JINAN ACETATE CHEMICAL CO., LTD.

2024 Sustainability Report



Notice to readers

This report of English version is for reference only. In case of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

Jinan Acetate Chemical Co., Ltd. Sustainability Report Table of Contents

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Chairman's Message



Dear stakeholders of Jinan Acetate Chemical Co., Ltd. (hereinafter "the Company"):

Welcome to the Company's 2024 Sustainability Report. While the Company recognizes that profit-making is the primary purpose of a corporation and that maximizing shareholder value is the core objective of its establishment, we are also aware that in recent years some domestic and international enterprises, in their pursuit of profits, have caused pollution to the surrounding environment or engaged in exploitative labor practices. Through the publication of this Report, we seek to inform our stakeholders of the Company's efforts across management, environmental protection, and social and labor rights. We also aspire to further raise awareness within the industry on sustainable operations and green development, while responding appropriately to stakeholders' expectations of us. Only by balancing corporate governance, environment, and social responsibility can the Company achieve stability, sustainability and development.

Solid Corporate Management

The Company's Board of Directors comprises a total of eight directors, including four independent directors. The Company's Remuneration Committee and the Audit Committee, composed of independent directors, oversee corporate management through regular meetings and align senior management's compensation with the Company's operational performance to ensure that senior executives fulfill their fiduciary duties diligently and create the greatest benefit for the Company. In addition, the Company authorizes each responsible department to communicate with its corresponding groups of stakeholders in a timely manner, to understand their requirements and expectations. After thorough internal discussion and decision-making, the Company provides appropriate responses to stakeholders.

Looking back on 2024, the Company's consolidated revenue increased by 42.52% compared to the previous year. Revenues from acetate tow and acetate flake reached new record highs, primarily benefiting from the restructuring of supply chains intensified by trade conflicts and geopolitical developments, which sustained strong demand for acetate tow and acetate flakes. Meanwhile, the completion of our new capacity expansion further contributed to growth. Supported by strong demand, ongoing capacity expansion, and cost structure optimization through vertical integration, the Company enhanced its market share and strengthened its industry position. In addition to maintaining existing customers, the Company continued to develop niche markets and adjusted pricing strategies through active communication with customers. Overall, the Company remains cautiously optimistic about future business growth.

In compliance with laws and regulations across various jurisdictions at which the Company operates, we pledge that all responsible units execute their operations in strict accordance with applicable legal requirements while monitoring regulatory developments to adjust management systems and operating practices in order to mitigate legal risks and support the goal of sustainable operations. In 2024, the Company did not incur any material violations of laws or regulations in Taiwan or Mainland China.

Commitments to Environmental Sustainability and Practices Thereof

Resource Regeneration and Circular Utilization

Product recycling and reprocessing are essential components of the circular economy. By adopting various recovery methods such as mechanical, chemical, or pyrolytic processes, products can be reused, thereby reducing the depletion of the Earth's resources in an effective manner. The Company has collaborated with the Sapienza University of Rome, Italy, to recycle cellulose acetate pellets through chemical separation and pyrolysis, successfully converting them back into primary raw materials: plasticizers, acetic acid, and cellulose. Such new technology is currently under patent application, while feasibility studies are underway to assess the reuse of these recovered raw materials for reprocessing. The Company will continue to expand the development of this recycling technology to achieve practical industrial-scale benefits. Recognizing that abundant and clean water resources are indispensable to a sustainable environment, the Company has already enhanced its on-site wastewater treatment capacity, ensuring full compliance with discharge standards. However, we consider this only a baseline requirement. The Company is committed to improving the recycling of process water, promoting graded reuse of reclaimed water, and thereby enhancing water-use efficiency while minimizing waste. For detailed information on recycled water usage over the recent three years, please refer to P. 48 of this Report.

Green Manufacturing Process, and Energy Saving and Carbon Reduction

The pretreatment of raw materials and the acetylation of cellulose are the most critical stages in the cellulose acetate manufacturing process with the greatest environmental impact. Currently, numerous studies are underway to develop greener processes for cellulose acetate. In line with these efforts, the Company is evaluating how to reduce alkali consumption during the pretreatment stage, as well as how to decrease the use of organic solvents and acetic anhydride during acetylation. Gradually, the Company will introduce green processes from the experimental stage into production, thereby reducing resource consumption and lowering the carbon footprint across the entire product life cycle.

