carbon products, Rechi has proactively upgraded its supply chain and technology to maintain competitiveness.	Medium-term (3 to 10 years)	Increased operating revenue	High	Establish a dedicated team to monitor environmental regulations across countries/regions (e.g. new refrigerants, energy efficiency). Proactively develop new products and provide them to customers.
Acquiring government cooperation	Companies can collaborate with the government on low-carbon manufacturing projects, apply for energy subsidies and energy efficiency certifications. This not only brings policy and financial support but also helps elevate brand image and sustainability reputation.	Medium-term (3 to 10 years)	Enhanced brand value	Low	Maintain close cooperation with government agencies, participate in pilot programs and standards development to increase industry influence and secure funding opportunities.

► Risk Management

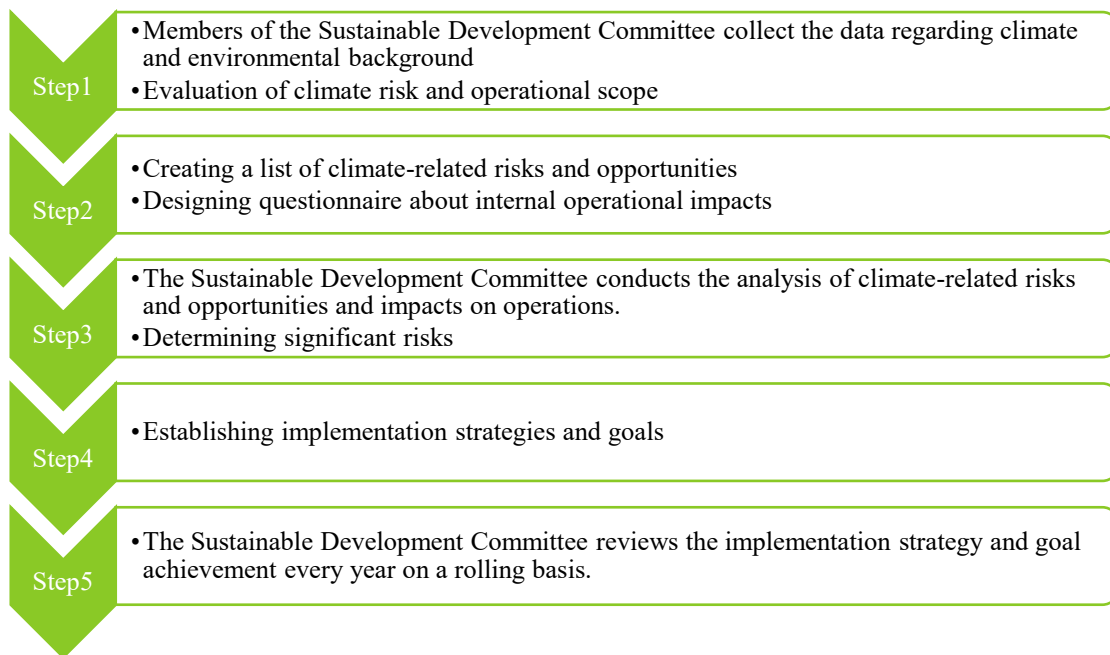
Rechi recognizes the potential impact of climate change on its operations. To better identify and respond to climate-related risks, we have established climate risk management procedures in accordance with the TCFD framework, integrating climate risks into our overall enterprise risk management and daily operations.

Each department is responsible for identifying and evaluating risks based on their operational characteristics and regional climate conditions. Risks include operational disruptions due to extreme weather events, increased environmental costs from changing regulations, and transition risks stemming from shifts in market demand.

A comprehensive framework has been established, encompassing the stages of identification, assessment, management, and adjustment. Departments regularly report climate-related risk items, which are consolidated cross-functionally and analyzed by the management unit to determine the level of impact and likelihood, followed by planning appropriate countermeasures. Risk management strategies include diversification, business continuity planning, and resource allocation, which are implemented through annual work plans.

To strengthen resilience and response capacity, we have developed recovery and adaptation mechanisms, pre-defined contingency plans for potential climate impacts, and regularly conduct internal drills and reviews to enhance readiness. We also continuously monitor climate risk trends and conduct rolling reviews and updates to ensure management practices remain aligned with both internal and external environmental changes.

TCFD risk management process



Note: This flowchart explains that the Company traces and monitors climate-related risks, collects data and determines risk levels based on the risk matrix. The Sustainable Development Committee subsequently carries out the overall analysis, evaluation and review, sets up strategies and goals, and reviews the performance every year on a rolling basis.

► Indicators and goals

The Company has set the goals as follows based on the corresponding indicators of the TCFD climate-related risks and opportunities:

1. More than 1% power saved on average every year.
2. Wastewater quality meets the standards, and discharge volume reduced by 3%.
3. Regularly fostering greenhouse gas emissions inventory in accordance with the ISO 14064-1: 2018 and aiming to reduce by 1% in 2025 from 2024
4. Improving waste classification, promoting waste reduction and reducing waste by 3%



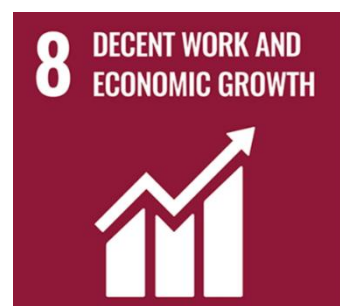
4 Happy Workplace Social Co-prosperity

4-1 Human resources and compensation and welfare

Since its establishment, the Company upholds the corporate culture of “Accountability, Integrity and Innovation” and its mission of “maximizing corporate values and fulfilling the responsibility for caring for the Earth,” and the same applies in its implementation of human resources policy. First of all, it prudently observes local laws of each country and the international human rights regulations and adheres to the principles of fairness and reasonableness when treating employees. It attaches great importance to the value of each employee and commits to cultivating talents and building a creative and challenging working environment. It has the expectation that under such a corporate culture employees can endeavor to achieve its vision of “creating infinite possibilities in the energy-saving industry and becoming the top provider of forward-looking energy-saving products.”

◆ Human rights policy

In order to fulfill its corporate social responsibility, Rechi has adopted the United Nations Sustainable Development Goal (SDG) 8 as a core reference for its human rights policy. Specifically, Target 8.5: “By 2030, achieve full and productive employment and decent work for all, including for young people and persons with disabilities, and equal pay for work of equal value”; and Target 8.8: “Protect labor rights and promote safe and secure working environments for all workers, including migrant workers – particularly women migrants – and those in high-risk occupations.” These SDG targets serve as the highest guiding principles for the development of Rechi’s human rights policy. Rechi strictly complies with labor-related laws and regulations in all regions where it operates and adheres to the spirit and core principles of international human rights instruments, including the Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labour Organization Declaration on Fundamental Principles and Rights at Work. Rechi is committed to protecting the legal rights and interests of its employees and to treating all individuals equally and with respect. This commitment extends to contract and temporary workers, interns, and foreign employees, demonstrating its responsibility to uphold equality, respect, and the protection of human rights.



The Group’s human rights policy applies to all domestic and overseas subsidiaries of the Group and other affiliated enterprises and organizations over which the Group has substantial control, and its suppliers are also required to adhere to the same standard. The implementation guidelines are as follows:

- | | |
|--|---|
| I. Respect diversity in the workplace and ensure equal employment. | V. Respect privacy and the right to freedom of association. |
| II. Provide reasonable and fair working conditions. | VI. Insist on ethical management and fair transactions. |
| III. Develop a safe and healthy work environment. | VII. Prohibit forced labor and child labor. |
| IV. Maintain an unobstructed communication and grievance channel. | VIII. Regularly review and evaluate policy implementation. |

◆ Personal Data Protection Regulations

Rechi has established the Personal Data Protection Regulations and fully implements all relevant provisions. From data collection and processing to storage, robust management mechanisms are in place to ensure the security and legality of personal data throughout the handling process. At the same time, Rechi continues to strengthen the development and maintenance of its information security systems to ensure data integrity and confidentiality, and to prevent potential risks. To effectively promote the personal data protection management system, Rechi has established a Personal Data Protection Management Team (hereinafter referred to as the “Data Protection Team”), with the General Manager serving as the management representative or appointing a qualified individual to act in that role.

The Data Protection Team is composed of department-level supervisors and above, responsible for overall planning, coordination, and supervision of the implementation of the Company's personal data protection policies. The HR Department has been designated as the official contact point for personal data protection, responsible for unified internal and external communication and coordination. This system applies to all employees, affiliated companies, external suppliers, and customers – essentially all parties who may come into contact with personal data – to ensure widespread confidence in Rechi's data protection mechanisms.

In terms of education and training, a total of 34 personnel participated in personal data protection training courses in 2024. All participants successfully completed the training and passed the required assessments, achieving the intended training outcomes. As of now, Rechi has not experienced any violations of the Personal Data Protection Act in 2024, demonstrating the Company's effective implementation of personal data protection requirements across system design, training, and practical execution.

◆ Overview of talents

For a diverse, communing, harmonious, equal, friendly and healthy working environment, the Company handles employment affairs rigorously in conformity with applicable laws and regulations such as the "Labor Standards Act," the "Employment Service Act," and the "Gender Equality in Employment Act" to protect employees' entitled work rights. In response to the diversity of its employees, Rechi provides job opportunities for persons with disabilities that exceed the requirements of Article 38 of the People with Disabilities Rights Protection Act. Currently, four individuals with disabilities are employed. Additionally, Rechi respects diverse cultural customs and employs four Indigenous individuals, with no incidents of violations of their labor or human rights.

By the end of 2024, the total labor force of Rechi Precision Co., Ltd. (as shown in the table below) was 332 employees, including 261 men (78.61%) and 71 women (21.39%). In terms of employment category, there were 284 full-time permanent employees (85.54%) and 48 temporary full-time employees (14.46%), which included 2 consultants (1 local and 1 Japanese), 2 Japanese indirect employees, 2 Thai indirect employees, and 42 Thai production workers. Currently, Rechi Precision Co., Ltd. does not have a labor union and has not signed any collective bargaining agreements.

Historical employment distribution by contract type/gender Unit: person

Year/Item	Type of contract	Male (A)	Female (B)	Total	Total number of people	Ratio of ((A)+(B)/(C)
2022	Full-time permanent employment	200	73	273	313	87.22%
	Temporary full-time	37	3	40		12.78%
2023	Full-time permanent employment	209	72	281	310	90.65%
	Temporary full-time	26	3	29		9.35%
2024	Full-time permanent employment	215	69	284	332	85.54%
	Temporary full-time	46	2	48		14.46%

Note:

1. Rechi Precision Co., Ltd. does not employ any employees with guaranteed hours or part-time employees.
2. There is no significant change in the number of employees at the end of 2024 and 2023.

Of the Company's workforce composition, employees are lawfully divided into definite contract personnel and indefinite contract personnel. In 2024, male employees accounted for 78.61%, while female employees represented 21.39% of all employees. In terms of age distribution, employees under 30 accounted for 20.48%, those aged 30 to under 50 made up 50.90%, and those aged 50 and above accounted for 28.62%. Regarding educational background, 18.07% held a graduate degree or higher, 51.20% had a college or university education, and 30.73% had other educational backgrounds. In terms of years of service, 35.84% had worked for less than 5 years, 16.57% had worked for 5 to 10 years, and 47.59% had worked for more than 10 years. The details regarding employee gender, age, education, length of service, job level, place of residence of senior management and the composition of workers who are not employees are listed below:

Historical employee distribution by age/education/length of service Unit: person

Year	Gender	Age			Educational background			Length of service		
		Under 30 years	30-50 (exclusive) years	50 years or above	Master's and above	College	Others	5 years or fewer	5-10 years	10 years or more
2022	Male	31	73	133	48	114	75	82	49	106
	Female	6	20	50	5	39	32	25	17	34
	Total	37	93	183	53	153	107	107	66	140
2023	Male	31	132	72	52	119	64	75	47	113
	Female	9	48	18	6	42	27	22	20	33
	Total	40	180	90	58	161	91	97	67	146
2024	Male	58	128	75	54	129	78	99	42	120
	Female	10	41	20	6	41	24	20	13	38
	Total	68	169	95	60	170	102	119	55	158

By job level (shown below), 73 (21.99%) were managerial personnel, including 63 males (86.3%) and 10 females (13.70%); 184 (55.42%) were professionals, including 137 males (74.46%) and 47 (25.54 %) females; 75(22.59%) were technical staff, including 61 (81.33%) males and 14 (18.67%) females.

Historical employee distribution by job level Unit: person

Year	Gender/job level	Managerial position	Percentage	Professional job	Percentage	Technical job	Percentage
2022	Male	56	83.58%	120	74.53%	61	71.76%
	Female	11	16.42%	41	25.47%	24	28.24%
2023	Male	59	86.76%	103	69.59%	73	77.66%
	Female	9	13.24%	45	30.41%	21	22.34%
2024	Male	63	86.30%	137	74.46%	61	81.33%

Female	10	13.70%	47	25.54%	14	18.67%
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Note: Percentage (%) = the number of males/females at the specified job level/ the total number of employees at the specified job level.

In 2024, Rechi has a total of 25 middle and senior management personnel (department-level executives and above) at the Guanyin Plant, of which 23 are Taiwanese and 2 are Chinese; among the Taiwanese employees, 11 (44%) are registered in Taoyuan City, followed by 5 (20%) in New Taipei City, 3 (12%) in Hsinchu City, 3 (12%) in Taipei City, and 3 (12%) in other counties and cities (including China). Among these middle-level and top-level managers, 2 are female top-level managers, accounting for 8% of the total top-level executives.

Historical distribution of top-level managers' place of residence Unit: person

Year	Gender/region	Taoyuan City	New Taipei City	Hsinchu City	Taipei City	Other cities or counties
2022	Male	9	5	3	3	2
	Female	2	0	0	0	0
	Percentage	45.83%	20.83%	12.50%	12.50%	8.33%
2023	Male	9	5	3	3	1
	Female	2	0	0	0	0
	Percentage	47.83%	21.74%	13.04%	13.04%	4.35%
2024	Male	9	5	3	3	3
	Female	2	0	0	0	0
	Percentage	44%	20%	12%	12%	12%

Note: Percentage (%) = the number of top-level managers residing in the specified region/ the total number of top-level managers.

Historical composition of workers who are not employees

Data/Year		2022	2023	2024
Total number of workers		103	210	131
Total number of hours worked		9,471HR	19,125HR	29,006HR
Type of contract		Hire of work	Hire of work	Hire of work
Gender	Male	103	210	128
	Female	0	0	0
Nationality	Citizen	103	210	128
	Noncitizen	0	0	0

Job type	Security	7,688HR	8,740HR	8,980HR
	Environmental cleaning	0HR	16HR	0HR
	Equipment maintenance	118HR	53HR	220HR
	Repairing	463HR	6,568HR	1,051HR
	Others	1,202HR	3,748HR	18,755HR

◆ Turnover

In order to achieve sustainable human resource development, Rechi adheres to relevant labor laws and regulations, such as the Employment Services Act, the Labor Standards Act, and the Act on Gender Equality in Employment. The Company recruits talent through various channels based on departmental needs to build a reserve of future manpower. During recruitment activities, Rechi also upholds SDG Goal 8, specifically Sub-Goal 8.8: “Protect the rights of workers and create a safe and secure working environment for all workers, including foreign migrant workers, especially women migrant workers and those engaged in hazardous work,” as a core value in employee recruitment, providing equal and secure employment opportunities externally.

