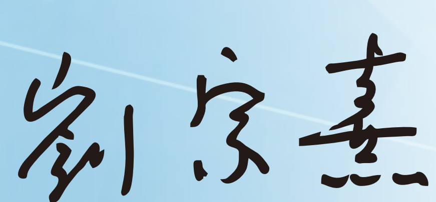
Cathay Consolidated Inc.

2024 ESG Report

Content



Chairman Tsung-Hsi Liu

Message from the Chairman

To whom it may concern,

We appreciate your attention and support to Cathay Consolidated Inc. very much. Developed locally in Taiwan and dedicated to designing and producing technical fabrics and product applications, we deeply understand corporate responsibilities will not end on revenue and market share but shall also carry expectation and responsibilities from the government and the society. Therefore, we proactively devote to the development in three key dimensions, Environment, Social, and Corporate Governance (ESG) to achieve the goal of sustainable management. In the corporate culture of Cathay, our core value includes “integrity,” “respect,” responsibility,” “result,” and “fun.” Moreover, we carry a principle of customer orientation to gain a foothold in international markets. In addition to continuously seeking innovation and change to provide better quality products and services, we also devote to the promotion of corporal social and environmental responsibilities, participation in external social welfare affairs, improvement of working environment, and enhancement of awareness to environmental protection, hoping to achieve co-development and co-prosperity with local communities and environment. We expect to create more positive impacts to the society through transparent and ethical corporate management as well as stick to our commitment to stakeholders while facing rapid-changing environment of global markets.

In the dimension of the environment, we not only worked hard to enhance energy efficiency but also actively implemented greenhouse gas verification and carbon reduction. In terms of product design, with continuous innovation and R&D, active application of recycling/ recyclable materials, and development of several lightweight and eco-friendly products, we reduced resource consumption and enhanced environmental friendliness. For the product life cycle management, we adopted an approach of whole-process monitoring. From the purchase of raw materials, optimization of manufacturing process, the use of products to the final recycling, the principles of environmental protection and energy conservation were strictly followed. Cathay significantly reduced impacts to the environment caused by production process through the use of eco-friendly, nontoxic, recyclable and decomposable materials, manufacturing process recycling, and measures of waste reduction.

We introduced advanced technology of energy saving and carbon reduction during the manufacturing process and implemented continuous production equipment improvement and process optimization to reduce carbon footprint. No matter it is designing of products or procurement of equipment, we put environmental protection into the priority consideration. Other than using laminating machine with solvent-free system, we also installed equipment for air-pollution prevention and purchased the most efficient air pollution processing system, regenerative thermal oxidizer (RTO), which was rare in the northern Taiwan at that moment. It was an advanced air pollution processing system that was rarely used in domestic industries then but is now widely used by businesses in the same trade. Later on, we further increased and improved RTO capacity as well as added the oven heat recovery system. Besides, we also proactively participated in the management of green supply chain and collaborated with suppliers to promote eco-friendly materials and improvement of green manufacturing process. We firmly believe only through joint efforts by upstream and downstream industrial chain, can the environmental sustainability be truly achieved.

In terms of reduction of greenhouse gas emissions, Cathay established specific goals for carbon reduction and formulated step-by-step plans. We promoted installation of green energy system and energy consumption improvement of machine and equipment in our factories, such as the installation of the photovoltaic system, as well as actively adjusted production scheduling and conducted research on energy conservation. We also promoted energy-saving actions in the office, including installation of energy-efficient lighting equipment and promotion of paperless office, to reduce carbon emissions during daily operation. We believe the accumulation of efforts will be able to create profound impacts to the challenges of global climate change.

In the social dimension, Cathay carried the spirit of giving back to the society to participate in community activities actively and promote employee diverse development and welfare improvement. We strongly believe employees are the most important asset for the company. Therefore, while creating profits, we also kept our commitment to employees in mind, providing them a safe and healthy friendly workplace that is with a growth prospect. We also offered diverse training courses covering skills, management, and innovative thinking to help employees enhance their skills and pursue personal development to further achieve talent sustainability and enhance corporate competitiveness.

We adopted a policy of diversity and inclusion in the workplace and is devoted to create a working environment that is safe, equal and inclusive, allowing all our employees to find a sense of belongings here and unlock their full potential. We focused on gender equality and ensured all employees are treated fairly in recruitment, promotion, and remuneration. In addition, we also paid close attention to labor rights and interests and occupational safety in the supply chain, ensuring all of our working partners complying with basic standards of human rights and labor protection and making efforts in eliminating unfair labor practice and employment discrimination in any forms. We believe only by respecting and protecting each stakeholder, can an enterprise fulfill sustainable development fully.

In addition to attention to employee development and welfare, we are also committed to activities of social welfare; we not only sponsored Yilan International Children's Folklore & Folkgame Festival and community activities but also encouraged employees to participate in volunteering to make contribution to the society. Our social engagement is not only limited to resource donation but also focused on the transfer of knowledge and skills; for example, collaboration with schools for seminars to help young people understand the trend of industrial development and stimulate their interest to technology. We believe education and the transfer of knowledge will bring long-lasting positive impacts to society.

As for corporate governance, we continuously improve the structure of corporate governance to ensure transparent and fair business operation. We established a board of directors that is diverse and equipped with professional knowledge to ensure independence and professionality during the decision-making process. We introduced an enterprise risk management system to effectively identify, assess and manage risks that we may encounter and established the internal audit system to regularly review the status of business operation and ensure all the business activities complying with legal regulations and internal rules.

Moreover, we value the communication to stakeholders and ensure the transparency of company strategies and decision-making process through regular information disclosure and publicly released reports. Other than the publication of annual report and ESG report, we provide communication channels to stakeholders on the official website to ensure close communication with stakeholders and listening to different opinions and suggestions and further incorporate them into our business strategies. We believe only by maintaining good interaction and communication with stakeholders, can we push continuous corporate progress and development.

In terms of anti-corruption and business ethics, we established strict code of conduct and internal audit system to ensure the entire company comply with the highest standards of business ethics. Other than strictly complying with the standards, Cathay also requests suppliers, contractors, and other working partners to conduct self-examination based on the above principle and requirement in order to create a safe and reliable supply chain together. We demanded all employees and working partners to maintain integrity during business dealings and established a whistle-blowing system to encourage employees reporting any behaviors that violate regulations. We believe only on the foundation of ethical management, can an enterprise gain customer and social trust and further fulfill long-term sustainable development.

Look into future, we will keep focusing on development of technical fabrics and relevant application products with the spirits of innovation and sustainability to provide customers application products with TPU technical fabrics that are diverse, lightweight, and high performance. The world is facing challenges of severe climate change, and the improvement in energy efficiency is one of the important methods to solve the issue. As one of leaders in TPU technical fabrics industry in Taiwan, we shoulder the responsibility for providing more highly efficient and eco-friendly TPU technical fabric solutions to the world. Therefore, we will keep expanding investment to R&D, devote to develop products that are with good tolerance characteristics and excellent waterproof and airtight capacity, and extend application of technology in aviation & life-saving, medical care, military & industry, and outdoor products to fulfill more value and contribution to society.

We will also continue strengthening investment in ESG, including more strict carbon emission management, deeper and purposeful social engagement, and more effective corporate governance measures. For the environment, we will further reduce product carbon footprint and work with supply chain partners to move towards the goals of “carbon neutrality” and “net-zero emissions” to achieve industrial sustainability. In social dimension, we will continue focusing on community collaboration and public welfare activities as well as devote to enhance employee work satisfaction and sense of well-being. As for corporate governance, we will continue improving the diversity of the Board of Directors and strengthening risk management to respond to increasing challenging global business environment.

Facing the uncertainty and challenges in the future, we firmly believe only the insistence to environment, social, and corporate governance and being driven by innovation, can the sustainable management be fully implemented. Cathay will maintain the guidance of core value in responsibility, result, integrity, and sustainability to create more value for customers, employees, shareholders, and social public.

We sincerely invite all the stakeholders to stay with us and face up the challenge of global sustainable development. Your suggestions and support are the motivation for our continuous improvements to allow us to bring more positive impacts to society and environment while pursuing business growth. Thank you again for your long-term support. We will make good use of our advantages and keep moving towards our future goals of business development, collaborating and growing with customers, and creating the ultimate sustainable corporate value in the framework of environment social and corporate governance.

Editing Guidelines

Scope of disclosure

Cathay Consolidated Inc. (hereinafter referred to as Cathay) published 2024 ESG Report (hereinafter referred to as the Report) to pursue corporate sustainable management and enhance information transparency. Through the Report, we explained stakeholders the measures and performance taken and achieved by Cathay in continuous implementation of environmental protection, reinforcement of occupational safety, establishment of ethical governance, and enhancement of employee remuneration and welfare under the sustainable development goals. We look forward to the continuous attention and suggestions from stakeholders so that Cathay will be able to make a big leap forward in the pathway of implementing corporate sustainable management.

Type of disclosure	Scope of sustainability information
Duration	The whole year of 2024. Besides, to consider the completeness of information disclosed, additional explanation will be provided in the context of the report if part of content covers business activities in different years.
Operating site	Cathay Consolidated Inc.
Financial information	It is consistent with the data in the financial statements published by Cathay.
Information related to environment, safety & health, employees, and public welfare activities	Cathay Consolidated Inc.

Note: Additional explanation will be provided in the context of the Report if part of content covers business activities in different years.

Writing structure

- The Report is prepared in accordance with the latest GRI Standards, Sustainability Accounting Standards (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD), and “Sustainable Development Goals (SDGs) approved at UN Sustainable Development Meeting in 2015. Besides, it meets the requirements of “Regulations for the Preparation and Filing of Sustainability Reports by Listed Companies” published by Taiwan Stock Exchange Corporation. Index of GRI Standards is provided in the appendix of the Report for reference to stakeholders.
- Financial data disclosed in the Report has been assessed and certified by Ernst & Young based on International Financial Reporting Standards (IFRS) with NTD thousand as the calculation unit. The statistics related to environment, safety & health, employees, and public welfare activities were conducted by responsible departments and confirmed by the department manager before being presented in the calculation by international common standards.
  To enhance the disclosure quality of the Report, Cathay appointed the task force consisting of members of Sustainable Development Committee to review the Report before submitting it to the Chairman for approval. It has been published on the company website and uploaded to the Market Observation Post System after being reported to the Board of Directors. The Report has not been verified by an independent third party, and we are planning the assurance of the ESG Report by an independent third party in the future.
- Cathay possesses many international certificates, including ISO 9001 Quality management systems, AS 9100 Aerospace quality management systems, ISO 13485 Medical devices - Quality management systems and ISO/IEC 17025 General requirements for the competence of testing and calibration laboratories as well as maintains certification validity. For products, we passed the certification of OEKO-TEX® Standard 100. In addition, to pursue corporate sustainable development and respond to strategies and schedule of net-zero carbon emissions promoted by the government, Cathay started to conduct the following verification once every year from many years ago, including SMETA Sedex Members Ethical, which is an external audit on social responsibility; OEKO-TEX® STeP, which sets the highest standards to society and environment for sustainable textile and leather production; bluesign®, which is sustainable textile supply chain verification ensuring the production process and finished product meeting eco-friendly, health, and safety requirements; ISO 14001 Environmental management systems; ISO 14064-1 Greenhouse gas verification, and ISO 14067 Carbon footprint of a product verification. Please refer to the appendix- certificates of management systems in the Report for details.

Restatement of the report

It is the first year of the publication of the report, and there is no material change of the organization or the change of reporting scope.

Release cycle

Cathay plans to publish a report every year. It is the first year of publication.
Publication this year: August 2025
Next publication: August 2026
To support eco-friendly paperless publication and fully perform corporate social responsibility, the Report is published on the official website of Cathay Consolidated Inc. in both Traditional Chinese and English electronically for stakeholders to review.

Link to ESG Report

https://www.cathayconsolidated.com/IN_Html_EN/about-esg-report.html

Inquiry of the Report

Welcome to contact us if you have any suggestions to the content of the report.

Sustainable Development Committee

offical@cathay1342.com.tw

+886 3 9109568

No. 6, Dexing 4th Road, Dongshan Township, Yilan County

https://www.cathayconsolidated.com/

Sustainable Development Policy

Cathay carries the business philosophy of “customer satisfaction, our life-long devotion” and focuses on “sustainability innovation, carbon reduction & regeneration” as out sustainability vision. Besides, we treat “greenhouse gas reduction, seeking raw materials that can be recycled and regenerated, reduction of product carbon emissions, and implementing corporate sustainable development goals” as our mission. We are dedicated to carry through Cathay’ s five core values of “integrity,” “respect,” “responsibility,” “result,” and “joy,” continuously implement corporate governance, develop sustainable environment, maintain social welfare, and strengthen information disclosure principle of sustainable development to fulfill sustainable development.

Our sustainability policy is applicable to the whole industrial chain. It is a guidance for suppliers, customers, and employees to follow and is implemented by the Sustainable Development Task Force after being reviewed by the Sustainable Development Committee. The performance in environment, social, and corporate governance dimensions in 2024 was disclosed in the Report. Cathay’ s Sustainable Development Policy is as follows:

Dimension	Policy	Sustainability Strategy
Environment	● Energy conservation and carbon reduction ● Green eco-friendly products ● Pollution prevention ● Resource recycling and reutilization ● Supply chain environmental sustainability	● Continuously enhance product energy efficiency, reduce energy consumption during the manufacturing process, and promote the use of renewable energy to devote to reducing greenhouse gas emissions. ● Incorporate green products into the consideration at the stage of product design, adopt eco-friendly and recycled materials, comply with legal regulations related to product content, no use of banned or restricted substances, and recycle and dispose according to regulations to ensure the minimal impact to the environment during the produce whole life cycle. ● Comply with eco-friendly regulations and take effective measures for pollution prevention to ensure proper disposal of waste. ● Promote material and resource recycling, enhance the rate of waste resource recovery to reduce dependency to natural resources. ● Collaborate with suppliers to promote green procurement and ensure the enhancement of eco-friendly standards in the supply chain to fulfill environmental sustainability together.
Social	● Protection to employee rights and interests ● Talent cultivation and development ● Social inclusion and co-prosperity ● Diverse development ● Supply chain responsibility ● Customer relationship management	● Comply with labor and occupational safety regulations and provide a safe and healthy working environment to ensure employees’ basic rights and interests. ● Provide diverse training and career development opportunities and enhance employees’ professional capabilities to promote personal development. ● Actively participate in community services and public welfare activities and perform corporate social responsibility to make contribution to the society. ● Promote the policy of diversified development and respect different backgrounds and cultures to create an inclusive working environment. ● Ensure supply chain partners complying with human rights and labor standards to jointly maintain social equality. ● Value customer demands, provide high-quality low-carbon products and services, and establish long-term relationship based on trust.
Corporate Governance	● Diverse Board of Directors ● Risk management mechanism ● Transparent information disclosure ● Regulatory compliance ● Implementation of ethical governance	● Compose a Board of Directors that is with diverse background and professional knowledge to enhance decision quality and the performance of corporate governance. ● Establish a comprehensive risk management system to regularly identify, assess, and manage various risks to ensure stable operation. ● Regularly publish financial statements and sustainability reports to ensure information transparency and maintain trust of investors and stakeholders. ● Strictly follow relevant legal regulations and standards to ensure business operation meeting legal requirements. ● Promote corporate ethical culture, establish code of ethical conduct, and prevent corruption behaviors to maintain company reputation.

To carry through the sustainable development policy, we implemented the following concrete actions:

- To manage sustainable development, Cathay Board of Directors authorized the establishment of ESG Committee. The Chairman functioned as the chair of the ESG Committee, and functional task forces were assigned under the management of the committee to propose and execute sustainable development policy, system or management guideline as well as concrete action plans. General Manager and vice presidents functioned as the chief of each task force. The four task forces were "Corporate Governance and Economic Group," "Environmental Sustainability Group," "Social Co-Prosperity Group," and "Business Innovation Group" to consolidate company resources, follow sustainable development practice principle and risk management method & policy, to identify, access, handle & monitor risks related to environment, social and corporate governance topics that might affect our business operation as well as adopt prevention measures to reduce losses caused by risk, implement regular follow-up, and incorporate into daily operation.
- Sustainable Development Committee was upgraded to functional committee in 2024. Committee meeting shall be held once every half a year. Before the meeting, Executive Secretary issued a meeting notice and asked the chief of each group to prepare the suggestions and opinions from stakeholders to Executive Secretary. They were discussed and made resolutions during the meeting. In the end, General Manager submitted the resolutions to the Chairman for approval.
- After the completion of the ESG report, the Chairman called for an ESG Committee meeting to confirm together all ESG material topics have been covered in the report of the year. The Company then established operating procedures for preparation and verification of sustainability report and included them into the internal control system.
- The Chairman reported the performance of ESG of the year to the Board of Directors once a year. The Board of Directors proposed relevant suggestions and opinions for the ESG report. The implementation status of sustainable development for 2024 was submitted to the Board of Directors on December 19, 2024.

Sustainable Development Goals

Sustainable Development Goals (SDGs) is a program published by United Nations in 2015. It proposed 17 sustainable development goals and 169 sub-goals as guidelines for member nations and global enterprise to implement sustainable development before 2030.

Cathay incorporated the SDGs into our business strategies. We expand the thinking style focusing on financial performance in the past to that considering both eco-friendly and other legal regulatory compliance, enhancing employee compensation to retain excellent talents, eliminating inequality in the workplace, reducing climate change and greenhouse gas emissions as well as inviting suppliers to work on environment improvement and the increase of compensation packages. Look into future, we will continue making more contribution on the sustainable development goals and perform our corporate social responsibility.

SDGs	Sub-goal	Response by Cathay
	1.4 Ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services.	● Provided salaries that are better than legal regulations and with market competitiveness as well as complete welfare measures so that employees can work with dignity to enhance personal and family standards of living. ● Adjusted employee salary and welfare in accordance with profiting to enhance employees' cohesion to the company.

SDGs	Sub-goal	Response by Cathay
4 QUALITY EDUCATION	4.5 eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations. 4.7 Promote education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence.	● Arranged vocational trainings for employees in different positions to ensure training opportunities are provided to each employee. ● Offered courses related to sustainable development, workplace gender equality, and labor rights to encourage employees to participate. ● Provided employees a working environment that is with gender equality and diversity; adopted an open and fair principle to treat everyone equally in language, attitude, and behavior irrespective of their gender, race, social status, age, marital status, language, ideology, religion, political party, nationality, birthplace, appearance, facial features, and disability in order to work together to creating a working environment with dignity, safety, equality, and free of discrimination and harassment.
5 GENDER EQUALITY	5.1 End all forms of discrimination against all women and girls. 5.4 Recognize and value unpaid care and domestic work through the social protection policies and the promotion of shared responsibility within the household.	● Gender was not the consideration for employment and employee performance assessment for promotion. ● Granted the rights to apply for parental leave without pay to all employees no matter men or women.
8 DECENT WORK AND ECONOMIC GROWTH	8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. 8.7 Elimination of child labour and eradicate forced labour. 8.8 Protect labour rights and promote safe and secure working environments for all workers, in particular women migrants, and those in precarious employment.	● Gender was not the consideration for employment and employee performance assessment for promotion. ● Adjusted employee salary and welfare in accordance with profiting to enhance employees' cohesion to the company. ● Respected labor rights and interests, including no employment of child labor and prohibition of workplace discrimination in any forms. ● Adjusted job content for female employees with child birth according to law to reduce their workload and provide them substantive guarantee. ● In 2024, there was no reporting on discrimination or events of suspected discrimination. ● Implemented the occupational safety and health management system to effectively enhance workplace safety for employees.
10 REDUCED INEQUALITIES	10.2 Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity,origin, religion or economic or other status. 10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory practices.	● The recruitment, performance assessment and promotion systems excluded employees' physical or mental differences from the standards of consideration. ● Established employee whistleblowing channels and complete whistleblowing procedures to protect whistle blowers.

SDGs	Sub-goal	Response by Cathay
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment. 12.5 substantially reduce waste generation through prevention, reduction, recycling and reuse.	● Managed hazardous substances according to legal regulations and relevant requirements and proactively looked for alternative or reduction solutions to achieve continuous improvements. Complied with laws related to product content and prohibited using banned or restricted substances as well as recycled and disposed in accordance with rules. ● Monitored, tested, controlled, and processed waste water, waste, and pollution prevention facilities during the manufacturing process before discharge and kept records of monitoring and comparison to emission standards for future reference. ● Implemented green products, optimized design process, and reduced waste generation.
13 CLIMATE ACTION	13.2 Integrate climate change measures into policies, strategies and planning.	● From 2024, referred to TCFD requirements to implement risk governance for climate change and disclosed the information in the ESG Report. ● Implemented ISO 14064-1 greenhouse gas inventory and ISO 14067 carbon footprint of a product.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	16.6 Develop effective, accountable and transparent institutions at all levels. 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels.	● Strengthened corporate governance and ensured practitioners complying with company regulations through the internal control system as well as established whistleblowing procedures and whistleblowing channels. ● Provided diverse and open communication channels; understood stakeholders' demands and expectation to the company through stakeholder engagement and reported it to the Board of Directors regularly.

01 Stakeholders and Material Topics

1. Stakeholders and Material Topics

Stakeholders and business operation are inseparable so we care about demands from stakeholders. To ensure the information disclosed in the report meeting stakeholders' demands, Cathay conducted substantive analysis on the Report and confirmed material topics for 2024 ESG Report through "identification of stakeholders', "collection of sustainability topics," "assessment of impacts to internal operation," "investigation of impacts to stakeholders in economy, environment, and society (social groups), and "prioritization of material topics."

Four steps to determine material topics

Step 1
Understand the organization' s context
Referred to the sustainability-related industry standards and reviewed business activities, business relationship, and process of stakeholder identification in the organization to learn the overall situation and relevant impacts as well as identify stakeholders for sustainability.

Step 2
Identify actual and potential impacts
Identified actual and potential impacts to economy, environment, and social groups based on the whole organizational situation and business relationship, including & negative, short-term & long terms, and deliberate or irreversible impacts to select concerned sustainability-related topics.

Step 3
Assess the significance of the impacts
Conducted materiality analysis through external stakeholder questionnaires on impacts to economy, environment, and social groups and internal questionnaires on impact to business operation.

Step 4
Prioritize the most significant impacts for reporting
Sequenced the identified topics based on the level of impact and examined significance according to the sustainability-related industry standards and adversary to screen out material topics.

1.1 Identification of stakeholders

Cathay called for meetings with Sustainable Development Committee to evaluate international trend in sustainable development, industrial characteristics of Cathay' s business, and ESG report benchmarking through internal discussion. Through routine interaction with stakeholders and their attention, dependency, and impact level to Cathay' s operation as well as in accordance with the five dimensions, Dependency, Influence, Attention, Responsibility, and Diverse Perspectives, specified in AA1000 SES (AA1000 Stakeholder Engagement Standard 2015), Cathay identified 6 categories of main stakeholders, including employees, customers, investors, suppliers, government agencies, and financial institutions.

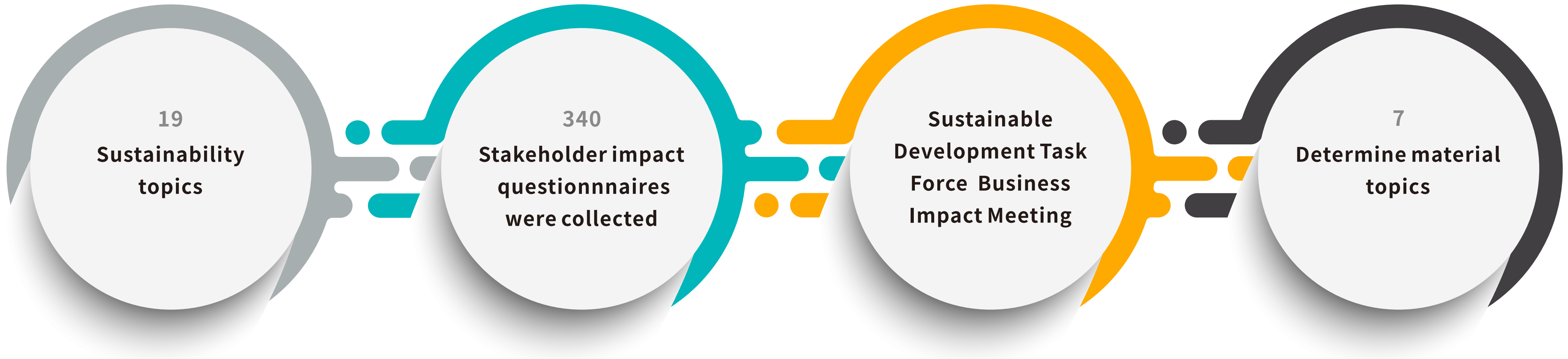
1.2 Communication with stakeholders

Cathay Sustainable Development Task Force collected concerned topics addressed by main stakeholders during routine business dealings and conducted data consolidation as well as referred to GRI Sustainability Reporting Standards, industry indicator, and ESG reports from businesses in the same trade to summarize 19 sustainability topics, which cover economic, environmental, and social dimensions, to ensure the information of sustainability disclosed by Cathay meeting the completeness and diversity required by GRI Standards.

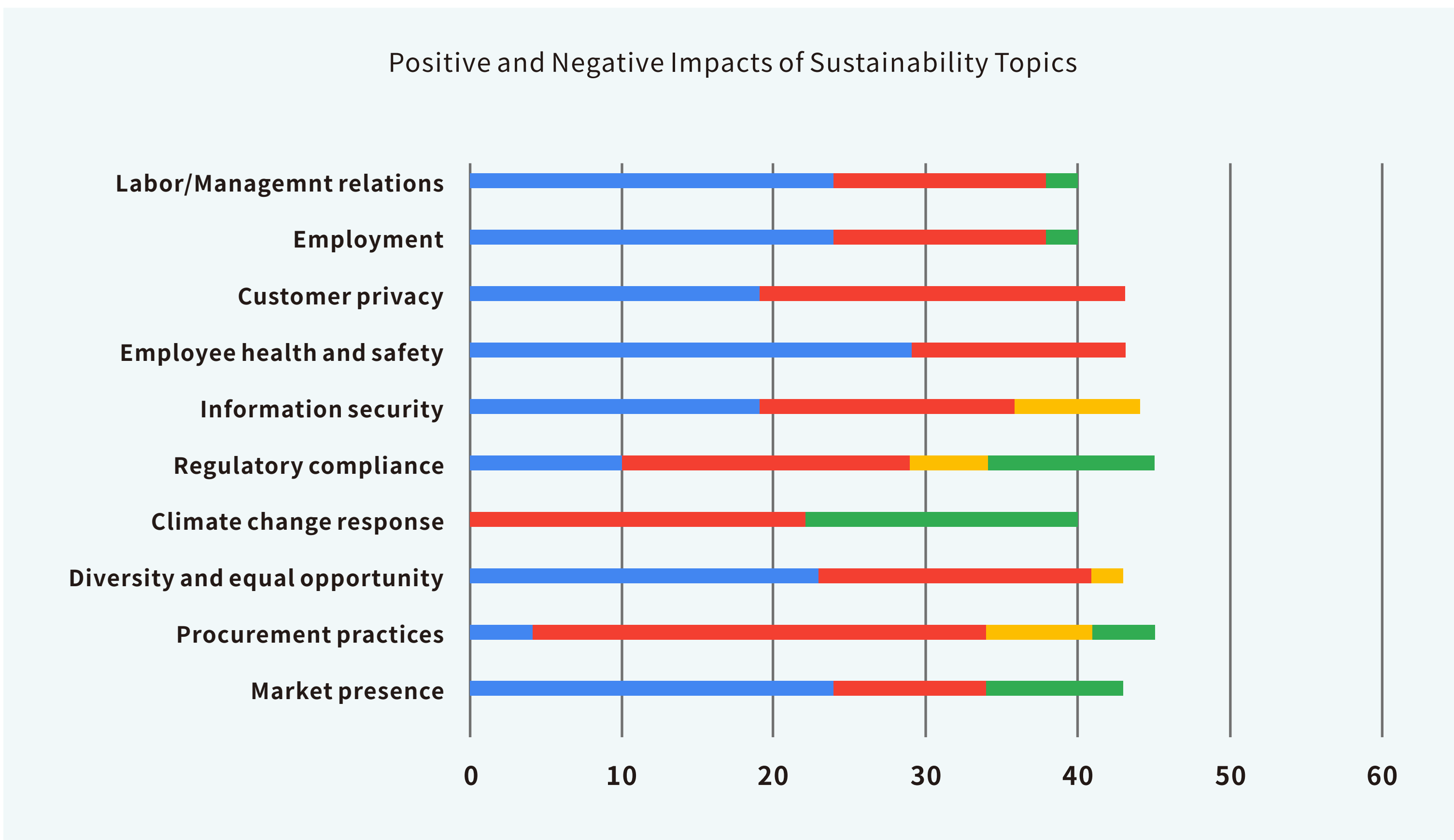
Main Stakeholder	Significance to Cathay	Main Topics Concerned	Communication Channel/ Frequency	Performance
Employees	• Employees are essential to the business operation. Cathay created a working environment that is good for their physical and mental health and for their diverse development.	Employee health and safety Talent sustainability Employment Human rights policy Labor/Management relations	Contact: Personnel Unit, General Affairs Department Tel: +886 3 9109568 E-mail: mindyyu@cathay1342.com.tw Telephone, Email/ irregular Labor-Management Meeting/ quarterly Employee Grievance Channel/ irregular	1. A total of 194 sessions of internal meetings with participation of 5,820 people. 2. A total of 60 phone calls received for internal telephone consultation. 3. Held 4 sessions of regular labor-management meeting every quarter.
Customers	• Customers are the main source of company revenue. Cathay treats product quality safety and after-sales service as the highest commitment to customers. The maintenance of high customer satisfaction is helpful for gaining subsequent recognition among customers.	Corporate governance Regulatory compliance Business performance R&D and innovation Green products Product responsibility Customer relationship Information security Greenhouse gas emissions	Contact: Sales & Marketing Department Tel: +886 3 9109568 E-mail: sales@cathay1342.com.tw Customer Meeting/ irregular Business Visits/ quarterly Customer Satisfaction Survey/ annual Telephone, Email/ irregular	1.Received 45,930 emails from Customer Service Dedicated Email. 2.In 2024, 20 questionnaires were sent for customer satisfaction survey. 15 of them were completed and returned. The result was 84.33 points.
Investors/ Shareholders	• Shareholders are the investors of the company. Cathay protects shareholders' rights and interests, treats all shareholders fairly, and ensures shareholders are fully informed, participate in, and vote for material matters.	Economic performance Corporate governance Risk management Regulatory compliance	Contact: IR Unit, General Affairs Department Tel: +886 3 9109568 E-mail: investor@cathay1342.com.tw Ordinary Shareholders' Meeting/ annual Investor Relations, Official website/ irregular Market Observation Post System/ irregular	1. Attendance rate of shareholders at the Ordinary Shareholders' Meeting: 60.74%. 2. Held 1 session of the investor conference.
Suppliers	• Cathay maintains long-term good interaction with suppliers. Our products and services rely on stable supply of materials and components by numerous suppliers. In addition, we exercise our influence in the industry and work with suppliers to avoid environmental pollution and violation against labor rights.	Procurement practices Sustainable supply chain Green procurement Energy conservation and carbon reduction Materials Human rights policy	Contact: Procurement Department Tel: +886 3 9109568 E-mail: service@cathay1342.com.tw Written Evaluation/ every half a year On-Site Assessment/ irregular Supplier Visits/ irregular	1. All of our suppliers provided supporting documents of compliance with green product requirements. 2. Completed on-site assessment on 59 suppliers.
Government Agencies	• Government agencies supervise and audit our implementation in regulatory compliance to ensure Cathay' s business operation meets regulatory requirements.	Regulatory compliance Employee health and safety Information security Human rights policy Energy Greenhouse gas emissions Waste Climate change response	Contact: Internal Audit Office Tel: +886 3 9109568 E-mail: offical@cathay1342.com.tw Policy Advocacy Meeting by Competent Authority/ irregular Market Observation Post System/ irregular Company Website/ irregular Telephone, Email, Official Letter/ irregular	1.Number of official letters with competent authorities: 427 times. 2.Number of telephone communication: 72 phone calls.
Financial Institutions	• Loans from banks are the sources for upgrading and renewing production equipment and investing other fields to create more profits.requirements.	Regulatory compliance Financial performance	Contact: Finance Department Tel: +886 3 9109568 E-mail: finance@cathay1342.com.tw Telephone, Email/ irregular	1.Number of dealings and visits to banks: 102 times. 2.Number of information provision by banks: 4,750 times.