Pursuit for Employee Happiness

First and foremost, we place great importance on safeguarding employee rights and interests. We see better welfare for employees the sole solution to retain the talent we have nurtured, and we comply with labor laws and regulations to protect the lawful rights of all employees. Meanwhile, by entering into labor contracts with each employee and paying social insurance contributions, we ensure peace of mind at work as well as pension security upon retirement. Through the implementation of a fair and equitable compensation system, the establishment of a comprehensive talent development program, and encouragement of external training opportunities to maintain competitiveness, we aim to attract, cultivate, and retain diverse talents, supporting the Company's sustainable development. Furthermore, we emphasize safe production, as evidenced by our continuous safeguarding of employees' occupational health and safety, obtaining of multiple safety-related certifications, fully improved workplace conditions, and enhanced safety awareness among employees, thereby successfully achieving safety objectives. Looking ahead, as employees' awareness of their rights continues to grow, the Company will remain attentive to employee welfare and implement care policies, with a view to meet diverse employee demands, to reduce turnover among new hires, and to establish a stable workforce, thereby fostering sustainable development of the Company in a benign manner.

Chairman WANG, KO-CHANG

About this Report

This is the 2024 Sustainability Report of Jinan Acetate Chemical Co., Ltd. (hereinafter "the Company"). Through this Report, the Company communicates to its stakeholders the efforts and achievements made in 2024 under the goal of advancing corporate sustainability. These include strengthening corporate governance, enhancing customer service, protecting the environment, ensuring workplace safety, and caring for employees. Looking ahead, the Company aspires to shoulder greater corporate social responsibility (hereinafter "CSR").

Boundary and Scope of Report

This Report covers the period from January 1, 2024 to December 31, 2024, and includes the Taiwan office as well as four overseas subsidiaries—Jinan Acetate Chemical Ltd., Acetek Material Co., Ltd., Acetek Momentum Co., Ltd., and Acetate (Shandong) Environmental Fiber Co., Ltd.—hereinafter referred to as Jinan Acetate Chemical, Acetek Material, Acetek Momentum, and Acetek Environmental. Unless otherwise specified, financial data are presented on a consolidated basis. Any cross-year data, changes in reporting scope, or restatements of information are explained within the relevant sections of this Report.

Preparation Basis and Verification

This Report adopts the GRI (Global Reporting Initiative) Universal Standards 2021 in its preparation, and describes and discloses information in accordance with required items for the chemical industry under the "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE/TPEx Listed Companies." In addition, the Report has been independently verified by Legendary & Steadfast Accountancy (LSA) in accordance with TWSAE No. 1 "Assurance Engagements other than Audits or Reviews of Historical Financial Information," and a limited assurance was obtained.

Publication Intervals

The Company reaffirms its commitment to publishing a Sustainability Report on an annual basis. The 2024 edition represents the ninth report issued by the Company and has been made publicly available on the Company's official website. The complete report can be accessed and downloaded at: www.acetekgroup.com.

Publication Date of Previous Report: August 2024. Publication Date of Current Report: August 2025.

Provisional Publication Date of Next Report: August 2026.

Contacts

We welcome messages for questions or suggestions about this Report.

Jinan Acetate Chemical Co., Ltd.

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Corporate Website URL: www.acetekgroup.com

Restatement of Information

3.3 Waste Treatment and Recycling

Statistics of 2023 General Industrial Waste

Due to the increase in sludge disposal by Acetek Material in 2023, the total volume has been revised from 751.49 metric tons to 2,210.72 metric tons.

3.6 GHG Management

About Recalculation of Volumes at Baseline Year 2024:

- (1) For wood pulp procurement by Acetek Material, the purchase unit was recorded in kilograms, yet certain activity data were mistakenly labeled as metric tons in the system. The activity data units have therefore been corrected.
- (2) For stationary combustion of diesel, the calorific value announced in China in 2023 was incorrectly converted into an emission factor, and the factor has been revised.
- (3) For mobile combustion of diesel/gasoline, the calorific value announced in China in 2023 was also incorrectly converted into an emission factor, and the factor has been revised.

Therefore, the 2023 emissions have been revised as follows:

Scope 1: Revised from 59,770.43 to 59,701.20;

Scope 3: Revised from 88,022.80 to 77,957.86; and

Total Volume: Revised from 198,020.86 to 187,886.69.