In 2024, Rechi’s new hire rate reached 18.07%, an increase of 5 percentage points compared to 2023, while the turnover rate was 13.25%, a decrease of 2 percentage points from the previous year. These results further demonstrate Rechi’s strong commitment to protecting employee rights and fostering a workplace where employees can work safely and with confidence, enabling the Company not only to maintain stability but also to steadily expand its workforce within an increasingly competitive global environment.

In addition, before any job change of employee (including resignation), the Company requires the direct supervisor to interview with the employee, listen to and respect the employee’s thought. In the event of resignation, the resignation process will be followed to maintain the employee’s rights, and the Company terminates the labor contract according to the Labor Standards Act and approves the employee’s resignation lawfully; in the event of a job change, after receiving the employee’s consent, it is handled by applicable units and eventually comes into effect upon a public announcement.

Historical distributions of new employees and resigned employees Unit: person

Type of personnel		New employee					Resigned personnel				
Year	Category	Gender		Age			Gender		Age		
	Category Details	Male	Female	Under 30 years	30–50 (exclusive) years	50 years or above	Male	Female	Under 30 years	30–50 (exclusive) years	50 years or above
2022	No. of person(s)	42	10	22	25	5	49	9	18	31	9
	Percentage	18%	13%	59%	27%	3%	21%	12%	49%	33%	5%
	Total (new hire/turnover) ratio	16.61%					18.53%				
2023	No. of person(s)	26	13	21	17	1	32	16	12	30	6

	Percentage	11%	17%	52%	9%	1%	14%	21%	30%	17%	7%
	Total (new hire/turnover) ratio	12.58%					15.48%				
	No. of person(s)	56	4	34	25	1	32	12	15	23	6
2024	Percentage	21%	6%	50%	15%	1%	12%	17%	22%	14%	6%
	Total (new hire/turnover) ratio	18.07%					13.25%				

Note:

1. Percentage(%) = the number of new full-time employees in the specified category (gender, age) in the year / the total number of employees in the specified category (gender, age) at the end of the year.
2. Total (new employee/turnover) ratio (%) = the total number of (new/resigned employees) in the year/the total number of employees at the end of the year.

◆ An equal pay system

We care about treatment and welfare of employees and rigorously abide by laws and regulations to provide female employees with relevant protective measures and benefits (e.g. menstrual leave and sexual harassment prevention measures) securing rights of all employees. From 2018 to 2024, there had never been any violation of human rights or discrimination in the Company, and we have never treated employees unequally due to their gender, race, religion, political affiliation, place of birth, physical or psychological disabilities, physical appearance and marital status. The ratio of starting salaries of male and female new employees with the same qualifications is one to one, and their salaries do not differ due to gender. The salaries of migrant workers other than contract employees are paid in accordance with the minimum base salary stipulated by the government. The remaining employees' salaries depend on their education and experience, position and market conditions.

In addition, the total salary offered by the Company is composed of base pay, performance bonuses, and employee bonuses. Each year, the salary adjustment plan is formulated in accordance with operating performance and the market benchmark standards, and a series of bonuses such as production bonuses, operating bonuses, and performance bonuses are determined based on the operating performance. We also report to the shareholders' meeting on the distribution of employees' bonuses depending on the year's earnings. In order to meet the standard of living for employees, all entry-level personnel's starting salary, regardless of gender, is 1.129: 1 times the local statutory minimum wage.

Annual average salary expense of non-managerial employees

Unit: NTD

Item	2023	2024	Differences from those in the prior year (percentage)
Number of non-managerial employees	295	281	-4.66%
Average salary of non-managerial employees (NT\$)	876,048	1,048,253	19.66%
Median salary of non-managerial employees (NT\$)	768,940	882,479	14.77%

Note: "Number of non-managerial employees" refers to the weighted average number of employees reported in accordance with Taiwan Stock Exchange's regulations.

Annual total compensation ratio

Unit: NTD

Highest total remuneration paid to an individual (A) (Note 1)	10,007,890
Median total remuneration paid to other employees in Taiwan (B) (Note 2)	885,664
Ratio (A/B)	11.3
Percentage of increase in the highest total remuneration paid to an individual from the previous year (C)	22%
Percentage of increase in the median total remuneration paid to other employees in Taiwan from the previous year (D)	20%
Ratio (C/D)	1.1

Note:

1. The annual total remuneration is the total remuneration paid to an individual by the Company during the year and includes salary, bonus, stock reward, option reward, compensation from non-equity incentive program, pension, the change in the unvested deferred remuneration and other compensations.
2. Other employees include senior management but exclude the specific person who was paid the highest remuneration; the median annual total remuneration of all employees (excluding the specific person paid the highest) of each business location shall be included and calculated individually in Item B.
3. When calculating the median of annual total remunerations of employees for the most recent two years, the median is not necessary the data of the same employee.

◆ Employee benefits

The Company is committed to creating a harmonious workplace so that all employees can enjoy work-life balance. Therefore, we not only actively plan and implement various systems and activities from the perspectives of health, LOHAS, and public welfare to promote employees' health and vitality, and create a sense of happiness. Besides all these activities, more importantly, the benefits we provide to employees as follows are truly appreciated by our employees and allow our employees to feel happy, satisfied and like "home."

Employee benefits

Benefits	Explanation
Distribution of cash gifts and gifts	The Company provides birthday cash gifts, Lunar New Year cash gifts and gifts on Labor Day and Mid-Autumn Festival.
Subsidies	The Company provides subsidies or allowances for marriage, funeral, childbirth, hospitalization, child education, employee meals, and club activities.
Employee insurance	In addition to the labor insurance and national health insurance required by laws, we also apply the group insurance of comprehensive coverage for each employee, including life insurance, accident insurance, hospitalization insurance, cancer medicare, etc. We also purchase travel safety insurance for employees on business trips and long-term expatriate employees. The costs of the group insurance and the travel safety insurance are borne by the Company to better protect employees.
Pension system	The Company has established an employee pension system in accordance with the Labor Standards Act and the Labor Pension Act to ensure stable pension contribution and payment for employees.
Employee leave system	We have established various leave systems, such as paid leave, in accordance with the Labor Standards Act and the Act of Gender Equality in Employment. During the pandemic, we also offered the care leave, vaccination leave and paid

quarantine leave.

Employee travel and events	We organize domestic and overseas travel subsidies for employees every year and organizes family day events such as hiking and barbecue from time to time to facilitate employees' parent-child relationship and family bonding.
Regular health checkups	We arrange regular health checkups for regular employees for free, while providing additional fixed allowances to managerial personnel.
Other employee discounts	Our employees can share the affiliates' resources and enjoy discounts at cooperative stores.



Family Day at Leofoo Village



Distribution of Birthday Cakes



Model and Senior Employee Award Ceremony and Tea Reception



2024 Domestic Company Trip (Rechi)

► Retirement and Transfer System

For maintaining and respecting employees' work rights, the Company has adopted the retiree employment renewal and transfer measures, so that by the renewal of employment contract or transfer, employees can pass on their professional knowledge, which is beneficial not only to the Company's talent development but also to the preservation of technology, hence talent sustainability.

● Retirement system

In addition to the retirement conditions set forth in the Labor Standards Act, the Company also added the retirement by agreement, which is more favorable than as provided in the Labor Standards Act, in 2019. These policy and regulations not only allow the Company to effectively cope with the challenge of people replacement and re-planning arising from corporate transformation or technology upgrade, but also protect employees with high seniority (more than 15 years), answering to the Company's emphasis on human rights policy, "approach to implement the human rights policy-develop

a safe and healthy work environment.” None in 2024.

- **Transfer system**

For employees who are not suitable in their original units, the Company has also amended the relevant regulations for transfer in order to have the right people in the right place. At the same time, it also protects employees’ rights to work by not dismissing employees simply due to unsuitability for their original units. It is our commitment to our employees and the best protection for our employees. Furthermore, all units in the Company fully agree with such a transfer system and are willing to provide job assistance and necessary training to employees who are transferred by the Company.

► **Unpaid parental leave**

The Company adheres to the concept of balancing work and family and thus has an unpaid parental leave system in place as protection to all employees’ rights. All the applications for unpaid parental leave are treated equal regardless of applicants’ gender. In 2022, three male employees took unpaid parental leave. In 2023, two female employees took unpaid parental leave, while no male employees did. In 2024, a total of 19 employees were eligible for unpaid parental leave, of which four female employees applied, and no male employees did.

Employees who applied for unpaid parental leave have gradually returned to work each year. In 2022, two female employees resumed their positions; in 2023, three male employees and one female employee returned; and in 2024, two female employees were reinstated. A total of 10 employees have applied for unpaid parental leave from 2022 to 2024 and a total of 7 employees have been reinstated. In 2023, the reinstatement rate for those at the end of the unpaid parental leave was 77% (male: 60% and female: 100%). From 2022 to 2024, there were a total of 2 employee who had taken parental leave and remained employed after 12 months after reinstatement.

Application status of unpaid parental leave

Employees on unpaid parental leave/Year	Gender	Statistics		
		2022	2023	2024
Number of employees entitled to unpaid parental leave	Male	19	19	13
	Female	6	8	6
Number of employees applying for unpaid parental leave	Male	3	0	0
	Female	1	2	4
Number of employees whose unpaid leave expired and to be reinstated (A)	Male	2	3	0
	Female	2	1	1
Number of employees whose unpaid leave expired and who were actually reinstated (B) (including early reinstatement)	Male	0	3	0
	Female	2	1	1
Reinstatement rate (B/A)	Male	0%	100%	0%
	Female	100%	100%	100%
Number of employees whose unpaid parental leave expired in the previous year and who remained employed after 12 months after the reinstatement (C)	Male	0	0	2
	Female	0	0	0

Retention rate (C/B of the previous year)	Male	0%	0%	100%
	Female	None	0%	0%

Note:

1. The number of employees entitled to unpaid parental leave is based on the number of both male and female employees who applied for maternity leave or paternity leave during the most recent three years.
2. Reinstatement rate = (actual number of employees reinstated in the year / expected number of employees reinstated in the year) *100%.
3. Retention rate = (number of employees who were reinstated in the previous year and remained employed after 12 months after the reinstatement / actual number of employees reinstated in the previous year) *100%.

◆ Labor-Management Communication

The Company has fully built harmonious labor-management relations by providing multiple channels for the communication between employees and the Company enabling thorough communication between labor and management and effective resolution of issues. Therefore, there has not been any major labor-management disputes since the Company was established. The Company's labor-management communication channels are listed in the table below.

As for the labor-management communication channels below, we have formulated relevant regulations on the Employee Welfare Committee, the labor-management meeting, and the Supervisory Committee of Labor Retirement Reserve and hold meetings regularly.

Communication channels and feedback content

Item	Communication channel	Content of feedback
1	Administrative system (Unit → Plant → Vice President → President → Chairman)	When individuals or units express opinions, they can report to their immediate supervisors through the administrative system, and supervisors at all levels should assist them in consulting relevant units for further processing. If an individual thinks that an issue has not been properly handled, they may seek solutions through the following channels, such as the Employee Welfare Committee, labor-management meetings and the grievance system.
2	Employee Welfare Committee	Employees' benefits and rights.
3	Labor-management meetings	Mediation of labor-management relations, facilitation of labor-management collaboration and other matters.
4	Supervisory Committee of Labor Retirement Reserve	Retirement reserve deposit, use and management.
5	Sexual Harassment Complaint Committee	Handling of complaints about workplace sexual harassment.
6	The Company's website	Announcements of organizational changes, job changes, and notification of rewards and punishments
7	Employee Satisfaction Survey	Through regular questionnaire surveys, the Company gathers employee feedback on its systems, work environment, benefits, and management practices. These insights serve as a reference for continuous improvement and optimization of company management.

Employee Satisfaction Survey

Item	Explanation
Target of investment	All employees
Questionnaire	Covers remuneration, development, corporate culture, supervisors, colleagues, work environment, training and development, sustainable operation, and professionalism
Number of people surveyed	90 employees
Coverage ratio	29.4%
Responsible unit for investigation	HR Department
Survey frequency	Once a year
Survey period	2023/6/11~2024/6/10
Overall Satisfaction Rate	4.5 (out of 5)
Survey results	Satisfaction increased by 4% compared to 2023. “Remuneration” +13%, “Development” +8%, and “Corporate culture” +6%, all showing significant improvement. Key improvements in 2024 include “Work environment” (+9%) and “Training and development” (+10%), indicating effective enhancement efforts.
Improvement plan	The analysis also indicates that statistical models in the three major areas of “Supervisors,” “Development,” and “Corporate Culture” show significant impact. Going forward, these three aspects will be prioritized for strengthening and optimization. For “Development,” the Company will more proactively analyze and track course effectiveness at the pre-, mid-, and post-training stages. A post-course satisfaction survey will be conducted to deeply understand employees’ needs and incorporate feedback into the next year’s training plan to enhance course quality and practicality. For “Supervisors” and “Corporate Culture,” the Company has arranged courses on managerial skill enhancement and workplace abuse prevention for supervisors. Course design will also strengthen employees’ sense of identification with the corporate culture, further deepening the transmission of organizational values.

- Period of advance notice for contract termination

Where the Company terminates a labor contract pursuant to Article 11 or the provisions of Article 13 of the Labor Standards Act, the provisions set forth below shall govern the period of advance notice:

1. Where a worker has worked continuously for more than three months but less than one year, the notice shall be given ten days in advance.
2. Where a worker has worked continuously for more than one year but less than three years, the notice shall be given twenty days in advance.
3. Where a worker has worked continuously for more than three years, the notice shall be given thirty days in advance.

4-2 Talent cultivation and training

◆ Performance appraisal

As for the personnel performance management and development plan, we regularly review the individuals' performance targets and their achieving status. We develop their future career plans based on their individual work performance. In 2024, all employees except migrant workers were included in performance evaluation, and we formulated career development plans for 295 employees (88.85%) according to their performance.

Historical performance evaluation results and distribution of career development

Year		2022		2023		2024	
Category		No. of person(s)	Percentage	No. of person(s)	Percentage	No. of person(s)	Percentage
Managerial position	Male	56	100%	59	100%	63	100%
	Female	11	100%	9	100%	10	100%
Professional job	Male	120	100%	103	100%	137	100%
	Female	41	100%	45	100%	47	100%
Technical job	Male	28	46%	61	84%	24	39% (Note 2)
	Female	22	92%	21	100%	14	100%

Note:

1. The appraisal period for full-time employees is from January 1 to December 31 every year.
2. Due to organizational adjustments, original technical positions and employees were replaced with foreign workers after their departure. According to the Company's regulations, foreign employees are not included in performance evaluations. As a result, the evaluation rate in 2024 decreased by 45% compared to 2023.

