

# 2023

## SUSTAINABILITY REPORT

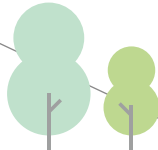
# Contents



Letter from the Chairman	3
Sustainability Highlights	7

1.1 Promotion of Sustainable Management	15
1.2 Corporate Sustainable Development Organizational Structure	17
1.3 Stakeholder Identification and Engagement	19
1.4 Analysis of Material Issues	20

2.1 Company Profile	26
2.2 Competitive Niche	30
2.3 Economic Performance	33
2.4 Award Records	33
2.5 External Participation	34





3.1 Board of Directors	37
3.2 Operating Status of the Functional Committee	40
3.3 Risk Assessment and Management	42
3.4 Customer Satisfaction and Product Services	45
3.5 Supply Chain Management	47
3.6 Socioeconomic Compliance	50



4.1 Climate Change Risks and Opportunities	53
4.2 Environmental Sustainability Expenditures	61
4.3 Raw Material Usage	62
4.4 Energy Management	63
4.5 Emissions	66
4.6 Waste	68
4.7 Water resource management	68
4.8 Environmental Compliance	71
4.9 Environmental Sustainability Awards and Honors	71



5.1 Employee Relations	75
5.2 Social Engagement	90

## Appendix

GRI Standards Disclosure Project Sheet	95
Sustainability Accounting Standards Board (SASB) - Household and Personal Goods Industry Disclosure Standard	99
Independent Third-Party Assurance Statement	101



# Letter from the Chairman

## **YFYCPG PM10 paper machine is the latest and most energy-saving household paper machine in Taiwan**

It adopts designs such as magnetic levitation turbine and permanent magnet motor to save 10% of power consumption. The wide nip press is used to replace the traditional suction press roller, which increases the paper dryness to 45%. In addition, the steel drying cylinder with the largest diameter of 18 feet in Taiwan is used to save more than 20% of steam. The new production line adds automation from material feeding to processing to comprehensively improve energy consumption, quality and working environment.



As a company closely connected to everyday life, YFYCPG profoundly recognizes the significance of sustainable operations, and thus integrates sustainability into our core values, business strategies, and practical actions. This commitment is not only for the sake of regulatory compliance and societal expectations, it is, more importantly, for ensuring the long-term development and survival of our enterprise. We firmly believe that the pursuit of sustainable development and the company's growth should proceed in tandem. While striving for profitability, we also take on the responsibility of being a corporate citizen, endeavoring to minimize the impact we might bring to the environment. Through systematic management, we integrate our corporate values with our business philosophy, and present ESG-related data transparently.

From product design, production, and sales, to subsequent services, YFYCPG takes into account the impact on the environment, society, and future generations throughout the entire process, continuously striving for improvement and excellence. Reducing environmental impact is our foremost priority, and the effective utilization of resources is pivotal to this effort. We have invested in the latest energy-saving paper machines and complemented by employing alternative fuels, thus enhancing production efficiency while reducing energy consumption per unit. These new paper machines, combined with the effective use of recycled water in our facilities, have also enhanced water resource utilization, achieving our water conservation goals. Consistently upholding our status as the leading domestic household paper company in Taiwan that utilizes the highest amount of sustainably certified forest materials, we also utilize recycled plastics, optimizing packaging design, and applying for product carbon footprint certification. In the overall ESG assessment for the first time after our listing, these concerted efforts have been recognized by TCSA (Taiwan Corporate Sustainability Award), earning us "Silver Award" in "Corporate Sustainability Report" and "Taiwan's Excellent Sustainable Companies Award" in "Corporate Comprehensive Performance."

Since 2021, YFYCPG has been unwavering in its support for the "Tree Seekers" team, who employ big data as a scientific methodology to discover the tallest giant trees in Taiwan. These giant trees play a crucial role in the ecosystem, since their canopies harbor a wealth of biological resources and bolster biodiversity. We have organized multiple "Natural Science Camps" jointly, aiming to nurture a new generation of ecological conservationists through scientific and environmental education. In April 2024, the "Tree Seekers" team was honored with the Global Views Monthly USR (University Social Responsibility) Ecological Co-Prosperity Model Award for their impactful initiatives and outreach efforts.

Internally, we prioritize respecting, caring for, and supporting our employees. We ensure a safe and healthy work environment, promote equality and diversity in the workplace, and offer career development and training opportunities. We listen to and engage with employee feedback, and support work-life balance while caring for the physical and mental well-being of our colleagues. It is through these relentless efforts that we had been honored with the prestigious "Best Companies to Work for in Asia Award" by the authoritative HR Asia magazine for three consecutive years. Additionally, we have received the HR Asia "Diversity, Equity & Inclusion Award," affirming our dedicated endeavors in creating an excellent, diverse, equitable, and inclusive working environment.

Rooted in our core corporate values, we extend our care to the neighboring communities by providing material support to local schools, non-profit organizations, and other groups and families in need around our facilities. Through collective participation in these activities, our employees gain a deeper understanding of the company's commitment to sustainable operations and our efforts in ESG aspects. This enhances employee's sense of belonging and pride to the company, and thus uniting to become a positive force in society.

Sustainability is an open road that integrates collective beliefs and continuously advances. YFYCPG will uphold the goal of sustainable operations, constantly optimizing and improving in all aspects of environment, society, and corporate governance. Through excellent risk management and innovative research and development, we constantly create more satisfying life experiences for the public. We look forward to walking this open road hand in hand with you, step by step, to jointly create a safer, healthier, and better future.

何英達



# A Safe and Healthy Life

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

# E

## Protect the environment



### Committed to resource management

Increase the reuse of water resources.  
Implement the concept of circular economy and effectively manage waste.



### Reduced greenhouse gas emissions

Use clean energy and increase the replacement rate of coal burning. (biofuel, natural gas)



### Friendly environment

Use environmentally friendly raw materials and reduce virgin plastic packaging materials.  
Safeguard Taiwan's unique biodiversity through science and civic education that goes down to the roots.



# S

## Create a better life together



### Create a Happy Workplace

We consider people as the Company's most valuable asset. We strive to create a happy workplace from caring for employees during the pandemic to career planning.



### Symbiosis and Co-prosperity with Society

Starting from the factory as the core, we bring resources together with employees to give back to the community and assist NGOs. With sustainability as the aim, we turn our core values into substantial positive energy.



### Good Life Goals Initiative

Combined with YFYCPG's high-quality green products and services, we want to help everyone to be willing to change their daily behavior bit by bit to support a friendly environment.

# G

## Promote sustainable management



### A Production Model with Sustainability at Its Core

We ensure sustainable management of the use of raw materials and energy resources to minimize causing negative environmental impact. We are committed to the efficient use of energy and resources during the manufacturing process. Furthermore, we ensure that products are friendly to employees, communities and consumers, and are economically beneficial to facilitate sustainable development.



### Optimizing Processes

We strive to develop innovative methods such as using digital technology to manage processes, optimize production, supply chain and product life cycle, and reduce waste and carbon emissions.



### Innovate and Develop High-Quality Products

We integrate sustainability into product design and creation, and continue to strive for a healthy, safe and beautiful life for the public.



# Giant Tree Map Project

Taiwan Champion Trees Team



## View LiDAR data of the two phases Calculate the survival rate of giant trees in ten years

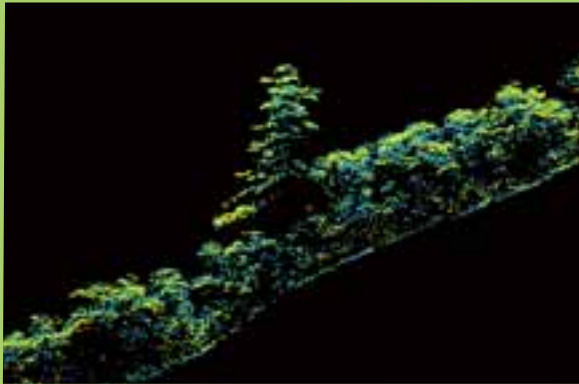
Due to the advancement of technology, the data obtained from airborne LiDAR data are more detailed and easier to interpret. This year, the second phase of airborne data was used to examine the survival status of 941 giant trees and calculate the survival rate, completing the inspection of 632 giant trees (around 67%), a total of 26 giant trees died in ten years, of which 23 giant trees fell over and 3 withered.

The death of giant trees is an important ecological issue. In the next phase, drones are expected to be used to investigate the reasons for the death of giant trees.

## Field exploration into the world of giant trees

LiDAR mapping

Phase 1 Phase 2



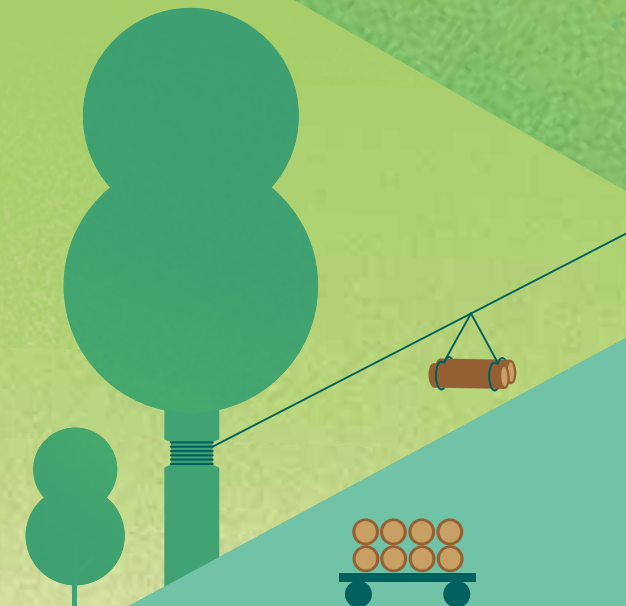
Exploration of the Da'an River  
Heavenly Sword



## 2024 Freeing the Cableway Trees Protect Natural Environment

For these giant trees with steel cables tied to their bodies, the Taiwan Champion Trees Team used safe tree climbing techniques and equipment (electric grinders) to successfully help them unlock these shackles that had lasted over decades. Such an achievement was enough to unlock a chance for the giant trees to be reborn.

In addition to enabling their continued growth, many precious plants such as epiphytes are completely dependent on these giant trees for their habitat. Each giant tree is a treasure of Taiwanese people.



## Project Achievements Together We Can!

**2019 Taiwan Giant Tree - Taoshan Sacred Tree**  
The Taiwan Champion Trees project started in 2019. A total of 941 giant trees taller than 65 meters have been found so far.

### YFYCPG begins supporting actions

**2020 Taiwan Giant Tree - Taoshan Sacred Tree**  
Survey location in the valley of Shei-Pa National Park. Up to **79.1** meters.



## The Story of Cableway Trees

In early logging, tall and healthy tree species such as Taiwania and other giant trees were usually selected as fulcrums for transporting felled timber. These big trees, which have been bound for more than 40 years, are still stubbornly surviving, waiting for someone to help free them and be reborn.



### "Taiwan Champion Trees Team - Giant Tree Map Project" won the recognition of the Model Award - Ecological Mutual Prosperity Group at the 5<sup>th</sup> "Global Views" U.S.R. University Social Responsibility Award in 2024.

The "Taiwan Champion Trees Team - Giant Tree Map Project" composed of the Taiwan Forestry Research Institute of the Ministry of Agriculture and National Cheng Kung University used airborne LiDAR data calculation and interpretation to accelerate the exploration and discovery of Taiwan's giant trees in recent years. The LiDAR data used for the Giant Tree Map is a three-dimensional topographic scan of Taiwan conducted by the Geological Survey and Mining Management Agency (formerly known as the Geological Survey Institute) of the Ministry of Economic Affairs using airborne LiDAR technology in the aftermath of Typhoon Morakot. Since 2021, YFYCPG has devoted long-term funding and assistance in organizing activities.

To speed up the search for the giant trees, the team developed technology to "automatically produce the best visual cross-sections of giant trees" and launched a website in 2020 to allow the public to help identify the existence of giant trees. Internet users are not just information consumers, but also an information provider. A total of 71,751 possible giant tree locations were reduced to 4,736 after three iterations of identification by 372 people, the first case of citizen science in the world that utilized crowd participation in the search for giant trees.

#### 2021

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

#### 2022 Ka'alang Giant Tree

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

#### 2023 Taiwania Giant Tree

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

# 2023 Natural Science Camp

YFYCPG Taiwan X Champion Tree

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

**Deepen science and environmental education among young people**

Starting from the original intention of YFYCPG to attach importance to environmental protection  
Give full play to corporate social responsibility and improve the quality of nature education  
Cultivate high school students and the general public  
Work together to conserve the biodiversity of this land

2022

**Dong'ao,  
Northern Yilan**

**Giant trees and  
Biodiversity**

A giant tree is an ecosystem. This sentence profoundly echoes our emphasis on biological diversity. More and more international guidelines and organizations are beginning to emphasize the importance of protecting and maintaining biological diversity. As a result, we paid special attention to this issue in this year's Natural Science Camp.

2023

**Basianshan Nature Education Center  
in Guguan, Taichung**

2023.8.15-16

Organized for middle school to high school students, nearly a hundred people participated in the camp  
Seven of the children are from elementary schools near Qingshui plant, that are relatively disadvantaged in terms of resources  
On the day, the deputy plant manager of Qingshui plant guided the participants



Learn about the appearance of trees from a new perspective. After climbing the tree, the instructor leads the students to gently place their hands on the tree and cherish the existence of the tree with gratitude.

**Biodiversity -  
The Wonderful World of the Tree Canopy**  
Rebecca Hsu, Associate Researcher at the  
Taiwan Forestry Research Institute of the  
Ministry of Agriculture



Through instructor Rebecca Hsu's in-depth research and professional knowledge in the field of ecology and biodiversity, it enhanced the understanding of ecology and biodiversity of the students participating in the camp. We hope this opportunity can be used to inspire everyone's understanding and attention to protecting the environment.



**The Laser Eagle Eye in the Sky -  
First-Ever Attempt in Taiwan Using Airborne LiDAR  
to Search for Giant Trees**  
Professor Wang Chi-kuei, Department of Geomatics,  
National Cheng Kung University



Introduced how to use airborne LiDAR technology and collaborate with professionals to identify the locations of giant trees in Taiwan in order to find these giant trees. It enriched young students' knowledge of this scientific method in a simple and easy-to-understand way.

## **National Cheng Kung University**

**2023.12.2**

**The fifth annual results presentation meeting  
Co-organized with the Department of Geomatics,  
National Cheng Kung UniversityLiDAR surveying  
experience camp, parent-child tree climbing  
activities and seminars**



Professor Wang Chi-kuei shared his airborne LiDAR observations of the number of withered and lost giant trees over the past decade. Giant trees grows in unique geological environments. The talk introduced how they have increased, decreased and disappeared over the past decade, as well as the principles of searching for giant trees and measuring tree heights through vivid explanations and hands-on experiences, so that everyone can feel the environment and ecological changes of Taiwan's mountains and forests, as well as the difficulty of carrying out surveying tasks.



Rebecca Hsu shared the process of searching for the Da'an River Heavenly Sword, the tallest tree in Taiwan, while Associate Professor Lee Hsiang-hsiu of the Department of Radio, Television and Film at Shih Hsin University shared highlights from the "Island of Giant Trees" documentary.

# Good Life Goals

Create a better life together

**Continuous Advocacy of Good Life Goals**  
The power of each individual can make the world a better place

## Bottle Recycling 2.0

### New recycling items

Expanding coverage of the largest source of recycled plastics  
White, transparent white bottles with recycling mark No. 2  
(Dairy products, soy milk, yogurt, oats, coffee, lactic acid drinks)



### Strengthen promotion

#### Select, remove, dry and clean

Remove accessories (bottle caps, spray gun heads, OPP label design films, etc.)  
Clean again and air dry



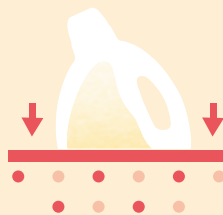
## Recycling results

The number of recycling products increased by about **6.8 times**

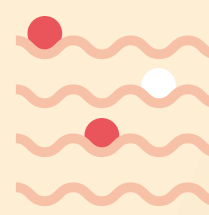
The bottles are professionally processed and will become the raw material for recycled bottles at Orange House



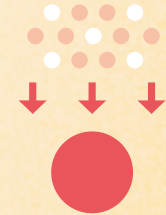
1 Bottle recycling machine



2 Clean



3 Crush



4 Granulation



# 2025-2030 Plastic Reduction Target

## YFYCPG Upholds the Spirit of Sustainability

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

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

## Using paper to reduce plastic

### Environmental sustainability

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

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

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

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

### Promote a better life

On the paper packaging outer box of the latest Orange House laundry capsule products, it is printed with the words "Better Life Goals", which starts with you, lets implement the SDGs in our daily life. Communicate with consumers about how they can make a positive impact on the environment by making a few changes in their daily lives.



# 01

## About This Report

## Editorial Principles

### About This Report

This Report is a compilation of the activities and detailed results of Yuen Foong Yu Consumer Products Co., Ltd. (hereinafter referred to as “the Company” or “YFYCPG”) in 2023 in terms of its corporate governance, environmental protection, employees, and social welfare. The contents of the Report include the head office in Taiwan and subsidiaries in Mainland China. The financial data are obtained from all entities included in the Annual Report and the Consolidated Financial Statements. Please refer to the 2023 Annual Report of Yuen Foong Yu Consumer Products Co., Ltd.

### Reporting Period

From January 1, 2023 to December 31, 2023

### Scope

#### Taiwan

- Yuen Foong Yu Consumer Products Co., Ltd. (The head office)
- Yangmei plant, Yuen Foong Yu Consumer Products Co., Ltd.
- Qingshui Plant, Yuen Foong Yu Consumer Products Co., Ltd.
- Ever Growing Agriculture Biotechnology Co., Ltd.  
(Taoyuan plant of Ever Growing Agriculture Bio-tech Co., Ltd)

#### Mainland China

- YFY Investment Co., Ltd. (Shanghai Office)
- YFY Consumer Products (Yangzhou) Co., Ltd. (Yangzhou plant)
- Foong Yu Family Care (Kunshan) Co., Ltd. (Kunshan plant)

### Basis of Report

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

To enhance the credibility of this report’s information, external assurance has been conducted through BSI Taiwan, complying with the AA 1000 Assurance Standard v3, which falls under the Type 2 moderate-level assurance.

### Issuance

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

- Publication date of this issue: August 2024

### Contact Information

If you have any questions or suggestions, please contact us directly.

Senior Director Julia Ou, ESG Office, Yuen Foong Yu Consumer Products Co., Ltd.

Address: 16F, No. 51, Section 2, Chongqing South Road, Taipei City, 100409

Tel: (02)2192-1022

Website: <https://www.yfycpg.com/>



## 1.1 Promotion of Sustainable Management

YFYCPG's mission is to provide consumers with a safe, healthy, and beautiful life. The direction and strategy of sustainability and the pursuit of growth should be consistent. Therefore, while improving business performance, the impact on the environment must be minimized. We have improved resource utilization in the manufacturing process and strive to make our factory production greener and more environmentally friendly. We develop products and services that support sustainable lifestyles, gradually connecting them to the United Nations Sustainable Development Goals (SDGs), expanding our influence, and bringing more positive energy to society. We envision a sustainable future for "us."





## A safe and healthy life

# E



- Environmental compliance
- GHG emissions management
- Energy Management
- Recycling of waste
- Green procurement
- Climate-Related Financial Information Disclosure
- Water resource management



# G



- Compliance
- Transparency and disclosure
- Supply Chain Management
- Product liabilities
- Risk management
- Develop green products

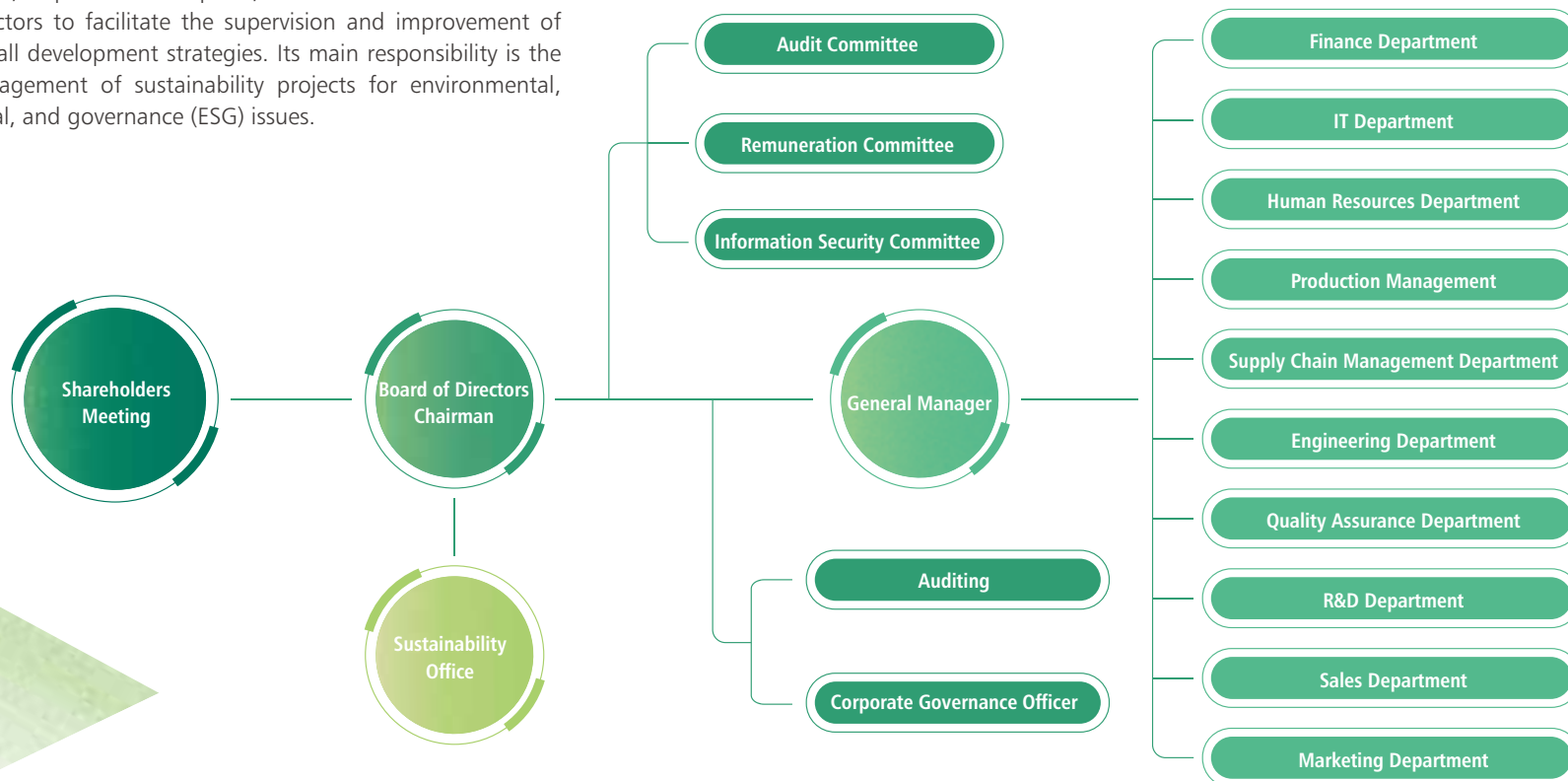
# S



- Public welfare support  
(Taiwan Champion Trees - Giant Tree Map Project)
- Care for the disadvantaged
- Employee Benefits
- Occupational Health and Safety
- Good Life Goals Initiative

## 1.2 Corporate Sustainable Development Organizational Structure

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





The ESG Office is responsible for setting the direction of corporate social responsibility and mainly promotes the management of sustainability issues related to environment, social, and governance (ESG). With continuous support from the Board of Directors in promoting sustainable development concepts, on August 14, 2020, the board of directors passed three major guidelines after discussion and confirmation:

Corporate Governance Principles, Ethical Corporate Management Best Practice Principles, and Sustainability and Social Responsibility Guidelines. These guidelines provide YFYCPG with guiding principles and related management responsibilities concerning integrity, governance, environment, and society. Implement coordination and supervision, establish systematic risk management policies and formulate various sustainable management measures based on the principle of materiality.