Chapter 1 Sustainable Development

1.1 Sustainable Development Strategies

Sustainable Operations of Enterprise

Enterprises are established for the purpose of pursuing profits, with maximizing shareholder value as their primary objective for continued existence; however, in recent years, there have been instances where enterprises, in the course of production, have caused environmental pollution or engaged in exploitative labor practices. As a result, in our country the call for enterprises to assume greater social responsibility has grown stronger. As a member of society, enterprises are expected to give back to the community. To promote sustainable operations and fulfill CSR, the Company strives to achieve a balance among economic growth, environmental protection, and social engagement. The Company has formulated its CSR Code of Conduct, serving as a guideline for implementing CSR and as a public declaration of our commitment to sustainability. Under the authorization of the Chairman, each responsible business unit appoints representatives to form the Corporate Sustainability Implementation Task Force. The Task Force engages with various stakeholder groups through multiple communication channels to understand their concerns and expectations regarding corporate management, green sustainability, labor and human rights, and product responsibility. Furthermore, the Task Force meets at the beginning of each year to review stakeholder concerns, deliberate thoroughly, and propose responsive strategies and concrete action plans, which are then submitted to the Chairman for approval.

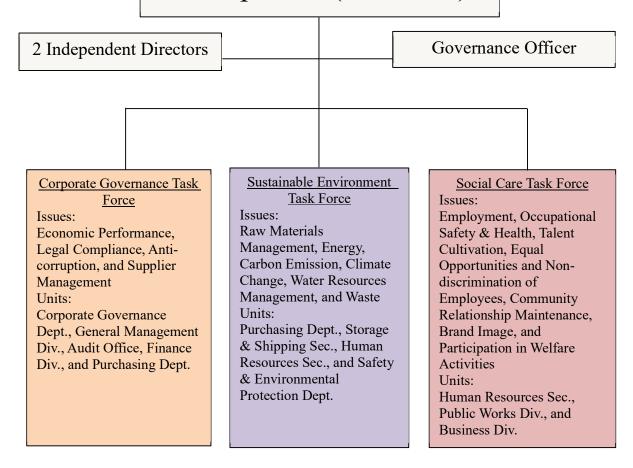
In 2024, the Company established its Sustainable Development Committee under the approval by the Board of Directors. The President was appointed as the chairperson, while responsible units are tasked with implementing initiatives related to corporate governance, economic, environmental, and social aspects of sustainable development. The Committee reports annually to the Board of Directors on the Company's sustainable development performance, thereby strengthening the Board of Directors' involvement in overseeing the Company's progress. To further enhance sustainable development, the Company had already appointed a Corporate Governance Officer in 2023 to continuously advance sustainability-related efforts. In 2024, the Corporate Governance Officer completed 18 hours of sessions as part of his continuing education.

Implementation of Continuing Education by Corporate Governance Officer in 2024

Organizer	Course Name	Hours
Securities & Futures Institute	Must-know 10 Sustainability Issues for Directors and Supervisors	3
Securities & Futures Institute	Corporate Governance Assessment Indicators, and Challenges and Responsibilities of the Board under the Sustainability Action Plans	3
Taiwan Stock Exchange	2024 Cathay United Sustainable Finance Season- Climate Change Summit Forum	6
Taiwan Stock Exchange	Advocacy on Building a Brand-new Carbon Era with the Knowledge of Sustainability	6

Organization Chart of Sustainable Development Committee

Chairperson (President)



Sustainable Development Outcomes

Sustamació i	Development Outcomes
Corporate Governance	 The Company upholds an enterprise culture rooted in integrity, maintaining close interaction and effective communication channels with stakeholders to understand their needs. At the same time, the Company advances sustainable development, safeguards shareholders' rights and interests, and strengthens the functions of the Board of Directors as part of its ongoing efforts. The election of directors requires candidates to possess professional backgrounds relevant to the industry, as well as extensive practical experience and a deep understanding of industry trends. To further enhance the effectiveness of the Board of Directors, all members are expected to demonstrate competencies including ability to make operational judgments, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, an international market perspective, ability to lead, and ability to make policy decisions, thereby ensuring the quality of the Board's decision-making. All directors uphold a high level of self-discipline and implement conflict-of-interest avoidance. Each year, the Board of Directors conducts a self-assessment to review its performance and effectiveness for the year.
Economy	 The Company is committed to sustainable development and the pursuit of long-term benefits, creating diverse value for stakeholders. The Company develops diversified products and advanced production technologies to continuously strengthen product competitiveness and increase overall market share. The Company allocates annual funding for research and development projects, focusing on new product development and process improvements, while increasing the proportion of automated production to enhance overall efficiency and reduce costs. The Company maintains existing customer relationships while actively identifying potential clients. By participating in international exhibitions, the Company explores emerging markets with growth potential and selects suitable partners to achieve mutual development.
Environment	 The Company implements a systematic environmental management approach through the ISO 14001 Environmental Management system. The Company has upgraded its wastewater treatment facilities to ensure that process wastewater discharge complies with legal standards. The Company enforces proper waste classification, treatment, and recycling to minimize overall environmental impact. Waste is entrusted to locally certified contractors to ensure legal compliance and safe handling. The Company strengthens the management of raw materials and product manufacturing or transportation processes to protect workplace safety and reduce the likelihood of incidents. The Company utilizes natural gas and steam as energy sources. Although more costly, they are lower-carbon alternatives compared to diesel or gasoline, helping to reduce the Company's overall carbon footprint. The Company continuously monitors greenhouse gas (hereinafter "GHG") emission intensity to ensure that business operations remain sustainable while minimizing environmental impact. The Company implements climate change risk and opportunity assessments and establishes appropriate response mechanisms.
Society	 The Company values harmonious labor relations and employee rights, striving to provide comprehensive employee benefits and care programs to meet staff needs and effectively reduce turnover. The Company fosters a safe and healthy workplace by continuously improving operational environments, enforcing adherence to safety policies, and providing job-specific safety training and assessments to minimize occupational hazards. The Company conducts regular employee health check-ups with follow-up measures to safeguard physical and mental well-being.