◆ Talent cultivation

The Company has been answering to the rapidly changing domestic and international environment for a long time, so it is determined to cultivate employees, unleash their potential and build a competitive talent pool. Moreover, apart from the professional courses provided to various units, the Company also offers employees diverse and flexible general education courses to develop their soft power in the workplace so that every employee of the Company is capable of becoming an all-round professional talent with a multifaceted skill set.

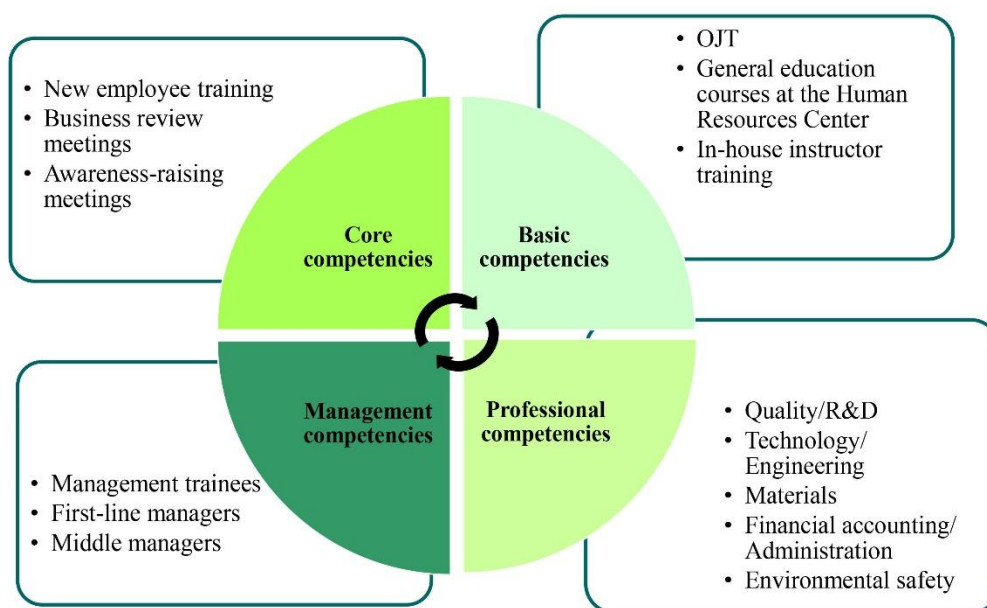
To this end, the Company has set the five major directions for employee cultivation:

1. Develop employees' professional skills of all departments to strengthen the Group's talent competitiveness.
2. Implement corporate culture and core values.
3. Enhance organizational vitality and innovation capabilities
4. Cultivate talents with a multifaceted skill set instead of a single profession
5. Prepare talents for succession



Five major directions of training

Training and Learning Map Framework



The Company divides the five major directions of employee training into four major training categories, including core, basic, professional and management competencies, and based on these four major categories, it composes its learning map (as shown above). The category of core values includes an understanding of Rechi's environment and various systems to have a sense of its spirit and culture; the category of basic competencies covers on-the-job training (OJT) and general education courses (e.g. communication and coordination, Excel tools, techniques for presentation and document preparation); the category of professional competencies is open to employees' requests for external training to learn the latest professional knowledge in the current condition and make up their incompetence in professional skills (e.g. continuous education of the accounting manager, international trade and tariffs). In addition, the Company's Human Resources Center would also invite external lecturers to the Company to give lectures on professional knowledge (e.g. practice of statistical process control (SPC), design of experiments (DOE), product reliability testing) based on the requests of various departments. Lastly, all courses in the category of management competencies are mainly organized by the Human Resources Center. Through the frequent synchronization and communication with external lecturers, it formulates the training program for managers every year (e.g. the TWI first-line manager training in 2023, MTP middle manager training). These programs are made to improve management competencies of the firstline and middle managers in the hope that these training courses can lead these talents to become a future leader of Rechi.



The President's Remark at the Management Training Program Orientation



ESG Course Opening by the Course Director of the ESG Series

The Company plans, executes and controls its training and education by dividing education and training into four major categories and having the three major regulations in place: provisions of the ISO quality system regarding training, the Company's RCS "Regulations for Employee Training and Education," and the Company's RCS "Regulations for Internal Instructors." At the same time, its Human Resources Center devises the training programs for various departments and job levels at the beginning of year based on these three major regulations for education and training and implements such annual programs accordingly. Besides these three major regulations, the Company has formulated the rewards measures to motivate employees to obtain certificates and to learn independently, and rewards will be given when employees obtain specific job certificates.

Moreover, in order to ensure the quality and performance of training, the Company have passed the evaluation of the Talent Quality Management System (TTQS) in 2023. It shows that the Company's efforts in the training policy, system and performance, which are key to its human resources strategy.

Finally, by making good use of the comprehensive education and training system together with the 5 major directions, 4 categories and 3 regulations, the Company hopes to place every employee at the right position and equip them with sufficient competitiveness to align with the world under the quickly changing global circumstance, and at the same time replenish its talent pool.



TTQS certificate

The Company laid out a total of 63 courses for the 2024 education and training program and actually carried out 63 courses in the year with an achievement rate of 100%. Of which, 47 were internal training courses (74.6%) and 16 were external training courses (25.4%). The time of these courses totaled 3570 hours with a total of 966 persons participated in. Every person was offered an average training time of 10.75 hours.

By participant gender, 736 were male (76.19% of the total participants) and 230 were female (23.8% of the total participants); 51 were direct personnel (5.2% of the total participants) and 915 were indirect personnel (94.8% of the total participants). The total training hours offered include 2733 hours for male employees (76.55% of the total training hours) and 837 hours for female employees (23.45% of the total training hours); 145 hours for direct employees (4.1% of the total training hours) and 3425 hours for indirect employees (95.9% of the total training hours).

Historical data of education and training hours

Year	Item	Male	Female	Direct personnel	Indirect personnel	Total
2022	Hours	1,370.5	322.5	36	1,657	1,693
	persons	514	101	12	603	615
	Average training hours	5.78	4.24	0.40	7.40	5.40
2023	Hours	3,345	858.5	693	3,510.5	4,203.5
	persons	590	134	83	641	724
	Average training hours	14.23	11.44	10.34	14.44	13.55

	Hours	2733	837	145	3425	3570
2024	persons	736	230	51	915	966
	Average training hours	10.47	11.78	1.81	13.59	10.75

- 2024 Management Training Program – a total of 3 courses



- A total of 28 internal professional training courses and 15 external training courses in 2024



- A total of 11 courses for general education and awareness raising were held in 2024



- A total of 5 education and training courses for new employees were organized in 2024



4-3 Occupational Health and Safety

Rechi upholds the safety and health policy of “Compliance with Safety and Health Laws and Regulations – Implementation of Risk Management,” adhering to occupational safety regulations and referencing occupational safety systems to establish a comprehensive risk identification and PDCA control mechanism for effective risk management. In addition, to enhance the management system, Rechi introduced the ISO 45001 Occupational Safety and Health Management System and obtained certification this year, enabling a more systematic approach to management.

Safety and Health Policy Declaration

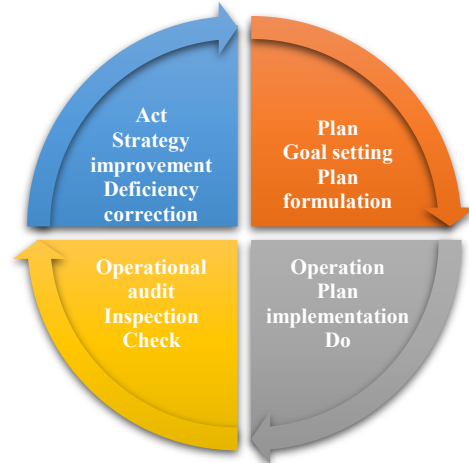
Observing safety and health laws and regulations and implementing risk management

Fostering health and taking initiative in education and training

Strengthening communication and continuing to advance goals

Preventing occupational accidents and involving all employees

PDCA Improvement and Review Procedure

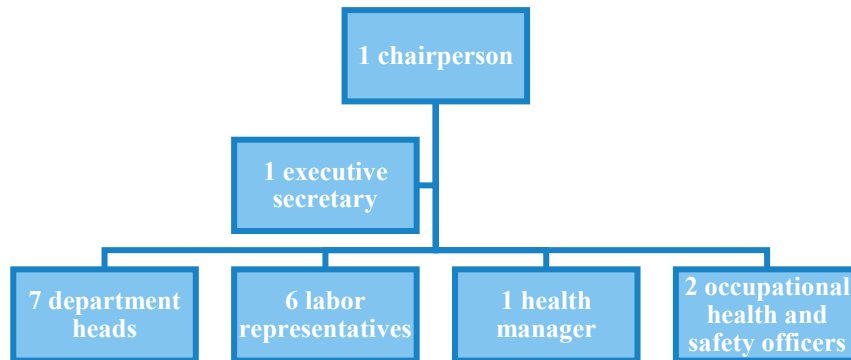


◆ Occupational Safety System and Performance

► Occupational Safety and Health Committee

In accordance with the Occupational Safety and Health Management Regulations, Rechi has established an “Occupational Safety and Health Committee” composed of 16 members, including occupational safety and health personnel, relevant department heads, and labor representatives. Among them, there are six labor representatives, accounting for more than one third, exceeding the statutory requirement. The Company holds four Occupational Safety and Health Committee meetings annually. In addition to reviewing matters such as occupational safety and health education and training, health management, and occupational disease prevention – and proposing related improvement measures – the

committee also discusses proposals regarding occupational safety and health issues submitted by various departments and employees. Each year, the committee reviews safety and health proposals and formulates the annual labor inspection guidelines. Quarterly Occupational Safety and Health meetings are held, during which the Company arranges for personnel to obtain relevant equipment certifications, regularly monitors the work environment, and implements ongoing safety and health education for employees – such as fire drills, health management, and health promotion initiatives. These efforts aim to ensure workplace safety and reduce the occurrence of occupational accidents.

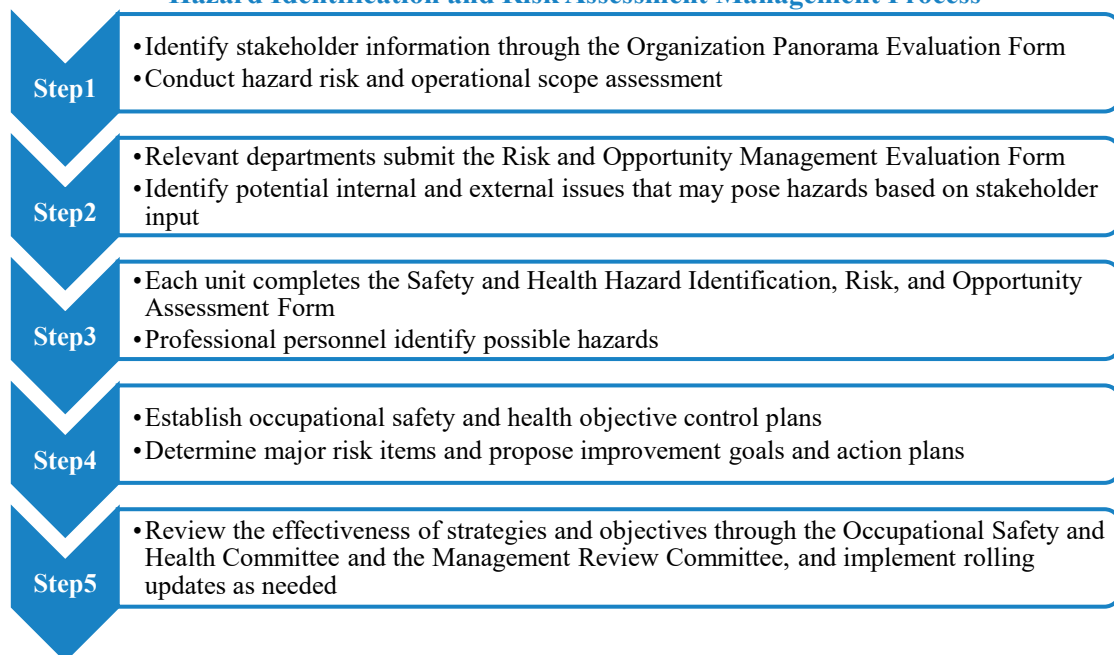


Occupational Safety and Health Committee Structure

► Hazard identification, risk assessment

At the beginning of each year, Rechi conducts routine in-plant hazard identification and risk assessment. Each department completes a Safety and Health Hazard Identification, Risk, and Opportunity Assessment Form and applies hierarchical control strategies to eliminate hazards and minimize risks. Non-routine assessments are triggered by false alarms or the occurrence of occupational accidents. When such events occur, the identified hazards are immediately added to the Safety and Health Hazard Identification, Risk, and Opportunity Assessment Form for evaluation. Personnel responsible for hazard identification, risk, and opportunity assessment receive training to enhance their ability to recognize and eliminate hazards. Hierarchical control strategies are applied to ensure that unacceptable risks are included in targeted improvement plans.

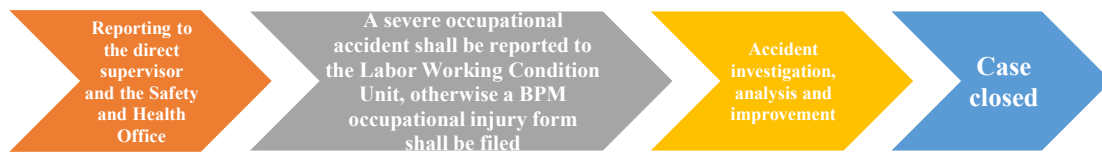
Hazard Identification and Risk Assessment Management Process



► Emergency Reporting and Response

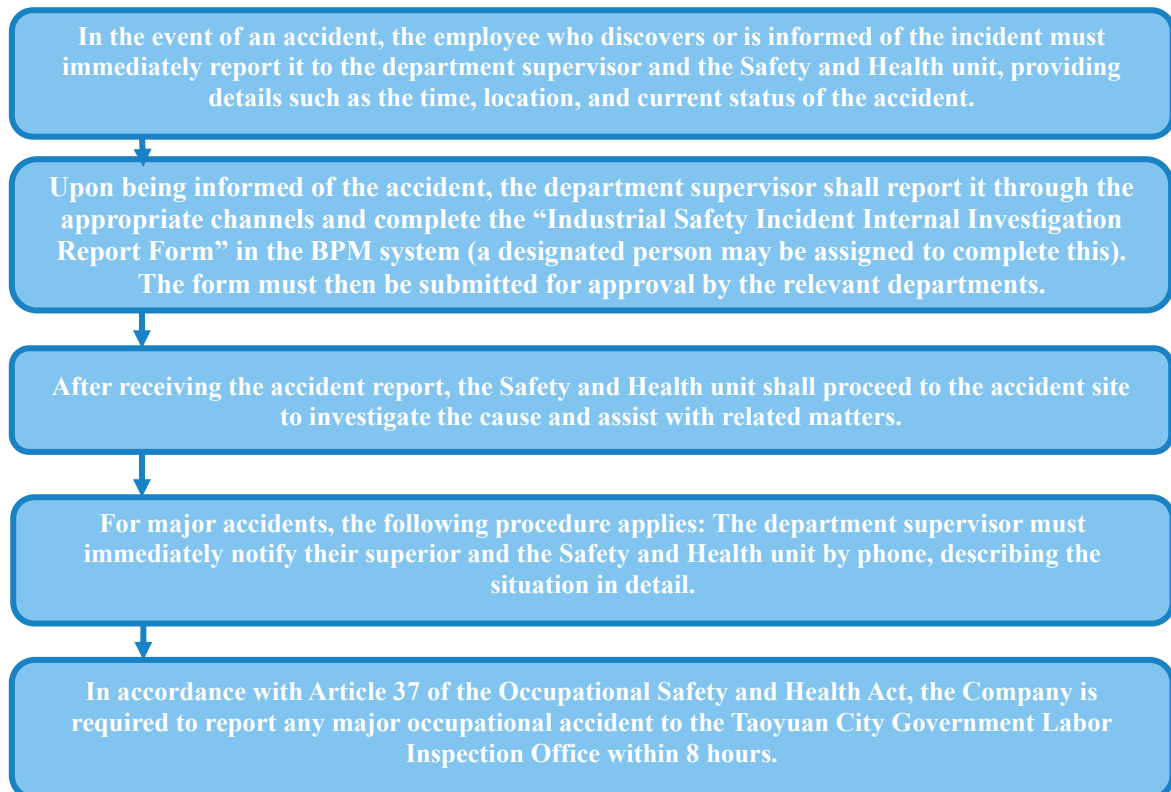
For good use of the data analysis of occupational hazards and accidents, starting from 2021, all occupational accidents shall be reported by completing the occupational safety form in the BPM information system. The unit where an occupational accident occurred shall report the cause and any corrective measure taken for consequential hazards, and such a report shall be submitted to and approved by an Assistant VP and subsequently filed and included in an occupational accident monthly report submitted to the Occupational Safety and Health Administration by the Safety and Health Office. The types of occupational injuries that occurred over the past three years were mainly pinching, falls, and frostbite. Hazard prevention and improvement measures have been analyzed and proposed, including strengthened awareness campaigns and retraining. Additionally, the equipment has been upgraded with maintenance gate systems that automatically stop operation and issue warnings when opened, in order to prevent similar incidents from occurring in the future.

Emergency Reporting Procedures



► Accident Investigation Procedures

The accident investigation procedure of Rechi is carried out in accordance with the Company's procedures for accident reporting, handling, and investigation management. The accident reporting process is as follows:



► Conduct contractor construction safety management

With regard to contractor management and the prevention of occupational accidents or injuries, the hazards and risks to the environment in the construction area will be assessed before we sign a

construction contract. When signing the contract, we require the contractors and subcontractors to comply with the applicable safety, health, and environmental protection laws and regulations, as well as the Company's standard operating principles. In addition, they are required to sign an undertaking form for construction safety and health before entering the plant. In 2024, Rechi had a total of 234 contractors (non-employee workers), with a combined total of 11,571 working hours. No occupational accidents occurred among the contractors.

► Performance in occupational safety

To manage occupational injuries, accidents, and near-miss incidents, the reporting process has been fully digitized. The unit where the incident occurred is responsible for entering the "Industrial Safety Incident Internal Investigation Report" into the Company's BPM system, including details about the incident, its cause, and follow-up actions. The report is then submitted to the immediate supervisor for approval and forwarded to the Safety and Health Office for confirmation and record keeping. Subsequently, occupational safety personnel investigate the cause of the incident and report their findings during the Occupational Safety and Health Committee meetings. In 2024, Rechi reported two occupational accidents and one near-miss incident (fire). No major work-related injuries occurred. The primary causes were pinching injuries (50%) and falls (50%). After reporting, potential hazards were reviewed and corrective actions were implemented to prevent future incidents.

Table of occupational accidents

Data/Year		2022	2023	2024
Total number of hours worked		611,368	618,160	622,713
Fatal accidents caused by occupational injury	No. of person(s)	0	0	0
	Percentage	0	0	0
Severe occupational injury	No. of person(s)	0	0	0
	Percentage	0	0	0
Recordable occupational injury	No. of person(s)	1	0	2
	Percentage	1.64	0	3.21
Work-related ill health	No. of person(s)	0	0	0
	Percentage	0	0	0
Recordable occupational disease	No. of person(s)	0	0	0
	Percentage	0	0	0

Note:

1. Incidence rate (IR) = Number of occupational accidents * 1,000,000 / Total working hours
2. A severe occupational injury is defined as an in-patient hospitalization (excluding death)
3. Total hours worked= number of employees * number of monthly working days* number of working hours per day (8hrs)

Statistics on types of occupational injury

Type/Year	2022	2023	2024	Description of injury and improvement
Fall	0	0	1	<ol style="list-style-type: none"> 1. Implementing education and training. 2. Adding an alert mechanism that automatically shutdowns equipment and alerts when the safety gate is open.
Pinching injury	1	0	0	
Frostbite	0	0	1	
Cuts/Abrasions	0	0	0	

◆ Occupational health and safety management system

In 2024, Rechi passed third-party independent certification for ISO 45001 / CNS 45001. The Company's management system covers the headquarters in Guanyin District, Taoyuan City, and relevant personnel performing work activities under the control of the production lines in Guanyin District, including design, development, procurement, construction, production, maintenance, and contracting, covering 100% of the Company's business scope.

Regarding the material topic, the management policy for occupational safety and health is based on the Occupational Health and Safety Management System (ISO 45001 & CNS 45001). Through the PDCA cycle, continuous improvement is implemented, and the performance indicators of each unit are regularly reviewed in the Company's Occupational Safety and Health Committee and Environmental Safety and Health Management Review Meetings to enhance employee safety at work and in the environment and to promote healthcare. The 2024 targets included employee disabling injury frequency, the number of disabling commuting traffic accidents, contractor disabling injury frequency, and zero major occupational accidents. Except for the commuting traffic injury cases and the frequency of contractor disabling injuries, the other two targets were achieved. Therefore, in 2024, the Company continued to track improvements through safety and health performance indicators, which are divided into proactive indicators (near-miss incidents, safety and health proposals) and reactive indicators (accident experience, penalties by competent authorities, also planned the "Enhancing Inspection and Audit Effectiveness Project" to strengthen inspection intensity. A total of 16 project control measures were identified, and each required improvement item was tracked by occupational safety personnel from the Safety and Health Office until completion.



ISO 45001 Certificate

In the occupational safety and health management system, the Company is required to commit to complying with laws and regulations and to identify relevant legal requirements. Rechi uses a regulatory audit system to send relevant safety and health regulation information to each responsible unit for legal identification, determining applicable laws and locations, and responding accordingly in a timely manner. There have been no violation penalties in the past three years. In 2024, the Labor Inspection Office conducted three on-site inspections. There were no deficiencies found during routine inspections. Two suggestions were made, and all follow-up improvements have been completed.

► Workers covered by an occupational health and safety management system

With reference to the occupational safety and health management system, the Company follows relevant management procedures to ensure a safe and healthy workplace for all employees, as well as non-employees whose work and/or workplace is under the organization's control. This ensures that on-site personnel and contractors working within the facility have a safe and healthy working environment. The composition of workers are indicated below:




Historical data of employees and non-employees

Data/Year	Employees		Workers who are not employees but whose jobs and/or workplaces are controlled by the organization		Total ratio
2022	309 employees	75%	103 employees	25%	100%
2023	300 employees	59%	210 employees	41%	100%
2024	316 employees	63%	234 employees	47%	100%

Note: The above ratios are the same as the number and ratios of employees and non-employees audited and audited in accordance with ISO 45001.

◆ Safety and health training and awareness raising



In order to enhance employees' awareness of safety, the Company posts information regarding safety and health on the bulletin board and the Company's electronic bulletin board from time to time. Slogans can also be seen at various places in the plant to raise employees' awareness. Depending on the nature of various business units, different safety and health training program are arranged. Either external training courses are offered or external professional instructors are invited to the Company for lectures. The performance is then indicated by means of tests or receipt of a certificate after the training. In 2024, a total of 47 persons completed the training for licenses required by laws (including the first training and continual training) with a total of 177 training hours. The Company puts safety first, sets up warning signs for wearing protective gear in the workplace, provides employees with protective gear and holds different safety and health education and training depending on business characteristics.

Occupational safety and health education and training		Section	No. of person(s)	Training hours
<ul style="list-style-type: none"> Occupational Safety and Health Related Courses and Education and Training 		Building employees' awareness of occupational safety and introducing risks and potential risks in the operational environment to prevent personnel injuries and enhance occupational safety.	19	569
			1514	
<ul style="list-style-type: none"> Self-defense fire organization training 		Training to be calm, to make correct decision and thus reduce injuries in emergencies with the emergency response procedures.	2	42
			204	
<ul style="list-style-type: none"> Training for licenses required by laws 		By the nature of duties, we assign employees to obtain the licenses for first training and continual training in order to enhance their awareness of crisis and eliminate risk exposure for occupational accidents.	7	47
			177	

◆ Employee healthcare and health promotion

We care about employees' health, so we set the health management plan on an annual basis and offer employee health consultation with monthly on-site doctor visits and dedicated labor health service personnel. We also offer the yearly special health surveillance for noise and the biennial employee health check, organize health seminars, manage employees' health by level based on their health check results, and subsequently offer care and follow-up. It assists in the promotion of the four major protection plans against ergonomic hazards, work overload, workplace violence and for the management and safety and health measures for workplace maternal health. In 2024, a total of 63 employees received special work noise hearing tests, 42 people attended two health lectures, 53 people received medical consultations, and 1 person received maternal protection. In addition, the disinfection of working environment continues through measures such as distributing alcohol spray at the working area and placing alcohol dispenser at specific locations for the use of employees. In response to the extensive lung cancer screening plan initiated by the Taoyuan City Government, we offer people who have a high risk of developing lung cancer to take the low-dose computed tomography for early diagnosis and follow-up, and there were 11 participants in 2024.

HR and medical personnel, safety and health staff, and department representatives jointly manage matters related to worker health protection and promotion. Contractors are required to conduct health examinations for their employees and independently manage their on-site personnel to prevent them from engaging in unsuitable work. There have been no occupational fatalities, nor any confirmed cases of occupational or work-related diseases diagnosed by occupational medicine specialists in the past three years.

Health promotion		Section	No. of person(s)
● Employee health check			
	The Company provides employee health checkups once every two years, exceeding legal requirements, and offers discounted self-paid items to allow employees to customize their checkup options. A special operation noise hearing checkup is conducted annually in accordance with regulations. Only special operation checkups were conducted in 2024.	1	63
● Doctor on-site visit service			
	The doctor visits the plant once a month, and the Company and the doctor jointly implement the four major programs and the employee injury and disease consultation and evaluate the reinstatement of employees.	12	53

- Maternity protection



In order to protect the fertility and reproductive health of our female employees, and the health of female employees who conceive during their career or who are one year after giving birth and their fetuses (babies), we plan and take necessary safety and health measures.

1 1

- Health Seminar



We organize health seminars from time to time, in which difficult health knowledge is explained in simple terms so that employees can put methodology and techniques into practice in real life to boost their health.
First Half of the Year: Nutritious Green Smoothie
Second Half of the Year: Handmade Moss Ball

2 42

4-4 Social Care

Adhering to the concept of “giving back to society,” Rechi has not only worked hard on economic development but has also actively contributed to society to enhance social welfare. Our social care efforts cover various areas, including environmental protection, educational cooperation, public welfare support, community building, and sports promotion. Through these actions, Rechi hopes to create a lasting positive impact on society and to progress together with employees, partners, and all sectors of the community.

► Environmental Protection

Rechi is committed to giving back to society and improving the living environment of surrounding communities. To promote environmental awareness, we actively participated in the “Guanyin Industrial Park and Shulin Village Environment Cleaning Day” and invited 30 employees to join the activity. During this event, efforts were concentrated on cleaning the streets, parks, and other public areas around the Company. The goal was not only to improve the community environment but also to demonstrate Rechi’s commitment to social responsibility through concrete actions. Employees not only took part in the cleaning work but also gained a deeper understanding of the importance of environmental protection, working together to help build a cleaner and more livable community.



Community Environment Cleaning Day

► Industry-academia cooperation

Rechi is committed to long-term collaboration with academic institutions to promote industry-academia cooperation programs. We have established stable partnerships with several universities, including National Pingtung University of Science and Technology, National Yunlin University of Science and Technology, and National Ilan University. These partnerships provide students with internship opportunities to apply theoretical knowledge in practical settings, thereby enhancing their professional skills and workplace competitiveness. In addition, Rechi regularly invites students to participate in corporate visits, enabling them to gain a firsthand understanding of business operations and industry development trends while deepening their knowledge of corporate culture to help clarify their future career paths.

Rechi has also actively launched a scholarship program in close cooperation with Ilan University, Pingtung University of Science and Technology, Yunlin University of Science and Technology, and other institutions, offering financial support to outstanding students to encourage academic excellence and professional development. These scholarship programs are one of Rechi's key initiatives to fulfill its social responsibility, aiming to nurture future professional talent and create more opportunities for growth. This is the third year of the scholarship program since its establishment, and we have distributed NT\$1,048,000 in scholarships to 49 students.



Corporate visits

► Charity support

Each month, Rechi regularly purchases cakes from the “Love Unstoppable Sheltered Store” operated by the Taoyuan City Down Syndrome Foundation and gifts them to employees celebrating birthdays that month. This initiative supports disadvantaged groups while raising employee awareness of social welfare issues. In 2024, a total of 292 employees received these charity cakes, amounting to

NT\$110,960. Additionally, Rechi invited the “Love Unstoppable Sheltered Store” to set up stalls at the Company, showcasing and selling food, gifts, and handicrafts – providing people with disabilities a unique job opportunity and platform, and further promoting public awareness of vulnerable communities.

Rechi also participated in the “Love Home Cake DIY Activity” organized by Love Home. During the event, individuals with disabilities shared their backgrounds and life experiences, allowing employees to better understand their circumstances. Under the guidance of the disabled participants, employees and their families worked together to complete cake-making activities. This not only helped everyone appreciate the meaning of charitable action, but also deepened understanding and empathy toward people with disabilities. On the same day, Rechi donated 180 unused uniform invoices to support the development of the public welfare organization.

Rechi also regularly organizes blood donation activities, encouraging employees to actively engage in social welfare. In 2024, a total of 46 employees participated in blood donation, collectively contributing 67 bags of blood to assist patients in urgent need. These actions not only provide meaningful help to those in need but also help employees recognize the value of fulfilling social responsibility in daily life. For this event, giveaway items were provided in collaboration with the “Love Home” public welfare organization. Employees who donated blood received a cake as a token of appreciation, which encouraged more participation in charity and created a win-win outcome. The total amount of this charity purchase was NT\$12,630, further supporting the development of social welfare.



Monthly birthday cakes from charity



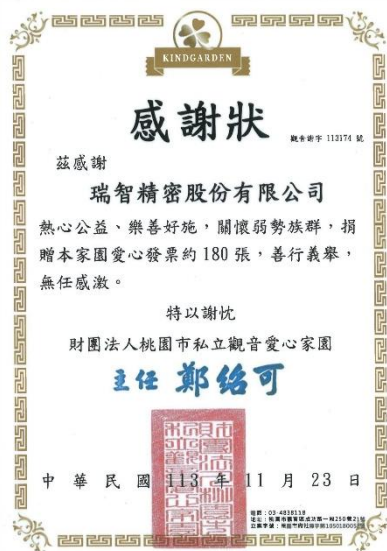
Love Without Fuss Chang Gung Sheltered Workshop charity fair at the plant



Charity Cake DIY Activity



Blood Donation Activity



Certificate of Appreciation – Love Home Charity Invoices



Certificate of Appreciation – Blood Donation

► Community empowerment

Rechi is located in Fulin Village, Taoyuan City, and as a member of the local community, actively participates in and supports community development. Sponsored local events such as the “Caota Brigades and Guanyin Education Brigades Year-End Review Seminar and Fire Prevention Awareness-raising Party” and the “Fund Raising for the Security Patrol.” It also sponsors adjacent fire departments, temples and security patrols in small amount (totaling NT\$10,000) to show its support and care for the community.

► Sport Promotion

Rechi actively participated in the “2024 TLPGA Women’s Golf Tournament,” sponsoring the event with NT\$2 million this year. We have supported this tournament for six consecutive years, with total sponsorship reaching NT\$12.33 million. In addition to engaging in public welfare activities, Rechi is also committed to cultivating sports talent in Taiwan, fulfilling our corporate social responsibility. A special pairing match was also held before the tournament, inviting customers, suppliers, banks, and other partners to play alongside professional golfers, demonstrating our support for women’s golf in Taiwan through concrete actions. Rechi also hopes to lead by example and inspire more enterprises to invest resources in creating a higher-quality development environment and greater opportunities for Taiwanese athletes.



2024 Sampo TLPGA Ladies Open



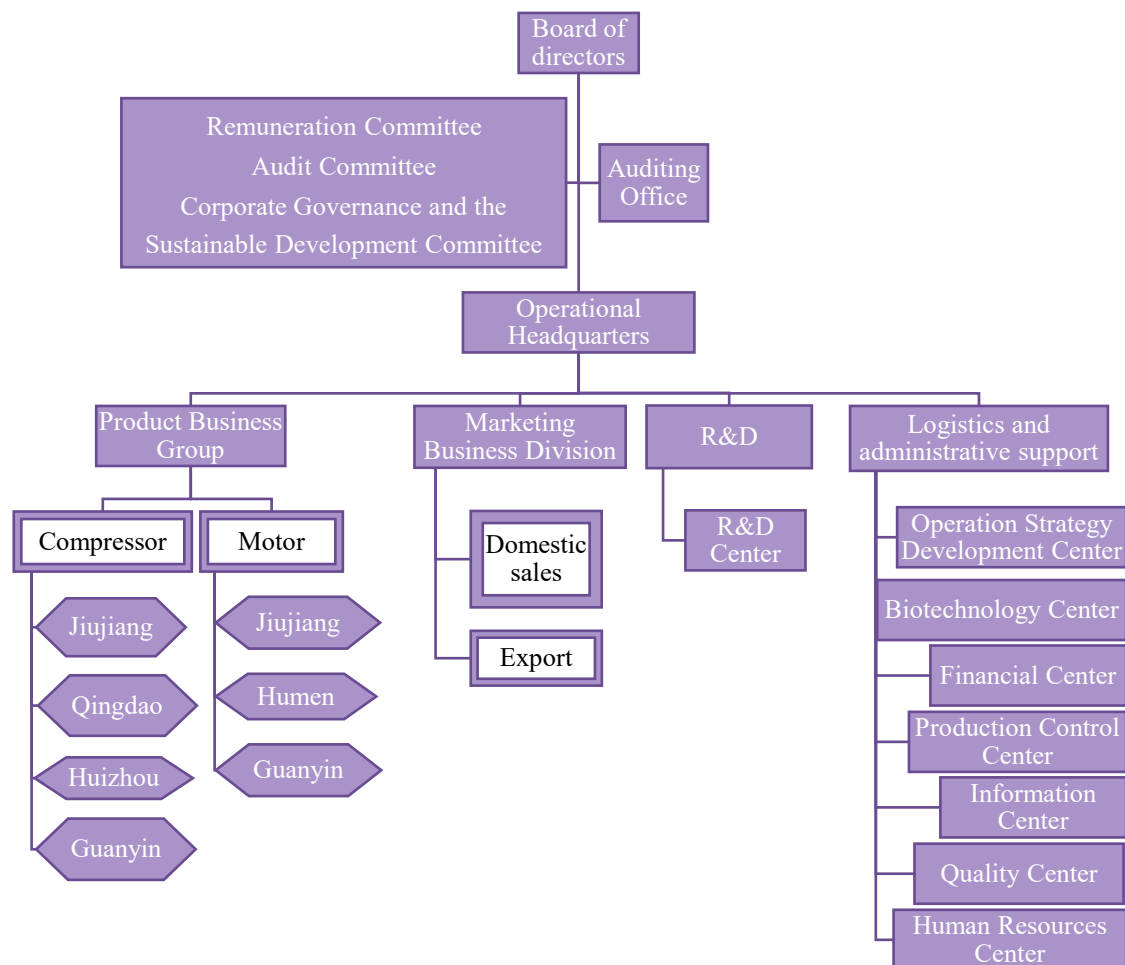
5 Corporate Governance

5-1 Corporate Governance

◆ Corporate Governance Structure

Sound corporate governance is the foundation of sustainable business operations. In addition to establishing a rigorous corporate governance structure, Rechi also focuses on strengthening the functions of the Board of Directors, enhancing the leadership and management capabilities of the executive team, and optimizing the organization and mechanisms of risk management to address various environmental and human rights issues, thereby protecting the rights and interests of shareholders, employees, and other stakeholders.

Corporate Governance Organization Structure



◆ Composition and operation of the Board of Directors

The Board of Directors of Rechi Precision Co., Ltd. is the highest governing body of the Company. It formulates and complies with various laws and regulations and exercises the powers delegated by the shareholders' meeting. It is responsible for guiding the Company's strategy, supervising management, and being accountable to the Company and its shareholders. The Company's governance operations and arrangements must ensure that the Board of Directors exercises its powers in accordance with the law, the Articles of Incorporation, and resolutions of the shareholders' meeting.

The nomination and selection of Board members are conducted in accordance with Article 192-1 of the Company Act and the Regulations Governing the Election of Directors of Rechi Precision Co., Ltd. The candidate nomination system is adopted, whereby candidates are nominated by the Board of

Directors and shareholders who meet the legal shareholding requirements. The nomination announcement and procedures are carried out in accordance with statutory processes.

In addition to complying with legal procedures, Rechi values the independence of independent director candidates and their ability to address potential conflicts within the organization. Independent directors must meet the qualification requirements for independent directors and be professionals with a background in corporate governance, finance and accounting, law, or relevant industry experience to ensure their ability to exercise independent judgment and provide professional and neutral opinions during the decision-making process.

Director nominations also consider candidates' ability to manage organizational conflicts and identify risks – for example, whether they possess relevant experience in legal, auditing, sustainability, or internal control systems – so as to enhance the Board's judgment and risk management capabilities in matters involving stakeholders, related-party transactions, or major operational decisions. This principle has also been incorporated into the Company's Corporate Governance Best-Practice Principles and is implemented during director re-elections. Currently, the nomination and selection criteria for directors do not yet include the ability to supervise ESG impact management.

The 14th Board of Directors of Rechi Precision Co., Ltd. is composed of nine directors, with a term from June 15, 2023, to June 14, 2026. Among them, three are independent directors, and one director is female. In terms of age distribution: 0% are under 30 years old, 11.11% are between 30 and 50 years old, and 88.89% are over 50 years old. In terms of gender composition: male members account for 88.89%, and female members account for 11.11%. In terms of educational background: 66.67% hold a graduate degree or above, while 33.33% have a college degree. In 2024, 5 board of directors' meeting were held, and the in-person attendance rate of all directors was 86.67%. They attended the meetings to supervise and learn about the implementation of the business plans, presentation of financial statements, audit reports, and the follow-ups. Currently, the academic and professional backgrounds of Board members are relevant to the key topics in this report, including economic performance, customer service, marketing, and labeling. The Chairperson of Rechi Precision Co., Ltd. does not concurrently serve in any senior management position.

Board composition

Title	Chairman	Vice chairman	Director				Independent director		
Name	CHEN, SHENG TIEN	YANG, CHENG MING	FENG, MING FA	ICHIJU, MIYO	LIU, HUNG YI	CHEN, SHENG CHUAN	SU, CHING YANG	CHEN, SHENG WANG	HUANG, PAO-HUI
Nationality	Taiwan	Taiwan	Taiwan	Japan	Taiwan	Taiwan	Taiwan	Taiwan	Taiwan
Gender	Male	Male	Male	Male	Male	Male	Male	Male	Female
Age (years)	70-79	60-69	60-69	40-49	60-69	70-79	70-79	60-69	50-59
Length of term of independent directors	9 years↑ 4-8 years 3 years↓								
Professional capabilities	Business management	•	•	•	•	•	•	•	•
	Leadership and decision-making	•	•	•	•	•	•	•	•
	Industry knowledge	•	•	•	•	•	•	•	
	Financial accounting								
	Law								

in business management, industry knowledge, leadership and decision-making, marketing, and environmental protection. They are able to provide a wide range of perspectives on the Company's strategies and operational risks, and assist in identifying and properly handling potential conflicts of interest. To enhance governance transparency and decision-making fairness, the Board of Directors has established the Audit Committee and the Remuneration Committee, both of which are composed entirely of independent directors. These committees are responsible for overseeing financial reporting, internal controls, and matters involving conflicts of interest with directors or managers, effectively exercising independent oversight functions to ensure that board decisions align with the best interests of the Company and its shareholders.

Although the members of the Board of Directors of Rechi Precision Co., Ltd. are not appointed as representatives of specific stakeholders, some board members are stakeholders themselves, such as shareholders and employees. They possess experience across diverse industries and are capable of balancing the perspectives of various stakeholders. At the operational level, through the Corporate Governance and Sustainable Development Committee, the Company regularly gathers feedback and expectations from stakeholders such as employees, suppliers, and the community. A stakeholder communication report is submitted to the Board of Directors every November to support the Company's commitment to sustainable development and corporate social responsibility.

► **Directors' continuing education**

In order to enhance the professional competence of the Board of Directors, Rechi regularly arranges for directors to participate in a variety of continuing education programs. The topics cover areas related to corporate governance, such as finance, risk management, business operations, commerce, law, accounting, and corporate social responsibility. In 2024, directors completed a total of 66 hours of training, with an average of 7.33 hours per person. Topics included zero-trust cybersecurity governance and ethical business practices, trade secrets and information security practices with legal risk management, corporate social responsibility, insider trading prevention, and board governance under ESG. These courses help directors stay attuned to changes in industry dynamics, legal regulations, and management practices.

Furthermore, to enhance the Board's understanding and decision-making regarding sustainability, this year's director training was closely aligned with the material topics disclosed in the Sustainability Report, including key areas such as "economic performance" and "customer service." The training programs help improve the directors' ability to identify and oversee ethical business policies and sustainability risks, thereby strengthening the Board's overall performance and governance effectiveness in the three major dimensions of environment, people (human rights), and governance.

► **Evaluation mechanism for the Board's performance**

In order to improve the functions of the Board of Directors, establish performance goals, and enhance operational efficiency, Rechi has formulated the "Regulations Governing Performance Evaluation of the Board of Directors and Functional Committees," which are to be conducted at least once a year in principle. External professional institutions are commissioned to conduct evaluations at least once every three years. At the end of each fiscal year, a performance evaluation is carried out, and the meeting unit collects and compiles statistics, which are then reported to the Board of Directors as a basis for review and improvement.

The self-assessment targets include the Board and functional committees. The "Board Performance Self-Assessment Form" is completed by all directors, while the "Audit Committee Performance Self-Assessment Form" and "Remuneration Committee Performance Self-Assessment Form" are completed by members of each respective committee.

The 2024 performance evaluation results were positive across all areas, indicating sound operations that meet corporate governance requirements and effectively enhance Board functions. Rechi will continue to strengthen and refine its governance mechanisms, reinforce ESG-related policies such as carbon reduction, and actively implement its ESG action plans. At present, the ESG impact monitoring capability of directors is not yet included in performance evaluation indicators.

► **Board members' recusal due to conflicts of interest**

To ensure integrity and ethical conduct, Rechi strictly adheres to principles of conflict-of-interest

avoidance and anti-corruption. In accordance with the “Rules of Procedure for Board Meetings,” directors must recuse themselves from discussions and voting if a conflict of interest is involved. For information on cross-shareholdings, controlling shareholders, and stakeholder relationships involving directors and suppliers or others, please refer to Chapter 3, Section 1 of Rechi’s 2024 Annual General Shareholders’ Report. For stakeholder relationships, transactions, and outstanding balances, see Note 29 in Rechi’s 2024 financial statements.

◆ Functional committees

Rechi’s Board has established functional committees as needed, namely the Remuneration Committee, Audit Committee, and Corporate Governance and Sustainable Development Committee. In addition, a Corporate Governance Officer has been appointed to enhance the efficiency of Board operations.

The composition, main responsibilities, and 2024 operations of each functional committee are as follows:

► Audit Committee

The Audit Committee is composed entirely of independent directors, with Independent Director Su Ching-Yang serving as convener. Meetings are held at least once per quarter, or as needed. The committee is responsible for establishing and amending internal control systems, procedures for handling significant financial or business activities, and reviewing securities, financial reports, and matters involving director interests. In 2024, the Audit Committee held four meetings, with a 100% attendance rate.

► Remuneration Committee

The Remuneration Committee is also composed entirely of independent directors, with Independent Director Su, Ching-Yang serving as convener. At least two meetings are held annually. The committee is responsible for formulating and periodically reviewing performance evaluation and remuneration policies, systems, standards, and structures for directors and managers, and for evaluating and setting their compensation. In 2024, two Remuneration Committee meetings were held, with an attendance rate of 83.33%.

► Corporate Governance and the Sustainable Development Committee

The committee is chaired by the General Manager, with the Corporate Governance Officer serving as Vice Chair and the Plant Director serving as Executive Secretary. By function, the Operation Planning Team, the Environmental and Occupational Safety Team, the Public Welfare Team and the Corporate Governance Team have been formed. Responsible for the advance, implementation and execution of sustainability-related matters including corporate governance, ethical corporate management, sustainable development policy, risk management, energy saving and carbon reduction.

The Company appointed Vice President Ko, Chih Cheng as the Corporate Governance Officer taking charge of matters related to Board meetings and shareholders’ meetings, preparing the minutes of board of directors’ meetings and shareholders’ meetings, assisting directors in taking office and continuing education, providing information necessary for directors to perform their duties or other matters provided in the Articles of Incorporation or contracts. A total of 12 hours of continuing education courses as required by laws were taken by the Corporate Governance Officer in 2024.

Material resolutions made by the Board of Directors are disclosed on the Market Observation Post System and the Investor Relations section of the Company’s website in a timely manner. In addition, major internal policies such as the Articles of Incorporation, the Corporate Governance Best-Practice Principles and the internal audit policies are made publicly available for reference.

◆ Remuneration policies

The measures and regulations that have been reviewed by the Remuneration Committee and submitted to the Board of Directors for approval include the Regulations for Director Remuneration Distribution, the Policy for Remuneration to Managerial Officers, the Regulations for Employee

Remuneration Distribution, the Regulations for Managerial Officers' Performance Bonus Distribution and the amendments to the Rules of Responsibilities of Independent Directors. Pursuant to Article 27-1 of the Articles of Incorporation, remuneration is linked to the Company's earnings and business performance. If the Company records a profit in a year, of which no more than 3% shall be provided as director remuneration, and no less than 1% and no more than 8% as employee remuneration. However, profits must first be taken to offset against cumulative losses if any, then used for appropriation of remuneration to employees and directors based on the preceding percentages. Appropriation of director remuneration and employee compensation shall be raised to the shareholders' meeting as a report matter. Remuneration to employees can be paid in the form of cash or shares and to employees of affiliated companies that satisfy certain criteria. The criteria shall be determined by the Board of Directors or authorized personnel.

At present, Rechi has not yet linked the ESG goals and performance of stakeholders (including shareholders) to the remuneration of the Board of Directors and managers. However, the Company will continue to monitor this issue and will evaluate it further when ESG implementation becomes more mature.

► Key performance indicators for the Board of Directors and managers

Rechi actively responds to the global trend of carbon neutrality and adheres to the concept of sustainable development by promoting energy conservation and carbon reduction. The Company set targets to reduce carbon emissions by 1% per unit of compressor and to improve ESG evaluation scores. It also successfully achieved the target of net profit after tax, fulfilling the objective of maximizing corporate value. The remuneration for directors and managers is adjusted based on the achievement rate of the annual business performance indicators. The achievement rate of the 2024 business performance indicators reached 120%, demonstrating the Company's strong efforts and accomplishments in sustainable development.

5-2 Ethical Corporate Management

The Company upholds the principles of fairness, honesty, integrity, and transparency in carrying out business activities. To implement the ethical management policy and actively prevent unethical conduct, the Corporate Governance Committee has formulated the Ethical Corporate Management Best-Practice Principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and the relevant laws and regulations in the place where the Company operates, to specifically regulate the matters that our personnel should pay attention to when performing duties, and we disclose the Ethical Corporate Management Best-Practice Principles in our annual reports and on the Company's website, so that suppliers, clients, investors, or other relevant organizations and personnel can clearly understand our ethical management philosophy and regulations. In addition, the Company has set up the Corporate Governance and Sustainable Development Committee under the board of directors to promote ethical management and regularly report on its implementation to the board of directors on a quarterly basis.

Our employees need to explain the Company's ethical management policy and relevant regulations to the transaction counterparties in the course of doing business with external companies and expressly refuse to directly or indirectly provide, promise, request, or accept improper benefit in any form or name, including giving and receiving bribes, making illegal political contributions, inappropriate charitable donations or activities, or receiving inappropriate gifts or entertainment. If any unethical conduct is discovered in business dealings or committed by any partners, we immediately stop business dealings with them and blacklist them to duly implement the Company's ethical management policy. Sellers of goods or service providers should account for or calculate tax amounts according to the amounts on the uniform invoice in accordance with the Business Tax Act of the Ministry of Finance of the Republic of China and other relevant laws and regulations, to prevent businesses from evading tax and increase the tax revenue of the national treasury. We adhere to ethical management and file tax returns and pay taxes as required, after each transaction is completed, we issue a uniform invoice to the buyer and never adopt any deceptive or illegal means for tax evasion.

The Company has included the principles of ethical corporate management into its management system and set up an explicit and effective reward, punishment, and grievance system (e.g. the President's mailbox). By keeping whistleblowers' identity and contents of reports confidential and allowing anonymous reporting, it protects the whistleblowers from suffering any consequence of reporting an incident. The Company's personnel who violate the principles of ethical corporate management will be discharged or dismissed in accordance with relevant laws or labor regulations, and we hold internal awareness-raising events regularly, at which the Chairman, the President, or senior management are invited to communicate the importance of integrity to directors, employees, and designated personnel. Up to now, the Company has not had any corruption incidents nor made any political contributions.

◆ Internal control

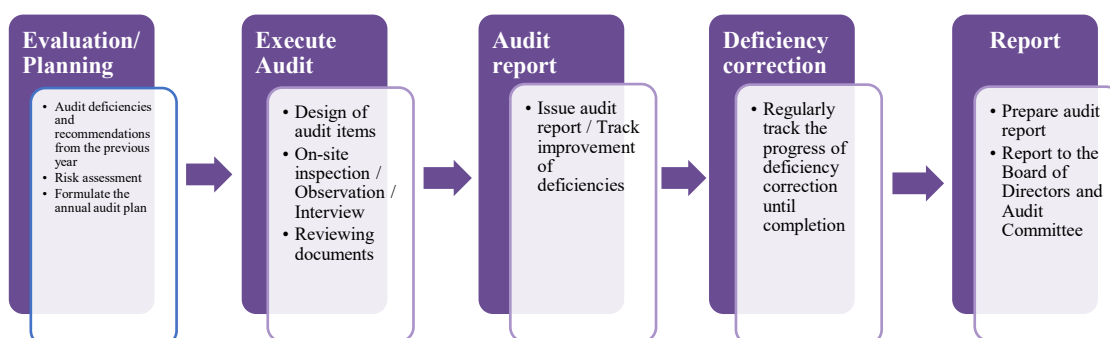
The Company's Auditing Office is directly under the board of directors to assist the board and managers in checking the effectiveness and implementation of the internal control system. It reviews the improvement to defects, evaluates the results and efficiency of operations and provides improvement suggestions in a timely manner to ensure that the internal control system can be implemented continuously and effectively as the basis for reviewing and revising the internal control system.

In terms of execution, the Audit Office carried out audit operations according to the 2024 audit plan, with a total of 405 audit items. All deficiencies were corrected within the specified time. Rechi also required its internal departments and reinvested subsidiaries – such as the Rechi Humen Plant, Rechi Huizhou Plant, Rechi Qingdao Plant, Rechi Jiujiang Plant, Dynarechi, and Dongguan Fudeng Company – to revise their “Internal Control Systems” and related management regulations. These revisions were based on the Company's internal control procedures and key control points, and aligned with the scale, actual business nature, and operating conditions of each entity. All subsidiaries were instructed to comply with the internal control guidelines established by Rechi headquarters, ensuring that all operations continue to be conducted with minimal risk.

The Audit Office follows the five major elements of COSO internal control (control environment, risk assessment, control operations, information and communication, and supervision), as well as the latest internal control system handling principles, corporate governance principles and the Company's business conditions; regularly reviews and evaluates the effectiveness of internal control; assesses risks per the audit results; formulates an annual audit plan accordingly, covering the operating procedures of the eight major cycles, the non-cyclical operating procedures, the computerized information system operation, the supervision and management of subsidiaries, and the audit items stipulated by the Financial Supervisory Commission (FSC). The Audit Office performs annual internal audits of significant subsidiaries through on-site audits or review of written documents, and duly supervises and improves subsidiaries' internal control; completes the audits as scheduled, puts forth suggestions for improvement, notifies the units of the Company and the subsidiaries audited to immediately take appropriate improvement measures as per suggestions and continues to track the improvement progress, while issuing an audit report as required, submitting the report to the Audit Committee by the end of the following month for review, and reporting it to the Board meeting in a non-voting capacity.

Auditors participate in training courses held by professional institutions every year for on-the-job training. The number of training hours are in alignment with competent authorities' requirements and we file reports in accordance with regulations to ensure that our auditors update their professional skills and knowledge in real time. The Company regularly carries out the internal control self-assessment on various units of the Company and the group's investees, as a means to implement the self-supervision mechanism. The Auditing Office compiles a report, containing the improvements to the defects and anomalies found in the audits together with the self-assessment results, as the basis for the evaluation of the effectiveness of the overall internal control system and the issue of a Statement of Internal Control System.

Audit Process Flowchart



◆ Compliance

The Company has the legal personnel to provide employees education and training in law and legal consultation, and review the contracts with stakeholders; the internal audit unit to ensure continual and effective implementation of the internal control system preventing operating risk and enhancing business performance.

The Company has adopted the “Procedures for Ethical Management and Guidelines for Conduct”, which cover the identification, prevention and control of frauds, to manage its directors, managers and employees (excluding temporary personnel). All employees shall accept training and education and sign the agreement for compliance with regulations (including relevant ethical operational regulations such as anti-corruption). Training or awareness-raising events in ethical corporate management, anti-corruption, and anti-bribery are offered to all employees every year, making them fully aware of the Company’s ethical corporate management policy and the consequences of unethical conduct. It has conducted the risk assessment related to anti-corruption with a 100% implementation rate, and there were no significant risks found. There were 332 persons to participate in the assessment, and 332 of them actually took part, that is, a 100% implementation rate.

In 2024, it offered the education and training courses in anti-corruption totaling 120 hours to 60 new employees. In addition, it would like to enhance employees’ understanding about human rights and corporate social responsibility, so it mails news or laws announced by the competent authorities, such as regulations regarding insider trading, important information, and Q&As on regulations, to employees from time to time, and prepares publications with respect to anti-corruption and sexual harassment prevention to improve employees’ awareness.

The Company cares about worker rights and equality by providing equal work opportunities to employees without discrimination against people of any race, gender, physical or psychology disabilities, religion or other nature, nor does it commit any form of forced or compulsory labor. All of the Company’s products are in compliance with regulations of each country, laws and customers’ requirements under the quality management system.

Compliance Items	2023	2024
Total number of violations	0	0
Total amount of fines for violation of laws and regulations	0	0

Note:

1. Major Violation Incident Judgment Criteria – Monetary penalties of NT\$300,000 or more; non-monetary penalties such as suspension of operations or rights.
2. In 2024, there were 0 major monetary penalties and 0 non-monetary penalties.
3. The above legal compliance disclosure applies only to Rechi’s Guanyin Plant.

5-3 Risk Management

As an effort toward sound management and sustainable development, on March 20, 2020, the Company's Board of Directors adopted the "Risk Management Policy and Procedures" as the primary guidance for risk management. This policy clearly outlines the risk management process and identifies risk sources, classified into external and internal environmental variables, to ensure the effectiveness of the risk monitoring mechanism. The responsibility for risk management is jointly undertaken by the Board of Directors, the Risk Management Committee (also serving as the Corporate Governance Committee), the Audit Office, and all business units. Through regular reporting and evaluation, risk control is effectively implemented to maintain stable operations.

► Operation of risk management

According to the "Risk Management Policy and Procedures," Rechi has established a comprehensive risk monitoring and evaluation system to ensure that risk management across all business areas aligns with changes in the internal and external environments and legal requirements. Each business unit must regularly monitor risks and implement countermeasures based on shifts in both internal and external factors and legal requirements.

In quality and environmental management, second-level units are required to complete a "Risk Management Assessment Form" annually by year-end. Primary units conduct bottom-up business-specific risk assessments and submit self-assessment reports, which are reviewed and consolidated by the Audit Office. Each department must also evaluate risks across the business cycle, performing internal risk control based on the five components of internal control (control environment, risk assessment, control activities, information and communication, and monitoring). A comprehensive self-assessment report is then submitted to the General Manager for review, alongside a written report issued by the Audit Office. This forms the basis of the Internal Control Statement, submitted to the Audit Committee and the Board of Directors for deliberation each March. This process was reviewed and approved by the Audit Committee and Board on March 11, 2025, ensuring the continued effectiveness of the Company's risk management policy and mechanisms.

Financial Risk

In 2024, the U.S. Federal Reserve initiated an interest rate cut and easing policy that spread globally. At least 70 countries held elections, resulting in political instability and policy uncertainty. The ongoing Russia-Ukraine war, escalating geopolitical tensions in the Middle East, intensifying U.S.-China trade conflict, and the surge of artificial intelligence (AI) have all contributed to turbulence and volatility in the global financial markets. To reduce operational risk and move toward sustainable development, Rechi has adopted the following financial risk control measures.

Risk Management Strategies:

1. The Company has been utilizing a combination of short-term loans at lower interest rates and medium- and long-term loans from stable sources to fund its operations and taken more loans denominated in New Taiwan Dollar that have lower interest rates in comparison to foreign currency loans aiming to reduce the impact of changes in market interest rates.
2. The Company offsets asset positions and liability positions denoted in foreign currencies to balance the positions in aim to achieve a natural hedging effect.
3. The Company keeps abreast of the information on currency market interest rates and financial market and constantly observes the variation of market exchange rates in order to take prompt responses appropriately and minimize the effects of interest rate and exchange rate fluctuations.
4. In accordance with FSC's relevant laws and regulations, the Company has formulated the Operating Procedures for Loans to Others, the Operating Procedures for Endorsements and Guarantees, and the Operating Procedures for Derivatives Trading, regularly review and pre-assess and follow up on the implementation of various operations, and take countermeasures to control financial transaction risks, when necessary.

Tax Risk

The Company has been committed to the innovation in energy conservation industry and sustainable development to create corporate social value. While implementing sustainable development, with respect to tax governance, it complies with local tax laws at all of its operating sites, implements arm-length transactions with affiliates, does not involve in complicated transactions that are fictitious or without economic substance, does not use offshore tax haven or carry out a tax plan for tax avoidance purpose, and discloses information on taxes and stakeholders in its financial reports and local tax forms to improve information transparency.

Risk Management Strategies:

1. The Financial Management Center is the responsible unit for tax management of the Company. In response to the risk of changes in international tax laws and regulations, the Company identifies, assesses and measures tax differences arising from decisions as a whole, and manages and controls risks therefrom.
2. Significant subsidiaries at each operating site also have the financial department established in charge of tax administration. For significant transactions and decisions, they conduct tax risk planning in compliance with local tax laws and regulations, tax benefits and tax treaties and regularly report to the Group's Financial Management Center.
3. The Company and its significant subsidiaries routinely facilitate communication with tax authorities at each operating site for a better understanding and compliance with local tax laws and requirements.
4. If a tax authority raises questions on transactions of the Company and its significant subsidiaries, the Company does its best to cooperate and maintain good and upright communication channels with tax authorities while providing documents for examination within the time limit.

Sales risk

In recent years, the global economic challenges have intensified, including inflation, the Russia-Ukraine war, supply chain disruptions, and energy price fluctuations, leading to a slowdown in growth. In response to these changes, we actively understand the needs of risk and benefit related parties, create economic, environmental and people (human rights) values, and continuously optimize management strategies to turn risks into innovation opportunities and maintain competitiveness.

Risk Management Strategies:

●Short-term business development plan:

1. Adjust the product distribution and continue to expand the application of compressors:
 - ✧ Develop new miniaturized and low-cost products to cope with high prices of copper, and gradually replace copper wire with aluminum wire.
 - ✧ Foster and enhance product applications in energy-saving markets such as heat pump dryers, heat pump dishwashers and heat pump water heater, and expand the use of commercial air-conditioners and industrial fields.
2. Actively explore new customers and new markets, and increase the proportion of small and medium-sized customers:
 - ✧ Under the pressure of high costs, seek more profitable small and medium-sized customers to deepen cooperation and increase the proportion.
 - ✧ In order to avoid operational risks, broaden the sales channels is necessary for preventing the risks brought about by the accident of cooperation with a single customer.
 - ✧ When profits allow, seek cooperation with customers who have concentrated and singular product demands to increase market share.
 - ✧ The heat pump water heater business has been deployed across the province since 2023, with efforts to cultivate the central and southern regions. By the end of 2024, the number of central region distributors increased from 7 to 15, while the number of southern region distributors rose from 6 to 11. Both the central and southern regions are simultaneously implementing business development and maintenance services to enhance the quality of after-sales service across the country.

- Long-term business development plan:
 1. Strengthen core technology, deploy differentiated products, and actively expand medium and large-scale and revolutionary application fields, accelerate penetration of high value-added markets, and enhance brand market influence.
 2. Deepen the relationship with strategic customers, and jointly formulate long-term cooperation plans, cultivate core customers, especially large-scale strategic customers worldwide, and formulate medium and long-term product cooperation plans and supply assurance plans with them, to promote the deepening of the cooperation model between both parties, gradually expand the global market, maintain a stable business ratio, and ensure long-term sustainable development.
 3. The overall performance of heat pumps and heat water is improved, and we have deeply cultivated in Taiwan. Looking forward to the global market, as the global demand for energy saving and environmental protection increases, we will continue to improve the product performance of heat pumps and heat water, and cultivate the global market while deeply cultivating the market in Taiwan. The Company has obtained five energy-saving labels and five MIT Taiwan Manufacturing labels.

Supply chain risk

We treat all suppliers with an honest attitude, adopt the principles of fairness, impartiality, and transparency and take cost reduction as our primary consideration. We have required all suppliers and outsourcers to sign the “ESG/management self-evaluation form”, to convey Rechi Precision’s business philosophy and environmental policy and urge supply chain members to pay attention to environmental issues, to jointly create a friendly work environment. In recent years, Taiwan and the United States have been paying more attention to the impact of the Taiwan–US Comprehensive Agreement on Trade (FTA) on the supply chain or export structure, and the need to explore other sources of imported raw materials and pay attention to tariff adjustments to reduce the dependence on existing suppliers and enhance the understanding of export tariffs.

Risk Management Strategies:

1. We encourage suppliers to comply with environmental management standards (such as ISO 14001), social responsibility standards (such as SA8000), and anti-corruption standards, and expect them to work together for sustainable management.
2. We encourage suppliers to comply with corporate sustainability policies, such as prohibiting child labor, protecting labor rights, and ensuring environmental responsibility. We hope that through friendly cooperation among enterprises, we can work together to contribute to the people (human rights) and the environment.
3. To prevent the shortage of materials or other force majeure events from causing corporate losses, the Company is actively exploring more sources to reduce the risk of supply chain disruption.
4. To enhance ethical risk management, an anonymous reporting mechanism has been established within the supply chain to prevent bribery and improper business conduct, thereby elevating the legitimacy and ethical standards of the supply chain.

Product quality risk

Product defects may result from various operations such as incoming quality control, in-process quality control, final quality control, etc., or the materials or parts produced by suppliers that do not meet the Company's quality requirements for specification and drawing leading to unqualified compressors, heat pump products and processed carriers for CMP pad conditioner.

Risk Management Strategies:

1. For any unqualified materials from a collaborative supplier incoming or found in the manufacturing process, a collaborative supplier corrective action request form shall be submitted, and the supplier shall subsequently submit its corrective action to the Company for tracking.
2. For process quality defects, the Company proposes the corrective action request form and the improvement strategy analysis form to the responsible unit according to the standard operating procedures, and tracks the improvement progress and performance for prevention.
3. It improves finished product quality through the experience gained from product recalls, product returns with customer complaints, repairs, grievances and reworks.

R&D risk

In response to the global trend of energy conservation, carbon reduction, and policy requirements, Rechi has actively promoted the innovation and upgrade of compressor technology to accelerate product evolution, replace traditional technology with new-generation products that are more efficient and environmentally friendly, and ensure market competitiveness. In addition to focusing on improving product efficiency, Rechi has also expanded its application fields, especially for small personal air conditioning and large light commercial equipment markets, to meet the diverse needs and improve profitability. In order to consolidate its leading position in technology, Rechi has continued to promote the use of environmentally friendly practices and natural refrigerants, actively participating in the formulation and implementation of global environmental protection standards to ensure that its products comply with regulations and market trends.

Risk Management Strategies:

1. During the product design and development process, Rechi must comply with international safety standards to ensure product compliance and safety in the global market, enhance product reliability and consumer confidence, and strengthen brand awareness.
2. In response to climate change and the global trend of energy conservation, Rechi's product design and development must comply with international energy regulations to further enhance product value, meet market demand for high-efficiency energy-saving products, and boost international competitiveness.
3. In response to climate change and the global focus on environmental protection, Rechi actively enhances the environmental performance of its compressors, complies with international environmental regulations, adopts low-GWP refrigerants, reduces carbon emissions, achieves energy-saving and emission-reduction goals, and extends product life cycles.
4. To ensure product quality and strengthen market competitiveness, Rechi has established the "R&D Center Operating Procedures," an integrated process that ensures product quality meets the highest standards in all aspects.
5. To positively motivate developers to actively meet development goals, Rechi has formulated the "Project Development Award Regulations," aligning individual performance with corporate strategic objectives to achieve mutual growth.

Human resources risk

Guided by its core values – “valuing each employee, cultivating talent, upholding fairness and compliance with local labor laws and international human rights standards” – Rechi adopts these principles as the foundation of its human resource management. The Company is committed to protecting employee rights and well-being while fostering a diverse, inclusive, knowledge-sustainable, and talent-sustainable workplace. The Company outlines its risk management strategy according to the current situation.

Risk Management Strategies:

1. In order to prevent talent gaps, Rechi is committed to fostering a diverse and inclusive workplace. Talent recruitment is based on competency and capability, with a strict prohibition against any form of discrimination related to gender, nationality, religion, etc., aiming to build a friendly, inclusive, and internationalized workplace as a long-term vision.
2. All overtime work is handled in compliance with laws and regulations, where the overtime hours control has been controlled monthly and paid or compensated with leave under the provisions of applicable laws and regulations.
3. The Company values employees' opinions and rights. Therefore, it has built a comprehensive channel for employee feedback, by which employees are protected from violations of or negative impact on human rights.
4. The Company provides competitive compensation packages, including salary, subsidies, bonus and remuneration, to attract, cultivate, retain and reward employees who show good performance and continue to contribute.
5. Amid declining birthrates, Rechi believes that talent is the foundation and the most valuable asset of the enterprise. In addition to building a comprehensive training system, the Company implements planned and continuous training across all functions to strengthen capabilities, prevent talent gaps, and achieve long-term talent sustainability.

Occupational safety risk

Rechi upholds the goal of zero injuries and zero accidents by strictly complying with occupational safety and health laws and regulations issued by government authorities. Based on the ISO 45001 framework, the Company actively promotes a wide range of safety and health measures. Through rigorous hazard identification and risk assessment procedures, comprehensive safety management practices are implemented to detect and mitigate potential hazards. By continuously operating the PDCA (Plan–Do–Check–Act) cycle, Rechi persistently improves the workplace environment to ensure employee health and safety and foster long-term, stable workplace safety management.

Risk Management Strategies:

1. The Company actively promotes and maintains the ISO 45001 Occupational Health and Safety Management System to ensure compliance with international standards and continuous improvement in safety management.
2. The Company conducts regular health checkups for employees engaged in special operations as well as general physical examinations. Based on the results, high-risk groups are identified and provided with follow-up health monitoring and professional medical consultations to ensure their physical and mental well-being.
3. A comprehensive annual safety and health education and training program is implemented, with regular updates on occupational safety and health knowledge to enhance all employees' awareness and responsiveness to safety and health risks.
4. Regular fire and emergency response drills are conducted to strengthen employees' emergency handling skills and disaster preparedness, ensuring swift and effective response in unexpected situations.
5. The Company enforces strict safety management for contractors, requiring them to fully comply with internal safety regulations and standards to prevent any safety risks arising from outsourced operations.

Climate change and environmental risk

The frequent and severe global warming and extreme weather have brought about the potential risk of global warming and made the Company a key player in reducing greenhouse gas emissions with the limited resources on Earth. At the same time, under the framework of the Paris Agreement, the emissions need to reach zero by 2050, and the Company as a player in the global supply chain has to substantially contribute to environmental conservation measures of all levels.

Risk Management Strategies:

1. Comply with environmental laws and regulations promulgated by authorities, continue to implement the ISO 14001 system, pay attention to domestic and international environmental laws and regulations, and keep updating knowledge of environmental laws and regulations.
2. We implement environmental management, strengthen environmental protection education for employees, continue to promote waste reduction, and increase resource reuse.
3. Promote and maintain ISO 50001 certification by setting environmental and energy management targets (a 1% reduction in total electricity consumption compared to the previous year), conducting footprint assessments, and implementing equipment efficiency and energy management improvements.
4. In addition to easing the impact of products on environment, we have also considered options from various aspects such as products and services, and further reduced carbon footprint through innovative technologies, e.g. video conferences and the electronic signature system.
5. The Company is committed to energy conservation and carbon reduction, striving to make a positive contribution to the environment and ecosystem. Our greenhouse gas data has been verified in accordance with ISO 14064-1:2018.

Information security risk

Rechi Precision Co., Ltd. faces a wide range of threats and vulnerabilities at any time. These risks stem from external sources such as hacker attacks, malware, and social engineering, as well as internal issues like employee negligence or intentional leakage of sensitive information. Data breaches, system disruptions, and service failures can significantly impact the Company's operations, reputation, and customer trust. With the increasing complexity brought by digitalization and networking, Rechi must strengthen risk management and establish comprehensive protection mechanisms to mitigate potential threats.

Risk Management Strategies:

1. Ensure the classification and control of assets. Carry out efficient monitoring and maintenance on software and hardware and promptly fix known bugs to mitigate safety risk.
2. Regularly organize disaster recovery drills on important systems of the Group in the hope for quick recovery to normal operation after each disaster ensuring the Group's ongoing operations.
3. Regularly host information security education and training and awareness-raising events to strengthen employees' awareness of information security, and establish the concept of "Information Security is Everyone's Responsibility."
4. Clearly define the access right to network systems to prevent unauthorized access.
5. Establish a comprehensive information security governance framework, including adoption of information security policy, guideline and procedures, define responsibilities and privileges to ensure the effective execution of information security management.

Operating and legal risks

In order to strengthen product competitiveness, the Company reduces production cost, improves business performance and maximizes shareholders' equity; to effectively manage regulatory risks, it avoids major violations and penalties and pursues sustainable development. In the long run, it is founded on innovation of R&D technology with a value innovation strategy while continuing to introduce the environmental management system and implementing environmental protection and improvement to meet the requirements of applicable laws and regulations. However, it still lays out the risk management strategy in response to the current situation for performance maximization and risk minimization.

Risk Management Strategies:

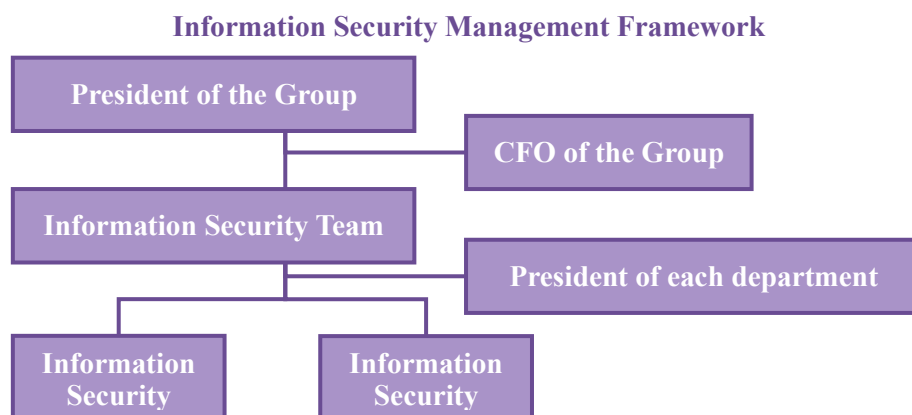
1. The senior management regularly discusses about the economy and business performance, makes decisions accordingly and meets to track the results.
2. Board of Directors' meetings are held regularly by the senior management for reporting business performance to directors.
3. The Corporate Governance and Sustainable Development Committee sets up targets and management strategy and enables initiation of various businesses.
4. New employees accept training and education and sign the agreement for compliance with regulations (including relevant ethical and operational regulations such as anti-corruption) to prevent corruption.
5. Stakeholders can send feedback through telephone or e-mail stated in the "Investor Relations" section of the official website.

5-4 Information Security

Under the current business operational environment, information security plays a more critical role. As the value of the Company's internal information increases, we are facing diverse and evolving challenges to information security. Under the circumstances, the Company takes the initiative to develop a comprehensive information security and protection strategy.

Under contingency protection, Rechi has implemented a multi-layered defense system that includes encryption technologies, intrusion detection systems, and disaster recovery plans to ensure rapid response and business continuity when facing various threats. In addition, we have strengthened employee security awareness training to improve overall prevention capabilities and build a company-wide culture of security participation. Rechi Precision Co., Ltd. will continue to promote innovation in information security technologies to address increasingly complex security challenges and ensure the Company moves forward steadily amid the wave of digital transformation.

◆ Safety Management framework and mechanism




The information security management mechanism and reporting mechanism:

1. Information Security Team (Responsible Department): directs and promotes information security policies. Information Security Team (Responsible Department): staffed with one information security officer and 2 dedicated personnel, directs and promotes information security policies.
2. Information Security Management (Reporting Organization): consists of the chief information officers of each business department of the Group, and implements information security policy and risk control.
3. Information Security Handling (Handling Units): consists of information units of each business department of the Group, implements risk control and handling risk incidents.
4. President of each department: responsible for implementation of information security policies.

◆ Responsive measures for information security and protection

With the diversification and popularization of network applications, hacking, ransomware, and computer viruses have become more frequent, we will adopt the following policies to strengthen information security:

Establish and maintain an information security framework and equipment	The Company will focus on building a sound information security infrastructure, including updating and maintaining equipment such as the firewall, the intrusion detection system, and antivirus software to make sure that the information system can defend against attacks amid constantly changing threats.
Information security advocacy for employees	<p>The Company regularly organizes information security awareness training, focusing on practical content such as real-world case studies and the identification of social engineering attacks. This aims to cultivate employees' in-depth understanding of various information security risks, further establishing a corporate culture of "Information Security, Everyone's Responsibility," and ensuring that every employee serves as the first line of defense for the Company's information security.</p>  <p style="text-align: center;">Information security advocacy for employees</p>
Network privileged	Access control of network systems is further strengthened through strict user privilege management to prevent unauthorized access. Any unauthorized information devices

access management and control	are strictly prohibited from connecting to the Company's network.
Information asset management and risk assessment	Precisely and strictly manage information assets and ensure the proper classification and control of information assets through routine risk assessment. Meanwhile, attach importance to the effective monitoring and maintenance of software and hardware for confidentiality, completeness and availability.
Disaster recovery plan and emergency drills	Introduce a refined recovery plan, including standard operating procedures covering off-site data backup and storage, maintenance and operation of equipment in the server rooms, etc. The regular emergency drill will involve various scenarios preparing the system to recover to normal operation within the shortest time for any emergency.

◆ Information security objectives and achievement

The development goals for corporate information security are primarily set to protect the Company's information assets, mitigate information security risk and raise employees' awareness of information security. Through the establishment of sound information security policy and measures, a corporate can effectively prevent information assets from theft, damage or unauthorized access, and reduce safety risk and ensure compliance with applicable laws and regulations, thereby realizing the goal of zero information security incident.

► Short-term goals

1. Adopt an account/passwords mechanism (minimum 6 digits including English letters) for all systems with the password changed regularly to prevent the confidentiality of the business from being stolen.
2. Implement account control and prohibit employees from installing software by themselves, so as to avoid information security risks arising from improper use.
3. Implement IP control and prohibit non-licensed information equipment from accessing the company network and making connections.
4. Establish standard operating procedures for the maintenance and operations of equipment in the server rooms to ensure normal operation of equipment in the server rooms (implementation of the real name registration system).
5. Authorization to access information systems requires going through a formal application process, and the system access permissions can only be granted after the approval of the applicant's supervisor and the responsible unit (at least managerial/departmental level or above).

► Medium-term goals

1. Conduct the information asset inventory and the disaster recovery drill plan on a regular basis.
2. Perform the network environment penetration test and the vulnerability scanning on an irregular basis.
3. Work together with third-party suppliers and purchase new network equipment, so that when the equipment is running, it is equipped with automatic early-warning and notification mechanisms.
4. Computer equipment will be fully equipped with antivirus and anti-hacking software in order to achieve information security protection.
5. Regular update software and firmware to avoid any support issues arising from outdated versions.

► Long-term goals

1. Carry out internal and external audit operations, and continue to propose improvement items and suggestions.
2. Implement the information security management mechanism/notification mechanism to ensure the implementation of information security protection.
3. Achieve zero significant information security incidents in the company.

► Concrete results

1. The Company has implemented technical measures including data center access control, off-site data backup, network firewalls, email security systems, network access controls, antivirus systems, and security monitoring systems to comprehensively safeguard corporate information assets.
2. Regular information security meetings are held to formulate policies in response to major incidents in recent years, covering areas such as asset inventory and risk assessment, and ensuring the effective implementation of information security measures. Information security education and training sessions are conducted regularly, focusing on phishing email detection and social engineering drills to raise employee awareness of cybersecurity risks. Regular emergency response drills and ERP disaster recovery exercises are conducted to ensure swift system recovery and minimize risks. Account permissions are regularly reviewed, with idle accounts cleaned up to maintain system access control and ensure data integrity and system security.

Information security management items	Frequency of execution	Execution method
Inventory and Risk Assessment of Information Assets	Twice a year	Inventory of information assets
Information Security-Related Education and Training	Four a year	Education and training
Information Security Account Authority and Maintenance	Twelve a year	Maintenance and access review
ERP Disaster Recovery Drill	Once a year	Off-site system restoration

5-5 External Initiatives and Memberships

◆ External initiatives

Users of the scores of the Carbon Disclosure Project (CDP) consist of investors, buyers and corporate management, and many businesses in the globe have participated in the CDP questionnaire to address the increasing demands for environmental information disclosure from investors or buyers. In a capital market, CDP scores correspond to major international ESG ratings, so participation in the CDP questionnaire helps to improve the ESG rating. Since 2020, Rechi has participated in the CDP plan as requested by its European customers and put the carbon reduction policy into practice. The CDP score for the climate questionnaire was B, and the water resource questionnaire was B- in 2024.



◆ Memberships

The Company actively participates in various governmental and non-governmental activities and contributes to the promotion of domestic and international industrial and economic exchanges, e.g. Taiwan Electrical and Electronic Manufacturers' Association and Taoyuan Enterprise Chamber, wishing to become a driving force to bring Taiwan's industry upward. Chairman Mr. CHEN, SHENG TIEN, is the Honorary Chairman of the Taoyuan Enterprise Chamber. He works with and lead members to make progress and innovate, bring together all members to facilitate industrial upgrades, strengthen the business promotion of the chamber and resource integration, reinforce innovation competitiveness, and increase market business opportunities, while actively developing the chamber to become a communication platform between the government and the business community, to promote the common development of the industry for mutual benefit.

Appendix 1 GRI content index

Statement of use	RECHI PRECISION CO., LTD. has reported in accordance with the GRI Standards for the period from January 1 to December 31, 2024.			
GRI 1 used	GRI 1: Foundation 2021			
Applicable GRI Sector Standard(s)	Currently, there is no applicable GRI Sector Standard.			
Topic	Disclosure	Explanation	Chapter	Page
GRI 2: General Disclosures 2021				
The organization and its reporting practices	2-1	Organizational Details	1-1 About Rechi	P.6
	2-2	Entities included in the organization's sustainability reporting	0-1 About this Report	P.3
	2-3	Reporting period, frequency and contact point	0-1 About this Report	P.3
	2-4	Restatements of information	0-1 About this Report	P.3
	2-5	External assurance	0-1 About this Report	P.3
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	2-7	Employees	4-1 Human resources and compensation and welfare/Overview of talents	P.69
	2-8	Workers who are not employees	4-1 Human resources and compensation and welfare/Overview of talents	P.69
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	2-10	Nominating and selecting the highest governance body	5-1 Corporate Governance/Composition and operation of the Board of Directors	P.95
	2-11	Chair of the highest governance body	5-1 Corporate Governance/Composition and operation of the Board of Directors	P.95
	2-12	Role of the highest governance body in overseeing the management of impacts	1-2 Sustainable management	P.11
	2-13	Delegation of responsibility for managing impacts	1-2 Sustainable management	P.11
	2-14	Highest governance body's role in sustainability reporting	1-2 Sustainable management	P.11
	2-15	Conflicts of interest	5-1 Corporate Governance/Composition and operation of the Board of Directors	P.95
	2-16	Communication of critical concerns	1-2 Sustainable management	P.11
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	2-18	Evaluating the highest governance body's performance	5-1 Corporate Governance/Composition and operation of the Board of Directors	P.95
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	2-20	Process for determining remuneration	5-1 Corporate Governance/Remuneration policies	P.99
	2-21	Annual total compensation ratio	4-1 Human resources and compensation and welfare/An equal pay system	P.73
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	2-23	Policy and Commitment	2-4 A sustainable supply chain/Supply Chain Sustainability Policy	P.43
			4-1 Human resources and compensation and welfare/Human rights policy	P.68
			5-2 Ethical Corporate Management/Compliance	P.102
	2-24	Embedding policy commitments	2-4 A sustainable supply chain/Supply Chain Sustainability Policy	P.43
			4-1 Human resources and compensation and welfare/Human rights policy	P.68
			5-2 Ethical Corporate Management/Compliance	P.102
	2-25	Processes to remediate negative impacts	1-4 Material topics/Channels for Complaints and Whistleblowing	P.26
Stakeholder engagement	2-26	Mechanisms for seeking advice and raising concerns	1-4 Material topics/Channels for Complaints and Whistleblowing	P.26
	2-27	Compliance	5-2 Ethical Corporate Management/Compliance	P.102
	2-28	Membership of associations	5-5 External Initiatives and Memberships	P.112
	2-29	Approach to stakeholder engagement	1-3 Stakeholder engagement	P.13
	2-30	Collective bargaining agreements	4-1 Human resources and compensation and welfare/Overview of talents	P.69
GRI 3: Material topics 2021				
Material topics	3-1	Process to determine material topics	1-4 Material topics/Identification and ranking of material topics	P.16
	3-2	List of material topics	1-4 Material topics/Identification and ranking of material topics	P.16
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★Economic Performance				
GRI 3: Material topics 2021	3-3	Management of material topics	1-4 Material topics/Management approach for material topics	P.18
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	1-1 About Rechi/ Economic Performance	P.8
	201-3	Defined benefit plan obligations and other retirement plans	4-1 Human resources and compensation and welfare/Employee benefits	P.74
	201-4	Financial assistance received from government	1-1 About Rechi/ Government grants received	P.9
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GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	5-2 Ethical Corporate Management/Compliance	P.102
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			5-2 Ethical Corporate Management/Compliance	P.102
	205-3	Confirmed incidents of corruption and actions taken	5-2 Ethical Corporate Management/Compliance	P.102
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	302-3	Energy intensity	3-2 Energy management	P.49
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	302-5	Reductions in energy requirements of products and services	2-1 Innovative R&D/Energy Conservation Index	P.35
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GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	3-4 Water resources Management	P.53
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	303-5	Water consumption	3-4 Water resources Management	P.53
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	305-4	GHG emissions intensity	3-3 Greenhouse gas inventory/ Historical GHG emissions	P.52
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	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	3-6 Air pollution management	P.56

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GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	2-4 A sustainable supply chain/Supply Chain Sustainability Policy	P.43
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	403-4	Worker participation, consultation and communication on occupational health and safety	4-3 Occupational Health and Safety/Occupational Safety System and Performance	P.83
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	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4-3 Occupational Health and Safety/Occupational Safety System and Performance	P.83
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GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	4-1 Human resources and compensation and welfare/Overview of talents 5-1 Corporate Governance/Composition and operation of the Board of Directors	P.69 P.95
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★ Forced or Compulsory Labor				
GRI 3: Material topics 2021	3-3	Management of material topics	1-4 Material topics/Management approach for material topics	P.18
A customized topic	Labor-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	2-3 A sustainable supply chain/Supply Chain Sustainability Policy 4-1 Human resources and compensation and welfare/Human rights policy 5-2 Ethical Corporate Management/Compliance	P.43 P.68 P.102

Supplier Social Assessment				
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	2-3 A sustainable supply chain/Supply Chain Sustainability Policy	P.43
★Customer Health Safety				
GRI 3: Material topics 2021	3-3	Management of material topics	1-4 Material topics/Management approach for material topics	P.18
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2-2 Product quality and safety/ Safety products	P.36 P.102
★Marketing and Labeling				
GRI 3: Material topics 2021	3-3	Management of material topics	1-4 Material topics/Management approach for material topics	P.18
GRI 417: Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	2-2 Product quality and safety/ Safety products 5-2 Ethical Corporate Management/Compliance	P.36 P.102
	417-3	Incidents of non-compliance concerning marketing communications	2-2 Product quality and safety/ Safety products 5-2 Ethical Corporate Management/Compliance	P.36 P.102
★Customer Services				
GRI 3: Material topics 2021	3-3	Management of material topics	1-4 Material topics/Management approach for material topics	P.18
A customized topic	Clients-1	Client satisfaction survey	2-3 Customer Services/Client satisfaction	P.38

Appendix 3 Sustainability Accounting Standards Board (SASB) Index

According to the SASB industry classification system, Rechi is classified in the industrial machinery & goods industry

Topic	Accounting Metric	Category	Unit of Measure	Content	No.
Energy management	(1) Total energy consumed, (2) Percentage grid electricity, (3) Percentage renewable energy	Quantitative	Gigajoules (GJ), percentage (%)	1. 39,242.69 (GJ) energy consumed 2. 100% purchased electricity 3. 0% renewable energy.	RT-IG-130a.1
Employee Health & Safety	(1) Total recordable injury rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR)	Quantitative	Percentage	(1) 0% TRIR. (2) 0% fatality rate. (3) 0% NMFR.	RT-IG-320a.1
Fuel Economy & Use-phase Emissions	Sales-weighted fleet fuel efficiency for medium and heavy-duty vehicles	Quantitative	Gallons per 1,000 Ton-mile	N/A	RT-IG-410a.1
	Sales-weighted fuel efficiency for non-road equipment	Quantitative	Gallons per hour	N/A	RT-IG-410a.2
	Sales-weighted fuel efficiency for stationary generators	Quantitative	Watt per gallon	N/A	RT-IG-410a.3
	Sales-weighted emissions of (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines and (d) other non-road diesel engines	Quantitative	Grams per kilowatt-hour	N/A	RT-IG-410a.4
Materials Sourcing	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	n/a	N/A	RT-IG-440a.1
Remanufacturing Design & Services	Revenue from remanufactured products and remanufacturing services	Quantitative	Presentation currency	N/A	RT-IG-440b.1

Activity Metric	Category	Unit of Measure	Content	No.
Number of units produced by product category	Quantitative	Quantity	Compressors: 21.23 million	RT-IG-000.A
Number of employees	Quantitative	Quantity	332 employees	RT-IG-000.B

- Note to RT-IG-410a.4: The entity shall discuss how it manages fleet fuel economy and emissions risks and opportunities.
- Note to RT-IG-440b.1: Disclosure shall include a discussion of efforts to obtain end-of-life products and parts for remanufacture.
- Note to RT-IG-000.A: At a minimum, the entity should indicate the number of units produced for the following product categories: (1) vehicles and agricultural and construction equipment, (2) engines and power generation equipment, and (3) parts and components.

Appendix 4 Climate-related Information of Listed Companies

Climate risks and opportunities for the Company and responsive measures taken by the Company	
Item	Chapter in this Report
1. Description on the Board and Management's oversight and governance on climate-related risks and opportunities	3-8 Climate change governance
2. Description on how the identified climate risks and opportunities impact the company's business, strategies, and finance (short-, mid-, long-term)	3-8 Climate change governance
3. Description on the impact of extreme climate events and transitional actions on finance	3-8 Climate change governance
4. Description on how the climate risk identification, assessment, and management process are integrated in the overall risk management system	3-8 Climate change governance
5. If a scenario analysis is applied to evaluate the resilience against the risk of climate change, the scenarios, parameters, assumptions, analysis factors, and main financial impacts involved should be described.	3-8 Climate change governance
6. If there is a transformation plan in response to the management of climate-related risks, describe the content of the plan, including the indicators and goals for identifying and managing physical and transformation risks.	3-8 Climate change governance
7. If an internal carbon pricing is used as a planning tool, describe the pricing base.	The internal carbon pricing has yet been introduced.
8. If there is a climate-related goal formed, the related activities, the scope of greenhouse gas emissions, the planning schedule, annual achievement progress, and other information should be described. If carbon offset credits or renewable energy certificates (RECs) are used to achieve the relevant goals, the source and quantity of carbon offset credits or the quantity of RECs should be described.	3-8 Climate change governance
9. Greenhouse gas inventory and assurance	3-3 Greenhouse gas inventory

Scope 1	Total emissions (tCO ₂ e)	Energy intensity (tCO ₂ e/NT\$ thousand)	Assurance institute	Assurance status (verification certificate)
The parent company	3884.3285	0.000449	Metal Industries Research and Development Centre	Verified
Scope 2	Total emissions (tCO ₂ e)	Energy intensity (tCO ₂ e/NT\$ thousand)		
The parent company	4,480.7253	0.000518		
Scope 3	Total emissions (tCO ₂ e)	Energy intensity (tCO ₂ e/NT\$ thousand)		
The parent company	4,513.0963	0.000522		