In order to deepen the promotion of ESG issues, the Sustainability Office went beyond regulations and published the first sustainability report in advance in the first year after listing. It also completed third-party verification and regularly reported implementation results to the board of directors and responded to director inquiries.

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

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

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

March 14, 2023

- I. Report on the implementation of phased goals of the greenhouse gas inventory and verification schedule plan.

May 5, 2023

- I. Report on the implementation of phased goals of the greenhouse gas inventory and verification schedule plan.
- II. Carbon footprint application planning report.

August 10, 2023

- I. Report on the implementation of phased goals of the greenhouse gas inventory and verification schedule plan.

November 9, 2023

- I. Report on the implementation of phased goals of the greenhouse gas inventory and verification schedule plan.
- II. Carbon reduction results in 2022 and estimated carbon emission data in 2023.
- III. Key reports of the 2022 Sustainability Report.
- IV. Management progress of climate change risks and opportunities and other related issues.

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

## 1.3 Stakeholder Identification and Engagement

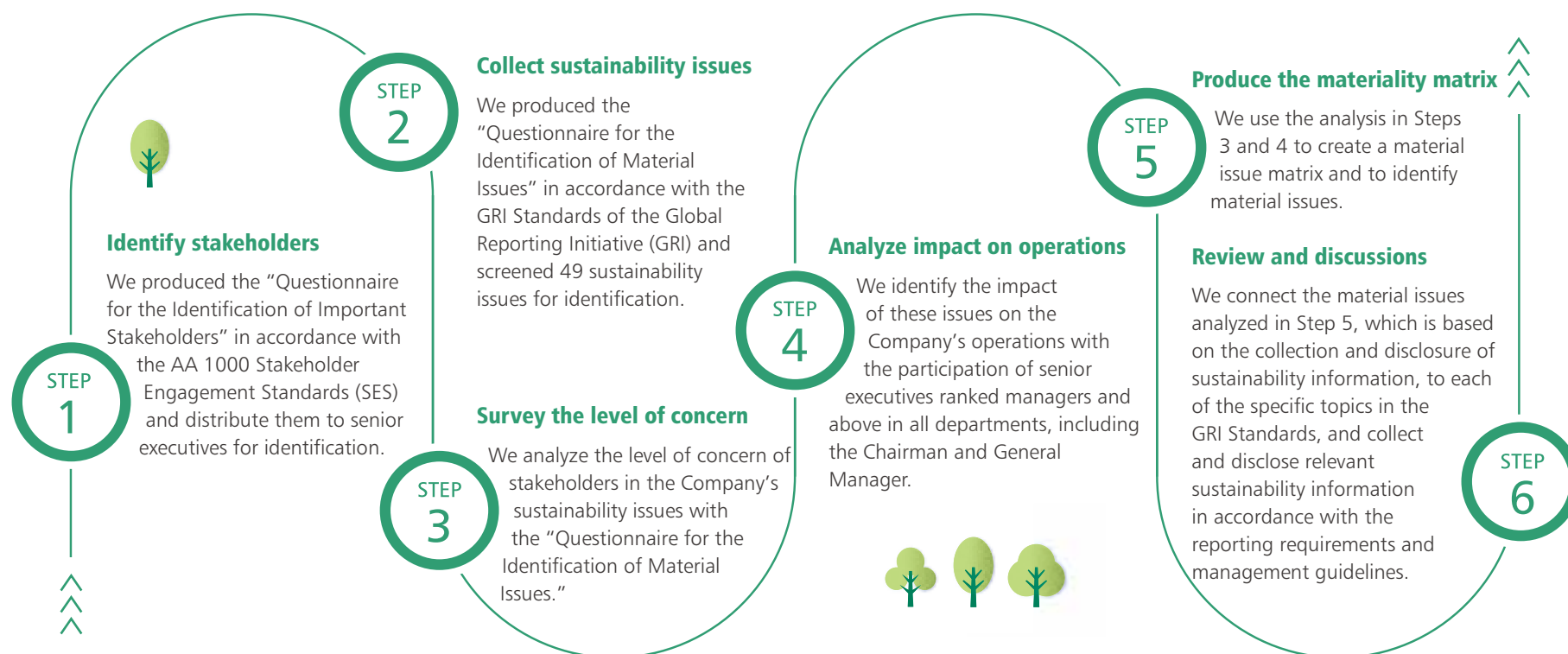
Stakeholder	Topics of concern		Communication channels/frequency	
Government	<ul style="list-style-type: none"> <li>Ethical corporate management</li> <li>Compliance</li> <li>Air pollution management</li> <li>Water resource and effluent management</li> </ul>	<ul style="list-style-type: none"> <li>Waste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



## 1.4 Analysis of Material Issues

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

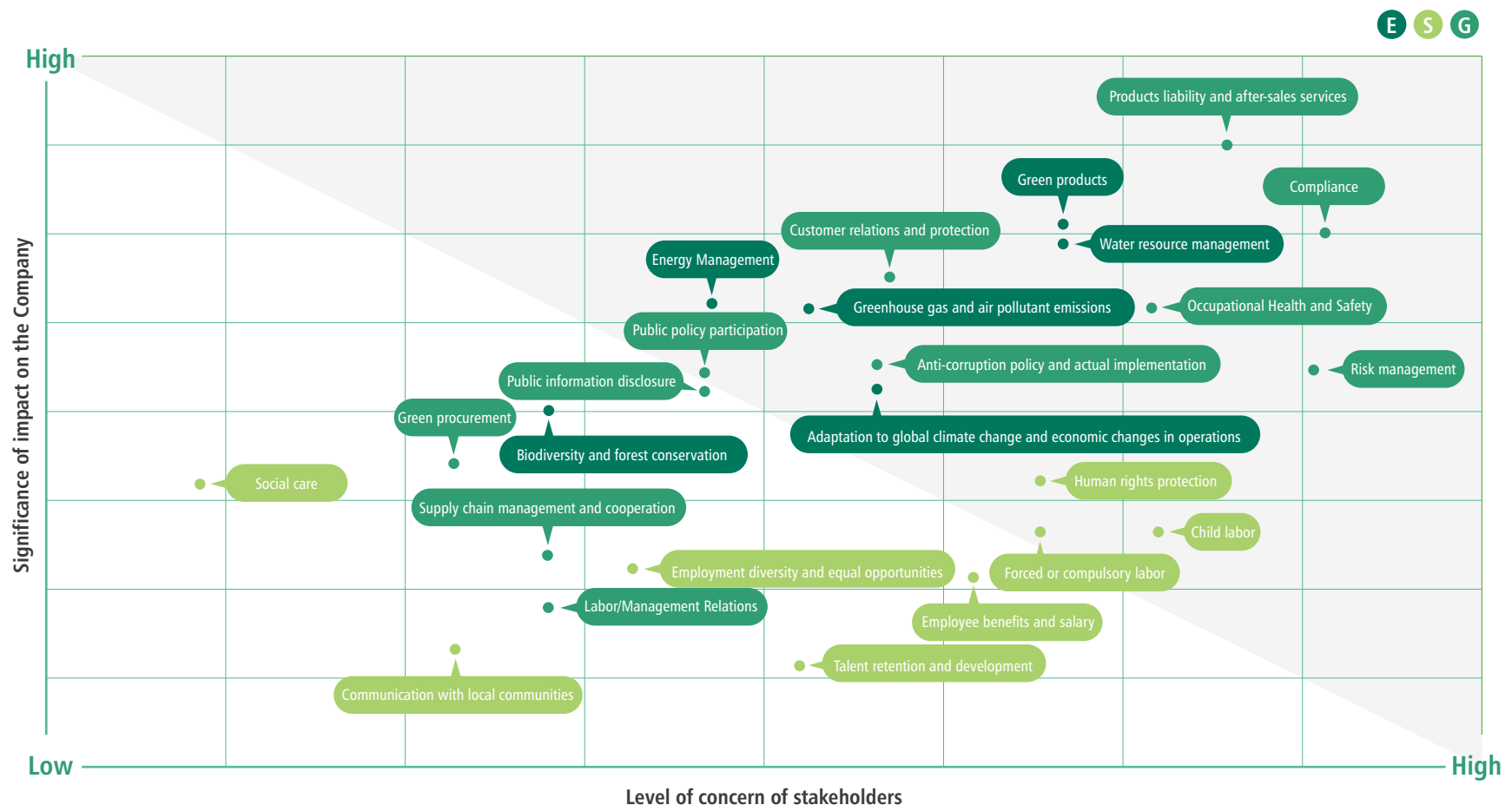
### 1.4.1 Procedures for Determining Material Issues



## 1.4.2 Stakeholder Concerns and Materiality Analysis Results

Through the participation of senior managers in discussions and identifications, there have been no major changes in the Company's internal operating model and external environment during the reporting year. In addition, the major themes identified in the previous period require long-term attention and response. Therefore, the major issues in this reporting year are The theme basically follows the previous identification results to ensure that the Company maintains consistency and coherence in the corresponding sustainability goals.

### Material topics in 2023



### 1.4.3 List of Material Sustainability Topics

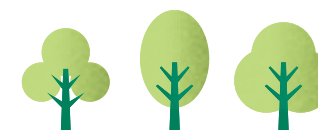
▲ Direct Impact    △ Indirect Impact

Positive and Negative Price Direction	Material Issue	Impact on YFYCPG	Management Approach in the Corresponding Chapter	GRI Standards Index	Value Chain Impact Positions		
					Supplier/contractor	Employees/Shareholders	Customers/consumers
+	Products liability and after-sales services	Accurate product labeling with full information as well as fair and responsible marketing communications that help consumers obtain information about the composition of the product and promote a healthy and positive impact.	3.4 Customer Satisfaction and Product Services	GRI 417	△	▲	▲
+	Compliance	Compliance with social and economic regulations, monitoring international trends and market changes, and focus on the development of a sustainable social environment.	3.6 Socioeconomic Compliance 4.8 Environmental Compliance	Reference to material issues set up by industry G2-27	△	▲	▲
-	Risk management	Establish related management regulations compliance by all units in accordance with the law and internal management requirements. Business risks are diversified and managed by each subsidiary according to their respective functions, and the management of company matters is coordinated by respective functional units.	3.3 Risk Assessment and Management	Reference to material issues set up by industry	△	△	△
+	Occupational Health and Safety	We take the protection of workers' safety as our top priority and we care for the physical and mental conditions of employees. We provide necessary facilities and educational training and increase their safety awareness to ensure safety in the work environment.	5.1.6 Employee safety and health	GRI 403	▲	▲	△
+	Green products	Green products are environmentally friendly products that are energy efficient, non-toxic or have low toxicity, and recyclable.	4.3 Raw Material Usage 4.4 Energy Management	GRI 301 GRI 302 GRI 416	▲	▲	▲
+	Water resource management	Water is the most important medium in the production of consumer goods. It is responsible for the cycle of fiber and energy in the system. The most critical management targets in the paper making process are ensuring product quality, meeting consumer safety requirements, and optimizing the use of water resources as well as water treatment.	4.7 Water resource management	GRI 303	△	△	△

▲ Direct Impact    △ Indirect Impact

Positive and Negative Price Direction	Material Issue	Impact on YFYCPG	Management Approach in the Corresponding Chapter	GRI Standards Index	Value Chain Impact Positions		
					Supplier/contractor	Employees/Shareholders	Customers/consumers
-	Greenhouse gas and air pollutant emissions	With stronger environmental regulations, controlling greenhouse gas and air pollutant emissions has become a challenge for companies. With increasingly stringent emission limits and environmental standards to protect air quality and minimize climate change, companies are adopting energy-saving and emission reduction measures to comply with environmental regulations and ensure the environmental friendliness of their products.	4.4 Energy Management 4.5 Emissions	GRI 305	△	△	▲
-	Adaptation to global climate change and economic changes in operations	Changes in the environment caused by climate change such as rising temperatures and extreme weather events may have an impact on operations such as the acquisition of resources and business activities, which in turn may have an impact on the Company's finances and employee health and safety.	3.3 Risk Assessment and Management 4.1 Climate Change Risks and Opportunities	Reference to material issues set up by industry	▲	△	△
+	Energy Management	The renewable energy cycle is a critical step in the energy transformation of the consumer product industry. We must reduce our dependence on fossil fuel and support renewable energy technology development.	4.4 Energy Management	GRI 302	▲	△	△
+	Human rights protection	Full protection of human rights in the work environment is a key part of business sustainability.	3.5 Supplier management 5.1.4 Employee communication and rights and benefits	Reference to material issues set up by industry	▲	▲	▲
+	Customer relations and protection	Customer experience and feedback can be used for future new product upgrades and development plans. The consumer feedback we obtained is used for internal quality management and related units work together to review and develop future improvement strategies. It is the key for continuous improvement of the quality of our products and services.	3.4 Customer Satisfaction and Product Services	GRI 416	▲	▲	▲

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





# "Good Life Goals start with you, implement SDGs in your daily life

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

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

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

Develop green products that  
reduce plastic and carbon emissions/  
Good Life Goals initiative on product packaging



- Orange House Color Changing Foaming Hand Soap
- Orange House Eco Laundry Detergent Pods



## 4 Education and Learning

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



## 6 Water Conservation

Promoting water-saving in product manufacturing and laundry processes



## 12 Better Living

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



## 14 Clean our oceans

Clean up our oceans by replacing plastic packaging with paper!



## 15 Love Nature

Support ecological conservation and natural sustainability, love our planet!



Create a friendly environment and practice the concept of sustainability! YFYCPG joins hands with consumers to create a safe, healthy and beautiful life



Scan to learn more  
Good Life Goals Sustainable  
Living Festival

# 02

## Company Profile

## 2.1 Company Profile



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

We actively expanded our business by merging Qingshui Plant of Procter & Gamble Home Products Co., Ltd. in February 2004, and adding two brands — “Tender”

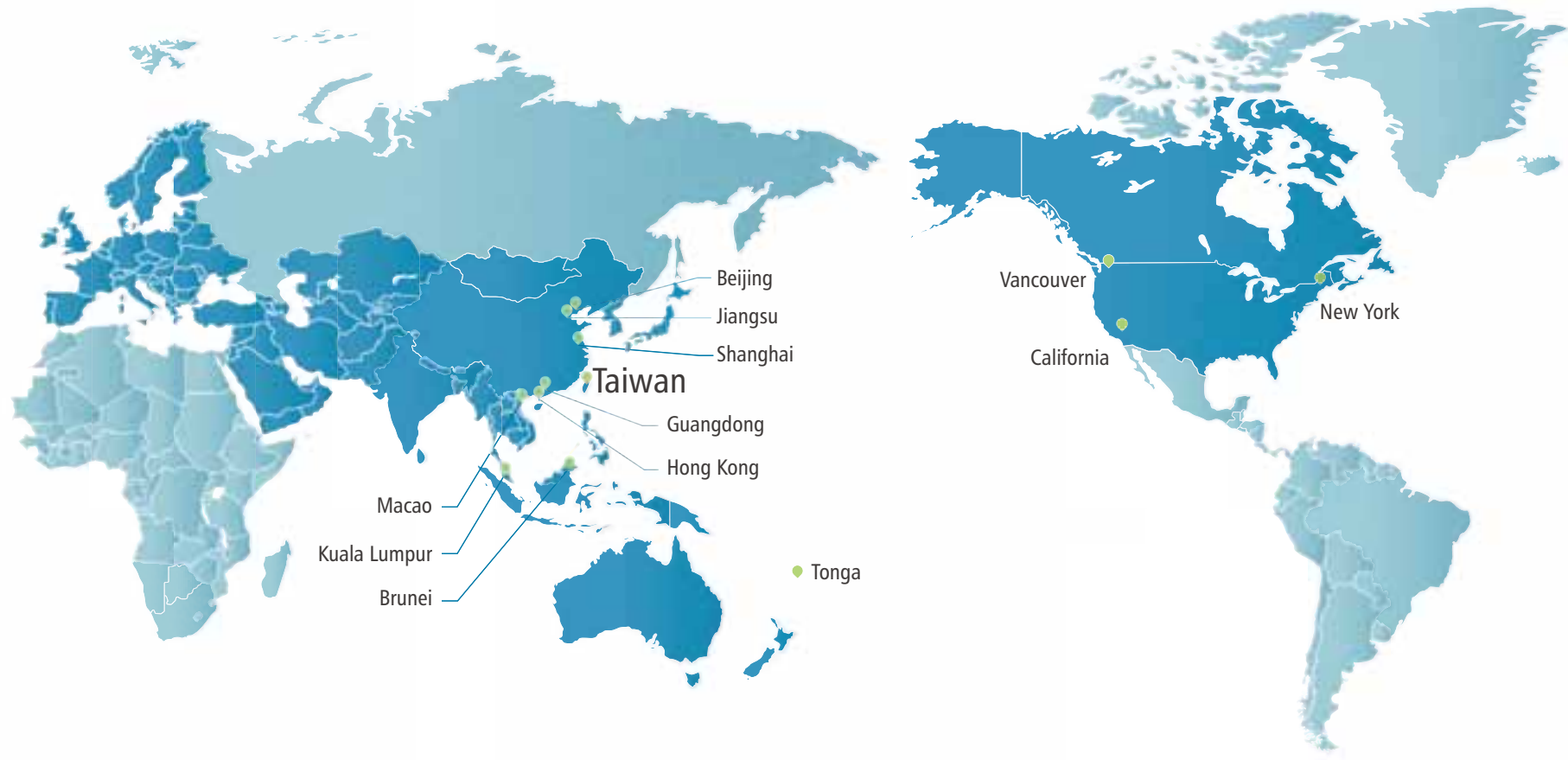
and “Delight”. We thus became the largest consumer paper product manufacturing plant in Taiwan and consolidated our leading position in market in Taiwan. To achieve vertical integration of production and sales, we merged Yuen Foong Yu Paper Manufacturing (later renamed: YFY Inc.) and certain household products departments in October 2007.

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

### Company Basic information

Name of Company	Yuen Foong Yu Consumer Products Co., Ltd.
Chairman	Felix Ho
Date of establishment	October 29, 1986
Current paid-in capital	NT\$2.671 billion
Number of employees	1,265
Head office address	16F, No. 51, Section 2, Chongqing South Road, Taipei City
Main businesses	Production, design, sales, and distribution of household paper products and cleaning products
Main brands	Household paper: Mayflower, Delight, Tender Cleaning products: Brands such as Orange House, Fresh Sense, Delight, and Fresh
Production sites	5 plants in Taiwan and China
Production volume	Household paper: Approximately 150,127 tons Cleaning products: Approximately 5,127 tons

## Sales locations



## Sales markets

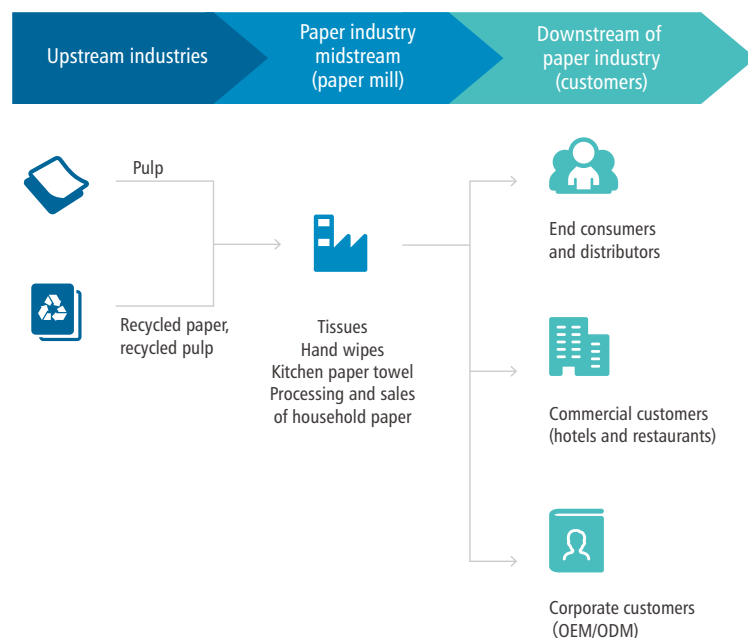
Household and domestic consumables are provided for the daily needs of the public and they are mostly sold in domestic sales. The Company's brands hold leading positions in the market. In terms of household paper products, we have met the diverse needs of consumers through product differentiation successfully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



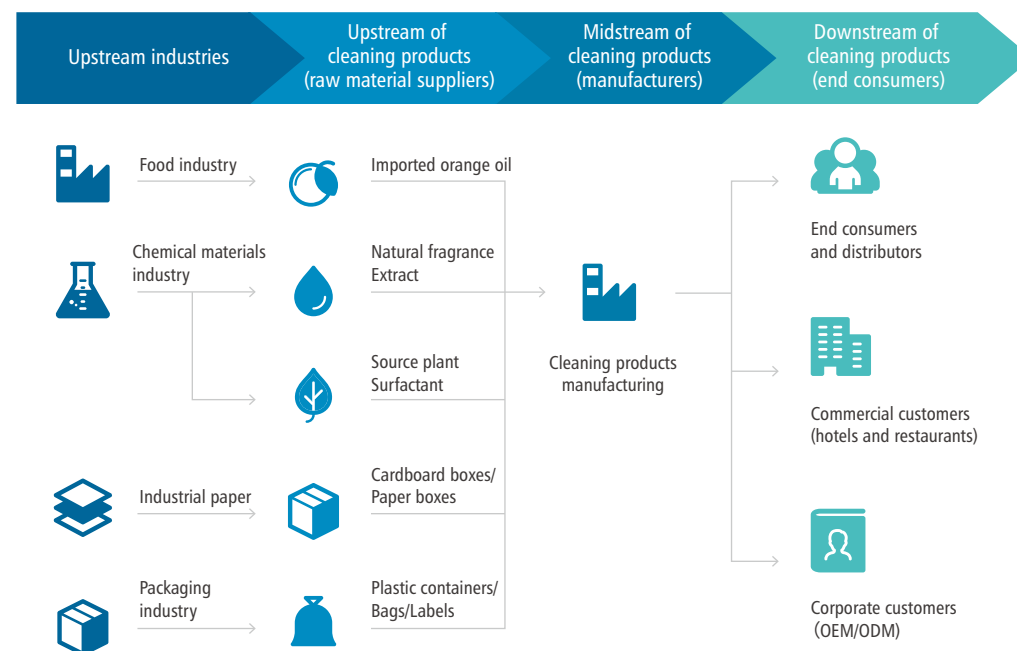
## Relationships with upstream and downstream companies

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

### Paper products

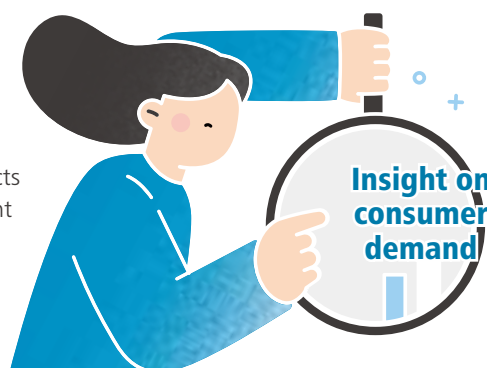


### Cleaning products



## Strategic goals

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

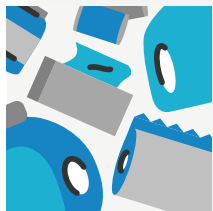


## Vision, mission, and values



### Vision

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



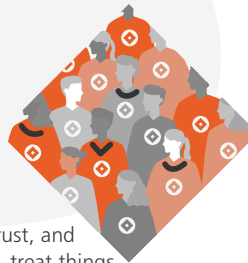
### Mission

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



### Values

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



## Production sites

Taiwan	Year of establishment	Quality certification
Taoyuan plant of Ever Growing Agriculture Bio-tech Co., Ltd (Cleaning products)	2017.03.21	ISO 9001:2015, ISO 22000:2018 (HACCP), ISO 22716:2007 cosmetics GMP
Qingshui Plant (paper products)	1990.03.03	ISO 9001:2015, FSC COC CNS (toilet paper and tissue paper)
Yangmei plant (paper products)	1986.10.16	ISO 9001:2015, ISO 22000:2018 (HACCP), FSC COC CNS (toilet paper, hand wipes, and paper towels)



Taoyuan plant of Ever Growing Agriculture Bio-tech Co., Ltd



Qingshui Plant



Yangmei plant

Mainland China	Year of establishment	Quality certification
Yangzhou plant (paper products)	2011.11.18	ISO 9001 quality management system certification document, FSC China ecological product certificate
Kunshan plant (paper products)	2004.12.28	ISO 9001 quality management system certification document, FSC China ecological product certificate



Yangzhou plant



Kunshan plant

## 2.2 Competitive Niche

### Overview of Technology and R&D

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

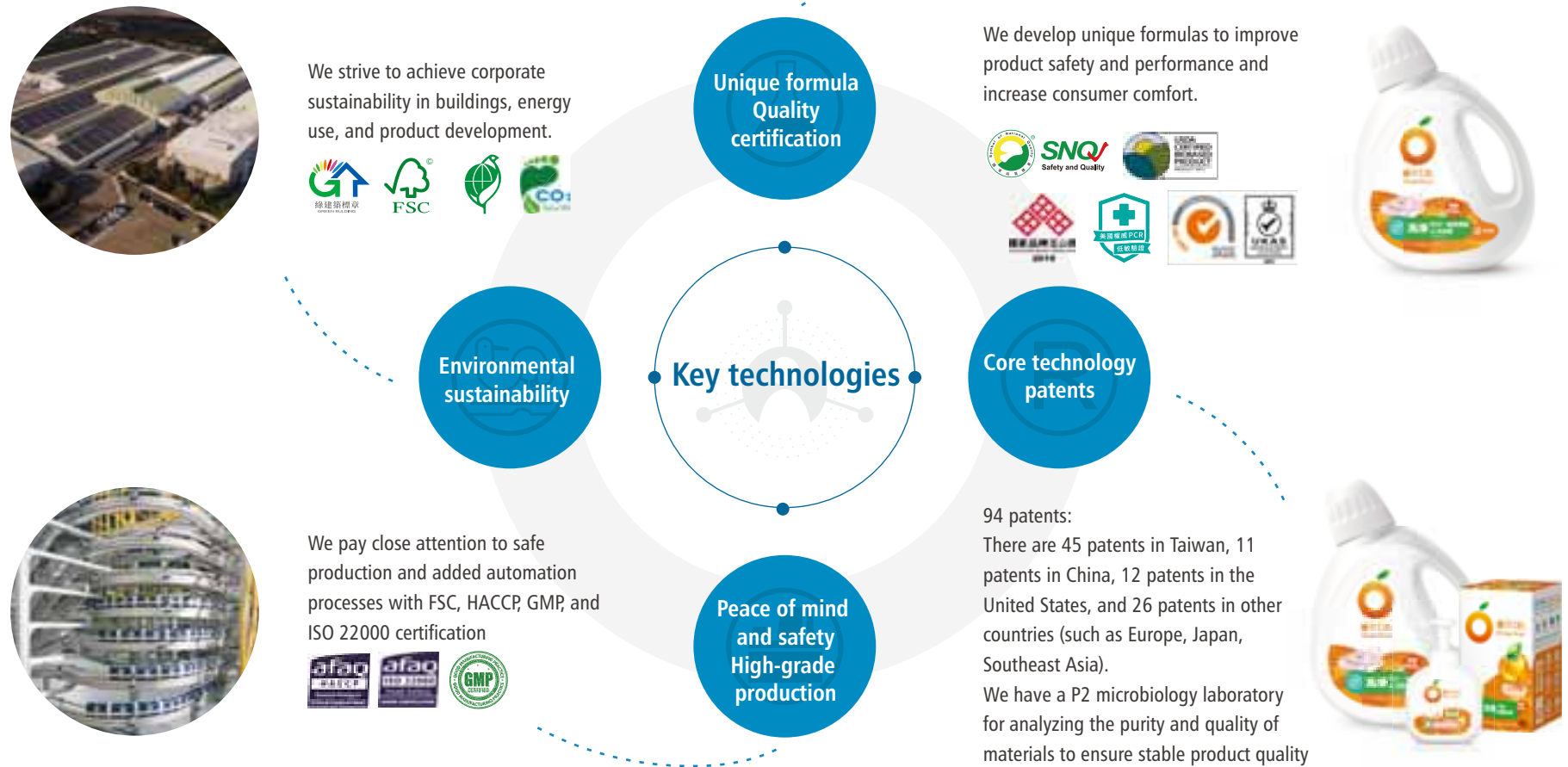
### R&D Outcome

The Company has obtained several patents and passed FSC, HACCP, GMP, ISO 22000, Environmental Protection Label, and Green Building Label certifications. At present, household paper is mainly interfold toilet paper. Our revolutionary product "Mayflower Thick Toilet Paper" and "Mayflower Ultimate Interfold Toilet Paper," which was launched in 2023, have achieved a 98% satisfaction rate among consumers after use. In 2023, the "Mayflower Interfold Paper Towel" was launched to meet consumer usage convenience. The product complies with US FDA standards and food-grade safety standards, creating another high-quality product trend in Taiwan's consumer goods market. In terms of cleaning products, we continue to optimize the product strength of orange-shaped laundry capsules and applied for related patents in many countries. The R&D team also created unique natural formulas that target Type A/B flu and coronavirus and obtained lab results certifying their ability to effectively remove viruses through collaboration with domestic and overseas research institutions. Our cleaning products make it easy for consumers to remove against all kinds of stains and help the busy people of the modern era clean more efficiently. Our R&D team is also actively developing multi-purpose detergents and concentrated detergents. We obtained the product carbon footprint label for the 1800ml Orange House Laundry Detergent, which also passed the U.S. PCR hypoallergenic test and the U.S. Department of Agriculture (USDA) Biobased Product Label certification. The product offers effective cleaning as well as gentle, low irritation, and environmentally friendly properties, which ensure the sustainability of the ecological environment. In addition, we have successfully developed plant-based biodegradable toilet paper packets and environmentally friendly packaging to reduce the environmental burden caused by plastic bags and containers that do not decompose easily in the soil, and meet the environmental protection and resource recycling requirements. We also developed and launched recyclable bottle products for the cleaning products, which can significantly reduce the burden of plastic pollutants on the earth.





## Competitive Niche and Development of Key Technologies



Regarding the outlook for 2024, YFYCPG continues to focus on sustainable development and implements Environmental, Social, and Corporate Governance (ESG) principles. A positive brand image and corporate vision will help foster talent and cultivate diverse innovation dynamics, providing consumers with a reliable, healthy, and enjoyable living experience. Our team will continuously innovate and upgrade products, achieve breakthroughs in multiple industry initiatives, optimize the

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

## Future R&D Programs and Investments

### 1. Future R&D Programs

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

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

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

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

### 2. Projected R&D Investments

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

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

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

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

## Other Certifications

Certificates and Accreditation Programs	Name of award	Validity Date
Carbon Footprint Verification Declaration	Orange House Natural Concentrated Detergent - Anti-Virus Properties 1800ml	2025/12/20
	Mayflower Comfort and Allergy Prevention Thick Toilet Paper 86 packs	2025/12/20
	Mayflower Premium Interfold Toilet Paper 94 Sheet	2025/12/19

## 2.3 Economic Performance



YFYCPG has demonstrated resilience and innovation in response to the challenges posed by rising costs and market changes. With the efforts of our team and colleagues, our consolidated revenue reached NT\$10.26 billion, with an after-tax net profit of NT\$1.13 billion in 2023. The net profit after tax attributable to the Company's owners amounted to NT\$970 million, with an earnings per share of NT\$3.62. For more financial information, please refer to our 2023 consolidated financial report.

Unit: NT\$1,000

Year	2023
Paid-in capital	2,671,290
Operating revenue	10,264,803
Salary and benefits	1,200,586
Cash dividends	614,397
Income tax	235,375
Retained earnings	1,886,058

## 2.4 Award Records

### 1. Environmental Protection Achievements

- The Yangmei plant was awarded the annual Energy Conservation Benchmark Award in 2023 by the Energy Administration of the Ministry of Economic Affairs.
- Yangmei plant acknowledged for its outstanding performance in green procurement by the Taoyuan City Government (for five consecutive years)
- Qingshui plant and Yangmei plant received the Private Enterprise and Organization Green Procurement Award" in 2023 from the Environmental Protection Administration.



▲ Yangmei plant acknowledged for its outstanding performance in green procurement by the Taoyuan City Government (for five consecutive years)

### 2. Social Engagement Achievements

- Qingshui Plant, Yangmei plant, and Taoyuan plant of Ever Growing Agriculture Bio-tech Co., Ltd actively collaborated with local community leaders and police stations to launch the "Giving Warmth in Winter" event. During the year-end season, we provided warmth to society by donating our branded household paper products and disinfectant products to local disadvantaged families, hoping to bring cleanliness and comfort to their holiday season.
- In 2023, our head office, Yangmei plant, Qingshui plant, Taoyuan plant of Ever Growing Agriculture Bio-tech Co., Ltd, Yangzhou plant, and Kunshan plant jointly donated more than 1,500 boxes of household paper products and various cleaning and antibacterial products to help support social welfare organizations in caring for vulnerable groups and disadvantaged families in the local communities.



- Starting from 2021, YFYCPG has supported the Taiwan Champion Trees Team to jointly search for the tallest tree in Taiwan. While the team continues to expand the information on giant trees, it simultaneously promotes youth science and citizen environmental education. For the second consecutive year, it has organized a "Natural Science Camp" in Nan'ao Township, Yilan, and the Basianshan Education Park in Heping District, Taichung, for children aged 12 to 18. In 2023, the event was expanded to two sessions. It is hoped that valuable science knowledge and the enthusiasm of the tree-hunting team will be understood and learned by the children.
- Qingshui plant serves as a member of the Central Taiwan Promotion Association of the Taiwan Occupational Safety and Health Management System to assist in the promotion of TOSHMS.

### 3. Corporate Governance Achievements

- We won the "Sustainability Report - Silver Award" and the "Taiwan Sustainability Enterprise Excellence Award" under the Comprehensive Sustainability Best Performance category at the 16th Taiwan Corporate Sustainability Awards (TCSA) in 2023.
- For three consecutive years, we have been awarded the 2023 "Best Companies to Work for in Asia" by Asia's authoritative human resources magazine "HR Asia", and we were also awarded the HR ASIA Diversity, Equity & Inclusion Award (EDI). It fully reflects YFYCPG's outstanding performance in creating a good workplace environment and its successful practices in diversity, equality and inclusion.



▲ Qingshui plant was commended by the Ministry of Environment as an Outstanding Enterprise in Green Procurement

- The head office, Qingshui Plant, and Yangmei plant received the "2023 CHR Healthy Corporate Citizen" commitment label from Common Health Magazine.
- The head office, Qingshui Plant, and Yangmei plant received the "Sports Enterprise Certification" from the Sports Administration of the Ministry of Education.
- The head office, Qingshui Plant, and Yangmei plant received the "Health Promotion Label" certification from the Health Promotion Administration of the Ministry of Health and Welfare.
- The head office, Qingshui Plant, and Yangmei plant received the "AED Safe Workplace" certification from the Ministry of Health and Welfare and the Department of Health of local governments.



▲ Recognized as one of the "Best Companies to Work for in Asia" in 2023 (for three consecutive years)

## 2.5 External Participation

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

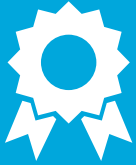
- Taiwan Paper Industry Association
- Taipei Cosmetics Industry Association
- Taipei Department Store Association
- Taipei Pharmacist Association
- Taiwan Cleaning Product Association
- Monte Jade Taiwan Science & Tech Association
- Epoch Foundation

# Governance



# 03





## Won the 16th "TCSA" in 2023

TCSA "Sustainability Report - Silver Award"

"Taiwan Sustainability Enterprise Excellence Award"

under the Comprehensive Sustainability Best Performance category

Selected Taiwan Environmental Sustainability High Dividend Index  
(Published by Taiwan Index Plus on January 18, 2024).

## 10<sup>th</sup> Corporate Governance Evaluation in 2023

Ranking among listed companies

6 ~ 20%  

## Selected for the 2023 "Taiwan Sustainability Evaluation"

15% ~ 25% Level **A**



## Strengthen corporate governance and establish ethical management mechanisms

"The Latest Practical Education and Training on Ethical Business Practices  
and Prevention of Insider Trading"

The number of participants in online learning and physical lectures reached 774

Total man-hours: **785** hours

## Evaluation of board performance

For the first time, we commissioned an external independent organization -  
"Taiwan Investor Relations Institute"

Conducted an evaluation, and submitted the  
evaluation content and results on March 13, 2024  
to the Board of Directors and published in the  
Company's annual report.



## Promote bottle recycling 2.0 project

Expand bottle recycling program

The number of recycling products  
increased compared with the previous year

 **6.8** times

The recycled bottles are professionally processed and will  
become the raw material for the recycled containers of  
Orange House



## Continuously develop green products Reduce environmental impact Promote a safe, healthy and beautiful life

Three major products passed carbon  
footprint verification



## Greenhouse gas emissions inventory and third-party verification that are superior to the regulations

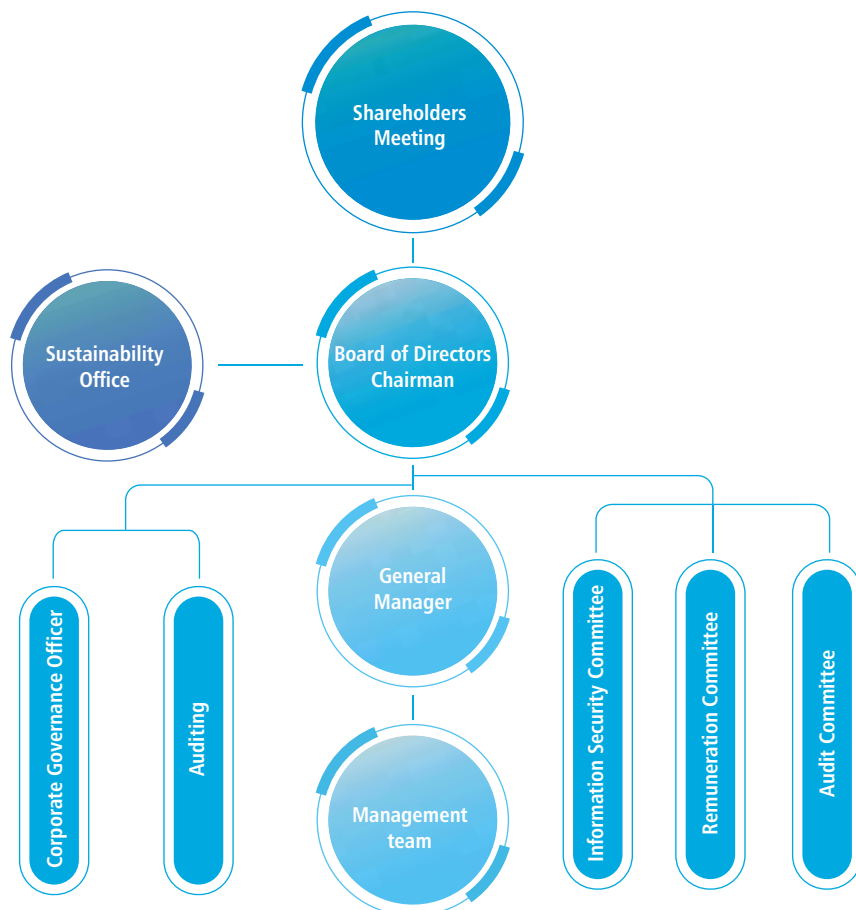
Conduct independent inventory of all production locations in advance,  
superior to the regulations

GHG emissions (Taiwan and China) for the GHG emissions operation,  
and the data will be verified by a third party to ensure accuracy and credibility.

## 3.1 Board of Directors

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

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



### Professionalism and Independence of the Board of Directors

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





## Diversity of the Board of Directors

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

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

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

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

## Board diversity

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

The attendance in meetings of the Board of Directors in 2023 was good with a 97.1% attendance rate. Directors have continued to take courses in fields other than their professional backgrounds and they have attended related courses on corporate governance as well as environmental, social, and governance (ESG) courses. The Board of Directors entrusted the "Taiwan Investor Relations Institute" to handle external evaluation of the 2023 performance. For relevant information, please refer to the Company's annual report.

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

### Nomination and Election of Board of Directors

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

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

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

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



### Board Performance Evaluation and Implementation Status

The Company's board of directors approved the formulation of the "Board of Directors Performance Assessment Guidelines" on December 28, 2020. In 2023, the "Taiwan Investor Relations Institute" was appointed to carry out external evaluation. The external evaluation agency issued an evaluation report on January 8, 2024. The evaluation conclusions and recommendations were compiled for the Company to use as a reference for subsequent development and decision-making of relevant improvement measures, and were reported to the 4th meeting of the 16th Board of Directors.

The performance assessment and reasonableness of remuneration for the Company's directors and executives are subject to regular evaluations and reviews by the Remuneration Committee and the Board of Directors each year. The evaluations take into account individual performance, contributions to the Company, overall operational performance, future industry risks, development trends, and compliance with relevant laws. The remuneration system is periodically reviewed based on the Company's actual operating conditions and corporate governance trends to strike a balance between sustainable management and risk control. The actual remuneration for directors and executives in 2023 was determined by the Board of Directors after the deliberation of the Remuneration Committee. For more information, please refer to the Company's website or annual report.

## 3.2 Operating Status of the Functional Committee

### Audit Committee

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

In 2023, it held four meetings with a 100% attendance rate. For more detailed information about the Audit Committee, please refer to the Company's website.

### Information Security Committee

The Company's Information Security Committee consists of three members and aims to assist the Board of Directors in promoting the implementation of information security management to strengthen corporate governance and enhance the security of business operations. The committee is comprised of three professional members and held two meetings in 2023, with a 100% attendance rate.

### Remuneration Committee

The members of the Remuneration Committee are appointed by the Board of Directors, with a total of three members, all of whom are currently independent directors. The Committee's responsibilities include revising and regularly reviewing the policies, rules, standards, and structure of performance evaluation and remuneration for the directors and managerial officers. Periodically review and determine remuneration to directors and managerial officers. The Company has completed the 2023 performance evaluation of the Remuneration Committee and reported the evaluation results to the Board of Directors on March 13, 2024. In 2023, it held three meetings with a 100% attendance rate. For more detailed information about the Remuneration Committee, please refer to the Company's website.



### 3.2.1 Comprehensive information disclosure

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

#### Information transparency and disclosure channels

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

## Information transparency and disclosure milestones

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

### 3.2.2 Integrity and compliance

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

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

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

- 4 Ethical Corporate Management Operating Procedures and Code of Conduct: They contain 17 operational regulations and stipulate whistleblowing systems and handling procedures.

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

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

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

To ensure the smooth operations of the Company and help all employees actively implement corporate social responsibility and moral ethics, the Company requires all employees to sign the "Professional Ethics, Integrity, and Non-Child Labor Statement" on the day they report for duties and issue employee handbooks to provide one-on-one explanation and ensure that all employees understand the Company's Code of Conduct. In 2023, the new employees education and training included business integrity management policy and complaint reporting channels, with a total of 216 participants and 160 attendance hours.

Each year, the ethical management courses are updated regularly, with the courses produced into online digital format. LMS learning and management system is provided to all employees for online learning. We organize training for Directors, Corporate



Governance Officer, managerial officers, and employees in specific positions to provide more comprehensive training courses. We continue to implement specific measures and prevent unethical conduct (including anti-corruption). In 2023, 774 people participated in online and in-person courses and total man-hours amounted to 785 hours.

As of the end of 2023, the Company had a total of two cases related to environmental-related fines, but none of them received significant penalties exceeding NT\$1 million from administrative authorities. For more details, please refer to Chapter 4 "Environmental Compliance."

## 3.3 Risk Assessment and Management

### Risk management system



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

### Risk identification and audit system



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

## Risk Assessment and Management

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

Risk item	Explanation of risks and response strategies
Operational risks	<p>and efficient cooperation with suppliers to quickly respond to market changes and resolve supply chain risks. They ensure a secure supply of raw materials and normal production and supply with the production lines. To ensure sustainable development, we also consider waste management, recycling, and energy saving, and carbon reduction to improve supply chain risk assessment and formulate response strategies and actions. The Supply Chain Team has adopted the four main action strategies set forth below to respond to risks:</p> <ol style="list-style-type: none"> <li>1. Review supply system whenever necessary, quickly allocate resources and adjust production mode → inter-departmental cooperation for raw material procurement, sales, production, logistics, and upstream and downstream supply.</li> <li>2. Flexible adjustment of the supply strategy to quickly respond to contingencies → production planning, inventory strategy, procurement from multiple suppliers and increase in alternative raw materials.</li> <li>3. Monitor political and economic changes for risk management → Accelerate “local production and short supply chain revolution” to reduce the risks of logistics and regional geopolitics.</li> <li>4. Strengthen supplier management strategies to make good use supplier resources and operational efficiency. Perform monthly performance evaluation and regular annual audits → performance evaluation includes quality, service, delivery and quantity. The seven main parts of audits include the quality management system, environmental, safety, and health management, labor policy, and ethical conduct. If the supplier's performance is not satisfying or if the audit result is not satisfying, we invite the supplier to attend the quarterly business review (QBR) and request improvements for issues to enhance the sustainability of the supply chain.</li> </ol> <p><b>IT Department:</b> The rapid advancement of information technology and Internet applications, and the threat of new cyberattacks have made information security more challenging in a world where it is impossible to stay disconnected from the Internet. Response strategies:</p> <ol style="list-style-type: none"> <li>1. Set up the Information Security Committee and establish the Information Security Policy to upgrade the information security management to the corporate governance level.</li> <li>2. Continuous infrastructure upgrade: Upgrade the firewall to next-generation firewall, replace low-security equipment, and fully convert to a High Availability (HA) architecture.</li> <li>3. Strengthen endpoint protection.</li> <li>4. Enhance the team's information security skills.</li> <li>5. Strengthen personnel safety awareness through education, training, and awareness campaigns.</li> <li>6. Regularly execute disaster recovery drills and enhance the backup mechanism.</li> <li>7. Encrypt and protect sensitive data and keep personal data away from unsecured locations.</li> <li>8. Build a comprehensive VPN environment to support remote office needs.</li> <li>9. Strengthen communication with the industry and third-party information security vendors and always update information security intelligence in real time.</li> </ol>
Environmental protection, safety, and health	<p>In response to increasingly stringent environmental protection regulations, we established an environmental management system and continuous monitoring system to review the compliance of regulations each month and convene monthly environmental protection meetings to monitor related data on environmental resources and manage related results, and actively develop a green energy-friendly environment.</p> <ol style="list-style-type: none"> <li>1. Establish an ISO 14001:2015 environmental management system and an ISO 45001:2018 occupational safety and health management system, formulate an occupational safety and health management plan and establish an independent inspection mechanism for environmental protection equipment.</li> </ol> <p>Hold environmental protection meetings every month to understand the implementation status of environmental protection business. Conduct regular safety meetings to announce safety and health matters (Note), and implement environmental protection and safety and health measures in accordance with relevant control mechanisms to comply with legal requirements.</p> <ol style="list-style-type: none"> <li>2. Adopt preventive and comprehensive employee health management, and implement health promotion programs for different operating environments to enhance employee health awareness and reduce health risks.</li> <li>3. We set up the Epidemic Prevention Command Team in response to the COVID-19 epidemic and we immediately assembled senior executives of all departments to discuss the impact of the epidemic. We used the LINE app and meetings to communicate the latest development of the epidemic and formulate response strategies to reduce the impact on operations.</li> </ol> <p>Note: Safety monthly meetings are held every month, safety committee meetings are held every quarter, and environmental protection monthly meetings are held every month</p>
Climate change risks	<p>In response to increasingly severe environmental issues such as global warming and extreme climate, it is crucial for companies to build up the resilience to respond to climate disasters in their business operations. The company uses the core elements of Task Force on Climate-Related Financial Disclosures (TCFD) to identify climate-related risks and opportunities, assessment of climate change risks and response measures by different departments, identification of potential risks and possible opportunities, and actively adapt and mitigate actions. These include for example, the implementation of projects related to energy conservation, carbon reduction and water conservation. For detailed information, please refer to Chapter 4 “Climate Change Risks and Opportunities.”</p>

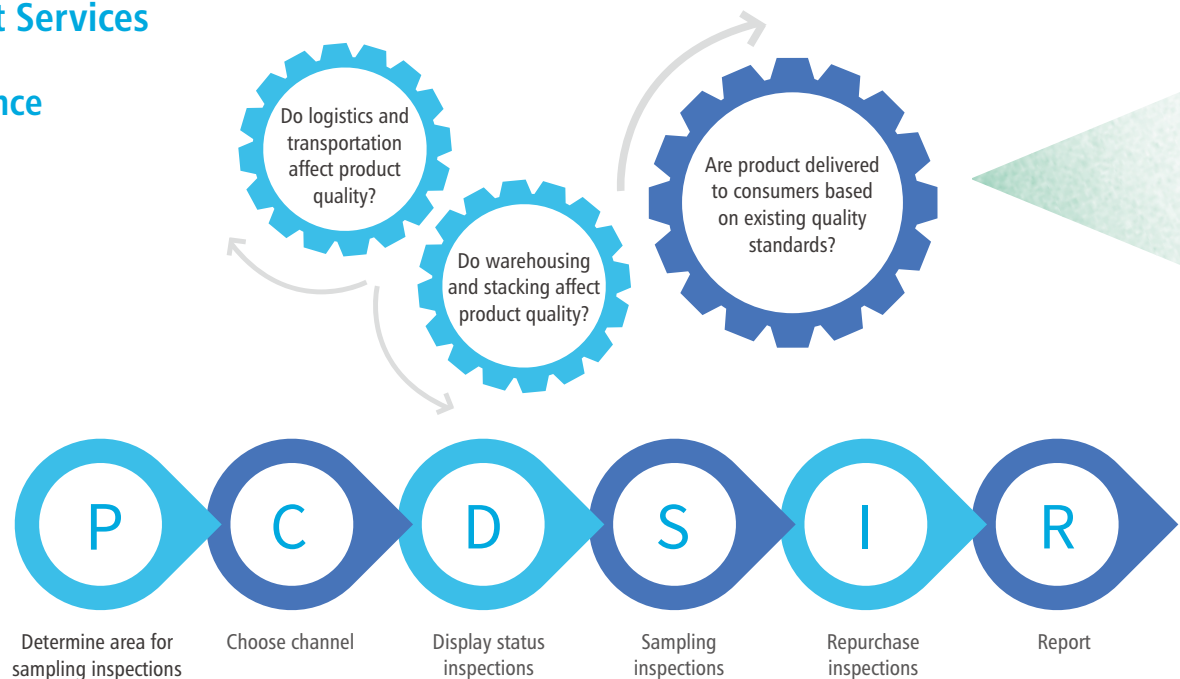
## 3.4 Customer Satisfaction and Product Services

### 3.4.1 Product safety and regulatory compliance

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

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

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



### 3.4.2 Customer health and safety

#### Risk identification and audit system

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

YFYCPG also values the opinions of all consumers. We use the customer service hotline, online real-time customer service, business visits, and corporate social responsibility questionnaires to obtain consumer feedback, which is used for internal quality management and related units work





together to review and develop future improvement strategies to continuously improve the quality of our products and services for customers.

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

## Personal data management

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

## Product liabilities

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

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

According to the results of surveys in 2023, the average satisfaction score of the "Mayflower" brand was 6.0 points; the satisfaction score of the "Delight" brand was 5.6 points. There were no evaluation results with an average satisfaction score lower than 3 points.

## Promote a safe, healthy and beautiful life: The Company's three major products passed carbon footprint verification



Mayflower Premium  
Toilet Paper 94 Sheet



Mayflower Comfort and Allergy Prevention  
Thick Toilet Paper 86 Sheet



Orange House Natural Concentrated Detergent  
- Anti-Virus Properties 1800ml

Product carbon footprint is an important indicator to measure the greenhouse gas emissions produced by a product during its lifecycle. It considers the stages and impact patterns of various environmental impacts in the product lifecycle. Through these analyses, we hope to identify and reduce carbon emissions

during product production, transportation, use and disposal, thereby understand the impact hotspots of products on the environment. This way,

we can develop best resource management practices to reduce the impact on the environment.

According to the standards of product carbon footprint, up to now, we have three key products that have completed product carbon footprint analysis, and all have passed product carbon footprint verification. For details, please refer to the management system list.

The Company will continue to develop green products to reduce environmental impact and respond to consumer expectations, providing products that better enable sustainable living.

## Customer satisfaction survey and product labeling

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

### Customer service procedures



### Customer satisfaction survey procedures



## 3.5 Supply Chain Management



There has been no significant change in the Company's supply chain in 2023.

The Company provides R&D and manufacturing of household paper products, and our main suppliers provide materials such as pulp, film packaging materials, and cardboard boxes. To support environmental protection and green procurement strategies, we source materials from suppliers in Taiwan as well as forest-friendly pulp suppliers in Northern Europe, North America, South America, and Australia.

The main raw material required for the Company's household paper products is wood pulp, of which 33% is sourced locally and the other 67% is imported<sup>1</sup>.

<sup>1</sup> The scope of data consists mainly of the main production sites of paper products in Taiwan.

### Supply status of primary raw materials for household paper products

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

## Supplier risk identification and audit system

The Company engages in business operations and implements corporate social responsibility based on the values of integrity, trust, and innovation. When engaged in business operations, the Company upholds the values of integrity, trust, and innovation, practices corporate social responsibility, and aims to establish a long-term and stable supply chain. It also formulates clear supplier management measures to specify the environmental and professional requirements of suppliers. requirements on issues such as safety and health or labor rights, and implement inspections and implementation status.

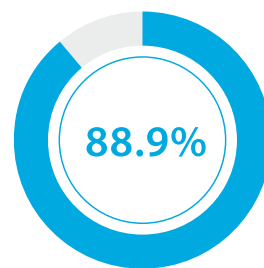
New suppliers are required to undergo selection according to the implementation details of the supplier management regulations, and then the suppliers will be evaluated. Only after the supplier is deemed to be qualified can they proceed with subsequent procurement cooperation.

New suppliers are assessed based on the supplier evaluation process on “operational management capabilities,” “production and technical capabilities,” and “quality system capabilities.” In response to the growing global focus on environmental and social sustainability, we have implemented and requested suppliers to uphold environmental protection, safety and health, and human rights to fulfill corporate social responsibility together.

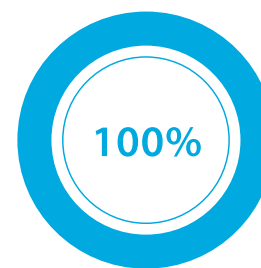
The supplier performance evaluation regularly reviews the supplier’s performance results in aspects such as “quality,” “cost,” “delivery,” and “service.” We convene quality and business review (QBR) meetings every quarter, with the Quality Assurance Department and Procurement Department, and suppliers, carrying out coaching and continuous improvement activities based on the performance evaluation results.

The supplier annual audit includes regular inspections of the implementation status of the quality process, environmental protection, occupational safety and health or labor rights, to ensure that the products and services provided by suppliers meet the Company’s requirements. A total of 27 QBR meetings were conducted in 2023. The Procurement Department, Quality Assurance Department, and suppliers jointly participated and completed a total of 35 supplier management and coaching activities to assist suppliers to continuously upgrade their quality system capabilities.

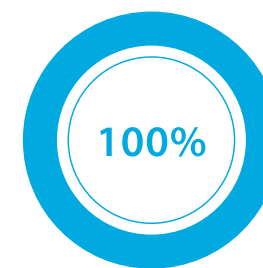
## 2023 supplier management activity pass rate



In 2023, nine new supplier evaluations were completed, with eight being qualified, achieving a pass rate of 88.9%.



In 2023, 75 supplier evaluations were completed, with all 75 being qualified, achieving a pass rate of 100%.



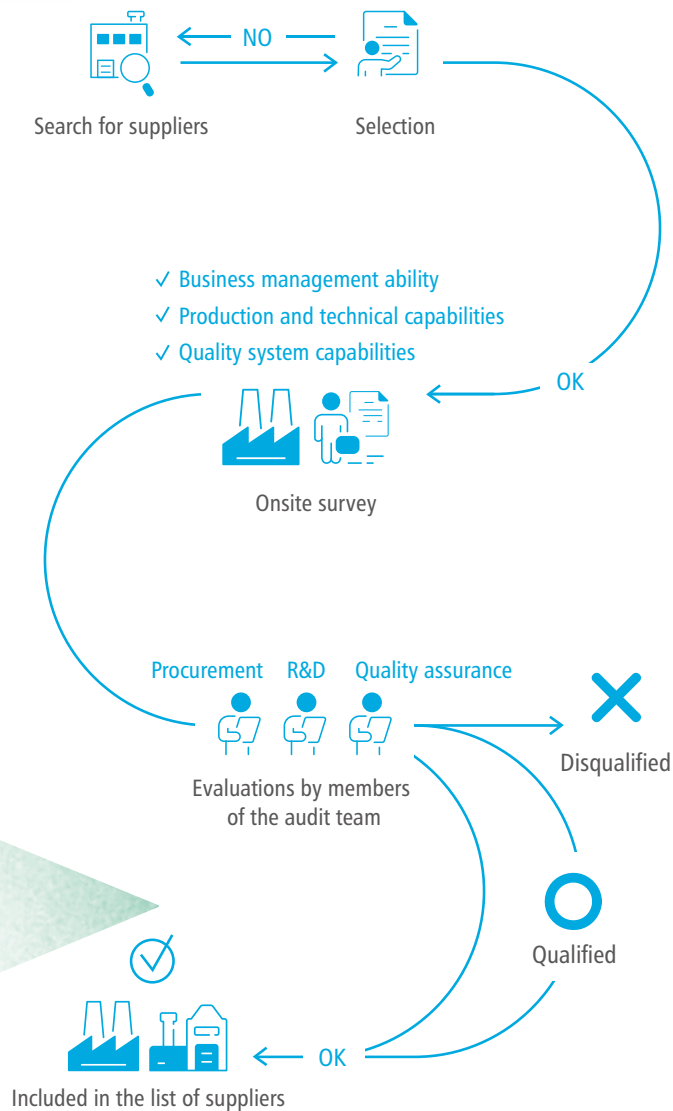
Additionally, 32 suppliers underwent annual audits in 2023, with all 32 being qualified, achieving a pass rate of 100%.

### 3.5.1 Procurement practices and supplier audit management policy

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

In terms of regular supplier audits and evaluations, we seek to implement effective supplier management and we have established standards for new supplier selection. After a supplier becomes a qualified supplier, the Quality Assurance Department and Procurement Department perform annual audits or reviews of raw materials, packaging materials, and general spare parts and hardware. Audits are conducted either by document review or onsite inspections. Suppliers with significant non-compliance items in audits and evaluations are classified as Level C<sup>2</sup> suppliers. If it is unable to meet the Company’s requirements after continuous assistance, we may cancel the partnership to ensure that the products provided by the supplier meet the Company’s requirements.

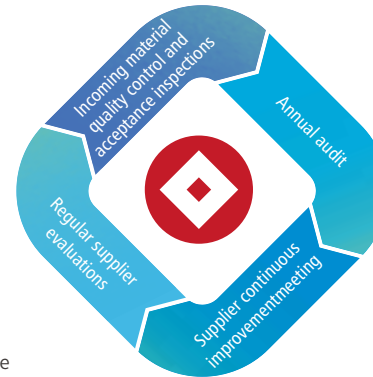
<sup>2</sup> Annual audit level definition: Level A: 85% and above; Level B: 84%~70%; Level C: Below 69%; Performance rating level definition: Level A: 145-130 points (100%-90%); Level B: 129-115 points (89%-80%); Level C: 114 points or less (below 79%).



## New supplier selection and evaluation procedures

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

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



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

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

## Supplier Management Regulations

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



### 3.5.2 Supplier environmental assessment

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

### 3.5.3 Supplier social assessment

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

### 3.5.4 Supplier occupational safety and health assessment

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



## 3.6 Socioeconomic Compliance

In 2023, YFYCPG committed no violations of social or economic regulations (Note) and did not have or receive complaints regarding child labor, anti-competitive practices, customer health and safety, human rights, rights of indigenous peoples, customer privacy, marketing and labeling, incidents of discrimination, or forced labor.

In terms of the suppliers that had transactions with YFYCPG, the Company uses related management systems and contract regulations to require their compliance with social and economic regulations. We also help suppliers improve their work environment and enhance the management of agreements and organization. To ensure that all suppliers meet social and economic laws and regulations, we require all suppliers to sign the "Supplier Honesty and Integrity Declaration" and the "Supplier Code of Conduct and Accountability Statement" to ensure that they abide by and perform their obligations for ethical corporate management, as to protect the labor rights and safety of all workers. In 2023, the labor rights audit of raw material suppliers also achieved 100% compliance.

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

# Environment



The Yangmei plant was awarded the annual  
**Energy Conservation Benchmark Award**  
in 2023 by the Energy Administration of the Ministry of  
Economic Affairs





Yangmei plant was awarded by the Energy  
Administration of the Ministry of Economic Affairs  
**2023 Annual Energy Saving  
Benchmark Recognition**

- Yangmei plant acknowledged for its outstanding performance in green procurement by the Taoyuan City Government (for five consecutive years)
- Qingshui Plant and Yangmei plant received the "Private Enterprise and Organization Green Procurement Award" in 2022 from the Environmental Protection Administration.

## Driving the energy transition

### Replace coal to reduce carbon and increase gas ↑

Success in 2023 was equivalent to **10,013** metric tons of coal-fired energy  
Convert to cleaner, low-carbon energy

Reduce greenhouse gas emissions **CO<sub>2</sub>e↓**



**18,972** metric tons of carbon dioxide equivalent  
= 48 Da'an Forest Parks

Note: One Da'an Forest Park  
Annual carbon adsorption = 389 metric tons

## Increase low-carbon energy

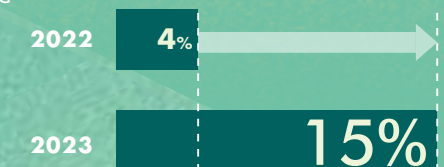
Overall fuel share increased by **4%**

Qingshui plant adds more than **31,000** billion joules of LPG



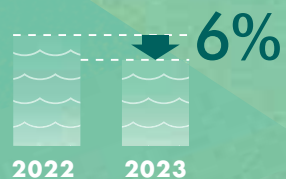
## Increase biomass energy

Biomass energy's proportion in overall fuel increases



## Water resources management effectiveness

Main paper product production base in Taiwan  
Total water withdrawal decreases



Achieve goals

Water consumption per **10** ton of paper

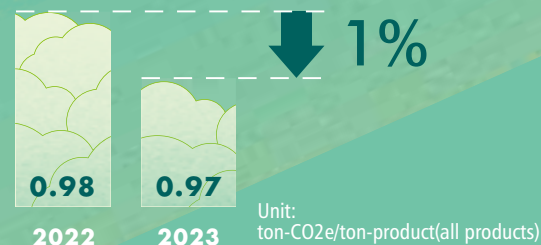
The process water reuse rate reaches



Note: Process water reuse rate =  
Total process water reuse volume/total process water volume

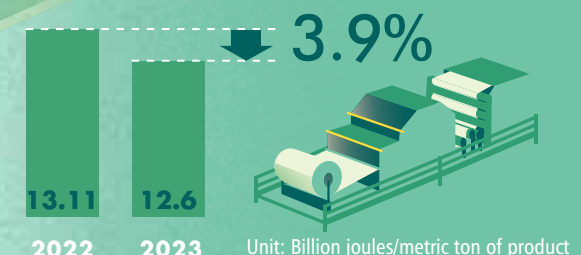
## Increased recycled water usage

Reduced greenhouse gas emissions intensity



## Continuously improve energy efficiency

Main paper products in Taiwan  
Product energy density reduced





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



## 4.1 Climate Change Risks and Opportunities

### TCFD Climate-Related Financial Framework Disclosure

The Company follows a climate risk and opportunity management framework, where each department conducts self-assessment and risk identification procedures each year in accordance with the “Self-Assessment Procedures of the Internal Control System”, and the Auditing and Compliance Office compiles the internal control self-assessment information, prepares the statement of internal control system, which is submitted to the Board of Directors. This includes climate change risks. We analyze and monitor relevant risks within our organization to ensure the effectiveness of risk control mechanisms and procedures. Initiated by the ESG Sustainability Office, each production site across the regions worked together to identify the financial impacts of climate change under the Nationally Determined Contribution

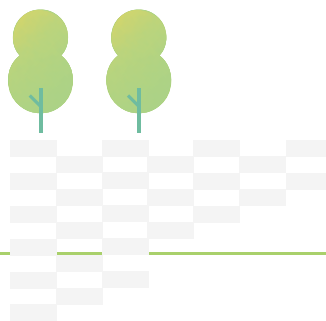


Pledges (NDCs) and RCP6.0. Representatives from relevant internal organizations and external experts are invited to consider the internal and external environmental changes in the areas of policy, regulation, market, technology, reputation, and physical risks, and to assess the likelihood of occurrence and the degree of financial impacts. We assessed the short-, medium-, and long-term risk exposures based on the likelihood of occurrence and the degree of financial impact, and formulated response strategies to reduce the risks and identify potential opportunities. We identified five major transformation risks, one physical risk, and three climate-related opportunities, calculated the short-, medium-, and long-term risk exposure to the Company, and formulated response strategies and action plans to strengthen the management of the risk of climate change.

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



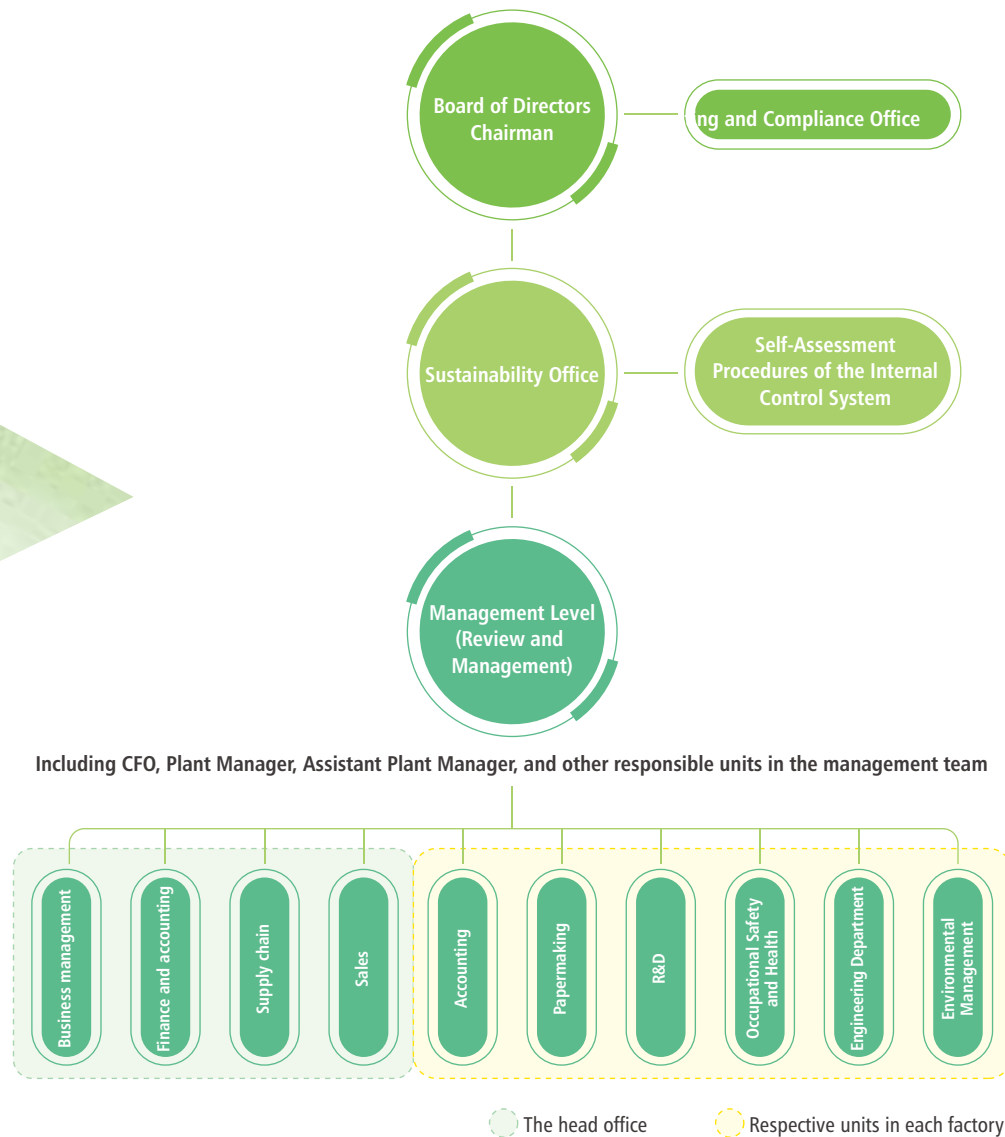
### Core Elements of Climate-Related Financial Information Disclosure



### Governance

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

## Climate Risk and Opportunity Management Framework



## Strategy

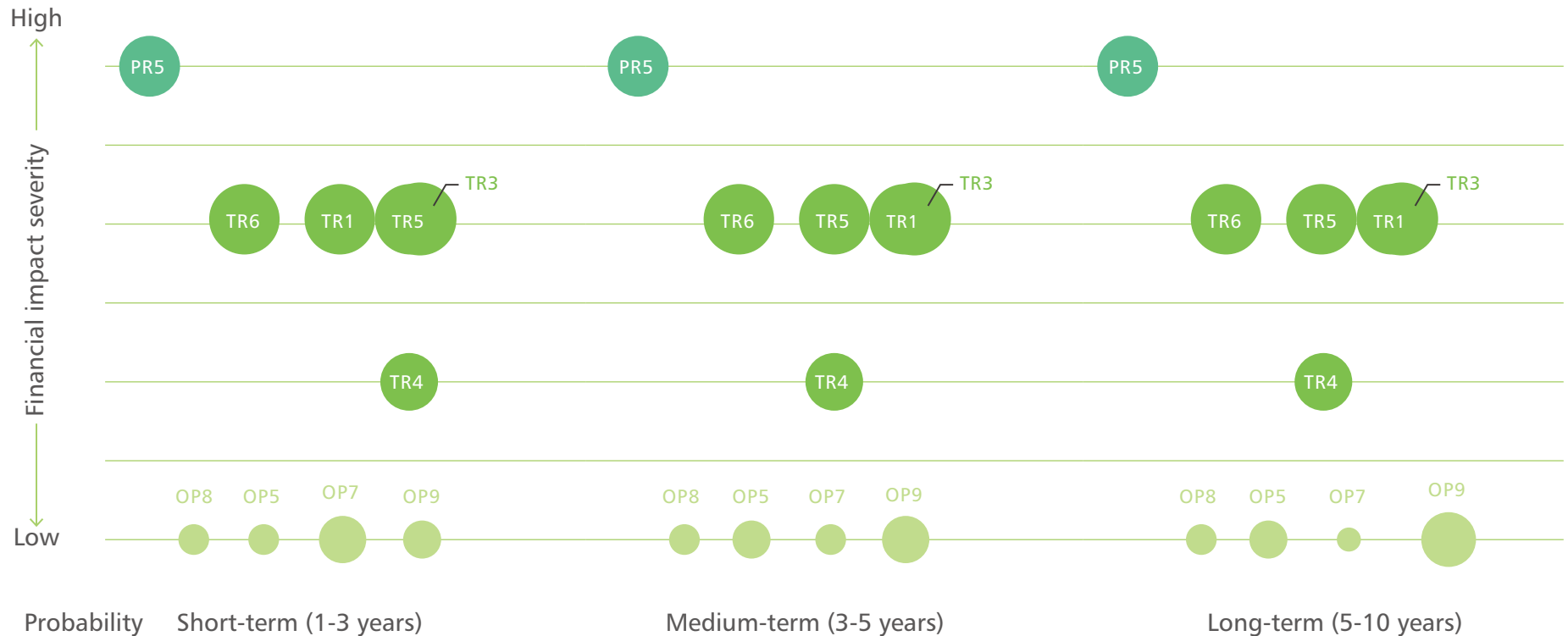
YFYCPG integrates climate change risks and opportunities into our operational strategy, referencing domestic and international research institutions, climate events, industry trends, regulations, and policies. We use matrix analysis to evaluate the probability and financial impact of risk and opportunity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



## Risk management

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

### Major Climate Change Risk and Opportunity Matrix



	Issue	Potential financial risks	Response strategies and management policies
Transitional risk	TR1 Carbon Fee and Total Greenhouse Gas Control	Increased operating costs due to carbon fees.	<ul style="list-style-type: none"> <li>• Use unit energy consumption as an added production indicator, hold regular reviews, and include it in the mid- to long-term plan for equipment renewal.</li> <li>• Production plant energy-saving measures, energy system tracking and management, improve plant energy-saving measures and energy system tracking and management to improve energy efficiency.</li> <li>• Continue to expand the use of biomass fuels, natural gas, and SRF to replace coal and renewable energy, with "coal replacement" as the core task.</li> <li>• Continue to implement the promotion of circular economy.</li> </ul>
	TR3 Energy saving target for energy users with contracted electricity capacity exceeding 800 watts, with an average electricity-saving rate of 1% or more	Increased operating costs due to equipment replacement.	<ul style="list-style-type: none"> <li>• Production plant energy-saving measures, energy system tracking and management, improve plant energy-saving measures and energy system tracking and management to improve energy efficiency.</li> </ul>
	TR4 Compliance with boiler air pollution emission standards	Increased operating costs due to equipment upgrades.	<ul style="list-style-type: none"> <li>• Plan related air pollution control equipment based on trial calculations and management that are higher than existing emission standards.</li> <li>• Increased frequency of testing versus increased investment in upgrading emissions equipment in energy replacement programs.</li> </ul>
	TR5 Manufacturing sector's 2030 zero-net transformation path increases the proportion of low-carbon energy in the paper industry	Increased operating costs due to rising SRF fees.	<ul style="list-style-type: none"> <li>• Plan energy equipment updates for fuel changes.</li> <li>• Increased frequency of testing versus increased investment in upgrading emissions equipment in energy replacement programs.</li> <li>• Looking for more sources of biomass SRF.</li> </ul>
	TR6 Tightening of air quality and total emission control	Increased operating costs due to equipment upgrades.	<ul style="list-style-type: none"> <li>• Plan related air pollution control equipment based on trial calculations and management that are higher than existing emission standards.</li> <li>• Increased frequency of testing versus increased investment in upgrading emissions equipment in energy replacement programs.</li> <li>• When planning future energy plans, include relevant equipment to cope with rising emission standards.</li> </ul>
Physical risk	PR5 Drought and water shortage, long-term rainfall or flooding	As periods of drought and water shortage increase, water usage costs and additional water consumption fees increase operating costs.	<ul style="list-style-type: none"> <li>• Monitor groundwater levels and issue early warnings.</li> <li>• Improve water recycling and usage.</li> <li>• Develop products that are relatively less dependent on water.</li> </ul>



	Issue	Potential financial risks	Response strategies and management policies
Opportunities	OP5 Develop or increase the growth, R&D and innovation of low-carbon goods and services	Because the papermaking industry has a solid foundation, is sensitive to consumer demands, and has positive interactions with the channel end, it is conducive to promoting new forms of products.	<ul style="list-style-type: none"> <li>• Continue to increase the proportion of pulp certified by FSC and PEFC.</li> <li>• Invest in the innovation of product and packaging materials and develop new green products.</li> </ul>
	OP7 Promote water recycling and water conservation measures, and install additional water recycling systems	Improve water resource efficiency and strive for preferential schemes.	<ul style="list-style-type: none"> <li>• Set water resources-related goals.</li> <li>• The plant formulates and implements water-saving plans</li> <li>• Improve water recycling and usage.</li> <li>• Reduce product water consumption.</li> <li>• Develop products that are relatively less dependent on water.</li> </ul>
	OP8 Consumer environmental sustainability awareness/Customer behavior changes	Adjusting the Company's products or improving products according to consumer preferences will increase investment costs.	<ul style="list-style-type: none"> <li>• Plant purchases certified FSC and PEFC pulp and completes product certification on a regular basis.</li> <li>• Apply for carbon footprint products and strive to reduce the carbon footprint of product production.</li> <li>• Continuously develop innovative low-carbon and green products. (Plastic reduction, full paper)</li> <li>• Increase green procurement.</li> </ul>
	OP9 Participation in carbon trading market and incentive policies	Invest in carbon offset projects to accumulate carbon rights required for future carbon emission offsets.	<ul style="list-style-type: none"> <li>• Planning and implementation of energy saving plans.</li> <li>• Participate in green power development projects.</li> </ul>



## Indicator and Goal

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

### Action Plan

- Greenhouse Gas Emission Reduction (2023 greenhouse gas emission intensity reduced by approximately 8% compared to 2018)
- Set the annual power saving rate (the project saved approximately 4,218 kilowatt hours of power in 2023)
- Increase the use of alternative fuels in response to the 2030 net-zero transformation path in the manufacturing sector (successfully converting energy equivalent to 10,013 metric tons of coal into cleaner, low-carbon energy in 2023)
- Promotion of low-carbon/energy-efficient transformation technology for green production (same as above)
- Initiation of Carbon Footprint Product Application (officially initiated in 2023)

- Actively promote water resource improvement projects (total water withdrawals reduced by approximately 6% in 2023)
- Improve water recycling treatment efficiency (reuse rate of process water reached more than 90% in 2023)
- Add water-saving measures (achieved the target of less than 10 metric tons of water per ton of paper in 2023)

- Boiler air pollutant emission standards are in compliance (non-compliance with air pollution emissions in 2023 improved in accordance with the requirements of the competent authority and obtained for review)
- Resource recycling and reuse (2023 recycled process waste<sup>1</sup> reached 4,239 metric tons)

### Goal 2025

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



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

- Update and invest in new equipment and strictly monitor compliance with emission standards
- 90% recycling of waste<sup>2</sup>



<sup>1</sup> Refers to pulp and paper sludge.

<sup>2</sup> Refers to process waste.

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

## Goal 2030

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



## Goal 2050

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

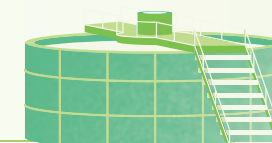


### Energy Management

### Water Management

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

- Achieve a 30% reduction in water consumption



### Emissions and Waste Management

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



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



## 4.2 Environmental Sustainability Expenditures

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

In 2023, the total expenditure on environmental sustainability amounted to about NT\$424,525,000, mainly invested in energy saving, green energy, and environmental sustainability equipment.

### 2023 Environmental Sustainability Related Management Expenditure

Investment items	Energy conservation management measures	Green energy	Investment in Environment Protection Equipment
Investment amount (unit: NT\$1,000)	390,397	2,976	31,152
Investment amount (unit: Percentage)	92%	1%	7%

### Energy conservation management measures

We continue to implement ISO 50001 energy management for continuous energy saving and promote the use of biomass alternative fuels to achieve green and low-carbon production. The total investment amount in 2023 was approximately NT\$ 390,397,000. Energy efficiency will be improved by investing in new energy-saving paper machines, introducing vacuum turbines, increasing ORC power generation, and transforming waste heat and waste cold recovery technology and other related equipment optimization projects. In 2023, the energy savings were 4,218 kWh, which is equivalent to a carbon reduction of 2,088 metric tons of carbon dioxide equivalent.

### Green energy

The Company invests in solar power generation, placing green energy reduction, clean energy, and sustainable development as core values and visions. We have successively expanded solar power generation systems at our production base in Taiwan, with an investment of approximately NT\$2,976,000 in 2023.

### Investment in Environment Protection Equipment

To ensure a sustainable production model, the Company adheres to the concept of circular economy, promoting sustainable resource reuse and enhancing waste management to ensure resource recycling. We transform process residues into alternative fuels and promote the co-combustion project of solid recovered fuels (SRF) in boilers, achieving the dual purpose of reducing fossil fuel consumption and waste volume. In 2023, we invested approximately NT\$31,152 thousand in environmental protection equipment, including the addition of denitrification and prevention equipment for coal furnaces, specialized SRF silos, and conveyor belts. The substitution of fuels in 2023 reached 10,013 metric tons of coal, reducing greenhouse gas emissions by 18,972 metric tons of carbon dioxide equivalent.

The Company allocated capital expenditures in 2023 and included ESG indicators as one of the criteria for review and judgment. This allows the management team to consider both investment and sustainable operations, guiding us toward the right goals.





## Biodiversity



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

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

For more information on our efforts and achievements in biodiversity conservation, please refer to pages 7-10 of the Sustainability Report: “Giant Tree Map Project - Completing the Giant Tree Map Project through the Search for Giant Trees in Taiwan and Promoting the Conservation of Cloud Forests and Safeguarding Taiwan's Unique Biodiversity.”

## 4.3 Raw Material Usage

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

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

### Usage of main raw materials - Paper products

Year	Total pulp consumption (unit: air dry metric ton/year)
2023	163,637

### Usage of main raw materials - Cleaning products

Year	Surfactant (unit: ton/year)	Salts (unit: kg/year)	Fragrances (unit: kg/year)
2023	1,115	223	53

### Primary Packaging Usage - Cleaning Products

Year	Plastic Packaging (unit: ton/year)	Paper Packaging (unit: ton/year)
2023	250	69

\* This table only includes primary packaging that comes into direct contact with the products and secondary protective packaging; it does not include tertiary transportation packaging. Approximately 88.63% of the packaging materials used are environmentally friendly (recyclable, reusable, or compostable).

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

The table below shows the sales volume and value of green products in 2023:

#### Production and sales volume of green products

Green product category	Sales volume (unit: tons)	Sales value (unit: NT\$1,000)
Household paper	49,868	3,411,731
Cleaning products	5,505	562,191

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

We also used ecological fiber that do not harm the forest environment and received commendations for our green procurement practices from Taichung City Government. The Company implements green procurement and the procurement items consist mainly of FSC-certified pulp materials. The Forest Stewardship Council (FSC) is the most credible and stringent environmental certification organization in the world and was established to promote sustainable forest plantation. The Company purchased 76,789 tons of FSC pulp in 2023, accounting for 83.5% of the total pulp purchased. We care about our corporate social responsibility and actively purchase green products with environmental protection label, energy conservation label, and FSC international certification for raw materials, plant facilities, and office supplies to reduce the impact on the environment.

## 4.4 Energy Management



In 2023, YFYCPG's main operation sites have set up different green energy equipment including refuse-derived fuel (RDF) and solar energy. We continue to invest in research and use alternative fuel that meet cyclic economic philosophy to gradually reduce the percentage of fossil fuel, reduce the carbon emissions from excavation, reduce dependency on external energy, and enhance the capacity for adapting to energy risks.

To pursue higher energy efficiency and green energy usage rate, we introduced the ISO 50001 Energy Management System and continued the upgrade of equipment and production process improvement. We also implemented measures to reduce energy consumption and replace fossil fuels with renewable fuel. The overall reduction of fossil fuels in 2023 (equivalent to 200,674 billion joules) was equivalent to a reduction of carbon emissions of approximately 18,972 tons of carbon dioxide equivalent.

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

## Energy Structure of Major Paper Product Production Sites

Unit: billion joules/year

Year	2023
Fossil fuel	Coal 550,083
	Fuel oil 24,192
	Diesel 8,167
	Liquefied petroleum gas 31,479
Clean Energy	Natural gas 62,878
	SRF 44,150
	Sludge 4,239
	Biomass 125,012
(self-generated and outsourced) steam 1,179,987	
Purchased electricity 578,583	

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

## Yangmei plant — Waste Heat Renewable Energy Project

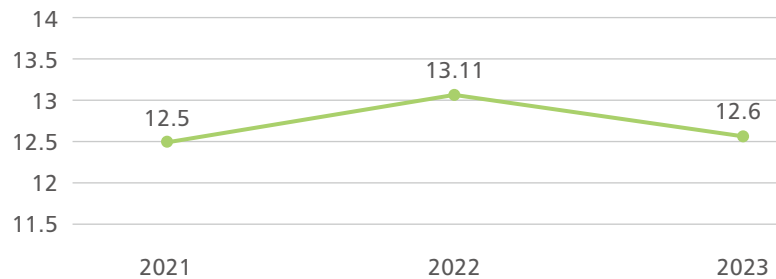
In order to effectively utilize the heat energy generated during the manufacturing process, power generation is performed to achieve the purpose of energy saving and carbon reduction.

- In the overall papermaking process, the main equipment includes boilers, paper machine drying cylinders, process paper machines, steam-water separators, steam distributors, feed water pumps, and deoxidation tanks.
- The boiler supply capacity in the factory is 12 metric tons per hour. Depending on the production capacity and process product type, the steam demand is approximately 6 to 10 metric tons per hour.
- The steam generated by the boiler is supplied to the two production lines in the factory through the distributor. The steam reaches the steam-water separator through the drying cylinder of the production line. The gaseous steam is recovered for reuse in the process, and the saturated water condensed into liquid is sent to the receiving drums and then distributed to the deoxidation tank and receiving drums.
- The temperature of the saturated hot water in the receiving drums is still about 140-150°C, which exceeds the demand temperature of the deoxidation tank and the limitation of the working fluid temperature of the feed pump. Therefore, it is necessary to use the cold water in the soft water drum for mixing and cooling at present, however, the saturated hot water distributed to the deoxidation tank and the soft water drum is still subject to the phenomenon of flash evaporation and vaporizing.
- The ORC technical team of ITRI's green energy department was entrusted to carry out the waste heat recovery power generation planning, and applied for the Energy Administration's waste heat recovery subsidy in response to the government's energy conservation and carbon reduction policy.

Achieve annual power generation of 313,152 kWh and annual carbon reduction:  
The target is 157.2 tons / year.



### Product energy intensity



Year	2021	2022	2023
Product energy intensity (unit: GJ/tons of products)	12.5	13.11	12.6

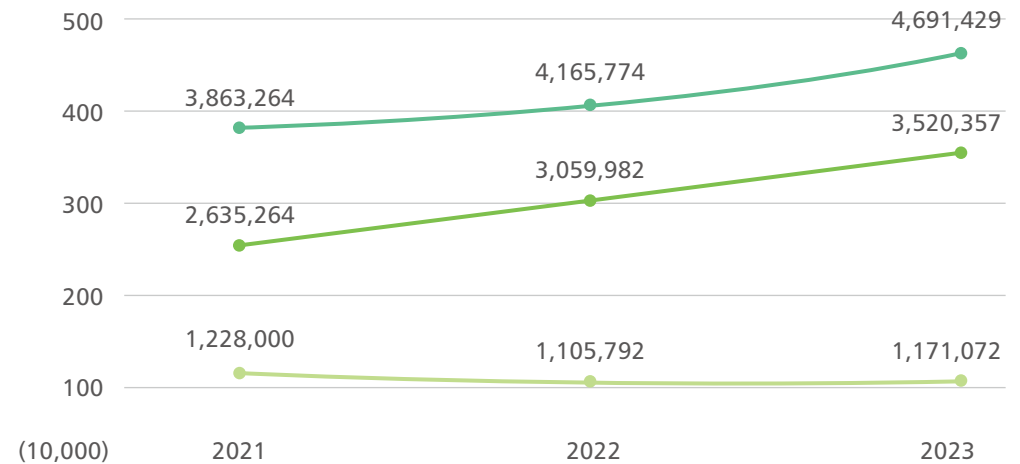
\* The scope of data consists mainly of the main production sites of paper products in Taiwan

In 2023, the energy intensity of greenhouse products at the Company's major paper mills in Taiwan was 12.6 (unit: GJ/metric tons of product), a decrease of 3.9% compared to 2022. We will continue in our efforts to adopt relevant energy-saving measures to maximize the effective use of energy, so as to reduce the generation of greenhouse gases and move towards the goal of more energy-saving and carbon reduction.

### Renewable energy power generation

To develop renewable energy, the Company has expanded its solar power generation systems at production sites in Taiwan. In terms of the installation of solar power generation equipment, the roofs of Yangmei plant and Qingshui Plant were leased to third parties for use or sold to Taipower. The electricity generated in 2023 totaled 3,833,000 kWh. Starting from October 2023, the solar equipment installation capacity of the Qingshui plant of 836.55 kW will be officially converted to self-generated power. The total solar power generation in 2023 was: 4,691,429 kWh, of which 142,138 kWh were self-generated and self-consumed. The Company actively participates in the green power certificate system. By the end of 2023, Qingshui plant passed the green power certificate review and has successively obtained renewable energy certificates.

### Solar power generation



— Yangmei plant — Qingshui Plant — Total

Year	2021	2022	2023
Qingshui Plant electricity generation (unit: kWh)	2,635,264	3,059,982	3,520,357
Yangmei plant electricity generation (unit: kWh)	1,228,000	1,105,792	1,171,072
Total	3,863,264	4,165,774	4,691,429





## 4.5 Emissions

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

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

### GHG emissions

Unit: metric ton-CO<sub>2</sub>e/year

Year	2022	2023
Scope 1	60,569	63,625
Scope 2	139,077	139,907
Total	199,645	203,532

\*The greenhouse gas emissions data in this table have been verified by a third party.

\*The data scope includes all the Company's production sites (Taiwan: Qingshui plant, Yangmei plant, Taoyuan plant of Ever Growing Agriculture Bio-tech Co., Ltd; China: Yangzhou plant and Kunshan plant).

\*Since China begun inventorying greenhouse gases in 2022, the data have been disclosed starting from 2022.

We use non-stop inspections, continuously adjustments, and regular reports to ensure that there are no emissions of ozone-depleting substances (ODS) and rigorously implement air quality management. The Company has completed the greenhouse gas emission inventory of all production sites in advance, including Taiwan's "ISO/CNS 14064-1", "Climate Change Response Act", and the "Greenhouse Gas Emission Inventory Guidelines" of the Mandatory Greenhouse Gas Reporting of the Ministry of Environment of the Executive Yuan. The GWP value we use is based on the warming potential value of the IPCC Fifth and Sixth Assessment Reports to calculate emissions (Note). The inspection results have been verified by third-party certification agencies such as SGS and DNV to ensure that they comply with regulations, and have been reported to the Mandatory Greenhouse Gas Reporting of the Climate Change Administration, Ministry of Environment, in accordance with the law, and disclosed in the Sustainability Report.

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

Note: Major paper product plants in Taiwan use AR5; the remaining production bases use AR6.



### Greenhouse Gas Emission Density - Major Paper Products in Taiwan

Unit: ton-CO<sub>2</sub>e/ton-product

Year	2021	2022	2023
Emissions intensity	1.21	1.16	1.17

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

\*The greenhouse gas emissions data in this table have been verified by a third party.

\* After verification of greenhouse gas emissions data in 2022, the emission density is revised down from 1.18 to 1.16 (unit: metric tons of carbon dioxide equivalent/metric ton of product).

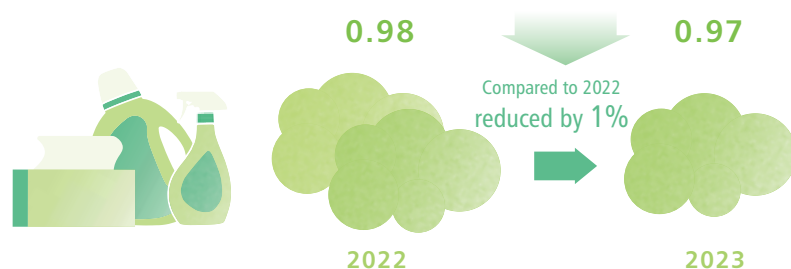
### Greenhouse Gas Emission Intensity – All Products

Unit: ton-CO<sub>2</sub>e/ton-product

Year	2021	2022	2023
Emissions intensity	NA	0.98	0.97

\*The data scope includes all production sites in Taiwan and China (Qingshui plant, Yangmei plant, Taoyuan plant of Ever Growing Agriculture Bio-tech Co., Ltd, Yangzhou plant, and Kunshan plant).

\*The production bases in China begun greenhouse gas inventory work in 2022, carried out by a third party, thus the disclosure started from 2022.



### Other air pollutant emissions

Unit: ton/year

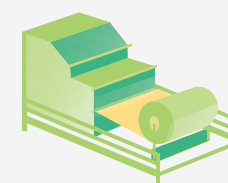
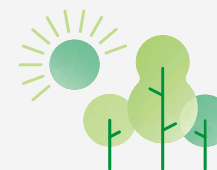
Year	2023
Nitrogen oxides (NOx)	47.63
Sulfur oxides (SOx)	22.26
Particulate matter (PM)	1.9
Volatile organic compounds (VOCs)	0

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

### YFY Academy

YFY Academy took the lead in responding to the new global concept of sustainability and proposed that paper products made from plant fibers are essentially carbon storage carriers for biochar. The larger the calculated value, the more environmentally friendly it is.

$$GC = BC - EC$$



Calculation method:

**BC** The amount of carbon dioxide absorbed by trees during photosynthesis as they grow

**EC** Amount of carbon dioxide emitted during production

## 4.6 Waste

The Company adheres to the circular economy principles and continues to enhance technologies for waste recycling and reuse to lower emissions at the source and reduce the impact on the environment. Plants in Taiwan produced zero hazardous industrial waste in 2023.

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

### Implementation status of coal-fired substitution effectiveness

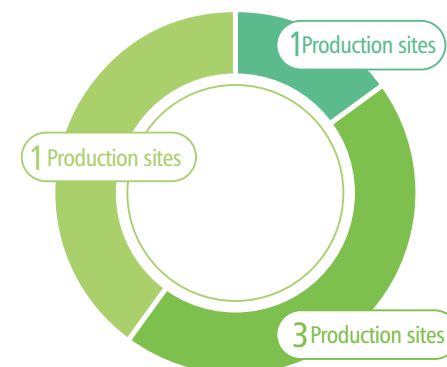
Year	2023
Alternative coal results (unit: tons of thermal coal/year)	10,013
GHG reduction effectiveness (unit: metric tons CO <sub>2</sub> e)	18,972

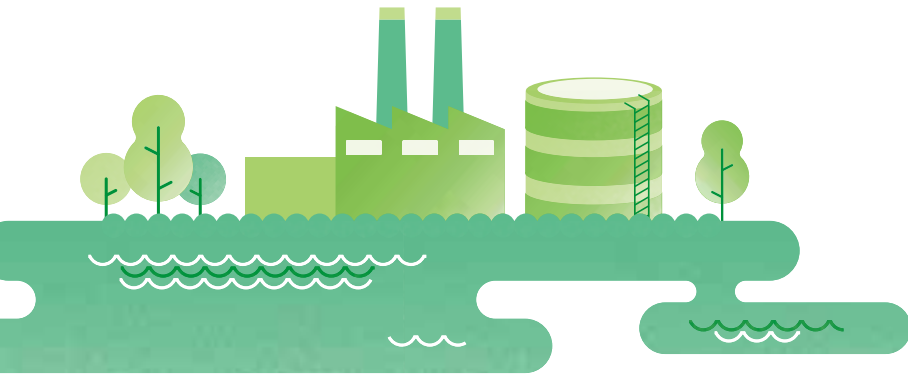
## 4.7 Water resource management

YFYCPG has long been committed to reducing water consumption and increasing the efficiency in water usage in order to use natural resources more efficiently. We also actively seek other alternative water sources such as mechanisms for using recycled water. The source of water in the main production sites of paper products in Taiwan is mostly groundwater. To ensure the effective use of water resources, we have gradually reduced water usage, increased process water recycling and reuse, and reduced effluent to implement water resource management, as to reduce our impact on the local environment.

### YFYCPG production base Water Stress Situation

Stress state	Distribution of production sites
Extremely high (>80%)	Kunshan plant
Medium low (10-20%)	Qingshui Plant, Yangmei plant Taoyuan plant of Ever Growing Agriculture Bio-tech Co., Ltd
Low (<10%)	Yangzhou plant





Using ISO 14001 Environmental Management System as the foundation for water resource management, each plant assesses risks posed by water shortages or interruptions in production and processes. We utilize the Aqueduct Water Risk Atlas, a water risk assessment tool developed by the World Resources Institute (WRI), to analyze water resource risks at all of our production sites. Only one plant, which accounted for 20% of all production sites, was in an area with extremely high water stress (>80%).

However, the above-mentioned production base located in the stress area was the Kunshan plant. The plant stopped production in 2018 and currently only performs back-end processing, so there is no relevant process wastewater discharge. In 2023, Kunshan plant's water intake was primarily for domestic use, accounting for only 0.05% of the total water consumption across all YFYCPG production sites. Thus, the actual impact on local water bodies was minimal.

Through daily management and monitoring, they optimized water usage control to prevent leaks and wastage. They also increased the use of recycled water by adding recycled water disinfection equipment and increasing the concentration of biological ponds in the wastewater treatment plant to reduce water consumption. The current effluents from paper plants in Taiwan have met or exceeded the standards specified in regulations.

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

## 1. Production process: Increased water cycles and recycling rate

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

## 2. Effluent management in the production process

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





### 3. Effluent reduction, recycling, and reuse

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

#### Discharge water standards for paper mills in Taiwan and Mainland China

Unit: mg/L

Water discharge terminal site	Plant	Chemical oxygen demand (COD)	Suspended solids (SS)
Surface water body	Yangmei plant, Qingshui Plant	100	30
	Yangzhou plant	90	30
	Kunshan plant	100	70

\* Basis of effluent standards of each plant:

Taiwan: "Effluent Standards" announced by the Environmental Protection Administration, Executive Yuan and management standards set by industrial parks

Mainland China: "Integrated Wastewater Discharge Standard" announced by the central and local governments and management standards set by industrial parks

#### Water intake in 2023

Unit: million liters/year

	All areas	Areas with water stress
Surface water	1,040	0
Groundwater	1,226	0
Rainwater	0	0
Volume of water obtained from external water treatment plants	0	0
Tap water	60	17
Total water intake	2,326	17

\*The data scope includes all production sites in Taiwan and China (Qingshui plant, Yangmei plant, Taoyuan plant of Ever Growing Agriculture Bio-tech Co., Ltd, Yangzhou plant, and Kunshan plant).

#### Effluents in 2023

Unit: million liters/year

	All areas	Areas with water stress
Surface water (discharge volume)	1,062	0
Discharged to industrial area sewage treatment	246	0
Water from third parties for use by other organizations	0	0
Total effluents	1,308	0

\*The data scope includes all production sites in Taiwan and China (Qingshui plant, Yangmei plant, Taoyuan plant of Ever Growing Agriculture Bio-tech Co., Ltd, Yangzhou plant, and Kunshan plant).

#### Water consumption in 2023

Unit: million liters/year

	All areas	Areas with water stress
Total water consumption	1,018	17

\*The data scope includes all production sites in Taiwan and China (Qingshui plant, Yangmei plant, Taoyuan plant of Ever Growing Agriculture Bio-tech Co., Ltd, Yangzhou plant, and Kunshan plant).



## 4.8 Environmental Compliance

YFYCPG did not have any material environmental protection penalties in 2023 (Note). The total environmental protection penalty of the year totaled approximately NT\$550,000. According to the cause analysis, it was a violation of Article 7 of the Air Pollution Control Act. In response to the aforementioned regulatory issues, the Company immediately took appropriate improvement measures and summarized the key environmental compliance improvement efforts for the year 2023:

- 1 We conducted comprehensive inventory, increased inspections and education and training to ensure that safety equipment operates normally and personnel can accurately implement specifications.
- 2 Continuously optimize environmental protection-related equipment and ensure the legality and accuracy of all values in the planning of energy conservation and carbon reduction.

All improvements for 2023 have been completed and were confirmed by the competent authority as in compliance with regulations.

To increase the stability of environmental protection equipment and optimize emission quality, we invested approximately NT\$420 million in environmental protection projects for climate change mitigation and adaptation in 2023.

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



## 4.9 Environmental Sustainability Awards and Honors

- We won the "Sustainability Report - Silver Award" and the "Taiwan Sustainability Enterprise Excellence Award" under the Comprehensive Sustainability Best Performance category at the 16th Taiwan Corporate Sustainability Awards (TCSA) in 2023.
- The Yangmei plant was awarded the annual Energy Conservation Benchmark Award in 2023 by the Energy Administration of the Ministry of Economic Affairs.
- The head office, Qingshui plant, and Yangmei plant received the "Sports Enterprise Certification" from the Sports Administration of the Ministry of Education.
- To create high-quality green products for consumers, Orange House's natural laundry capsules are made of recyclable materials from the inside to the outside. It can clean off the seven common allergens found in clothing, working together with everyone to protect the earth in their daily lives.



▲ 2023 Sports Enterprise Certification - Yangmei plant

## Sustainable new milestones!

YfYCPG won two honors at the 16<sup>th</sup> TCSA Taiwan Corporate Sustainability Award. We won the **"Sustainability Report - Silver Award"** and the **"Taiwan Sustainability Enterprise Excellence Award"** for the first time participating in the competition, injecting new sustainability energy into YfYCPG.

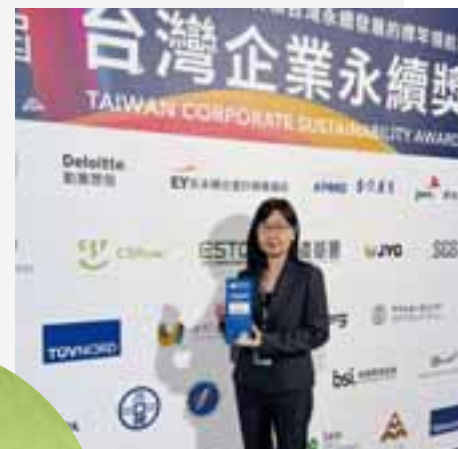
We won accolades at the 16<sup>th</sup> Taiwan Corporate Sustainability Awards (TCSA), including the "Sustainability Report - Silver Award" and the "Taiwan Sustainability Enterprise Excellence Award" under the Comprehensive Sustainability Best Performance category. For YfYCPG, participating in the award for the first time, these two awards are a great encouragement and of great significance in promoting sustainable development.

YfYCPG is committed to fulfilling our environmental sustainability responsibilities, starting from raw materials. We are a company that uses the most environmentally friendly FSC pulp for household paper in Taiwan. At the same time, through the development of high-quality products, we maximize resource efficiency and reduce environmental pollution. Regarding the impact on the environment, specific actions include optimizing product ingredients and manufacturing processes to reduce resource wastage.

In addition, YfYCPG adheres to natural cleaning and earth friendly concepts, we think deeply about how to reduce the use of packaging materials and implement reduction and recycling measures from the source. For example, in the research and development of Orange House natural laundry capsules, they are packaged in paper cartons, which successfully reduces the use of plastic by 91% compared to ordinary laundry detergent bottles.

As a consumer goods company that accompanies everyone's daily life, YfYCPG is committed to developing high-quality and environmentally friendly products. We hope that these efforts can help consumers support a more sustainable lifestyle and achieve a personalized version of the "Good Life Goals" under the United Nations' sustainable development goals. By choosing YfYCPG products, each consumer is supporting a better future.

YfYCPG will continue to uphold the concept of sustainable management, continuously optimize the three major aspects of environment, society and corporate governance, and hopes to move forward hand in hand with consumers to build a more secure, healthy and better future.



# Social



# 05





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

**2023 Best Companies to Work for in Asia**  
(for the third consecutive year)  
**Best Companies to Work for In Asia**

At the same time, awarded the "Diversity, Equality and Inclusion Award" by "HR Asia"  
Diversity, Equity & Inclusion Award (EDI)  
Fully reflects YFYCPG's outstanding performance in creating a good workplace environment and implementing successful practices in diversity, equality and inclusion.

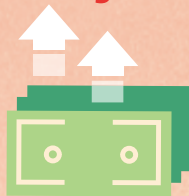
## Equal Treatment

**30%** of employees are female

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



**Continuous Salary Adjustment**  
**11 years**



## Won the Sports Enterprise Certification

The head office, Qingshui plant, and Yangmei plant received the "Sports Enterprise Certification" from the Sports Administration of the Ministry of Education



## Giving Back to Society

Plant and Community Neighborhoods

**1500** boxes

A total of  
of resources have been donated to non-profit social welfare organizations neighboring the production plants  
On-site visits to disadvantaged families to donate resources



\*Including Taipei's Garden of Mercy Foundation, Taiwan Disability Service Exchange Association, and Xuan Yi New Knowledge Care Association in Taoyuan City  
St. Joseph Technical High School, Taitung County, Homeless Taiwan Association, Lungtan Care Home for the Disabled

## Good Life Goals Initiative

Participate in the Global Views Sustainable Living Festival activities and podcast exposure



Instructions for Good Life Goals placed on product outer packaging



## 5.1 Employee Relations

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

In the company's operations in Taiwan, Yangmei plant has established a corporate union. Over 98% of employees who are eligible to join the union are union members, and employees can join freely. Regular union board meetings are held to allow union representatives to voice employee requests to the senior management. Employees' difficulties and needs at work are closely reviewed and

appropriately handled. Currently, no collective bargaining agreement has been signed. Plants without unions organize regular labor-management meetings to promote positive labor-management communication and strengthen mutual support. If the Company's business units have any plans for reorganization or change, they shall communicate with affected employees in advance in accordance with Article 20 of the "Labor Standards Act" and provide related assistance programs based on their preferences. In 2023, there were no reported incidents of poor communication with employees or actions that compromised employees' rights.

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

### 5.1.1 Employer-Employee Relationship

The Company recruits talents from different fields and supports diverse backgrounds and cultures. By recruiting and promoting talents from different disciplines, we increase diverse perspectives and enhance our capacity for sustainable management. As of the end of 2023, the total number of employees in the company was 1,265, with no significant fluctuation compared with the previous year. The proportion of employees in each region was 64% in Taiwan; 36% in China. The Company complies with the law in employing persons with disabilities, providing appropriate job content and complete education and training. In 2023, a total of 11 employees with disabilities and seven indigenous/minority employees were employed in Taiwan, while three employees with disabilities were employed in China.

#### 2023 Employee Structure (by Employment Type and Employment Contract)

Unit: Head count

Type	Taiwan		Mainland China	
	Male	Female	Male	Female
Official	549	255	335	122
Contract	1	3	0	0
Full-time	550	257	335	122
Part-time	0	1	0	0

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

Description 2: "Permanent employees" include: General employees, foreign white-collar workers, foreign blue-collar workers.

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

Description 4: "Full-time" refers to an employee who works more than or equal to 40 hours a week.

Description 5: "Part-time" refers to an employee who works less than 40 hours a week.

## 2023 employee overview

Region	Taiwan						Mainland China					
Gender	Male			Female			Male			Female		
Age	Below 30	31-50	51 and above	Below 30	31-50	51 and above	Below 30	31-50	51 and above	Below 30	31-50	51 and above
Ratio of new employees	48%	23%	4%	44%	18%	0%	36%	11%	3%	8%	8%	33%
Number of new employees	39	85	4	7	36	0	24	27	1	1	9	1
Ratio of employee turnover	32%	20%	16%	44%	18%	28%	42%	20%	15%	62%	12%	67%
Number of employee turnover	26	72	17	7	36	11	28	47	5	8	13	2

Description 1: New employees in 2023 refer to employees who joined the Company between January 1, 2023, and December 31, 2023.

Description 2: New hire rate = number of new employees/total number of employees.

Description 3: Departing employees in 2023 refer to employees who voluntarily left the organization, were terminated, retired, or passed away while on duty between January 1, 2023, and December 31, 2023.

Description 4: Turnover rate = number of employees who have resigned/total number of employees.

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

Year		2023
Average age		41.1
Average years of service		10
Academic qualifications	Master's degree or higher	6.4%
	University/college	52.7%
	Senior high school and below	40.9%

## Proportion of senior management hired from the local community

Year	2023
Taiwan	100%
Mainland China	36 %

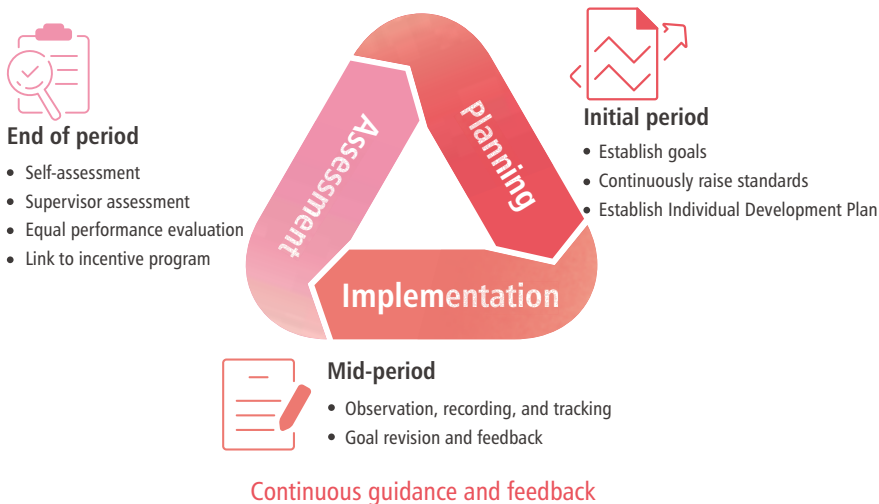
\* Senior management specified in the data is defined as management employees/managers ranked level D or above.

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

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

### 5.1.2 Overall pay

The Company provides a comprehensive remuneration system, welfare measures, and performance management system while meeting requirements in the external business environment and building a fair and reasonable internal system. We uphold the ideal of sharing profits with employees by attracting, retaining, developing, and encouraging talents. All full-time employees of the Company<sup>1</sup> undergo an annual performance evaluation to assess their achievement of key performance indicators and their behavioral and attitudinal performance, which serves as the basis for the reward and cultivation program.



#### Statistics of full-time employees receiving performance and career development reviews in 2023

Personnel Category	Male		Female	
	Direct Personnel	Indirect Personnel	Direct Personnel	Indirect Personnel
Percentage of employees receiving performance and career development reviews	100%	100%	100%	100%

### Competitive salary

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

### Bonus and compensation

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

#### Ratios of standard entry level wage by gender compared to local minimum wage in 2023

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

In 2023, the ratio of the total annual compensation of the highest-paid individual to the median total annual compensation of other employees was 15 times. Compared to the previous year, the total compensation for these two groups changed by a ratio of 2.01 times.

<sup>1</sup> Excluding contractors, part-time employees, and foreign technical personnel.



### 5.1.3 Employee education and training

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

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

1.

Orientation  
training

It helps new employees quickly adapt to the corporate culture and work environment and understand the operations of different businesses and related departments.

2.

Training  
for new  
managers

It strengthens the new supervisors' leadership and strategic thinking capabilities to improve the management performance of the organization.

3.

Talent  
development  
training

In order to cultivate talents within the Company, we provide the MA Program, High Potential Talent Program (HIPO), and the Succession Plan to enhance the quality of the organization and build up competitive advantages for talents.

4.

Core  
competency  
training

The Company planned training for seven core competencies including precision execution, problem solving, communication and coordination, teamwork, strategic thinking, leadership, and innovation and change. Every employee must be trained in the core functions and gain familiarity with the key spirit and behavioral indicators of the core functions. In addition, course design and contents are implemented in the training plans for general employees, junior managers, and senior managers.

5.

General  
training

We provide general training for employees in work management knowledge and skills for them to work independently and enhance work performance.

6.

Professional  
training

We provide professional training on the necessary professional skills and capabilities in each discipline for professional employees in each unit.

### The focus of education and training outcomes in 2023 is as below

Course type	Number of classes	Total number of people	Total hours	Total costs (NT\$1,000)
Professional competency	522	3,896	15,936	1,223.3
Management and general knowledge	666	8,740	15,076	2,333.6
Orientation training	124	651	5,002	73.3

\*The data in this table includes both physical and LMS online courses.

### The data on the average hours of training per person in 2023 are as follows

Unit: hours/person

Region	Taiwan		Mainland China	
Gender	Male	Female	Male	Female
Managerial positions - Employees with rank of level D or above	46	48	6	0
Non-management positions - Employees with rank of level S or below	18	25	46	27
Average	20	25	45	26

\* The statistics do not include contracted workers.

## 5.1.4 Employee communication and rights and benefits

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

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

## Human Rights Policy

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

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



### 5.1.5 Employee care and welfare

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

- The Company provides employees with a comfortable, safe and friendly work environment and values employee health. Regular employee physical checkups are held. Non-scheduled company trips, family days, artistic and cultural events and diverse club activities are held to help employees balance work with life.
- Remuneration and bonuses: Sound salary structure, annual performance bonuses, employee bonus and stock options.
- Medical insurance and healthcare: Employee group insurance, employee physical checkups, labor insurance and health insurance, and employee family insurance.



- Thoughtful welfare systems:
  - ✓ Chinese New Year bonus, Worker's Day, and birthday gifts
  - ✓ Subsidies for weddings, funerals, child birth, hospitalization, disability, and self-improvement activities
  - ✓ Special discounts from contracted companies and affiliated enterprises
  - ✓ Employee travel, cultural activities, and club activities
  - ✓ Free preschool educational books for employees, scholarships for employees' children, and on-the-job training incentives
  - ✓ Wedding gifts, childbirth subsidies, preschool educational books for employees, and free subscription to monthly publications and magazines
  - ✓ Retiree appreciation
  - ✓ Business trip allowance
  - ✓ Employee of the year and senior awards
  - ✓ Group insurance for employees and their dependents
  - ✓ Medical rooms in plants to ensure the occupational safety and health of employees
  - ✓ Regular medical check-ups that exceed requirements of the "Labor Health Protection Regulations"
- Leisure activities for employees:
  - ✓ Employee club activities
  - ✓ Employee birthday celebrations, sports competition, and travel activities
  - ✓ Recreational facilities and audio-visual entertainment equipment in plants

### Statistics for parental leave in 2023

Unit: Head count

	Male	Female
Number of employees eligible for unpaid parental leave in 2023	11	7
Number of employees who applied for unpaid parental leave in 2023	1	11
Number of employees expected to be reinstated from unpaid parental leave in 2023 (A)	1	11
Number of employees reinstated from unpaid parental leave in 2023 (B)	0	8
Number of employees reinstated from unpaid parental leave in 2022 (C)	1	4
Number of employees reinstated from unpaid parental leave in 2022 and stayed for more than 12 months (D)	0	4
Reinstatement rate (B)/(A)	0%	72.7%
Retention rate (D)/(C)	0%	100%

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

### Other Maternity-Friendly Measures

- Setting up breastfeeding rooms to protect the convenience of female employees to breastfeed
- Providing designated parking spaces for pregnant employees to create a pregnancy-friendly parking environment.
- Pregnancy shuttle - offering a maternity shuttle service with transportation subsidies for pregnant employees during their pregnancy period.
- Pregnancy hamper - employees themselves or their spouses are gifted with a pregnancy hamper from the Employee Welfare Committee upon presentation of a copy of the Maternal Health Handbook.
- We offer care and support to pregnant employees throughout their pregnancy and postpartum period
- Arrange occupational medicine doctors to provide health care, evaluate and provide health education based on the working environment and work content of the employee to ensure safety and health during pregnancy and when returning to work after childbirth.





## Retirement plan

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

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

The contents of the YFY's "Labor Retirement Regulations" are as follows:

### Criteria for voluntary retirement

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

### Criteria for compulsory retirement

- The Company may not subject an employee to compulsory retirement except for one of the following conditions:
  - ① Where the employee is over 65 years old.
  - ② Where the employee is mentally incapable or physically disabled and cannot continue to work.
- The mental incapacity or physical disability specified in the preceding paragraph shall be determined by the level 1 to level 6 disabilities of Labor Insurance. An additional 20% on top of the amount calculated according to Article 55, Paragraph 1, Subparagraph 2 of the Labor Standards Act shall be given to workers forced to retire due to disability incurred from the execution of their duties.

### Calculation of the years of service and pension

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

### Status of the Company's appropriation of labor pension reserve in 2023

- Year-round appropriation: NT\$**12,887** thousand.
- Balance of assets at the end of the year: NT\$**96,647** thousand.

If the Company has to actively terminate the employment relationship with its employees, the Company will comply with the provisions of Article 16 of the Labor Standards Act, terminate the labor contract with advance notice, and provide severance pay and job search leave.

## 5.1.6 Employee safety and health

### Occupational safety and health management policy and management system

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

Employees are important assets of the Company. With the support of top management, the company promotes occupational safety and health strategies, objectives, and action plans through the Occupational Safety and Health Management System (ISO 45001) and Taiwan Occupational Safety and Health Management System (TOSHMS). We undergo third-party verification every year to ensure that all safety and health management mechanisms are continuously and effectively operating and comply with legal requirements. The Company demonstrates its commitment to promoting employee safety through the OSH management policy and establishes a vision for a corporate safety culture.

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

We adopted active measures to ensure employee health and safety:

#### 1. Responsibilities of different levels of responsible units

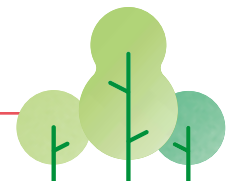
The Company and each plant have set up dedicated occupational safety and health units and personnel, and each level within the management structure has clear responsibilities and duties. Ensure the comprehensive implementation and effective execution of safety and health work by assisting on-site supervisors in safety management. Regularly review the implementation and effectiveness of existing management systems and control measures. Adjust safety-related work processes to meet on-site operation and safety protection requirements, and also identify opportunities for improvement or optimization to ensure workplace safety.

#### 2. Risk Prevention Operations and Standardization

Conduct working environment measurements every six months, hazard identification and risk assessment every year. Through eight operation testing results and hazard identification assessments, learn about various physical or chemical hazards in the plant, evaluate potential hazard factors, and formulate corresponding safe operation standards or work safety analysis. By formulating standardized operating procedures and processes, we regulate work behaviors to improve work efficiency and reduce work risks. Regularly review and update standardized operating procedures and processes to ensure compliance with the latest regulatory requirements or to meet best practice standards best suited for on-site operational needs.

#### 3. Promoting Safety Culture with Full Employee Participation

Employees' safety awareness and behavior are key to overall safety performance and the establishment of a good safety culture. Through safety education and labor safety systems, safety inspections, and safety observations, we strengthen the safety management skills and hazard identification capabilities of managers and all employees, thus enhancing safety management, reducing the risk of accidents, identifying potential safety hazards and making improvements. It enables the establishment of a coherent set of safety values and standards, and build a consensus to promote safe operations.



## 4. Employee Health Activities



▲ Resistance cords stretching experience



▲ Lohas Kitchen Happy Healthy Cuisine

▲ Ladies Lets Go for a Checkup (Female Cancer Screening Campaign)

Employee health examination items are superior to those stipulated in labor health protection rules. Based on the health examination results, internal and external resources are combined to organize a wide variety of activities. These include health lectures (such as Nutrition - Slimming and Good Moods, Human Hazard Prevention - Use of Common Massage Devices and Adaptation, Prevention of Overloading from Unusual Working Hours - Prevention of Cerebral and Cardiovascular Diseases); health-promoting activities (e.g., Lohas Kitchen Happy Healthy Cuisine, Resistance Cord Stretching Activity, Stress Relief Zen Cards); and sports competitions (such as Slimming Health Challenge, health walks). We invite senior executives to participate and offer incentives or gifts to encourage participants to fully create an atmosphere of workplace exercise. In addition, to develop regular exercise habits among employees, we encourage employees to set up sports clubs, conduct regular muscle strengthening classes and aerobic boxing/Muay Thai classes. This will help develop employees' exercise habits, create a healthy workplace environment, establish employee health awareness and improve employees' sense of identification with the Company.

## 5. Health Care and Services

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



- ▲ The Ministry of Education's Sports Administration recognized the continued investment of the Taipei head office and Yangmei plant in creating a healthy sport workplace, and awarded the "Creative Workplace Award."

## 6. Full Employee Participation in Safety Training



Safety training activities are held regularly and cover a wide range of areas, including accident prevention, emergency response incident handling, personal protective equipment instructions, and JSA assessment. These safety trainings are not only for new employees, but also regularly updated and strengthened for current employees. To ensure that contractors' employees comply with the Company's safety regulations and establish safety awareness, we formulate work specifications for contractors entering the plant and joint operation safety training to ensure the implementation of the safe management system.

## 7. Promoting Safety Culture with Full Employee Participation

Employees' safety awareness and behavior are key to overall safety performance and the establishment of a good safety culture. Through safety education and labor safety systems, safety inspections, and safety observations, we strengthen the safety management skills and hazard identification capabilities of managers and all employees, thus enhancing safety management, reducing the risk of accidents, identifying potential safety hazards and making improvements. It enables the establishment of a coherent set of safety values and standards, and build a consensus to promote safe operations.

## 8. Disaster Prevention and First Aid Training and Drills

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



▲ First aid training



▲ Fire drill

## 9. Accident Reporting and Accident Investigation

An incident notification group has been set up to facilitate the immediately notification of the relevant supervisors and occupational safety units when an incident occurs, and to be able to take appropriate measures in the event of an incident without any delay. After receiving the accident report, the occupational safety unit will immediately launch an investigation and cooperate with relevant units to clarify the cause and responsibility of the accident. Based on the investigation results, the occupational safety unit will propose corresponding corrective measures, and at the same time conduct parallel inspections to improve the safety of relevant operations to prevent similar accidents from happening again. These corrective measures include: improve work procedures, strengthen safety training, provide better safety equipment, and so on.

## 10. Improve Communication and Continuous Review and Improvement

Invite safety instructors from various units at the factory to participate in the meetings for discussions and information dissemination, as well as put forward improvement suggestions to promote the establishment and development of safety culture. The head office and each plant have set up an Occupational Safety and Health Committee, which holds meetings every three months to jointly discuss, verify the safety and health operations, review and implement occupational safety and health and health promotion plans. Carry out report and review to ensure effective implementation and continuous improvement of the program. Employees can also participate in occupational safety and health consultation and communication through the selection of labor representatives, so that the implementation of occupational safety and health policies can better meet the needs of employees. At the same time, the planning of safety and health policies can be conveyed through labor representatives, thereby promoting safety and health matters and strengthening the goal of safety and zero accidents for all employees. In 2023, there was an overlap of the flow routes of personnel and forklifts at the Qingshui plant, so the personnel flow route and the forklift unloading movement routes were re-planned to separate pedestrian and vehicle flow.



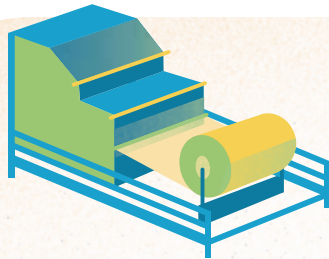


## Occupational health and safety management system

All 100% of Taiwan's paper manufacturing plants have been verified to be in compliance with the latest ISO 45001 Occupational Safety and Health Management System. and TOSHMS Taiwan Occupational Safety and Health Management System. All workers are included in the scope of management, and the relevant internal and external audits are conducted with consistent standards. Certain contractors or vehicles that are not under the full control of the Company and they operate in the plants from time to time. They are thus supervised by the Company's "Occupational Safety and Health Management System" and "Contractor and Access Control System." We ensure operational safety in accordance with the relevant control measures within the plants.

## Contractor management

Develop a safety and health management operating standard for contractors, requiring contractors to sign a construction safety and health agreement before construction to ensure compliance with safety and health laws and regulations and company operating safety regulations during the construction process. Submit work applications or convene construction meetings, assess construction work hazards and keep abreast of risk levels, carry out safety control and prepare various disaster prevention and protection equipment. The list of all construction workers entering the site shall be notified before commencement of work and all workers informed of the hazards of the working environment. During the construction process, the contractors' safety and health performance will be reviewed from time to time, and improvement suggestions will be made based on the review results to ensure the safety of the construction process.



## Introduction of human factors and ergonomics design

We actively use related design tools, machinery, work methods, and work environment designed based on human factors and ergonomics to eliminate human-factor hazards, prevent human-factor harm, and avoid musculoskeletal injuries from repetitive use of muscles in operations. These measures also increase the safety, comfort, and efficiency of employees. A new single-package visual identification system was installed in 2023 to reduce personnel's repetitive work of checking individual packages of toilet paper, and also reduce visual fatigue during operations.

## Workplace health promotion

Employee health examinations are conducted every two years, with the frequency and items of the checkups better than the requirements of the law. They track the health conditions of employees in accordance with the results of the health examinations and serve as health consultation service providers. The Company's full-time labor health service nurses organize workplace health promotion activities based on the results of physical checkups and the employee satisfaction survey. They create different types of health management and health promotion activities and encourage employees to adopt healthy lifestyles. This enables the employees to understand their physical and mental health conditions, build up their awareness of overall health management, and cultivate healthy living habits. We create a happy and healthy workplace environment for employees to enjoy work in order to improve the employees' health conditions and increase work quality. We continue to promote health management and health promotion and participated in the CHR Healthy Corporate Citizen certification organized by "Common Health Magazine". In recent years, we have received the "Sports Enterprise Certification" from the Sports Administration of the Ministry of Education, "Healthy Workplace Certification Health Promotion Mark," "Innovative Workplace," and national "Excellent Healthy Workplace" from the Health Promotion Administration. The outstanding results of our efforts have been recognized by the government.

## Hazard identification, risk assessment, and incident investigation

### Hazard identification

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

### Tiered Risk Management Mechanism

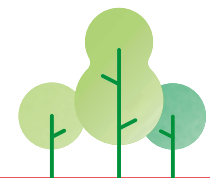
Each year, hazards related to work activities are quantitatively scored according to accident occurrence frequency, severity, and existing risk control methods using the Environmental Safety and Health Risk Assessment Tool. We identified high-risk incidents with low inspection frequency and records of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

### Inspections and correction

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

### Hazard prevention

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



## Worker training on occupational health and safety

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

## Management of occupational accidents

The occupational disease rate (ODR) at YFYCPG is zero thanks to the intensive care network for personnel, equipment, and regulations. Every two years, nurses responsible for labor health services distribute personal health questionnaires to employees who work in shifts, night shifts, or long hours, and who are middle-aged and elderly, or have abnormal workloads or repetitive musculoskeletal work. They use the work contents and work categories to identify employees with high risks of occupational diseases such as irregular working hours, jet lag, frequent business travel, abnormal temperature, noise, and mental stress. They use the results of annual physical checkups and workload risk factors and the "Framingham Risk Score" calculation table to estimate and calculate the risk level of cardiovascular diseases in the next 10 years. They then carry out tiered health management to prevent the occurrence of occupational diseases. In positions where occupational diseases may occur, noise, dust, and organic solvent environmental monitoring are conducted every six months to identify hazards in the workplace. Safety and health-related standards are established and announced to ensure that all personnel are aware of them. Appropriate safety protective equipment is provided for the use by all personnel, and educational training courses and operational precautions are arranged and promoted. For instance, we inspect the hazardous factors in the operational environment, establish monitoring plans and related SOPs for the operation environment, and organize safety and health hazard prevention training courses. We post standards for protective equipment at the entrance and exit of areas with noise and dust hazards. Employees in the work area receive physical checkups for special operations every year. Every month, we also assign occupational medicine doctors to provide onsite health consultation and health services for employees. The labor health service nurses of the plants also track and monitor the employees' health conditions. A total of ten employees received special physical checkups for operations in noisy

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

The members of the Occupational Safety and Health Committee include occupational safety and health personnel, plant managers, unit managers, and labor representatives. They convene meetings every three months to discuss and decide occupational safety and health promotion plans. Employees can also participate in making occupational safety and health decisions through labor representatives to ensure that the occupational safety and health policies meet the needs of onsite employees and protect the safety and health of all employees. All two internal and external proposals, inquiries, and complaints submitted by employees to the Occupational Safety and Health Committee in 2023 were addressed and 100% of improvements were made.

conditions and were classified as level 4. Their protective equipment was adjusted for their work environment and their earplugs were replaced with full earmuffs. Special health examinations are arranged every year, and the factory labor health service nurses regularly monitor and keep track of the health of employees.

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





In 2023, there were a total of seven work-related injury cases at YFYCPG (excluding eight traffic accidents). There was a severe case of occupational injury caused by crushing and rolling at Qingshui plant. Therefore, the safety protection of mechanical equipment and the safety instructions for personnel in machinery operation were strengthened, as to strengthen the ability of personnel to identify dangers and carry out emergency response measures. We ensured the stability and difficult-to-remove design of the guard or cover at the rolling points of machinery and equipment to prevent employees' body parts from being accidentally rolled in or pinched. We clearly indicated potential hazards in the working environment, reiterated standard operating procedures, enhanced safety awareness, and implemented the use of protective equipment. We also ask all units to review the safety interlock system and warnings to enhance the effectiveness of protective measures for the use of machinery and equipment. The Company assists contractors in enhancing occupational safety and health facilities to improve the use of protective equipment, and communicate safety and health regulations and requirements to reduce potential hazards in the contractor's workplace. We started a behavior observation campaign to encourage all employees to observe the work environment or other employees' behavior in operations to provide feedback on unsafe conditions. It enhances the safety awareness of employees and improves the work environment to meet their needs. Our ultimate goal for occupational safety and health is "zero injury."

### Tiered risk management measures for occupational diseases

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

### 2023 Occupational Injury Type Statistics

Category	Number of cases	
Near miss	0	
Clamping, coiling	2	
Cutting, slicing, abrasion	2	
Collision	2	
Commuting/traffic accidents	8	
Falling objects	0	
Inappropriate actions	0	
Falling	0	
Falling off, rolling down	0	
Impact	0	
Collapse, cave-in	0	
Contact with high or low temperatures	1	
Contact with harmful substances	0	
Others	0	
Category	Number of cases	Ratio
Occupational injuries	14	4.56
Serious occupational injuries	1	0.33
Work-related fatalities	0	0
Total work hours	3,067,162	

The total working hours of non-employed workers in 2023 was 105,576, and there were no injuries.

\*1: The data scope includes the Taiwan headquarters shown in the "List of Operation Sites in this Report" and all production sites in Taiwan and China (excluding the Shanghai office).

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

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

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

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



## 5.2 Social Engagement

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



After communicating with the local community, impact assessment and understanding of its development plan, the Company participated in the local community by donating more than 1,500 boxes of household paper and cleaning supplies in 2023. To lead by example, we hope to do our part to help disadvantaged families and non-profit organizations in the local communities.

### 5.2.1 Strengthening cooperation with non-profit organizations to provide support to vulnerable groups

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

In 2023, the headquarters, Yangmei plant, Qingshui Plant, Taoyuan plant of Ever Growing Agriculture Bio-tech Co., Ltd, Yangzhou plant, and Kunshan plant collectively donated over 1,500 boxes of household paper products and various disinfectant products to support social welfare organizations caring for vulnerable communities and local disadvantaged families.



## Send love to rural areas with Tender

Through collaboration with Seeheart Social Environment Enterprise, we support cultural and creative education in remote areas. The artworks created by students and artists in rural areas are designed into packaging for the Tender brand toilet paper products, and the proceeds are given back to the design creators from Liandong Elementary School and Shanglin Elementary School. These funds are used for emergency aid, school lunches, and extracurricular activities. In addition to winning the top prize in the King of Drums Competition, the Taiko Drum Team of Shanglin Elementary School also won the top prize in the percussion group category of the National Student Competition of Music in 2023, and was invited to perform at major events. Liandong Elementary School used the allocated funds for the mentoring of the traditional string and wind ensemble, marine experience courses, and design exhibition visits. In 2023, a total of 174 students benefited from the funding.



## 5.2.2 Environmental protection

### Corporate Road Adoption

We provide comprehensive support to improve the local community's environment. Both the Qingshui plant and Yangmei plant have adopted road cleaning around their premises. We regularly clean up trash, clear dust, and ensure the cleanliness of the surroundings. We will continue to promote environmental efforts and make further contributions to improving the local community's environment.

## Orange House responded to Hsinchu City's Autumn Waterbird Season Event to Reflects Its Commitment to Environmental Protection and Environmental Education



Orange House donated 500 laundry capsules to support the "2023 Autumn Waterbird Season" event organized by the Hsinchu City Government, demonstrating our commitment to environmental protection.

Through guided eco-tours and bird observation, this event enhances the public's understanding of nature conservation, promotes awareness of ecological protection, and jointly protects the precious natural ecosystem.

## Orange Chubby Van — Sustainable Community Promotion Activity

Orange Chubby Van launched the "Empty Bottle Recycling Campaign" in the community to encourage people to participate in environmental protection actions and reduce plastic waste.

People can bring Orange House's empty bottles and containers to designated recycling points and play interactive mini-games to redeem green products such as color-changing bubble handwash and natural laundry capsules. These green products focus on environmental protection and sustainable development.

Orange House hopes to raise public awareness of environmental protection through this event, allowing more people to participate in green actions and contribute to the sustainable development of the earth.



### 5.2.3 Community Care and Working with Local Governments to Protect Public Health

#### Actively Organize Health Lectures with Local Communities and Support Local Competent Authorities in Municipal Publicity Activities

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

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

#### Join Hands to Spread Love and Support Blood Donation Drives



In September 2023, the Company sponsored a total of 60 boxes of Orange House's mite-removing laundry detergent to the Taichung branch of the Police Broadcasting Service to support the "Spreading Love in the Air Blood Donation Campaign." On the day of the event, the plant manager of Qingshui plant attended in person to receive the commendation,

and also led by example by rolling up his sleeves to donate blood, demonstrating the Company's support for the local community and the importance of social responsibility and its fulfillment.

### 5.2.4 Adopting Public Restrooms to Improve Hygiene and Health Quality of Local Residents

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



Starting from 2022, the Qingshui Plant voluntarily adopted the nearby Dayang Elementary School public restrooms. This rural elementary school has fewer students and less access to educational resources, making the students relatively vulnerable. As a company, we took the initiative to donate high-quality toilet paper to improve the hygiene standards for the students. In 2023, we donated a year's supply of Mayflower toilet paper, totaling 70 boxes.

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



We will continue to support the supply of toilet paper to Dayang Elementary School,

ensuring that the students in this rural school have access to good hygiene conditions every day and fulfilling our commitment to sustainability and social responsibility.



## Taiwan Champion Trees - Giant Tree Map Project



Taiwan's unique topography and steep mountains create a wonderful landscape where forest types from different climate zones are found on the same island. The canopy at the top of giant trees is rich in biological resources, making it an excellent place to explore biodiversity.

"The YFY Group started out as a paper manufacturer. We made Taiwan's first pack of interfold toilet paper, so we have always had a special affection for trees."

As a responsible global citizen, YFYCPG, with its commitment to environmental sustainability, insists on using FSC-certified products and developing high-quality products to maximize resource efficiency. Since 2021, YFYCPG has been supporting the Taiwan Champion Trees Team in their quest to find

Taiwan's tallest trees while simultaneously promoting science and environmental education for young people. It is hoped that valuable science knowledge and the enthusiasm of the team will be understood and learned by the children.

providing explanations from experts and tree climbing experiences to observe various plants at different heights in the canopy. Through interesting and vivid science popularization, we aim to help the public understand, recognize, and inherit the cherished environmental values and sustainability principles of YFYCPG.

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

In addition, starting from 2022, YFYCPG has organized a "Natural Science Camp" in Nan'ao Township, Yilan, and the Basianshan Education Park in Heping District, Taichung, for children aged 12 to 18. We want the new digital generation to experience nature in person, thus enable future generations to become a force that cares about the environment and promotes change, creating more possibilities for the realization of sustainability and a better life.



## Introduction of Taiwan Champion Trees Team

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

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

Due to Taiwan's unique terrain, which has nurtured giant trees, its research work is subsequently also more challenging. Dr. Hsu Chia-chun (Rebecca), an assistant researcher at the Forestry Research Institute, Council of Agriculture, and Professor Wang Chi-kuei from the Department of Geomatics, National Cheng Kung University, collaborated on the "Taiwan Champion Trees - Giant Tree Map Project." They utilized airborne LiDAR technology data from all over Taiwan and employed innovative algorithms to create optimized visualized profiles of giant trees. With the power of the crowd, they matched the data with 54,415 LiDAR topographic maps and identified the positions of 941 giant trees taller than 65 meters over a five-year period. The goal of this project is to create the first national distribution map of giant trees and showcase it on a public platform for the view of the public, further promoting scientific research on giant trees in the country.

YFYCPG joins hands with "Taiwan Champion Trees Team" to use Taiwan's giant trees to open up people's imagination of a sustainable and beautiful life!



Scan to explore more  
"Taiwan Champion  
Trees Team - Giant Tree  
Map Project"



S2 EP338/[Hot Topic] SDGs Sustainable Mission! YFYCPG joins hands with "Taiwan Champion Trees Team" to search for giant trees and a better life ft. Julia Ou, senior director of the Sustainability Office of YFYCPG, and Dr. Rebecca Hsu, assistant researcher at the Taiwan Forestry Research Institute of the Ministry of Agriculture



Scan to listen to more  
exciting content



# Appendix

## GRI Standards Disclosure Comparison Sheet

**Statement of Use** | YFYCPG has reported in accordance with the GRI Standards for the period from January 1, 2023, to December 31, 2023.

**GRI 1 used** | GRI 1: Basic 2021

**Applicable GRI Industry Standards** | None

GRI Standard	Disclosure Item	Chapter or Description	Page
<b>General Disclosure</b>			
<b>GRI 2: General Disclosure 2021</b>			
<b>1. Organizational and Reporting Practices</b>			
GRI 2-1	Organization Information	2.1 Company Profile	26
GRI 2-2	Entities Included in the Sustainability Report	Editorial Principles	14
		2.1 Company Profile	26
GRI 2-3	Reporting Period, Frequency, and Contact Person	Editorial Principles	14
GRI 2-4	Restatements of information	No restatements of information	
GRI 2-5	External assurance	Editorial Principles	14
<b>2. Activities and Labor</b>			
GRI 2-6	Operations, Value Chain, and Other Business Relationships	2.1 Company Profile	26
		2.3 Economic Performance	33
		5.1 Employee Relations	75
GRI 2-7	Employees	5.1 Employee Relations	75
GRI 2-8	Non-Employee Workers	5.1 Employee Relations	75
<b>3. Governance</b>			
GRI 2-9	Governance Structure and Composition	3.1 Board of Directors	37
		3.2 Operating Status of the Functional Committee	40
GRI 2-10	Nomination and Selection of the Highest Governance Body	3.1 Board of Directors	37
		3.2 Operating Status of the Functional Committee	40

GRI 2-11	Chair of the Highest Governance Body	3.1 Board of Directors	37
		3.2 Operating Status of the Functional Committee	40
GRI 2-12	Role of the Highest Governance Body in the Oversight of Impact Management	Regarding whether the chairman concurrently serves as general manager or other CEO, please refer to the 2023 annual report for details of (1) Information on Directors and Independent Directors (P.10, 11), (3) Basic information of Directors, Supervisors, and Presidents of affiliates (P.105, 106)	
		1.2 Corporate Sustainable Development Organizational Structure	17
GRI 2-13	Role of the Person Responsible for Conflicts Management	1.2 Corporate Sustainable Development Organizational Structure	17
GRI 2-14	Role of the Highest Governance Body in the Reporting Process	1.2 Corporate Sustainable Development Organizational Structure	17
		3.1 Board of Directors	37
GRI 2-15	Conflicts of Interest	3.1 Board of Directors	37
		2023 Annual Report (1) Board of Directors operating status - other matters that should be recorded: 2. Implementation of Directors' Recusal of Interest-related Proposals (P.19), (3) Corporate governance practice and compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies - 2. Company's Shareholding Structure and Shareholders' Rights and Interests (2), (3), (4) (P.22), (6) Implementation of Ethical Management and Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons for deviation - 1. Establishment of ethical corporate management policy and approaches (1), 2. Implementing Ethical Management (3) (P.35)	

GRI Standard	Disclosure Item	Chapter or Description	Page
GRI 2-16	Communication of Key Impacts	1.4 Analysis of Material Issues	20
		3.1 Board of Directors	37
GRI 2-17	Collective Awareness of the Highest Governance Body	3.1 Board of Directors	37
GRI 2-18	Assessment of the Highest Governance Body's Performance	2023 Annual Report p.23	
GRI 2-19	Remuneration Policies	2023 Annual Report p.17	
GRI 2-20	Remuneration Decision-Making Process	2023 Annual Report p.17	
GRI 2-21	Annual Total Remuneration Ratio	5.1 Employee Relations	75
<b>4. Strategies, Policies, and Approaches</b>			
GRI 2-22	Statement of Sustainable Development Strategy	Letter from the Chairman	3
		1.1 Promotion of Sustainable Management	15
GRI 2-23	Policy Commitment	3.2.2 Integrity and compliance	41
		5.1.4 Employee communication and rights and benefits	79
GRI 2-24	Incorporation of Policy Commitment	1.2 Corporate Sustainable Development Organizational Structure	17
GRI 2-25	Procedures for Remedying Negative Impacts	3.2.1 Comprehensive information disclosure	40
		5.1 Employee Relations	75
GRI 2-26	Opportunities to Seek Advice and Raise Concerns	5.1 Employee Relations	75
GRI 2-27	Compliance	3.2.2 Integrity and compliance	41
GRI 2-28	Membership of associations	2.5 External Participation	34
<b>5. Stakeholder Engagement</b>			
GRI 2-29	Stakeholder Engagement Guidelines	1.4 Analysis of Material Issues	20
GRI 2-30	Collective bargaining agreements	5.1 Employee Relations	75

**Material topics****GRI 3: Material topics in 2021**

3-1	Process for Determining Material Topics	1.4 Analysis of Material Issues	20
3-2	List of material topics	1.4 Analysis of Material Issues	20
3-3	Management of Material topic	1.4 Analysis of Material Issues Refer to the table below for the location of the 11 material topic headings	20

**Material topics: Products liability and after-sales services****GRI 417: Marketing and Labeling: 2016**

417-1	Requirements for product and service information and labeling	3.4.1 Product safety and regulatory compliance	45
417-2	Incidents of non-compliance concerning product and service information and labeling	No such event occurred at the Company	
417-3	Incidents of non-compliance concerning marketing communications	No such event occurred at the Company	

**GRI 418: Customer Privacy: 2016**

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No such event occurred at the Company	
-------	--	---------------------------------------	--

**Material topics: Compliance**

Industry-specific topics	Social, Economic, and Environmental Regulatory Compliance	3.6 Socioeconomic Compliance	50
		4.8 Environmental Compliance	71

**Material topics: Risk management**

Industry-specific topics	Types of Risks and Management	3.3 Risk Assessment and Management	42
--------------------------	-------------------------------	------------------------------------	----

GRI Standard	Disclosure Item	Chapter or Description	Page
<b>Material topics: Occupational Health and Safety</b>			
<b>GRI 403: Occupational Health and Safety: 2018</b>			
403-1	Occupational health and safety management system	5.1.6 Employee safety and health	83
403-2	Hazard identification, risk assessment, and incident investigation	5.1.6 Employee safety and health	83
403-3	Occupational health services	5.1.6 Employee safety and health	83
403-4	Worker participation, consultation, and communication on occupational health and safety	5.1.6 Employee safety and health	83
403-5	Worker training on occupational health and safety	5.1.6 Employee safety and health	83
403-6	Promotion of worker health	5.1.6 Employee safety and health	83
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.1.6 Employee safety and health	83
403-9	Occupational injuries	5.1.6 Employee safety and health	83
403-10	Work-related ill health	5.1.6 Employee safety and health	83
<b>Material topics: Green products</b>			
<b>GRI 301: Materials: 2016</b>			
301-1	Materials used by weight or volume	4.3 Raw Material Usage	62
<b>GRI 416: Customer Health and Safety: 2016</b>			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No such event occurred at the Company	
<b>Material topics: Water resource management</b>			
<b>GRI 303: Water and Effluent 2018</b>			
303-1	Interactions with water as a shared resource	4.7 Water resource management	68

303-2	Management of water discharge-related impacts	4.7 Water resource management	68
303-3	Water Withdrawal	4.7 Water resource management	68
303-4	Water discharge	4.7 Water resource management	68
303-5	Water consumption	4.7 Water resource management	68
<b>Material topics: Greenhouse gas and air pollutant emissions</b>			
<b>GRI 305: Emissions: 2016</b>			
305-1	Direct (Scope 1) GHG emissions	4.5 Emissions	66
305-2	Energy indirect (Scope 2) GHG emissions	4.5 Emissions	66
305-4	GHG emissions intensity	4.5 Emissions	66
305-5	Reduction of GHG emissions	4.6 Waste	68
305-6	Emissions of ozone-depleting substances (ODS)	No actions involving the production, import, and export of related substances occurred within the scope of the Report. This is therefore not applicable	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4.5 Emissions	66
<b>Material topics: Adaptation to global climate change and economic changes in operations</b>			
Industry-specific topics	Climate Change Risks and Opportunities Management	4.1 Climate Change Risks and Opportunities	53
<b>Material topics: Energy Management</b>			
<b>GRI 302: Energy: 2016</b>			
302-1	Energy consumption within the organization	4.4 Energy Management	63
302-3	Energy Intensity	4.4 Energy Management	63
302-4	Reduction of energy consumption	4.4 Energy Management	63
<b>Material topics: Human rights protection</b>			
Industry-specific topics	Human Rights Protection Policy	3.5 Supply Chain Management 5.1.4 Employee communication and rights and benefits	47 79



GRI Standard	Disclosure Item	Chapter or Description	Page
<b>Material topics: Customer relations and protection</b>			
<b>GRI 416: Customer Health and Safety: 2016</b>			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No such event occurred at the Company	
<b>General topics</b>			
<b>Other topics</b>			
<b>GRI 201: Economic Performance: 2016</b>			
201-1	Direct economic value generated and distributed	2.3 Economic Performance	33
201-3	Defined benefit plan obligations and other retirement plans	5.1 Employee Relations	75
<b>GRI 202: Market presence: 2016</b>			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.1 Employee Relations	75
202-2	Proportion of senior management hired from the local community	5.1 Employee Relations	75
<b>GRI 204: Procurement Practices: 2016</b>			
204-1	Proportion of spending on local suppliers	3.5 Supply Chain Management	47
<b>GRI 401: Employee Relations: 2016</b>			
401-1	New employee hires and employee turnover	5.1 Employee Relations	75
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.1 Employee Relations	75
401-3	Parental leave	5.1 Employee Relations	75

**GRI 402: Labor/Management Relations: 2016**

402-1	Minimum notice periods regarding operational changes	<p>In the event of a major operational change that requires the termination of employment of certain employees, the Company shall provide advance notice of the termination date of the contract in accordance with Article 16, Paragraph 1 of the Labor Standards Act. The advance notice period shall be determined based on the number of years of service of the worker as specified below:</p> <p>(1) Employees who have continuously worked for more than 3 months but less than 1 year are provided with a 10-day notice.</p> <p>(2) Employees who have continuously worked for more than 1 year but less than 3 years are provided with a 20-day notice.</p> <p>(3) Employees who have continuously worked for more than 3 years are provided with a 30-day notice.</p>	
-------	--	---	--

**GRI 404: Training and Education: 2016**

404-1	Average hours of training per year per employee	5.1.3 Employee education and training	78
404-2	Programs for upgrading employee skills and transition assistance programs	5.1.4 Employee communication and rights and benefits	79
404-3	Percentage of employees receiving regular performance and career development reviews	5.1.3 Employee education and training	78

**GRI 405: Employment diversity and equal opportunities: 2016**

405-1	Diversity of governance bodies and employees	5.1.1 Employer-Employee Relationship	75
-------	--	--------------------------------------	----

**GRI 413: Local Communities: 2016**

413-1	Operations with local community engagement, impact assessments, and development programs	5.2 Social Engagement	90
413-2	Operations with significant actual and potential negative impacts on local communities	No such event occurred at the Company	

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

Disclosure Topics	Indicator Number	Indicator Item	Type	2023 Value or Explanation
Water Management	CG-HP-140a.1	(1) Total water intake (M³)	Quantitative data	Refer to Report Section 4.7 Water Resources Management
		(2) Percentage of Total Water Consumption (m³) in Areas with High or Extremely High Water Stress		Refer to Report Section 4.7 Water Resources Management
	CG-HP-140a.2	Description of Water Resource Management Risks and Discussion of Strategies and Practices to Mitigate These Risks	Discussion and analysis	Refer to Report Section 4.7 Water Resources Management
Product Environmental, Health, and Safety Performance	CG-HP-250a.1	Revenue from Products Containing REACH Substances of Very High Concern (SVHC)	Quantitative data	No products containing SVHC substances
	CG-HP-250a.2	Revenue from Products Containing Substances Listed on California DTSC Candidate Chemicals List		No products containing California DTSC substances
	CG-HP-250a.3	Discussion of the Identification and Management of Emerging Materials and Chemicals of Concern	Discussion and analysis	1. Chemical Use and Management Principles, 100% compliance with Taiwan Cosmetic Regulations and Environmental Protection Agency Regulations. 2. No use of SVHC and DTSC-listed substances. 3. Quarterly updates of the latest chemical regulations in various countries during development meetings. 4. Researchers possess Safety Data Signatory certificates, systematically evaluating and analyzing product toxicological capabilities. 5. Product development includes "Risk Assessment Process" with comprehensive risk assessment reports for formulations, packaging, and processes.
	CG-HP-250a.4	Revenue from Products Designed with Green Chemistry Principles	Quantitative data	NT\$562,191 thousand
Packaging Lifecycle Management	CG-HP-410a.1	(1) Total Packaging Weight (T)	Quantitative data	319 tons
		(2) Percentage Made from Recycled and/or Renewable Materials		88.63%
	CG-HP-410a.2	(3) Percentage that is Recyclable, Reusable, and/or Compostable  Discussion of Strategies to Reduce Packaging's Environmental Impact throughout Its Lifecycle	Discussion and analysis	1. Overall packaging strategy follows the product 4R development plan: Reduce plastic usage, Reuse for reusability, Recycle for recycling, Replace for alternative forms to reduce plastic. 2. Develop concentrated product packaging and paper box packaging to reduce plastic usage and improve product storage and transportation efficiency. 3. Develop recycled plastics to replace new plastics, promote plastic recycling and circularity, and reduce carbon emissions. 4. Develop 100% environmentally friendly packaging, including recyclable, reusable, compostable, or renewable materials, and avoid using environmentally harmful substances.

Disclosure Topics	Indicator Number	Indicator Item	Type	2023 Value or Explanation
Environmental and Social Impacts of Palm Oil Supply Chain	CG-HP-430a.1	Percentage of palm oil purchases that are certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chain:	Quantitative data	N/A
		(a)IP (Identity Preserved): Identity preserved supply chain model		
		(b)SG (Segregated): Verified and non-verified segregated supply chain model.		
		(c)MB (Mass Balance): Verified and non-verified mixed supply chain model.		
		(d)BC (Book and Claim): Booking and claim supply chain model.		
Activity Indicator	CG-HP-000.A	Units of Products Sold, Total Weight of Products Sold (T)	Quantitative data	Household paper: Approximately 168,962 tons Cleaning products: Approximately 5,505 tons
	CG-HP-000.B	Number of Production Facilities		Household paper: 4 Production site Cleaning products: 1 Production site Refer to Report Section 2.1 Company Profile



## Independent Third-Party Assurance Statement



### INDEPENDENT ASSURANCE OPINION STATEMENT

#### YFYCPG 2023 Sustainability Report

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

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

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

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

#### Scope

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

1. The assurance scope is consistent with the description of YFYCPG 2023 Sustainability Report.
2. The evaluation of the nature and extent of the YFYCPG's adherence to AA1000 AccountAbility Principles (2018) and the reliability of specified sustainability performance information in this report as conducted in accordance with type 2 of AA1000 AS v3 sustainability assurance engagement.

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

#### Opinion Statement

We conclude that the YFYCPG 2023 Sustainability Report provides a fair view of the YFYCPG sustainability programmes and performances during 2023. The sustainability report subject to assurance is materially correct without voluntary omissions based upon testing within the limitations of the scope of the assurance, the information and data provided by the YFYCPG and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are correctly represented. The sustainability performance information disclosed in the report demonstrate YFYCPG's efforts recognized by its stakeholders.

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

#### Methodology

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

- a review of issues raised by external parties that could be relevant to YFYCPG's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on YFYCPG's approach to stakeholder engagement. Moreover, we had sampled 1 external stakeholder to conduct interview.
- interview with 3 staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of materiality assessment process.
- review of key organizational developments.
- review of the extent and maturity of the relevant accounting systems for financial and non-financial reports.
- review of the findings of internal audits.
- the verification of performance data and claims made in the report through meeting with managers responsible for gathering data.
- review of the processes for gathering and ensuring the accuracy of data, followed data trails to initial aggregated source and checked sample data to greater depth during site visits.
- the consolidated financial data are based on audited financial data, we checked that this data was consistently reproduced.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness, and Impact as described in the AA1000AP (2018).

#### Conclusions

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

#### Inclusivity

In this report, it reflects that YFYCPG has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the YFYCPG's inclusivity issues and has demonstrated sustainable conduct supported by top management and implemented in all levels among organization.

#### Materiality

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

#### Responsiveness

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

#### Impact

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

#### Performance information

Based on our work described in this statement, specified sustainability performance information such as GRI Standards disclosures disclosed in this report, YFYCPG and BSI have agreed upon to include in the scope. In our view, the data and information contained within YFYCPG 2023 Sustainability Report are reliable based on procedures undertaken by means of vouching, re-tracking, re-computing and confirmation.

#### GRI Sustainability Reporting Standards (GRI Standards)

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

#### Assurance level

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

#### Responsibility

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

#### Competency and Independence

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

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan



making excellence a habit™

Statement No: SRA-TW-2023025

2024-06-20

Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Ni-Hu Dist., Taipei 114, Taiwan, R.O.C.

A Member of the BSI Group of Companies.



# SUSTAINABILITY REPORT