Management Systems

The Company has obtained four major certifications under the ISO family systems, including ISO 9001 Quality Management, ISO 14001 Environmental Management, ISO 50001 Energy Management, and ISO 45001 Occupational Safety & Health, and proceeds to maintain their validity.



Jinan Acetate Chemical Co., Ltd. ISO9001

Acetek Material Co., Ltd. ISO9001

Acetek Momentum Co., Ltd. ISO9001



Jinan Acetate Chemical Co., Ltd. ISO 50001



Acetate (Shandong) Environmental Fiber Co., Ltd. ISO 50001





ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATE

Certification No: 117 24 E0 0032-12 R2M

This is to certify that: JINAN ACETATE CHEMICAL CO., LTD

Unified social credit code: 91370100705898383Y

Registered Address: No. 9, East Taking Street, Jibei Development Zone, Jiyang District, Jinan City, Shandon Province, China

No. 9, East Taixing Street, Jibei Development Zone, Jlyang District, Jinan City, Shandon; Province, China No. 8, Tongri Street, Jibei Development Zone, Jlyang District, Jinan City, Shandong

Business Address:

Province
2-408/409, Building 7, Shangang Xintiandi Plaza, No. 61, Gongye South Road, Lixia Distri-

The established MS conforms to: GB/T24001-2016/ISO14001:2015

Seems of approval: Produce and Sell Acetate Town

Signed by:

Original Cycle:
Previous Cycle:
Second Recertification Date:
Second Recertification Cycle of Current Certification Cycle of Cycle of

28 Feb. 2019 to 27 Feb. 2022 28 Feb. 2022 to 27 Feb. 2025 17 Dec. 2024 to 20 Dec. 2024 28 Feb. 2025 to 27 Feb. 2028 27 Dec. 2024

Shanghai Ingeer Certification Assessment Co.,Lid.
Certification and Accreditation Administration of PRCCNCAR-2003-117
Tet: 400-533-9001 / 46 022-51114700

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Jinan Acetate Chemical Co., Ltd. ISO 14001



Acetek Momentum Co., Ltd. ISO 14001



Acetek Material Co., Ltd. ISO 14001



Acetate (Shandong) Environmental Fiber Co., Ltd. ISO 14001

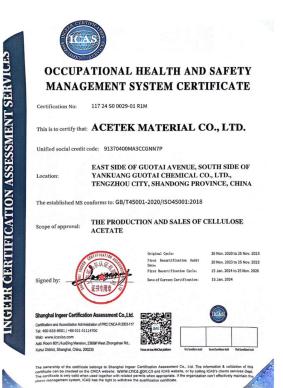




Jinan Acetate Chemical Co., Ltd. ISO 45001



Acetek Momentum Co., Ltd. ISO 45001



Acetek Material Co., Ltd. ISO 45001



Acetate (Shandong) Environmental Fiber Co., Ltd. ISO 45001

1.2 Stakeholder Engagement

Stakeholder Identification

The Company identifies relevant stakeholders through interactions between its various operational departments. Each department nominates Stakeholders, and department representatives vote to select the Company's key stakeholders for the current year as follows:



Stakeholder Communications

The Company's departments communicate with stakeholders through established channels to collect information on the issues of their concerns, during which various methods are engaged depending on the nature of each department's operations, including both routine and non-routine channels. The issues of concern also differ by stakeholder category. Through this diversified approach, the Company aims to accurately understand stakeholders' needs and expectations and to enhance interaction and engagement with them.

Table for Stakeholder Communications and Issues of Concern

Stakeholders	Significant of Primary Stakeholders to the Company	Responsibl Issues of Concern		Channel of Communications	Communicati on Frequency
Government Agency	The government organ responsible for			On-site Inspection	As required
(Administration of Work Safety and	overseeing and examining the	Public	Community Relationship	Training	As required
Municipal Bureau of Public Security of Jinan County)	Company's compliance practices under environmental regulations	Works Div.	Management	Phone	As required
Government	The government organ responsible for			Official Website of Agency, Official Documents, and Public Announcements	As required
Agency (Bureau of Human Resources	gency overseeing and examining the Resources Company's compliance practices	Human Resources Sec.	Employment, Occupational Health and	Advocacy Meeting on Competent Authority Policies	As required
and Social Security)			Safety	Phone, email, and Instant Messaging Software	As required
				Social Insurance Enrollment	Monthly
Government	The government organ responsible for overseeing and	Public Works Div.		Filing of Hazardous Waste via Correspondences	Monthly
Agency (Environmental Protection Bureau)	examining the Company's compliance practices		Waste, Legal Compliance	Internet Filing on the Volume of Waste Generated	Annually
Buicau)	under environmental regulations			On-site Inspection	As required
Government	The government organ responsible for overseeing and		Waste, Legal Compliance,	Signing of Contract(s)	Annually
Agency (Sewage Treatment Plant)	examining the Company's compliance practices under environmental regulations	Public Works Div.	Water Resources Management	On-site Inspection	As required
Government Agency (Gas Company)	The government organ responsible for overseeing and examining the	Public Works Div.	Energy, Climate Change	On-site Inspection	As required

	Company's compliance practices under environmental regulations				
	The government organ responsible for			On-site Inspection	As required
Government Agency	overseeing and examining the	Public	Carbon	Training	As required
(Pollution Control Section)	Company's compliance practices under environmental regulations	Works Div.	Emission	Phone	As required
	The government organ responsible for			Official Documents	As required
Government Agency (Securities Exchange)	overseeing and examining the Company's compliance practices under financial regulations	Finance Dept.	Legal Compliance	Phone, email	As required
	As shareholders are capital contributors of the Company, the			Shareholders Meeting	Once a year
Shareholders/Inve stors	Company shall ensure that its shareholders are informed, engaged, and decisive to material Company matters	Finance Dept.	Legal Compliance	Phone, email, and Instant Messaging Software	As required
	Clients are the main source to Company			Client Satisfaction Surveys	Annually
	revenues. The Company values			Exhibitions	As required
Clients	brand image maintenance and product quality, so that clients may receive premium products and services	Sales Div.	Brand Image	Phone, email, and Instant Messaging Software	As required
	Employees are an indispensable driving force of the		Employment,	Phone, email, and Instant Messaging Software	As required
Employees	Company's operations, and the	Human Resources	Occupational Health and	Correspondence	As required
	Company is dedicated to creating a workplace that	Sec.	Safety	Safety Training	As required

Suppliers/ Contractors/ Vendors	promotes their well-being and diverse development The Company's products and services depend on a stable supply of raw materials and components from multiple suppliers. The Company also exercises its influence to ensure that suppliers do not engage in environmental pollution or human rights violations	Purchasing Dept.	Supplier Management	Signing of Contract(s) Phone, email, and Instant Messaging Software	Annually As required
	The Company's			Meetings	As required
Contractors (Freight	products and transportation services are supported by the	Storage &	Raw Materials	Phone, email, and Instant Messaging Software	As required
Transport Company)	stable provision of raw materials and components from its suppliers	Shipping Sec.	Management	Correspondence	As required

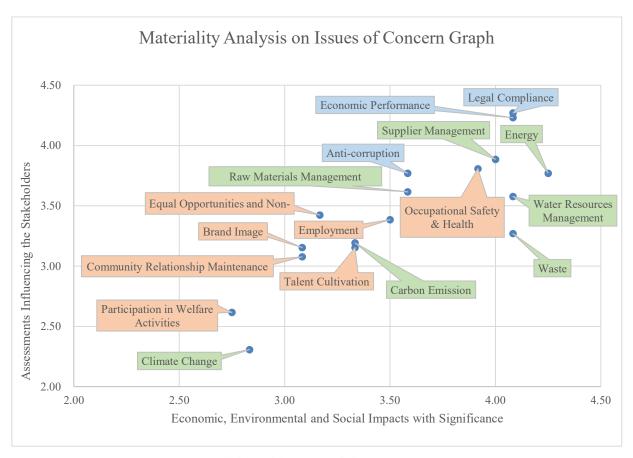
1.3 Material Issues Identification

Materiality Analysis on Issues of Concern

In this year's Sustainability Report, the identification under the materiality analysis on issues of concern has been made in accordance with the principles of the GRI Standards. Each department proposed topics that stakeholders were most concerned about within their areas of expertise. With reference to the GRI Sustainability Reporting Standards: 2021 topics, these were consolidated into a questionnaire comprising 17 issues of concern, serving as the options for selecting the 2023 material issues.

The materiality analysis on issues of concern was conducted through a survey in which departments, representing their respective stakeholders, cast votes. The analysis calculated the product of the average scores for "assessments influencing the stakeholders" and "economic, environmental and social impacts with Significance," Higher-scoring items were selected as the 10 material issues to be prioritized in this year's report, namely: Economic Performance, Legal Compliance, Supplier Management, Water Resources Management, Waste, Raw Materials Management, Energy, Employment, Occupational Safety & Health, and Community Relationship Management. Each issue is addressed in the respective chapters of this Report, covering management approaches, performance results, and future commitments.

Boundaries—both internal and external—were defined according to the scope of each issue's impact. Considering that there have been no material changes in the nature of the Company's operations, the 2024 Sustainability Report continues to adopt the same material topics as the previous year's report, following discussions at the Sustainable Development Committee meeting and with reference to the sustainability disclosure indicators applicable to the chemical industry.



List of Issues of Concern

Economic	1	Economic Performance	Social	11	Employment
Economic	2	Legal Compliance	Social	12	Occupational Safety & Health
Economic	3	Anti-corruption	Social	13	Talent Cultivation
Environmental	4	Supplier Management	Social	14	Equal Opportunities and Non- discrimination of Employees
Environmental	5	Raw Materials Management	Social	15	Community Relationship Management
Environmental	6	Energy	Social	16	Brand Image
Environmental	7	Carbon Emission	Social	17	Participation in Welfare Activities
Environmental	8	Climate Change			
Environmental	9	Water Resources Management			
Environmental	10	Waste			

Material Issues and Their Internal and External Boundaries

IVIGE	TOTAL INCIDENCE AND TO		rnal idary	ei iidi	External	Bounda	101169			
Material Issues	About the Materiality Item	The Company	Employees	Government Agencies	Shareholders/ Investors	Clients	Suppliers/ Contractors/ Vendors	Correspondin g Topic	Disclosu re Items	Chapter for Disclosures in this Report
Economic Performance	The Company is dedicated to sustainable operations and to achieving shareholder returns superior to industry peers, while also strengthening its global market presence and creating diversified value for stakeholders	·	·		·		·	Economic Performance	201-1 201-2 201-3 201-4	2.3 Operation Policies and Performances
Legal Compliance	By adhering to the regulations of its operating sites, the Company strives to establish a robust corporate governance framework and effective management and supervisory mechanisms to ensure sustainable operations	·	·	·				Compliance with Environmental Protection Regulations, Compliance with Socioeconomic Regulations	2-27	2.6 Legal Compliance
Supplier Management	Supplier management, including surveys, evaluations, and performance tracking, enables the Company to enhance the quality of procured goods, obtain more favorable pricing, shorten lead times, and ensure timely services, thereby supporting the delivery of superior products and services						·	Mandatory Disclosure for the Chemical Industry, Procurement Practices, Supplier Environmental Assessment, Supplier Social Assessment	204-1 308-1 308-2 414-1 414-2	2.4 Supplier Partners
Raw Materials Management	Effective raw materials management is a key factor in manufacturing operations, as it has a direct impact on cost control, production capacity, product quality, and overall competitiveness. In today's highly competitive market, the ongoing optimization of raw materials management strategies enables enterprises to consolidate their competitive edge and pursue long-term, sustainable growth			·				Mandatory Disclosure for the Chemical Industry, Materials	301-1 301-2 301-3	3.4 Raw Materials and Safety Management

Energy	Enhancing energy efficiency is a global trend. By effectively implementing energy management and energy-saving measures, the Company can reduce carbon emissions while simultaneously strengthening its corporate reputation, thereby progressing acetate toward the goal of green and low-carbon production	·	·		Energy	302-1 302-2 302-3 302-4 302-5	3.5 Energy Management
Water Resources Management	The reuse of water resources generates sustainable benefits for enterprises. Beyond offsetting water consumption fees and reducing operating costs, it also lessens the impact of wet and dry seasons on water usage, thereby supporting stable business operations		·		Water and Effluent	303-1 303-2 303-3 303-4 303-5	3.2 Water Resources Management
Waste	The objective of hazardous waste management is to reduce risks to society, the environment, and human health, in alignment with environmental management standards and through the assurance of harmless treatment. Through waste minimization and sound control measures, the Company reduces environmental impacts and safeguards employees, while compliant disposal of hazardous waste facilitates site remediation and fosters a positive investment environment				Waste	306-1 306-2 306-3 306-4 306-5	3.3 Waste Treatment and Recycling
Employment	Robust benefits and open communication strengthen employees' awareness and sense of identification, improve work efficiency, and create mutual success for both the Company and its employees	·			Employment	401-1 401-2	4.1 Employee Structure4.2 Remuneration and Benefits

Occupational Safety & Health	Occupational safety and health directly affect human resources and related operating costs. By consistently safeguarding the workplace safety and physical and mental wellbeing of employees, the Company can prevent labor hazards, mitigate corporate risks, reduce social costs, and secure sustainable development	-	·	·		Mandatory Disclosure for the Chemical Industry, Occupational Safety & Health	403-1 403-2 403-3 403-4 403-5 403-6 403-7 403-8 403-9 403-10	4.3 Occupational Health and Safety
Community Relationship Management	Compliance with local laws and regulations, along with the prevention of violations, preserves the Company's reputation and image and strengthens the community's trust and recognition of the Company	·		·		Mandatory Disclosure for the Chemical Industry, Local Communities	413-2	4.4 Community Relationship Management

1.4 Target SDGs for Sustainable Development

To align with the United Nations Sustainable Development Goals (SDGs) launched in 2015, the Company actively responds to the 17 SDGs and their 169 targets through practical initiatives, demonstrating its commitment to sustainable development and CSR.

Material Topic	SDGs	Company Response
Economic Performance	8 合適的工作	 The Company continues to generate profits while contributing to local community welfare. The Company drives the development of the local economy and employs local personnel. R&D investment accounted for 1.79% of net sales in 2024.
Legal Compliance	12 責任消費	 All responsible units strictly comply with laws and regulations, monitoring updates to adjust management systems and operational procedures, reducing legal risks. No significant violations occurred in 2024.
Supplier Management	12 責任消費	 Supplier evaluations are conducted semi-annually, while the Company continuously ensures that raw material and auxiliary material suppliers meet the required standards. In 2024, 91% of raw material and auxiliary material suppliers had signed the suppliers undertaking.

Raw Materials Management Waste Community Relationship Management	12 責任消費 及生產 11 永續城市與 計 社區	 Production processes are improved to reduce waste, with qualified contractors handling waste disposal, and packaging materials recycled; source reduction is continuously promoted. Raw materials transportation and storage are managed under well-established procedures. Raw materials (e.g., acetic acid) in process are purified and continuously recycled for reuse. To minimize impacts on local communities, employees work according to safety operating procedures and are strictly assessed. External professional agencies are commissioned to regularly monitor environmental hazards, with results publicly disclosed.
Energy	13 氣候行動	Risk management and climate change response measures are continuously monitored, and energy consumption is managed to reduce GHG emissions.
Water Resources Management	6 潔淨飲水與衛生	 Total water consumption increased from 337.037 million liters in 2023 to 414.030 million liters in 2024, mainly due to the expansion of the production facilities under Jinan Acetate Chemical. Wastewater quality is regularly tested, and results over the past three years have met local regulatory standards.
Employment	8 合適的工作 及經濟成長	 Compensation, benefits, leave, insurance enrollments, and pension plans are provided in accordance with local labor laws at each operating site. Employee salaries and benefits are adjusted based on company profitability to enhance employee engagement.
Occupational Safety & Health	3 健康與福祉 ────	"Safety Production Leadership Team" and "Work-related Ill Health Tasks Leadership Team" were established to oversee safety production and occupational health management.

Chapter 2 Corporate Governance

The Company places integrity as the top priority in its corporate culture and strives to maintain mutual prosperity with stakeholders, including shareholders, suppliers, and clients. The Company also values labor—management harmony, safeguards employee rights, and fosters a safe and healthy working environment; to protect stakeholders' interests, the Company has established effective communication channels with shareholders, suppliers, clients, and other stakeholders, ensuring timely understanding of their requirements and expectations.

The Company's Board of Directors is committed to maximizing shareholder returns while formulating the Company's strategic vision and delegating operational management to professional executives. In addition, independent directors, the Audit Department, and external auditors diligently fulfill their supervisory and auditing responsibilities, ensuring compliance with laws and regulations, implementing risk management, and conducting risk assessments with an aim to achieve stable operations, balanced profitability, and sustainable development.



2.1 Company Profile

The Company was established in September 2014 as an offshore holding company in the Cayman Islands. Jinan Acetate Chemical primarily engages in the production, sales, and R&D of acetate tow. To secure upstream raw materials through vertical integration, the Company, together with upstream suppliers Lunan Chemicals and downstream strategic investors Thy Glory Ltd., established in 2016 the Acetek Material, who focuses on the production, sales, and R&D of acetate flake; meanwhile, to further reduce production costs, the Company expanded upstream by establishing Acetek Momentum in 2020, primarily engaged in the production and sales of acetic anhydride. In response to strong market demand,

a new acetate tow production facility, Acetek Environmental, was built in 2023 to increase acetate tow capacity, followed by the construction of the acetate flake plant, Acetek Aspiration (Shandong) Co., Ltd., in 2024, further expanding acetate tow production capacity.

Acetate tow belongs to the cellulose acetate industry and is mainly used as a filter material. Its downstream applications include cigarette filters, diaper liners, pen ink cartridges, non-woven face masks, RO membranes, and sewage treatment, along with blood filters in medicine, as well as high-end apparel. Globally, 75%-85% of cellulose acetate production is acetate flake, with over 90% of acetate tow used in cigarette filters. The raw material for acetate flake is wood pulp, a natural and renewable fiber, which is processed through a series of technological procedures to produce acetate tow.

In recent years, due to overuse of plastics leading to depletion of petrochemical resources, increased carbon emissions, and environmental pollution caused by plastic particles, there has been a global trend acetate toward plastic reduction and bans, enforced through legislation. As a result, plastic-grade acetate flake applications have gained increasing market attention. In addition to its own acetate flake pellet production line supplying products such as optical frames, the Company collaborates with downstream manufacturers to produce bio-plastic films of various thicknesses, used for soft and rigid packaging, containers, or injection-molded bio-plastic products as alternatives to conventional plastics. Market research indicates that the global market size for bio-based materials substituting traditional plastics is approximately 35 million tons per year, while current global bio-plastics production capacity is about 2 million tons, reflecting substantial growth potential.







Spinning-grade Acetate Flake

Plastic-grade Acetate Flake

Acetic Anhydride

Product Application Diagram-Acetate Flake

塑料級 Plastic Grade

紡絲級 Fiber Grade

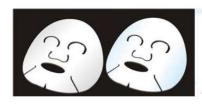






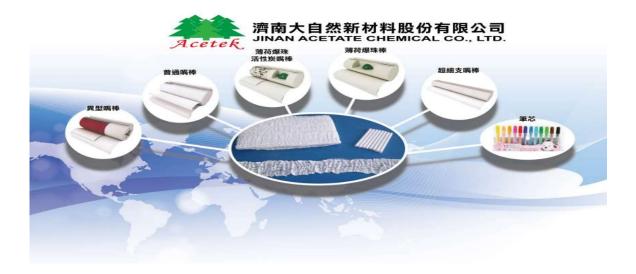








Product Application Diagram-Acetate Tow



Basic Information

Company Name	Jinan Acetate Chemical Co., LTD. Taiwan Office		
Head Office Location	6F, No. 18, Ln. 419, Guangfu S. Rd., Xinyi Dist., Taipei City		
Capital	NT\$989,147 thousand		
2024 Sales	NT\$15,713,325 thousand		
Main Scope(s) of Business	R&D, manufacturing and sales of acetate flake, acetate tow, and acetic anhydride		
Total Output	Acetate Flake 37,800 tons; Acetate Tow 45,377 tons; and Acetic Anhydride 66,232 tons		
Total No. of Employees	643		
Primary Operating Sites	Taipei, Taiwan; Jinan, China; and Zaozhuang, China		
Sales Regions	Acetate Flake: China, Italy, and Taiwan Acetate Tow: Over 50 nations across South America, North Africa, Eastern Europe, Central Asia, and Southeast Asia. Acetic Anhydride: China.		
Ownership and Legal Form	Refer to P.59 of the Company's 2024 Annual Report		

The Company's current business activities primarily focus on the R&D, manufacturing, and sales of acetate flakes, acetate tow, and acetic anhydride. We recognize that continuous profitability relies heavily on ongoing R&D efforts. