

2022

SUSTAINABILITY REPORT



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Letter from the Chairman



YFY Consumer Products Co., Ltd. (YFYCPG) is committed to being sustainable. We strive for betterment of environment, society, and corporate governance, with the goal of creating a safer, healthier, and better future together with our stakeholders.

As a consumer products company, our mission is safe, healthy, better living, and our products are used in everyone's daily lives. Hence, our sustainability must be linked with the sustainability of consumers, society, and the environment.

We believe sustainability and pursuit of growth should be aligned. While striving for profit growth, we must always fulfill our responsibilities as a social citizen, bring positive impact to stakeholders, and minimizing our impact on the environment. Responding to global ESG trends with practical actions, our commitment to sustainable operations is achieved by systematically practice adhering to our beliefs and management principles, and providing transparency.

In 2022, we published our first sustainability report ahead regulations requirements, and obtained third-party certification. Our intent is to transparently disclose what we have done and what we are planning to do in the future.

After three years of pandemic, Taiwan and Mainland China, following the rest of the world, finally begun the final journey of return to normalcy in 2022. We want to thank our colleagues for their utmost cooperation with remote work and related epidemic prevention measures, ensuring our production and operation continuity and helping to assure the public needs during this period.

Reducing our environmental impact begins with proper resource use. We focus on utilization of raw materials and energy, enhancing efficiency and maximizing resource use. In 2022, we increased the use of alternative fuels to replace fossil fuels, advanced our use of solar power, enhanced reclamation of process water, and continued to reduce greenhouse gas emissions (see page 50). YFYCPG is also the leader in using certified sustainable forest materials among Taiwanese household paper companies.

Our actions have received numerous recognitions. In 2022, Qingshui Plant was awarded the 4th National Corporate Environmental Award from Taiwan's Environmental Protection Administration, Yangmei Mill received Silver (one-star) Award for Outstanding Enterprise in the Recycle Category for Resource Recycling from the Environmental Protection Administration, Executive Yuan. We initiated TCFD (climate risk) disclosure, integrating corporate risk management with climate impact scenario analysis, and set goals for climate impacts, and developed corresponding implementation strategies (see page 51~56).

In line with our mission, our goal is to co-create "safe, healthy, and better lives," developing products and services that support sustainable lifestyles. In response to the United Nations Sustainable Development Goals (SDGs), we begun participation and promotion of Good Life Goals in 2022 (see page 9, 22) - these are specific individual actions developed from the 17 SDGs. We believe everyone has a responsibility and opportunity to make the world a better place. The responsibility YFY pledges to shoulder is to design quality products, increase public health and comfort in life, and help everyone join us in changing our collective behaviors to achieve a sustainable future. We believe this is the most positive meaning of "co-creation."

As a consumer goods company, people always come first. This starts with understanding our employees' lives and that of their families. We take great care in workplace health and safety, talent cultivation, and employee welfare to strengthen their sense of belonging. In 2022, we were again honored as one of "Best Companies to Work for in Asia" by HR Asia, the authoritative human resources magazine in Asia. This year, we also received the "We Care™—HR Asia Best Employee Care Award," acknowledging YFYCPG's care and attention to our employees during the pandemic.

We have always strived to be a positive citizen and a good neighbor in our community. During the pandemic, we proactively contacted welfare organizations and

donated over 2,000 boxes of household paper and various cleaning and disinfection products, supporting many underprivileged and challenged families. Through the involvement of our colleagues, we maximized the benefit of this substantial assistance (see page 70).

Since 2021, YFYCPG has supported "Taiwan Champion Trees" team, a volunteer group using big data analysis methods to map out the tallest trees in Taiwan (see page 5~8). The ecological value of these gigantic trees lies in their complex and rich biological resources concealed in the canopy layer, with some epiphytes only surviving on trees hundreds of years old. These giant trees are living platforms for biodiversity. In 2022, we further collaborated with "Taiwan Champion Trees" team to host our first "Natural Science Camp," where we educate and involve teenagers to cultivate the next generation to become vanguard of Taiwan's precious biodiversity conservation.

YFY Consumer Products Co., Ltd. will continue to optimize and improve in ESG. Through better risk management and investment in innovation, we aim to better lives for all stakeholders. We hope that "we" can move forward together, step by step, to build a safer, healthier, and better future.



何英達

Giant Tree Map Project

Taiwan Champion Trees Team



Completing the Giant Tree Map Project through the Search for Giant Trees in Taiwan Promoting the Conservation of Cloud Forests and Safeguarding Taiwan's Unique Biodiversity

Only 2.1% of the world's land mass is suitable for the growth of giant trees, and most of these regions are gradually disappearing due to logging and climate change threats. Taiwan, with its unique subtropical island terrain, has very few giant trees over 70 meters tall. Most of the coniferous giant trees are concentrated in the Pacific Northwest region of the United States, while broadleaf giant trees can be found in the primeval rainforests of Borneo, the Amazon rainforest in Brazil, and Tasmania Island in Australia. Apart from a few individuals in southwestern China, Taiwan is the only large-scale habitat for giant trees over 70 meters in East Asia.

The Taiwan Champion Trees Team use scientific methods and big data analysis to search for Taiwan's tallest trees, aiming to raise awareness and importance of biodiversity conservation.



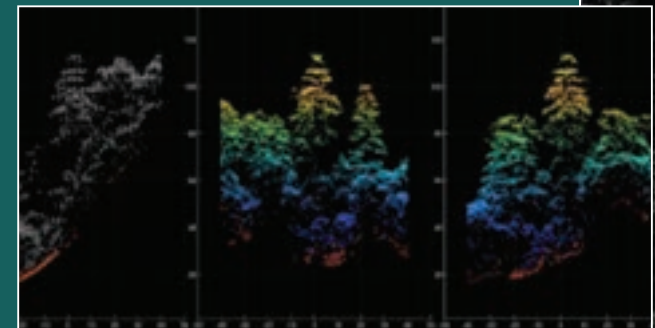
Founder
Taiwan Forestry
Research Institute
Dr. Rebecca Hsu



National Cheng Kung
University
Department of Geomatics
Professor Chi-Kuei Wang

According to data from the Forestry Bureau, there are approximately 950 million trees in Taiwan. The ecological value of giant trees is irreplaceable, especially the forest canopy layer, which contains a wealth of complex biological resources. Certain epiphytes only survive on giant trees that are hundreds of years old, making the giant trees themselves a concrete manifestation of biodiversity. They form a natural ecosystem at different heights according to temperature and humidity. Giant trees are also witnesses of history and are invaluable in terms of biodiversity and preservation value.

Due to Taiwan's unique terrain, which has nurtured giant trees, its research work is subsequently also more challenging. Dr. Hsu Chia-chun (Rebecca), an assistant researcher at the Forestry Research Institute, Council of Agriculture, and Professor Wang Chi-kuei from the Department of Geomatics, National Cheng Kung University, collaborated on the "Taiwan Champion Trees - Giant Tree Map Project." They utilized the airborne laser scanning (ALS) data provided by the government and employed innovative algorithms to create optimized visualized profiles of giant trees. The goal is to observe the LiDAR data of giant trees in a simple way and use the power of the crowd to compare 54,415 giant tree profiles, allowing LiDAR professionals to conduct a secondary confirmation of the existence of giant trees and measure their height. Dr. Rebecca Hsu and her team then conduct field surveys and measurements to record the tallest trees in Taiwan.





Project Achievements

Together We Can !

2019 The Taiwan Champion Trees Project started in 2019, and a total of 941 trees taller than 65 meters have been found so far.

2020 Taiwania Giant Tree - Taoshan Sacred Tree

A survey found a **79.1-meter** tree in the valley of Shei-Pa National Park

2021 Taiwania “Xi Shi”

▶ **YFYCPG begins supporting actions**

Successfully discovered the fifth tree in Taiwan that surpasses 70 meters in height, reaching **73.7 meters**, on the Daxueshan Forest Road

2022 Ka’alung Giant Tree

A Taiwania measuring about **82 meters** in height, located upstream of the Ka’alung Creek

2023 Taiwania Giant Tree

The estimated age of the tallest known tree in Taiwan, discovered in the upstream of the Da’an River, is about 700 to 800 years old. It is also the tallest tree in East Asia, reaching **84.1 meters** in height.



Continuing efforts for environmental conservation Using the latest LiDAR technology to search for even taller trees

Promoting conservation awareness starting from civic education

As a responsible global citizen, YFYCPG, with its commitment to environmental sustainability, insists on using FSC-certified products and developing high-quality products to maximize resource efficiency. YFYCPG also recognizes the importance of biodiversity to Taiwan and has been supporting the professional and passionate Taiwan Champion Trees Team since 2021. We will continue to participate in their scientific and on-site endeavors in the Taiwan's giant tree map project, which will serve as an important database for Taiwan's giant trees, making future conservation efforts more effective.

Simultaneously, we will promote science and environmental education among young people, providing explanations from experts and tree climbing experiences to observe various plants at different heights in the canopy. Through interesting and vivid science popularization, we aim to help the public understand, recognize, and inherit the cherished environmental values and sustainability principles of YFYCPG. The goal of this project is to create the first national distribution map of giant trees and showcase it on a public platform for the view of the public, further promoting scientific research on giant trees in the country.

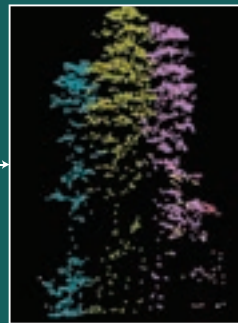
Starting from 2023, the mission is to track and update the status of the existing 941 giant trees with more detailed LiDAR data. Additionally, we will search for new tallest giant trees.



By using airborne LiDAR data to detect suspected giant tree locations with heights exceeding 65 meters, there are a total of 71,751 points throughout Taiwan.



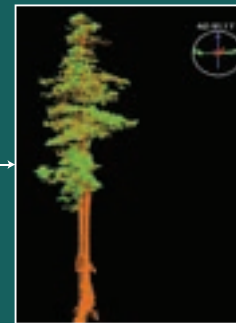
After confirmation by the public and Professor Wang's laboratory, a total of 941 giant tree locations have been identified in Taiwan.



Taoshan Sacred Tree is one of the few trees among the 941 giants that exceeds 75 meters in height. (Green dots)



Using the VZ400 ground LiDAR scanner



Professor Wang's laboratory has collected higher density ground LiDAR data at Taoshan Sacred Tree, fully preserving its three-dimensional spatial information.





2022

YFYCPG Taiwan X Champion Tree

Promoting sustainable environmental actions to the public through interesting and lively science popularization

Deepen science and environmental education among young people

Starting from YFYCPG's emphasis on environmental conservation, exercising corporate social responsibility, enhancing the quality of nature education, and deeply cultivating high school students and the general public to work together for the conservation of biodiversity in this land.

2022.08.25

Natural Science Camp

Held a camp in Nan'ao Township, Yilan County, for nearly 40 students from elementary to high school



2022.12.10

Annual Outcome Presentation

Organized a parent-child tree climbing and airborne LiDAR technology tree measurement experience camp with the Department of Geomatics at National Cheng Kung University, with nearly a hundred participants



Advocating and promoting the **Good Life Goals'** personal goal - "We" can be a real driving force for promoting environmental sustainability

Good Life Goals

“Together We Can”

We all have the right, responsibility, and opportunity to make the world a better place

“Good Life Goals” can be seen as the individualized version of the United Nations Sustainable Development Goals (SDGs). Since the development of our first interfold toilet paper, to the launch of our natural brand Orange House, YFYCPG has been striving to create a safe, healthy, and beautiful life for everyone.

We combine Good Life Goals to aspire to the following:

Employee participation

By promoting from within the company, we hope to raise awareness of sustainable development goals among the employees, aligning their behaviors and habits with the company's goals.

“YFYCPG practices sustainable development and environmental protection with you through personal actions and daily life, aligning with the United Nations’ Sustainable Development Goals to create a better life together!”

Product and service innovations

Good Life Goals can guide new product development as our products are closely related to people's lives. Supporting more sustainable lifestyles through our innovative products helps individuals achieve the United Nations Sustainable Development Goals (SDGs) in their daily lives.

We follow the concept of SDGs
Design concepts suitable for YFYCPG's mission to achieve sustainability



Good Life Goals (#GoodLifeGoal) was launched by the United Nations' 10YFP Sustainable Lifestyles and Education and sustainable communication company Futerra. It aims to implement SDGs in individual lives, inspiring actions and practices by billions of people worldwide to accelerate the realization of SDGs.

TOGETHER
WE CAN

PG 永續行動

3步驟 我們一起做



YFYCPG Upholds the Spirit of Sustainability

We strive to minimize our impact on the environment while pursuing corporate development

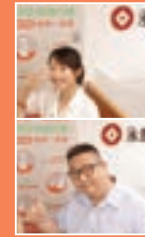
2025-2030 Plastic Reduction Target

- Promoting the proportion of recycled plastics
- Maintaining a 100% ratio of eco-friendly packaging materials
- Increasing the proportion of reusable plastic packaging
- Continuous development of environmentally friendly and low-carbon green products



Orange House Color-changing Foaming Hand Wash

By recycling the Orange House bottles and containers within the company and transforming them into new products (recycled plastics), we use innovative technology to teach children proper personal hygiene through the color-changing mechanism in the foaming hand wash.



Bottle recycling



Innovative technology



New products

The paper box design with reduced plastic lowers plastic usage by 91%



With "sustainable environmental protection" as our goal, we aim to create green cleaning products that are friendly to the Earth throughout the entire process, from production to distribution and consumer usage. Therefore, Orange House developed a super-concentration technology that breaks the traditional water usage limit in laundry detergent production, reducing water resource usage by 94.7%. Additionally, the paper box design with reduced plastic usage compared to regular laundry detergent bottles reduces plastic usage by 91%.

Reducing plastic in packaging materials by **91%**

Reducing water resource usage in the production process by **94.7%**

The outer packaging of paper boxes improves storage space utilization, facilitating transportation and distribution, thus reducing carbon emissions from transportation fossil fuels.



01

About This Report



Editorial Principles

About This Report

This Report is a compilation of the activities and detailed results of Yuen Foong Yu Consumer Products Co., Ltd. (hereinafter referred to as “the Company” or “YFYCPG”) in 2022 in terms of its corporate governance, environmental protection, employees, and social welfare. The contents of the Report include the head office in Taiwan and subsidiaries in Mainland China. The financial data are obtained from all entities included in the Annual Report and the Consolidated Financial Statements. Please refer to the 2022 Annual Report of Yuen Foong Yu Consumer Products Co., Ltd.

Reporting Period

From January 1, 2022 to December 31, 2022

Scope

Taiwan

- Yuen Foong Yu Consumer Products Co., Ltd. (The head office)
- Yang Mei mill, Yuen Foong Yu Consumer Products Co., Ltd.
- Qingshui Plant, Yuen Foong Yu Consumer Products Co., Ltd.
- Ever Growing Agriculture Biotechnology Co., Ltd. (Ever Growing)

Mainland China

- YFY Investment Co., Ltd. (Shanghai Office)
- YFY Consumer Products (Yangzhou) Co., Ltd. (Yang Zhou mill)
- Foong Yu Family Care (Kunshan) Co., Ltd. (Kun Shan mill)

Basis of Report

The data information and statistics disclosed in this report are all annual data. The contents have been prepared in accordance with GRI Universal Standards 2021 issued by the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) disclosure standards. Additionally, this report adheres to international guidelines and standards, including: the United Nations Sustainable Development Goals (SDGs) and the Task Force on Climate-related Financial Disclosures (TCFD). By adopting these internationally recognized standards, the disclosed information in this report is more focused.

To enhance the credibility of this report’s information, external assurance has been conducted through BSI Taiwan, complying with the AA 1000 Assurance Standard v3, which falls under the Type 1 moderate-level assurance.

Issuance

The Company has issued its Sustainability Report each year starting from 2022 and the Report is published on the Corporate Social Responsibility section of the Company’s website (<https://www.yfycpg.com>).

Publication date of this issue: September, 2023

Contact Information

If you have any questions or suggestions, please contact us directly. Director Julia Ou, ESG Office, Yuen Foong Yu Consumer Products Co., Ltd.

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1.1 Promotion of Sustainable Management

YFYCPG’s mission is to provide consumers with a safe, healthy, and beautiful life. The direction and strategy of sustainability and growth should be consistent. While enhancing operational performance, it is essential to minimize the environmental impact. We have improved resource utilization in the manufacturing process and strive to make our factory production greener and more environmentally friendly. We develop products and services that support sustainable lifestyles, gradually connecting them to the United Nations Sustainable Development Goals (SDGs), expanding our influence, and bringing more positive energy to society. We envision a sustainable future for “us.”

E



- Efforts in resource management include reducing energy consumption internally, increasing water reuse rates, and effectively managing waste.
- We use green energy and increase fuel substitution rates to reduce greenhouse gas emissions.
- We use environmentally friendly raw materials to reduce the use of virgin plastics, protecting ecosystems, and ensuring sustainable production models.

S



- Starting from the factory as the core, we bring together resources with employees to give back to the community and assist NGOs, with sustainability as the aim. We turn our core values into substantial positive energy and coexist with society.
- Through collaboration with professional organizations, we instill environmental protection concepts in the new generation through big data and nature education. Through the Good Life Goals initiative, we encourage everyone to change their daily behaviors to support an eco-friendly environment.
- We consider people as the company’s most valuable asset, from caring for employees during the pandemic to career planning, and strive to create a happy workplace.

G

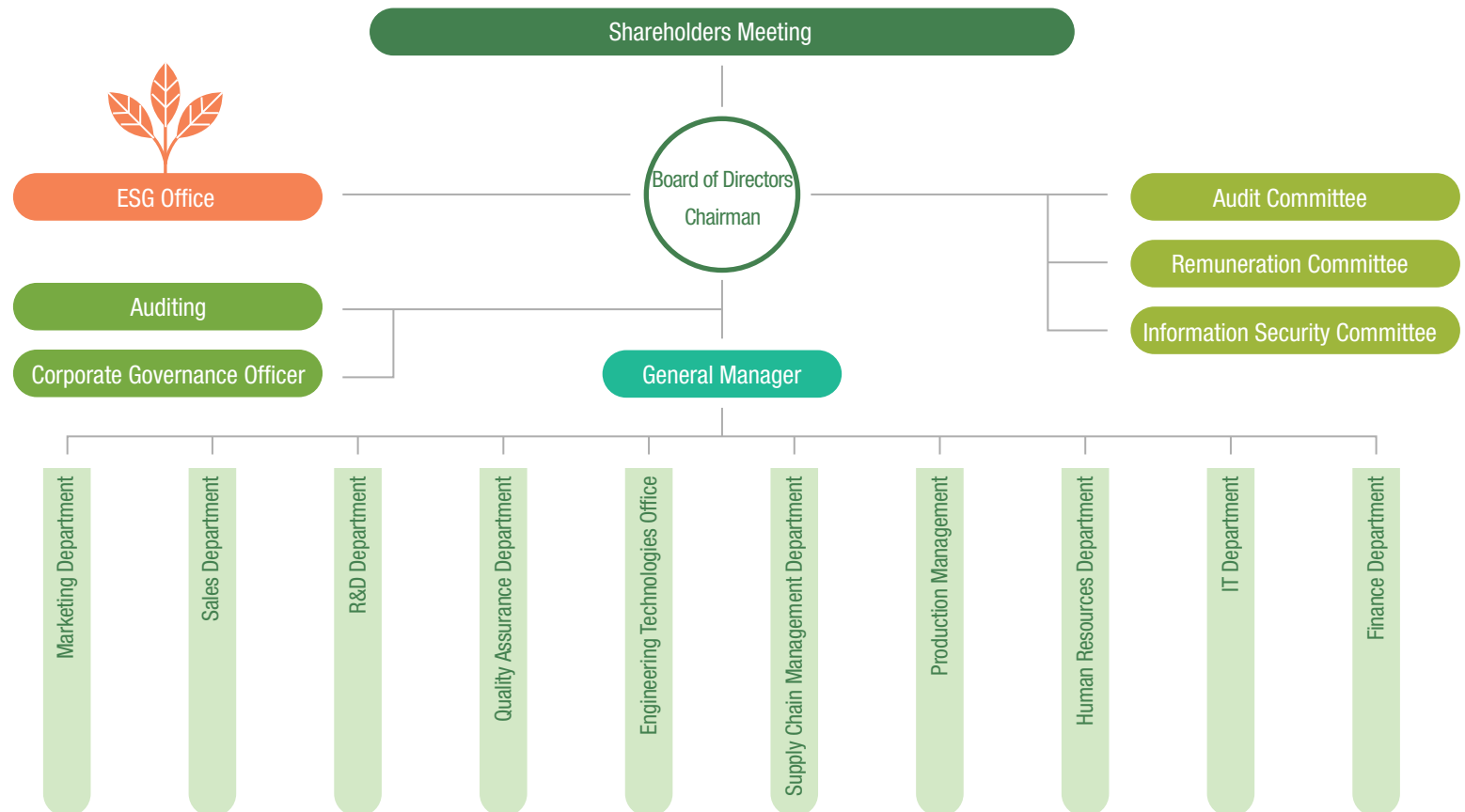


- Through diversification, technological upgrading, and innovation, we enhance economic productivity. We pursue sustainable business operations to provide employees with a high-quality working environment.
- We actively care for disadvantaged families.
- We promote the sustainability concept throughout the supply chain, working together for a better future step by step.
- We continue to innovate and develop high-quality products, striving to provide the public with a healthy, safe, and beautiful life.



1.2 Corporate Sustainable Development Organizational Structure

The company's Board of Directors passed the "Sustainability and Social Responsibility Guidelines" and established a dedicated unit for corporate social responsibility in 2021. It was renamed the ESG Office in January 2022. It is managed by the Chairman and reports the development of related issues, implementation plans, and results to the Board of Directors to facilitate the supervision and improvement of overall development strategies. Its main responsibility is the management of sustainability projects for environmental, social, and governance (ESG) issues.



The ESG Office is responsible for setting the direction of corporate social responsibility and mainly promotes the management of sustainability issues related to environment, social, and governance (ESG). With continuous support from the Board of Directors in promoting sustainable development concepts, on August 14, 2020, the board of directors passed three major guidelines after discussion and confirmation: Corporate Governance Principles, Ethical Corporate Management Best Practice Principles, and Sustainability and Social Responsibility Guidelines. These guidelines provide YFYCPG with guiding principles and related management responsibilities concerning integrity, governance, environment, and society.

To deepen the promotion of ESG issues, the ESG Office completed the first sustainability report and third-party verification ahead of schedule, by September 2022, after the company went public. In November 2022, the ESG Office reported the results of the implementation and responded to inquiries from the Board of Directors.

The ESG Office sets relevant management goals, disclosed in the “Sustainable Development Goals” section of this report. Risk management policies are disclosed in the “Financial Overview and Risk Items” section of the Annual Report and the “Risk Assessment and Management” and “Climate Change Risks and Opportunities” sections of this report.

The ESG Office directly reports to the Chairman and reports to the Board of Directors at least once a year on trends and progress related to relevant issues to achieve oversight and improvement of the overall development strategy. We incorporate ESG into company policies, strategies, plans, and actions through continuous improvement and management measures to achieve sustainable operations.

Date of Report to the Board of Directors and Key Supervisory Focus in 2022

May 12, 2022

1. Greenhouse gas inventory and verification schedule plan.
2. Allocation and planning of greenhouse gas specialists in each plant.

August 11, 2022

1. Implementation status of greenhouse gas inventory and verification schedule plan.

November 10, 2022

1. Implementation status of greenhouse gas verification by a third-party.
2. Implementation status of 2022 greenhouse gas emissions and other environmental management measures.
3. Implementation results of the 2022 Sustainability Report.

Additional sustainable report information related to the Board of Directors is disclosed in the “Board of Directors Operating Status” section of the company’s Annual Report, which covers corporate governance operations.



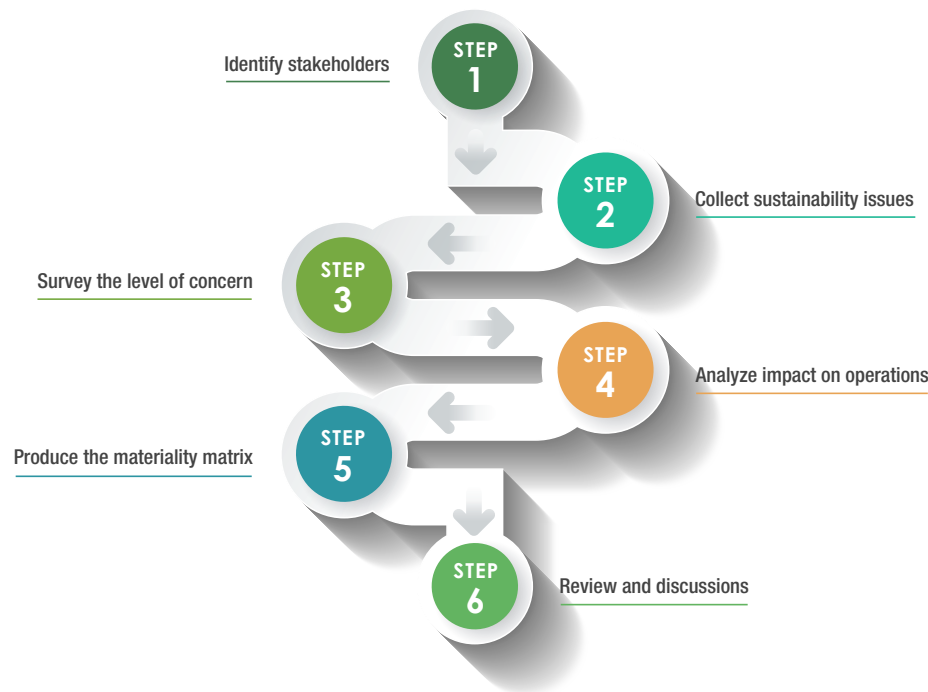
1.3 Stakeholder Identification and Engagement

Stakeholder	Topics of concern		Communication channels/frequency		
Government	<ul style="list-style-type: none"> Ethical corporate management Compliance Air pollution management 	<ul style="list-style-type: none"> Water resource and effluent management Waste management Occupational health and safety Waste management 	<ul style="list-style-type: none"> Correspondence/irregular Meetings/irregular Government routine or surprise inspections/irregular 		
Employees	<ul style="list-style-type: none"> Remuneration, benefits, and employee care Employment diversity and equal opportunities Training and talent development 	<ul style="list-style-type: none"> Labor rights and employee relations Safe and healthy working environment and employee health 	<ul style="list-style-type: none"> Employee communication meetings/quarterly Employee Welfare Committee/annually Labor-management meetings/quarterly Employee training/irregular 	<ul style="list-style-type: none"> Digital learning platform/immediate Internal announcements/irregular Internal digital platform/immediate Performance evaluation/annually 	<ul style="list-style-type: none"> General Manager's mailbox/irregular Employee communication hotline/irregular Employee EAP hotline/irregular Occupational Safety and Health Committee/quarterly
Customers/consumers	<ul style="list-style-type: none"> Corporate brand and image management Product quality and accountability Customer relations management 	<ul style="list-style-type: none"> Customer health and safety Compliance 	<ul style="list-style-type: none"> Customer service hotline/immediate Real-time online customer services/immediate Business visits/irregular 	<ul style="list-style-type: none"> Technical and business exchanges/irregular Customer meetings/irregular Business exhibitions and seminars/irregular 	
Supplier/contractor	<ul style="list-style-type: none"> Ethical corporate management Procurement practices 	<ul style="list-style-type: none"> Supplier regulations and assessment Product quality and accountability 	<ul style="list-style-type: none"> "Honesty and Integrity Declaration"/immediate Negotiation meetings/irregular 	<ul style="list-style-type: none"> Supplier exchanges and visits/irregular Supplier counseling/irregular 	
Shareholders/investors	<ul style="list-style-type: none"> Ethical corporate management Operational and financial performance Compliance 	<ul style="list-style-type: none"> Sustainable development strategy Market presence Risk management 	<ul style="list-style-type: none"> Shareholders' meeting/annually Investor seminars/quarterly Board meetings/quarterly 	<ul style="list-style-type: none"> Financial statements/quarterly Corporate Website/irregular Material announcements on the Market Observation Post System/irregular 	
Media	<ul style="list-style-type: none"> Market presence Product quality and accountability Strategic cooperation and strategic alliances 		<ul style="list-style-type: none"> Press conferences/irregular Ads/irregular Press releases/irregular 	<ul style="list-style-type: none"> Investor seminars/quarterly Shareholders' meeting/annually Requests for interviews: phone, communication software, and e-mail (irregular) 	

1.4 Analysis of Material Issues

The Company conducts a scientific identification of material topics each two year, and collects the opinions of senior executives and internal and external stakeholders. The identified topics are arranged in sequence based on their influence on stakeholders and impact to the organization. We focus on key issues and provide explanation in the Sustainability Report for detailed disclosure.

1.4.1 Procedures for Determining Material Issues



- Step 1**

We produced the “Questionnaire for the Identification of Important Stakeholders” in accordance with the AA 1000 Stakeholder Engagement Standards (SES) and distribute them to senior executives for identification.
- Step 2**

We produced the “Questionnaire for the Identification of Material Issues” in accordance with the GRI Standards of the Global Reporting Initiative (GRI) and screened 49 sustainability issues for identification.
- Step 3**

We analyze the level of concern of stakeholders in the Company’s sustainability issues with the “Questionnaire for the Identification of Material Issues.”
- Step 4**

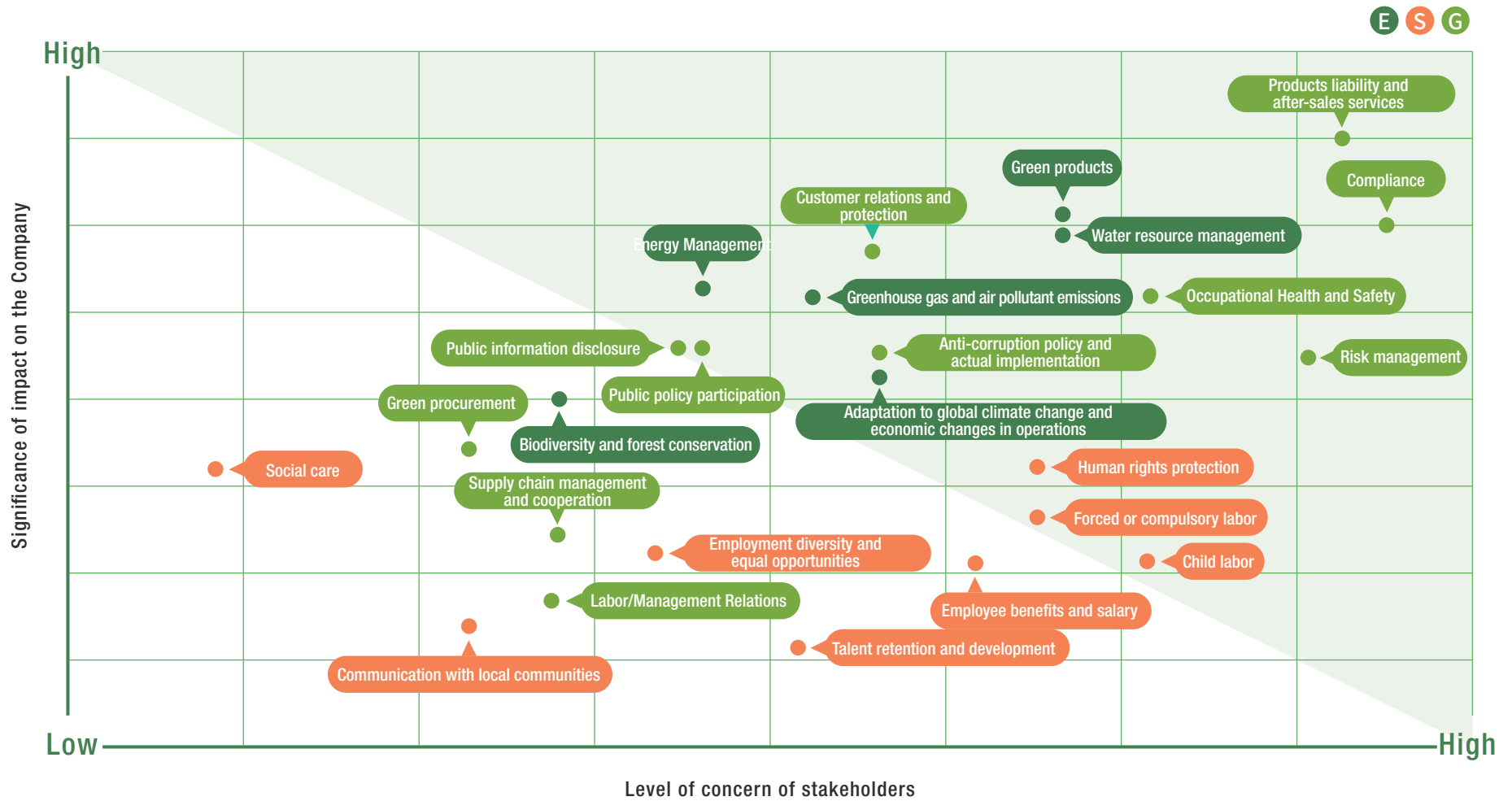
We identify the impact of these issues on the Company’s operations with the participation of senior executives ranked managers and above in all departments, including the Chairman and General Manager.
- Step 5**

We use the analysis in Steps 3 and 4 to create a material issue matrix and to identify material issues.
- Step 6**

We connect the material issues analyzed in Step 5, which is based on the collection and disclosure of sustainability information, to each of the specific topics in the GRI Standards, and collect and disclose relevant sustainability information in accordance with the reporting requirements and management guidelines.

1.4.2 Stakeholder Concerns and Materiality Analysis Results

Material topics in 2021-2022



1.4.3 List of Material Sustainability Topics

▲ Direct Impact △ Indirect Impact

Positive and Negative Price Direction	Material Issue	Impact on YFYCPG	Management Approach in the Corresponding Chapter	GRI Standards Index	Value Chain Impact Positions		
					Supplier/contractor	Employees/Shareholders	Customers/consumers
+	Products liability and after-sales services	Accurate product labeling with full information as well as fair and responsible marketing communications that help consumers obtain information about the composition of the product and promote a healthy and positive impact.	3.4 Customer Satisfaction and Product Services	GRI 417	△	▲	▲
+	Compliance	Compliance with social and economic regulations, monitoring international trends and market changes, and focus on the development of a sustainable social environment.	3.6 Socioeconomic Compliance 4.8 Environmental Compliance	Reference to material issues set up by industry G2-27	△	▲	▲
-	Risk management	Establish related management regulations compliance by all units in accordance with the law and internal management requirements. Business risks are diversified and managed by each subsidiary according to their respective functions, and the management of company matters is coordinated by respective functional units.	3.3 Risk Assessment and Management	Reference to material issues set up by industry	△	△	△
+	Occupational Health and Safety	We take the protection of workers' safety as our top priority and we care for the physical and mental conditions of employees. We provide necessary facilities and educational training and increase their safety awareness to ensure safety in the work environment.	5.1.6 Employee safety and health	GRI 403	▲	▲	△
+	Green products	Green products are environmentally friendly products that are energy efficient, non-toxic or have low toxicity, and recyclable.	4.3 Raw Material Usage 4.4 Energy Management	GRI 301 GRI 302 GRI 416	▲	▲	▲
+	Water resource management	Water is the most important medium in the production of consumer goods. It is responsible for the cycle of fiber and energy in the system. The most critical management targets in the paper making process are ensuring product quality, meeting consumer safety requirements, and optimizing the use of water resources as well as water treatment.	4.5 Water and effluents	GRI 303	△	△	△
-	Greenhouse gas and air pollutant emissions	With stronger environmental regulations, controlling greenhouse gas and air pollutant emissions has become a challenge for companies. With increasingly stringent emission limits and environmental standards to protect air quality and minimize climate change, companies are adopting energy-saving and emission reduction measures to comply with environmental regulations and ensure the environmental friendliness of their products.	4.4 Energy Management 4.6 Emissions	GRI 305	△	△	▲

▲ Direct Impact △ Indirect Impact

Positive and Negative Price Direction	Material Issue	Impact on YFYCPG	Management Approach in the Corresponding Chapter	GRI Standards Index	Value Chain Impact Positions		
					Supplier/contractor	Employees/Shareholders	Customers/consumers
-	Adaptation to global climate change and economic changes in operations	Changes in the environment caused by climate change such as rising temperatures and extreme weather events may have an impact on operations such as the acquisition of resources and business activities, which in turn may have an impact on the Company's finances and employee health and safety.	3.3 Risk Assessment and Management 4. Climate Change Risks and Opportunities	Reference to material issues set up by industry	▲	△	△
+	Energy Management	The renewable energy cycle is a critical step in the energy transformation of the consumer product industry. We must reduce our dependence on fossil fuel and support renewable energy technology development.	4.4 Energy Management	GRI 302	▲	△	△
+	Human rights protection	Full protection of human rights in the work environment is a key part of business sustainability.	3.5 Supplier management 5.1.4 Employee communication and rights and benefits	Reference to material issues set up by industry	▲	▲	▲
+	Customer relations and protection	Customer experience and feedback can be used for future new product upgrades and development plans. The consumer feedback we obtained is used for internal quality management and related units work together to review and develop future improvement strategies. It is the key for continuous improvement of the quality of our products and services.	3.4 Customer Satisfaction and Product Services	GRI 416	▲	▲	▲

Note: The List of Material Sustainability Topics is ranked based on the analysis results of the materiality matrix

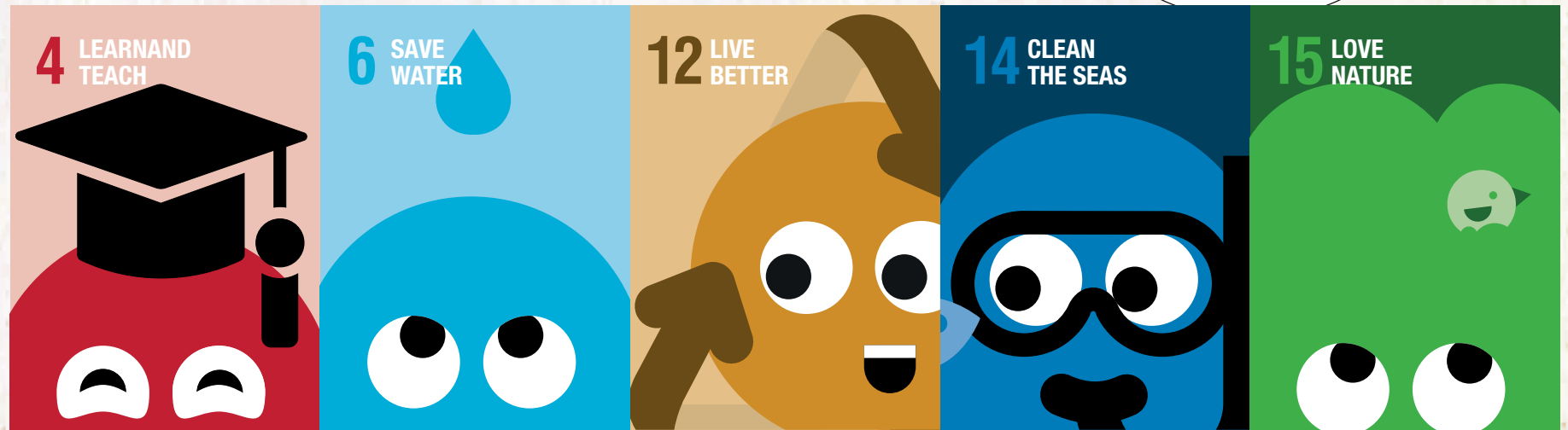


“Good Life Goals” start with you, implement SDGs in your daily life

YFYCPG is committed to assisting all consumers in achieving SDGs in their daily lives through the Good Life Goals action plan.

Every day, when consumers use YFYCPG’s products in their daily lives, they are practicing Good Life Goals.

Every small change and effort made in daily life can have a positive impact on the environment!



LEARN AND TEACH

SAVE WATER

LIVE BETTER

CLEAN THE SEAS

LOVE NATURE

Teaching children to wash their hands correctly by rubbing the hands together for enough seconds until the bubbles turn white

Promoting water-saving in product manufacturing and laundry processes

Enjoy a better life that is good for your skin and has zero environmental impact

Clean up our oceans by replacing plastic packaging with paper!

Support ecological conservation and natural sustainability, love our planet!
<Taiwan Champion Trees - Giant Tree Map Project>
<The Society of Wilderness>





02

Company Overview

2.1 Company Profile

YFY began operations as a paper mill and began the production of a new generation of toilet paper in the Neiwei mill in Kaohsiung in 1946 with professional paper making technologies to enter the household paper product market. We created the toilet paper brand “Mayflower” in 1968 which began YFY’s development of the household products in Taiwan. We developed the first patterned toilet paper in Taiwan in 1972 and established the Consumer Products Division in 1986. Yuen Foong Yu Consumer Products Co., Ltd. was officially established.

We actively expanded our business by merging Qingshui Plant of Procter & Gamble Home Products Co., Ltd. in February 2004, and adding two brands — “Tender” and “Delight”. We thus became the largest consumer paper product manufacturing plant in Taiwan and consolidated our leading position in market in Taiwan. To achieve vertical integration of production and sales, we merged Yuen Foong Yu Paper Manufacturing (later renamed: YFY Inc.) and certain household products departments in October 2007.

We launched the “Orange House” product series in 2009 to develop environmentally friendly green products. YFYCPG is a leading brand of household consumer products in Taiwan and our production and sales span both sides of the Strait. We have five major production sites and our sales channels include retail, business, and e-commerce business models. We currently focus on the production, design, sales, and distribution of household paper products and cleaning products.

Company Basic information

Name of Company	Yuen Foong Yu Consumer Products Co., Ltd.
Chairman	Felix Ho
Date of establishment	October 29, 1986
Current paid-in capital	NT\$2.671 billion
Number of employees	1,293
Head office address	16F, No. 51, Section 2, Chongqing South Road, Taipei City
Main businesses	Production, design, sales, and distribution of household paper products and cleaning products
Main brands	Household paper: Mayflower, Delight, Tender
Production sites	Cleaning products: Brands such as Orange House, Fresh Sense, Delight, and Fresh
Production volume	5 plants in Taiwan and China
Production volume	Household paper: Approximately 143,425 tons Cleaning products: Approximately 5,853 tons

Note: The headcount statistics do not include dispatched workers.



Sales locations



Sales markets

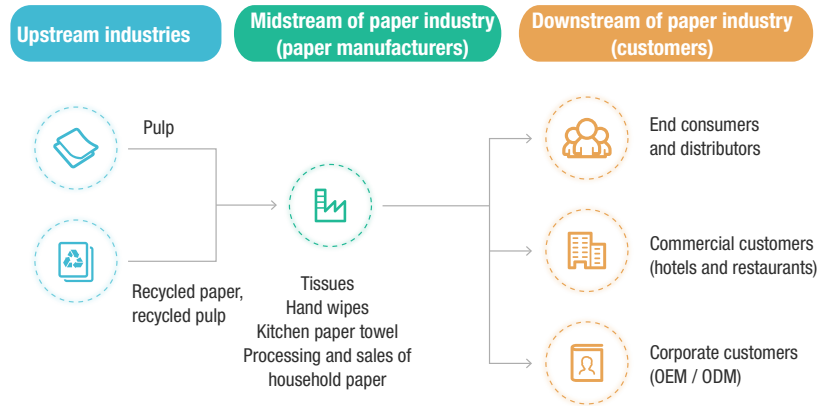
Household and domestic consumables are provided for the daily needs of the public and they are mostly sold in domestic sales. The Company's brands hold leading positions in the market. In terms of household paper products, we have met the diverse needs of consumers through product differentiation successfully gained a strong market share by focusing on different customer segments. In terms of cleaning products, we established a brand with the natural and efficient "Orange House" brand and continuously launched high-quality products that are safe for consumers. We also developed new brands such as "Fresh Sense" and "Delight" to expand our reach, attract more consumers, and gain a solid foothold in the cleaning products market. We will also expand overseas markets for cleaning products based on our existing capabilities.



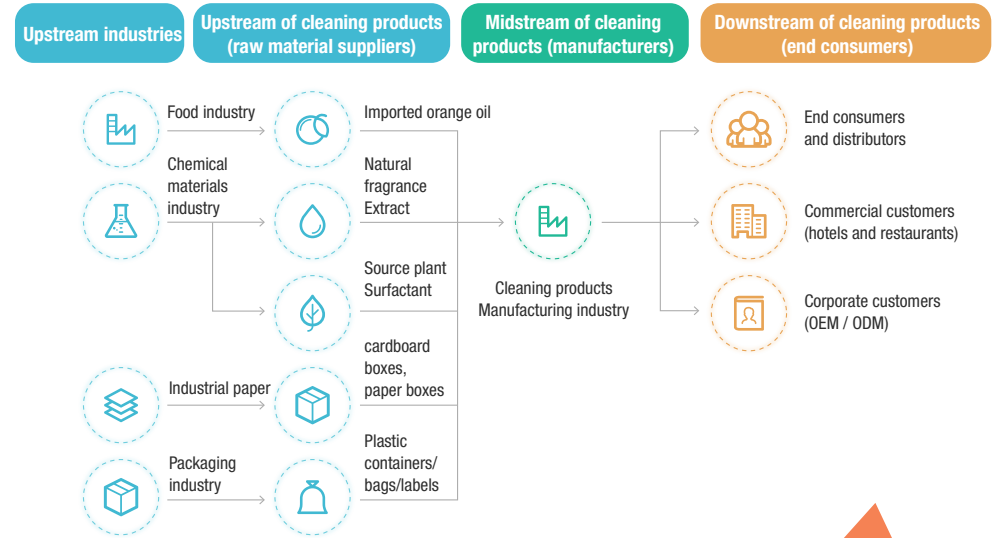
Relationships with upstream and downstream companies

The company’s supply chain comprises upstream manufacturers of household paper who import short-fiber paper pulp and downstream vendors, distributors, and end consumers. The upstream manufacturers of cleaning products are the raw material suppliers of special ingredients (e.g., orange oil, natural fragrance) and downstream vendors, distributors, and end consumers. The relationships with upstream, mid-stream, and downstream companies of the industry are shown below:

| Paper products |



| Cleaning products |



Strategic goals

The Company’s growth strategy is based on “providing consumers with a healthy, safe, and beautiful life.” Our R&D plan mainly follows market demand for products and our operation plans with business development targets for the development of marketable products with potential for future development.

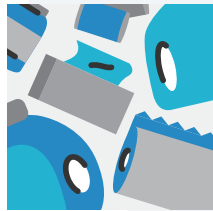


Vision, mission, and values



Vision

Become a global leader in domestic products with leading technologies and environmental protection, and always remember our corporate social responsibility.



Mission

Build a safe and beautiful life for consumers, provide trustworthy products and services, and create the highest value for people.



Values

Integrity, trust, and innovation, treat things the way we treat people.



Production sites

Taiwan	Year of establishment	Quality certification
Ever Growing (Cleaning products)	2017.03.21	ISO 9001:2015, ISO 22000:2018 (HACCP), ISO 22716:2007 cosmetics GMP
Qingshui Plant (paper products)	1990.03.03	ISO 9001:2015, FSC COC CNS (toilet paper and tissue paper)
Yang Mei mill (paper products)	1986.10.16	ISO 9001:2015, ISO 22000:2018 (HACCP), FSC COC CNS (toilet paper, hand wipes, and paper towels)



Ever Growing



Qingshui Plant



Yang Mei mill

Mainland China	Year of establishment	Quality certification
Yang Zhou mill (paper products)	2011.11.18	ISO 9001 quality management system certification document, FSC China ecological product certificate
Kun Shan mill (paper products)	2004.12.28	ISO 9001 quality management system certification document, FSC China ecological product certificate



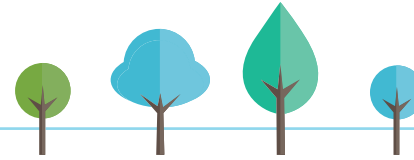
Yang Zhou mill



Kun Shan mill



2.2 Competitive Niche



Overview of Technology and R&D

The company has mastered the core technology of household paper and cleaning product manufacturing and continues to invest in the research and development of niche and innovative products. At present, the company continues to focus on optimizing equipment, processes, formulations, applications, and supporting production units for energy conservation and recycling of available resources, and actively researches and develops high value-added applications such as biobased specialized materials, and progressively utilizes paper by-products and process residuals for resource diversification to realize the belief in economic cycles.

R&D Outcome

The Company has obtained several patents and passed FSC, HACCP, GMP, ISO 22000, Environmental Protection Label, and Green Building Label certifications. At present, household paper is mainly interfold toilet paper. Our revolutionary product “Mayflower Thick Toilet Paper” and “Mayflower Ultimate Interfold Toilet Paper,” which was launched in 2023, have achieved a 98% satisfaction rate among consumers after use. For cleaning products, in response to the trend of green sustainability, we continue to research and develop concentrated dosage forms and environmentally friendly packaging materials, which have been recognized by invention patents in many countries.

To satisfy consumer’ desire for a healthy lifestyle, we have developed a unique natural formulas that target Type A/B flu and coronavirus and obtained lab results certifying their ability to effectively remove viruses through collaboration with domestic and overseas research institutions.

Our cleaning products make it easy for consumers to remove against all kinds of stains and help the busy people of the modern era clean more efficiently. Our R&D team is also

actively developing multi-purpose detergents and concentrated detergents. It also passed the U.S. PCR hypoallergenic test and the U.S. Department of Agriculture (USDA) Biobased Product Label certification. The product offers effective cleaning as well as gentle, low irritation, and environmentally friendly properties, which ensure the sustainability of the ecological environment. Meanwhile, in 2023, we became the first cleaning product company to cooperate with the Industrial Development Bureau (ITRI) to conduct environmental footprint inventory of LCA products and were awarded the Model Manufacturer Award by the ITRI of the Ministry of Economic Affairs (MOEA). In addition, we have successfully developed plant-based biodegradable toilet paper packets and environmentally friendly packaging to reduce the environmental burden caused by plastic bags and containers that do not decompose easily in the soil, and meet the environmental protection and resource recycling requirements. Plant-based external packaging packets decompose on their own in the soil after use, which significantly reduces the impact of plastic pollutants on the planet.

Competitive Niche and Development of Key Technologies

We strive to achieve corporate sustainability in buildings, energy use, and product development.



Unique formula quality certification



We develop unique formulas to improve product safety and performance and increase consumer comfort.



Environmental sustainability

Key technologies

Core technology patents

We pay close attention to safe production and added automation processes with FSC, HACCP, GMP, and ISO 22000 certification



Safe and secure high-standard production



81 patents: 52 in Taiwan, 21 in China, 8 in the United States
We have a P2 microbiology laboratory for analyzing the purity and quality of materials to ensure stable product quality

Regarding the outlook for 2023, YFYCPG continues to focus on sustainable development and implements Environmental, Social, and Corporate Governance (ESG) principles. A positive brand image and corporate vision will help foster talent and cultivate diverse innovation dynamics, providing consumers with a reliable, healthy, and enjoyable living experience. Our team will continuously innovate and upgrade products, achieve breakthroughs in multiple industry initiatives, optimize the production and sales structure, enhance investment efficiency, continuously improve

the supply chain's cost optimization, and expand domestic and overseas sales bases. We will enhance contingency capability and strengthen operational performance. We continue to develop new business opportunities in the post-pandemic economy, the stay-at-home economy, and the green economy, and strive to maximize profits.

Future R&D Programs and Investments

1 Future R&D Programs

The Company's growth strategy is based on "providing consumers with a healthy, safe, and beautiful life." Our R&D plan mainly follows market demand for products and our operation plans with business development targets for the development of marketable products with potential for future development. The main development directions are as follows:

A. Natural Health and Hygiene Care: In the paper product category, we are developing functional cleaning products. In the hygiene care category, we are upgrading natural antibacterial and pandemic prevention products and expanding our product range to include personal hygiene products and home pandemic prevention products.

B. Green Business Opportunities and Environmental Sustainability: In the paper product category, we are researching and innovating green products and developing environmentally friendly packaging materials. In the hygiene care category, we are using concentrated reduction technology to reduce water and plastic usage, minimize process water emissions, and utilize renewable sources (such as plants, fermentation, and paper packaging) to achieve environmental sustainability.

C. High-Efficacy Cleaning and Active Protection: We are researching special active protection technology to maintain stable efficacy in various systems and fully unleash the cleaning effect.

2 Projected R&D Investments

For 2023, YFYCPG plans to invest approximately NT\$46,556 million in research and development. Future research and development investments will be allocated based on the progress of new product and technology development. As consumer demands in the market continue to change, we will gradually increase research and development expenditures to accelerate research and introduce new products to support future development plans. In addition to purchasing research and development-related software and hardware equipment, we will continue to recruit experienced and creative research and development talents to enhance our research and development capabilities, thereby increasing our competitive advantages.

International certification obtained for the production regulations necessary for different products:

Certificates and Accreditation Programs	Plant	Validity Date
ISO 14001 Environmental Management System	Yang Mei mill	2025/11/27
ISO 50001 Energy Management System		2024/12/3
ISO 45001 Occupational health and safety management systems		2024/1/6
TOSHMS Taiwan Occupational Safety and Health Management System		2024/1/17
ISO 22000 /HACCP Food Safety Management System		2025/2/14
FSC™ COC Forest Stewardship Council (FSC) Chain of Custody certification*		2024/7/24
Greenhouse Gas Emission Verification Statement		Yearly
ISO 14001 Environmental Management System	Qingshui Plant	2025/3/2
ISO 50001 Energy Management System		2024/12/10
ISO 45001 Occupational health and safety management systems		2025/2/26
TOSHMS Taiwan Occupational Safety and Health Management System		2025/2/26
FSC™ COC Forest Stewardship Council (FSC) Chain of Custody certification*		2024/7/24
Greenhouse Gas Emission Verification Statement		Yearly
ISO 14001 Environmental Management System	Ever Growing	2023/10/6
ISO 22000 /HACCP Food Safety Management System		2023/12/30
ISO 22716 Cosmetics - Guidelines on Good Manufacturing Practices		2023/8/23
Green Building		2027/9/21
ISO 45001 Occupational health and safety management systems	Yang Zhou mill	2023/8/1
ISO 14001 Environmental Management System		2023/8/9
ISO 45001 Occupational health and safety management systems	Kun Shan mill	2023/11/1
ISO 14001 Environmental Management System		2023/11/18

YFYCPG was the first company in Taiwan to obtain FSC COC certification

2.3 Economic Performance

YFYCPG has demonstrated resilience and innovation in response to the challenges posed by rising costs and market changes. With the efforts of our team and colleagues, our consolidated revenue reached NT\$10.12 billion, with an after-tax net profit of NT\$690 million in 2022. The net profit after tax attributable to the company's owners amounted to NT\$680 million, with an earnings per share of NT\$2.55. For more financial information, please refer to our 2022 consolidated financial report.

Unit: NT\$1,000

Year	2022
Paid-in capital	2,671,290
Operating revenue	10,124,589
Salary and benefits	1,134,756
Cash dividends	801,387
Income tax	222,903
Retained earnings	1,537,317



2.4 Award Records



▲ Qingshui Plant received the "Sports Enterprise Certification" from the Vice President

1. Environmental Protection Achievements

- Qingshui Plant was awarded the 4th National Enterprise Environmental Protection Award by the Environmental Protection Administration, Executive Yuan.
- Qingshui Plant was acknowledged for its outstanding performance in green procurement by the Taichung City Government (for three consecutive years).
- Yang Mei mill was acknowledged for its outstanding performance in green procurement by the Taoyuan City Government (for four consecutive years).
- Yang Mei mill was awarded the "Silver (One-Star) Award" in the Circular Category of the 2022 Taiwan Outstanding Enterprise for Resource Circulation by the Environmental Protection Administration.
- The head office received recognition from the Environmental Protection Administration for 20 consecutive years for supporting environmental labels and promoting green consumption.
- Qingshui Plant and Yang Mei mill received the "Private Enterprise and Organization Green Procurement Award" in 2021 from the Environmental Protection Administration.
- Recognized as one of the top 25% outstanding companies in the Friendly Environment Module in the 2022 Taiwan Sustainability Assessment.

In addition to the above, the head office also participates in KGI Bank's Green Savings program to jointly promote low-carbon transformations, drive sustainable development, and fulfill YFYCPG's corporate social responsibilities.

2. Social Engagement Achievements

- Qingshui Plant, Yang Mei mill, and Ever Growing actively collaborated with local community leaders and police stations to launch the “Giving Warmth in Winter” event. During the year-end season, we provided warmth to society by donating our branded household paper products and disinfectant products to local disadvantaged families, hoping to bring cleanliness and comfort to their holiday season.
- In 2022, the headquarters, Yang Mei mill, Qingshui Plant, Ever Growing, Yang Zhou mill, and Kun Shan mill collectively donated over 2,000 boxes of household paper products and various disinfectant products to support social welfare organizations caring for vulnerable communities and local disadvantaged families.
- Since 2021, YFYCPG has been supporting the Taiwan Champion Trees Team in their quest to find Taiwan’s tallest trees while simultaneously promoting science and environmental education for young people. In 2022, we also organized the “Natural Science Camp” to enable the new generation to get closer to nature and learn attitudes and practices for energy conservation, carbon reduction, and caring for the Earth in their daily lives.

3. Corporate Governance Achievements

- The head office became the first consumer product manufacturer in Taiwan to receive the “Best Companies to Work for in Asia 2022” from HR Asia (for the second consecutive year)
- Recognized as one of the top 25% of companies in the city market in the 2022 Taiwan Sustainability Assessment.
- The head office, Yang Mei mill, and Qingshui Plant received the “2022 CHR Healthy Corporate Citizen” commitment label from Common Health Magazine
- Qingshui Plant and Yang Mei mill received the “Sports Enterprise Certification” from the Sports Administration of the Ministry of Education
- Qingshui Plant received the Happy Creativity Award from Taichung City Government for the Happy Workplace Selection.
- The head office, Yang Mei mill, and Qingshui Plant received the “Health Promotion Label” certification from the Health Promotion Administration of the Ministry of Health and Welfare
- The head office, Yang Mei mill, and Qingshui Plant received the “AED Safe Workplace” certification from the Ministry of Health and Welfare and the Department of Health of local governments



▲ Recognized as one of the “Best Companies to Work for in Asia” in 2022 (for the second consecutive year)

2.5 External Participation

YFYCPG actively participates in activities of related industry and trade associations for discussions or policy advice, promotes dialog between industries, learns about the latest international developments, related risks, and opportunities. YFY Consumer Products Co., Ltd. is a member of the following industry associations:

- Taiwan Paper Industry Association
- Taipei Cosmetics Industry Association
- Taipei Department Store Association
- Taipei Pharmacist Association
- Taiwan Cleaning Product Association
- Monte Jade Taiwan Science & Tech Association
- Epoch Foundation

Governance



03

Corporate Governance Evaluation

2022 Corporate Governance Evaluation

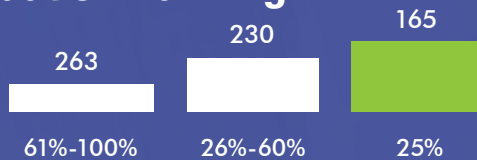
Market value NT\$ 5 billion - 10 billion

Ranking among listed companies **11~20%**

Sustainability Evaluation Ranking

25%

A total of 658 listed and OTC-listed companies



Effective Communication with Investors

Adoption of **SASB**
Sustainable Accounting Principles

Providing investors with the necessary sustainable dimension indicators to understand the significant financial impacts of various industries



Equal Treatment

Equal pay for equal work, and among the three independent directors on the board, two are women

67%



Effectively managing climate change risks and opportunities

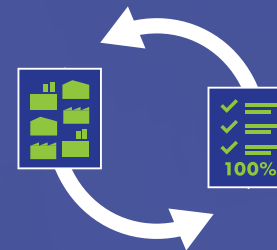


Implementation of
Climate-Related Financial Framework Disclosure

TCFD

Enabling enterprise investors and managers to focus on relevant issues and provide stakeholders with relevant and reliable financial basis measurement information.

Supplier audit and evaluation



Completion of the first phase of major supplier sustainability management

100% Meet standards

Practicing green procurement

Annual FSC sustainable forest pulp purchases reached

83.1%

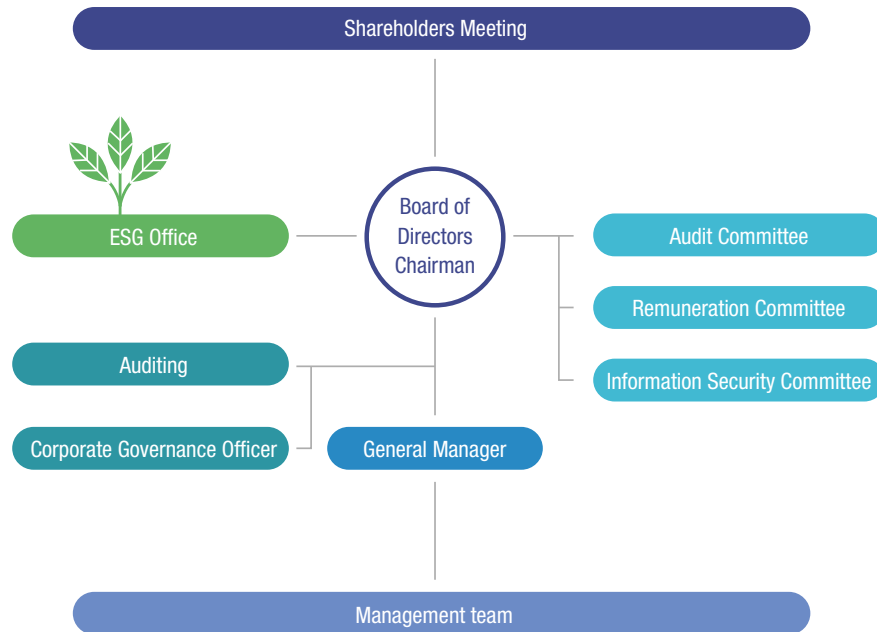


Qingshui Plant was commended for **three** consecutive years, and Yang Mei mill for **four** consecutive years

3.1 Board of Directors

The Board of Directors is the highest governing body of YFYCPG and its main responsibilities include guiding the company’s strategies, supervising the management, and being accountable to the company and shareholders.

The Company maintains sound corporate governance based on the spirit of integrity, compliance with the law, adherence to transparency in operations, and emphasis on shareholders’ rights and interests. The corporate governance framework is as follows:



Professionalism and Independence of the Board of Directors

To implement good corporate governance and fulfill the strategic guidance function, the composition of the Board of Directors is based on the company’s business nature and development needs. The nomination and election of Board members are pursuant to the regulations prescribed in the Company’s Articles of Incorporation. A candidate nomination system is adopted in accordance with the “Regulations Governing the Election of Directors” and “Corporate Governance Best Practice Principles” to ensure the diversity and independence of board members. According to Article 19 of the company’s Corporate Governance Principles, directors should possess the necessary knowledge, skills, and qualifications to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors as a whole should possess the following capabilities:

1 Ability to make operational judgments	2 Ability to perform accounting and financial analysis	3 Business management ability (including subsidiary management)
4 Crisis management ability	5 Knowledge of the industry	6 An international market perspective
7 Leadership	8 Ability to make policy decisions	9 Risk management knowledge and skills

Diversity of the Board of Directors

To strengthen corporate governance and promote a sound development of the composition and structure of the Board of Directors, the company’s Corporate Governance Principles was established at the 3rd meeting of the 14th session of the Board of Directors meeting on August 14, 2020. The Principles stipulate the diversification policy for the composition of the board in Article 19 under Chapter 3 titled “Composition and Responsibilities of the Board of Directors.” The content is as follows:

The composition of the Board of Directors should be based on diversification and related policies such as:

1. Company managerial officer ratio: Directors who serve concurrently as managerial officers should not exceed one third of the Board of Directors.
2. Basic requirements: A certain degree of diversity in terms of gender and age.
3. Professional knowledge and skills: A certain degree of diversity is required for their professional backgrounds (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Currently, the Board of Directors consists of seven members, including two directors with employee status, three independent directors, and all directors are distinguished individuals from the academic and business sectors. The company emphasizes gender equality in the composition of the Board of Directors and aims to increase the proportion of female directors to one-third (33%) or more. Currently, male directors account for 71% (5 members) and female directors account for 29% (2 members). Efforts will be made to increase the number of female directors in the future to achieve the target.

Title	Chairman	Director			Independent director		
Name	Felix Ho	David Lo	Ronald Lee	Shien Xie	Chih-Chien Lin	Sherry Hsieh	Carol Su
Gender	Male	Male	Male	Male	Male	Female	Female
Age	41-50	51-60	51-60	51-60	41-50	51-60	41-50
Concurrent position(s) at YFYCPG			✓	✓			
Term of Independent Director Years of employment (less than 3 years)					✓	✓	✓
Professional backgrounds							
Industry experience	✓	✓	✓	✓	✓		
Business	✓	✓	✓	✓		✓	
Finance		✓					✓
Business management	✓	✓	✓	✓	✓	✓	✓
Professional knowledge and skills							
Ability to make operational judgments	✓	✓	✓	✓	✓	✓	✓
Business management ability	✓	✓	✓	✓	✓	✓	✓
Crisis management ability	✓	✓	✓	✓	✓	✓	✓
An international market perspective	✓	✓	✓	✓	✓	✓	✓
Ability to make policy decisions	✓	✓	✓	✓	✓	✓	✓

The attendance in meetings of the Board of Directors in 2022 was good with a 100% attendance rate. Directors have continued to take courses in fields other than their professional backgrounds and they have attended related courses on corporate governance as well as environmental, social, and governance (ESG) courses. For details on the relevant training and development during the year, please refer to the company's website.

The Company has established corporate governance regulations. In addition to specifying the duties and powers of the Board of Directors in the Articles of Incorporation, the Company also established the "Corporate Governance Principles," "Ethical Corporate Management Best Practice Principles," "Code of Conduct," "Sustainability and Social Responsibility Guidelines," and "Standard Operating Procedures for Processing Requests Filed by Directors" to strengthen the operations of the Board of Directors and improve corporate governance.

Nomination and Election of Board of Directors

The nomination and election of Board members are pursuant to the regulations prescribed in the Company's Articles of Incorporation. A candidate nomination system is adopted in accordance with the "Regulations Governing the Election of Directors" and "Corporate Governance Best Practice Principles" to ensure the diversity and independence of board members.

The professional backgrounds of the Company's Board members include expertise in industry, management, and accounting. According to the list of members of the 15th Board of Directors, those with the ability of leadership management administration, and crisis management, as well as industry knowledge, and an international market perspective include directors Felix Ho, David Lo, Ronald Lee, and Shien Xie.

The independent members of the Board of Directors include Chih-Chien Lin, a university professor; Sherry Hsieh, Vice President of the Taiwan Health Foundation; and Carol Su, a CPA and an independent director of other listed companies.

The Company's Board of Directors comprises two directors who are employees of the Company as well as three independent directors. There are **two female independent directors**.

Board Performance Evaluation and Implementation Status

On December 28, 2020, the Board of Directors approved the "Board of Directors Performance Assessment Guidelines." According to the Board of Directors Performance Assessment Guidelines, internal evaluations of the Board's performance for the year 2021 were conducted in the first quarter of 2022, and external evaluations will be conducted once every three years.

The performance assessment and reasonableness of remuneration for the company's directors and executives are subject to regular evaluations and reviews by the Remuneration Committee and the Board of Directors each year. The evaluations take into account individual performance, contributions to the company, overall operational performance, future industry risks, development trends, and compliance with relevant laws. The remuneration system is periodically reviewed based on the company's actual operating conditions and corporate governance trends to strike a balance between sustainable management and risk control. The actual remuneration for directors and executives in 2022 was determined by the Board of Directors after the deliberation of the Remuneration Committee. For more information, please refer to the company's website or annual report.



3.2 Operating Status of the Functional Committee

Audit Committee

The company's Audit Committee is composed of three independent directors. The Committee's purpose is to verify the fair presentation of the company's financial statements; hiring or dismissal of CPAs, their independence and performance; effectiveness regarding implementation of the company's internal control system; compliance with relevant regulations and rules; and the company's control of existing or latent risks. The Committee exercises its powers in accordance with Article 14-5 of the Securities and Exchange Act.

The Audit Committee is composed of all three independent directors. In 2022, it held five meetings with a 100% attendance rate. For more detailed information about the Audit Committee, please refer to the company's website.

Information Security Committee

The company's Information Security Committee consists of three members and aims to assist the Board of Directors in promoting the implementation of information security management to strengthen corporate governance and enhance the security of business operations. The committee is comprised of three professional members and held two meetings in 2022, with a 100% attendance rate.

Remuneration Committee

The members of the Remuneration Committee are appointed by the Board of Directors, with a total of three members, all of whom are currently independent directors. The Committee's responsibilities include revising and regularly reviewing the policies, rules, standards, and structure of performance evaluation and remuneration for the directors and managerial officers. Periodically review and determine remuneration to directors and managerial officers. The company has completed the 2022 performance evaluation of the Remuneration Committee and reported the evaluation results to the Board of Directors on March 14, 2023. The Committee currently has three members, appointed by the Board of Directors. In 2022, it held two meetings with a 100% attendance rate. For more detailed information about the Remuneration Committee, please refer to the company's website.

3.2.1 Comprehensive information disclosure

The Company is committed to increasing the speed and transparency of information disclosure. In addition to the regular statutory information disclosure, the company actively participates in investment forums and institutional presentations organized by domestic and foreign securities firms. These events provide explanations on financial figures, business performance, and other relevant information, strengthening investors' understanding of the company's financial and operational data.

Information transparency and disclosure channels

Setup of the spokesperson and acting spokesperson system	The Company appoints a spokesperson (and acting spokesperson) to communicate with the media, shareholders, and investors.
Material information announcements	The announcements help investors and the general public understand the Company's latest developments.
Company website platform	We have set up an investors' section on the website to disclose the progress of business development and update financial information and corporate governance information so that investors can learn about the Company's latest news.
Investor seminars and domestic (foreign) investor forums	From time to time, we participate in investor seminars and domestic and (foreign) investor forums held by securities firms to explain the Company's operations, financial overview, strategic development, and business policies.

Information transparency and disclosure milestones

- We set up a website in Chinese/English to disclose business development information and update financial information and corporate governance information.
- The company voluntarily publishes the revenue information on the Market Observation Post System and the company's website each month.
- The proposals of shareholders' meetings are processed by electronic voting and case-by-case voting. The results of the votes are published on the "Market Observation Post System" and the Company's website.
- The Company attends at least one investor seminar each quarter and publishes the presentation on the "Market Observation Post System" and the Company's website.

3.2.2 Integrity and compliance

The Company has established the "Ethical Corporate Management Best Practice Principles" and "Code of Ethical Conduct" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies". The Board of Directors and management fully understand and actively implements related operating regulations in internal management and external business activities.

The Company performs regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business and implement programs to prevent unethical conduct. The programs are provided below:

- ① Prevention of dishonest behavior and the prohibition of bribery acceptance: Detailed information about disciplinary actions and the reporting system are listed in Chapter Four: "Service Regulations" of the Work Rules.
- ② Protection of intellectual property rights: We ensure protection by requiring employees to sign the "Intellectual Property Rights, Personal Information Protection, and Business Strife Limitation Agreement" as well as the employment contract.
- ③ "Employee Code of Conduct": Established to implement the Company's core values, maintain high ethical standards, provide employees with standard compliance requirements when performing their daily duties and tasks, protect the Company's reputation, and earn the respect and trust of our clients, vendors, and other individuals.
- ④ "Ethical Corporate Management Operating Procedures and Code of Conduct": They contain 17 operational regulations and stipulate whistleblowing systems and handling procedures.

The Company's Human Resources Department is responsible for handling the drafting, amendment, and implementation of the "Ethical Corporate Management Operating Procedures and Code of Conduct". It also reports the implementation status to the Board of Directors on a regular basis.

Article 5 of the "Ethical Corporate Management Operating Procedures and Code of Conduct" states the methods for assessing corruption risks and includes standard operating procedures for the prohibition on offering or accepting improper benefits, procedures for handling improper benefits, prohibition of facilitation fees, political contributions, charitable donations or sponsorships, and avoidance of conflicts of interest.

To ensure ethical management, the Company has established an effective accounting system and internal control system. The Company's accounting system is based on the Securities and Exchange Act, Company Act, Business Entity Accounting Act, Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, and interpretations and explanations approved by the Financial Supervisory Commission, and the regulations are established based on the actual operations of the Company. The internal control system is established based on the "Regulations Governing Establishment of Internal Control Systems" by Public Companies for implementation. The audit department also regularly audits the compliance of the accounting system and internal control system and reports results to the Board of Directors.

To ensure the smooth operations of the Company and help all employees actively implement corporate social responsibility and moral ethics, the Company requires all employees to sign the "Professional Ethics, Integrity, and Non-Child Labor Statement" on the day they report for duties and issue employee handbooks to provide one-on-one explanation and ensure that all employees understand the Company's Code of Conduct. We organized 2 rounds of value experience camp in 2022 and used the courses to help employees understand the importance of integrity, trust, and innovation. 49 people participated and total man-hours amounted to 147 hours.

The Company has provided related ethical management courses in digital format and use the LMS learning and management system to provide all employees with online learning in 2022. We organize training for Directors, Corporate Governance Officer, managerial officers, and employees in specific positions to provide more comprehensive training courses. We continue to implement specific measures and prevent unethical conduct (including anti-corruption). 799 people participated in online and in-person courses and total man-hours amounted to 806 hours.

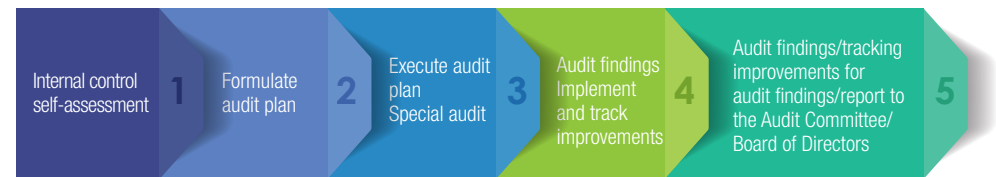
As of the end of 2022, the company had a total of seven cases related to environmental-related fines, but none of them received significant penalties exceeding NT\$1 million from administrative authorities. For more details, please refer to Chapter 4 "Environmental Compliance."

3.3 Risk Assessment and Management

Risk management system

In addition to implementing management guidelines for internal management in accordance with the law, the Company also devises rules to be followed by different departments. Operational risks are decentralized for management by separate departments based on their functions. The Auditing and Compliance Office conducts regular and special audits on the implementation and compliance of the departments' rules, systems, and regulations.

Risk identification and audit system



1. Each department conducts self-assessment and risk identification procedures each year in accordance with the "Self-Assessment Procedures of the Internal Control System", and the Auditing and Compliance Office compiles the internal control self-assessment information, prepares the statement of internal control system and submits it to the Board of Directors to ensure the healthy operations of the Company.
2. The Auditing and Compliance Office formulates/adjusts the annual audit plan in accordance with regulations and the conclusions of the internal control self-assessment, and reports results to the Board of Directors for approval.
3. We perform risk-based financial/business/operational/management system audits in accordance with the annual audit plan approved by the Board of Directors and the "Internal Audit Implementation Guidelines." We also assist in setting up systematic and preventive control points/reviews to streamline operational processes and ensure compliance with legal regulations and continuous process optimization. The Auditing and Compliance Office implements routine audits in accordance with the annual audit plan and implements special audits when necessary to ensure that possible deficiencies in the internal control system are immediately identified and make recommendations for improvement. We regularly report related implementation conditions or results to the Audit Committee and the Board of Directors.
4. The Auditing and Compliance Office continues to track the improvement status based on the improvement plans and improvement deadlines provided by the audited units, and report the tracking status and results to the Audit Committee/Board of Directors at regular intervals.

Risk Assessment and Management

Risk item	Explanation of risks and response strategies
Policy and regulatory risks	<p>Human Resources Department: The Company has assigned the Legal Department to process legal affairs and appointed external legal consultants to assist in managing the risks of changes to laws. If there is any potential impact of important policy and legislative changes on the Company's financial or sales performance, the Legal Department and units responsible shall jointly formulate response measures or amend the Company's regulations and operating procedures in accordance with the new laws or regulations announced by the government. In response to the promulgation of the amendments of the Labor Standards Act, the Company has also modified related internal regulations and the Work Rules, as well as convened quarterly labor-management meetings to discuss various response measures. Work hours and work schedule for each company (plant) were adjusted accordingly, and employee annual leaves and holiday pay for unused annual leaves were given to employees according to regulations.</p> <p>Legal Affairs Team: Business activities such as research and development, manufacturing, sales and marketing, finance and accounting, personnel management, market competition, investment and financing, corporate governance, import and export customs clearance, and trade are governed by related laws and regulations. We must ensure that all business units comply with the current laws and regulations and establish internal rules and regulations to avoid the risks of violations, protect the Company's corporate image, and contribute to sustainable business objectives. For this purpose, the Company has established the "Legal Compliance Management Rules" and the Legal Affairs Team is responsible for the planning, management, and implementation of compliance matters, and monitoring changes in regulations. They work with dedicated personnel in each unit to confirm that related regulations of the Company have been amended and they use internal audit and inspections to verify the compliance. They also organize legal training programs to help employees understand the necessity and importance of compliance.</p>
Labor shortage and talent gap risks	<ol style="list-style-type: none"> 1. We organize industry-academia cooperation with universities and colleges to improve students' understanding of the Company and industry, and expand the Company's talent development at home and abroad. 2. We develop flexible and diverse recruitment channels and cooperate with external professional recruitment agencies to ensure an abundant supply of talent. 3. We regularly conduct annual talent management, succession planning, and IDP development, review manpower needs and gaps, and plan for talent reserves at all levels.
Business reputation risks	<p>Business reputation includes the Company's values, products, and services. We implement continuous management and creation with the trust and recognition of the public. As consumer feedback on their experience with brands and products become real-time, open, and spread across diverse channels, our primary goal of risk management is to obtain real-time information, quickly and comprehensively understand the situation, and develop response plans. We have adopted the three main action strategies set forth below to respond to risks:</p> <ol style="list-style-type: none"> 1. Implement comprehensive real-time monitoring of activities that directly affect the reputation of the Company's brand (traditional and online media) to assess the potential impact. 2. Develop countermeasures, assess and obtain the views of key stakeholder groups (NGOs, activist investors, etc.) on the Company's brand, and implement risk management solutions. 3. Continuously optimize the service capability of front-line communication personnel (response to consumers, customers, and media) and improve product quality and control mechanisms.
Financial risks	<p>Description of risks: Drastic changes in the global economy and the international geopolitical environment have increased the price of pulp, coal, energy and other raw materials on the international market, which affects the Company's operations and long-term profitability.</p> <p>Response strategies: We must pay close attention to global economic development as well as fluctuations in exchange rates, interest rates, and raw material prices, and adjust our procurement and pricing strategies in a timely manner to reduce the impact of the external environment. We must observe local market conditions and take flexible measures to enhance market competitiveness and profitability. We must also maintain good relations with multiple financial institutions to create capital positions and ensure liquidity.</p>
Operational risks	<p>Sales Department: Description of risks: Excessive concentration of sales markets may affect sales and profitability performance in the event of changes in the market. Response strategies: Diversification of product categories and distribution business models will help reduce the risk of over-concentration in the sales market.</p> <p>Supply Chain Management Department: Factors such as wars, epidemics, and climate change have caused chaos in the global supply chain and indirectly caused crises in the domestic supply chain due to the impact of air and sea transportation in the long supply chain from the production sites. The Supply Chain Team uses professional knowledge and agility, transparent communication, flexible adjustment, and</p>

Risk item	Explanation of risks and response strategies
Operational risks	<p>efficient cooperation with suppliers to quickly respond to market changes and resolve supply chain risks. They ensure a secure supply of raw materials and normal production and supply with the production lines. To ensure sustainable development, we also consider waste management, recycling, and energy saving, and carbon reduction to improve supply chain risk assessment and formulate response strategies and actions. The Supply Chain Team has adopted the four main action strategies set forth below to respond to risks:</p> <ol style="list-style-type: none"> 1. Review supply system whenever necessary, quickly allocate resources and adjust production mode → inter-departmental cooperation for raw material procurement, sales, production, logistics, and upstream and downstream supply. 2. Flexible adjustment of the supply strategy to quickly respond to contingencies → production planning, inventory strategy, procurement from multiple suppliers and increase in alternative raw materials. 3. Monitor political and economic changes for risk management → Accelerate “local production and short supply chain revolution” to reduce the risks of logistics and regional geopolitics. 4. Strengthen supplier management strategies to make good use supplier resources and operational efficiency. Perform monthly performance evaluation and regular annual audits → performance evaluation includes quality, service, delivery and quantity. The seven main parts of audits include the quality management system, environmental, safety, and health management, labor policy, and ethical conduct. If the supplier’s performance is not satisfying or if the audit result is not satisfying, we invite the supplier to attend the quarterly business review (QBR) and request improvements for issues to enhance the sustainability of the supply chain. <p>IT Department: The rapid advancement of information technology and Internet applications, and the threat of new cyberattacks have made information security more challenging in a world where it is impossible to stay disconnected from the Internet. Response strategies:</p> <ol style="list-style-type: none"> 1. Set up the Information Security Committee and establish the Information Security Policy to upgrade the information security management to the corporate governance level. 2. Continuous infrastructure upgrade: Upgrade the firewall to next-generation firewall, replace low-security equipment, and fully convert to a High Availability (HA) architecture. 3. Strengthen endpoint protection. 4. Enhance the team’s information security skills. 5. Strengthen personnel safety awareness through education, training, and awareness campaigns. 6. Regularly execute disaster recovery drills and enhance the backup mechanism. 7. Encrypt and protect sensitive data and keep personal data away from unsecured locations. 8. Build a comprehensive VPN environment to support remote office needs. 9. Strengthen communication with the industry and third-party information security vendors and always update information security intelligence in real time.
Environmental protection, safety, and health	<p>In response to increasingly stringent environmental protection regulations, we established an environmental management system and continuous monitoring system to review the compliance of regulations each month and convene monthly environmental protection meetings to monitor related data on environmental resources and manage related results. Active development of green energy to protect the environment.</p> <ol style="list-style-type: none"> 1. Set up the Occupational Safety and Health Management System and Occupational Safety and Health Management Plan, convene monthly and quarterly safety meetings to report and communicate safety and health issues, and implement safety and health operations in accordance with the relevant management mechanisms. 2. Adopt preventive and comprehensive employee health management, and implement health promotion programs for different operating environments to enhance employee health awareness and reduce health risks. 3. We set up the Epidemic Prevention Command Team in response to the COVID-19 epidemic and we immediately assembled senior executives of all departments to discuss the impact of the epidemic. We used the LINE app and meetings to communicate the latest development of the epidemic and formulate response strategies to reduce the impact on operations.
Climate change risks	<p>In response to increasingly severe environmental issues such as global warming and extreme climate, it is crucial for companies to build up the resilience to respond to climate disasters in their business operations. The company uses the core elements of Task Force on Climate-Related Financial Disclosures (TCFD) to identify climate-related risks and opportunities, assessment of climate change risks and response measures by different departments, identification of potential risks and possible opportunities, and actively adapt and mitigate actions. For detailed information, please refer to Chapter 4 “Climate Change Risks and Opportunities.”</p>

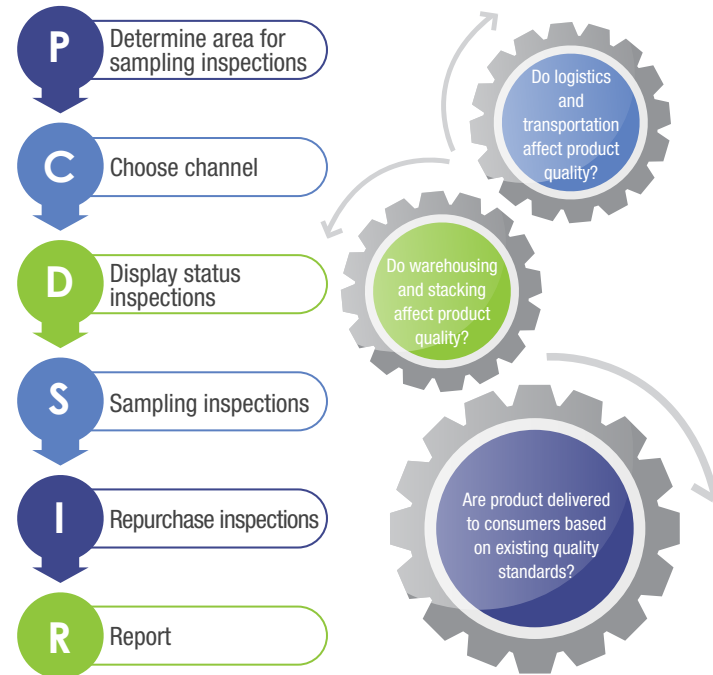
3.4 Customer Satisfaction and Product Services

3.4.1 Product safety and regulatory compliance

The specifications on the labels of the Company's products meet national regulations and international standards (e.g., FSC™ certification, HACCP Food Safety Control System, and ISO 22000 Food Safety Management System). We provide accurate product labeling with full information as well as fair and responsible marketing communications that help consumers obtain information about the composition of the product so that consumers have comprehensive product information and have access to safe and high-quality products.

The Company also set up a consumer service hotline and established the "Operating Procedures for Customer Complaints and Consultation Services" to provide real-time consultation services and comprehensive complaint procedures to ensure that consumer interests are protected and continue to provide customers with better products and experience.

The Company regularly performs the quarterly "cleaning products market distribution sampling inspection procedures" to conduct independent assessment and inspections of product quality. The inspection items include the actual status of product displayed on shelves, packaging specifications, physical and chemical inspections, microbiological, and endurance tests. This procedure helps the Company view whether there are operational quality risks in the logistics and storage of products after they are shipped from the factory, so that we can correct them in advance during product design. It also verifies all the tests conducted by the R&D team during development and the actual conditions of the product. It ensures that the product quality is maintained by means of repeated and endurance tests.



3.4.2 Customer health and safety

Risk identification and audit system

To ensure that customers have a good experience with products, YFYCPG set up the Customer Relations and Market Research Division dedicated to the customer satisfaction survey of its brands. We also use the experience and feedback from customers in our future product upgrades and development plans to continue to provide high-quality products and services to each customer.

YFY also values the opinions of all consumers. We use the customer service hotline, online real-time customer service, business visits, and corporate social responsibility questionnaires to obtain consumer feedback, which is used for internal quality management and related units work together to review and develop future improvement strategies to continuously improve the quality of our products and services for customers.

YFYCPG's brands include "Mayflower," "Delight," "Tender," "Orange House," and "Fresh Sense." All specifications on the labels of YFY products meet regulatory requirements so that customers fully understand product information and can choose products that meet their needs. They can also feel safe in the use of the products.

Personal data management

YFY strictly complies with the relevant provisions of the "Personal Data Protection Act" regarding the collection, processing, and use of personal data. We protect the privacy of consumers' personal data with rigorous organization, management systems, and control mechanisms. YFYCPG also established the "Personal Data Protection and Management Organization" in accordance with requirements in the "Personal Data Protection Act". The Organization informs the consumers of the method of collection, processing, and use of consumers' personal data in the collection, processing, and use of personal data to comply with laws and protect consumers.

The Company strictly complies with the relevant provisions of the Personal Data Protection Act regarding the collection, processing, and use of consumers' personal data. We have established a "Personal Data Protection Management Organization" to protect the privacy of consumers' personal information with rigorous organization, management systems, and control mechanisms.

Product liabilities

To ensure that customers have a good experience with products, YFYCPG set up the Customer Relations and Market Research Division, which uses the customer service hotline, online real-time customer service, business visits, and corporate social responsibility questionnaires of the ESG Office to obtain consumer feedback on their product experience.

Customer satisfaction surveys are conducted on a regular basis each year to evaluate consumer satisfaction (scores are given on a scale of 1 to 7) for the Company's brands, including Mayflower and Delight. We implement improvement plans for unsatisfactory items (those with an average score below 3 points) to ensure that the product experience of each brand meets consumer expectations.

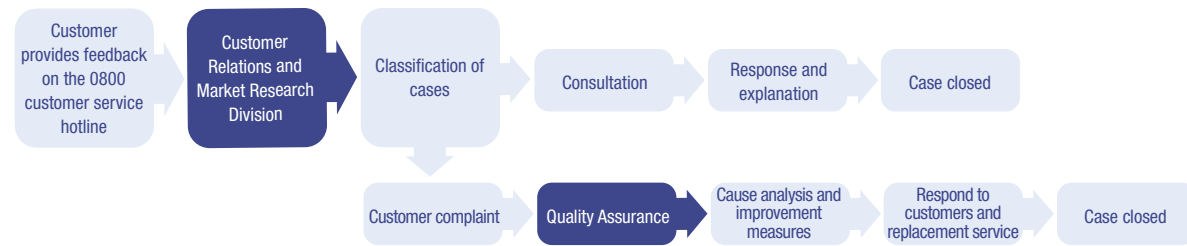
According to the results of surveys in 2022, the average satisfaction score of the "Mayflower" brand was 6.0 points; the satisfaction score of the "Delight" brand was 5.7 points. There were no evaluation results with an average satisfaction score lower than 3 points.



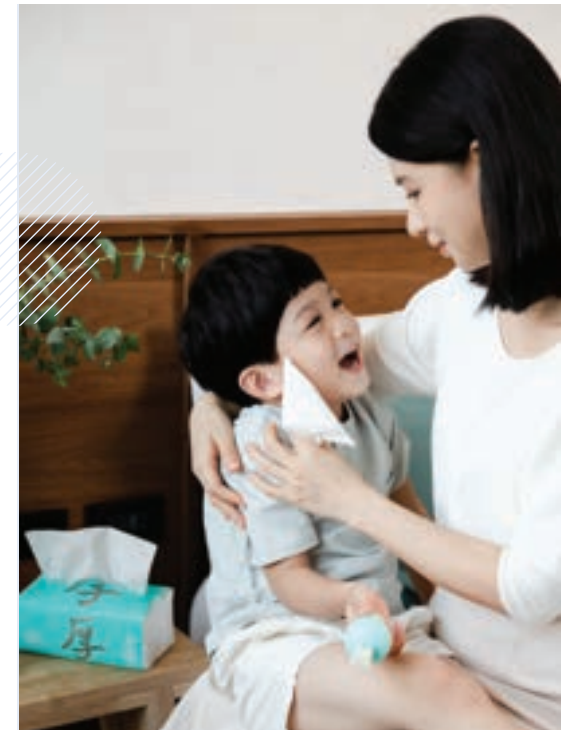
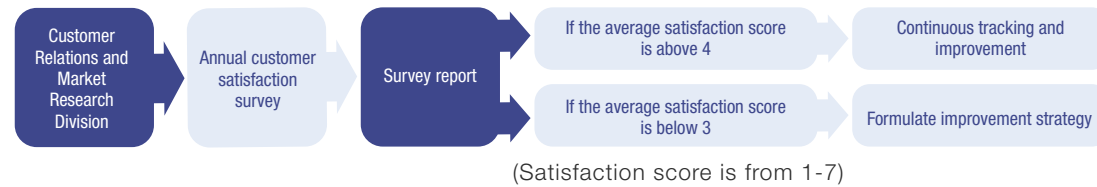
Customer satisfaction survey and product labeling

The health and safety of customers and consumers is our greatest responsibility. Their opinions and feedback help us develop product upgrades and development plans. We will continue to invest in new product development, master the market of epidemic prevention, Lohas, and middle-aged people as well as green products, and satisfy different markets in the post-pandemic era by developing a series of household, personal, and commercial products.

Customer service procedures



Customer satisfaction survey procedures



In 2022, Ever Growing was approved by the Ministry of Economic Affairs' Industrial Bureau as a demonstration company for Product Environmental Footprint.

Through the implementation of Product Environmental Footprint, the company understands environmental impact hotspots, develops best resource management practices, and researches and develops green products to reduce environmental impact and meet consumer expectations. At the same time, we respond to the European Union's product regulatory requirements, enhance export competitiveness, and work with supply chain partners to transform and develop sustainable development models for new resource cycles, striving to achieve a balance between the economy and nature.

3.5 Supply Chain Management

There has been no significant change in the Company’s supply chain in 2022. The Company provides R&D and manufacturing of household paper products, and our main suppliers provide materials such as pulp, film packaging materials, and cardboard boxes. To support environmental protection and green procurement strategies, we source materials from suppliers in Taiwan as well as forest-friendly pulp suppliers in Northern Europe, North America, South America, and Australia.

The main raw material required for the company’s household paper products is wood pulp, of which 61% is sourced locally and the other 39% is imported in 2022.

Supply status of primary raw materials for household paper products

Primary markets of products and services	Taiwan, Asia, and North America
Distribution method	Distributors and direct marketing
Main material(s)	Wood pulp
Main source(s) of material(s)	Domestic procurement
Supply of material(s)	Stable supply

Risk identification and audit system

The Company engages in business operations and implements corporate social responsibility based on the values of integrity, trust, and innovation. We seek to establish a long-term stable supply chain and established clear supplier management regulations that specify requirements for suppliers for environmental, occupational health and safety, or labor rights, and inspections of their implementation status.

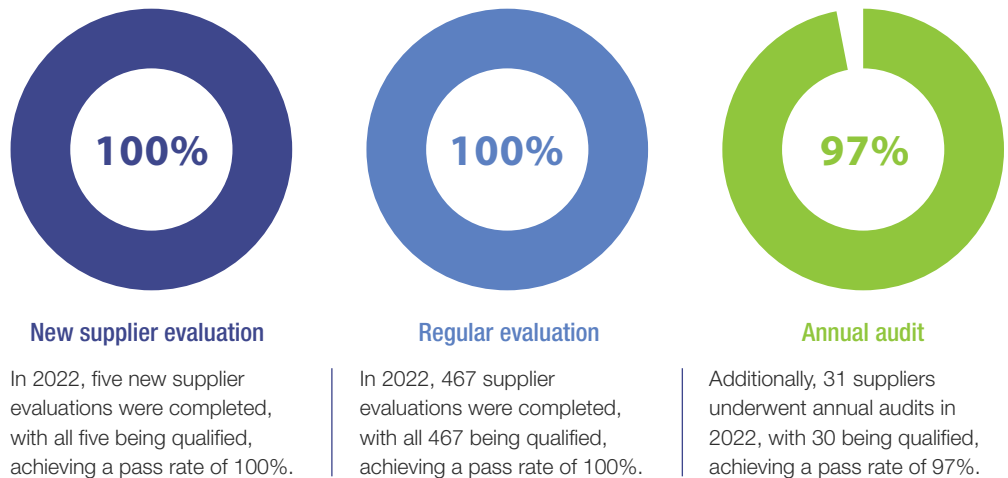
- To manage the quality, technology, delivery, and service of the material suppliers required for production and ensure that they meet the company’s needs to facilitate smooth production and control, new suppliers are required to undergo supplier selection in accordance with the Supplier Management Regulations. We conduct supplier evaluation, and only suppliers recognized as qualified suppliers can proceed to procurement and partnership.

- Supplier management activities are carried out under the premise of compliance with national regulations and processed in accordance with the standards established and recognized by R&D units. We thus regulate the consistency and stability of our suppliers’ output quality and the company’s inspections for incoming materials.

For new supplier initial evaluations and annual audits, respective departments are responsible for selection, supervision, and verification of “Quality,” “Environment, Occupational Safety and Health,” and “Labor Rights” aspects.

In regular performance evaluations, suppliers are assessed based on “Quality,” “Cost,” “Delivery,” and “Service” to monitor and communicate with suppliers for continuous improvement. Quarterly Quality and Business Review (QBR) meetings were held for key suppliers in 2022, with a total of 23 meetings involving procurement, quality assurance, and suppliers. This two-way communication facilitated 43 subsequent supplier management and guidance activities, promoting suppliers’ continuous enhancement of their quality system capabilities. “Supplier Quality Agreements” were established and signed to promote supplier quality management policies and requirements, ensuring that suppliers’ products meet the company’s standards.

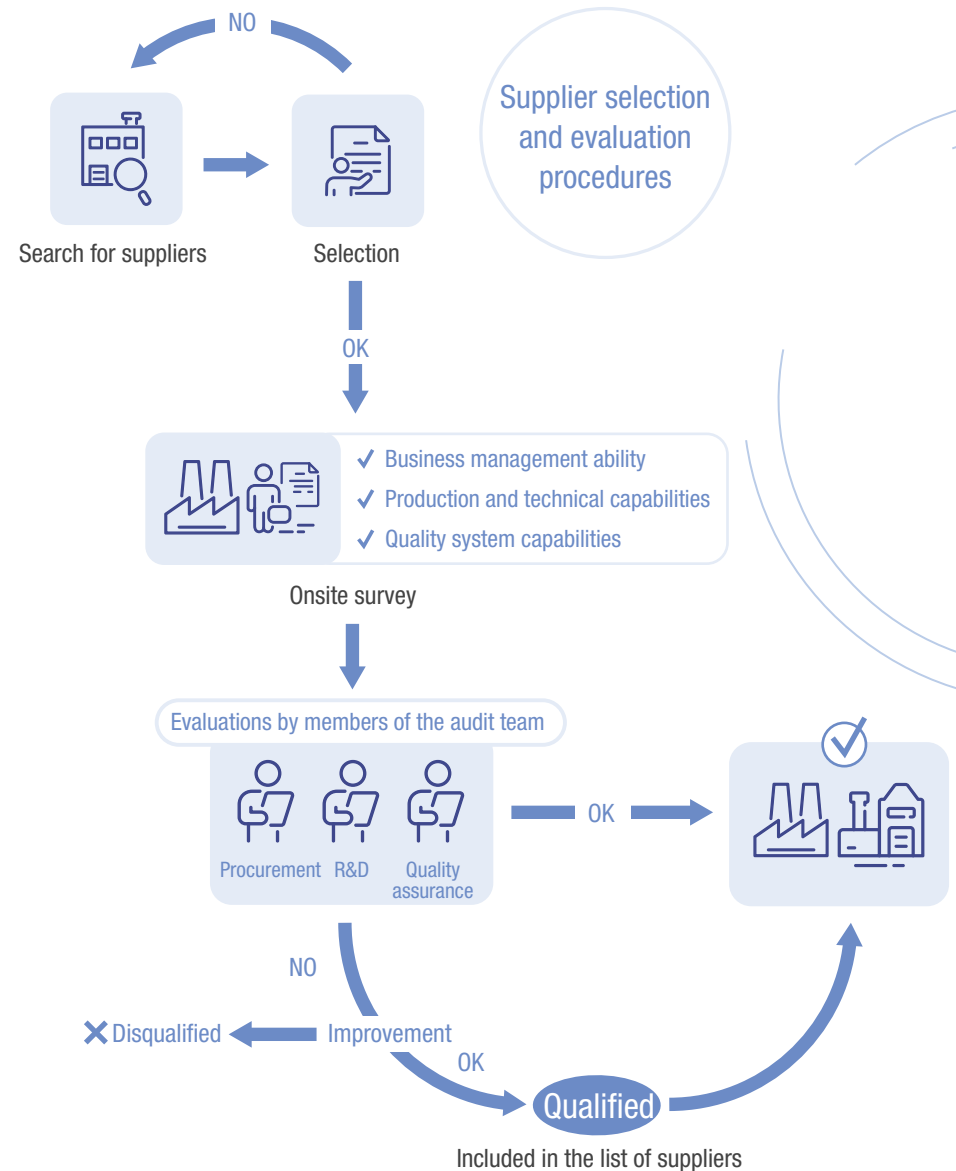
2022 supplier management activity pass rate



3.5.1 Procurement practices and supplier audit management policy

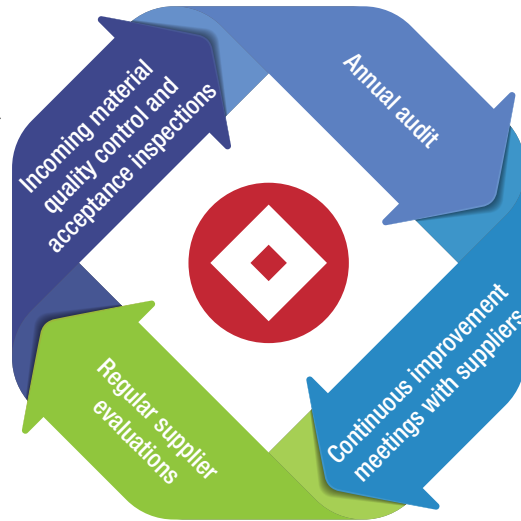
Qualified suppliers are audited for “management capabilities,” “production and technical capabilities,” and “quality system capabilities” in the first supplier evaluation process. The company considers the technical capabilities, quality, delivery schedule, and price competitiveness of suppliers. In response to the growing global focus on environmental, governance, and social sustainability, we have implemented and requested suppliers to uphold environmental protection, safety and health, and human rights to fulfill corporate social responsibility together.

In terms of regular supplier audits and evaluations, we seek to implement effective supplier management and we have established standards for new supplier selection. After a supplier becomes a qualified supplier, the Quality Assurance Department and Procurement Department perform annual audits or reviews of raw materials, packaging materials, and general spare parts and hardware. Audits are conducted either by document review or onsite inspections. Suppliers with significant non-compliance items in audits and evaluations are classified as Level C suppliers. If it is unable to meet the company’s requirements after continuous assistance, we may cancel the partnership to ensure that the products provided by the supplier meet the company’s requirements.



- ✓ COA verification
- ✓ Incoming material inspection verification
- ✓ Quality control operations for disqualified products

- ✓ Quality, cost, and service cooperation
- ✓ Accuracy of delivery schedule and quantity



- ✓ Conducted at least once a year
- ✓ Incoming/process/shipment management
- ✓ Vendor environmental safety and health requirements
- ✓ Education and training, warehouse management
- ✓ Product traceability

- ✓ Collection and analysis of information on the occurrence of defects in materials
- ✓ Organization of supplier continuous improvement meetings

3.5.2 Supplier environmental assessment

The company prioritizes procurement from suppliers with FSC and ISO 14001 environmental protection certification based on customers' product requirements. We request suppliers to present valid certificates during procurement. If the certificates they present are invalid or expired, we immediately cease procurement and switch to other suppliers. We use the "Supplier Sustainability Management Self-Assessment Table" and the "Supplier Code of Conduct and Accountability Statement" to ensure suppliers understand that environmental protection is the responsibility of all companies. The suppliers must minimize the negative impact on communities, the environment, and nature in the production process and protect the health and safety of the public. Suppliers' industrial waste must be monitored regularly and disposed in accordance with the law and must meet local regulatory requirements.

3.5.3 Supplier social assessment

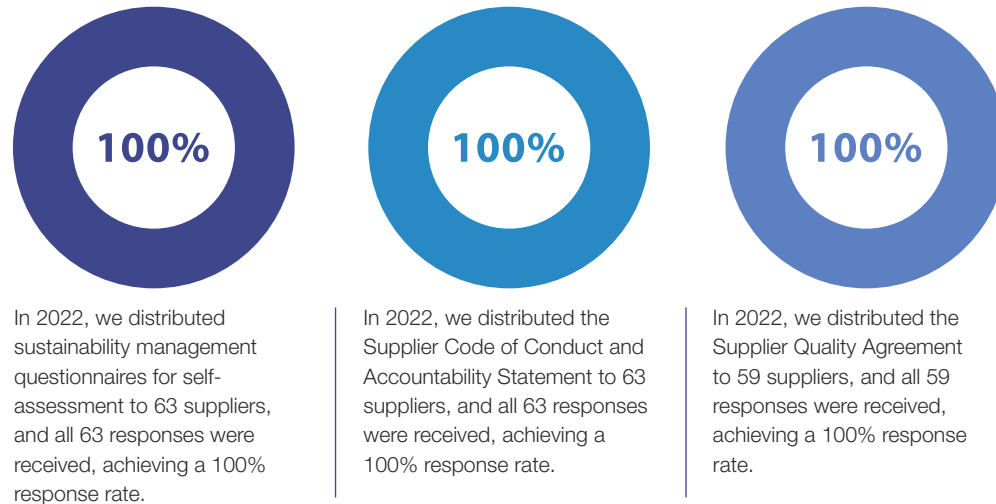
The Company requests all new suppliers and contractors to sign the "Supplier Code of Conduct and Accountability Statement." When suppliers provide an application form for remittances, we request them to abide by their honesty and integrity commitments. It comprises the commitments and concrete actions with regard each supplier's corporate social responsibility, including compliance with the principles of honesty, trustworthiness and integrity, ethical principles for anti-corruption, labor laws, environmental protection principles, human rights commitments, and default liabilities and compensation. All contracts between the Company and its suppliers require both parties to comply with the ethical corporate management policy. If the supplier is involved in any dishonest activity, the Company may immediately terminate transactions/contracts or refuse to provide transactions and services.

Supplier Management Regulations

	Management Regulations	Methodology	Basis and Standards
Economy	<ul style="list-style-type: none"> • Material specifications. • Contracts and confidentiality agreements. • Survey and evaluation of suppliers' basic information. • Supplier audit and evaluation. 	<ul style="list-style-type: none"> • Regular audits of suppliers to ensure that the quality of materials, delivery schedule, prices, and services provided by suppliers meet requirements. • Provide consultation and training from time to time to increase the competitiveness of suppliers. 	ISO 9001
Environment	<ul style="list-style-type: none"> • Statement on the restrictions for toxic or banned substances. • Environmental protection requirement statement. • Environmental safety and health requirements. 	<ul style="list-style-type: none"> • Submit and review SDS contents. • Signature of suppliers' payment request forms. • Supplier evaluation and annual audits and ratings. 	SDS ISO 14001
Society	<ul style="list-style-type: none"> • Honesty and Integrity Declaration. • Statement of compliance with labor regulations. • Statement of the ban on the use of child labor. 	<ul style="list-style-type: none"> • Signature of suppliers' payment request forms. • Suppliers must comply with the ethical commitment and regulations to create positive and good work relationships. • Supplier evaluation and annual audits and ratings. 	National regulations

3.5.4 Supplier occupational safety and health assessment

The services, products, or manufacturing processes provided by suppliers and contractors in the process of their negotiations and transactions with the Company must comply with the environmental and labor laws of the country in which they are registered or located. These regulations include but are not limited to the restrictions on toxic substances or banned substances, restrictions on strategic materials, or the prohibition of the use of child labor, which ensure the fulfillment of their corporate social responsibility. We are committed to implementing supply chain honesty and integrity policies and requirements to ensure transparency and fairness in the transaction process and to maintain a good corporate image. We do not use inappropriate means to directly or indirectly accept or receive benefits or property. In 2022, all audits of raw material suppliers for environmental, safety, and health aspects achieved 100% compliance with legal norms and requirements.



In 2022, we distributed sustainability management questionnaires for self-assessment to 63 suppliers, and all 63 responses were received, achieving a 100% response rate.

In 2022, we distributed the Supplier Code of Conduct and Accountability Statement to 63 suppliers, and all 63 responses were received, achieving a 100% response rate.

In 2022, we distributed the Supplier Quality Agreement to 59 suppliers, and all 59 responses were received, achieving a 100% response rate.

3.6 Socioeconomic Compliance

In 2022, YFYCPG committed no violations of social or economic regulations (Note) and did not have or receive complaints regarding child labor, anti-competitive practices, customer health and safety, human rights, rights of indigenous peoples, customer privacy, marketing and labeling, incidents of discrimination, or forced labor.

In terms of the suppliers and contractors that had transactions with YFYCPG, the Company uses related management systems and contract regulations to require their compliance with social and economic regulations. We also help contractors improve their work environment and enhance the management of agreements and organization. To ensure that all suppliers meet social and economic laws and regulations, we require all suppliers/contractors to sign the “Supplier Honesty and Integrity Declaration” and the “Supplier Code of Conduct and Accountability Statement” to ensure that they abide by and perform their obligations for ethical corporate management. Contractors must report all matters in accordance with laws and abide by safety regulations to protect the labor rights and safety of all workers. In 2022, the labor rights audit of raw material suppliers also achieved 100% compliance.

Note: Material violations of regulations are cases with penalties in excess of NT\$1 million or consecutive penalties.

Environment



04

Successful Carbon and Waste Reduction Efforts

YFYCPG rewarded the National Enterprise Environmental Award

“National Enterprise Environmental Award” is the highest honor awarded by the government to companies promoting environmental protection.

Yang Mei mill was awarded the 2022 Taiwan Outstanding Enterprise for Resource Circulation by the Environmental Protection Administration

 **Silver (One-Star) Award**

Ever Growing has gradually implemented carbon reduction and the production of green products, and has been approved by the Industrial Development Bureau, Ministry of Economic Affairs (MOEA) Becoming a demonstration factory for product environmental footprint

- Qingshui Plant acknowledged for its outstanding performance in green procurement by the Taichung City Government (for three consecutive years)
- Yang Mei mill acknowledged for its outstanding performance in green procurement by the Taoyuan City Government (for four consecutive years)
- Qingshui Plant and Yang Mei mill received the "Private Enterprise and Organization Green Procurement Award" in 2021 from the Environmental Protection Administration
- The head office received recognition from the Environmental Protection Administration for 20 consecutive years for supporting environmental labels and promoting green consumption

Electricity Conservation Achievement

Note: The carbon absorption of a Daan Forest Park per year= 389 metric tons

Compared to 2021

Project electricity conservation increased

2.5 times 

= carbon absorption of **7 Daan** Forest Parks

The electricity conservation achievement at the main paper production facilities in Taiwan is 5,862 MWh, surpassing the current regulation (1% electricity conservation per year)

Coal Substitution for Carbon Reduction

In 2022, fossil fuel usage was reduced, and alternative fuels were increased, replacing approximately

1.1 metric tons of coal usage

An increase of 38 Daan Forest Parks' carbon absorption compared to 2021

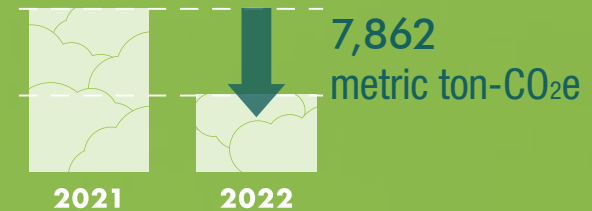


Carbon reduction achieved **76 Daan** for the whole year in 2022

Increased recycled water usage

Reduced greenhouse gas emissions

6.8% ↓



Increased Efficiency of Recycled Water Usage

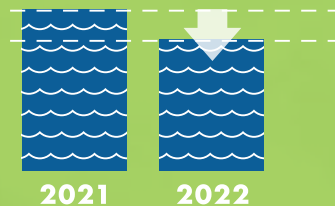
Increase the amount of recycled water used

The total recycled water usage in the main paper production facilities increased compared to 2021



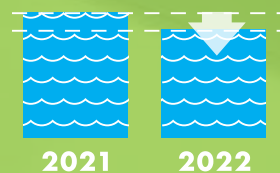
Reduced total effluents

10% ↓ **7%** Reduced unit product discharge



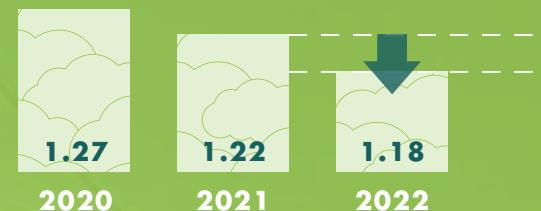
Reduced total water consumption

3% ↓




Reduced greenhouse gas emissions intensity


3.3% ↓



Unit: ton-CO_{2e}/ton-product



The land is the source of our nourishment. YFY Consumer Products has always been committed to giving back to the land after making use of its resources.




The Company fulfills the “circular economy” ideals of the parent company and remains committed to obtaining the optimal balance between product development and the ecology. The company is committed to directly managing and monitoring environmental-related issues, including raw material usage, energy planning, greenhouse gas emissions, and water resource utilization. To maximize our environmental impact reduction efforts, our environmental management personnel monitor operational data and make real-time adjustments based on environmental objectives.



4.1 Climate Change Risks and Opportunities

TCFD Climate-Related Financial Framework Disclosure



The company follows a climate risk and opportunity management framework, where each department conducts self-assessment and risk identification procedures each year in accordance with the “Self-Assessment Procedures of the Internal Control System”, and the Auditing and Compliance Office compiles the internal control self-assessment information, prepares the statement of internal control system, which is submitted to the Board of Directors. This includes climate change risks. We analyze and monitor relevant risks within our organization to ensure the effectiveness of risk control mechanisms and procedures. Initiated by the ESG Office, each production site in the Asia-Pacific region worked together to identify the financial impacts of climate change under the Nationally Determined Contribution Pledges (NDCs) and RCP6.0. Representatives from relevant internal organizations and external experts are invited to consider the internal and external environmental changes in the areas of policy, regulation, market, technology, reputation, and physical risks, and to assess the likelihood of occurrence and the degree of financial impacts. We assessed the short-, medium-, and long-term risk exposures based on the likelihood of occurrence and the degree of financial impact, and formulated response strategies to reduce the risks and identify potential opportunities. We identified five major transformation risks, one physical risk, and three climate-related opportunities, calculated the short-, medium-, and long-term risk exposure to the company, and formulated response strategies and action plans to strengthen the management of the risk of climate change.

Adhering to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we have integrated climate-related financial disclosure into our management framework. This includes disclosing short, medium, and long-term risks and opportunities related to climate change, accelerating low-carbon development and adaptation strategies, and making climate change strategies a key competitive advantage. We actively seek solutions to mitigate climate change, strengthen sustainable operations and our supply chain and assets, and promote climate change management and related information disclosure.

Core Elements of Climate-Related Financial Information Disclosure

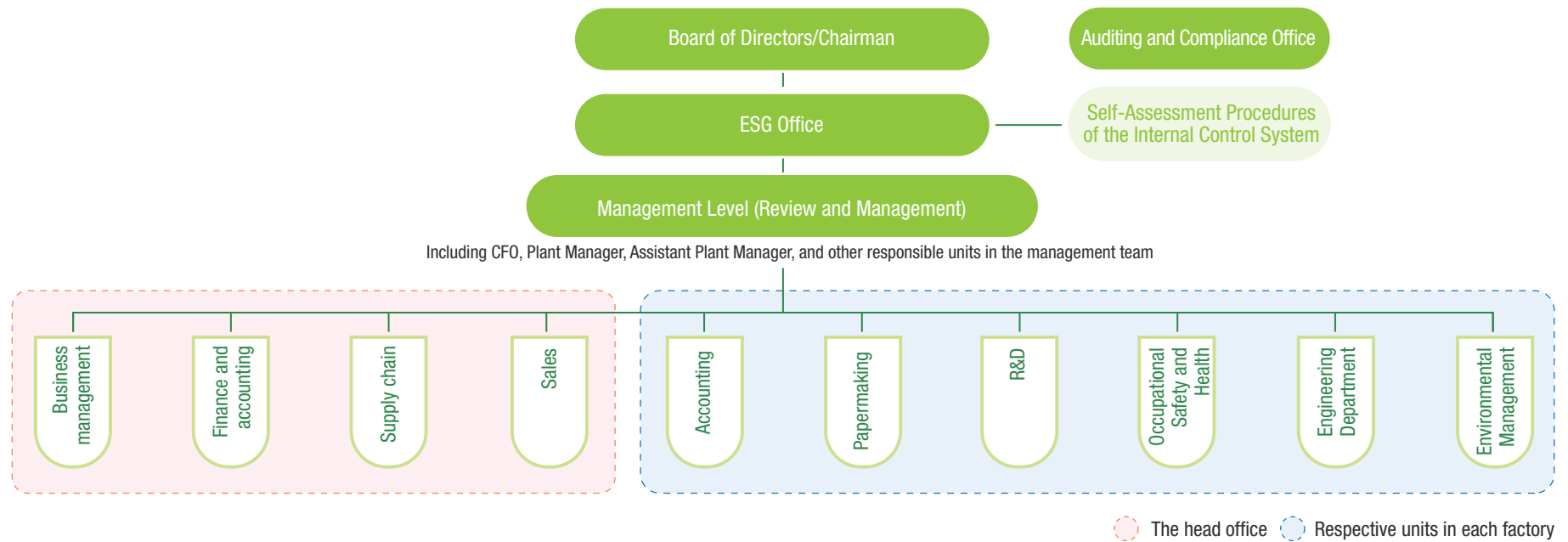


Governance

The Board of Directors established the ESG Office to ensure effective climate change risk management. Each department conducts self-assessment and risk identification procedures each year in accordance with the “Self-Assessment Procedures of the Internal Control System”, and the Auditing and Compliance Office compiles the internal control self-assessment information, prepares the statement of internal control system, which is submitted to the Board of Directors. In the “Sustainability and Social Responsibility Guidelines” established in 2020, it is stipulated that the company should fully consider the impact on the environment when engaging in operational activities and executing business operations, as well as minimize the negative impacts of corporate operations on the environment (especially climate change), and that it should formulate strategies, establish goals, implement action plans, and review them on a regular basis.



Climate Risk and Opportunity Management Framework



Strategy

YFYCPG integrates climate change risks and opportunities into our operational strategy, referencing domestic and international research institutions, climate events, industry trends, regulations, and policies. We use matrix analysis to evaluate the probability and financial impact of risk and opportunity events and establish quantifiable formulas as risk measurement indicators. We identify short, medium, and long-term climate-related risks and opportunities relevant to our company to understand the financial impact of climate change. Following the United Nations Sustainable Development Goals' guidelines for sustainable consumption and responsible production, green and sustainable products, including innovative green products and environmentally friendly packaging materials for paper products, are essential to our sustainability strategy. For hygiene care products, we use concentrated reduction technology to reduce water and plastic usage, minimize process water emissions, and utilize renewable sources to achieve environmental sustainability. We are also actively developing renewable energy, energy management, greenhouse gas management, water resource management, and air pollution waste management as part of our climate adaptation actions.

Risk management

The company adopted a scientific and systematic approach to implement the TCFD climate change risk and opportunity identification process. We refer to research from authoritative international institutions, third-party reports, and benchmark companies both domestically and internationally to select transformational and physical risks and opportunities relevant to the daily consumer goods manufacturing and sales industry. Through cross-departmental discussions and workshops in the Asia-Pacific region, we assess the financial impact and probability of climate-related risks and opportunities, formulate significant climate-related risks, opportunities, management strategies, and response measures, and execute response action plans related to our business operations and climate. The process for managing climate-related risks and opportunities is coordinated by the ESG Office and integrated into the company's risk management procedures. Operational risks are managed by various departments according to their functions, with the Audit Office regularly analyzing and monitoring the implementation of regulations, systems, and procedures in various departments.

Major Climate Change Risk and Opportunity Matrix



Transitional risk

- TR1** GHG regulations and carbon tax
- TR3** Energy saving target for energy users with contracted electricity capacity exceeding 800 watts, with an average electricity-saving rate of 1% or more
- TR4** Compliance with boiler air pollution emission standards
- TR5** 2030 zero-net transformation path for the manufacturing department, expanding paper industry's SRF fuel substitution by 20%
- TR6** Tightening of air pollution quality and total emission control

Physical risk

- PR5** Decrease or interruption of water supply due to drought

Opportunities

- OP3** Participation in renewable energy initiatives of international organizations and green energy trading markets
- OP5** Develop or increase R&D and innovation in low carbon goods and services
- OP7** Promote water recycling and water conservation measures, and install additional water recycling systems

Indicator and Goal

Based on the matrix of climate change risks and opportunities, in which the probability of occurrence and the degree of financial impact are multiplied by each other to determine significance, resulting in a total of nine risks and opportunities. The company will continue to monitor and manage environmental performance from the perspectives of energy management, water management, emissions, and waste management to work towards our long-term 2050 net-zero goal.

Action Plan

Goal

2025

2030

2050

Energy Management

- Greenhouse Gas Emission Reduction (2022 greenhouse gas emissions reduced by approximately 10% compared to 2018)
- Annual Electricity Saving Rate (2022 project electricity saving rate increased by 2.5 times compared to the previous year)
- Increased use of alternative fuels in response to the 2030 zero-net transformation path for the manufacturing department (2022 increased use of alternative fuels, replacing approximately 11,000 metric tons of coal)
- Promotion of low-carbon/energy-efficient transformation technology for green production (same as above)
- Initiation of Carbon Footprint Product Application (officially initiated in 2023)

- Implementation of ISO14064 greenhouse gas inventory at the factory sites
- Strive to achieve a 5% reduction in greenhouse gas emission density (base year: 2018)
- Efforts to achieve a 1% reduction in electricity consumption through energy-saving and carbon-reduction measures such as production processes and motor replacements
- 20% substitution rate of alternative fuels
- Three carbon footprint-certified products

- Strive to achieve an 8% reduction in greenhouse gas emission density (base year: 2018)
- Maintain an annual electricity saving rate of at least 1%
- Enhance the substitution rate of alternative fuels to 25%
- Continuous development of green products

- Net-zero emissions
- Continue to work towards an annual electricity saving target of 1%
- Increase the substitution rate of low-carbon alternative fuels to 30%

Water Management

- Active promotion of water resource improvement project (2022 water consumption reduced by 3% compared to the previous year)
- Improved water circulation treatment efficiency (2022 recycled water increased by 32% compared to the previous year)
- Installation of water-saving measures (2022 water consumption reduced by 3% compared to the previous year)

- Improve processes, conduct pipeline inspections, enhance recycling technologies to achieve a 10% reduction in water consumption by 2025

- Continuously promote water resource improvement projects to achieve a 20% reduction in water consumption

- Achieve a 30% reduction in water consumption



Based on the principle of materiality, the data in this table falls within the scope of the "Consolidated Location of Operations" as stated in this report for major paper production sites in Taiwan.

Emissions and Waste Management

- Compliance with boiler air pollutant emission standards (2022 air pollution emissions complied with regulations)
- Resource recycling and reuse (2022 recycled process waste¹ reached 2.6 metric tons)

- Update and invest in new equipment and strictly monitor compliance with emission standards
- 90% recycling of waste²

- Update and invest in new equipment and strictly monitor compliance with emission standards
- 95% recycling of waste

- Update and invest in new equipment and strictly monitor compliance with emission standards
- 100% recycling of waste

¹Refers to pulp and paper sludge.
²Refers to process waste.

Action Plan

Goal

2025

2030

2050



4.2 Environmental Sustainability Expenditures

YFYCPG considers environmental sustainability as an important consideration in business investments. Energy saving is seen as a necessary project in new equipment investments. We also conduct improvements to existing energy equipment to enhance process efficiency while considering emission standards.

In 2022, the total expenditure on environmental sustainability amounted to about NT\$61 million, mainly invested in energy saving, green energy, and environmental sustainability equipment.

2022 Environmental Sustainability Related Management Expenditure			
Investment items	Energy conservation management measures	Green energy	Investment in Environment Protection Equipment
Investment amount (unit: NT\$1,000)	22,111	17,907	21,192
Investment amount (unit: Percentage)	36.1%	29.3%	34.6%

In 2023, the company will also allocate capital expenditures and include ESG indicators as one of the criteria for evaluation. This allows the management team to consider both investment and sustainable operations, guiding us toward the right goals.

Energy Conservation Management

We continue to implement ISO 50001 energy management for continuous energy saving and promote the use of biomass alternative fuels to achieve green and low-carbon production. In 2022, the total investment amounted to approximately NT\$22,111,000, on optimizing equipment such as transmission-side devices, grinding machines, and vacuum system transformation to improve energy efficiency. The total greenhouse gas emissions in 2022 decreased by 7,862 metric tons of carbon dioxide equivalent, representing a reduction of 6.8% compared to 2021.

Investment in Environment Protection Equipment

To ensure a sustainable production model, the company adheres to the concept of circular economy, promoting sustainable resource reuse and enhancing waste management to ensure resource recycling. We transform process residues into alternative fuels and promote the co-combustion project of solid recovered fuels (SRF) in boilers, achieving the dual purpose of reducing fossil fuel consumption and waste volume. In 2022, we invested approximately NT\$21,192,000 in environmental protection equipment, including the addition of denitrification and prevention equipment for coal furnaces, specialized SRF silos, and conveyor belts. The substitution of fuels in 2022 reached 11,327 metric tons of coal, reducing greenhouse gas emissions by 29,643 metric tons of carbon dioxide equivalent.

Gas Turbine Energy-Saving Project

In 2022, Yang Zhou mill carried out a key energy-saving transformation for the paper machine's vacuum pump system.



We replaced the traditional water-ring vacuum pump with a high-speed permanent magnet direct-driven turbo expander while addressing the issue of oversized blowers.

This transformation project significantly improved energy efficiency.

This energy-saving project achieved remarkable results, reducing the overall electricity consumption by 897 kWh, which corresponds to a reduction of approximately 66% in energy usage rate. This means we have successfully reduced energy consumption and effectively decreased carbon emissions during the paper machine production process.

This energy-saving project not only aligns with sustainable development goals but also brings tangible economic benefits. We will continue to make efforts to contribute to environmental protection.

Green energy

The company invests in solar power generation, placing green energy reduction, clean energy, and sustainable development as core values and visions. We have been continuously expanding the solar power generation system at our Taiwan production sites. In 2022, we invested about NT\$17,907,000 to add 836.4 kW of solar equipment at the Qingshui Plant. The total installed capacity in 2022 reached 3,832.8 kW, an increase of approximately 28% compared to 2021. The overall electricity generation at Taiwan production sites reached 4,165,774 kilowatt-hours.

Biodiversity

Although most of YFYCPG’s plants in Taiwan and China are not located in industrial parks, they are located in areas that were developed earlier and are not close to any ecological conservation area or habitat. Companies in the area perform environmental protection tasks in accordance with regulations and their commitments. As the area is not close to any ecological conservation area or habitat, their operations did not cause additional impact on the local ecological environment.



Through supporting the “Taiwan Champion Trees - Giant Tree Map Project” our company is committed to conserving Taiwan's biodiversity. The project aims to identify giant trees in Taiwan and create a comprehensive giant tree map to promote conservation efforts in cloud forest ecosystems. We recognize that this land is home to numerous unique species and rich biodiversity, and the cloud forest is a crucial habitat for these organisms. Through the Giant Tree Map Project, we are dedicated to protecting these precious biological resources and promoting biodiversity conservation in Taiwan.

The scope of the project includes surveys, documentation, and monitoring of giant tree distribution, along with corresponding protective measures. We are collaborating with the Taiwan Forestry Research Institute and the Department of Geomatics at National Cheng Kung University to drive the implementation of this project. Through these efforts, we hope to contribute to the preservation of Taiwan’s unique biodiversity, maintain ecological balance, and leave a beautiful and thriving natural environment for future generations.

For more information on our efforts and achievements in biodiversity conservation, please refer to pages 5-8 of the Sustainability Report: “Giant Tree Map Project - Completing the Giant Tree Map Project through the Search for Giant Trees in Taiwan and Promoting the Conservation of Cloud Forests and Safeguarding Taiwan’s Unique Biodiversity.”

4.3 Raw Material Usage

YFYCPG upholds the ideals of a circular economy. The main materials used for household paper and cleaning products such as pulp, surfactant, and fragrances (Note) are renewable materials. Salts are non-renewable materials. The company's supply chain comprises upstream manufacturers of household paper who import short-fiber paper pulp and downstream vendors, distributors, and end consumers. The upstream manufacturers of cleaning products are the raw material suppliers of special ingredients (e.g., orange oil, natural fragrance) and downstream vendors, distributors, and end consumers.

Note: 98% of the fragrances consist of natural orange oil, which is a renewable material.

Usage of main raw materials - Paper products	
Year	Total pulp consumption (unit: air dry metric ton/year)
2022	165,832

Usage of main raw materials - Cleaning products			
Year	Surfactant (unit: ton/year)	Salts (unit: kg/year)	Fragrances (unit: kg/year)
2022	1,220	263	54

Primary Packaging Usage - Cleaning Products		
Year	Plastic Packaging (unit: ton/year)	Paper Packaging (unit: ton/year)
2022	263	36

* This table only includes primary packaging that comes into direct contact with the products and secondary protective packaging; it does not include tertiary transportation packaging. Approximately 85% of the packaging materials used are environmentally friendly (recyclable, reusable, or compostable).

To implement green sustainability and environmental protection, we continue to develop recycling and reprocessing technologies for products, raw materials, and packaging materials. All Mayflower interfold toilet paper produced by the Company use pulp with FSC certification. We also developed three types of environmentally friendly toilet paper, tissue paper, and hand wipes that use 100% recycled pulp or sustainable wood materials. We obtained the environmental protection label certificate and implement responsible production and responsible green consumption.

The table below shows the sales volume and value of green products in 2022:

Green Product Sales Volume/Value Table		
Green product category	Sales volume (unit: tons)	Sales value (unit: NT\$1,000)
Household paper	49,148	3,236,672
Cleaning products	6,178	593,846

* "Household paper green products" in this table refer to products made from pulp sourced from sustainably managed forests and certified by FSC. "Green cleaning products" are designed based on green chemistry principles. These products contribute to reducing environmental impact during manufacturing, usage, and disposal, positively affecting ecological environments while ensuring user safety and health.

We also used ecological fiber that do not harm the forest environment and received commendations for our green procurement practices from the Environmental Protection Administration, Taichung City Government, and Taoyuan City Government. The Company implements green procurement and the procurement items consist mainly of FSC-certified pulp materials. The Forest Stewardship Council (FSC) is the most credible and stringent environmental certification organization in the world and was established to promote sustainable forest plantation. In 2022, the company's purchase of FSC-certified pulp accounted for 83.1% of the total, making us the largest user of FSC-certified pulp in Taiwan's domestic household paper production. We care about our corporate social responsibility and actively purchase green products with environmental protection label, energy conservation label, and FSC international certification for raw materials, plant facilities, and office supplies to reduce the impact on the environment.

4.4 Energy Management

In 2022, YFYCPG's main operation sites have set up different green energy equipment including refuse-derived fuel (RDF) and solar energy. We continue to invest in research and use alternative fuel that meet cyclic economic philosophy to gradually reduce the percentage of fossil fuel, reduce the carbon emissions from excavation, reduce dependency on external energy, and enhance the capacity for adapting to energy risks.

To pursue higher energy efficiency and green energy usage rate, we introduced the ISO 50001 Energy Management System and continued the upgrade of equipment and production process improvement. We also implemented measures to reduce energy consumption and replace fossil fuels with renewable fuel. In 2022, YFY reduced the total carbon reduction from overall fossil fuel use by approximately 29,643 tons of CO₂ equivalent.



We support the 1% annual electricity saving policy of the Industrial Development Bureau, Ministry of Economic Affairs. The main paper production sites in Taiwan saved an estimated 5,862 MWh of electricity, which was equivalent to a reduction of 2,986 metric tons of carbon dioxide equivalent based on Taipower's estimated emissions coefficient.

We also changed the fuel used in production and replaced coal with alternative fuels. The company's main paper production sites in Taiwan also participated in Taipower's demand response load management measures to adjust production for maintaining balance in the grid and ensuring friendly power consumption.

Unit: billion joules/year

Year		2022
Fossil fuel	Coal	503,308
	Fuel oil	26,643
	Diesel	148,206
	Liquefied petroleum gas	92
Clean Energy	Natural gas	68,844
	SRF	217,239
	Sludge	4,847
	Biomass	37,310
Purchased	Purchased steam	508,270
	Purchased electricity	582,736

* As the production sites of cleaning products consume less energy, the scope of data consists mainly of the main production sites of paper products (including production sites in China and Taiwan)

* The fuel and calorific value of electricity are based on the energy product unit heating value conversion table provided by the Bureau of Energy and the calorific value inspection results of plants

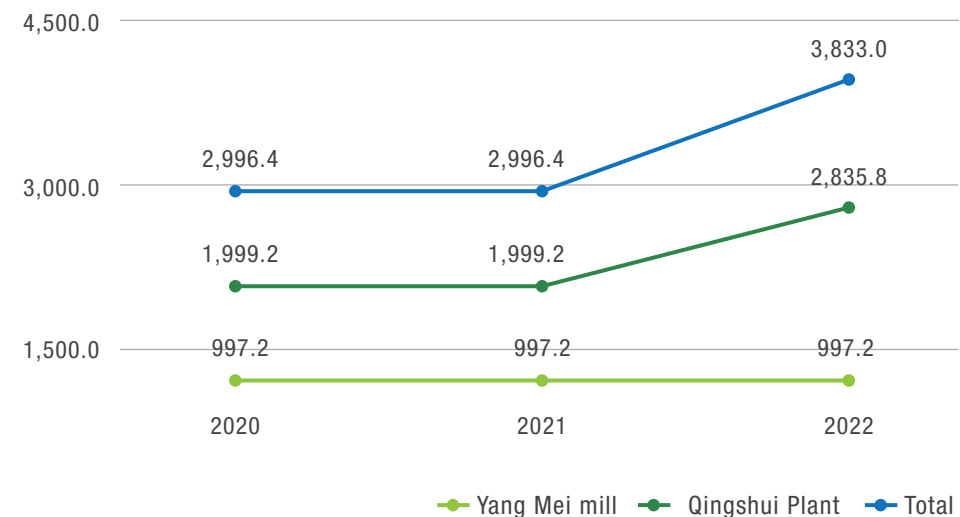
Renewable energy power generation

To develop renewable energy, the Company has expanded its solar power generation systems at production sites in Taiwan. In terms of the installation of solar power generation equipment, the roofs of Yang Mei mill and Qingshui Plant were leased to third parties for use or sold to Taipower. The electricity generated in 2021 totaled 3,863,000 kWh. In 2022, the Qingshui Plant added 836.4 kW of new solar power equipment, which were consolidated at the end of May 2022 and completed in July. The new solar power generation in this project will first be sold to Taipower, and then be converted to self-generation and self-consumption by the end of 2023. The total installed capacity reach 3,832.8 kW in 2022, an increase of approximately 28% from 2021.

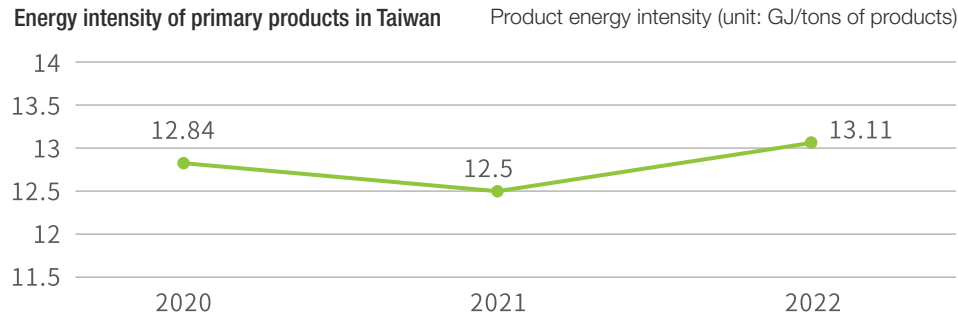
Solar power generation		
Year	2021	2022
Qingshui Plant electricity generation (unit: kWh)	2,635,000	3,059,982
Yang Mei mill electricity generation (unit: kWh)	1,228,000	1,105,792
Total	3,863,000	4,165,774

Solar power generation of paper product plants in Taiwan

Unit: kWp



Year	2020	2021	2022
Qingshui Plant (unit: kWp)	1,999.2	1,999.2	2,835.8
Yang Mei mill (unit: kWp)	997.2	997.2	997.2
Total (unit: kWp)	2,996.4	2,996.4	3,833.0



* The scope of data consists mainly of the main production sites of paper products in Taiwan

In 2022, the energy intensity of greenhouse products at the company’s major paper mills in Taiwan was 13.11 (unit: GJ/tonne of product) in 2022, an increase of 4.9% compared to 2021, mainly due to the gradual introduction of alternative fuels and the impact on energy efficiency caused by delays in equipment maintenance schedules during the pandemic.

4.5 Emissions

In response to climate change and global greenhouse gas management trends, and to fully grasp relevant issues associated with the Company’s business risks and opportunities, the Company continues to pay attention to international trends on the disclosure of carbon emissions as well as domestic regulations and requirements. At the same time, we request all corresponding units to complete GHG inventories voluntarily and register their results on the national greenhouse gas tracking platform.

The Company actively promotes energy conservation plans and participates in the demand response load management measures of Taiwan Power Company to actively reduce electricity consumption. We use the ISO 50001 Energy Management System and the YFY Excellence System (YES) to continue to explore opportunities for energy conservation including shifting to LED lights and high-efficiency motors, implementing process improvements, and allocating budget to replace old pumps and low-efficiency motors. We also introduce advanced imported high-performance pumps and new milling equipment to reduce electricity and fuel consumption in production. In 2015, the Company set an energy conservation target for reducing energy consumption by 1% each year over the next five years with the aim of reducing greenhouse gas emissions.

We use non-stop inspections, continuously adjustments, and regular reports to ensure that there are no emissions of ozone-depleting substances (ODS) and rigorously implement air quality management. Our main paper production sites in Taiwan implement on-site inventory in accordance with the coefficients and methods provided in the GHG inventory announcements made by the Industrial Development Bureau, Ministry of Economic Affairs. They also follow ISO14064-1 and GHG Greenhouse Gas Inventory Protocol, and use GWP values in IPCC 2013 AR5 to calculate the GHG emissions in Scope 1 and Scope 2. The results are delivered a third party for certification and reported on the Greenhouse Gas Inventory Platform of the EPA.

YFYCPG has implemented rigorous greenhouse gas reduction programs with inventories of existing sources and total emissions in mandatory or voluntary inventories as well as government programs. We are committed to increasing the share of renewable fuel, continuing to save energy and reduce greenhouse gas emissions, and contributing to the global goal of net zero carbon emissions.



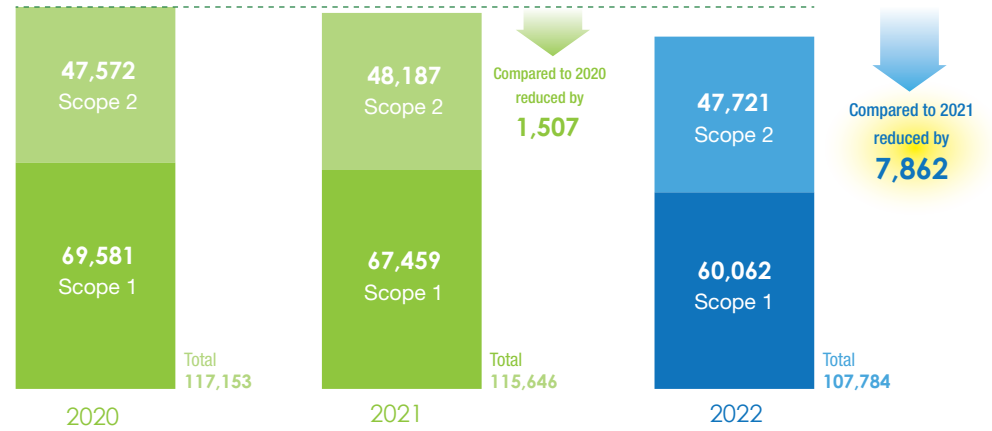
Unit: metric ton-CO₂e/year

GHG emissions			
Year	2020	2021	2022
Scope 1	69,581	67,459	60,062
Scope 2	47,572	48,187	47,721
Total	117,153	115,646	107,784

* The greenhouse gas (GHG) emissions from Ever Growing, a cleaning products factory, account for an extremely small proportion (approximately 0.4%) of the overall emissions in Taiwan (the total emissions of Ever Growing in 2022 was 449 metric tons of carbon dioxide equivalent). In light of this materiality principle, our focus is on the larger environmental impact from the paper production facilities, namely the Qingshui Plant and Yang Mei mill. The data in this table falls within the scope of the “Consolidated Location of Operations” as stated in this report for major paper production sites in Taiwan.

* The latest annual information is based on estimates of different plants due to the different timing of third-party verification of emissions in each plant. If the emissions are updated after the verification, it will be updated in the report next year.

GHG emissions



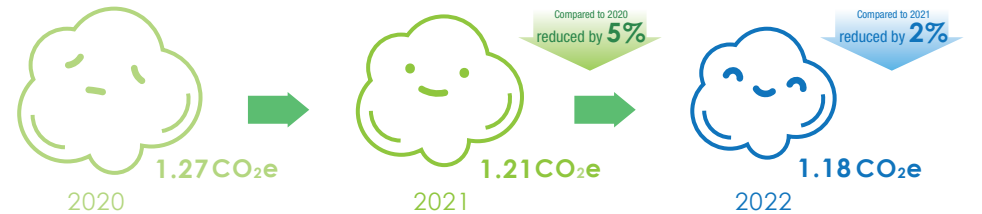
Unit: metric ton-CO₂e/year

Unit: ton-CO₂e/ton-product

Greenhouse gas emissions intensity			
Year	2020	2021	2022
Emissions intensity	1.27	1.22	1.18

* The scope of data consists mainly of the main production sites of paper products in Taiwan.

Greenhouse gas emissions intensity



Unit: ton-CO₂e/ton-product

In 2022, the total greenhouse gas emissions from the company’s paper production facilities in Taiwan were approximately 107,784 metric tons of carbon dioxide equivalent, a reduction of about 6.8% compared to the verified emissions of 115,646 metric tons of carbon dioxide equivalent in 2021. We continue to implement ISO 50001 Energy Management for energy conservation and promote the use of biomass as alternative fuel to ensure green and low-carbon production. In terms of the overall greenhouse gas emissions, the company continued to promote emissions reduction and energy conservation and the unit carbon emissions was maintained at 1.22 (tons-CO₂e/ton-product), which was an increase of only 1.18% compared to 2021.

Unit: ton/year

Other air pollutant emissions				
Year	Nitrogen oxides (NO _x)	Sulfur oxides (SO _x)	Particulate matter (PM)	Volatile organic compounds (VOCs)
2022	51.0	33.8	2.1	1.1

* The scope of data consists mainly of the large production sites and production sites in Taiwan. Therefore, production sites in China were not included.

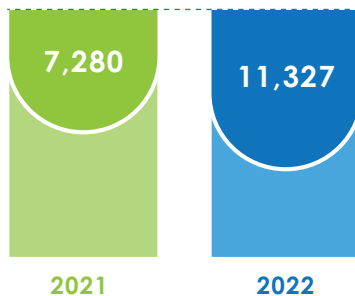
4.6 Waste

The Company adheres to the circular economy principles and continues to enhance technologies for waste recycling and reuse to lower emissions at the source and reduce the impact on the environment. Plants in Taiwan produced zero hazardous waste in 2022. To maintain a sustainable production model, the Company upholds the concept of a circular economy and sustainable reuse of resources and strengthens waste management to ensure reuse of resources with measures. For instance, we turn remaining process waste materials into alternative fuel and use launched the SRF mixed incineration plan for boilers to reduce the use of fossil fuel and reduce waste at the same time. All pulp, scrap rolls, cut paper used in the plants can be returned to the production process for reuse, and we no longer outsource the disposal of such waste to external parties. We also installed denitrification equipment for coal boilers, and meet the enhanced 100ppm standards of the central government in 2020.

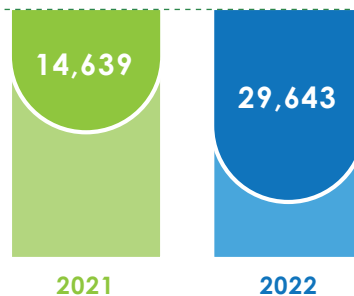
SRF mixed incineration alternative fuel implementation results		
Year	2021	2022
Alternative coal results (unit: tons of thermal coal/year)	7280.13	11,327
GHG reduction effectiveness (unit: t-CO2e)	14639.24	29,643



Alternative fuel results



GHG reduction effectiveness



4.7 Water Resource Management

YFYCPG is committed to improving water use efficiency and conservation. We actively seek alternative water solutions, such as water recycling. In Taiwan's main paper production facilities, which heavily rely on groundwater, we progressively reduce water consumption, increase process water recycling, and decrease wastewater discharge to minimize our impact on the local environment.

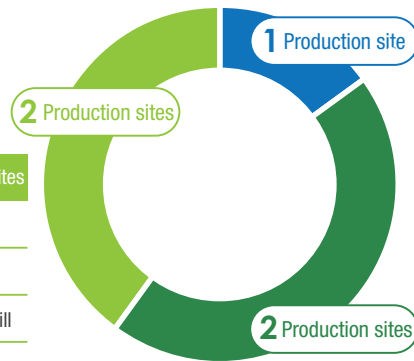
Using ISO 14001 Environmental Management System as the foundation for water resource management, each plant assesses risks posed by water shortages or interruptions in production and processes. We utilize the Aqueduct Water Risk Atlas, a water risk assessment tool developed by the World Resources Institute (WRI), to analyze water resource risks at all of our production sites. Only one plant in Kunshan — Kun Shan mill, which accounted for 20% of all production sites, was in an area with extremely high water stress (>80%). However, this plant discontinued papermaking operations in 2018 and now only conducts back-end processing, resulting in no related process wastewater discharge. In 2022, Kun Shan mill's water intake was primarily for domestic use, accounting for only 0.05% of the total water consumption across all YFYCPG production sites. Thus, the actual impact on local water bodies was minimal.

Through daily management and monitoring, they optimized water usage control to prevent leaks and wastage. They also increased the use of recycled water by adding recycled water disinfection equipment and increasing the concentration of biological ponds in the wastewater treatment plant to reduce water consumption. We continue to improve by upgrading and optimizing water treatment equipment to comply with regulatory requirements.

In response to climate change and its environmental effects, the company maximizes water resource value through periodic audits of water usage and treatment equipment, enhancing water resource management, promoting recycling and reuse, and using recycled water to replace fresh water. Additionally, we actively adjust processes, such as recycling lines and backend wastewater treatment technologies.

Water resource stress at YFYCPG's production sites

Stress state	Distribution of production sites
Extremely high (>80%)	Kun Shan mill
Medium low (10-20%)	Yang Mei mill, Ever Growing
Low (<10%)	Qingshui Plant, Yang Zhou mill



1. Production process: Increased water cycles and recycling rate

In addition to implementing water conservation programs, we evaluate the water quality requirements for each paper manufacturing process and recycle the water from each process for recycled use in another process. We also set improvement targets for water use per unit of product as well as water recycling and reuse rate based on the water consumption performance in the previous year. The Company set the annual water consumption reduction target and the paper mills in Taiwan set the unit water consumption to less than 10 tons of water for every ton of paper. They are also committed to maximize the number of times the water is used, minimize the number of tons of water used, and the recycling and reuse rate of the water used in the production process.



2. Effluent management in the production process

We conduct regular sampling and monitoring at discharge points, and perform front-end monitoring at the convergence points of all pipelines. We set up procedures for alerts regarding anomalies in water quality and quantity to immediately investigate the source of effluents when the relevant operating parameters deviate from normal conditions. We strengthen the cooperation between the process unit and the water source treatment unit to prevent possible impact or implement emergency response operations. We use coagulation, sedimentation, and biological treatment to reduce matters that affect the water quality such as COD, BOD, and SS to the permitted level before discharging. We employ standards superior to current regulations for the water quality management of effluent to ensure the water quality of effluent.

3. Effluent reduction, recycling, and reuse

After treatment, we use rapid filtration equipment to process the water and return the water for the cleaning process in paper making machines instead of using clean water. It effectively reduces the unit water consumption and increases the water recycling and reuse rate.

Unit: mg/L

Discharge water standards for paper mills in Taiwan and Mainland China			
Water discharge terminal site	Plant	Chemical oxygen demand (COD)	Suspended solids (SS)
Surface water body	Yang Mei mill, Qingshui Plant	100	30
	Yang Zhou mill	90	30
	Kun Shan mill	100	70

* Basis of effluent standards of each plant:
 Taiwan: "Effluent Standards" announced by the Environmental Protection Administration, Executive Yuan and management standards set by industrial parks
 Mainland China: "Integrated Wastewater Discharge Standard" announced by the central and local governments and management standards set by industrial parks

Unit: million liters/year

Water intake in 2022		
	All areas	Areas with water stress
Surface water	0	0
Groundwater	1,366	0
Rainwater	0	0
Volume of water obtained from external water treatment plants	888	0
Tap water	79	21
Total water intake	2,333	21

Unit: million liters/year

Effluents in 2022		
	All areas	Areas with water stress
Surface water	1,008	
Groundwater	0	
Seawater	0	
Third-party water	458	
Total effluents	1,466	0

Unit: million liters/year

Water consumption in 2022		
	All areas	Areas with water stress
Total water consumption	866	21



4.8 Environmental Compliance

YFYCPG did not have any material environmental protection penalties in 2022 (Note). The total environmental protection penalty of the year totaled approximately NT\$463,000. According to the cause analysis, it was a violation of Article 7 of the Water Pollution Control Act. In response to the aforementioned regulatory issues, the company immediately took appropriate improvement measures and summarized the key environmental compliance improvement efforts for the year 2022:

1. Increased inspection and verification to ensure equipment accuracy.
2. Established a special SRF material warehouse to enhance environmental cleanliness and greenery.
3. Strengthened equipment maintenance and management, personnel training, and inspection and maintenance work to ensure the normal operation of all environmental protection equipment.

All improvements for 2022 have been completed and were confirmed by the competent authority as in compliance with regulations.

In addition to the aforementioned basic improvement measures, the company also strengthens the investment in preventive measures such as training for personnel, setting up a more stringent alert and monitoring system for anomalies, using low-pollution materials and fuels, using boilers that run on low-pollution fuel, and transforming prevention and control equipment into automatic detection and sensor control. We aim to prevent anomalies before they occur and minimize the impact on the environment.

To increase the stability of environmental protection equipment and optimize emission quality, we invested approximately NT\$61 million in environmental protection projects for climate change mitigation and adaptation in 2022.

Note: Material violations of regulations are cases with penalties in excess of NT\$1 million or consecutive penalties.

4.9 Environmental Sustainability Awards and Honors

- Qingshui Plant was awarded the 4th National Enterprise Environmental Protection Award by the Environmental Protection Administration, Executive Yuan.
- Qingshui Plant - acknowledged for its outstanding performance in green procurement by the Taichung City Government (for three consecutive years)
- Yang Mei mill - acknowledged for its outstanding performance in green procurement by the Taoyuan City Government (for four consecutive years)
- Yang Mei mill was awarded the "Silver (One-Star) Award" in the Circular Category of the 2022 Taiwan Outstanding Enterprise for Resource Circulation by the Environmental Protection Administration
- The head office received recognition from the Environmental Protection Administration for 20 consecutive years for supporting environmental labels and promoting green consumption.
- Qingshui Plant and Yang Mei mill received the Private Enterprise and Organization Green Procurement Award 2021" from the Environmental Protection Administration

In addition to the above, the head office also participates in KGI Bank's Green Savings program to jointly promote low-carbon transformations, drive sustainable development, and fulfill YFYCPG's corporate social responsibilities.



▲ Yang Mei mill was awarded the "Silver (One-Star) Award" in the Circular Category of the 2022 Taiwan Outstanding Enterprise for Resource Circulation by the Environmental Protection Administration.

YFYCPG was recognized for its efforts in reducing carbon emissions and waste, earning the National Enterprise Environmental Award

Qingshui Plant received the National Enterprise Environmental Award by the Environmental Protection Administration, which is the highest honorary award for enterprises in the promotion of environmental protection. After a stringent selection process, the Qingshui Plant won the Bronze Award by virtue of its environmental policy, energy conservation, and specific acts of pollution prevention, pollution control, and environmental participation. The award was presented by Chang Tzi-chin, Minister of Environmental Protection Administration.



▲ Qingshui Plant was awarded the 4th National Enterprise Environmental Protection Award by the Environmental Protection Administration, Executive Yuan.



Social



05

Consecutive <HR Asia>

**Best Companies to
Work for in Asia**



From the authoritative Asian human resources magazine, "HR Asia"

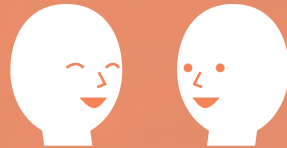
2022 Best Companies to Work for in Asia (Best Companies to Work for In Asia)

Simultaneously awarded the "We Care™ – HR Asia Best Employee Care Award," recognizing YFYCPG's care and support for employees during the pandemic and commitment to sustainable development.

Caring for Employees

Maintaining Good Communication

Regular face-to-face meetings are held to emphasize good communication with employees.



Conducting face-to-face communication meetings across three plants, and continuous communication via video conferencing during the pandemic

Annual **12** times

Continuous Salary Adjustment

10 years



Equal Treatment

Percentage of female employees

31%

Maintaining equal pay for equal work, and in every three YFYCPG employees, one is female.



Giving Back to Society

Aiming for Sustainability

We seek to merge core corporate values with the changes in the society, attain co-prosperity with local entities, and create a bright future with the next generation



Plant and Community Neighborhoods

Cumulative donations of household paper products and Orange House cleaning products around the plant to NGOs and families

2019 boxes



YFYCPG collaborates with more NGOs and families

Rural

Continuous support for Reverend Dong's resource project in Orchid Island, Taitung, for five years

Homeless individuals

Homeless Taiwan Association supports the homeless and impoverished individuals

Through supporting the Down Syndrome Foundation R.O.C., House of Dreams Foundation, Taoyuan City Xuan Yi Care Association, and Chinese National Federation of Industries (New Taipei City Charity Tour) and other welfare organizations, supporting families in need of care.



5.1 Employee Relations

Employees are the most important assets of a company and they are the most important stakeholders of YFY Consumer Products Co., Ltd. The Company has appointed a dedicated occupational safety unit to take charge of safety in the work environment and employee health. The Human Resources Department plans comprehensive employee care programs, including career development, training, performance evaluation, salary and remuneration management, gender equality, and employee satisfaction surveys. We also hold regular employee communication meetings to explain the Company's goals and management strategies and listen to employees' opinions.



In the company's operations in Taiwan, Yang Mei mill has established a corporate union which employees can join freely. Over 98% of employees who are eligible to join the union are union members. Regular union board meetings are held to allow union representatives to voice employee requests to the senior management. Employees' difficulties and needs at work are closely reviewed and appropriately handled. Currently, no collective bargaining agreement has been signed.

Other plants without unions organize regular labor-management meetings to promote positive labor-management communication

and strengthen mutual support. If the company's business units have any plans for reorganization or change, they shall communicate with affected employees in advance in accordance with Article 20 of the "Labor Standards Act" and provide related assistance programs based on their preferences. In 2022, there were no reported incidents of poor communication with employees or actions that compromised employees' rights.

When employees encounter any problem regarding their career, they can use a dedicated line or a mailbox to provide recommendation or file a complaint. The Human Resources Department shall immediately obtain information and process the recommendation or complaint. YFYCPG established the Employee Retirement Regulations to support employees' life in retirement. We also organize employee retirement matters in accordance with the "Labor Standards Act" and "Labor Pension Act."

5.1.1 Employer-Employee Relationship

The Company recruits talents from different fields and supports diverse backgrounds and cultures. By recruiting and promoting talents from different disciplines, we increase diverse perspectives and enhance our capacity for sustainable management. As of the end of 2022, the total number of employees in the company was 1,293, with 62% in Taiwan and 38% in China. The company complies with the law in employing persons with disabilities, providing appropriate job content and complete education and training. In 2022, a total of nine employees with disabilities and four indigenous/minority employees were employed in Taiwan, while three employees with disabilities were employed in China.

2022 Employee Structure (by Employment Type and Employment Contract) Unit: Head count

Type	Taiwan		Mainland China	
	Male	Female	Male	Female
Official	534	262	355	134
Contract	4	4	0	0
Full-time	537	265	355	134
Part-time	1	1	0	0

Description 1: The scope of data includes the head office and all production sites specified in the "List of Operation Sites in this Report."

Description 2: "Permanent employees" include: R&D substitute servicemen, Taiwan, China, white-collar foreign workers, blue-collar foreign workers

Description 3: "Contract employees" include: Consultants, student workers, interns, contract employees, student participants

Description 4: "Full-time" refers to an employee who works more than or equal to 40 hours a week and includes: General employees, R&D substitute servicemen, foreign white-collar workers, foreign blue-collar workers

Description 5: "Part-time" refers to an employee who works less than 40 hours a week and includes: Consultants, student workers, interns, contract employees, temporary employees, student participants

2022 Employee overview

Unit: Head count

Region	Taiwan						Mainland China					
	Male			Female			Male			Female		
Age	Below 30	31-50	51 and above	Below 30	31-50	51 and above	Below 30	31-50	51 and above	Below 30	31-50	51 and above
Ratio of new employees	20%	33%	1%	6%	11%	0%	8%	14%	0%	4%	3%	0%
Number of new employees	53	89	4	15	30	1	21	38	1	10	9	0
Ratio of employee turnover	7%	31%	5%	4%	13%	2%	10%	17%	1%	2%	6%	1%
Number of employee turnover	21	95	14	13	41	7	30	53	3	6	19	4

Description 1: New employees in 2022 refer to employees who joined the company between January 1, 2022, and December 31, 2022.

Description 2: Proportion of new employees = Number of new employees / Total number of new employees

Description 3: Departing employees in 2022 refer to employees who voluntarily left the organization, were terminated, retired, or passed away while on duty between January 1, 2022, and December 31, 2022.

Description 4: Proportion of departing employees = Number of departing employees / Total number of departing employees

Number of employees, average age, average years of service, and academic qualifications

Year	2022	
Average age	40.8	
Average years of service	8.6	
Academic qualifications	Master's degree or higher	6.4%
	University/college	52.1%
	Senior high school and below	41.5%

Proportion of senior management hired from the local community

Year	2022
Taiwan	100%
Mainland China	36%

* Senior management specified in the data is defined as management employees/managers ranked level D or above.

* Local hires refer to "individuals with the identity document of the nationality of the local plant."

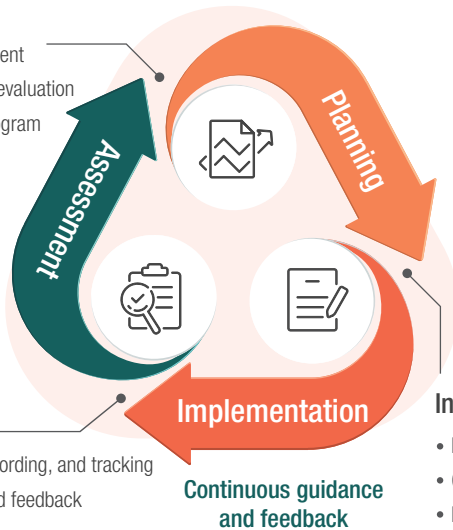
* "Taiwanese management personnel" in Mainland China are calculated as "non-local hires" regardless of whether they have a local identity document.

5.1.2 Overall pay

The Company provides a comprehensive remuneration system, welfare measures, and performance management system while meeting requirements in the external business environment and building a fair and reasonable internal system. We uphold the ideal of sharing profits with employees by attracting, retaining, developing, and encouraging talents. All full-time employees of the company¹ undergo an annual performance evaluation to assess their achievement of key performance indicators and their behavioral and attitudinal performance, which serves as the basis for the reward and cultivation program.

End of period

- Self-assessment
- Supervisor assessment
- Equal performance evaluation
- Link to incentive program



Mid-period

- Observation, recording, and tracking
- Goal revision and feedback

Initial period

- Establish goals
- Continuously raise standards
- Establish Individual Development Plan

Competitive salary

- The Company participates in compensation surveys in the industry or on the market and determine the salaries of employees based on their academic records, work experience, skills, and position.
- Salary is not determined by gender or age.
- When employees are promoted, their salaries are adjusted immediately to prepare, incentivize, and retain outstanding talents.

Competitive salary

- Year-end bonus and performance bonuses: The Company has established regulations on the year-end bonus to include at least one month's salary. The Company also offers performance bonuses and incentives based on the Company's operations and the employees' performance. The bonuses are competitive and used as incentives to inspire employees' motivation and potential and to encourage employees to grow with the Company.
- Employee stock subscription: We provide employees with employee stock options to share profits with employees.
- Employee's remuneration: The Company's Articles of Incorporation specifies that if the Company sustains profit every year, 1% or more of the income shall be set aside as remunerations to employees, and 2% or less shall be distributed as director remuneration. However, an amount shall be set aside first to compensate cumulative losses, if any.

Ratios of standard entry level wage by gender compared to local minimum wage in 2022

Region	Taiwan		Mainland China	
	Male	Female	Male	Female
Statutory minimum wage	1	1	1	1
Minimum wage of the Company	1	1.02	1	1

In 2022, the ratio of the total annual compensation of the highest-paid individual to the median total annual compensation of other employees was 14.7 times. Compared to the previous year, the total compensation for these two groups changed by a ratio of 1.93 times².

¹Excluding contractors, part-time employees, and foreign technical personnel.

²The annual total compensation of the highest paid individual decreased by 5.4% Other employees increased by 2.8%.

5.1.3 Employee education and training

“Talent management” is one of the important indicators of the Company’s sustainable operation. In response to the organizational vision and goals, we aim to “support the team to reach performance goals” and “continue to invest in and cultivate management and professional talents” in training programs. We provide abundant and diverse learning channels and training contents to help employees develop their careers in management or technical expertise based on their personal characteristics and expertise. We also strengthen the management skills of managers at all levels, motivate employees’ commitment and dedication, and help them grow with the Company.

In addition to in-person courses, we also launched the “LMS Digital Learning Platform,” which allows employees to learn by themselves at any time. We actively implement on-the-job training and skill verification system through in-house and external courses. They help employees learn and improve their work performance in actual work, effectively create a “learning organization,” and improve the quality of personnel and the overall competitiveness of the company.

<p>[1] Orientation training</p>	<p>It helps new employees quickly adapt to the corporate culture and work environment and understand the operations of different businesses and related departments.</p>	<p>[2] Training for new managers</p>	<p>It strengthens the new supervisors’ leadership and strategic thinking capabilities to improve the management performance of the organization.</p>
<p>[3] Talent development training</p>	<p>In order to cultivate talents within the Company, we provide the MA Program, High Potential Talent Program (HIPO), and the Succession Plan to enhance the quality of the organization and build up competitive advantages for talents.</p>	<p>[4] Core competency training</p>	<p>The Company planned training for seven core competencies including precision execution, problem solving, communication and coordination, teamwork, strategic thinking, leadership, and innovation and change. Every employee must be trained in the core functions and gain familiarity with the key spirit and behavioral indicators of the core functions. In addition, course design and contents are implemented in the training plans for general employees, junior managers, and senior managers.</p>
<p>[5] General training</p>	<p>We provide general training for employees in work management knowledge and skills for them to work independently and enhance work performance.</p>	<p>[6] Professional training</p>	<p>We provide professional training on the necessary professional skills and capabilities in each discipline for professional employees in each unit.</p>

The focus of education and training outcomes in 2022 is as below

Course type	Number of classes	Total number of people	Total hours	Total costs (NT\$1,000)
Professional competency	511	6,244	16,050	1,571
Management and general knowledge	266	9,145	11,421	735
Orientation training	121	901	5,250	37

* Data includes both physical and LMS online courses.

The data on the average hours of training per person in 2022 are as follows

Region	Taiwan		Mainland China	
	Male	Female	Male	Female
Managerial positions - Employees with rank of level D or above	36	40	0	0
Non-management positions - Employees with rank of level S or below	17	24	38	28
Average	18	25	38	28

* The statistics do not include contracted workers

5.1.4 Employee communication and rights and benefits

The Human Resources Department of the Company plans comprehensive employee care programs, including talent development, training, performance management, salary and remuneration management, gender equality, and employee satisfaction surveys. We also hold regular employee communication meetings to explain the Company's goals and management strategies.

To create a friendly workplace with 360-degree comprehensive care for employees, we have introduced the Employee Assistance Program (EAP), promoted gender equality, and advocated maternal care. We have established a comprehensive salary and benefits system and provide diversified leisure activities for employees to help them balance work and family life.

Human Rights Policy

The Company supports the principles of the United Nations Global Compact and the targets enshrined in the United Nations Universal Declaration of Human Rights and the Conventions of the International Labor Organization. We respect human rights and comply with all related regulations of the countries of operations. Article 12 of the Company's "Sustainability and Social Responsibility Guidelines" also states that the Company and subsidiaries shall comply with relevant laws and regulations on human rights and establishes management policies that meet human rights standards by referencing internationally recognized covenants on labor rights. The specific methods of implementation are as follows:

- Comply with relevant laws and regulations and provide a healthy and safe work environment
- Ban on child labor and forced labor
- Diversity and inclusion to prevent illegal discrimination
- Ethical management, integrity, and anti-corruption
- Create smooth communication channels and provide complaint mechanisms



5.1.5 Employee care and welfare

The Company provides a comprehensive remuneration system, welfare measures, and performance management system while meeting requirements in the external business environment and building a fair and reasonable internal system with a leave system superior to regulatory requirements. We uphold the ideal of sharing profits with employees by attracting, retaining, developing, and encouraging talents. The current employee benefits are described as follows:

- The company provides employees with a comfortable, safe and friendly work environment and values employee health. Regular employee physical checkups are held. Non-scheduled company trips, family days, artistic and cultural events and diverse club activities are held to help employees balance work with life.
- Remuneration and bonuses: Sound salary structure, annual performance bonuses, employee bonus and stock options.
- Medical insurance and healthcare: Employee group insurance, employee physical checkups, labor insurance and health insurance, and employee family insurance.
- Thoughtful welfare systems:
 - ✓ Chinese New Year bonus, Worker's Day, and birthday gifts
 - ✓ Subsidies for weddings, funerals, child birth, hospitalization, disability, and self-improvement activities
 - ✓ Special discounts from contracted companies and affiliated enterprises
 - ✓ Employee travel, cultural activities, and club activities
 - ✓ Free preschool educational books for employees, scholarships for employees' children, and on-the-job training incentives
 - ✓ Wedding gifts, childbirth subsidies, preschool educational books for employees, and free subscription to monthly publications and magazines
 - ✓ Retiree appreciation
 - ✓ Business trip allowance
 - ✓ Employee of the year and senior awards
 - ✓ Group insurance for employees and their dependents
 - ✓ Medical rooms in plants to ensure the occupational safety and health of employees
 - ✓ Regular medical check-ups that exceed requirements of the "Labor Health Protection Regulations"
- Leisure activities for employees
 - ✓ Employee club activities
 - ✓ Employee birthday celebrations, sports competition, and travel activities
 - ✓ Recreational facilities and audio-visual entertainment equipment in plants



▲ Employee Welfare Committee supporting employee community activities - Badminton Club



▲ Employee Welfare Committee supporting employee community activities - Hiking and Camping Club



▲ Employee Welfare Committee supporting employee community activities - Travel Club



▲ Employee Welfare Committee organizing employee activity - Barbecue at Pushin-Ranch to enhance employee relations

Other Maternity-Friendly Measures

- Setting up breastfeeding rooms to protect the rights of female employees to breastfeed
- Providing designated parking spaces for pregnant employees to create a pregnancy-friendly parking environment
- Pregnancy shuttle - offering a maternity shuttle service with transportation subsidies for pregnant employees during their pregnancy period
- Pregnancy hamper - employees themselves or their spouses are gifted with a pregnancy hamper
Offering care and support to pregnant employees throughout their pregnancy and postpartum period
- Pregnant and postpartum employees undergo health assessments and work suitability evaluations
Work suitability evaluations: employees are evaluated for tasks that may have an impact on embryo development or the health of the mother and baby during pregnancy or breastfeeding within one year of giving birth.

Statistics for parental leave in 2022

Unit: Head count

	Male	Female
Number of employees eligible for unpaid parental leave in 2022	9	8
Number of employees who applied for unpaid parental leave in 2022	2	9
Number of employees expected to be reinstated from unpaid parental leave in 2022 (A)	4	6
Number of employees reinstated from unpaid parental leave in 2022 (B)	1	4
Number of employees reinstated from unpaid parental leave in 2021 (C)	0	6
Number of employees reinstated from unpaid parental leave in 2021 and stayed for more than 12 months (D)	0	3
Reinstatement rate (B)/(A)	25%	66.67%
Retention rate (D)/(C)	0%	50%

* As unpaid parental leave is not required by law in Mainland China, the data only includes employees in Taiwan.

幸福好孕袋

感受肚子裡的小生命，想必你的心情是既興奮又緊張，信誼為新手媽媽準備了許多法寶，讓你可以安心迎接寶寶的出生！

* 各種贈品數量有限，贈品以實物為主。

好孕袋內碼 索取好孕袋 好孕袋FAQ

Retirement plan

The Company enacted the “Labor Retirement Regulations” and established the Supervisory Committee of Workers’ Pension Reserve Funds to take care of employees’ life after retirement. We allocate reserve funds for the old pension system to a special account in the Bank of Taiwan based on actuary calculation results each year to protect labor rights.

The company also adopted the Labor Pension Act (new labor pension system) on July 1, 2005 and allocate an amount equivalent to 6% of the respective workers’ wage range to the employees’ individual pension accounts. For those that voluntarily pays additional pension, the company deducts amounts based on the voluntary appropriation rate from the salary to the dedicated personal pension account at the Bureau of Labor Insurance.

The contents of the YFY’s “Labor Retirement Regulations” are as follows:

Criteria for voluntary retirement

- Employees who are over 55 years old and have served in the Company for more than 15 years, including services in the Company’s affiliated enterprises.
- Employees who have served in the Company for more than 25 years, including services in the Company’s affiliated enterprises.
- Employees who are over 60 years old and have served in the Company for more than 10 years, including services in the Company’s affiliated enterprises.

Criteria for compulsory retirement

- The Company may not subject an employee to compulsory retirement except for one of the following conditions:
 - (1) Where the employee is over 65 years old.
 - (2) Individuals with disabilities who are unable to perform their duties.
- The disabilities specified in the preceding paragraph shall be determined by the level 1 to level 6 disabilities of Labor Insurance. An additional 20% on top of the amount calculated according to Article 55, Paragraph 1, Subparagraph 2 of the Labor Standards Act shall be given due to disability incurred from the execution of their duties.

Calculation of the years of service and pension

- Employees’ years of service shall be calculated starting from the date of employment and the years of service before and after the implementation of the Labor Standards Act and the years of service after the implementation of the Labor Pension Act shall be combined for calculation. The duration shall be based on the years of actual continuous service in this Company.
- The years of service of employees assigned to affiliated enterprises to provide services or transferred from affiliated enterprises to the Company to provide services shall be combined for calculation.
- Where an employee is employed by the Company and an affiliated enterprise and applies for retirement in accordance with regulations, the total pension payment amount shall be calculated based on the ratio of the number of months served in each company and paid by the companies.

Status of the Company’s appropriation of labor pension reserve in 2022

- Year-round appropriation: NT\$10,948 thousand.
- Balance of assets at the end of the year: NT\$101,083 thousand.

5.1.6 Employee safety and health

Occupational safety and health management policy and management system

The company has dedicated occupational safety and health management unit and management personnel responsible for the development and formulation of occupational safety and health management plans for hazard identification, risk assessment, and risk management of operation areas and personnel operations. Both the head office and each plant have established an Occupational Safety and Health Committee, which hold meetings every three months to report, discuss, and make decisions on safety and health plans, implementation status, promotional activities, and health promotion activities. Employees can participate in OSH decision-making through labor representatives, enabling them to understand the implementation status and participate in discussions, ensuring that OSH policies are aligned with the needs of employees on-site, and achieving safety and health for all. Our factories are certified with international occupational safety and health management systems (ISO 45001:2018) and Taiwan Occupational Safety and Health Management System (TOSHMS). All of our employees must undertake at least three hours of safety and health training every three years. We strive to improve safety and health facilities and actively create a safe, healthy, comfortable, and friendly work environment to achieve our goal of “zero accidents.”



With the support of top management, the company promotes occupational safety and health strategies, objectives, and action plans through the Occupational Safety and Health Management System (ISO 45001) and Taiwan Occupational Safety and Health Management System (TOSHMS). We undergo third-party verification every year to ensure that all safety and health

management mechanisms are continuously and effectively operating and comply with legal requirements. The company demonstrates its commitment to promoting employee safety through the OSH management policy and establishes a vision for a corporate safety culture.

Additionally, we have incorporated the concept of the international HSE (Health, Safety, and Environment) management system as one of the ten pillars of the YFY Excellence System. Based on the operational processes of each factory, we have formulated the Safety 6 KE (Key Element) operational management system and appointed dedicated personnel as “Safety Pillar Coordinators,” providing them with corresponding knowledge and skills, and strictly requiring everyone’s participation.

We adopted active measures to ensure employee health and safety:

1. Responsibilities of different levels of responsible units

The company sets up occupational safety and health units and personnel to confirm the implementation status of the occupational safety and health management system of each plant, adjust existing management systems, and optimize safety and health management systems, as well as provide assistance, supervision, and audits of work safety and health measures. The occupational safety teams of the plants are directly responsible for the promotion, execution, and on-site management of occupational safety related works.

2. Promoting Safety Culture with Full Employee Participation

Through safety education and labor safety systems, safety inspections, and safety observations, we strengthen the safety management skills and hazard identification capabilities of managers and all employees to establish a coherent set of safety values and standards, and build a consensus to promote safe operations.

3. Standardization of Risk Prevention Operations

Through hazard identification, risk assessment, and workplace environment assessment, various physical or chemical hazards within the factory are identified, and standardized operating procedures and job safety analyses are established accordingly.

4. Enhance Communication for Continuous Improvement

Monthly inter-factory safety meetings and safety issue exchanges are conducted, inviting safety instructors from various units at the factory to participate in the meetings for discussions and information dissemination. Occupational safety and health committees are established at the head office and each factory, holding regular quarterly meetings to review and implement safety and health plans and conduct evaluations. Employees participate in OSH business consultations and communication through labor representatives, ensuring that OSH policies are implemented in line with employees' needs.



▲ Staff Communication Meeting - Head Office

5. Health Care and Services

We employ labor health service nurses to actively monitor the health conditions of employees and provide appropriate assistance. The labor health service nurses regularly track the health status of employees. We organize various health promotion activities, and demonstrate our commitment to employee safety and health and the vision to create a corporate safety culture.



▲ The Ministry of Education's Sports Administration recognized the continued investment of the Qingshui Plant and Yang Mei mill in creating a healthy sport workplace, and awarded the "Creative Workplace Award."



6. Employee Health Activities

Employee physical checkups are held and exceed requirements of the Labor Health Protection Regulations. We use the results of physical checkups and internal and external resources to organize diverse health seminars (e.g. office stretching, shoulder-neck-back self-relief, healthy eating while dining out), and health promotion activities (e.g. Zen doodle art, DIY healthy eating, archery experience), and health promotion contests (e.g. weight loss, speed walking) to create a healthy workplace environment, thereby enhancing employees' health awareness and enhance employees' sense of belonging to the company.



◀ In 2022, the Qingshui Plant received the "Creative Workplace Award" from the Taichung City Government for its performance in weight loss competitions and health promotion activities.



▲ Health Promotion Activity - Archery



▲ Health Promotion Activity - DIY Healthy Eating



▲ Health Seminar - Light Mobility Stretching in the Office

7. Full Employee Participation in Safety Training

Employees and contractors must receive occupational safety and health training upon entering the Company and during reassignments in accordance with the requirements in the "Occupational Safety and Health Act." The head office and plants frequently organize on-the-job occupational safety and Job Safety Analysis (JSA) assessments for existing employees. Behavioral observation activities are implemented at the factories to identify hidden hazards and establish an all-staff safety culture. In 2022, occupational safety and health education and training were enriched with lively health courses, fire safety lectures, practical operations of fire facilities, and earthquake disaster prevention and safety promotion to raise awareness of safety and health among all employees.

8. Accident Reporting and Investigation

Established an accident reporting group to immediately inform relevant supervisors in the event of occupational accidents. The OSH unit collaborates with related units to form an accident investigation team to investigate and propose corrective measures. Simultaneously, relevant operational safety preparations are checked in parallel for improvement, and occupational accident cases are used for case promotion to avoid recurrence.

9. Exchange and Review of OSH Operations

Monthly inter-factory safety exchange meetings are held, inviting on-site safety coordinators from various units to participate in the meetings for parallel communication and sharing of safety and health matters. We hold occupational safety and health meetings every three months and invite labor representatives to attend meetings of the Safety and Health Committee to discuss safety and health operations. The labor representatives increase the participation and communication opportunities of employees in each unit in the safety and health operations, implement safety and health policies, and support the goal of zero accident in occupational safety for all employees.

10. Disaster Prevention and First Aid Training and Drills

All plants of the Company have set up automated external defibrillators (AEDs) and more than 70% of employees have taken CPR + AED training courses and obtained secure workplace certification. Emergency aid courses have been listed as mandatory courses for employees. Emergency response exercises are held on a regular basis based on the needs of each plant. They include fire self-defense team exercises, toxic disaster exercises, and disaster relief and evacuation exercises involving hazardous materials as well as earthquake safety promotion.

11. COVID-19 Pandemic Prevention Management

The company established a pandemic prevention team, including senior management and regional pandemic prevention personnel, to discuss pandemic prevention strategies. We used online or printed questionnaires to track employees' health and vaccination status, used health codes and rapid test kits to confirm the health status of incoming personnel, and ensure a safe work environment. We implemented corresponding management measures in various work areas through pandemic prevention indicators, emails, and meetings. Arranged regular disinfection of the workplace by professional disinfection companies, we also provided disinfectants for convenient use, and offered free rapid test kits. Established a notification process for confirmed cases and cared for affected individuals. We encouraged employees to get vaccinated to ensure business continuity during the pandemic.

Some factories had their ISO verification deadlines extended due to the impact of the pandemic, but system certification was obtained within the specified timeframe. The paper plants in Taiwan achieved 100% verification and was subjected to internal and external inspections according to consistent standards. We ensured the safe operation of internal contracted workers or transport vehicles by adhering to the company's "Occupational Safety and Health Management Regulations."



▲ During the peak of the COVID-19 pandemic in 2022, the company increased its purchases of large kiwis and provided additional fruit for the factory's lunches, supplementing employees' nutrients and boosting their immunity.

Introduction of human factors and ergonomics design

We actively use related design tools, machinery, work methods, and work environment designed based on human factors and ergonomics to eliminate human-factor hazards, prevent human-factor harm, and avoid musculoskeletal injuries from repetitive use of muscles in operations. These measures also increase the safety, comfort, and efficiency of employees. Example: To alleviate the interfold toilet paper personnel their discomfort of the feet due to long periods of standing during operations, the purchase of anti-fatigue foot pads can reduce the pressure on the feet by 50%, and relieve the discomfort of the feet after standing for a long time. We designed an automatic film wrap equipment to reduce the musculoskeletal injuries of employees when they lift items for film wrapping operations. We designed a sleeve operation trolley to reduce the weight load on employees when installing the sleeve operation, which in turn reduces the musculoskeletal injuries of employees.

Workplace health promotion

We regularly organize health examinations and appoint medical personnel at each operation site. They track the health conditions of employees in accordance with the results of the health examinations and serve as health consultation service providers. The Company's full-time labor health service nurses organize workplace health promotion activities based on the results of physical checkups and the employee satisfaction survey. They create different types of health management and health promotion activities and encourage employees to adopt healthy lifestyles. We create a happy and healthy workplace environment for employees to enjoy work in order to improve the employees' health conditions and increase work quality. We continue to promote health management and health promotion and participated in the CHR Healthy Corporate Citizen certification organized by "Common Health Magazine". In recent years, we have received the "Sports Enterprise Certification" from the Sports Administration of the Ministry of Education, "Healthy Workplace Certification Health Promotion Mark," "Innovative Workplace," and national "Excellent Healthy Workplace" from the Health Promotion Administration. The outstanding results of our efforts have been recognized by the government.

Hazard identification, risk assessment, and incident investigation

Hazard identification

Each year, nearly six thousand routine and non-routine work activities are reviewed and confirmed based on risk and opportunity assessments in the environmental safety and health management policy. Hazard identification is conducted for various environmental and equipment hazards, including physical, chemical, biological, human factors, and actual working conditions. We evaluate safety and health issues with reference to relevant knowledge, information, changes in regulations, and other factors, in order to formulate corresponding action plans.

Tiered Risk Management Mechanism

Each year, hazards related to work activities are quantitatively scored according to accident occurrence frequency, severity, and existing risk control methods using the Environmental Safety and Health Risk Assessment Tool. We identified high-risk incidents with low inspection frequency and records of prior incidents as priority items for inspections. The audit personnel of each business unit, occupational safety and health specialists of each site, and their work teams visit sites from time to time to carry out management audits based on the characteristics of the risk level of the work environment.

Inspections and correction

During monthly inspections by the head office's occupational safety unit, if any facilities do not comply with regulations, the inspecting personnel inform the parties involved of the violations and notify them to make improvements within a specified period. The inspection results are discussed during monthly meetings, and the progress of improvements is tracked and reviewed to confirm whether the hazards have been reduced or controlled accordingly. Each month, the factories arrange themed inspections to effectively record the contents of non-compliance and submit results to the occupational safety unit, which shall assist and inspect the improvement progress. If the inspectors find that there are immediate hazards such as falling, electricity, collapse, cave-in, fire, explosion, poisoning, and oxygen deprivation, the person in charge of each site shall immediately cooperate to stop the operation and adequately process the deficiency to maintain the safety of personnel.

Hazard prevention

If the aforementioned matter is found to be an immediate hazard to the operator, and the preventive measures are not strengthened or the operation is stopped, the highest-ranking person in charge of the unit shall be requested to stop site operations. If improvements are not made in a timely manner, the findings may be reported to the occupational safety unit of the head office, which shall prepare measures for elevating the risk management level and prevention, and notify the business unit of the results. The progress of improvement is tracked and discussed in monthly safety meetings, and is listed as a key item to be checked during the monthly head office occupational safety audit.

Worker training on occupational health and safety

- If the workplace is in immediate danger, workers can suspend operations and evacuate to a safe location without endangering other workers, and immediately report to the person in charge of the workplace.
- In the event of an occupational accident at the workplace, the Company's occupational safety unit and person in charge of the workplace shall accompany the worker representative in the investigation, analysis, and recordkeeping of the causes of the incident and formulate appropriate response measures.
- Occupational safety and health management personnel conduct regular or ad hoc inspections and provide methods for improving work.
- The Company organize training in accordance with occupational safety and health training regulations.



Worker participation, consultation, and communication on occupational health and safety

The members of the Occupational Safety and Health Committee include occupational safety and health personnel, plant managers, unit managers, and labor representatives. They convene meetings every three months to discuss and decide occupational safety and health promotion plans. Employees can also participate in making occupational safety and health decisions through labor representatives to ensure that the occupational safety and health policies meet the needs of onsite employees and protect the safety and health of all employees. All five internal and external proposals, inquiries, and complaints submitted by employees to the Occupational Safety and Health Committee in 2022 were addressed and 100% of improvements were made.

Management of occupational accidents

The occupational disease rate (ODR) at YFYCPG is zero thanks to the intensive care network for personnel, equipment, and regulations. Every two years, nurses responsible for labor health services distribute personal health questionnaires to employees who work in shifts, night shifts, or long hours, and who are middle-aged and elderly, or have abnormal workloads or repetitive musculoskeletal work. They use the work contents and work categories to identify employees with high risks of occupational diseases such as irregular working hours, jet lag, frequent business travel, abnormal temperature, noise, and mental stress. They use the results of annual physical checkups and workload risk factors and the "Framingham Risk Score" calculation table to estimate and calculate the risk level of cardiovascular diseases in the next 10 years. They then carry out tiered health management to prevent the occurrence of occupational diseases.

In positions where occupational diseases may occur, noise, dust, and organic solvent environmental monitoring are conducted every six months to identify hazards in the workplace. Safety and health-related standards are established and announced to ensure that all personnel are aware of them. Appropriate safety protective equipment is provided for the use by all personnel, and educational training courses and operational precautions are arranged and promoted. For instance, we inspect the hazardous factors in the operational environment, establish monitoring plans and related SOPs for the operation environment, and organize safety and health hazard prevention training courses. We post standards for protective equipment at the entrance and exit of areas with noise and dust hazards. Employees in the work area receive physical checkups for special operations every year. We also assign occupational medicine doctors to provide onsite health consultation and health assessment services for employees. The labor health service nurses of the plants also track and monitor the employees' health conditions. A total of ten employees received special physical checkups for operations in noisy conditions and were classified as level 4. Their protective equipment was adjusted for their work environment and their earplugs were replaced with full earmuffs. We organize physical checkups every year and the labor health service nurses of the plants track the health status of employees.

In the event of an occupational accident at the workplace, it is rated level 1 to level 4 based on internal definitions and the accident is reported based on the level. The Company's occupational safety and health personnel, relevant department managers, workplace managers, and worker representatives shall set up an accident investigation team for the investigation, analysis, and recordkeeping of the causes of the incident and formulate appropriate improvement measures. They shall also commence investigations of similar operating environments to confirm whether simultaneous improvements are required and report to superior officers in accordance with administrative operating procedures. They shall commence action plans after obtaining approval from the managers and the results shall be reported and discussed

at the monthly safety meeting. They shall provide quarterly report on the status and results in the Safety and Health Committee.

In 2022, there were eight occupational injuries and no severe occupational injury (excluding disabling injuries such as death) in YFYCPG. According to statistics from the occupational safety and health units, most occupational injuries are caused by falls. Therefore, we have promoted all-employee awareness of work environment inspections, ensuring proper lighting, aisle safety, and reinforcing slip prevention for elevated work. Moreover, as occupational injuries in previous years were mainly caused by pinching, rolling, and cutting hazards, which caused severe injuries, we continue to strengthen the safety protective facilities of machinery, clarify potential hazards in the work environment, and reiterate standard operating procedures to increase safety awareness and ensure the use of protective equipment. We also ask all units to review the safety interlock system and warnings to enhance the effectiveness of protective measures for the use of machinery and equipment. The Company assists contractors in enhancing occupational safety and health facilities to improve the use of protective equipment, and communicate safety and health regulations and requirements to reduce potential hazards in the contractor’s workplace. We started a behavior observation campaign to encourage all employees to observe the work environment or other employees’ behavior in operations to provide feedback on unsafe conditions. It enhances the safety awareness of employees and improves the work environment to meet their needs. Our ultimate goal for occupational safety and health is “zero injury.”

Tiered risk management measures for occupational diseases

Sudden illness risk classification		Management classification	Content of management measures
Low risk	0	Self-health management	<ul style="list-style-type: none"> • Work hour management • Company regular physical checkup management
Medium risk	1		
Medium risk	2	Occupational nurse interviews	<ul style="list-style-type: none"> • Health evaluations and guidance provided in accordance with the “Physical and Mental Care Consultation Record Table.” • If the employees’ work load conditions require adjustments, they are referred to a labor health service physician for assessment and recommendations.
High risk	3	Consultation with a labor health service physician or occupational medicine specialist	<ul style="list-style-type: none"> • Health evaluations and guidance provided in accordance with the “Physical and Mental Care Consultation Record Table.” • Fill out the “Interview Results and Actions Table” and adjust work contents when necessary.
High risk	4		

2022 Occupational Injury Type Statistics

Category	Employed		Non-employed	
	Number of cases	Ratio	Number of cases	Ratio
Near miss	0	0	0	0
Clamping, coiling	1	6.7%	0	0
Cutting, slicing, abrasion	1	6.7%	0	0
Collision	0	0	0	0
Commuting/traffic accidents	7	46.6%	0	0
Falling objects	0	0	0	0
Inappropriate actions	0	0	0	0
Falling	4	26.7%	0	0
Falling off, rolling down	0	0	0	0
Impact	0	0	0	0
Collapse, cave-in	0	0	0	0
Contact with high or low temperatures	0	0	0	0
Contact with harmful substances	2	13.3%	0	0
Others	0	0	0	0
Occupational injuries	15	100%	0	0
Serious occupational injuries	0	0	0	0
Work-related fatalities	0	0	0	0
Total work hours	1,549,178		105,576	

*1: The scope of data includes the head office and all production sites in Taiwan specified in the “List of Operation Sites in this Report.”

*2: Ratio of occupational injuries: (occupational injuries/total work hours) *1,000,000.

*3: Serious occupational injuries: Disabling injuries that do not include death and take at least six months of recovery from the time of injury.

*4: Ratio of serious occupational injuries: (serious occupational injuries/total work hours) *1,000,000.

*5: Ratio of work-related fatalities: (work-related fatalities/total work hours) *1,000,000.

5.2 Social Engagement

To ensure sustainable development, we deeply understand the importance of establishing good partnerships with local communities to jointly promote local sustainability. In each of our factory areas, we have dedicated personnel as communication channels with the community. Through regular visits to nearby neighborhood leaders, community welfare organizations, and other channels of negotiation, we aim to understand the issues and impacts faced by the local community. We start from the perspective of our own business niche to support the local community and vulnerable groups. Through sincere listening and face-to-face communication, we work together to explore the most suitable solutions. We genuinely care and are committed for the long term, working hand in hand with the local community to achieve common goals and mutual prosperity. We strive to help vulnerable groups, participate in local community health talks, support municipal campaigns, improve the quality of hygiene and health of schoolchildren, and support pandemic prevention to safeguard everyone's health in the following ways:

1. Strengthening cooperation with non-profit organizations to provide support to vulnerable groups.

Supporting social welfare organizations in caring for vulnerable groups and local disadvantaged families.



In 2022, our head office, Yang Mei mill, Qingshui Plant, Ever Growing, Yang Zhou mill, and Kun Shan mill jointly donated more than 2,000 boxes of household paper products and various cleaning and antibacterial products to help support social welfare organizations in caring for vulnerable groups and disadvantaged families in the local communities.



▲ The Company provides long-term support for the table tennis activities of schoolchildren in Haifeng Village. Employees also took part in the activities to help children in the village enjoy positive recreational activities after school that benefit their physical and mental health.



Send love to rural areas with Tender



Through collaboration with Seeheart Social Environment Enterprise, we support cultural and creative education in remote areas. The artworks created by students and artists in rural areas are designed into packaging for the Tender brand toilet paper products, and the proceeds are given back to the design creators from Liandong Elementary School and Shanglin Elementary School. These funds are used for emergency aid, school lunches, and extracurricular activities. In 2022, a total of 116 students have benefited from this program.

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Yang Mei mill “Heartwarming Christmas” Charity Bazaar and Small Donation Event



During the Christmas season, employees from the Yang Mei mill organized a heartwarming charity bazaar and small donations event. This activity was initiated by the employees themselves, inviting everyone to show their love by providing new or second-hand items for sale. The proceeds were fully donated to the Taiwan Fund for Children and Families. Although the amount may not be large, this warm act of love can make the children feel cared for and assist those in need of help.

Partnering with Local Communities to Create Sustainable Community Environmental Protection



We continuously participate in the annual charity event organized by industry associations, and we donated 34 boxes of daily cleaning supplies (Fresh Sense laundry capsules) to five disability welfare institutions in New Taipei City. We hope that the laundry capsules not only meet their daily needs but also bring them a more comfortable and better life.

- Spring Sunshine Center for Intellectual Development, Chung-Hua Foundation for Persons with Intellectual Disabilities
- Eden Social Welfare Foundation
- Yu-Cheng Social Welfare Foundation
- Genesis Social Welfare Foundation
- Taipei Happy Mount, a private, non-profit corporation in New Taipei City

2. Environmental protection

Sponsorship for the “Taiwan Champion Trees - Giant Tree Map Project”: Creating the First Distribution Map of Giant Trees in Taiwan



Only 2.1% of the world’s land mass is suitable for the growth of giant trees, and most of these regions are gradually disappearing due to logging and climate change threats. International journals and magazines have warned that giant trees may become extinct within the next few decades.

As a responsible global citizen, YFYCPG, with its commitment to environmental sustainability, insists on using FSC-certified products and developing high-quality products to maximize resource efficiency. Since 2021, YFYCPG has been supporting the Taiwan Champion Trees Team in their quest to find Taiwan’s tallest trees while simultaneously promoting science and environmental education for young people. providing explanations from experts and tree climbing experiences to observe various plants at different heights in the canopy. Through interesting and vivid science popularization, we aim to help the public understand, recognize, and inherit the cherished environmental values and sustainability principles of YFYCPG.

“Taiwan Champion Trees - Giant Tree Map Project” utilizes airborne LiDAR technology to survey and measure the “Taoshan Sacred Tree” (a giant Taiwania tree) in the valleys of Shei-Pa National Park, which has reached a height of 79.1 meters. . It has also discovered the Taiwania “Ka’alang Giant Tree” in the upstream region of the Ka’alang Creek, with a height of approximately 82 meters. In January 2023, the team further discovered another 84.1-meter Taiwania giant tree, estimated to be about 700 to 800 years old, in the upper reaches of Da’an River, making it the tallest known tree in Taiwan and the tallest tree in East Asia.

In 2022, YFYCPG also organized the “Natural Science Camp” to enable the new generation to get closer to nature and learn attitudes and practices for energy conservation, carbon reduction, and caring for the Earth in their daily lives.



▲ In 2022, we held the “Natural Science Camp” to lead the younger generation to connect with nature and promote environmental education.



Benefit Support Program
“Taiwan Champion Trees”
Natural Science Camp

Introduction of Taiwan Champion Trees Team

Taiwan has very few giant trees over 70 meters tall. Most of the coniferous giant trees are concentrated in the Pacific Northwest region of the United States, while broadleaf giant trees can be found in the primeval rainforests of Borneo, the Amazon rainforest in Brazil, and Tasmania Island in Australia. Taiwan is the only large-scale habitat for giant trees over 70 meters in East Asia.



According to data from the Forestry Bureau, there are approximately 950 million trees in Taiwan. The ecological value of giant trees is irreplaceable, especially the forest canopy layer, which contains a wealth of complex biological resources. Certain epiphytes only survive on giant trees that are hundreds of years old, making the giant trees themselves a concrete manifestation of biodiversity. They

form a natural ecosystem at different heights according to temperature and humidity. Giant trees are also witnesses of history and are invaluable in terms of biodiversity and preservation value.



Due to Taiwan's unique terrain, which has nurtured giant trees, its research work is subsequently also more challenging. Dr. Hsu Chia-chun (Rebecca), an assistant researcher at the Forestry Research Institute, Council of Agriculture, and Professor Wang Chi-kuei from the Department of Geomatics, National Cheng Kung University, collaborated on the "Taiwan Champion Trees - Giant Tree Map Project." They utilized airborne

LiDAR technology data from all over Taiwan and employed innovative algorithms to create optimized visualized profiles of giant trees. With the power of the crowd, they matched the data with 54,415 LiDAR topographic maps and identified the positions of 941 giant trees taller than 65 meters over a five-year period. The goal of this project is to create the first national distribution map of giant trees and showcase it on a public platform for the view of the public, further promoting scientific research on giant trees in the country.

Partnering with Local Communities to Create Sustainable Community Environmental Protection



The Chung Shui mill, located in Haifeng Village, adheres to the concept of community sustainability and environmental protection. We sponsor environmental volunteer activities in

Haifeng Village to help promote environmental work. Furthermore, in line with the Environmental Protection Administration's corporate road adoption policy, we provide comprehensive support to improve the local community's environment. Both the Qingshui Plant and Yang Mei mill have adopted road cleaning around their premises. We regularly clean up trash, clear dust, and ensure the cleanliness of the surroundings. We will continue to promote environmental efforts and make further contributions to improving the local community's environment.



▲ Recognized for promoting green seminars and environmental education activities, the Organic Association awarded the 2022 Green Enterprise Certification.

3. Actively participating in health seminars organized by the local community and supporting municipal government outreach activities.



Caring for the Community's Health and Providing Free Blood Pressure Measurement



To promote the health and well-being of local residents, we organized community health seminars in Haifeng Village, providing free blood pressure measurements and distributing sanitary paper to the local residents.

4. Adopting Public Restrooms to Improve Hygiene and Health Quality of Local Residents

Protecting the health of school children! Qingshui Plant donated high-quality toilet paper to improve the hygiene standards of the public restrooms at the Dayang Elementary School.



Starting from 2022, the Qingshui Plant voluntarily adopted the nearby Dayang Elementary School public restrooms. This rural elementary school has fewer students and less access to educational resources, making the students relatively vulnerable. As a company, we took the initiative

to donate high-quality toilet paper to improve the hygiene standards for the students. In 2022, we donated a year's supply of Mayflower toilet paper, totaling 35 boxes.

This donation project stems from our care for the health and well-being of local rural schoolchildren. We are well aware of the importance of toilet paper in daily life, especially for school children. Maintaining a clean and hygienic environment is vital for promoting their learning and health. Therefore, we carefully selected high-quality Mayflower toilet paper to ensure that the students can enjoy a comfortable and hygienic experience.

We will continue to support the supply of toilet paper to Dayang Elementary School, ensuring that the students in this rural school have access to good hygiene conditions every day and fulfilling our commitment to sustainability and social responsibility.



▲ The principal of Dayang Elementary School invited the Qingshui Plant to participate in their anniversary celebration and to give them a public commendation. The day also coincided with World Toilet Day on November 19, adding significant meaning to the event.



5. Medical and Healthcare

The “Boundless Love Blood Donation Drive”: Total of 120 People from the Taiwan Factories Participated in Blood Donation throughout the Year



Blood donation is a crucial act that can save lives and help patients in need of blood. Each blood donation brings hope to society.

The company encourages employees to actively participate in blood donation, and we hold the “Boundless Love Blood Donation Drive” in various factory locations across Taiwan to contribute to society. With the linked support of the Taipei head office and all factories, a total of 120 employees responded enthusiastically in 2022.



▲ As a token of appreciation, each blood donor received a pack of Mayflower Comfort and Allergy Prevention Thick Toilet Paper and a pack of pocket tissue.



Actively Supporting Pandemic Prevention Work and Safeguarding Public Health Together with Frontline Personnel

During the 2022 pandemic, the Yang Zhou mill in China donated household paper products to the Shiqiao Town Government in Yangzhou Development Zone to support local pandemic prevention efforts. In 2022, the Yang Zhou mill donated a total of 938 boxes of household paper products, providing necessary pandemic prevention materials to residents and enhancing the local community’s pandemic prevention capabilities and residents’ quality of life.

Appendix

GRI Standards Disclosure Comparison Sheet

Statement of Use | YFYCPG has reported in accordance with the GRI Standards for the period from January 1, 2022, to December 31, 2022.

GRI 1 used | GRI 1: Basic 2021

Applicable GRI Industry Standards | None

GRI Standard	Disclosure Item	Chapter or Description	Page
General Disclosure			
GRI 2: General Disclosure 2021			
1. Organizational and Reporting Practices			
GRI 2-1	Organization Information	2.1 Company Profile	24
GRI 2-2	Entities Included in the Sustainability Report	Editorial Principles 2.1 Company Profile	12 24
GRI 2-3	Reporting Period, Frequency, and Contact Person	Editorial Principles	12
GRI 2-4	Restatements of information	No restatements of information	
GRI 2-5	External assurance	Editorial Principles	12
2. Activities and Labor			
GRI 2-6	Operations, Value Chain, and Other Business Relationships	2.1 Company Profile 2.3 Economic Performance 5.1 Employee Relations	24 31 71
GRI 2-7	Employees	5.1 Employee Relations	71
GRI 2-8	Non-Employee Workers	5.1 Employee Relations	71
3. Governance			
GRI 2-9	Governance Structure and Composition	3.1 Board of Directors 3.2 Operating Status of the Functional Committee	35 37

GRI 2-10	Nomination and Selection of the Highest Governance Body	3.1 Board of Directors	35
GRI 2-11	Chair of the Highest Governance Body	3.1 Board of Directors	35
GRI 2-12	Role of the Highest Governance Body in the Oversight of Impact Management	1.2 Corporate Sustainable Development Organizational Structure	15
GRI 2-13	Role of the Person Responsible for Conflicts Management	1.2 Corporate Sustainable Development Organizational Structure	15
GRI 2-14	Role of the Highest Governance Body in the Reporting Process	1.2 Corporate Sustainable Development Organizational Structure	15
GRI 2-15	Conflicts of Interest	3.1 Board of Directors	35
GRI 2-16	Communication of Key Impacts	1.4 Analysis of Material Issues 3.1 Board of Directors	18 35
GRI 2-17	Collective Awareness of the Highest Governance Body	3.1 Board of Directors	35
GRI 2-18	Assessment of the Highest Governance Body's Performance	3.1 Board of Directors	35
GRI 2-19	Remuneration Policies	3.2 Operating Status of the Functional Committee	37
GRI 2-20	Remuneration Decision-Making Process	3.1 Board of Directors	35
GRI 2-21	Annual Total Remuneration Ratio	5.1 Employee Relations	71

GRI Standard	Disclosure Item	Chapter or Description	Page
4. Strategies, Policies, and Approaches			
GRI 2-22	Statement of Sustainable Development Strategy	Message from the Chairman 1.1 Promotion of Sustainable Management	4 13
GRI 2-23	Policy Commitment	3.2.2 Integrity and compliance 5.1.4 Employee communication and rights and benefits	38 75
GRI 2-24	Incorporation of Policy Commitment	1.2 Corporate Sustainable Development Organizational Structure	15
GRI 2-25	Procedures for Remediating Negative Impacts	3.2.1 Comprehensive information disclosure 5.1 Employee Relations	38 71
GRI 2-26	Opportunities to Seek Advice and Raise Concerns	5.1 Employee Relations	71
GRI 2-27	Compliance	3.2.2 Integrity and compliance	38
GRI 2-28	Membership of associations	2.5 External Participation	32
5. Stakeholder Engagement			
GRI 2-29	Stakeholder Engagement Guidelines	1.4 Analysis of Material Issues	18
GRI 2-30	Collective bargaining agreements	5.1 Employee Relations	71
Material topics			
GRI 3: Material topics in 2021			
3-1	Process for Determining Material Topics	1.4 Analysis of Material Issues	18
3-2	List of material topics	1.4 Analysis of Material Issues	18
3-3	Management of Material topic	1.4 Analysis of Material Issues Refer to the table below for the location of the 11 material topic headings	18

Material topics: Products liability and after-sales services			
GRI 417: Marketing and Labeling: 2016			
417-1	Requirements for product and service information and labeling	3.4.1 Product safety and regulatory compliance	42
417-2	Incidents of non-compliance concerning product and service information and labeling	No such event occurred at the Company	
417-3	Incidents of non-compliance concerning marketing communications	No such event occurred at the Company	
GRI 418: Customer Privacy: 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No such event occurred at the Company	
Material topics: Compliance			
Industry-specific topics	Social, Economic, and Environmental Regulatory Compliance	3.6 Socioeconomic Compliance 4.8 Environmental Compliance	48 67
Material topics: Risk management			
Industry-specific topics	Types of Risks and Management	3.3 Risk Assessment and Management	39
Material topics: Occupational Health and Safety			
GRI 403: Occupational Health and Safety: 2018			
403-1	Occupational health and safety management system	5.1.6 Employee safety and health	78
403-2	Hazard identification, risk assessment, and incident investigation	5.1.6 Employee safety and health	78
403-3	Occupational health services	5.1.6 Employee safety and health	78
403-4	Worker participation, consultation, and communication on occupational health and safety	5.1.6 Employee safety and health	78

GRI Standard	Disclosure Item	Chapter or Description	Page
403-5	Worker training on occupational health and safety	5.1.6 Employee safety and health	78
403-6	Promotion of worker health	5.1.6 Employee safety and health	78
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.1.6 Employee safety and health	78
403-9	Occupational injuries	5.1.6 Employee safety and health	78
403-10	Work-related ill health	5.1.6 Employee safety and health	78
Material topics: Green products			
GRI 301: Materials: 2016			
301-1	Materials used by weight or volume	4.3 Raw Material Usage	59
GRI 302: Energy: 2016			
302-1	Energy consumption within the organization	4.4 Energy Management	60
302-3	Energy Intensity	4.4 Energy Management	60
302-4	Reduction of energy consumption	4.4 Energy Management	60
GRI 416: Customer Health and Safety: 2016			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No such event occurred at the Company	
Material topics: Water resource management			
GRI 303: Water and Effluent 2018			
303-1	Interactions with water as a shared resource	4.7 Water resource management	64
303-2	Management of water discharge-related impacts	4.7 Water resource management	64
303-3	Water Withdrawal	4.7 Water resource management	64

303-4	Water discharge	4.7 Water resource management	64
303-5	Water consumption	4.7 Water resource management	64
Material topics: Greenhouse gas and air pollutant emissions			
GRI 305: Emissions: 2016			
305-1	Direct (Scope 1) GHG emissions	4.5 Emissions	62
305-2	Energy indirect (Scope 2) GHG emissions	4.5 Emissions	62
305-4	GHG emissions intensity	4.5 Emissions	62
305-5	Reduction of GHG emissions	4.6 Waste	64
305-6	Emissions of ozone-depleting substances (ODS)	No actions involving the production, import, and export of related substances occurred within the scope of the Report. This is therefore not applicable	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4.5 Emissions	62
Material topics: Adaptation to global climate change and economic changes in operations			
Industry-specific topics	Climate Change Risks and Opportunities Management	4.1 Climate Change Risks and Opportunities	51
Material topics: Energy Management			
GRI 302: Energy: 2016			
302-1	Energy consumption within the organization	4.4 Energy Management	60
302-3	Energy Intensity	4.4 Energy Management	60
302-4	Reduction of energy consumption	4.4 Energy Management	60
Material topics: Human rights protection			
Industry-specific topics	Human Rights Protection Policy	3.5 Supplier management 5.1.4 Employee communication and rights and benefits	45 75

GRI Standard	Disclosure Item	Chapter or Description	Page
Material topics: Customer relations and protection			
GRI 416: Customer Health and Safety: 2016			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No such event occurred at the Company	
General topics			
Other topics			
GRI 201: Economic Performance: 2016			
201-1	Direct economic value generated and distributed	2.3 Economic Performance	31
201-3	Defined benefit plan obligations and other retirement plans	5.1 Employee Relations	71
GRI 202: Market presence: 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.1 Employee Relations	71
202-2	Proportion of senior management hired from the local community	5.1 Employee Relations	71
GRI 204: Procurement Practices: 2016			
204-1	Spending on local suppliers Ratio	3.5 Supply Chain Management	45
GRI 401: Employee Relations: 2016			
401-1	New employee hires and employee turnover	5.1 Employee Relations	71
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.1 Employee Relations	71
401-3	Parental leave	5.1 Employee Relations	71
GRI 402: Labor/Management Relations: 2016			

402-1	Minimum notice periods regarding operational changes	<p>In the event of a major operational change that requires the termination of employment of certain employees, the Company shall provide advance notice of the termination date of the contract in accordance with Article 16, Paragraph 1 of the Labor Standards Act. The advance notice period shall be determined based on the number of years of service of the worker as specified below:</p> <p>(1.) Employees who have continuously worked for more than 3 months but less than 1 year are provided with a 10-day notice.</p> <p>(2.) Employees who have continuously worked for more than 1 year but less than 3 years are provided with a 20-day notice.</p> <p>(3.) Employees who have continuously worked for more than 3 years are provided with a 30-day notice.</p>	
GRI 404: Training and Education: 2016			
404-1	Average hours of training per year per employee	5.1.3 Employee education and training	74
404-2	Programs for upgrading employee skills and transition assistance programs	5.1.3 Employee communication and rights and benefits	74
404-3	Percentage of employees receiving regular performance and career development reviews	5.1.3 Employee education and training	74
GRI 405: Employment diversity and equal opportunities: 2016			
405-1	Diversity of governance bodies and employees	5.1.1 Employer-Employee Relationship	71

GRI Standard	Disclosure Item	Chapter or Description	Page
GRI 407: Freedom of Association and Collective Bargaining: 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No such event occurred at the Company 5.1 Employee Relations	71
GRI 413: Local Communities: 2016			

GRI Standard	Disclosure Item	Chapter or Description	Page
413-1	Operations with local community engagement, impact assessments, and development programs	5.2 Social Engagement	84
413-2	Operations with significant actual and potential negative impacts on local communities	No such event occurred at the Company	

Sustainability Accounting Standards Board (SASB) - Household and Personal Goods Industry Disclosure Standard

Disclosure Topics	Indicator Number	Indicator Item	2022 Value or Explanation
Water Management	CG-HP-140a.1	(1) Total water intake (M ³)	Refer to Report Section 4.7 Water Resources Management
		(2) Percentage of Total Water Consumption (m ³) in Areas with High or Extremely High Water Stress	Refer to Report Section 4.7 Water Resources Management
	CG-HP-140a.2	Description of Water Resource Management Risks and Discussion of Strategies and Practices to Mitigate These Risks	Refer to Report Section 4.7 Water Resources Management
Product Environmental, Health, and Safety Performance	CG-HP-250a.1	Revenue from Products Containing REACH Substances of Very High Concern (SVHC)	No products containing SVHC substances
	CG-HP-250a.2	Revenue from Products Containing Substances Listed on California DTSC Candidate Chemicals List	No products containing California DTSC substances
	CG-HP-250a.3	Discussion of the Identification and Management of Emerging Materials and Chemicals of Concern	<ol style="list-style-type: none"> 1. Chemical Use and Management Principles, 100% compliance with Taiwan Cosmetic Regulations and Environmental Protection Agency Regulations. 2. No use of SVHC and DTSC-listed substances. 3. Quarterly updates of the latest chemical regulations in various countries during development meetings. 4. Researchers possess Safety Data Signatory certificates, systematically evaluating and analyzing product toxicological capabilities. 5. Product development includes "Risk Assessment Process" with comprehensive risk assessment reports for formulations, packaging, and processes.
	CG-HP-250a.4	Revenue from Products Designed with Green Chemistry Principles	NT\$593,846,000

Disclosure Topics	Indicator Number	Indicator Item	2022 Value or Explanation
Packaging Lifecycle Management	CG-HP-410a.1	(1) Total Packaging Weight (T)	298 tons (Refer to Report Section 4.3 Raw Material Usage)
		(2) Percentage Made from Recycled and/or Renewable Materials	84.93%
		(3) Percentage that is Recyclable, Reusable, and/or Compostable	
	CG-HP-410a.2	Discussion of Strategies to Reduce Packaging's Environmental Impact throughout Its Lifecycle	<ol style="list-style-type: none"> Overall packaging strategy follows the product 4R development plan: Reduce plastic usage, Reuse for reusability, Recycle for recycling, Replace for alternative forms to reduce plastic. Develop concentrated product packaging and paper box packaging to reduce plastic usage and improve product storage and transportation efficiency. Develop recycled plastics to replace new plastics, promote plastic recycling and circularity, and reduce carbon emissions. Develop 100% environmentally friendly packaging, including recyclable, reusable, compostable, or renewable materials, and avoid using environmentally harmful substances.
Environmental and Social Impacts of Palm Oil Supply Chain	CG-HP-430a.1	Percentage of palm oil purchases that are certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chain:	N/A
		(a) IP (Identity Preserved): Identity preserved supply chain model	
		(b) SG (Segregated): Verified and non-verified segregated supply chain model.	
		(c) MB (Mass Balance): Verified and non-verified mixed supply chain model.	
		(d) BC (Book and Claim): Booking and claim supply chain model.	
Activity Indicator	CG-HP-000.A	Units of Products Sold, Total Weight of Products Sold (T)	Household paper: Approximately 164,617 tons Cleaning products: Approximately 6,178 tons
	CG-HP-000.B	Number of Production Facilities	Household paper: 4 Production site Cleaning products: 1 Production site Refer to Report Section 2.1 Company Overview

Independent Third-Party Assurance Statement



INDEPENDENT ASSURANCE OPINION STATEMENT

YFYCPG 2022 Sustainability Report

The British Standards Institution is independent to Yuen Foong Yu Consumer Products Co., Ltd. (hereafter referred to as YFYCPG in this statement) and has no financial interest in the operation of YFYCPG other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of YFYCPG only for the purpose of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by YFYCPG. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to YFYCPG only.

Scope

The scope of engagement agreed upon with YFYCPG includes the followings:

1. The assurance scope is consistent with the description of YFYCPG 2022 Sustainability Report.
2. The evaluation of the nature and extent of the YFYCPG's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the YFYCPG 2022 Sustainability Report provides a fair view of the YFYCPG sustainability programmes and performances during 2022. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the YFYCPG and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate YFYCPG's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurors in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that YFYCPG's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a review of issues raised by external parties that could be relevant to YFYCPG's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 2 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below:

Inclusivity

This report has reflected a fact that YFYCPG has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the YFYCPG's inclusivity issues.

Materiality

YFYCPG publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of YFYCPG and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the YFYCPG's management and performance. In our professional opinion the report covers the YFYCPG's material issues.

Responsiveness

YFYCPG has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for YFYCPG is developed and continually provides the opportunity to further enhance YFYCPG's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the YFYCPG's responsiveness issues.

Impact

YFYCPG has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. YFYCPG has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the YFYCPG's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

YFYCPG provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the YFYCPG's sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

The sustainability report is the responsibility of the YFYCPG's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:


Peter Pu, Managing Director BSI Taiwan



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SUSTAINABILITY REPORT