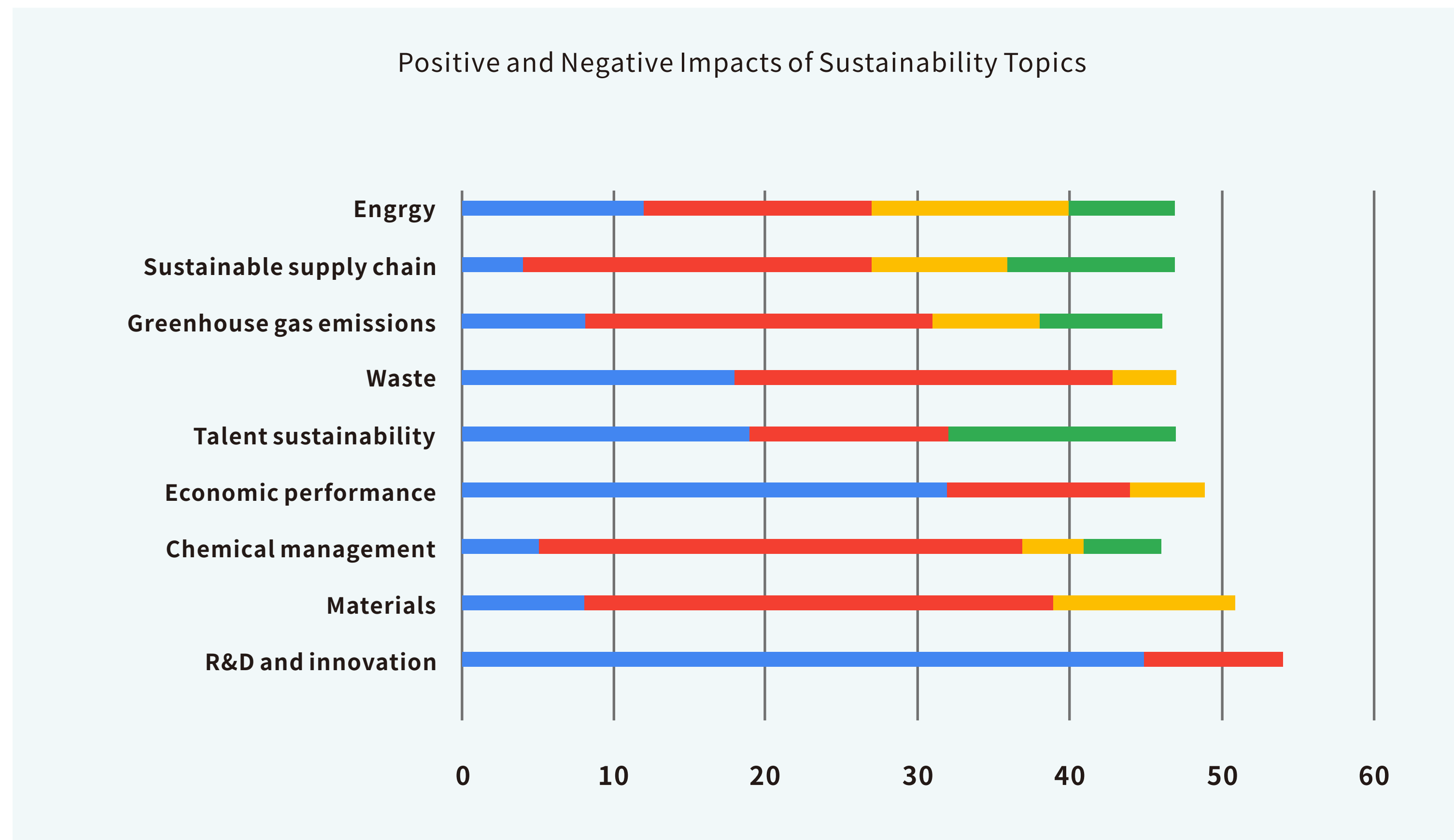
1.3 Determine material topics

The Sustainable Development Task Force drew up 19 sustainability topics. Online questionnaires were sent to main stakeholders, with 340 valid questionnaires collected, to obtain impact ratings on each of above sustainability topic in terms of corporate governance, environment, and social groups by the main stakeholders. A meeting was called for the Sustainable Development Task Force to evaluate the result of stakeholder impact rating, conduct impact assessment to internal operation, and incorporate opinions from external advisors before sequencing to determine material topics.



Sustainability Impact Assessment (SIA)



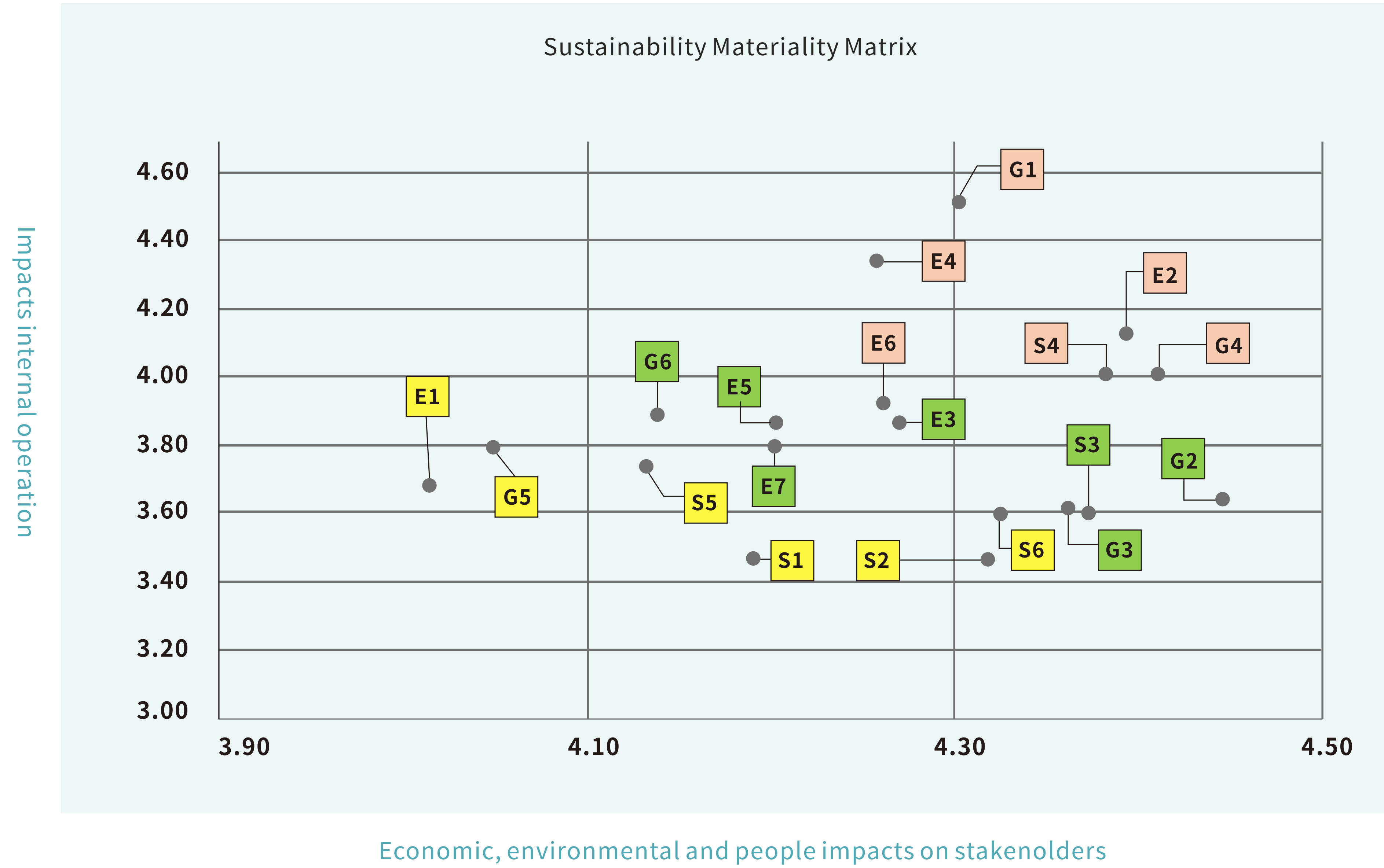


Actual positive impacts   Potential positive impacts   Actual negative impacts   Potential negative impacts

Prioritization of Materiality sustainability topics

Priority	Code	Sustainability Topic
01	G1	R&D and innovation
02	E4	Materials
03	E2	Chemical management
04	G4	Economic performance
05	S4	Talent sustainability
06	E6	Waste
07	E3	Sustainable supply chain
08	E5	Energy
09	G2	Regulatory compliance
10	E7	Greenhouse gas emissions
11	G6	Procurement practices
12	G3	Information security
13	S3	Employee health and safety
14	S6	Customer privacy
15	S5	Diversity and equal opportunity
16	G5	Market presence
17	S2	Employment
18	E1	Climate change response
19	S1	Labor/Management relations

Note: Topics in blue background are the material topics of the year.



Material topics and value chain boundary

Note: ● = direct impact; ○ = impact to the company through business relationships.

Dimension	Material topic	Positive, negative, actual or potential impacts caused to Cathay	Corresponding to specific topic in GRI Standards (disclosures)	Internal boundary	Value chain boundary		Customer
				Cathay	Customer	Supplier	
Environment	Sustainable supply chain	Stable development of supply chain is the foundation of sustainability. In 2024, we kept ensuring suppliers meet requirements through the promotion of supplier policy and supplier sustainability assessment. It was a potential positive impact.	• 308 Supplier Environmental Assessment: 2016 (308-1~308-2) • 414 Supplier Social Assessment: 2016 (414-1~414-2)	●	○	○	4.6
Environment	Waste	Implemented waste management according to "Waste Management Procedures" to achieve management of waste storage, declaration, clearance, and disposal as well as adjusted on a rolling basis in accordance with the revision of Waste Disposal Act and the status of implementation. It was a potential positive impact.	• 306 Waste: 2020 (306-1~306-6)	●			4.5
Environment	Chemical management	Assessed and managed materials and organic solvents used in the manufacturing process or product in accordance with "Regulations for the Labeling and Hazard Communication of Hazardous Chemicals" and "Chemicals Hazard Classification and Control Regulations" established by Ministry of Labor to strengthen chemical management and avoid hazard to workers and users. It was a potential positive impact.	• No specific corresponding GRI topic.	●	○	○	4.1.2
Social	Talent sustainability	Enhancement of employee remuneration and welfare as well as diverse training opportunities will increase employees' recognition to the company as well as attract and retain excellent talents. Limited to the low birth rate, the industry suffers talent shortage. It was an actual negative impact.	• 401 Employment: 2016 (401-1~401-2) • 404 Training and Education: 2016 (404-1~404-3)	●			5.2
Corporate governance	Information security	The threat to information security was increasing in recent years. Cathay proactively invested in resources of information security to strengthen information security network. In 2024, there was no material information security incident. It was an actual positive impact.	• No specific corresponding GRI topic.	●	○	○	3.7
Corporate governance	R&D and innovation	Development of lightweight eco-friendly products was helpful to enhance company competitiveness. In 2024, green design was continuously implemented. It was an actual positive impact.	• No specific corresponding GRI topic.	●	○	○	3.6
Corporate governance	Economic performance	Economic performance is the foundation of company's sustainable development. Only with stable profiting, can investors' expectation be satisfied. In 2024, the financial performance met the company goals. It was an actual positive impact.	• Economic Performance: 2016 (201-1~201-3)	●	○	○	3.4 4.7 5.2.1

02

About Cathay Consolidated Inc.

2. About Cathay Consolidated Inc.

2.1 Company profile

Cathay Consolidated Inc. was founded in 1982. In the early stage, we focused on importing and exporting sports equipment as main products for main business. In 1982, the pattern of the organization was changed to company limited by shares. The business of the company was transformed to manufacturing technical fabrics and relevant products.

The headquarter is located in Yilan, Taiwan. Cathay developed locally in Taiwan and is dedicated to designing and producing technical fabrics and films. Our main business items are manufacturing and selling high-end medical, life-saving, aviation, military, and outdoor technical fabrics and components for finished products. Being the only manufacturer in the world that possesses technology and capacity of coating, film lamination, cutting, and high frequency, we integrated our produce supply chain and kept creating excellent business performance. At the moment, we are the main supplier for world-leading brands in air mattress/ medical bed. Besides, a range of our products obtained awards in the international exhibition and were reported by international magazines.

We pursue continuous self-improvements. Except the certification of ISO 9001 Quality management systems, we also obtained the certificate of AS 9100 Aviation quality management systems and developed world-class products. Meanwhile, our excellent quality management and strict monitoring by testing won us the certificate of ISO 13485 Medical device - Quality management systems. In addition, to ensue product quality and enhance technical competence, we also passed the certification of ISO/IEC 17025 General requirements for the competence of testing and calibration laboratories. All of these show our pursuit and dedication to technology and quality.

Based on the familiarity with material properties required for technical fabrics for different application fields, we profess to be the pilot for design and production of technical fabrics. We are capable of turning the concepts and drawings provided by customers into mass production modules in a short time as well as providing feedback and solutions proactively; while satisfying customers’ expectation in high quality, we further assist them to enhance the market share.

R&D is always an important foundation for our business operation. Resource investment to collaborate with customers for joint development of high-performance technical fabrics and products has been the long-term goal that Cathay pursues. Customer satisfaction, our life-long devotion; Cathay will be more active in enhancing diverse technology capabilities in the future and, focus on serving more customers all over the world as our ambition.

Company History

Name	Cathay Consolidated Inc.
Industry	Domestic Listed/Other Industries SASB Industry Classification: Industrial Machinery & Goods
Headquarter	No. 6, Dexing 4th Road, Dongshan Township, Yilan County 269031 Taiwan
Capital on stock in 2024 (Unit: NTD thousand)	784,802
Consolidated income in 2024 (Unit: NTD thousand)	2,511,442
Operating site	Headquarter: No. 6, Dexing 4th Road, Dongshan Township, Yilan County 269031 Taiwan Technical Fabrics Division (B1): No. 6, Dexing 4th Road, Dongshan Township, Yilan County 269031 Taiwan Finished Products Division (B3): No. 3, Dexing 1st Road, Su’ ao Township, Yilan County 270016 Taiwan
Number of employees	409 persons
Description of main products/ services	Technical Fabrics Division mainly engages with the application of thermoplastic polyurethane (TPU). Based on the properties and chemistry, it will be the production of technical fabrics and films to be used on aviation, life-saving, medial, outdoor and military & others products. Finished Products Division mainly produces medical and outdoor inflatable products as well as provides comprehensive services and complete solutions.
Quantity of products provided	TPU technical fabrics 11,377 (thousand yards) Camping mattress 329,457 (pieces) Medical mattress 76,139 (pieces) Bladders 842,429 (pieces) Other products 823,689 (pieces)

Revenue ratio by products:

Year	2023		2024	
Type of product	Net revenue (NTD thousand)	%	Net revenue (NTD thousand)	%
Outdoor	1,510,180	58.88%	1,405,404	55.96%
Medical	527,091	20.55%	415,255	16.53%
Aviation & Life-saving	333,592	13.01%	420,348	16.74%
Military & Others	193,908	7.56%	270,435	10.77%
Total	2,564,771	100.00%	2,511,442	100.00%

Revenue ratio by regions:

Year	2023		2024	
Region	Net revenue (NTD thousand)	%	Net revenue (NTD thousand)	%
Taiwan	76,643	2.99%	120,214	4.79%
Asia (excluding Taiwan)	1,128,287	43.99%	830,154	33.05%
America	945,421	36.86%	981,151	39.07%
Others	414,420	16.16%	579,923	23.09%
Total	2,564,771	100.00%	2,511,442	100.00%

Contact information

To strengthen communication with stakeholders, Cathay integrated resources. The contact information for our operating sites is as follows:

- Cathay Consolidated Inc. (Headquarter Office)
- Address: No. 6, Dexing 4th Road, Dongshan Township, Yilan County 269031 Taiwan
- Tel: +886 3 9109568
- Fax: +886 3 9908532
- E-mail: sales@cathay1342.com.tw

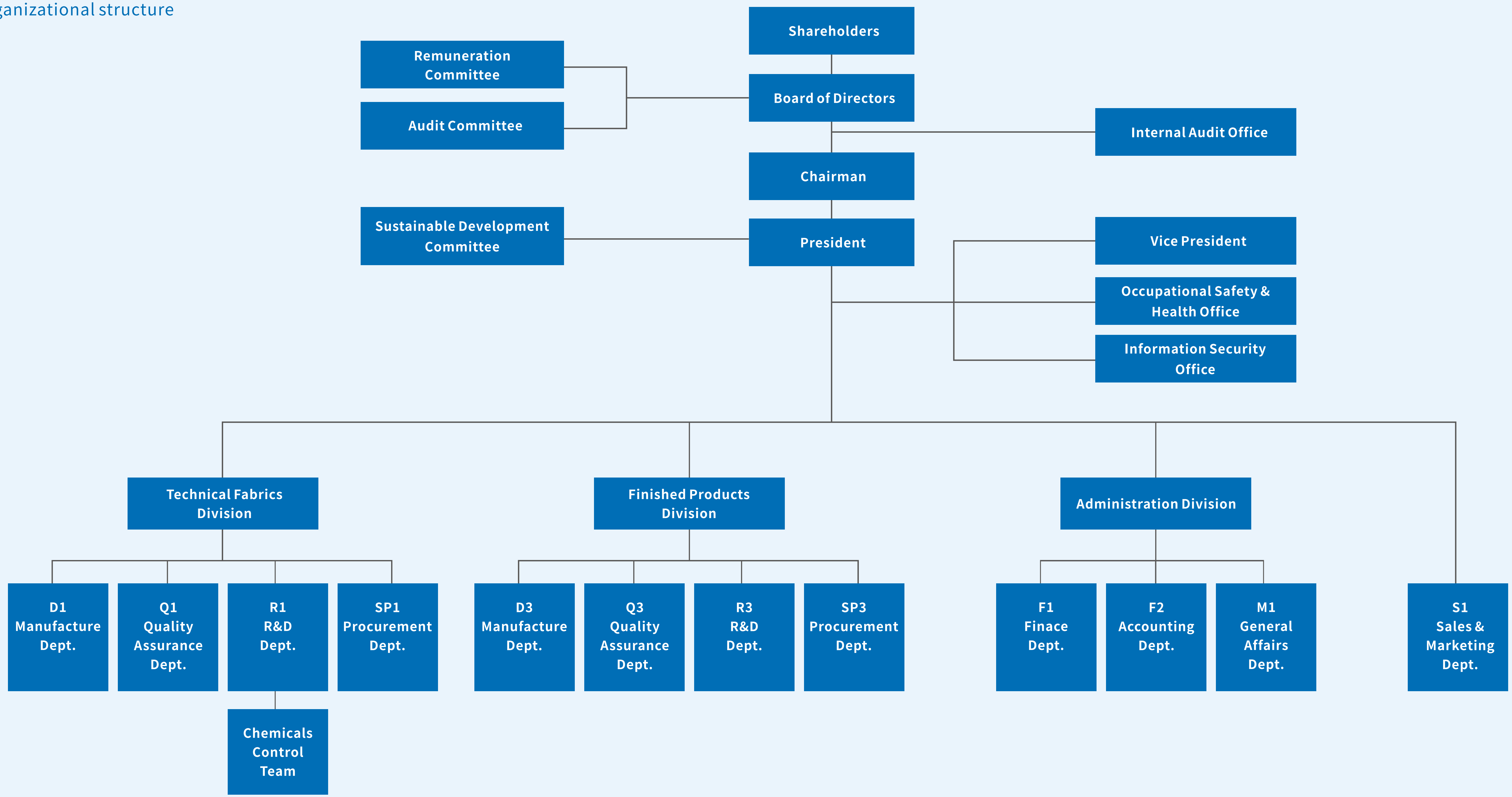
- Technical Fabrics Division (B1)
- No. 6, Dexing 4th Road, Dongshan Township, Yilan County 269031 Taiwan
- Finished Products Division (B3)
- No. 3, Dexing 1st Road, Su' ao Township, Yilan County 270016 Taiwan

Headquarter

Technical Fabrics Division (B1)

Finished Products Division (B3)

Organizational structure



Department	Job Duty
Internal Audit Office	To review and evaluate the effectiveness and completeness of the internal control system and provide suggestions for improvement.
Administration Division	In charge of businesses related to financial operations, accounting, tax affairs, business analysis, IT, human resource, and occupational safety & health.
Technical Fabrics Division	To coordinate R&D, production & manufacturing, technical improvement, procurement, and warehouse management of technical fabric and film products.

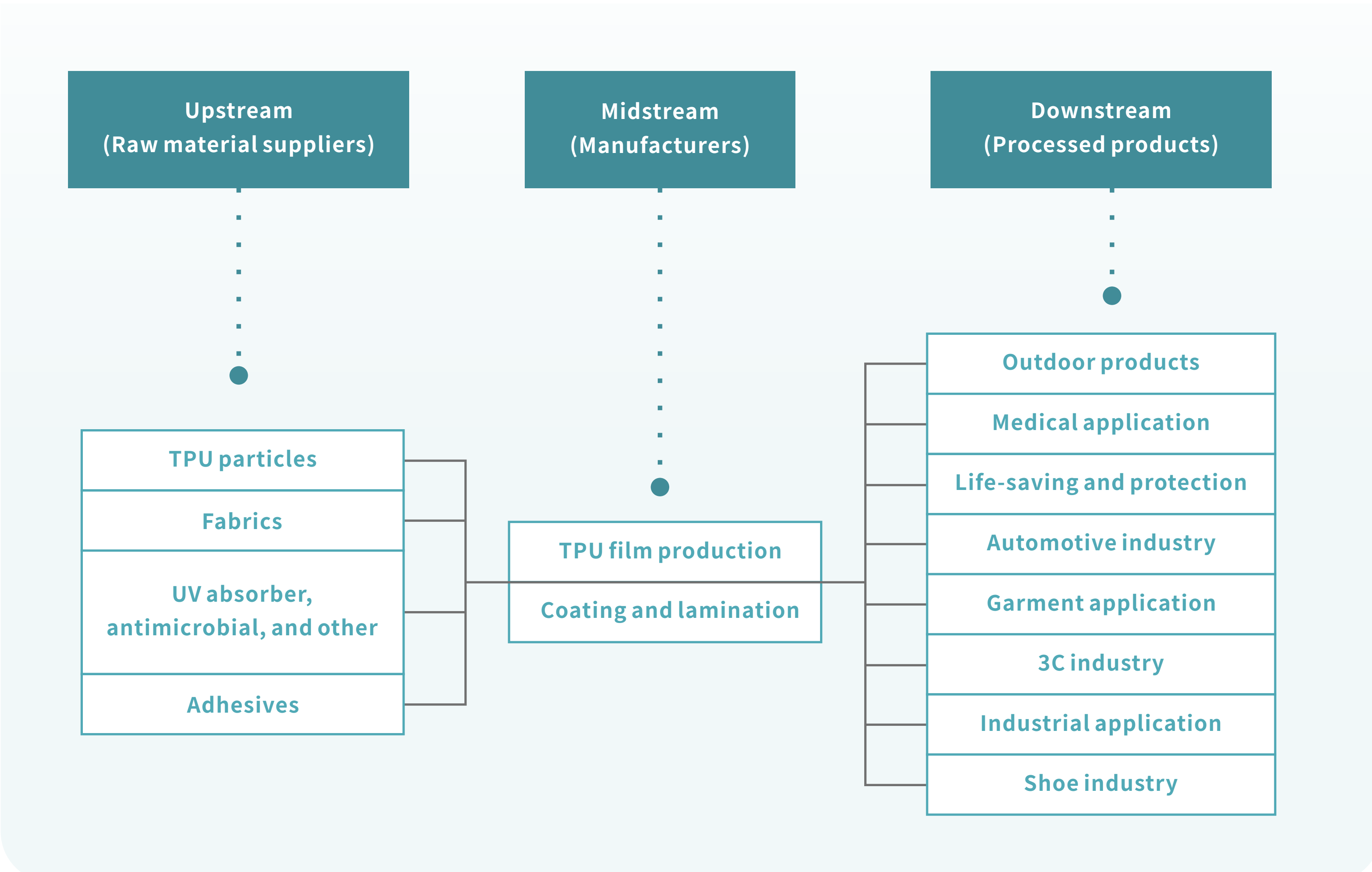
Department	Job Duty
Finished Products Division	To coordinate R&D, production & manufacturing, technical improvement, procurement, and warehouse management of medical, outdoor finished products and components.
Sales & Marketing Department	In charge of product promotion and sales, shipping, and payment collection.

Management Team

Job title	Name	Educational background and experience
Chairman and General Manager	Tsung-Hsi Liu	Master of Science in Electrical Engineering, Cornell University Department of Mechanical Engineering and Department of Industrial Management, National Cheng Kung University President, Caremed Supply Inc.
Vice President, Chief Finance Officer, and Chief Accounting Officer	Hung-Yi Li	Department of Accounting, National Chung Hsing University Director, Caremed Supply Inc. Chief Audit Executive, Senao International Co., Ltd. Chief Finance Officer, Formica Corporation- China Area Chief Audit Executive, Acelon Chemicals & Fiber Corporation Manager, KPMG
Vice President of Business	Hui-Ling Cheng	MBA, University of Wales General Manager, Sagittarius Sporting Goods Co., Ltd. International Business Manager, Han Ray International Corp.
Director of Technical fabrics division	Sheng-Kai Huang	Department of Chemical Engineering, Tamkang University Engineer, Nan Ya Plastics Corporation
Director of Finished products division	Hao-Cheng Li	Master of Science in Mechanical Engineering, National Cheng Kung University Manager, Department of Manufacturing, Caremed Supply Inc. Assistant Technical Manager, System Access epartment of Chemical Engineering, Tamkang University Co., Ltd.
Director of Manufacturing Dept., Technical fabrics division	Chang-Cheng Chen	Department of Chemical Engineering, National Yunlin University of Science and Technology Factory Manager, Nan Ya Plastics Corporation
Chief Audit Executive	Li-Fen Shih	Department of Accounting, Tunghai University Manager, Administration Department, Cathay Consolidated Inc. Manager, Administration Department, Syncmold Enterprise Corp. Assistant Manager, Underwriting Department, Hua Nan Securities Co., Ltd.

Industrial chain

The upstream of the industry that we are classified to is mainly materials like TPU particles, base fabrics, and other additives. Therefore, material prices of our upstream industry, which is the petrochemical industry, will be subject to the market situation of international material supply and demand. Cathay is a midstream in the TPU industry, and through downstream various processing procedures, our products are applied on various life-saving, medical application, outdoor, and military & industrial products in the terminal market. The links among upstream, midstream, and downstream of the industry are shown in the diagram below:



Cathay manufactures products of secondary processing with professional coating and lamination technology and products of tertiary processing with technology of high frequency and hot pressing. We are a manufacturer that possess secondary processing and tertiary processing technology and capacity at the same time.

2.2 Participation in external associations

Cathay devotes to the promotion of industrial development and is active in participating in external associations. Through external exchange activities, we learn the development trend of international industries and relevant regulations from different countries to incorporate into our sustainable management strategies and guidelines. Besides, by participating in various associations and promoting businesses of associations, we exercise our influence to make the whole industry better.

Name of external association	Participation as	Committee involved/ project promoted
Yilan County Industrial Association	Member	None
Yilan County Longde Manufacturers Development Association	Member	None
Taiwan Institute of Directors	Member	None

03

Ethical Governance

3. Ethical Governance

SDGs	Cathay' s goals	Performance and goal achievement
4.7 Ensure that all learners acquire the knowledge and skills needed to promote sustainable development 12.8 Ensure that people everywhere have the relevant information and awareness for sustainable development	● To enhance awareness of sustainability among the members of the Board of Directors. ● To enhance awareness of sustainability among employees.	● In 2024, directors received 66-hour training; they were 100% courses related to sustainable development. ● In 2024, employees received a total of 1,597 training hours in courses related to sustainable development.
9.5 Upgrade the technological capabilities of industrial sectors and encouraging innovation	● To achieve a ratio of R&D investment above 3% of total revenue.	● In 2024, we invested NTD 76,687 thousand in R&D, which was 3.05% of the consolidated revenue.
16.5 Reduce corruption and bribery in all their forms	● No regulatory violation. ● To promote ethical management.	● In 2024, no violation against regulations of ethical management. ● In 2024, we completed promotion of ethical management.
16.6 Develop effective, accountable and transparent institutions at all levels	● To hold a Board Meeting at least every quarter. ● To conduct performance assessment. ● To 100% comply with hazardous substance standards. ● To obtain international certificates of ISO 9001 and ISO 14001 and maintain effectiveness.	● In 2024, a total of 6 meetings were held. ● Conducted performance assessment of Board of Directors and functional committees at least once every year. ● No abnormality on hazardous substances required by customers and by law. ● Maintained the validity of certificates.
17.16 Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships	● To complete the testing of OEKO-TEX® Standard 100. ● To pass the certification of OEKO-TEX® STeP Sustainable Textile and Leather Production. ● To pass the certification of bluesign® international eco-friendly standards. ● Ratio of compliance with restricted substance regulations: 100%.	● 100% compliance with OEKO-TEX® Standard 100. ● In 2024, we passed the certification of OEKO-TEX® STeP and bluesign. ● In 2024, the compliance rate of restricted substances was 100%.

Corporate governance and sustainable development rely on Board of Directors, strict internal control system, and effective operational and financial control. Other than contributing the reduction of operating risks, it helps to promote the enhancement of competitiveness and create corporate brand value as well as establish a corporate culture based on integrity and comply with legal regulations to fulfill ethical management. Moreover, well-organized corporate governance structure and strict supervision system ensure sound development of business operation and protect stakeholders' rights and interests.

Cathay adopted "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" as the accordance for corporate governance. Besides, relevant legal regulations were followed for corporate governance and internal management system. We implemented transparency on operational and financial information, valued shareholders' rights and interests, and strengthen business operation supervision and management through the Board of Directors. In addition, we established the Remuneration Committee and Audit Committee to facilitate duties performed by the Board of Directors.

Cathay followed Securities and Exchange Act and relevant regulations to formulate the corporate governance system. To highlight the protection to shareholders' rights and interests, strengthen functions of the Board of Directors, respect stakeholders' rights and interests, and enhance information transparency, the Board of Directors approved "Corporate Governance Practice Principles" containing measures of a fair, impartial and open procedure of director election and establishment of independent directors to strengthen the Board's functions in management and supervision. Besides, the Board of Directors also approved "Ethical Management Principles" and "Code of Ethical Conduct" to prohibit directors, managers and those who know the internal material information because of business involved from gaining profits by using the information that is unavailable in the market and avoid insider trading. Furthermore, Cathay established a well-structured information disclosure system based on principles of correct, timely and fair disclosure to provide information related to operation, finance, the board of directors and shareholders' meeting on the company website and Market Observation Post System Online Declaration System to ensure the latest information assessable to shareholders.

Cathay provided different contacts and channels for different types of stakeholders on the Stakeholder Zone in the company website as well as established diverse grievance systems. Through two-way communication, Cathay learns requirements and expectation from stakeholders to try our best to meet stakeholders' expectations.

Cathay Website/ About Cathay/ Corporate Governance

Cathay Website/ Investor Relations/ Stakeholder

3.1 Governance practice

Strengthening corporate governance and moving towards sustainable management are the structure and practice of corporate governance adopted by Cathay. Shareholders' Meeting is the highest authority in the company. It consists of all shareholders and is responsible for reviewing significant company decisions and the debriefing from the Board of Directors. The Board of Directors is the highest governing body in the company. All the Board members exercise the duty of care as a prudent administrator to formulate business strategies, review financial performance, and ensure operations meeting the regulations to implement regulatory compliance.

To improve functions of the Board of Directors and the effectiveness of corporate governance, Cathay established the Audit Committee and Remuneration Committee to assist the supervision of financial transparency and the fairness of the compensation system. An independent Internal Audit Office was established under the direct management of the Board of Directors to regularly conduct internal audit plan and report to the Audit Committee and the Board of Directors to ensure the effective implementation of internal control systems.

Cathay has always devoted to establish a prudent governance system and promote ethical management and sustainable growth. We followed "Regulations Governing Establishment of Internal Control Systems by Public Companies" and referred to operational activities in a whole to design and implement the internal control system as well as review and adjust when appropriate to respond to changes of external environment and ensure the effectiveness of system design and implementation is sustained. Through effective internal control system and information transparency mechanism, stakeholders' rights and interests are protected and the overall operational performance is enhanced.

To further support the operation of the Board of Directors, Cathay, with the resolution at the Board Meeting, assigned the Chief Finance Officer who is with experiences in finance, accounting, stock affairs, and regulatory compliance to be the Corporate Governance Officer to dedicate to providing directors information required for business execution, monitoring the development trend of relevant laws to assist directors performing the obligation in regulatory compliance, and ensuring corporate governance meet legal regulations and the best practice.

In the future, Cathay will continue improving overall performance of corporate governance and further reinforce the trust and support from stakeholders to move towards the goal of sustainable management steadily.

Note: Please refer to P37-38 in 2024 Annual Report for the list of major shareholders.

Process of Corporate Governance

Compliance

Establlished systems that meet requirements related to corporate governance specified by competent authorities, like Taiwan Stock Exchange Corporation, and implemented accordingly.

Function

Established the Audit Committee and Remuneration Committee, assigning independent directors to be members, to ensure implementation of supervision. The management team shall execute according to law and regularly report to the Board of Directors.

Assessment

Participated in the Corporate Governanace Evaluation for Listed and OTC Companies every year and regularly reviewed strategies. Through benchmarking, the effectiveness of corprote governance is improved.

Communication

Held regular shareholders' meeting to explain information related to corporate governance as well as prepare the annuel report and ESG report to disclose the status of sustainable development and risk control on the website.

Disclosure

Published decisions of material motions at the Board Meeting on the website to show responsibility to stakeholders.

Performance Achieved by the Corporate Governance Officer in 2024

- The training course received by the Corporate Governance Officer was 12 hours. The training courses arranged for all directors was 66 hours in total.
- Assisted meeting procedures and regulatory compliance for each functional committee, the Board of Directors and Shareholders' Meeting.
- Released material information of major resolutions by the Board of Directors and at the Shareholders' Meeting to ensure the lawfulness and accuracy of the content as well as protect equal access to the trading information for investors.
- Continuous improvement on the corporate governance evaluation.
- Provided information of training courses to independent directors and general directors and assisted them to complete training plans.
- Assisted independent directors' communication with internal chief auditors and certified public accountant regularly to understand the implementation of internal control system and finance.
- Updated company website irregularly to help investors understand the status of company finance, business, and corporate governance to ensure the maintenance of shareholders' rights and interests.
- In 2024, one session of the investor conference was held.

Meanwhile, Cathay entrusted an accounting firm to conduct regular audit and assurance on financial statements. All information required by law for disclosure was completed correctly and timely, and the company information was disclosed by authorized personnel. Besides, we also have a spokesman system in place to ensure timely and appropriate disclosure of material information so that shareholder and stakeholders will be able to access to the information related to finance and business.

3.1.1 Operation of the Board of Directors

The highest governing body in Cathay is the Board of Directors. In accordance with "Articles of Incorporation" and "Rules of Election of Directors," we elected 8 directors (including 4 independent directors, which accounts for 50% of the total number of directors). Each term of office is three years. Members of independent directors do not engage with any situation specified in Subparagraph 3 and Subparagraph 4, Paragraph 3, Article 26 of Securities and Exchange Act. Two of the directors are with the relation of a spouse or blood relation within the second degree, which is less than half of the total number of directors. The Board of Directors calls for a meeting according to "Procedural Rules of the Board Meetings" every quarter to establish operational strategies and decide material business. Professional and educational background that members of the Board of Directors have include commerce, law, finance, accounting, and industrial as well as abilities of professional knowledge, experience, decision-making, leadership, and crisis management required for performance of duties in order to respond to the economic, social, and environmental changes. Besides, "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" is followed for relevant implementation. The management team carries the philosophy of sustainable development, corporate social responsibility, harmonious partnerships, corporate image enhancement, and steady business growth to continuously pay attention to emerging topics in accordance with the policy instruction from the Board of Directors; it maintains good operation in a whole. The Board is in charge of drawing up business strategies and is responsible to shareholders and other stakeholders. Directors are devoted to business implementation and perform due diligence of good administrator as well as exercise duties in prudent attitudes. For the matters and arrangement of business implementation and governance systems, except those that are to be determined through resolution at the Shareholders' Meeting according to law or provisions of the articles, the rest shall be determined by the Board of Directors. Cathay Articles of Incorporation specifies the election of directors (including independent directors) adopts a candidate nomination system. Through regular re-election, we implement the principle of appointing people based on their abilities. Besides, we follow "Rules for Election of Directors" to consider diversity and independence of members, including but not limited to the standards in two dimensions, basic conditions & value and professional knowledge & skills as well as the knowledge, skill and literacy required for perform duties.

Directors in Cathay are equipped with both industrial professional abilities and abundant practical experience as well as familiar with development trends of the industry. The composition of members of the Board of Directors takes diversity into consideration from multiple aspects in accordance with "Corporate Governance Principles" and "Rules for Election of Directors." There are 8 directors in Cathay, including 4 independent directors. Members have abundant experience and expertise in finance, banking, commerce, industrial skills, and management. There is one director, who is an employee of Cathay, accounting for 14%. Two independent directors are with years of tenure less than three years. Two directors are above 80 years old, one director is between 70-79 years old, two directors are between 60-69 years old, and three directors are under 60 years old. Except Stephen Wendell Howard, a male United States Citizen and, the other four males and three females are with nationality of the Republic of China. The Board of Directors hold a meeting at least every quarter according to law. In 2024, a total of 6 meetings were held.

Introduction of directors

Title	Name	Actual attendance rate (%)	Number of concurrent positions in other companies	Industry- or ESG-related background/ experience	Shares possessed in other companies in the same trade, in suppliers' companies, and in customers' companies
Chairman	Tsung-Hsi Liu	100%	0	With work experience in commerce, law, finance, accounting or required by company business	✕
Director	Guang-Huei Syu	100%	0	With work experience in commerce, law, finance, accounting or required by company business	✕
Director	Yu-Chiao Hsiao	83%	0	With work experience in commerce, law, finance, accounting or required by company business	✕
Director	Stephen Wendell Howard	0%	0	With work experience in commerce, law, finance, accounting or required by company business	✕
Independent Director	Sin-Chuan Shih	100%	0	With work experience in commerce, law, finance, accounting or required by company business	✕
Independent Director	Shiann Pan	100%	0	With work experience in commerce, law, finance, accounting or required by company business	✕
Independent Director	Celia Hsu	67%	0	With work experience in commerce, law, finance, accounting or required by company business	✕
Independent Director	Yu-Ling Shao	75%	0	With work experience in commerce, law, finance, accounting or required by company business	✕

Note: Please refer to Corporate Governance Report Two - in the situation that directors and supervisor acting as the representatives of institutional shareholders, the status of professional knowledge and independence on the main shareholders of the institutional shareholders as well as the directors and supervisors in 2024 Annual Report for more information of directors' concurrent position in other board of directors and shareholders with controlling power. The status of cross shareholding with suppliers or other stakeholders will not be disclosed because of the unavailability/incompleteness of information.

Statistics of diversity/ Year			2022		2023		2024	
			Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
Director	Gender	Male	6	86%	5	71%	5	63%
		Female	1	14%	2	29%	3	37%
	Age (years old)	Under 50	1	14%	1	14%	1	12%
		50～60	2	29%	2	29%	2	25%
		Above 60	4	57%	4	57%	5	63%
	Education	Graduate school	4	57%	4	57%	5	63%
		University	3	43%	3	43%	3	37%
		Others	0	0%	0	0%	0	0%

Note: Please refer to P.7 in 2024 Annual Report for the diversity and independence of the Board of Directors.

2024 Board of Directors Material Resolutions

Refer to 2024 Annual Report
Market Observation Post System (QR Code)

To construct a good system of the Board of Directors and improve the function of supervision while ensuring independence of independent directors during business implementation, Cathay Board of Directors approved Procedural Rules of Board Meetings to clearly specify the scope of duties for independent directors for compliance. Directors are also highly disciplined when implementing recusal of interest conflicts. When any motion for the Board Meeting has a conflict of interest with any director or the institutional shareholder that the director represents, except explaining the content of conflict at the meeting, if it damages the company' s interests, the director must not join any discussion and voting. Besides, the relevant director must excuse themselves from discussion and voting and must not exercise voting right on behalf of other directors.

To enhance decision quality made by the Board of Directors, the Board also approved Rules for Performance Evaluation of Board of Directors to conduct internal evaluation on the performance of operations of the Board of Directors and functional committees every year. The items of performance evaluation of the Board of Directors include five dimensions, the level of participation in business operation, improvement of decision quality of the Board of Directors, composition and structure of the Board of Directors, election of directors & continuing education, and internal control. Items of performance evaluation of members in the Board of Directors include six dimensions, the grasp of company goals and missions, understanding of directors' duties, level of participation in business operation, internal relation management and communication, directors' professional abilities and continuing education, and internal control. The self-evaluation done by each member in functional committees includes five dimensions, the level of participation in business operation, understanding of duties in the functional committee, improvement of decision quality done by the functional committee, composition and election of the functional committee, and internal control. The agenda arranging unit (which is stock affairs unit) conducts self-evaluation through issuance of questionnaires to the members in the Board of Directors. The result of the performance evaluation of the Board of Directors will be used as reference for future election or nomination. The result of performance evaluation of individual director will be used as accordance for salary and compensation. The result of self-evaluation of performance evaluation of the Board of Directors, directors, and functional committees achieved above "excellence" in the past two years.

Self-evaluation (questionnaire)	2022	2023	2024
Board of Directors	Good	Excellent	Excellent
Audit Committee	Excellent	Excellent	Excellent
Remuneration Committee	Excellent	Excellent	Excellent

To implement risk management effectively, Cathay increased professional talents' willingness in accepting the appointment of director. In 2024, we take out US$2 million in liability coverage for directors to ensure directors rest assured when executing business. Meanwhile, it spreads liability risks on directors and important managers and enhances corporate governance capacity.

Besides, if there is any negative material event happening to the company or stakeholders during daily communication between departments in Cathay and stakeholders, the responsible department will consult with the Chairman first. Due diligence will be conducted on specific event or stakeholder after being approved by the Chairman. The result of due diligence shall be reported to the Chairman for Chairman to propose responding proposals to the Board of Directors depending on whether it affects business operation significantly. In 2024, there was no material negative event to Cathay or its stakeholders.

The Chairman of Cathay takes concurrent position of General Manager to enhance management efficiency and execution ability of decision. However, to reinforce the independence of the Board of Directors, the Chairman keeps close contact with directors to fully communicate the business implementation and guidelines in order to fulfill corporate governance. In the future, we will increase the number of independent directors based on the business demands to enhance functions of the Board of Directors and improve performance of supervision.

Currently, Cathay achieved the followings:

- The current four independent directors are specialized in finance, accounting,and professional knowledge required for company business respectively and are able to exercise the function of supervision effectively.
- Directors are arranged to attend professional courses for directors hosted by external institutions, like Securities and Futures Institute, every year to increase the efficiency of the Board of Directors.
- In each functional committee, independent directors all fully participate in discussion and propose suggestions for reference to the Board of Directors to fulfill corporate governance.
- Among the members of Board of Directors, except that Chairman takes concurrent post of General Manager, other directors do not hold anyconcurrent post.

Cathay has assigned a Corporate Governance Officer on April 25, 2023, to be the highest authority for matters related to corporate governance; appropriate personnel are allocated to deal with affairs related to corporate governance. The Corporate Governance Officer supervises relevant units to deal with corporate governance affairs, including holding Board Meeting and Shareholders' Meeting according to law, producing meeting minutes, assisting directors assuming the post and continuing education, providing information required to directors while executing duties, and assisting directors in regulatory compliance. Considering the topics related to regulatory compliance and governance practice that directors may encounter when participating in business decision, Cathay actively encourages and arranges directors to complete professional training. In 2024, the training received by all directors was 66 hours in total. Among them, 100% were with topics related to sustainable management.

3.1.2 Operation of functional committees

To improve the function of supervision and reinforce the function of management, the Board of Directors established the Audit Committee and the Remuneration Committee. Other than exercising duties independently according to law, functional committees are responsible to the Board of Directors and shall forward all the motions proposed to the Board of Directors for resolution.

The Audit Committee consists of four independent directors, and the main purpose is to assist the Board of Directors perform the supervision in the procedures of accounting, auditing, and financial reporting as well as the quality and integrity of financial control. In 2024, a total of five meetings were held by the Audit Committee. Relevant information is as follows:

<table>
<tr><th rowspan="2">Functional committee</th><th rowspan="2">Responsibilities and key work</th><th rowspan="2">Member</th><th rowspan="2">Number of meetings</th><th colspan="2">Attendance rate</th></tr>
<tr><th>Member</th><th>Actual attendance rate (%)</th></tr>
<tr><td rowspan="4">Audit Committee</td><td rowspan="4">Cathay established the Audit Committee on September 11, 2019. It consists of all independent directors.
The main purpose is to supervise the following items:
● Fair presentation of financial statements.
● Selection (dismissal), independence and performance of CPAs.
● Effective implementation of the internal control system.
● Compliance with relevant laws and regulations.
● Monitoring and control of existing or potential risks.</td><td rowspan="4">Consists of four independent directors who are with professional detachment.</td><td rowspan="4">5 times</td><td>Sin-Chuan Shih</td><td>100%</td></tr>
<tr><td>Shiann Pan</td><td>100%</td></tr>
<tr><td>Celia Hsu</td><td>60%</td></tr>
<tr><td>Yu-Ling Shao</td><td>67%</td></tr>
</table>

Cathay established the Remuneration Committee on September 11, 2019. Currently, there are four members, who are the independent directors in Cathay, including Mr. Sin-Chuan Shih, Mr. Shiann Pan, Ms. Celia Hsu, and Ms. Yu-Ling Shao. Among them, Mr. Sin-Chuan Shih is the convener; the professional qualification of all members meets the regulations of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange." The Remuneration Committee Charter formulated according to relevant legal regulations has been approved. According to the charter, at least two meetings shall be held every year; a meeting of Remuneration Committee can be held at any time depends on the need. In 2024, a total of two meetings were held. Relevant information is as follows:

<table>
<tr><th>Functional committee</th><th>Responsibilities and key work</th><th>Member</th><th>Number of meetings</th><th colspan="2">Attendance rate</th></tr>
<tr><td rowspan="5">Remuneration Committee</td><td rowspan="5">Cathay established the Remuneration Committee on September 11, 2019. It consists of all independent directors.
The main responsibilities are:
● To establish and regularly review the annual and long-term performance goals of directors and managers as well as the policy, system, standard and structure of salary and compensation.
● To regularly evaluation the status of goal achievement by directors and managers as well as suggest the content and amount of individual salary and compensation.</td><td rowspan="5">Consists of four independent directors.</td><td rowspan="5">2 times</td><td>Member</td><td>Actual attendance rate (%)</td></tr>
<tr><td>Sin-Chuan Shih</td><td>100%</td></tr>
<tr><td>Shiann Pan</td><td>100%</td></tr>
<tr><td>Celia Hsu</td><td>50%</td></tr>
<tr><td>Yu-Ling Shao</td><td>100%</td></tr>
</table>

Cathay has not yet linked ESG goals and performance with individual salary and compensation for Board members and managers. However, we will continue paying attention to it and will further discuss it after the ESG implementation is stable. Currently the individual salary and compensation for Board members and managers are as follows:

Item	Board of Directors	Managers
Fixed salary and variable salary	✓	✓
Signing bonus or recruitment bonus		
Deferred shares or vested shares		✓
Clawback mechanism		
Retirement benefits		✓

3.1.3 Internal audit

The purpose of internal audit is to enhance sound corporate management in order to reasonably ensure achieving the following targets: assisting the Board of Directors and managers to check and verify the effectiveness of the internal control system and timely providing improvement suggestions to guarantee continuous and effective implementation of the internal control system and use it as the accordance for reviewing and revising the system.

Our internal audit is an independent unit under the direct management of the Board of Directors. It is in charge of assisting the Board of Directors and managers to check and evaluate the internal control system, management regulations, and operational procedures as well as providing analysis and suggestions to ensure continuous and effective implementation of the internal control system. Besides, it promotes business performance, reports improvement progress of defects found during audit and matters of abnormality to the Audit Committee, verifies self-examination done by each unit, responds to questions, and strengthens the content of audit according to instructions to make sure the effectiveness of the internal control system. To increase internal auditors' professional abilities, Cathay arranges their continuous training and participation in professional courses related to internal audit held by specific institutions appointed by competent authorities every year to enhance and maintain auditing quality and implementation results.

With reference to "Regulations Governing Establishment of Internal Control Systems by Public Companies" published by Securities and Futures Bureau, Financial Supervisory Commission, Cathay established the accounting system, general rules of internal control, and relevant management methods to be the accordance for the implementation of internal audit. Internal Audit Office draws up annual audit plans every year to check and evaluate the implementation of the internal control system and timely provide improvement suggestions in order to make sure continuous and effective implementation of the internal control system. In addition, Internal Audit Office verifies self-examination reports submitted by each unit every year in accordance with regulations. The results and improvements of above internal audit will be provided to the Board of Directors and General Manager to evaluate the effectiveness of the whole internal control system and issue a statement of internal control system accordingly. The statement has been published in the annual report and prospectus according to the regulation. Annual internal audit plan, the implementation status of the audit plan, and improvements of defects and abnormalities of internal control have all been declared on Market Observation Post System.

Through internal audit, Cathay continues monitoring the implementation of operating systems, establishing good governance practices and risk control mechanism, and creating a sustainable management environment. In 2024, we completed internal audit in Taiwan Headquarter and operating sites in China according to the audit plan as well as followed the instruction from independent directors to increase audit frequency at the Procurement Department. The total number of items audits was 70 items with a compliance rate of 100%; there was no material abnormality. The Chief Internal Audit Executive attended the Board Meeting to report results of audit to the Board of Directors regularly.

Flowchart of Audit

Formulate the annual audit plan
↓
Submit to the Board of Directors for approval
↓
Implementation of audit plan
↓
Chief Audit Executive attends Board Meeting to report the implementation status of audit
↓
If any defect or abnormality found, propose suggestions and coordinate with the relevant unit for improvement as well as conduct regular follow-up for the improvement
↓
Prepare an audit report
↓
Report the implementation of internal audit and intenal control to independent directors every quarter

3.1.4 Ethics and integrity

Cathay firmly believes ethics and integrity are essential core foundation for corporate sustainable management. We focus on compliance with laws and regulations and carry the principle of integrity above all to establish our corporate core value as well as implement the spirits of integrity and regulatory compliance in daily business. To ensure the concept of ethical management deeply embedded in the corporate culture, we value character building among employees. Through diverse communication channels and promotional activities, we continue strengthening employees' awareness in integrity and pushing forward the practice of ethical conduct. Besides, we request the management team to lead by example and strictly comply with principles of good faith. Cathay built up a culture of integrity for the whole enterprise through a gradually spreading approach. We are dedicated to ensure all decisions and business operation meet standards of ethics and integrity and to promote sound corporate development while creating positive impacts to society and environment.

Internal regulations on ethical management

- The Administration Division takes concurrent duty as the unit that promotes ethical management under the direct supervision of the Board of Directors. The responsibility is to assist the Board of Directors and the management team to formulate ethical management policies and prevention mechanism as well as supervise the implementation. It shall report the status of implementation to the Board of Directors at least once every year.
- Cathay has established "Ethical Management Principles" to guide all employees to act honestly and fairly and comply with government rules and regulations when executing business. Members of the Board of Directors and the management team also carry an attitude of integrity as the management philosophy of the company.
- "Procedures for Ethical Management and Guidelines for Conduct" and "Corporate Social Responsibility Code of Practice" have been published on our website. Besides, we established contacts for stakeholders to reflect their opinions. Employees can inquire or consult through multiple channels (company website, e-mail, telephone).
- In 2024, we completed the promotion related to ethical management.

New employee training

- When new employees report to work, Personnel Unit at the General Affairs Department will introduce internal regulations on integrity to all new employees and request them to sign a employment contract, which specially includes provisions of integrity.
- The management team must lead by example and strictly comply with the principle of good faith to develop our corporate culture.

Whistleblowing system

- We established diverse whistleblowing channels, including company website, dedicated employee email, and independent whistleblowing mailbox. Whistleblowers must provide their name and submit relevant evidences.
- Cathay promises to manage the investigation process impartially, keep the identity of whistleblowers confidentially, and prevent them from being improperly handled, treated or retaliated against the whistleblowing.
- If the whistleblowing is verified to be true, Cathay will immediately activate the handling procedures. When necessary, it will be reported to the competent authority. The relevant information of investigation will be retained for five years.
- According to the statistics, in 2024, we received zero whistleblowing on the violation of internal ethical management regulations. None of the whistleblowing channels showed the report and record of employees violated integrity. There was no integrity violation or corruption in the company and among employees or business partners.

Principles of good faith for business interaction

- During the process of business execution, employees must specify our counterparties the company ethical policies clearly and refuse improper benefits in any form to ensure the transparency and compliance of business conduct.
- If any of our agents, suppliers, or other parties that we are dealing with is found violating ethical conduct, to avoid violation against our principles of good faith, we may list them as business refusal parties when necessary in order to maintain our image of ethical compliance.
- The contract that we sign with counterparties specifies clearly that both parties are obliged to comply with provisions of good faith to ensure the compliance with integrity by both parties. Besides, we reserve the right of terminating the contract at any time to protect our business interests and maintain our image in fair and honest trade.

3.2 Risk management

In facing ever-changing global business environment, through the internal risk management task force, we unfold activities related to risk management. The scope of risk management covers corporate governance, environment, social dimension and information security.

Dimension of risk		Dimension of risk
Finance	Fluctuations in interest rates	● Based on the principle of prudent and conservative financial management, financial personnel in Cathay kept close daily contact with banks to grasp changes in interest rates. Besides, we regularly evaluated promotional deposit interests rate offered by banks and reviewed impacts to our capital caused by the changes of interest rates in financial markets for timely adjusting positions of idle funds and responding measure based on changes of interest rates.
	Fluctuations in exchange rates	● Cathay adopted a prudent and conservative principle on the management of foreign currency funds, trying hard to avoid adverse impacts that may be caused by changes of exchange rates. ● To respond to risks of exchange rate changes and strengthen the concept of hedging foreign exchange rate risk, Cathay monitored the latest information of exchange rates through the real-time exchange rate system and close contact with financial institutions to predict future trend of exchange rates for the reference of foreign currency position adjustment. Besides, we took appropriate responding measures (such as forward exchange to avoid risks) to reduce impacts caused by exchange rate risks.
	Inflation	● We continued paying close attention to the price fluctuation at the upstream raw material market and maintaining good interaction with suppliers. When necessary, proper price adjustment and stable cost measures would be implemented to respond to the change of market and reduce impact of inflation to operating profits.
	Credit risk	● Cathay was dedicated to the development of the main business, adopted steadiness and conservation as the principle, and did not engage with investments that were with high risk and were highly leveraged or lending to others and making endorsement or guarantee. Based on the consideration of operational risk, if there is any need for lending to others or making endorsement and guarantee in the future, it will follow “Operating Procedures of Lending to Others” and “Operating Procedures of Endorsement and Guarantee.” ● When conducting trading in derivatives, it followed “Regulations Governing the Acquisition and Disposal of Assets” established by Cathay.
Environment	Environmental pollution	● We have established ISO 14001 Environmental management systems to implement pollution control. We conducted implementation management in accordance with legal rules and regulations related to environmental protection as well as executed regular qualification review of the vendors dealing with waste and confirm the final disposal to ensure all waste generated is properly disposed. ● We have obtained Stationary Pollution Source Operating Permits and Water Pollution Prevention Permit according to law. Besides, we also followed regulations on the application of pollution facility installation permit or pollution operation permit. Measures for air and water pollution prevention adopted also met rules related to environmental protection and legal requirements. ● We implemented identification of eco-friendly regulations to meet government regulations and requirements.

Dimension of risk		Dimension of risk
Environment	Climate change risk	● Cathay followed TCFD (Task Force on Climate-related Financial Disclosures) to implement governance of climate risks and opportunities. ● From 2022, Cathay followed ISO 14064-1 greenhouse gas standards to complete greenhouse gas verification every year. The implementation status of greenhouse gas verification was reported at the Board Meeting. ● Climate transition risks were carbon fee collection, the rise of material cost, and low-carbon technology transformation. Climate physical risks were events of extreme climate. The implementation status of climate risks and opportunities was incorporated into the status of risk management and reported at the Board Meeting in the quarter four, 2024.
Product competitiveness	Market competition	● Developed innovative and high-quality products and continuously collaborated with customers for more industrial application. ● Worked hard on R&D preparation for green product design to move towards energy efficient and low carbon material design. Our products passed carbon footprint verification to meet corporate demands on low-carbon products. ● Prepared for the four key development directions on TPU technical fabrics, including lightweight, antibacterial and anti-mildew, flame retardant, and high-pressure resistance.
Social dimension	Work-related incident	● Cathay provided a safe and healthy working environment according to management programs and management regulations of occupational safety and health to prevent diseases and reduce employee risks during operations at work. ● Continued communicating and engaging with employees, contractors and the public as well as committed to the policy of safety and health and its implementation. ● Established systems related to occupational safety, implemented hazard and risk management, and provided regular training related to occupational safety and health to all employees. Proposed suggestions to the policy of safety and health established by the management as well as reviewed, coordinated, and suggested matters related to safety and health and promoted mutual support among employees to ensure worries-free at work and promoted records of accident-free working hours.
	Higher employee turnover rate	● Listened to employees' voice through employee interview & employee satisfaction survey and whistleblowing and communication channels to timely adjust company's relevant policies in order to enhance employees' sense of belongings. ● Held regular employee activities to promote a friendly workplace.
	Insufficient labor	● Enhanced overall remuneration and welfare system to attract and retain talents. ● Provided diverse learning channels and training systems for managers and colleagues in different job levels and positions to assist work and career development. ● Enhancement of employee retention: Increased employee remuneration and welfare, focused on employee care, and devoted to reduce employee turnover rate.
	Insufficient employee training	● Shared resources of trainers in the group to strengthen the company's training capacity. ● Made good use of government and customer training resources to enrich training content and stimulate employees' learning motivation.

Dimension of risk	Dimension of risk
Business secret protection and information security	● Requested new employees and suppliers to sign the confidentiality agreement; signed relevant confidentiality documents in accordance with customer requirements; limited access to sensitive and confidential data and the transfer of them to external networks. ● Cathay established an IT unit under the General Affairs Department in the Administration Division. Two IT personnel were assigned for information security management, in charge of arranging internal IT system and computer equipment and risk management for information security. ● Managed file security and equipment security; conducted regular whole system backup and regular defragmentation to save hard drive space and enhance system efficiency. ● Reinforced information security environment and information security responding ability. For equipment security, we conducted access and computer room control managed maintenance of device and computer room equipment. Besides, security measures for computer room were checked regularly. ● Developed IT personnel' s professional security abilities in information and communication.
Regulatory compliance	● Ensured all personnel and operations in the company strictly followed relevant regulations through establishment of governance organization and implementation of internal control system. ● Strengthened legal identification by regularly examining applicable laws and the compliance.

3.3 Regulatory compliance

Material Topic	Regulatory Compliance
Policy/commitment	● Compliance with laws and regulations; continuous improvements.
Target	● Zero penalty. ● No violation against regulations for environment, social, governance, and economy as well as products and services.
Responsible department and grievance mechanism	● Responsible department: Personnel Unit, General Affairs Department ● E-mail: mindyyu@cathay1342.com.tw
Resources invested and concrete outcomes	● Ensured all Cathay' s personnel and operations comply with relevant laws and regulations through establishment of governance organizations and implementation of internal control system. ● Strengthened legal identification and regularly examined applicable laws and the compliance.
Evaluation system and performance	● In 2024, no penalty over NTD 300 thousand or other non-monetary penalties caused by violation against regulation compliance (including but not limited to failure of complying with legal regulations related to marketing and communication).

Regulatory compliance not only is the responsibility of the Board of Directors and the management team in Cathay but also the obligation shared by all employees. Each employee must learn legal regulations related to business operation and develop a correct awareness of regulatory compliance and concept of system to ensure corporate governance and internal business procedures meet the latest legal regulations. Through the complete regulatory compliance system, it effectively guarantees corporate organizations and employees follow relevant laws as well as reduces risks and losses caused by internal and external violation. Besides, before business activities, we can evaluate their legality through the regulatory compliance system, eliminate potential risks in advance, and further reduce legal responsibilities caused by failure of compliance. In a whole, well-organized regulatory compliance not only can prevent malpractice to reduce damage caused by judicial investigation, penalty, lawsuit or negative news but also enhance corporate image and strengthen public trust. It will help attracting quality independent directors, professional talents and steady working partners to fulfill the goal of win-win-win among the enterprise, shareholders and stakeholders.

"Zero penalty" is the key performance indicator that Cathay pursues. To achieve the goal of "100% zero penalty," Cathay regularly reviews and identifies all legal regulations and customer requirements related to labor, environmental protection, products, and services every year. Besides, we also update the latest status of legal regulations from time to time and evaluate its applicability. When necessary, we will adjust company policy and internal process timely to ensure continuous compliance. If any violation or defect through government audit or customer audit, we will improve it in priority and propose corrective action plans on specific problems to prevent reoccurrence of similar events and continuously strengthen the culture and execution ability of internal regulatory compliance.

In 2024, Cathay dealt with business in accordance with regulations. In terms of regulatory compliance, there was no penalty more than NTD 300 thousand or other non-monetary punishment caused by violation against regulations (including but not limited to failure of complying with marketing or communication regulations).

Penalty in 2024

Cause	Article violated	Penalty (NTD)	Punishment other than penalty	Measures of improvement
Failure of following approved engineering drawings and instructions	Article 39 of Building Act and Subparagraph 1, Paragraph 1, Article 87 of the same law	9 thousand	No	Implementation in accordance with the approved engineering drawings and instructions

3.4 Business performance

Material Topic	Regulatory Compliance
Policy/commitment	● R&D is always an important foundation of our business management. Investing resources and developing cutting-edge technical fabrics and products jointly with customers are Cathay' s long-term goals. ● "Customer satisfaction, our life-long devotion"; in the future, Cathay will be more active in enhancing diverse technology capabilities and focusing on serving more customers all over the world as our ambition.
Target	● Well-organized corporate governance that targets on sustainable development. ● Development of innovative and quality products and continuous collaboration with customers to develop more industrial applications. ● Continuous development towards the four key dimensions, lightweight, antimicrobial & mildew resistant, flame retardant, and high-pressure resistant.
Responsible department and grievance mechanism	● Responsible department: Company' s spokesperson ● E-mail: investor@cathay1342.com.tw
Resources invested and concrete outcomes	● With knowledge in finished product application accumulated for many years supported by existing mature production technology, we learnt customer demands from product diversity introduced by customers and converted customer demands into development items that are profitable in order to earn new revenue momentum in a short time. ● Formed a cross-functional task force consisting of personnel from engineering, quality assurance, and manufacturing departments to satisfy demands proposed by customers and transfer the demands to new product development. Moreover, 70% of the R&D resources were used on developing new business opportunities for technical fabrics, films, and finished product components.
Evaluation system and performance	● Monthly financial performance check. ● In 2024, the net business income was NTD 2,511 billion. It declined around 2.08% compared to NTD 2,565 billion from the previous year.

Management performance is a core element of business operation. Pursuing reasonable maximum profit is also the goal that enterprises aim for. Since its establishment, Cathay carries a corporate culture that focuses on innovation, teamwork, efficiency, and passion to move towards sustainable management. We stay ahead of technology curve, implement customer satisfaction, pursue everyone shares, enhance shareholder value, and fully perform social responsibility in order to create continuous management performance.

Furthermore, through good corporate governance, Cathay continuously strengthened management structure, integrated supply chain, reduced production cost, and enhanced competitive capacity. Other than increasing confidence among shareholders, employees, suppliers, and customers, we also created win-win situation with co-prosperity. Look into future, Cathay will still face a very competitive market and economic environment full of variables. In addition to work hard in strengthening close working relationship with customers, we will also continue developing and improving existing products as well as adopt the strategy of diversification to enhance market sensitivity, fully grasp new product development trend, and develop niche products through maintaining good relationship with international customers. We hope to increase our industrial competitive advantages and continuously expand the market share of TPU products in different sectors all over the world.

Financial performance over the years

Item	2022	2023	2024
Revenue	2,589,138	2,564,771	2,511,442
Operating cost	1,838,268	1,731,277	1,753,754
Employee salary and benefits	109,004	116,323	108,918
Payment to investors	209,938	382,774	360,382
Payment to government	115,244	126,429	109,156
Investment to communities	0	1,192	1,000
Economic value retained	316,684	206,776	178,232

Note 1: Revenue includes net sales plus income from financial investments and the sale of assets.

Note 2: Operating cost included cash expenditure paid to external parties for the purchase of raw materials, product components, venue facilities, and services.

Note 3: Employee salary and benefits are total salary amount (including employee salary and amount paid to the government on behalf of employees) plus total amount of benefits (excluding educational training, cost of protective equipment or other cost items that are directly related to employees' job duties). If any of above is included in the operating cost, the relevant item shall be deducted).

Note 4: Payment to investors includes dividends paid to all shareholders plus interests paid to lenders.

Note 5: Payment to government includes all tax payments and penalties paid by enterprises according to international, domestic and local standards. Tax payments may include business tax, income tax and property tax.

Note 6: Economic value retained: "Direct economic value generated" minus "economic value distributed."

Because the willingness of consumption affected by the inflation in Europe and America as well as the slow speed of FDA subsidy review in the first half of 2024, Cathay' s procurement policy for outdoor and medical customers shifted to a more conservative approach. It affected the performance of product shipment. In the fourth quarter after the completion of United States presidential election, global economic situation started to become clear. It recovered the revenue of outdoor product line gradually. In overall in 2024, the net business income achieved by Cathay was NTD 2,511,442 thousand. It declined 2.1% compared to the net income last year (2023). Operating cost increased 1.3% compared to that in the previous year, which was affected by production capacity and the amortization for depreciation of new plant after completion. The overall net profit after tax was NTD 489,578 thousand, which was reduced 7.6% compared to that in 2023.

3.5 Product advantage and customer relationship

3.5.1 Product advantage

The headquarters of Cathay is located in Yilan, Taiwan. We root in Taiwan and devote to design and produce technical fabrics and films. The main business is manufacturing and selling technical fabrics and components of finished product for high-end medical, life-saving, and aviation industries. Our main product line is classified into Technical Fabrics Division and finished product component business division. With our advantage of being the only manufacturer in the world that possess technology and capacity for coating, film lamination, cutting, and high frequency at the same time, Cathay integrated product supply chain and created excellent business performance one after another. Currently, we are the main supplier for world-class air mattress and medical bed and have won awards in international exhibitions and reporting by international magazines for many products.

Cathay' s Technical Fabrics Division mainly engages with the application of thermoplastic polyurethane (in short, TPU). According to the difference of TPU physical and chemical properties, it can produce two types of products, technical fabrics and films and can be further applied in the four fields, including aviation & life-saving, outdoor products, medical applications, and military & industry.

Medical applications	Aviation & Life-saving
• Blood pressure cuff • Various medical inflatable chair cushions • Deep vein thrombosis (DVT) sleeves • High-frequency chest wall oscillation (HFCWO) vest • Various medical-grade airbeds • Various medical carrying beds and stretchers • Medical-grade turning device for hospital bed • Inflatable airbag oscillation vest	• Aircraft life jackets • Inflatable life jackets • Inflatable escape slide • Inflatable life raft • Life raft tent
Outdoor products	**Military & Other**
• Lightweight and comfortable inflatable camping mattress • Lightweight and comfortable inflatable camping (neck) pillow • Outdoor portable waterproof storage bag • Outdoor portable water bag • Camping sleeping mat airbag • Outdoor cooler bag • Buoyancy compensator device for scuba diving • Diving roller bag • Inflatable kayak • Camping tent • Snowshoes	• Oil boom • Oil storage tank • ESD table mat • Machinery guard • Car crack sealing strip • Cooling vests and hats for workers operating heavy machinery and in outdoor and high-temperature workplace; helmet liners and cooling vests and sleeping mats for pets • Airbag • Automotive inflatable lumbar support • Industrial apron, raincoat and protective clothing • Rain boots for fishing and canyoneering • Bulletproof vest cover • Grenade hanging board for bulletproof vest • Tank cover

Product application

Medical applications

Aviation & Life-saving

Outdoor products

Military & Other

Cathay' s Finished Products Division mainly produces inflatable products with different functions to provide comprehensive services and complete solutions for medical customers and other components for finished products, such as new development, manufacturing process improvement and quality issues.

Verification OEKO-TEX® Standard 100 & STeP

To strengthen product safety, Cathay entrusted TESTEX AG, Swiss Textile-Testing Ltd. to complete produce OEKO-TEX® verification. OEKO-TEX® verification is a set of common standards established by International Association for Research and Testing in the Field of Textile Ecology (OEKO-TEX®). It is named OEKO-TEX® Standard 100 to test substances in textile and apparel products that affect human health. The standards include testing known hazardous substances that have adverse impacts on human health and establishing a limited amount of the hazardous substances used in a scientific approach. The standards are applicable to textile and leather products and items relevant to every stage in the whole manufacturing process, including textile and non-textile accessories.

Meanwhile, we further applied for independent certification of OEKO-TEX® STeP to be the first manufacturer in Taiwan that has the capacity of sustainable production. STeP established the highest standard for the textile and leather production industry in terms of social responsibility and environmental protection. The certification realizes corporate responsibility in employee health and safety and social environment as well as supports enterprises to move towards a more sustainable production. It can also be used to deliver commitment to sustainable development to customers and other stakeholders simply and transparently.

bluesign® standard

Cathay’ s products also passed the bluesign standard by entrusting Bluesign Technologies AG for the verification. bluesign® Standard is new-generation environmental regulations jointly established by representatives from EU academic circle, industrial circle, eco-friendly organizations, and consumer organizations. It was published by Bluesign Technologies AG, which set the headquarter at St. Galle in Switzerland, at Hanover, Germany, in 2000. The trademark on textile brands and products authorized by bluesign represents both the manufacturing process and the product meet regulations of environment, health, and safety (EHS). It is the latest eco-friendly standards and the guarantee for consumers to use at ease. While many eco-friendly standards test on finished products, bluesign® is doing the opposite by testing whether material and process meet standards before the manufacturing process. Therefore, hazardous substances are banned from the beginning. The design concept of such standards is if materials used on the product contain no harmful substances, the end product is definitely clean.

Management of conflict minerals

Cathay products all satisfy “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas” or requirements of equivalent and accepted due diligence framework and other legal regulations. To avoid catastrophe of human rights caused by minerals from the conflict areas between the Democratic Republic of the Congo and its surrounding nations as well as from other high-risk areas and to reduce management risks in the supply chain, Cathay does not purchase raw materials directly from smelter or refinery. We established the policy of conflict minerals and the management process of responsible supplier mineral procurement.

Cathay insists in accepting and using no minerals from the conflict areas between the Democratic Republic of the Congo and its surrounding nations as well as from other high-risk areas, including tantalum, tin, tungsten, gold, and cobalt.

Up to the end of 2024, the products delivered by suppliers did not contain tantalum, tin, tungsten, gold, and cobalt from the conflict areas between the Democratic Republic of the Congo and its surrounding nations as well as from other high-risk areas.

Green supply and production

While moving towards environmental sustainability, Cathay also pays attention to suppliers' growth in sustainable development related to environment and social. Through management of suppliers, we expect to work with suppliers to achieve industrial sustainability step by step.

The environmental restricted substance control process adopted by Cathay is that all products meet regulations of RoHS and REACH as well as customer requirements. We request contractors to conduct labelling and classification management on all materials and monitor raw materials, manufacturing process, and finished products.

- In the stage of production evaluation, evaluate all materials used according to the operating procedures, including requirements of environmental restricted substances. Materials can only be included in the sourcing pool after passing the evaluation.
- Established a system for manufacturing process HSF monitoring and management, including managing auxiliary materials and jigs for the manufacturing process.
- Conducted strict environmental sampling tests before putting raw materials in the warehouse, during the manufacturing process, and OQC shipment.
- Established management system for material tracking mechanism to conduct traceability management when needed.
- Implemented HSF risk management during the whole product life cycle.

In 2024, none of our products had any HSF abnormality and there is no customer complaint related to HSF.

Management of intellectual property

Development of new products and innovation of technology are essential to continuous growth of a company. To protect Cathay's intellectual property rights in the R&D performance, we are active in patent application and have established complete intellectual property management methods to ensure effective maintenance and management of relevant rights.

Cathay also devotes to develop innovative products with customers and apply patents for the results of collaboration. By doing so, we consolidate our competitive advantages on products and avoid behaviors of copying or infringement by companies in the same trade. By the end of 2024, we have obtained 49 patents and applications for 7 more patents are in progress. It demonstrates our solid strength in technology and determination in intellectual property protection.

To enhance employees' knowledge and professional ability in intellectual property rights, Cathay arranges regular training on professional education for R&D, legal affairs and intellectual property personnel every year to continuously strengthen the overall competence on intellectual property management and protection.

In addition, to encourage employees participating in innovation and patent application as well as promote incorporation of the company patents (including those are in progress) in relevant industrial standards to expand our influence, we have a complete patent incentive system. The system is to reward employees with innovative spirit and recognize their contribution to the company's intellectual property accumulation and leading technology to further enhance overall corporate competitiveness.

3.5.2 Business secret protection and transaction security

Business secret is the core element for Cathay to maintain product competitiveness and is also the foundation for continuous growth in revenue. Besides, transaction security is the key for customers or suppliers to trust Cathay.

The Administration Division in Cathay is responsible for establishing and executing the management, retention and confidentiality of the company’ s intellectual properties, including business secret, trademark, patent, and copyright. The outcome of implementation is reviewed regularly to ensure effective compliance with the company’ s operating procedures while internal personnel execute business. Besides, all employees are reminded strict compliance with regulations through confidentiality messages announced irregularly, not disclosing company’ s business secret, trademark, patent, copyright, and other intellectual property rights known during the business execution to any third party as well as not inquiring or collecting company’ s business secret, trademark, patent, and copyright that are not relevant to their job duties.

Cathay also has independent whistleblowing channels and subsequent investigation procedures in place as well as randomly checks employees’ duty execution irregularly. In 2024, there was no disclosure or loss of company’ s business secret or customer information nor compliant on customer privacy.

3.5.3 Customer relationship

Cathay firmly believes stable and long-lasting customer relationship is the cornerstone of corporate sustainable management. For this, we maintain steady management pace, invest advanced technology, and continuously accumulated R&D capacity to satisfy increasingly diverse and high-standard market demands. We not only adopt a customer-oriented approach but also proactively seek strategic partnership to jointly create maximum benefits in the value chain. Moreover, we expect our company to become a leading brand for the blue ocean strategy in technical fabrics.

In terms of customer relationship management, Cathay sticks on “customer orientation” and devotes to strengthen international competitiveness. Facing the rapid-changing market situation and customers’ focus on product efficiency, quality and reliability, the requirements on supplier quality management standards are getting stricter. To respond to the trend, we keep improving product performance and strengthening manufacturing process control to ensure each product meets and even surpasses expectation and standard from international customers. At the moment, our customers include many international famous brands and professional agents and our products are marketed all over the world. We have successfully established high visibility and market confidence to lay out a solid position in international markets.

Other than developing close relationship with existing customers, Cathay also proactively develops diverse application markets, especially focusing on the rapid developing industries, like net-zero emissions, green energy, and high-performance application. We believe through market layout in multiple industries, it not only strengthens risk resistance capacity but also expands product potentials in cross-industry application and further improve revenue structure to create long-term growth momentum for the company.

To provide customers high-quality and comprehensive services, Cathay assigns dedicated business and project management teams as well as fully implements management systems of ISO 9001, AS 9100, ISO 13485 and ISO/IEC 17025. In addition, we established a set of complete standard operating procedures, covering customer communication, order processing, technical support, customer complaint, and after-sales service. We continue enhancing internal service efficiency and responding speed to ensure customers receive timely, accurate, and professional support at each stage.

Through continuous strengthening customer relationship, sticking on quality commitment, and creating differential value, Cathay successfully established a customer management model that is based on trust, centered on service, and driven by innovation. We firmly believe only by establishing true partner relationship with customers, can we realize co-prosperity and shared good between the enterprise and customers and further push the company towards the vision of steady development and sustainable profiting.

3.5.4 Customer satisfaction

To confirm customer satisfaction in Cathay product quality and service, we execute customer satisfaction survey every year. Through verification of relevant quality management systems, we aim to earn recognition from customers. We implement complete control measures in each stage of product development life cycle to ensure product quality. Other than regular customer satisfaction survey, we implement improvement proposals on items with lower customer satisfaction score subsequently.

In 2022~2024, the results of customer satisfaction were as follows. In 2024, we achieved overall satisfaction in 84.33 points in average and achieved an average score above 84 in three consecutive years. In the future, Cathay will keep paying attention to customer demands, providing high-quality product and technical service, satisfying customer demands in order to become a long-term partner that is trusted by customers and move towards sustainable development together.

Statistics/Year	2022	2023	2024
Customer satisfaction rating	84.80	88.46	84.33

3.6 R&D innovation

Material Topic	R&D Innovation
Policy/commitment	• To maintain market competitiveness. • To make efforts to the environment for the Earth. • To provide human being a more convenient life.
Target	• Strengthen core R&D capabilities to develop foamed, lightweight, antibacterial and anti-mold, flame-retardant, UV-resistant, digital printing, and weather-resistant products. • Ratio of R&D expense in operating income is more than 3%. • To increase the number of R&D personnel.
Responsible department and grievance mechanism	• Responsible department: Research and development Department • E-mail: service@cathay1342.com.tw
Resources invested and concrete outcomes	• Established dedicated unit for R&D to be in charge of promoting matters related to R&D. • Increasing R&D expense and personnel every year.
Evaluation system and performance	• Issue tracking management/ irregular meeting. • Establishment of R&D KPI and regular tracking the progress of development. • In 2024, the R&D expense accounted for 3.05% of the operating revenue. • The number of R&D personnel in 2024 was 72 people.

Cathay specializes in the manufacturing of Thermoplastic Polyurethane (TPU) applications and is a professional supplier with integrated R&D capabilities and mass production capacity in both secondary and tertiary processing. In secondary processing, production mainly leverages accumulated manufacturing experience and established standard operating procedures. Based on the physical and chemical properties of TPU, technical fabrics with excellent high moisture vapor transmission, hydrostatic pressure resistance, high elongation, low-temperature resistance, abrasion resistance, and flexural strength are produced through coating, laminating, and embossing processes. The core of secondary processing R&D lies in optimizing adhesive formulations and advancing coating and lamination technologies, combined with supporting production solutions to meet product requirements, to ensure optimal material performance and application efficiency. For the production of tertiary processing, it mainly involves procedures based on customer requirements, including cutting, high-frequency welding, and sewing on TPU technical fabrics. These processes create TPU finished products or components that are lightweight, warm, and designed for repeated inflation or with other functions to be widely used in outdoor, medical, life-saving, industrial application and other dimensions. The focus of R&D is product design, production technology enhancement, and process continuous improvement.

R&D personnel and their educational background

Unit: people

Statistics/Year		2023	2024
Educational background	PhD	0	0
	Master	5	5
	University and college	14	12
	Below senior high school (included)	3	4
Total		22	21

R&D expense

The R&D expense invested in 2024 by Cathay was NTD 76,687 thousand. It increased 30.15% compared to NTD 58,922 thousand in 2023, as the table below:

Unit: NTD thousand

Statistics/Year	2023	2024
A R&D expense	58,922	76,687
B Operating income	2,564,771	2,511,442
A/B (%)	2.30%	3.05%

R&D results

Year	R&D results	Characteristic or advantage
2022	● High-warmth lightweight camping sleeping pad ● Fabric for ballistic vest outer cover ● Lightweight eco-friendly camping sleeping pad	● Adopted low-temperature coating process technology and selecting raw materials that align with green trends, combined with the reflective properties of Mylar polyester film to maintain heat concentration, achieves a lighter weight while providing high thermal insulation performance. ● Used weather-resistant and high-strength TPU technical fabrics; the material is good for polar climate and is with protective performance, like water resistance and UV penetration. ● With TPU' s characteristic of recyclable for granulation, it was used in the existing series product of sleeping pad to move towards green supply chain and incorporate the concept of environmental sustainability into product design.
2023	● Full range of aircraft evacuation slide products ● Introduction of digital printing technology	● The full range of products, like aviation vacuum bag, life rafts, escape slides, and escape slide tapes fabrics, has successfully passed customer verification and entered official mass production. ● The adoption of digital printing technology eliminates the complex plate-making procedures and the environmental impact associated with the use of organic solvents in traditional printing. Also, without limits on the number of colors. It can present the diversity of full color or gradation on different fabrics.
2024	● Medical products using inflation/deflation valve systems ● Fabric for grenade attachment panels of ballistic vests ● Development of aesthetically enhanced camouflage digitally printed fabric for bag materials ● Functional upgrade of high-warmth camping sleeping pads ● High-pressure-resistant composite materials for medical products ● High-moisture permeability and pressure resistance materials used for medical products	● While air inflating and deflating the valve, it reduces air loss of the air pump. The function can also be used on lift boat and airship. We have obtained the utility model patent. ● Produced by combining three layers of fabrics with different structures. It is with the effects of high tear strength, high tensile, and water resistance as well as special stealth technology to fight against the enemy' s infrared detector. ● With the enhancement of aluminum deposition, it increased 25% of warmth retention on the sleeping pad. The function can also be used on air vests or air jackets. ● The characteristics of low extensibility with no deformation, high humidity resistance, and high-pressure resistance of TPU/PC/Nylon composite materials is good to use on blood pressure cuffs. It enhanced product reliability and can be used consecutively for more than 50,000 times. Excepting enhancing precision, it reduces reading error on sphygmomanometer. ● PE/TPU composite materials are skin-friendly surface and with 90% moisture vapor transmission rate. It withstands air pressure and is good to use on medical lightweight turning bed, allowing medical personnel turning patients over and providing nursing. ● Fabric for bag laminating after digital printing can protect the printing surface from be damaged by external force. With TPU protection, digital printing is conducted before filming to cover the ink. It gets rid of the difficulty of conventional bags that cannot be

Diversified product layout

Currently, there are four key development directions of TPU technical fabrics; that is, lightweight, antibacterial & mildew resistant, flame retardant, and high-pressure resistance.

Lightweight	In life-saving applications—such as life jackets, life rafts, and inflatable flotation devices—fabrics must be not only lightweight but also capable of maintaining reliable performance during prolonged wear and in extreme marine environments. These materials require excellent air retention to prevent leakage, as well as flame-retardant properties to withstand emergency fire exposure. Together, these performance characteristics ensure both the safety and comfort of wearers while awaiting rescue. In aerospace applications, lightweight fabrics used for emergency evacuation slides contribute directly to reducing aircraft weight, thereby improving fuel efficiency and payload capacity. At the same time, these fabrics must remain fully functional under high-altitude, low-pressure, and low-temperature conditions, as well as during emergency deployment. Key requirements include flame resistance, low-temperature flexibility, superior air tightness, and chemical resistance, ensuring stable and reliable operation under all emergency scenarios. For outdoor gear such as sleeping pads, backpacks, and dry bags, lightweight fabrics reduce carrying burden and enhance packability. Taking sleeping pads as an example, the fabrics combine durability with portability, providing users with optimal convenience and thermal insulation performance (R-value). This ensures that sleeping pads remain both robust and comfortable during long-distance expeditions and extended outdoor activities.
Antimicrobial and mold-resistant	Antimicrobial and mold-resistant functionality plays a critical role in extending service life and maintaining safety performance in functional fabrics used for aerospace lifesaving systems and outdoor applications. Through antimicrobial treatment, materials can effectively inhibit the growth of bacteria, fungi, and algae, preventing strength degradation, surface deterioration, and odor formation caused by microbial attack. This ensures that fabrics maintain structural integrity and user comfort during rescue operations, expeditions, and aviation missions. In medical applications, antimicrobial and mold-resistant performance must be integrated with biocompatibility requirements to ensure that prolonged skin contact does not cause allergic reactions, irritation, or toxic effects. Such materials are typically required to undergo biocompatibility testing to meet stringent standards for antimicrobial efficacy, mold resistance, and human safety simultaneously.
Flame retardant	Flame-retardant performance is a core requirement in the design of functional fabrics for high-safety-demand applications such as aerospace lifesaving systems and medical uses. Materials must be capable of delaying ignition upon contact with a fire source, suppressing flame spread, and rapidly self-extinguishing once the ignition source is removed, while maintaining structural integrity and mechanical stability. Such applications include aerospace slides, inflatable life rafts, life vests, as well as protective medical fabrics and machine bellows materials. In aerospace environments, materials are required to comply with stringent flame-retardancy and low smoke zero halogen regulations, while maintaining flame-retardant performance under high-altitude, low-pressure, low-temperature, and chemical exposure conditions. For lifesaving equipment, materials must simultaneously exhibit weather resistance and mechanical strength under seawater exposure, high humidity, and prolonged ultraviolet radiation, ensuring structural support and airtightness during emergency fire scenarios. In medical applications, flame-retardant design extends beyond fire prevention to the integration of high-temperature stability, flame-retardant chemical systems, environmental durability, and human safety considerations, ensuring reliable long-term performance and compliance with rigorous regulatory standards in extreme and high-risk environments.
Weather resistance	Industrial sector uses a lot of plastic materials, such as PVC, LDPE, natural rubber, and chloroprene rubber. The materials used must be with high environmental resistance. Our company adopts TPU as the core material, demonstrating outstanding weather resistance performance. Compared with polyester-based TPU and conventional PVC, TPU features a more stable molecular structure, enabling it to effectively resist photochemical degradation caused by ultraviolet (UV) exposure. As a result, it delivers superior UV resistance and thermal stability. Thanks to its excellent weather resistance, the fabric is able to maintain its mechanical strength and elasticity even after long-term exposure to intense sunlight, rain, seawater, and extreme temperature fluctuations, while effectively delaying fading and embrittlement. Compared with PVC materials, which are more susceptible to environmental influences and accelerated aging, TPU significantly enhances the fabric' s protective performance and service life. It also ensures long-term stability under extreme climatic conditions, providing a more reliable, safer, and environmentally friendly material solution for high-demand applications. This makes TPU an ideal high-performance alternative material for modern aerospace lifesaving systems and outdoor equipment.

TPU technical fabric is a material with multiple properties and has a variety of characteristics according to the products applied. It has good tolerance and excellent waterproof and airtightness capacity. Along with the popularity of lightweight plus active application development by manufacturers, TPU technical fabric started to make its mark in the market.

Look into 2025, the industry of TPU technical fabrics will still be flourishing. Cathay is planning to invest more in R&D budget to use existing mature production technology and production equipment for more applications. Through customers' introduction on their product diversity, we learnt customer demands and turned the demands into development items that can generate profits to attract new customers rapidly. In addition, based on the characteristics of airtightness and waterproof of TPU after processing, we continue improving new product R&D and manufacturing process to launch new products that are close to customer demands and expand to global markets. We hope to bring the growth of revenue to a new level.

3.7 Information security protection

Material Topic	Information Security
Policy/ commitment	● Establishment of information security system to information security environment. ● Cultivation of information security capacity to achieve goals of information security.
Target	● To complete information security events that meet material information disclosure required for listed companies every year. ● To complete verification of ISO/IEC 27001 Information security management systems.
Responsible department and grievance mechanism	● Responsible department: IT Unit, General Affairs Department ● E-mail: mis@cathay1342.com.tw
Resources invested	● Established a dedicated information security unit to take charge of promoting information security events. ● Invested NTD 2 million for the introduction and certification of ISO/IEC 27001 and improved the defects listed during the verification process. The improvements included upgrade and procurement of computer room monitoring system, domain management software, information asset management software, and server. ● Implemented information security educational training, promotion, and verification. ● Regular backup and implemented disaster recovery exercise. ● Assigned Information Security Group, consists of Chief Information Security Officer and dedicated information security personnel.

Material Topic	Information Security
Evaluation system and performance	● Tracking management via irregular meetings. ● Strengthened real-time monitoring capacity to the computer room (temperature, humidity, and unauthorized access) to reduce impact of environmental risks to the system. ● Enhanced testing and preventive capacity of unauthorized access to physical environment; met the requirements of physical environmental security specified in ISO/IEC 27001. ● Increased computing performance and system stability to reduce risk of failure caused by outdated hardware. ● New hardware supports more advanced encryption and backup technology to ensure security of information processing and storage. ● Provided comprehensive asset life cycle management tool, including asset identification, tracking and risk evaluation. ● Enhanced asset real-time visibility; met information asset identification and risk management required in ISO/IEC 27001. ● Successfully solved items of defects listed during the verification of ISO/IEC 27001; all met standard requirements. ● Strengthened employees’ awareness and professional ability in information security and established a sustainable information security culture.

Along with the high development of information era, while the popularity of information system brings convenience, it also comes with unpredictable security risks. In a serious scenario, it will shut down the company’s information network, interrupt business operation, and cause material loss to the company and stakeholders. To strengthen information security and protection, we established an information security promotion task force.

Information Security Organizational Chart

General Manager

Information Security Group
Management Representative:
George Liu

Audit Team
Power Shih

Peggy Liu
Sally Wu
Ivy Li

Information Security Team
Vincent Lee

Vincent Lee
Brad Huang
Jason Chen
Mindy Yu
Andy Chang

Document Control Team
Sin Wang

Han Wang
Ichen Li

To ensure the completeness and availability of the company' s information, we established a software patch system in 2024 to manage and update software patch programs and update disk drive. We planned and activated verification of ISO/IEC 27001 Information security management systems with the fund invested more than NTD 2 million. In terms of anti-virus and anti-hacking, other than updating anti-virus software regularly and executing vulnerability assessment- penetration test on all servers as well as conducting social engineering exercise, we strengthen awareness of information security among employees to avoid executing malicious emails.

Cathay deeply understands the importance of personal data protection and has established comprehensive personal data protection methods, covering security protection in technical and management level and compliance with relevant legal regulations and standards to ensure compliance and transparency of personal data management. In accordance with the requirements of ISO/IEC 27001 Information security management system, we include all the messages from customers and contractors into strict control to avoid disclosure. New employees and any suppliers and customers that may involve with confidential and sensitive information are requested to sign information security confidential statement to protect the security of confidential and sensitive information.

Significance of information security

- **To protect key assets**
  Information security ensures key data (such as customer information, financial data, and intellectual property right) free from external attack or internal disclosure. Asset protection directly supports company' s daily operation and reduces potential financial and legal risks.
- **To ensure business continuity**
  Information security lowers business interruption caused by technology failure or security events. A complete information security strategy includes disaster recovery and backup plans to ensure rapid recovery from crisis and maintain business operation.
- **To enhance compliance and reputation**
  Implementing information security in accordance with industrial standards (such as ISO/IEC 27001) and relevant legal requirements is helpful for avoiding penalty or lawsuit. The maturity of the information security management system enhances the company' s reputation in the market and win trust from customers and working partners.
- **To support business development**
  Information security can enhance company' s competitiveness and attract more customers, especially in industries (such as banking and medical care) that have high demands in security. Through secured technology infrastructure, we support innovation and digital transformation.
- **To reduce risk cost**
  Information security can effectively prevent security events and reduce losses caused by data disclosure, cyberattack or system failure. The investment in preventive measures are relatively lower than the cost of recovery or response afterwards.
- **To develop a security culture**
  Information security promotes employees' and management team' s knowledge in risks and forms a corporate culture centered in security. In term of cultural dimension, it increases employees' responsibility and participation.

Short-term goals of information security

- Risk evaluation and management: To complete comprehensive information security risk evaluation and identify potential threats and vulnerabilities.
- Policy and procedure formulation: To establish and implement information security policy and procedure and ensure compliance with ISO/IEC 27001. ISO/IEC 27001 Information security management systems was introduced in the first quarters and passed verification.
- Employee training: To provide employees awareness training of information security and enhance overall security awareness.

Medium- and long-term goals of information security

- Technology upgrade: To introduce advanced security technology, such as encryption technology and access control system.
- Compliance verification: To ensure all information security measures meeting relevant legal regulations and the requirements of ISO/IEC 27001.
- Event management capability: To establish effective security event management procedures to rapidly respond to security events.
- Continuous improvement: To continue improving information security management system through regular review and control.
- Culture building: To establish a culture of information security inside the organization and include security as a part of daily operation.
- Global competitiveness: To pass certification of ISO/IEC 27001 and enhance reputation and competitiveness in international markets.

04

Sustainable Environment

4. Sustainable Environment

Sustainability Performance

SDGs	Sub-goal	Response by Cathay
6 CLEAN WATER AND SANITAION	6.1 Achieve universal and equitable access to safe and affordable drinking water for all. 6.3 Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials.	● Monitored quality of drinking water regularly; the results of testing met legal requirements. ● The results of water quality testing on sewage met legal requirement.
7 AFFORDABLE AND CLEAN ENERGY	7.3 Improvement in energy efficiency. 7.a Facilitate access to clean energy research and technology.	● Replaced old lamps with LED lighting equipment. Assigned dedicated personnel to control and set air conditioning at appropriate temperature. Reduced the consumption before reaching a certain high temperature to enhance electricity efficiency and reduce electricity consumption. ● Planned the establishment and procurement of green energy.
8 DECENT WORK AND ECONOMIC GROWTH	8.9 Devise and implement policies to promote local culture and products.	● Ratio of local procurement: 72.22%. ● Ratio of local procurement: 75.00%.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse.	● Implemented green products and designed optimization on the manufacturing process to reduce waste generation. ● Input immense fund to establish regenerative thermal oxidizer for waste gas and waste heat recycling system.
13 CLIMATE ACTION	13.2 Integrate climate change measures into policies, strategies and planning.	● From 2024, we referred to TCFD requirements to implement climate change risk governance and disclosed the information in the ESG report. ● Completed ISO 14064-1 greenhouse gas inventory and verification.

On the premise of pursuing balanced development and sustainable management, Cathay passed the verification of ISO 14001 Environmental management systems in 2020. Besides, we established environmental policies to declare our determination to protect environment and maintain community safety externally and request employees to improve their professional abilities internally as well as continuously create products that are eco-friendly and good for social public to treat eco-friendly as basic consideration of sustainable management. By the end of 2024, Cathay maintained continuous effective operation of the environmental management system. We receive regular audit by verification companies and through our internal audit personnel every year. Besides, defects found during audits of environment, safety and health will be listed as the key improvements required. Through PDCA cycle, we implement continuous improvement to achieve spirits of compliance and continuous improvement of the environmental management system.

Cathay's important policies, from product development, manufacturing process setup, to machinery procurement, all considered environmental protection and energy saving & carbon reduction in priority. When the factory was established in 2008, no matter it was product design or equipment procurement, our first choice was environmental protection. Other than using laminating machine with no solvent system, we installed air pollution prevention equipment and purchased Regenerative Thermal Oxidizer (RTO), which was the most effective air pollution processing system at that moment and was rare in the northern Taiwan but has been widely used by businesses in the same trade. Afterwards, in 2015, we further expanded and improved RTO capacity as well as added the function of oven waste heat recycling system.

In addition, to strengthen awareness of environmental protection and management through the complete system, we enhanced the awareness of environmental protection among employees and fulfilled our responsibility to environmental sustainability through the implementation of ISO 14001 Environmental management systems.

To implement requirements to the environmental management system, Cathay adopts following environmental policies:

Energy saving/regulatory compliance/pollution prevention/continuous improvement

With above environmental management policies, Cathay aims to help the company and employees to manage impacts to the environment better. Only by implementing effective environmental management, can the company effectively reduce release of pollutants and save resources. Through continuous improvement, we enhance product competitiveness as well as ensure corporate sustainable development and environmental sustainability.

Our approach

Pollution prevention

- Replaced fuel oil used for boiler with premium diesel to reduce sulfur content in waste gas emissions.
- Installed bag-filter dust collector in the terminal of boiler to remove the emission of PM2.5.
- Selected eco-friendly materials.
- No waste water discharged from the manufacturing process.
- Input immense fund to install regenerative thermal oxidizer to process waste gas and waste heat recycling system.
- Regular monitoring of sewage water quality.

Carbon reduction

- Implemented ISO 14064-1 greenhouse gas verification and established goals of carbon reduction.
- Adjusted air-conditioning temperature in the office to 26°C to reduce carbon emission.
- Enhanced the use of renewable energy and implemented energy-saving project to achieve energy saving and carbon reduction.
- Requested improvements on the manufacturing process to perform maximum energy efficiency and listed them into management targets to reduce carbon emission year by year in order to fully perform social responsibility.

Waste reduction-garbage classification

- Promoted garbage classification and set up recycling bins to achieve waste reduction.
- Promoted zero disposable tableware to reduce domestic waste.
- Cherished water resources by adjusting water outflow to save water used for toilet.

Business waste

- Business waste is control in accordance with management methods. It was classified and stored according to the chemical characteristic of waste before commissioning qualified companies for disposal.
- Recycled and reused waste to reduce impacts to the environment.

Green procurement

- Committed to no substances of very high concern (SVHC) announced by REACH in our products.
- We followed green environment regulations published by EU RoHS to promote green procurement management. Other than requesting suppliers no hazardous substances on materials provided, we refuse to use materials or components that contain hazardous chemical substances for production.
- We complied with no conflict mineral. Conflict minerals are minerals mined under armed conflict and violation of human rights. Main control is on gold (Au), tantalum (Ta), tungsten (W), tin (Sn), cobalt (Co), and Mica.
- Adopted chain of custody certified products by FSC or PEFC for the procurement of packaging materials and office supplies. Products with Eco Label and Energy Label will be selected as a priority for relevant equipment.

Green products

Cathay established a complete management process for environmental restricted substances. The main approach is as follows:

- Fully complied with substances of very high concern (SVHC) announced by RoHS and REACH.
- Requested suppliers to provide material environmental testing report by third party during the material evaluation stage.
- Requested material suppliers to provide certificate of hazardous substances free.
- Established hazardous substance free management system on material suppliers to move risk control forward.
- Since 2024, there was no complaint filed for hazardous substance on products.
- Passed OEKO-TEX® STeP verification of sustainable textile and leather production.
- Verification of bluesign® sustainable textile supply chain.
- Products passed verification of OEKO-TEX® Standard 100.

Emergency response

- Cathay formulated emergency response plans, established an emergency response center, and assigned emergency response teams to handle and deal with emergency when it happens. Emergency response training and firefighting exercise are held regularly every half a year. Each of new employees must operate fire extinguisher in person. Through simulation practice with the exercise team, we develop employees' abilities in emergency response and self-safety management to reduce impact and injury caused by adopting corresponding actions before the disaster expands.
- Coordinated with fire brigade to provide employees trainings related to fire escape and first aid. In 2024, each operating site and each factory completed 2 sessions of emergency response exercise according to emergency response plans. It helped employees to conduct rapid response when facing emergency to reduce personnel injury and impacts to the environment.

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4.1 Material and chemical management

4.1.1 Material management

As mentioned by Gro Harlem Brundtland, former Prime Minister of Norway, there is only one Earth. In a situation where resources are limited, we have to satisfy our current demand but not damage the demands of future generations at the same time. To avoid improper waste, Cathay values resource management. The main items of material purchased for Cathay' s products are four key categories, TPU, packaging material, fabric, and adhesive. Among the procurement of raw materials in 2024, a statistic based on the procurement amount showed in recyclable materials, the purchase of TPU was 2,640.435 metric tons, reduced 6.95% compared to that in 2023 while the purchase of packaging materials was 154,361 pieces, reduced 7.87% compared to that in 2023. In terms of non-recyclable materials, the purchase of fabric was 9,440,506 yards, increased 2.80% compared to that in 2023 while the purchase of adhesive was 910.025 metric tons, reduced 7.52% compared to that in 2023. To effectively use limited resources, reduce resource waste, and lower impacts to the environment, Cathay voluntarily recycled raw materials with the premise that no product quality and safety was affected and reused materials in the production line based on the properties and state to achieve the goal of resource sustainability. In 2024, no recycled products and relevant packaging materials generated by product recycling.

Materials used for main product production and packing

Unit	Recycling materials		Non-recycling materials	
	(TPU) KGS	(Packaging material) PCS	(Fabric) YDS	(Adhesive) KGS
2022	2,724,980	200,090	10,259,671	978,727
2023	2,837,755	167,543	9,183,731	983,985
2024	2,640,435	154,361	9,440,506	910,025

Recycling materials used on main product production and packing

Year	Business Division/Item		Total amount of recycling materials used	Total amount of materials used	Percentage of recycling materials used (%)
2022	B1	Material-base fabric (YDS)	456,966	10,500,648	4.35%
		Material-TPU (KGS)	10,572	2,676,390	0.40%
		Material-adhesive (KGS)		852,943	0.00%
		Packaging materials (PCS)	200,088	200,088	100.00%
	B3	Cutting pieces (PCS)		16,446,614	0.00%
		TPU fabric (YDS)		1,948,618	0.00%
		Packaging materials (PCS)	83,700	1,350,394	0.00%
2023	B1	Material-base fabric (YDS)	415,069	8,850,061	4.69%
		Material-TPU (KGS)	9,606	2,733,950	0.35%
		Material-adhesive (KGS)		885,917	0.00%
		Packaging materials (PCS)	167,543	167,543	100.00%
	B3	Cutting pieces (PCS)		6,496,776	0.00%
		TPU fabric (YDS)		1,922,988	0.00%
		Packaging materials (PCS)	122,356(NOTE)	728,737	16.79%
2024	B1	Material-base fabric (YDS)	396,238	8,741,243	4.53%
		Material-TPU (KGS)	6,390	2,548,618	0.25%
		Material-adhesive (KGS)		782,576	0.00%
		Packaging materials (PCS)	151,316	151,316	100.00%
	B3	Cutting pieces (PCS)		13,389,004	0.00%
		TPU fabric (YDS)		2,786,362	0.00%
		Packaging materials (PCS)	210,063	970,738	21.64%

Note 1: In 2023, packaging material number for recycling materials increased from 139 items to 151 items.

Note 2: B1 is Technical Fabrics Division; B3 is Finished Products Division.

In the future, Cathay plans to devote to a procurement policy that enhances recycling materials and in-factory waste recycling for reuse as well as keep searching more eco-friendly alternative materials that meet GRS and FSC verification regulations. Besides, we strictly monitor the source and element of raw materials adopted to ensure all products meet international initiatives, directives and regulations.

Using FSC-related packaging materials

Packaging materials/weight (KGS)	2022	2023	2024
Wrap	982	2,595	3,301
Pillow header card	6,000	5,800	3,500
Carton		445	1,756
Packaging box			7,109

4.1.2 Chemical management

Material Topic	Chemical Management
Policy/commitment	● To establish a chemical control banding system. ● To value workers' physical and mental health and provide safe working environment.
Target	● Risk evaluation and management: To check all existing chemicals and collect SDS to execute working environment testing according to chemical control banding and identify potential hazards as well as formulate relevant management regulations accordingly. ● Employee training When executing on-the-job training, strengthen employees' awareness in chemical safety through cross-department coordination combining with firefighting exercise as well as accident emergency response and protective equipment wearing training. ● To work with external suppliers for joint venture on new construction of warehouse for the storage of chemicals.
Responsible department and grievance mechanism	● Responsible department: Occupational Safety and Health Office ● E-mail: offical@cathay1342.com.tw
Resources invested	● In 2024, we spent NTD 1.03 million on the construction of a warehouse for chemicals. ● Invested around NTD 50 thousand on personnel protective equipment and environmental monitoring.
Evaluation system and performance	● There was no occupational accident caused by chemicals but only a near miss on chemical caused by static electricity. An immediate training was organized through cross-department coordination with firefighting exercise to enhance the emergency response ability of employees at the site. ● Number of people participating in the firefighting training and exercise: 679; number of people participating in chemical disclosure training: 245; number of people participating in respiratory protective equipment training: 23. ● Completed CCB (chemical control banding) on all chemicals.

Cathay values chemical management and its safety of use and requests compliance with regulations related to chemical management. Before introducing chemical materials, whether the chemical complies with international chemical regulations (such as RoHS and SVHC) and the list of restrict substances provided by brand customers will be evaluated. After implementation, a list of hazardous chemicals will be established for regular follow-up of chemical usage and execution of chemical control banding (CCB). Besides, we also provide regular training of hazardous chemicals to employees to learn safety data sheet (SDS), hazard labels of chemicals, and how to use personal protective equipment to ensure employees have corresponding safety knowledge when using chemicals.

Cathay complies with legal regulations related to chemical management and presents our emphasis to safety and environmental protection to strengthen corporate image and social responsibility. Prevention and effective management of occupational accidents and incidents of environmental pollution can significantly reduce chemical hazards caused by risks of fire, explosion, poisoning, burn injury, and leakage. Enhancing management efficiency, reducing losses of factory, production shutdown, and reputation, and providing a stable and safety working environment can effectively increase employees' physical and mental health and perception of safety emphasized by the company. It is helpful for talent retention.

4.2 Energy management

There are limited energy resources on the Earth. To avoid improper waste, Cathay values energy management. Main energy required for operating sites is electricity consumption, and we do not use renewable energy at the moment.

Statistics of non-renewable energy source

Year	2022		2023		2024	
Purchased electricity	kWh	GJ	kWh	GJ	kWh	GJ
	8,680,691.95	31,250.49	8,741,765.98	31,470.36	9,704,868.00	34,937.52
Liquefied petroleum gas	L	GJ	L	GJ	L	GJ
	0.00	0.00	77.01	2.90	165.02	6.22
Diesel	L	GJ	L	GJ	L	GJ
	655,547.82	23,055.04	595,042.98	20,927.14	700,654.25	24,641.39
Gasoline	L	GJ	L	GJ	L	GJ
	18,887.00	616.79	19,388.14	633.16	16,978.12	554.46
Total energy consumption inside the organization	GJ		GJ		GJ	
	54,922.32		53,033.56		60,139.59	

Note 1: Calorific value was referred to Greenhouse Gas Emission Factors Management Table 6.0.4 edition published by Environmental Protection Administration, Taiwan. The calorific value of liquefied petroleum gas was 6,635 kcal per liter, and each kWh was 3,600KJ; 1GJ=1*10^9 J.

Note 2: The calorific values of gasoline and diesel were referred to the revision of calorific value announced on February 5, 2024 by Ministry of Environment. The calorific value of diesel was 8,609 kcal per liter, and the calorific value of gasoline was 7,624 kcal per liter.

Renewable energy source

Cathay collaborated with an industry partner to install devices of solar power in the factory. Currently, the power generated is sold to Taiwan Power Company in wholesale.

Year	2022		2023		2024	
Solar power	kWh	GJ	kWh	GJ	kWh	GJ
	439,437.10	1,581.97	463,603.20	1,668.97	428,217.70	1,541.58

Intensity of non-renewable energy source

Unit: GJ; NTD million	Total energy consumption	Total revenue (NTD million)	Energy intensity
2022	54,922.32	2,589.138	21.2126
2023	53,033.56	2,564.771	20.6777
2024	60,139.59	2,511.442	23.9462

Note : Intensity was calculated based on venue per million dollars.

Energy-saving performance

We proactively promote energy saving and emission reduction and hope to save energy resources through corporate management to maintain sustainable development of global ecological environment. Our approach is as follows:

- Implemented strategic goals of energy saving and carbon reduction as well as greenhouse gas reduction. We test carbon dioxide concentration in the office every year to ensure its compliance with standards required.
- Used LED lighting equipment only.
- Assigned dedicated personnel to control air conditioning and set it at appropriate temperature before reaching a certain high temperature to enhance electricity efficiency and reduce electricity consumption.

4.3 Greenhouse gas management

Material Topic	Greenhouse Gas Emissions
Policy/commitment	● Enhancement of energy efficiency. ● Reduction of greenhouse gas emissions. ● Continuous improvement.
Target	● In 2025, we aim to complete 2024 Greenhouse Gas Verification for the whole company. ● To enhance energy efficiency. ● To purchase electrical appliances that are Grade-1 energy efficiency and optimized energy efficiency as priority to reduce overall carbon emissions. ● To achieve net-zero emission by 2050.
Responsible department and grievance mechanism	● Responsible department: General Affairs Department ● E-mail: official@cathay1342.com.tw
Resources invested	● Promoted and executed energy-saving measures. ● Completed annual energy-saving project. ● Implemented greenhouse gas verification.
Evaluation system and performance	● Completed annual internal audit and external verification. ● Completed greenhouse gas inventory and verification for 2022~2024.

Greenhouse gas emission policy

Climate change has become a global challenge, and we are fully aware that the Earth is deteriorating because of greenhouse gases. As a citizen of the Earth, Cathay is committed to the followings in order to fully performance corporate social responsibility in environmental protection and reduce impacts to environment and climate caused by global warming because of greenhouse gas emissions from us.

- Devoted to greenhouse gas verification to monitor our greenhouse gas emissions.
- Continuous promotion in energy-saving and carbon reduction measures based on the results of verification. In 2030, greenhouse gas emissions shall be reduced 50% in the scenario of business as usual (BAU) as well as to achieve net-zero emission by 2050.
- All employees participate in energy-saving and carbon reduction activities.
- Compliance with national and international regulations related to energy saving, carbon reduction, and environmental protection.
- Establishment of green capacity requirements with customers.

Furthermore, we focused on environmental policy as self-expectation to achieve eco-friendly environment as well as made the belief of energy saving and carbon reduction concrete and transparent. We set up recycling bins for resource re-classification and entrusted qualified companies to recycling and processing annual waste (including idle and scrap materials).

Direct greenhouse gas emissions (Scope 1/Category 1)

Among the source of emissions possessed or controlled by Cathay, the direct sources are mainly diesel combustion from generators and boilers, gasoline and diesel combustion from company cars, VOC combustion, flame-resistant testing, and fugitive emissions from septic tank, refrigerant, and fire extinguisher.

Energy indirect greenhouse gas emissions (Scope 2/Category 2)

Indirect emissions generated by Cathay are mainly indirect greenhouse gas emissions generated by the purchased electricity, including power consumption in factory areas, office and public areas.

Other indirect greenhouse gas emissions (Scope 3/Category 3~6)

Other indirect emissions are those generated from other activities Cathay involves. The source of emissions is possessed or controlled by other companies. The scope of verification of other indirect greenhouse gas emissions includes the followings:

- Greenhouse gas emissions generated from raw material transportation.
- Greenhouse gas emissions generated from product transportation.
- Greenhouse gas emissions generated from business trip.
- Greenhouse gas emissions generated from upstream transmission and distribution of energy purchased.
- Greenhouse gas emissions generated from waste disposal.
- Greenhouse gas emissions generated from waste transportation.

Statistics of greenhouse gas emissions

TonCO$_2$e/Year		2022		2023		2024	
Scope	Type of emissions	Amount	Ratio	Amount	Ratio	Amount	Ratio
Scope 1	Direct	3,164.68	35.07%	3,187.83	33.61%	3,511.15	33.49%
Scope 2	Indirect energy	4,296.94	47.62%	4,318.43	45.53%	4,794.20	45.74%
Scope 3	Other indirect	1,562.32	17.31%	1,978.17	20.86%	2,176.90	20.77%
Total emissions		9,023.94	100.00%	9,484.43	100.00%	10,482.25	100.00%

Note 1: Global warming potential (GWP): Cited the global warming potential in the Sixth Evaluation Report published by IPCC.

Note 2: The reason why the total carbon emission in 2024 increased 10% compared to that in 2023: 1. Factory expansion 2. Purchase of machine and equipment.

Intensity of greenhouse gas emissions

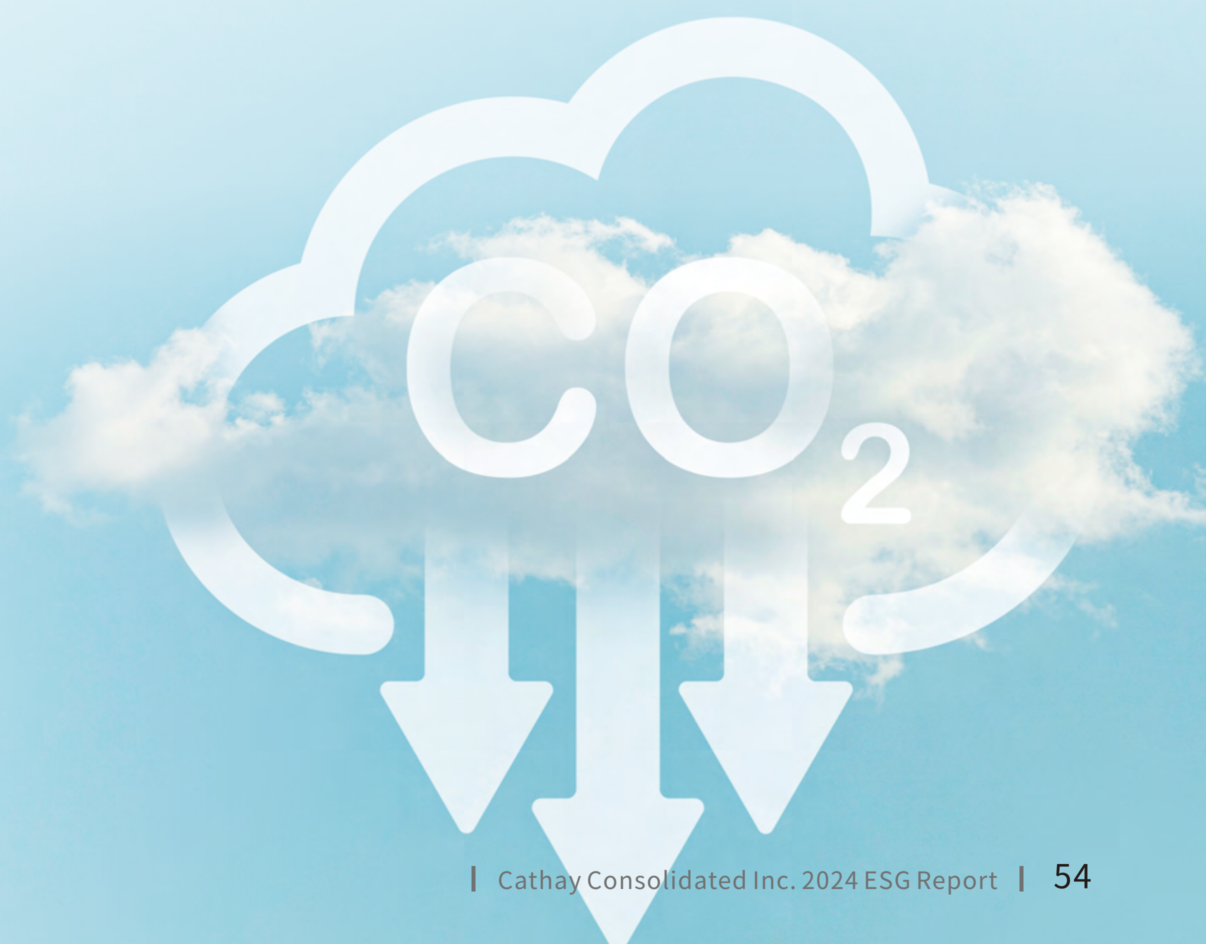
Unit: tonCO2e; NTD million	Total emissions of Scope 1+2	Total revenue	Intensity of greenhouse gas emissions.
2022	7,461.62	2,589.138	2.8819
2023	7,506.26	2,564.771	2.9267
2024	8,305.35	2,511.442	3.3070

Note : Intensity was calculated based on venue per million dollars.

Other material gas emissions

Unit:	Nitrogen oxides	Sulfur oxides	Persistent organic pollutants	Volatile organic compounds	Hazardous air pollutants	Particulate matters
2022	41 PPM	14 PPM	NA	65 PPM	NA	3 mg/NM3
2023	NA	NA	NA	96 PPM	NA	NA
2024	NA	NA	NA	94 PPM	NA	NA

Note : Except volatile organic compounds are testing every year, the rest of gases will be testing every three year. NA refers to the gas that was not tested in that year.



4.4 Water stewardship and pollution prevention

Wastewater treatment

The resource of water for Cathay' s office and factories is mainly tap water, and none of them is located in water stress areas. There is no water required for the manufacturing process, and water consumed by Cathay is mainly for domestic consumption; it has relatively less impact to the environment. To meet local emission standards, wastewater will be treated oil-water separation before being processed along with general sewage. We monitor and test wastewater discharged regularly to ensure achievement of water quality required to discharge to the sewage treatment plant.

Status of water resource consumption

Unit: million liters (MAM)	Type of water withdrawal	Total withdrawal amount	Water withdrawal from the area with water stress	Total displacement	Total water consumption
2022	Tap water	26.803	0	26.803	0
2023	Tap water	19.317	0	19.317	0
2024	Tap water	23.827	0	23.827	0

Note 1 : There is no water consumption during the manufacturing process in Cathay. Therefore, the water consumption was 0. Water withdrawal is equal to displacement.
Note 2 : 1 unit of water is 1 metric tons, which is 0.001 million liters.

Monitoring and testing of wastewater quality

Unit: mg/L	Total suspended solids	Standard of discharge	Biochemical oxygen demand	Standard of discharge	Chemical oxygen demand	Standard of discharge
2022	3.5mg/L	320mg/L	9mg/L	400mg/L	22.5mg/L	480mg/L
2023	<1.25 mg/L	320mg/L	4.5mg/L	400mg/L	11.3 mg/L	480mg/L
2024	1.7mg/L	320mg/L	3.6mg/L	400mg/L	15.3 mg/L	480mg/L

Note : The source of standard values and testing reports were from Longde Industrial Management Bureau. It met requirements of legal regulations.

4.5 Waste management

Garbage generated in Cathay is classified as hazardous garbage or non-hazardous garbage for storage, collection, and disposal. The waste generated in Cathay is divided into general business waste and hazardous business waste. Business waste is mainly waste fiber from the manufacturing process of PU leather, mixture of other cotton cloth or mixture of waste plastic. Besides, dust collected by dust collector is not in huge amount and is temporarily stored in the factory for clearance when reaching a certain amount. Hazardous business waste is mainly waste liquid generated at the post-production stage with a flash point smaller than 60°C and mixture of other ignitable hazardous waste.

In addition, waste, including domestic garbage generated by employees and waste wood (pallet), waste plastic container (PET packaging material), scrap iron, and waste lubricant that are not from the manufacturing process, is trusted to qualified companies for clearance.

At the moment, we work with 5 companies (Jian Cheng Enterprise Co., Ltd., Jilong Wanneng Enterprise Co., Ltd., Yichang Clearance Co., Ltd., Jinting Co., Ltd., and Junang Environmental Protection Co., Ltd.) for the clearance and disposal of business waste in the factory. They all have qualified certificates. In addition, we entrust Tseng Ming Group Environmental Engineering Inc. for hazardous waste disposal. The transportation process of general business waste companies is declared to Environmental Protection Bureau. Each transportation vehicle is installed GPS, and the route of transportation can be check from the website of the Environmental Protection Bureau.

Metric ton(s)	Item of waste	2022	2023	2024	Method of disposal	Off-site/ on-site treatment
Hazardous business waste	Mixture of other ignitable hazardous waste		0.48	1.41	Incineration	Off-site
	Waste liquid with a flash point smaller than 60°C	22.53	15.75	15.57	Incineration	Off-site
	Sub-total	22.53	16.23	16.98		
General business waste	Mixture of waste plastic	448.81	460.33	517.23	Incineration	Off-site
	Waste fiber or mixture of other cotton and cloth	242.30	337.74	483.93	Incineration	Off-site
	Waste wood	101.10	88.17	915.02	Incineration	Off-site
	Waste paper	127.11	56.85	48.97	Recycling	Off-site
	Sub-total	919.32	943.09	1965.15		
Total		941.85	959.32	1982.13		

Relevant measure of waste reduction

- Promotion of garbage reduction, such as recycling paper for duplex printing and digitalization of document management.
- Installation of recycling bins for resource re-classification and entrusting qualified companies to recycle and dispose waste (including idle material and scrap material) every year.

4.6 Supply chain management

Material Topic	Supply Chain Sustainability
Policy	● Environmental sustainability, social co-prosperity, and sustainable partners.
Target	● Ratio of local procurement: Above 40%. ● Number of suppliers being terminated transaction because of material negative environmental or social impacts: 0.
Responsible department and grievance mechanism	● Responsible department: Procurement Department ● E-mail: service@cathay1342.com.tw
Resources invested	● Completed establishment of the supplier sustainability investigation system. ● Published Supply Chain Sustainable Development Commitment Statement ● Completed annual supplier quality assessment.
Evaluation system and performance	● In 2024, we assessed 14 suppliers; response rate: 100%. ● In 2024, ratio of local procurement: 72.22%. ● In 2024, no suppliers were terminated transaction because of environmental and social material negative impacts.

The management team in Cathay is committed to provide customers high-quality and safe products and services that meet regular legal regulations and standards as well as fully implement occupational accident prevention, environmental protection, and pollution prevention to perform social responsibility. Raw materials and consumables purchased follow relevant legal regulations as well as requirements of environmental protection and safety. To achieve the goal, we conduct continuous improvement in accordance with international management system ISO 9001, hazardous substance management, and RBA requirements.

When working with new suppliers, Cathay requests suppliers' management level or highest manager to sign "Restricted/Prohibited Substances Declaration" to ensure products meeting hazardous substance management.

Cathay also established supply chain management procedures. In 2024, the new and old supplier assessment focused on quality evaluation. Evaluation on environmental and social dimensions was not implemented yet. It is planned to conduct supplier sustainable development investigation from 2025.

Supply chain integration and response to risk diversification

Cathay always treats suppliers as strategic partners and firmly believes mutual support and growing together with suppliers. The main Cathay production and operating sites are in Taiwan. To promote local industrial cluster and provide regional economic development, we choose local suppliers as much as we can. Most of our suppliers have been worked with us for many years, and the source of supply is stable. We will change suppliers in consideration of material quality and price and the cooperation of suppliers. Therefore, there is no concentration risk of material shortage because of material supplied by certain few suppliers.

Reduction of impacts to the environment caused by material transportation

Along with continuous advancement of technology and enhancement of industrial output value, it causes increasing environmental hazards and also arouse global attention to the topic of environmental protection. The goal of the meeting of United Nations Climate Change Conference (COP21) in 2015 was to agree on legally binding measures to solve issues of climate change and limit global temperature rise. It is regarded as "the last and the best chance to save the Earth" and vows to improve the deteriorating climate change and keep the rise in global surface temperature to well below 1.5 °C above pre-industrial levels. The conference is also seen as the most representative international agreement in dealing with global warming historically. Cathay also follows the principle by considering the geographical location when selecting suppliers. Except the consideration of supply cycle, timeliness, and transportation cost, we also reduce potential impact and damage to environment caused by long-distance of material transportation.

In addition to consider localization, when selecting suppliers, it is important to evaluate risks of procurement in the same region. The management method is to achieve full truckload and full container load if possible. In terms of transportation, we use more sea freight and reduce air transport. The emission of carbon dioxide by sea freight is far lower than that by air transport so that we can reduce carbon dioxide generated by transportation.

Procurement policy

Cathay has established procurement and supplier management systems according to ISO 9001 Quality management systems to effectively manage quality of supply. Besides, through the supplier management policy, we extend the concept and requirements of social responsibility to our supply chain, collaborate with suppliers for joint management, and request compliance and commitment from suppliers to ensure all operating procedures meet rules of environmental protection, labor regulations, and international corporate social responsibility.

To maintain quality, green product, delivery, service and price requirements on materials purchased and help improving supplier management to further achieve mutual benefit and win-win situation, Cathay follows the mechanism of material approval procedures and supplier selection as well as material evaluation and assessment & supervision by professional teams to select suppliers.

Currently, we haven’t conducted anti-corruption educational training and promotion to our suppliers. The implementation is expected to start this year.

Statistics of local procurement

Percentage/Year	2022	2023	2024
Ratio of the number of local suppliers in the scope of operating activities (%)	80.86%	74.59%	75.00%
Ratio of local procurement (%)	74.50%	69.69%	72.22%

Note 1 : The procurement included outsourced processing and the purchase of raw materials.
Note 2 : Local procurement refers to the transaction in local currency.

Supplier selection mechanism

Selection of suppliers should not only consider price but should be based on the advantage of supplier in comparison with risk consideration. The most important thing is to maintain good relationship with suppliers. Besides, it is essential to ensure suppliers meet Cathay’s procurement demands in quality, cost, delivery, service, management, and environmental protection.

In 2022~2024, we have 112 new suppliers in total. After passing new supplier assessment, they are listed as Cathay’s qualified suppliers. Currently, they are assessed quality audit. From 2025, we will incorporate the schedule of corporate sustainable development and include environmental and social topics into new supplier assessment. In 2024, we conducted written quality assessment on 82 suppliers and on-site quality assessment on 59 suppliers. From 2025, we will incorporate the schedule of corporate sustainable development and include environmental and social topics into new supplier assessment.

Other than focusing on product quality, delivery, and cost provided by suppliers, we also urge them to prioritize their social responsibility and continuously implement audits in accordance with environmental and social standards. We expect to suppliers to fully perform corporate social responsibility with us as well as fully implement risk management and business continuity plans.

New supplier assessment

Unit: companies; percentage	Number of new suppliers	Number of new suppliers selected with environmental and social standards	Ratio of new suppliers selected with environmental and social standards to the total number of new suppliers
2022	52	0	0.00%
2023	49	0	0.00%
2024	11	0	0.00%

Existing supplier assessment

Supplier ESG audit	2022	2023	2024
Number of suppliers (active)	180	167	203
Number of suppliers audited quality in writing	48	65	82
Number of suppliers audited quality on the site	61	65	59
Total supplier quality audit rate	60.55%	77.84%	69.45%
Number of suppliers receiving evaluation of social/environmental impacts	0	0	0
Number of suppliers that have been identified with significant actual or potential negative impacts to social/environment (Note)	0	0	0
Percentage of improvement done by the identified suppliers after evaluation	0	0	0
Percentage of identified suppliers being terminated working relationship after evaluation	0	0	0

Note : In 2024, there was no supply interruption caused by suppliers violating social responsibility related to environment, human rights, and occupational safety in all operating sites.

4.7 Climate change management

In recent years, extreme weather events are increasing every day. It shows the impact caused by global warming is extremely urgent. Therefore, government in each country focuses more on the topic of climate change. They request enterprises to incorporate risks and management of climate change into business strategies through establishing and formulating relevant regulations.

Other than actively identifying operating risks caused by climate change, Cathay' s Sustainable Development Committee also implements identification of climate risks and opportunities in accordance with "Task Force on Climate-related Financial Disclosures (TCFD)" published by Financial Stability Board (FSB). With the four key elements of disclosure suggested in TCFD, which are "governance," "strategy," "risk management," and "metrics and goals," Cathay formally incorporated climate-related topics into business management process. Besides, the performance of governance is disclosed in the ESG report. We hope all stakeholders are able to clearly understand the action and responding measures adopted by Cathay when facing risks and opportunities caused by climate change.

From 2024, Cathay formally followed TCFD framework to implement governance of climate risks and opportunities. In 2024, climate transition risks identified included cost collection of greenhouse gas emissions, implementation of carbon fee, rise of material cost, and changes of customer behaviors. Climate physical risks included rise of average temperature and frequency and increased strength of typhoon.

Relevant implementation of above climate risks and opportunities has been included in the risk management report. Moreover, it has been submitted to the Board of Directors in the fourth quarter, 2024, to be importance accordance for strategy planning and risk control.

TCFD Comparison Table

Dimension	Item of disclosure suggested by TCFD	Management strategy and action plan adopted by Cathay	Status of implementation in 2024
Governance	● The board' s oversight of climate-related. ● Management' s role in assessing and managing climate-related.	● Established the Sustainable Development Committee and task force, which consists of Chairman and the management team. Chairman acts as the Chairperson to be in charge of approving long-term goals and management strategy of climate change. The task force promotes relevant actions and reports to the Board of Directors regularly (at least once every year).	● To promote sustainable development, Cathay approved the establishment of Sustainable Development Committee through the Board of Directors on December 19, 2024, to implement environment, social, and corporate relate to business operation. The Board of Directors authorized Chairman to act as the Chairperson of the committee. The Committee includes corporate governance & economy group, environmental sustainability group, social prosperity group, and innovation excellence group. Members at each group are responsible for implementation, supervision, and management of ESG goals as well as preparing ESG report, ensuring compliance with international ESG trends and regulations, and regularly reporting to the Board of Directors.
Strategy	● The climate-related risks and opportunities the organization has identified over the short, medium, and long term. ● The impact of climate-related risks and opportunities on the organization' s businesses, strategy, and financial planning. ● Taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	● Identified impacts to the company caused by climate change through scenario analysis step by step. ● Formulated responding measures and adjusted the company' s business direction in response to the development of national carbon reduction and included them into the decision process.	● Sustainable Development Committee followed TCFD framework to identify climate risks and opportunities every year based on our business characteristic. Accordingly, TCFD material topics were identified to analyze potential physical risks, level of impact, and financial impact in short, medium, and long term as well as further draw up responding measures to strengthen corporate climate resilience. ● Please refer to short-, medium-, and long-term potential risks and opportunities to the company caused by climate change and responding measures to climate-related topics for how the identified climate risks and opportunities affect corporate business, strategy, and finance (short, medium, and long term). ● We haven' t used scenario analysis to evaluate resilience to climate change. It will be conducted in the future according to the situation.

Dimension	Item of disclosure suggested by TCFD	Management strategy and action plan adopted by Cathay	Status of implementation in 2024
Risk management	● The organization' s processes for identifying and assessing climate-related risks. ● The organization' s processes for managing climate-related risks. ● How processes for identifying, assessing, and managing climate-related risks are integrated into the organization' s overall risk management.	● Referred to TFFD reports in the industry to identify and evaluate risk topics applicable to Cathay. ● We have incorporated climate change into material topics of sustainable development and one of key material risks. All factories identified the level and situation of potential risks according to risk management methods and policies established by Cathay and planned responding measures corresponding to business operation, product, and supply chain management.	● Cathay established risk management policy and procedures, and they are under effective operation. The performance of risk implementation in 2024 was as follows: ○ Members in the Sustainable Development Committee completed the collection of environmental data related to climate and evaluated climate risks and business scope. ○ Established lists of climate risks and opportunities and internal operational impact questionnaire survey. ○ Sustainable Development Committee analyzed climate risks & opportunities, and operational impacts as well as determined items of material risks through resolution of the Sustainable development Committee. ○ Established execution strategies and goal setup. ○ Reviewed execution strategies and goal performance on a rolling basis through meetings of Sustainable Development Committee every year.
Metrics and Targets	● The metrics used to assess climate-related risks and opportunities in line. ● Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks. ● Manage climate-related risks and opportunities.	● In 2022, we introduced ISO 14064-1 organizational greenhouse gas inventory and completed internal greenhouse gas inventory and external verification for 2022~2024. ● In consideration that Cathay' s capital was less than NTD 2 billion and our business situation, we focused on Scope 1 and Scope 2 in priority. Scope 3 was included for self-verification but not included in the calculation of emission intensity. ● In 2023, greenhouse gas emissions (tonCO2e) were as follows: Scope 1: 3,187.83 (tonCO2e) Scope 2: 4,318.43 (tonCO2e) Scope 3: 1,978.17 (tonCO2e) ● In 2024, greenhouse gas emissions (tonCO2e) were as follows: Scope 1: 3,511.15(tonCO2e) Scope 2: 4,794.20(tonCO2e) Scope 3: 2,176.90(tonCO2e)	● Greenhouse gas reduction: We expect the carbon emission intensity in 2025 to reduce 3.75% from that in the previous year. (Carbon emission intensity of Scope 1 and Scope 2 in 2022 was 2.8819, in 2023 was 2.9267, and in 2024 was 3.3070). ● Continuous implementation of ISO 14064-1 Greenhouse gas verification; pass the third-party verification every year. ● To meet ESG trend and demand, we completed ISO 14067 Carbon footprint of a product verification on our main products in 2023 (obtained carbon footprint verification on 14 product and 11 products in 2023 and in 2024 respectively).

Note : The reasons why the total carbon emission in 2024 increased 10% from that in 2023 were 1. Factory expansion 2. Purchase of machine and equipment.

Short-, medium-, and long-term potential risks and opportunities caused by climate change and responding measures to climate-related topics

Risk/ opportunity	Item	Risk description	Duration	Level of impact	Impact to finance	Responding measures
Physical risk	Rising mean temperatures	Along with the average temperature getting higher and higher each year, the electricity consumption increased in the operating sites that reply on air conditioning. Besides, the increasing cost of electricity affects the performance of business operation.	Medium term Long term	High	Increased operating cost	• Set the temperature of air conditioners in the office and operating sites at 26~28°C. • Adopted variable-frequency and LED when replacing air conditioner and lighting equipment.
Physical risk	Increased severity and frequency of typhoon	Damage or injury of equipment or personnel in the operating sites; interruption of supply by suppliers and customer services.	Medium term Long term	Medium	Increased operating cost	• Promoted occupational safety and strengthened emergency response to natural disasters. • Established emergency response and backup plans and implemented drills, including communication mechanism with suppliers and customers. • Active development in alternative suppliers to spread risks of supply chain interruption. • Strategic partners of long-term suppliers.
Transition risk	Increased cost of raw materials	Material cost increases because of climate impacts and international carbon tax.	Medium term Long term	Medium	Increased operating cost	• Strategic partners of long-term suppliers. • Energy-saving and carbon reduction activities were conducted in the office and operating sites to implement green procurement.
Transition risk	Greenhouse gas emissions carbon tax	From 2026, enterprises in Taiwan generate 2.5 metric tons of greenhouse gas emissions every year will be charged carbon fee. Cathay is not key emission generator, and the cost will increase in the long term.	Long term	Low	Increased operating cost	• Implemented greenhouse gas inventory. • Established emission reduction goals and action plans. • Implemented energy-saving and carbon reduction projects.
Transition risk	Changing customer behavior	Because customer demands in low-carbon products or services, it causes increase of cost in the early transition stage.	Medium term Long term	High	Increased operating cost and expense	• Invested in low-carbon product R&D to satisfy customer expectation.
Transition opportunity	Utilization of low-carbon energy Enhancement of resource efficiency Make the most of incentive program from public sectors Participation in renewable energy projects Adoption of energy-saving measures Sourcing low-carbon eco-friendly materials	To achieve the goal of net-zero emission in 2050, we prepare for the use of low-carbon energy and renewable energy in advance. It helps to satisfy stakeholders' phased demand and enhance corporate competitiveness.	Long term	High	Increased operating cost	• Implemented greenhouse gas inventory, analyze sources of high carbon emissions, and evaluated visible energy-saving solutions. • Continuous attention to government subsidy and information related to carbon trading market. • Development of low-carbon products to increase new market and revenue.

Note : Short term: 1-3 years; medium term: 4-6 years; long term: more than 7 years.

Quantified management for future greenhouse gas reduction

- Annual carbon reduction in 3.75%.
- The goal for 2030 is to reduce carbon emission in 25%.

Achievement of goals and measures

- Installation of solar panel on the roof in the factory.
- Utilization low-carbon energy to enhance energy efficiency.
- Establishment of VOC heat recycling system.
- Installation of smart electricity meters.

05

Social Care

5. Social Care

Sustainability Performance

SDGs	Cathay' s goals	Performance
5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES 5.1 End all forms of discrimination against all women and girls 8.7 Elimination of child labour and eradicate forced labour 10.2 Empower and promote the social, economic and political inclusion of all 10.3 Ensure equal opportunity and reduce inequalities	• To implement human rights training every year. • Number of human rights violation event: 0. • Ratio of the number of female employees accounting for more than 50% of the total number of employees.	• Completed human rights related training on new employees. • In 2024, there was 0 case of human rights policy violation. • The number of female employees accounted for 63.75% of the total number of employees.
8 DECENT WORK AND ECONOMIC GROWTH 8.1 Sustain economic growth in accordance with national circumstances	• Minimum salary at each operating site must be 1.2 times higher than local salary by law.	• Achieved the lowest salary for male and female entry-level employees in all operating sites compared to local basic wage in above 1.35 times.
4 QUALITY EDUCATION 4.3 Ensure equal access to education for all women and men	• Average training hours for male and female employees in all operating site: 15 hours.	• In 2024, the average training hours received by female employees in all operating sites were 18.4 hours, and the average training hours for male employees were 16.5 hours.
10 REDUCED INEQUALITIES 10.3 Ensure equal opportunity and reduce inequalities	• To strengthen labor-management communication; hold labor-management meeting every quarter.	• Labor-management meeting was held quarterly, and the relevant resolutions were published.

Sustainability Performance

SDGs	Cathay’ s goals	Performance
3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH 3.7 Ensure the integration of medical care into operational plans 3.8 Access to quality essential health-care services 8.8 Protect labor rights and promote safe and secure working environment	• To complete health examination according to the plan. • Introduction of ISO 45001 occupational safety and health hazard identification. • Zero critical occupational injury and diseases in all operating sites. • To hold activities of health promotion.	• Employees that completed general health examination and special health examination were 75 people and 39 people respectively. • In 2024, there was 0 critical occupational injury and diseases. • Held activity “1 Change 4 Health” for health promotion. The program of enjoying slim life lasted for 74 days. A total of 62 employees participated in the program, and accumulated weight lost was 89.15 kilograms.
1 消除貧窮 1.3 Implement social protection systems and measures for all people at the bottom of society	• To participate in donation for vulnerable groups and elderly.	• Sponsored NTD 1 million for Yilan International Children's Folklore & Folkgame Festival. It was not only a commercial investment but also a multilevel value creation action. It enhanced brand influence, promoted close connection with society and social groups, and presented corporate responsibility and long-term commitment. • Purchased boxed biscuit from Taichung City Life Development Association for the Hearing Impaired: NTD 126,540. • Purchased charity voucher from the Yilan County Social Welfare United Fundraising Foundation: NTD 270,000.

Cathay values employees’ labor rights and devotes to create a pleasant, happy and safe workplace. We provide employees friendly and equal working opportunities, implement a policy of gender equality, create an atmosphere of mutual respect and cooperation, and offer remuneration that is market competitive to promote employees’ cohesion to the company and ensure booming business development. Besides, we have complete educational training and career development systems as well as hold various training courses to enhance employees’ professional competence and increase their competitiveness in the workplace. In addition, Cathay introduced an occupational safety and health management system, including on-site health services and safe production to strengthen Cathay’ s management measures in occupational safety and health and effectively protect employees’ physical and mental health. In addition, Cathay carries core values in “integrity,” “respect,” “responsibility,” “result,” and “fun” to devote to social public and charity activities, care vulnerable groups, and is committed to promote local prosperity and development. Through diverse social engagement and resource investment, Cathay hopes to work with different circles in the society to create a more inclusive and more harmonious social environment, fulfill the vision of mutual support and growth together between the enterprise and society as well as present our social responsibility and commitment at the same time.

5.1 Employment overview

Cathay adopts the principle of diversity and equality to establish a happy and safe workplace for employees. Through providing various affirmative action and salary and benefits that are market competitive to attract talents to join us and develop with us.

5.1.1 Human rights policy

Cathay values employees' basic rights and established a friendly environment with human rights protection. We strictly follow relevant labor regulations, comply with human rights convention disclosed in "United Nations Global Compact," "Universal Declaration of Human Rights," "Guiding Principles on Business and Human Rights," and "ILO Declaration on Fundamental Principles and Rights at Work," and respect basic human rights recognized in international conventions, including prohibition of child labor, elimination of forced or compulsory labor in all forms, elimination of employment and occupation discrimination, freedom of association and collective bargaining, caring vulnerable groups, eradication of any behavior that violates and abuses human rights, protecting gender equality, and treating all employees fairly. Cathay' s salary policy protects employees for no difference in gender, age, religion, race, and political inclination.

Besides, Cathay follows labor and human rights regulations and customer requirements in all operating sites to establish human rights policy and relevant methods. Other than explaining the company policy to employees through announcement, activity, promotional material, and meeting, we also promote the importance and relevant information of human rights protection and labor rights & interests through new employee training and on-the-job employee training.

In addition, we also have relevant complaint and whistleblowing channels in place for employees. After being received by dedicated personnel, due diligence will be conducted. The information of the whistleblower will be kept confidential. If the reporting is verified to be true, we promise that the whistleblower will not be treated unfavorably or unfairly. In 2024, Cathay provided human rights related courses internally. The total training hours was 81.5 hours, total participation was 163 people, and the ratio was around 39.76%. Moreover, there was no violation against human rights policy in the year.

Employee training in human rights policy

Year/Statistics	Number of people trained	Total training hours	Total number of employees	Ratio of employees received training
2022	169	84.5	378	44.71%
2023	130	65.0	369	35.23%
2024	163	81.5	410	39.76%

Human rights policy

Policy	Cathay’ s Commitment	Measures
Diversity, inclusive, and equal	No discrimination in language, attitude, and behavior because of gender, race, social rank, age, marital status, language, thoughts, religion, political inclination, nationality, birthplace, appearance, facial features, and physical and mental disability. We are committed to create a workplace that is decent, safe, equal, and free of discrimination and harassment with employees.	• Cathay make a commitment on following fair and discrimination-free principle for recruitment, promotion, and all matters related to work. • Regular employee training and established a whistleblowing mechanism to ensure transparent and fair process for recruitment and promotion.
Prohibition of forced labor	We respect employee willingness and prohibit forced labor. Cathay uses or supports no forced and involuntary labor. At the same time, we request suppliers and contractors to fully comply with it. Besides, we never detain part of employees’ wage, benefits, property, or I.D. to force them working consecutive hours.	• All Cathay employees are voluntarily employed. We never allow forced behaviors and attract employees to work with us by deception. All employees have to sign a legal employment contract.
Prohibition of child labor	Our employment standards meet the requirement of minimum age specified in the local regulations. Except hiring no workers less than 15 years old, we also declare prohibition of child labor.	• When recruiting personnel, we show job applicants company regulations and verify their I.D. documents.
Reasonable salary and working conditions	According to legal regulations, we offer employees salary that is now lower than minimum wage required by law as well as reasonable compensation, social insurance and benefits. Besides, we comply with legal requirement of working hours to reasonably arrange employees’ working hours, break and leaves.	• We regularly adjust salary structures and offer health insurance, retirement plan, and other benefits to ensure our remuneration meet industrial standards and legal requirements.
Freedom of association	Compliance with legal regulations, we respect employees’ rights in organizing and participating in the labor union that they selected, collative bargaining, and peaceful assembly. Moreover, we also respect employees’ rights in avoiding such events.	• We communicate with employee representatives regularly through the Labor Relations Committee to protect employees’ rights in collective bargaining.
Humane Treatment	Cathay values human rights, respects dignity of each employee, and uses or allows no physical punishment nor physical or mental oppression, including verbal abuse and harassment.	• Cathay is committed to the principle of fairness and no discrimination for recruitment, promotion, and relevant matters related to work. We established workplace sexual harassment prevention measures and protect employees’ privacy.

Human rights policy

Policy	Cathay' s Commitment	Measures
Healthy and safe workplace	We aim to create a safe and healthy working environment to reduce safety and health risks in the workplace, promote employee physical and mental health, and achieve balance between work and life.	● Regular training in occupational safety and health, provision of necessary safety equipment, establishment of health examination and occupational disease prevention systems, and formulation emergency response plans.
Harmonious labor-management relationship	To provide diverse and open communication channels, regularly hold labor-management meeting, devote to promote harmony between employees and employer, establish good labor relations, and effectively reconcile difference of opinion.	● We communicate with employee representatives regularly through the Labor Relations Committee to protect employees' rights in collective bargaining. ● We regularly adjust salary structures and offer health insurance, retirement plan, and other benefits to ensure our remuneration meet industrial standards and legal requirements.

5.1.2 Employee statistics

Cathay develops locally in Taiwan to devote to the industry of designing and producing technical fabrics and films. In recent years, to enhance production efficiency, we focus on automatic production step by step to reduce manpower in the production line. In 2024, we offered many job opportunities and competitive remuneration to attract talents working with us. In a whole, Cathay employees are mainly based on permanent employment contract in full time. We offer long-term and full-time employment so that employees can fully devote to work without worries. In terms of our recruitment policy, we prioritize local employment to protect employees with job security, stabilize local market, and enhance their recognition to the company.

Employees

Statistics/Year		2022		2023		2024	
Total number of employees (Note 1)		378		369		409 (Note 4)	
Employment contract (Note 2)		Non-fixed	Fixed	Non-fixed	Fixed	Non-fixed	Fixed
Gender	Male	134	0	141	0	148	0
	Female	244	0	228	0	261	0
Type of employment (Note 3)		Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Gender	Male	134	0	141	0	148	0
	Female	244	0	228	0	261	0

Note 1 : Based on the total number of employees of the year (by December 31).
Note 2 : Employment contract can be divided into non-fixed contract (full time) and fixed contract (short term, seasonal, for specific project, and for maternity leave/ parental leave of the original employee).
Note 3 : Type of employment includes full-time employees (weekly working hours reach upper limit of legal working hours) and part-time employees (weekly working hours fail to reach upper limit of legal working hours; part-time workers, like student part-timer and workers by hourly pay).
Note 4 : In 2024, extra manpower required because of the purchase of new machine and business growth.

Non-employee workers

Statistics/Year		2022		2023		2024	
Total number of employees (Note 1)		0		0		1	
Type of contract		Dispatch	Other types	Dispatch	Other types	Dispatch	Other types
Gender	Male	0	0	0	0	0	0
	Female	0	0	0	0	1	0
Type of work		Operator	Technical adviser	Operator	Technical adviser	Operator	Technical adviser
Gender	Male	0	0	0	0	0	0
	Female	0	0	0	0	1	0

Note 1 : Based on the total number of employees of the year (by December 31).
Note 2 : Through agents for outsourced manpower.

Employment of female employees

Year	2022		2023		2024	
Statistics	Female employees	Total number of employees	Female employees	Total number of employees	Female employees	Total number of employees
Total number	244	378	228	369	261	409
Ratio of female	64.55%	–	61.79%	–	63.81%	–
Senior manager	Female senior managers	Total number of senior managers	Female senior managers	Total number of senior managers	Female senior managers	Total number of senior managers
Total number	1	5	1	6	1	6
Ratio of female	20.00%	–	16.67%	–	16.67%	–

Note : Senior managers are the job position above associate manager.

Status of local employment for senior managers

Operating site	Total number of senior managers	Number of local residents hired for the position of senior managers	Ratio
Taiwan	6	6	100%

Note : Senior managers are the job position above associate manager. The scope covers all areas in Taiwan.

DEI policy

Cathay treats “integrity,” “respect,” “responsibility,” “result,” and “fun” as core values, devotes to public welfare and charity activities, cares vulnerable groups, and work hard to promote local prosperity and development. Through the core values, we firmly believe diversity, equity, and inclusion (in short, DEI) are key drives for promoting continuous growth and innovation. In the environment that global industrial competition is increasing every day, we are committed to create diverse, inclusive and equal working environment to attract and retain excellent talents from different background in order to enhance our overall competitiveness and market adaptation. Cathay is dedicated to provide employees a workplace that is with dignity and safety. We implement employment diversity and equality in remuneration and promote opportunities to ensure employees will not suffer discrimination, harassment or unequal treatment because of race, gender, religion & belief, age, political inclination, and any other situation that is under the protection of applicable regulations.

Diversity	
Policy	Cathay’ s measures
Talent diversity	• **Recruitment strategy:** Active in recruiting talents from different background, nationality, gender, and age to ensure team diversity. • **Working partners:** Collaborate with institutions and schools for diversified talent training to expand the source of recruitment.
Gender equality	• **Gender balance:** Promote gender balance in technical and management positions and encourage female employees to participate in technology R&D.. • **Baby friendly policy:** Provide measures that support parental leave to promote gender equality.
Age diversity	• **Intergenerational collaboration:** Establish an intergenerational collaboration mechanism to combine experience of senior employees with innovative thoughts of young employees. • **Life-long learning:** Enhance opportunities of continuous education and training to support career development for employees in different age profile.

Equity	
Policy	Cathay’ s measures
Pay equality	• **Pay transparency:** Establish a transparent remuneration system to ensure equal pay for equal work and reduce pay gap. • **Performance bonus:** Offer fair reward mechanism according to work performance to stimulate employees to bring out their potential.
Equal promotion opportunity	• **Standardized promotion:** Establish clear and open standards for promotion to ensure equal promotion opportunities to all employees. • **Mentoring system:** Assign mentors to potential employees for supervision and support and career development.
Policy of no discrimination	• **Anti-discrimination training:** Hold regular training in anti-discrimination and anti-harassment to enhance employees’ knowledge in diversity and inclusion. • **Whistleblowing mechanism:** Establish anonymous and effective whistleblowing channels to protect employees’ rights and interests.

Inclusion	
Policy	Cathay’ s measures
Establish an inclusive corporate culture	• **Value promotion:** Incorporate diversity, equality, and inclusion into the company’ s core value and present it in daily operation. • **Leadership:** Senior managers proactively promote the policy of inclusion and set an example.
Employee training and development	• **Diversity training:** Provide training courses related to diversity and inclusion to enhance employees’ awareness of inclusion and skills. • **Occupational development program:** Establish personalized occupational development plans to support growth demands of employees with different background.
Support balance between employees’ work and life	• **Health and well-being:** Provide comprehensive health and welfare plans to care employees’ physical and mental health.

In recent years, to enhance production efficiency, Cathay strengthens automatic production step by step and reduce manpower required for production line. Type of Cathay' s employees can be divided into two categories, direct personnel and indirect personnel. The main work for direct personnel is at the production line, which has more female workers. Indirect personnel are mainly for administration, R&D, and business. In 2024, the ratio of female employees to the total number of employees was 63.81%. It revealed Cathay' s emphasis in gender equality. As for age distribution, among direct personnel and indirect personnel, around 82.93% employees were less than 50 years old. It shows human resource in Cathay focuses on middle-aged employees as the key force for corporate development. Therefore, personnel turnover and replacement in Cathay will not be in the risk of temporary shortage.

Statistics of employee diversity

Statistics of diversity/Year				2022		2023		2024	
				Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
Employees	Direct	Gender	Male	78	20.63%	82	22.22%	87	21.22%
			Female	152	40.21%	142	38.48%	169	41.22%
		Age (years old)	Less than 30	38	10.05%	44	11.92%	39	9.51%
			30 - 50	161	42.59%	149	40.38%	170	41.46%
			Above 50	31	8.20%	31	8.40%	47	11.46%
		Education	Graduate school	0	0.00%	0	0.00%	0	0.00%
			University and college	40	10.58%	41	11.11%	43	10.49%
			Others	190	50.26%	183	49.59%	213	51.95%

Statistics of diversity/Year				2022		2023		2024	
				Number of people	Percentage	Number of people	Percentage	Number of people	Percentage
Employees	Indirect	Gender	Male	56	14.81%	59	15.99%	62	15.12%
			Female	92	24.34%	86	23.31%	92	22.44%
		Age (years old)	Less than 30	29	7.67%	22	5.96%	23	5.61%
			30 - 50	100	26.46%	99	26.83%	108	26.34%
			Above 50	19	5.03%	24	6.50%	23	5.61%
		Education	Graduate school	16	4.23%	19	5.15%	15	3.66%
			University and college	95	25.13%	83	22.49%	89	21.71%
			Others	37	9.79%	43	11.65%	50	12.20%

Note：Percentage = (total number of employees in that category by the end of the year / total number of employees by the end of the year)*100%. For example, the percentage of direct personnel less than 30 years old = (total number of direct personnel less than 30 years old by the end of the year/ total number of employees by the end of the year)*100%.

Because of the type of industry that Cathay engages in, no matter it is new employees or resigned employees, the biggest group in 2024 was employees who are less than 50 years old and with education background in university or college. The main reason was the special job market for non-managerial personnel, new employees found the work pattern failed to meet their personal expectation after a period of time in employment, and they tend to submit their resignation application. Through appropriate adjustment of internal manpower, Cathay keeps recruiting new personnel and maintains capacity to respond challenge of future operation. In addition, for turnover rate of direct personnel, we review employees' remuneration system on a rolling basis to retain excellent talents. Except keeping personnel replacement timely, we keep business operation away from excessive impact.

Statistics of new employees and resigned employees/Year		2022		2023		2024	
		Total number of people	Ratio (Note 1/2)	Total number of people	Ratio (Note 1/2)	Total number of people	Ratio (Note 1/2)
New employees							
Age (years old)	Less than 30	28	41.79%	19	28.79%	24	38.71%
	30 - 50	68	26.05%	14	5.65%	68	24.46%
	Above 50	4	8.00%	4	7.27%	17	24.29%
Gender	Male	41	30.60%	28	19.86%	34	22.82%
	Female	59	24.18%	9	3.95%	75	28.74%
Education	PhD	0	0	0	0	0	0
	Graduate school	4	25.00%	3	15.79%	3	20.00%
	University and college	36	26.67%	14	11.29%	35	27.00%
	Others	60	26.43%	20	8.85%	71	27.00%

Statistics of new employees and resigned employees/Year		2022		2023		2024	
		Total number of people	Ratio (Note 1/2)	Total number of people	Ratio (Note 1/2)	Total number of people	Ratio (Note 1/2)
Resigned employees							
Age (years old)	Less than 30	14	20.90%	10	15.15%	15	24.19%
	30 - 50	32	12.26%	27	10.89%	42	15.11%
	Above 50	4	8.00%	4	7.27%	10	14.29%
Gender	Male	24	17.91%	16	11.35%	26	17.45%
	Female	26	10.66%	25	10.96%	41	15.71%
Education	PhD	0	0	0	0	0	0
	Graduate school	2	13.00%	2	11.00%	7	47.00%
	University and college	26	19.00%	17	14.00%	26	20.00%
	Others	22	10.00%	22	10.00%	34	13.00%

Note 1 : Ratio of new employees = (the number of new employees in that category of the year / the total number of employees in that category by the end of the year)*100%.
Note 2 : The reason of change in the number of new employees: Less demand of manpower in 2023.
Note 3 : Ratio of employee turnover = (the number of resigned employees in that category of the year / the number of employee in that category of the year)*100%.
Note 4 : The reason of change in the number of resigned personnel: Most found they have difficulty in adaptation to the work.

5.2 Right talents at right positions

Material Topic	Talent Sustainability
Policy	● Provide competitive salary, benefits, and comprehensive on-the-job training. ● Barrier-free labor-management communication.
Target	● Annual labor-management dispute: 0 case. ● Annual average employee training: 15 hours.
Responsible department and grievance mechanism	● Responsible department: Personnel Unit, General Affairs Department ● E-mail: mindyyu@cathay1342.com.tw
Resource invested of the year	● Held new employee educational training and on-the-job training. ● Held quarterly labor-management meeting. ● Completed annual employee performance assessment.
Evaluation system and performance	● Labor Relations Committee holds a labor-management meeting every three months to communicate matters related to labor situation, business operation, labor activities and benefits. ● In 2024, there was no labor-management dispute. ● In 2024, the average training hours received by all employees were 17.7 hours. Average training hours received by male employees were 16.5 hours while it was 18.4 hours for female employees.

Excellent human resource is the key factor for sustainable management. To attract excellent talents, Cathay provides sound and transparent promotion channels to reward employees who create performance and are with long-term contribution. Besides, we formulate training plans for employees to receive continuous training so that they can keep developing in their area to fulfill self-value. Cathay also established diverse channels to communicate with employees and for them to provide timely feedback. It protects labor rights and interests better. In a whole, labor and management maintain harmonious and friendly interaction.

5.2.1 Remuneration and welfare

Cathay determines employee remuneration according to the achievement rate of annual operational goals and company' s profits. We provide employees salary and benefits that are better than requirements of local regulations and with market competitiveness. To fulfill employee performance appropriately reflecting on personal remuneration, we assess employees' work performance regularly. The result of the assessment will be included in the consideration for employee workplace promotion. In addition, we adopt two-way promotion channels by combining it with work demands to ensure employees who concentrate on developing skills or have technical skills successfully develop into the expert of the area through their efforts. We ensure employees who have management ability and management potential successfully become managerial officers in the company to provide wider career development for employees.

In general, the salary review in Cathay mainly considers personal seniority, education & work experience, and professional ability instead of physical or mental difference. Along with the number of years of service that employees achieve, they become proficient in their industrial knowledge and experience. Cathay is happy to share profits with employees. The concrete result can be seen from the average and median of annual salary for employees who are non-managerial officers in the headquarter, Taiwan, maintaining in the upper level of other companies in the same trade. Relatively speaking, Cathay offers competitive salary to ensure employees have no worries for economic life while contributing their kills to the company and further enhance their cohesion and sense of belonging to the company.

In terms of the comparison of ratio of base salary to overall salary between male employees and female employees in Cathay, first, the base salary and overall salary for male employees at management level is higher than that for female employees. It is mainly because the employee seniority and the post of senior managers are all male employees. There is a slight difference for base salary and overall salary for non-managerial post between male and female. The main reason is the difference on work content between female and male.

Last, Cathay offers employees a comfortable working environment to reduce their work stress and enhance good interaction among employees at the same time. We hold various entertainment, travel and welfare activities regularly so that employees can share benefits provided by us with their family members to cultivate their mind and body.

Ratio of standard salary to local base wage

Type of employees	Gender	Ratio of standard salary to local base wage
Type of employees	Male	1.23
	Female	1.37

Note 1：The entry-level personnel in Cathay refer to employees with job grade below 3 (included).
Note 2：In 2024, the basic wage in Taiwan was NTD 27,470.

Ratio of base pay to remuneration

Ratio of base pay to remuneration/Year			2022		2023		2024	
Important operating site	Type of employees	Item	Male	Female	Male	Female	Male	Female
Taiwan	Direct personnel	Base pay (Note 1)	1.16	1	1.20	1	1.14	1
		Remuneration (Note 2)	1.43	1	2.28	1	1.91	1
	Indirect personnel	Base pay	1.38	1	1.44	1	1.45	1
		Remuneration	1.96	1	1.85	1	1.81	1

Note 1：Base pay refers to the minimum fixed pay to employees for their job duties, excluding any compensation, such as overtime fee, bonus or allowances.

Note 2：Remuneration refers to base pay plus extra amount paid to the worker. “Extra amount paid to the worker” includes long service allowance, bonus (cash and shares), benefits, overtime fee, compensatory leave, and other subsidies (such as transportation allowance, living allowance, and childcare subsidy).

Annual salary for full-time employees in non-managerial position

Unit: NTD thousand

Full-time employees in non-managerial position	Average annual salary	Median annual salary
2022	669	538
2023	652	518
2024	683	578

Talents are an important factor that makes Cathay competitive. To encourage employees to achieve common goals with Cathay and recognize their contribution, we established various welfare systems for the purpose of talent motivation and retention.

Items of Employee Benefits	
Holiday bonus (three traditional festivals)	Childbirth allowance
Employee dividend	Birthday cash gift
Employee restricted stock	Meal allowance
Employee stock option	Feedback incentive
Performance bonus	Domestic and oversea company trip
Subsidy for educational training	Vending machine flat rate (drinks/ instant noodles)
Subsidy for certification preparation	Appointed store discount
Triathlon reward	Random afternoon tea
Scholarship for employees’ children	Departmental dinner party
Subsidy for tuition and miscellaneous fees (for children who are admitted to domestic universities or above)	Subsidy for health examination
Subsidy for wedding and funeral	Group accident insurance

Employee Benefits Highlights

Company Trip

Company Trip


Team Dinner


Team Dinner


Employee Training


Employee Training

Employee Benefits Highlights

Cathay takes care of pregnant employees and protects their rights and interests in accordance with the Act of Gender Equality in Employment. We established a breastfeeding room in the workplace encourage new parents to apply for parental leave, which is specified in the company policy. For female employees who are pregnant or after a birth, we will adjust their work pattern and content timely to reduce their workload.

Parental leave

Parental leave without pay/Year	Gender	Statistics		
		2022	2023	2024
Number of employees entitled to parental leave without pay	Male	13	12	12
	Female	25	24	30
Number of employees applied parental leave without pay	Male	0	0	0
	Female	5	5	9
Number of employees to be reinstated after the parental leave (A)	Male	0	0	0
	Female	5	5	6
Number of employees reinstated after the parental leave (B) (including reinstatement at an early date)	Male	0	0	0
	Female	4	5	5
Reinstatement rate (B/A)	Male	0	0	0
	Female	80.00%	100.00%	83.33%
Number of employees still at work within 12 months after the reinstatement of parental leave from the previous year (C)	Male	0	0	0
	Female	3	4	4
Retention rate (C/ B in previous year)	Male	0	0	0
	Female	75.00%	80.00%	80.00%

Note 1 : There was no parental leave for oversea operating sites.
Note 2 : The number of employees entitled to parental leave without pay was based on the number of male and female employees who applied maternity leave and paternity leave in the past three years.
Note 3 : Reinstatement rate= (Total number of employees reinstated of the year/ total number of employees to be reinstated of the year) *100%.
Note 4 : Retention rate= (Total number of employees still at work within 12 months after reinstatement from the previous year/ the number of employees reinstated in the previous year) *100%.

After the publication of Labor Pension Act on July 4, 2007, Cathay provided all the active employees applicable to Labor Standards Act at that moment choice of the pension based on Labor Standards Act or switching to Labor Pension Act.
Pension contribution mechanism is as follows:

- For the years of service applicable to Labor Standards Act, the standards of pension payment are two bases are given for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The length of service is calculated as half year when it is less than six months and as one year when it is more than six months.
- Employees choose to stay on the pension based on "Labor Standards Act" as specified in the Labor Pension Act or retain the years of service before Labor Pension Act will be granted pension according to above regulations.
- Employees who are applicable to the pension specified in the Labor Standards Act and are forced to retire as set forth in Subparagraph 2, Paragraph 1, Article 35, will be given an additional 20% if their mental incompetence or physical disability was caused by the execution of duty.
- For employees who are applicable to Labor Pension Act, Cathay will appropriate 6% of employee salary every month to the individual pension account. The regulations of pension application shall follow the principle established by the competent authority.

5.2.2 Employment overview

Cathay is dedicated to develop high quality talents to support our continuous innovation and competitiveness in the technical fabric and film industry. We established a comprehensive education training policy to cover new employee orientation training, on-the-job training, skill advancement, and leadership. Our education training policy is as follows:

Policy	Measures
New employee orientation training	• **Introduce company culture and value:** Help new employees understand Cathay' s mission, vision and core value so that they can adapt to the corporate culture as soon as possible. • **Competency-based training:** Based on demands for different posts, we provide relevant professional knowledge and skill training to ensure employees are able to execute job duties highly efficiently. • **Safety education:** Strength employees' safety awareness to ensure safety and health in the workplace.
On-the-job training and professional development	• **Technical training:** Offer internal training courses regularly on product development, production & manufacturing, quality control, and other professional areas to enhance employees' technical abilities. • **External training opportunities:** Support employees for participating in external seminars, professional certification courses, and continuing education in the university to promote knowledge diversity and depth. • **Cross-departmental job rotation:** Offer employees opportunities of job rotation in different departments to expand their business perspective and overall capability.
Skill advancement and certification	• **Subsidy for continuing education:** Cathay provides subsidies for educational training to encourage employees continuous learning and self-advancement. • **International certification system:** Professional certification system is established, and employees who complete specific training courses will be award relevant certificate to enhance their career competitiveness.
Leadership development	• **Management training:** For middle and senior management personnel, we provide professional training in leadership, team management, and decision making to enhance their leadership effectiveness. • **Potential talent program:** Identify and develop employees with potentials and prepare them for future role in management through exclusive development plans.
Support to employee self-development	• **Learning resource:** Offer abundant online and offline learning resources, including video courses and profession journals, to facilitate employees' self-learning. • **Mentorship system:** Assign mentors with rich experience to new employees and employees with development potentials to provide them job guidance and support.
Performance evaluation and feedback	• **Training demand survey:** Conduct regular employee survey on training demands to ensure educational training provided fully satisfies actual needs. • **Effects evaluation:** Through evaluation and feedback after training, we keep improving educational training programs to ensure maximum training effects.

To carry through the implementation of the training policy, Cathay established Methods of Implementing Educational Training through internal personnel regulations. Training plans are made every year in accordance with company development as well as implement training goals accordingly to ensure long development of employees' career. Cathay will further benefit from employee development and growth. Through internal training, we pass on technology and experience to relevant departments and assist employees to set directions for learning development as the accordance for employees' personal career development plan.

For new employees, we arrange dedicated personnel to explain knowledge related internal regulations & systems and occupational safety before professional training by specific department. We encourage employees to take professional courses related to their business scope and focus on continuous employee growth to provide multiple learning channels so that they can fulfill their professional expertise and realize their potential. Each department draws up educational training plans based on actual needs and implements the training accordingly. Employee training includes internal training and external training. For internal training, each department arrange lecturers to deliver courses in the department according to actual business situation. For external training, an application must be submitted by the department based on business demand. After approval, dedicated personnel will be selected to participate in courses held by external institutions. Those who participate in the external courses will then share what they learnt to colleagues in their department so that relevant personnel can apply what learnt to work.

Average employee training hours

Statistics/ Year		2022	2023	2024
Average training hours received by each employee (Note 1)		17.9	20.8	17.7
Average training hours received by employees by gender (Note 2)	Male	17.7	20.7	18.4
	Female	18.2	21.0	16.5
Average training hours received by employees by category (Note 3)	Male	15.0	13.9	13.7
	Female	22.3	30.1	24.3

Note 1：Average training hours received by each employee= Total training hours received by all employees in the year/ total number of employees by the end of the year.
Note 2：Average training hours received by each female employee= Total training hours received by female employee of the year/ total number of female employees of the year.
Note 3：Average training hours received by employees in each category= Total training hours received by employees in each category of employees in the year/ total number of employees in the category in the year.
Note 4：There were more guidance courses in 2023 with longer hours; therefore, the average training hours increased a lot.

Performance assessment

Employees assessed performance in 2024		Number of people reviewed (assessed)	Total number of employees (by the end of the year)	Percentage
Gender	Male	103	152	67.80%
	Female	251	259	96.90%
Employee category	Direct	210	256	82.00%
	Indirect	144	155	92.90%

Note：Employee performance assessment excluded those who reported to work less than three months.

5.2.3 Labor-management relations

Effective labor-management communicate helps employees understand the goals of company operation, future prospect, and challenges. Besides, it allows the management team to grasp employees' work situation timely and further establish a friendly workplace based on employees' needs. Cathay strictly follows legal regulations and ensures personnel and administrative management meet local labor rules at each operating site. We hold regular labor-management meeting every quarter according to law to coordinate labor-management relationship. Through regular communication between labor and the management team, it promotes labor-management cooperation.

In addition, Cathay established multiple communication channels. Through two-way labor-management communication, employees are able to fully express their opinions. We can then respond timely and integrate the suggestions in the policy for implementation. In recent year, there was no labor-management dispute in the company. In 2024, there was no event of informing local competent authority within 60 days because of massive layoffs.

Cathay Consolidated Inc.

- We have multiple channels for larbor-management communication in place. Other than dedicated HR mailbox as the whistleblowing channel for impairment of gender equality and grievance of employee rights and interests, employees can provide or exchange opinions with managers through telephone, email, and meetings.
- Managers are active in participating in dinner parties and trips arranged by the company and the Welfare Committee. Through interaction after work, we strengthen levels and effects of labor-management communication.

5.3 Occupational safety and health

Policy and commitment of occupational safety and health

Through the formation and implementation of occupational safety and health plans and relevant management mechanism, Cathay is committed to provide customers high quality and safe products and services that meet relevant legal regulations and standards as well as prevent occupational accidents. We move towards a friendly workplace by promoting health to fully perform corporate social responsibility.

Cathay proactively devotes to implement occupational safety and health and health promotion. To reduce occupational accidents, we follow the occupational safety and health management system and international regulations on social responsibility to continuously improve safe and healthy workplace for employees, prevent occupational injury and disease, and reduce dangerous factors in the working environment. We expect to comply with laws and regulations for Occupational Safety and Health Act and create an excellent workplace that is safe and healthy.

For a long time, we have devoted to employee care and employee health and safety as well as fully perform corporate social responsibility and pursue sustainable management. We always believe employees' safety and health are invaluable assets to an enterprise!

Cathay established concrete work content, like goals, schedule, measures, resource demands, and performance assessment, and adopted the occupational safety and health management system, management experience, legal regulations, results of risk evaluation, literature, and expert advice as sources of information for the content. We adopt P-D-C-A management cycle to "standardize, document, and routinize" work items related to occupational safety and health, implement our policy of occupational safety and health, and fulfill the management goals of occupational safety and health. Besides, by continuous auditing, we discover environment and actions that are not safe and adopt improvement measures timely to enhance management performance of occupational safety and health as well as ensure safe operation in the factory and continuously improve and enhance safety and health performance to achieve sustainable management. Our policy in occupational safety and health is "compliance with regulations, preparation for the worst, all employee participation, and continuous improvement," and we work hard to achieve following commitments:

Compliance with regulations:
Strictly follow safety and health regulations to enhance corporate image.

Preparation for the worst:
Carry through danger prediction and injury & disease prevention.

All employee participation:
Consultation and communication to recognize personal responsibility.

Continuous improvement:
Enhance safety and health performance to ensure sustainable management.

Employee participation, consultation and communication

Cathay established Occupational Safety and Health Committee (hereinafter referred to as OSHC) according to law. Vice President acts as the Chairperson and one Executive Secretary was elected for the committee. Members of OSHC consist of departmental managers, occupational safety and health officers, workplace health nurse, and labor representatives. The labor representatives are elected from different work units, and the ratio of labor representatives is more than 1/3 as specified in the regulations.

The committee holds a meeting every three months and is in charge of reviewing, coordinating, and suggesting matters related to occupational safety and health, deciding the results of occupational accident investigation, examining the result of operational environment testing, proposing proposals for health management and promotion, and assessing performance of on-site safety and health management to prevent occupational accidents and protect employee safety and healthy workplace.

Other concrete behaviors of employee participation, consultation, and communication are as follows:

Occupational safety personnel inspect factory every day to ensure safety in the working environment.

If there is any safety concern, they will communicate with the worker and unit supervisor as well as propose relevant improvement plans.

Safety Committee will then establish relevant systems and improvement measures according to relevant regulations to ensure workplace safety.

Occupational safety and health management system

Cathay follows local regulations and requirements as well as proactively enhance worker safety and health. From 2017, we established safety and health management systems (including safety work rules, risk identification management procedure, and emergency response management mechanism). Moreover, we enhance safety awareness among employees and contractors through safety educational training to ensure workplace safety. Currently, we are planning to introduce occupational safety and health management systems.

Hazard identification, risk evaluation, and accident investigation

Control item	Description of implementation
Hazardous factor identification and risk evaluation	Cathay ensures effective operation of hazard identification and risk evaluation. In accordance with employee work behaviors or environmental hazard identification, each unit conducts control banding on risk evaluation for safety and health hazard identification to control project improvement, administrative management, and prevention to reduce hazards and lower risks. A total 176 items of risk identification and evaluation were implemented. Hazard identification considers safety risks caused by daily operation and change of operation to workers. Occupational safety and health goals and programs will be established for Items that are evaluated as high risk after being approved by Occupational Safety and Health Committee. Responsible units will be requested to implement it accordingly. The result of implementation will be followed up for the effectiveness by Occupational Safety and Health Committee.
Accident investigation	Cathay carries out accident investigation and management, including incidents of near miss and policies & requirements of work situation that may cause injury or diseases avoidable by workers. Any work-related accident must be reported and conducted improvement according to relevant regulations. The investigation report will be reported in the internal meeting before announcement for public promotion. Occupational Safety and Health Committee will review the improvement results of occupational injury every quarter.

Statistics and analysis of occupational accidents

The table below shows statistics and analysis of employee occupational injury and disease. In 2024, there was no death or diseases (including recordable occupational disease) on employees caused by occupational injury. The main type of work-related injury in the factory was burns and falls. We hope to reduce occupational injury in the future through hazard identification, improvement of working environment, and continuous implementation of safety training.

Statistics of occupational accidents

Statistics/Year		2022	2023	2024
Total hours worked (actual working hours attended by all employees)		743,904	726,192	810,160
Number of deaths caused by occupational injury (Note 1)	Number of people	0	0	0
	Percentage	0	0	0
Severe occupational injury (Note 2)	Number of people	0	0	0
	Percentage	0	0	0
Recordable occupational injury (Note 3)	Number of people	6	7	5
	Percentage	1.6131	1.9279	1.2343
Occupational disease	Number of people	0	0	0
	Percentage	0	0	0
Recordable occupational injury (Note 3)	Number of people	0	0	0
	Percentage	0	0	0

Note 1 : The calculation was based on per 200 thousand working hours.

Note 2 : Severe occupational injury includes Death caused by occupational injury or injury caused workers unable to recover to the state of health before injury within six months. However, the statistics should exclude the number of deaths caused.

Note 3 : Recordable occupational injury or disease refers to occupational injury or diseases caused by any of the following situations, such as death, leaving the job, restricted work, transferring to different position, medical care beyond emergency treatment, loss of consciousness, or critical injury or disease diagnosed by physician or other medical care personnel with license. The statistical data should include the number of death and exclude minor injury that has been dealt at the site. Traffic accidents during commuting should not be included.

Statistics of types of occupational accidents

Category/Year		2022	2023	2024	Description of hazards and Improvements
Type of occupational injury	Fall	0	0	0	
	Cut	3	2	3	Provision of protective equipment and educational promotion
	Burn	0	0	1	Provision of aided tools and educational promotion
	Rolled-up or pinched	2	5	1	Equipment improvement
Type of occupational diseases	Burnout	0	0	0	

Effects of Occupational Safety and Health Training in 2024

Type of training	Number of participants (people)
General educational training for new employees	113
On-the-job training	397
Firefighting training	697
Chemical leakage training	245
Respiratory protective equipment training	23
Eyewash training	189
Certification educational training	31
Contractor entry training	104
Total	1,799

Occupational Safety Training Highlights


Orientation Training


Fire Drill


Respiratory Protective Equipment Training

Occupational Safety Training Highlights


Production Safety Training

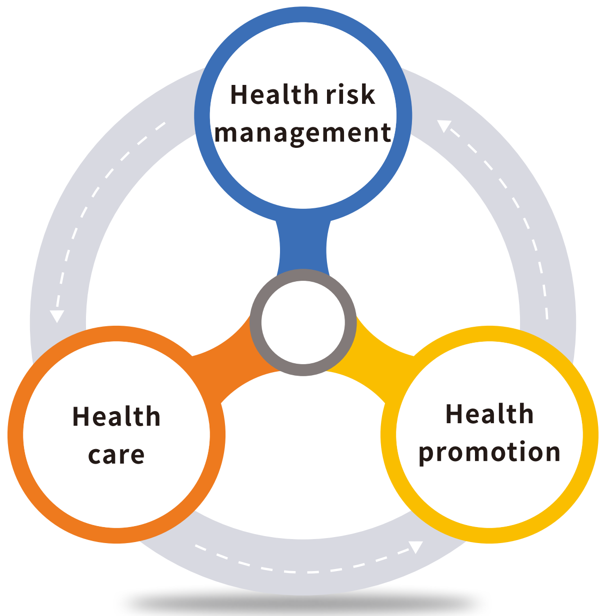

Emergency Eyewash Training


Chemical Leak Training

Promotion of healthy workplace

Care plan of employee health

Along with the continuous changes in social and economic structure, both International Labor Organization (ILO) and World Health Organization (WHO) highlighted, "safe and healthy working environment is the basic human rights for labors." Cathay carried the international concept and followed domestic regulations to launch "I change 4 health" in 2024 to draw attention among managers and employees to health. Besides, through "health risk management," "health care," and "health promotion," we actively plan and promote the establishment of healthy workplace and devote to create a workplace that focuses on care and prevention.



Health risk management

To respond to the prevention of emerging occupational diseases specified in Occupational Safety and Health Act, Cathay conducted health care in six categories, including "maternal health protection," "abnormal workload prevention," "ergonomic hazards prevention," "workload violence prevention," "middle-aged and older adults health management," and "job assignment for employees who return to work with physical conditions" based on different health demands. It assisted a total of 389 people.

Health care

For the results of health examination, through "Workplace Health Services Management System- WeCare," we classified the results of health examination into four phases, phase of health, phase of sub-health, phase of treatment, and phase of severe illness. The system conducts automatic judgement on the level of risk and screen relevant patients for health management. In total, 510 people were benefited.

Health promotion

For the results of health examination, through "Workplace Health Services Management System- WeCare," we classified the results of health examination into four phases, phase of health, phase of sub-health, phase of treatment, and phase of severe illness. The system conducts automatic judgement on the level of risk and screen relevant patients for health management. In total, 510 people were benefited.

Health passbook points-collection activity	132 people
Know my numbers	
Blood pressure measurement	107 people
Weekly weight measurement	96 people
Health day on Wednesday and Friday	
Health knowledge challenge	1320 people
211 Healthy eating plate	286 people
Exercise go health	
10 thousand steps	692 people
Self-directed exercise	1914 people
Join road running	19 people
Enjoying slim life	68 people

Cathay started from "humane care" and integrated it with department resources to plan systematic health promotion programs. We promote correct concepts of health, encourage employees to develop active and positive life attitudes and health habits. Through continuous promotion of healthy workplace, we hope not only to help employees maintain good health at work but also embed the awareness of health into part of daily life so that to further achieve balance between work and family and fulfill the final goal of "happy workplace, happy life."

Highlights of Health Promotion Activities

Health examination in 2024

To take care of employee health and discover factors that are hazardous to employee health and potential to cause disease in early stage, we follow the suggestion from Health Promotion Administration to conduct four cancer screenings. Employees can receive the services of oral cancer screening, cervical screening, and mammography in Cathay. In 2024, other than continuously implementing operational environment testing and operation of special hazards, we provided individual care and health instruction based on the result of health examination in addition to provide health education leaflet upon collecting the report. Interview and consultation with on-site doctor will be arranged according to the need and willingness to enhance employees' status of health.

Highlights of Health Screening Activities

Healthy workplace certification

In 2024, among the 2,292 companies entered for workplace competition, we obtained “Badge of Accredited Healthy Workplace” awarded by Health Promotion Administration, Ministry of Health and Welfare. The certification is promoted by Health Promotion Administration to encourage enterprises to value employee health and provide a safe working environment to employees and contractors. The rating standards are as follows:

01 Performance of tobacco hazards prevention is better than the requirements by law.

02 Occupational disease prevention and health promotion plans in the factory achieves significant performance.

03 There is no critical occupational accidents that cause death (including contractors) in the factory and no other major labor-management disputes that damage corporate image.


Certificate No.: HPAA1130636

Badge of Accredited Healthy Workplace

This is to certify that

CATHAY CONSOLIDATED, INC.

continually strives to implement comprehensive health promotion and tobacco control policy and procedures which represent excellence and achievement of healthy working environment. It has been proved to be qualified for accreditation badge for a healthy workplace.

Director General Chao-Chun Wu

This Certificate remains valid from Jan. 1, 2025 until Dec. 31, 2027

well-being can an enterprise fulfill sustainable development and excellent performance. The value of employee-friendly enterprises not only presents on financial figures but also shows on a workplace that is caring, healthy and happy. Employees are the most important asset for enterprises. Only with employees who are healthy physically and mentally and full of positive energy, they can create organizations that are with competitiveness and sustainability together with enterprises.

5.4 Social engagement

Cathay keeps good interaction with local social groups. Through engagement with activities of public welfare, we enhance recognition to Cathay among local people. While creating our brand value, we also fully perform corporate social responsibility.

Policy of community participation

Policy	Measures
Community collaboration and support	• **Partnership relationship:** Establish partnership with local communities, non-profit organizations, and government agencies to promote community development programs together. • **Resource donation:** Provide funds, equipment, and technical support to assist community activities and improve infrastructure.
Employee volunteer service	• **Volunteer service program:** Encourage employees participating in volunteer services and provide hour-based subsidy for volunteer services to support activities of community welfare. • **Volunteer training:** Provide training related to volunteer service to enhance employees' service ability and interaction skills with community.
Environmental protection and sustainability	• **Green manufacturing:** Adopt eco-friendly materials and energy-saving technology, promote green manufacturing process, and reduce carbon emission and waste generation. • **Environmental education:** Hold promotional activities for environmental protection and enhance awareness of environmental protection among employees and communities.
Education and talent cultivation	• **Promotion of STEM education:** Collaborate with universities to support education in science, technology, engineering and mathematics and provide lab equipment and resource. • **Scholarship and internship opportunity:** Set up scholarship and provide students internship opportunity to cultivate future technology talents.
Economic development and localization	• **Local procurement:** Purchase products and services provided by local suppliers as priority to support local economic development. • **Employment opportunity:** Employ local residents as priority and provide employment training to enhance the quality of local workforce.

Corporate Participating in Public Welfare Activity

Sponsored Yilan International Children's Folklore & Folkgame Festival

Sponsored NTD 2 million to Yilan International Children's Folklore & Folkgame Festival. It was not only a commercial investment but also an action of multilevel value creation. It enhanced brand influence, promoted close connection between society and social groups, and presented corporate responsibility and long-term commitment.

Caring for socially vulnerable groups

Purchased biscuit gift boxes from Taichung City Life Development Association for the Hearing Impaired in a total of NTD 126,540.

06

Appendix

6. AppendIx

6.1 Appendix 1 GRI Index

Statement of Use Cathay Consolidated Inc. followed GRI Standards to report information for the period from January 1, 2024, to December 31, 2024.

Adopted GRI 1 GRI 1: Foundation 2021

Applicable GRI Sector Standard There was no applicable GRI Sector Standard. Cathay Consolidated Inc. is classified as other industry in the domestic listed companies.

★= critical topic

Topic	Item of disclosure	Description	Chapter	Page	Omitted reason / necessary explanation
GRI 2: General Disclosures 2021					
The organization and its reporting practices	2-1	Organizational details	2.1 Company profile	16	
	2-2	Entities included in the organization' s sustainability reporting	Editing Guidelines	04	
	2-3	Reporting period, frequency and contact point	Editing Guidelines	04	
	2-4	Restatements of information	Editing Guidelines	04	
	2-5	External assurance	Editing Guidelines	04	
Activities and workers	2-6	Activities, value chain and other business relationships	2.1 Company profile	16	
	2-7	Employees	5.1.2 Employee statistics	67	
	2-8	Workers who are not employees	5.1.2 Employee statistics	67	
Governance	2-9	Governance structure and composition	3.1 Governance practice	23	
	2-10	Nomination and selection of the highest governance body	3.1.1 Operation of the Board of Directors	25	
	2-11	Chair of the highest governance body	3.1.1 Operation of the Board of Directors	25	
	2-12	Role of the highest governance body in overseeing the management of impacts	3.1.1 Operation of the Board of Directors	25	
	2-13	Delegation of responsibility for managing impacts	Sustainable Development Committee	05	
	2-14	Role of the highest governance body in sustainability reporting	Policy of sustainable development	00	
	2-15	Conflicts of interest	3.1.1 Operation of the Board of Directors	25	
	2-16	Communication of critical concerns	3.1.1 Operation of the Board of Directors	25	
	2-17	Collective knowledge of the highest governance body	3.1.1 Operation of the Board of Directors	25	
	2-18	Evaluation of the performance of the highest governance body	3.1.1 Operation of the Board of Directors	25	
	2-19	Remuneration policies	3.1.2 Operation of functional committees	27	
	2-20	Process to determine remuneration	3.1.2 Operation of functional committees	27	
	2-21	Annual total compensation ratio			Confidentiality regulations / Remuneration is in the scope of confidentiality.

★= critical topic

Topic	Item of disclosure	Description	Chapter	Page	Omitted reason / necessary explanation
Strategy, policies and practices	2-22	Statement on sustainable development strategy	Message from the Chairman	02	
	2-23	Policy commitments	4.6 Supply chain management 5.1.1 Human rights policy	56 64	
	2-24	Embedding policy commitments	4.6 Supply chain management 5.1.1 Human rights policy	55 65	
	2-25	Processes to remediate negative impacts	3.1.1 Operation of the Board of Directors	25	
	2-26	Mechanisms for seeking advice and raising concerns	1.2 Communication with stakeholders 3.1.4 Ethics and integrity	10 29	
	2-27	Compliance with laws and regulations	3.3 Regulatory compliance	33	
	2-28	Membership associations	2.2 Participation in external associations	20	
Stakeholder engagement	2-29	Approach to stakeholder engagement	1.2 Communication with stakeholders	10	
	2-30	Collective bargaining agreements			Not applicable / We do not have a labor reunion, and there is no collective bargaining signed.
GRI 3: Material Topics 2021					
Material topics	3-1	Process to determine material topics	1.3 Identification of material topics	12	
	3-2	List of material topics	1.3 Identification of material topics	12	
	3-3	Management of material topics	1.3 Identification of material topics	12	
Economy					
★Economic performance					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.4 Business performance	34	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	3.4 Business performance	34	
	201-2	Financial implications and other risks and opportunities due to climate change	4.7 Climate change management	58	
	201-3	Defined benefit plan obligations and other retirement plans	5.2.1 Remuneration and welfare	72	

★= critical topic

Topic	Item of disclosure	Description	Chapter	Page	Omitted reason / necessary explanation
Market Presence					
GRI 201: Economic Performance 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.2.1 Remuneration and welfare	72	
	202-2	Proportion of senior management hired from the local community	5.2.1 Remuneration and welfare	72	
Procurement Practices					
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	4.6 Supply chain management	56	
Product Life Cycle Management					
Self-defined topic	Product safety	No violation against of legal regulations or customer product safety in the year.	3.5.1 Product advantage	35	
★R&D and Innovation					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.6 R&D innovation	40	
Self-defined topic	R&D and innovation	In 2024, the R&D expense accounted for 3.05% of the operating revenue.	3.6 R&D innovation	40	
★Information Security Protection					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.7 Information security protection	43	
Self-defined topic	Information security	No incidents of information safety in the year.	3.7 Information security protection	43	

★= critical topic

Topic	Item of disclosure	Description	Chapter	Page	Omitted reason / necessary explanation
Environment					
Materials					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.1 Material and chemical management	50	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	4.1 Material and chemical management	50	
GRI 301: Materials 2016	301-2	Recycled input materials used	4.1 Material and chemical management	50	
	301-3	Reclaimed products and their packaging materials	4.1 Material and chemical management	50	
Energy					
GRI 302: Energy 2016	302-1	Energy consumption within the organization	4.2 Energy management	52	
	302-3	Energy intensity	4.2 Energy management	52	
	302-4	Reduction of energy consumption	4.2 Energy management	52	
	302-5	Reductions in energy requirements of products and services	4.2 Energy management	52	
Water and Effluents					
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	4.4 Water resource management and pollution prevention	55	
	303-2	Management of water discharge-related impacts	4.4 Water resource management and pollution prevention	55	
	303-3	Water withdrawal	4.4 Water resource management and pollution prevention	55	
	303-4	Water discharge	4.4 Water resource management and pollution prevention	55	
	303-5	Water consumption	4.4 Water resource management and pollution prevention	55	

★= critical topic

Topic	Item of disclosure	Description	Chapter	Page	Omitted reason / necessary explanation
★Emissions					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.3 Greenhouse gas management	53	
GRI 303: Water and Effluents 2018	305-1	Direct (Scope 1) GHG emissions	4.3 Greenhouse gas management	53	
	305-2	Energy indirect (Scope 2) GHG emissions	4.3 Greenhouse gas management	53	
	305-3	Other indirect (Scope 3) GHG emissions	4.3 Greenhouse gas management	53	
	305-4	GHG emissions intensity	4.3 Greenhouse gas management	53	
	305-5	Reduction of GHG emissions	4.3 Greenhouse gas management	53	
	305-6	Emissions of ozone-depleting substances (ODS)	There is no substance that destroys ozone layer discharged by our company.	00	Not applicable
	305-7	Nitrogen oxides (Nox), sulfur oxides (SOx), and other significant air emissions	4.3 Greenhouse gas management	53	
Waste					
GRI 306: Waste 2020	306-3	Waste generated	4.5 Waste management	55	
	306-4	Waste diverted from disposal	4.5 Waste management	55	
	306-5	Waste directed to disposal	4.5 Waste management	55	
★Sustainable Supply Chain - Supplier Environmental Assessment					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.6 Supply chain management	56	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	4.6 Supply chain management	56	
	308-2	Negative environmental impacts in the supply chain and actions taken	4.6 Supply chain management	56	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	4.6 Supply chain management	56	
	414-2	Negative social impacts in the supply chain and actions taken	4.6 Supply chain management	56	
★Chemical Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.1 Material and chemical management	50	
Self-defined material topic	Chemical management	No violation to chemical hazards in the year.	4.1 Material and chemical management	50	

★= critical topic

Topic	Item of disclosure	Description	Chapter	Page	Omitted reason / necessary explanation
Social					
★Employment					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.1 Employment overview	65	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	5.1.2 Employee statistics	67	
	401-2	Benefits provided to full-time employees	5.2.1 Remuneration and welfare	72	
	401-3	Parental leave	5.2.1 Remuneration and welfare	72	
Labor/Management relations					
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	5.2.3 Labor / Management Relations	77	
Occupational Safety and Health					
GRI 403: Occupational Health and Safety 2018	403-2	Hazard identification, risk assessment, and incident investigation	5.3 Occupational safety and health	78	
	403-3	Occupational health services	5.3 Occupational safety and health	78	
	403-5	Worker training on occupational health and safety	5.3 Occupational safety and health	78	
	403-6	Promotion of worker health	5.3 Occupational safety and health	78	
	403-9	Work-related injuries	5.3 Occupational safety and health	78	
	403-10	Work-related ill health	5.3 Occupational safety and health	78	
★Training and Education					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.2 Right talents at right positions	72	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	5.1.2 Employee statistics	67	
	404-3	Percentage of employees receiving regular performance and career development reviews	5.2.1 Remuneration and welfare	72	

★= critical topic

Topic	Item of disclosure	Description	Chapter	Page	Omitted reason / necessary explanation
Diversity and Equal Opportunity					
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	3.1.1 Operation of the Board of Directors 5.1.2 Employee statistics	25 67	
	405-2	Ratio of basic salary and remuneration of women to men	5.2.1 Remuneration and welfare	72	
Marketing and Labeling					
GRI 417: Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	3.3 Regulatory compliance	33	No violation against regulations of product labelling in the year.
	417-3	Incidents of non-compliance concerning marketing communications	3.3 Regulatory compliance	33	No violation against regulations of product labelling in the year.
Customer Privacy					
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.5.3 Customer relationship	39	No violation against regulations of product labelling in the year.

6.2 Appendix 2 SASB Sustainability Accounting Standards

Industrial machinery and industry goods

Topic	Metric	Type	Measurement unit	Code	Corresponding chapter
Energy management	01 Total energy consumed 02 Percentage of grid electricity 03 Percentage of renewable energy	Quantitative	Gigajoules (GJ) Percentage (%)	RT-IG-130a.1	4.2 Energy management
Workforce health & safety	01 Total recordable incident rate (TRIR) 02 Fatality rate 03 Near miss frequency rate (NMFR)	Quantitative	Percentage (%)	RT-IG-320a.1	5.3 Occupational safety and health
Fuel economy & emissions in use-phase	01 Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles 02 Sales-weighted fuel efficiency for non-road equipment 03 Sales-weighted fuel efficiency for stationary generators 04 Sales-weighted emissions of (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a)Marine diesel engines (b)Locomotive diesel engines (c)On-road medium-and heavy-duty engines (d)Other non-road diesel engines	Quantitative	Liters / per 1000 tonne-kilometers Liters / per hour Kilojoules / per liter Grammes / per kilojoule	RT-IG-410a.1 RT-IG-410a.2 RT-IG-410a.3 RT-IG-410a.4	Not applicable
Materials sourcing	Management of risks associated with the use of critical materials	Discussion and analysis	N/A	RT-IG-440a.1	3.5.1 Product advantage
Remanufacturing Design & services	Revenue from remanufactured products and remanufacturing services (USD)	Quantitative	USD	RT-IG-440b.1	None

Performance Indicators	Unit	Category	No.	Quantity	Department/Item
Number of units produced by product category	Thousand yards	Quantitative	RT-IG-000.A	11,377.00	Technical fabrics
	Pieces			329,457.00	camping sleeping pad
	Pieces			76,139.00	Medical mattress
	Pieces			842,429.00	Bladders
	Pieces			823,689.00	Others
Number of employees	People	Quantitative	RT-IG-000.B	409	The whole company

6.3 Appendix 3 Task Force on Climate-Related Financial Disclosures (TCFD)

Dimension	Item of TCFD disclosure	Corresponding chapter	Page
Governance	The board's oversight of climate-related risks and opportunities.	4.7 Climate change management	58
	Management's role in assessing and managing risks and opportunities.	4.7 Climate change management	58
Strategy	The climate-related risks and opportunities the organization has identified over the short, medium, and long term.	4.7 Climate change management	58
	The impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning.	4.7 Climate change management	58
	The resilience of the organization's strategy, taking into consideration different climate-related scenarios.	4.7 Climate change management	58
Risk management	The organization's processes for identifying and assessing climate-related risks.	4.7 Climate change management	58
	The organization's processes for managing climate related risks.	4.7 Climate change management	58
	How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management?	4.7 Climate change management	58
Metrics and targets	The metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	4.7 Climate change management	58
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	4.3 Greenhouse gas management 4.7 Climate change management	53 58
	The targets used by the organization to manage climate-related risks and opportunities and performance against targets.	4.2 Energy management 4.7 Climate change management	52 58

6.4 Appendix 4 Climate-related Information of TWSE/TPEx Listed Companies

Table 2 of Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies was used to disclose risks and opportunities to Cathay caused by climate change and relevant responding measures taken by Cathay.

	Item	Chapter in ESG Report	Page
01	Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	4.7 Climate change management	58
02	Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	4.7 Climate change management	58
03	Describe the financial impact of extreme weather events and transformative actions.	4.7 Climate change management	58
04	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	4.7 Climate change management	58
05	If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	4.7 Climate change management	58
06	If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	4.7 Climate change management	58
07	If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	We haven't implemented internal carbon pricing yet.	
08	If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	4.7 Climate change management	58
09	Greenhouse gas inventory and assurance status.	4.3 Greenhouse gas management 4.7 Climate change management	53 58

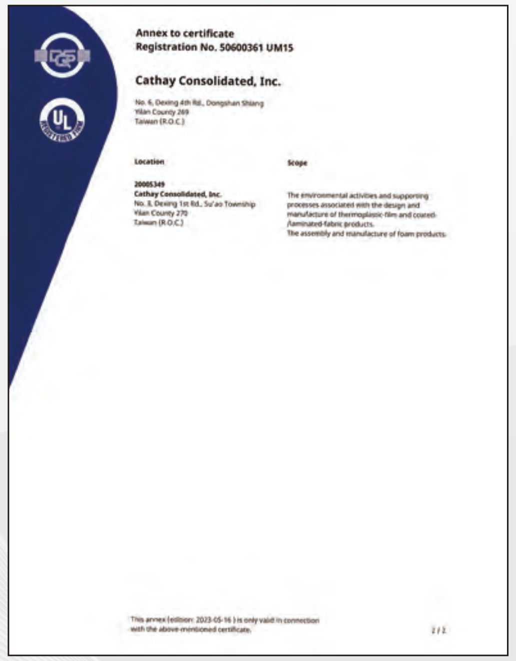
6.5 Appendix 5 Management Systems and International Certification

Management systems

Management systems and international verification obtained

Management system	Verification Body
ISO 9001 : 2015	DQS
AS 9100 : D / JISQ 9100 : 2016 / EN 9100 : 2018	AFNOR
ISO 13485 : 2016	DQS
ISO / IEC 17025 : 2017	DQS
ISO 14001 : 2015	DQS
ISO / IEC 27001 : 2022	AFNOR

Note: ISO / IEC 27001 was certified in 2025.



Management systems and international verification obtained

Textile and sustainable production system certification
OEKO-TEX® STeP
bluesign®

Verification Body
TESTEX Swiss Textile-Testing Ltd.
Bluesign Technologies AG

Greenhouse gas inventory and other certification

Management systems and international verification obtained

Greenhouse gas verification	Certification Body
ISO 14064-1 : 2018	TÜV NORD
ISO 14067 : 2018	TÜV NORD

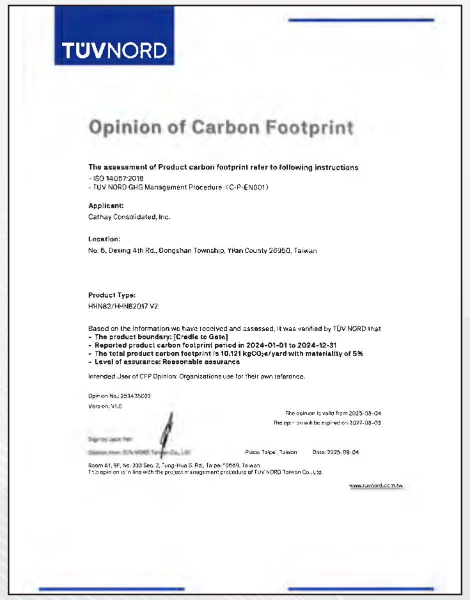
Product verification	Verification Body
OEKO-TEX Standard 100	TESTEX AG, Swiss Textile-Testing Ltd

Corporate social responsibility verification	Verification Body
SMETA-Sedex Members Ethical Trade	SGS


Certificate
OEKO-TEX® STeP
Cathay Consolidated, Inc.


bluesign
CERTIFICATE


TÜVNORD
OPINION


TÜVNORD
Opinion of Carbon Footprint


Certificate
OEKO-TEX® STANDARD 100
Cathay consolidated, Inc.


SMETA
Audit details

Cathay Consolidated Inc.

2024 ESG Report

Year: 2024

Prepared by: Cathay Consolidated Inc.

Updated on: 2025/07/04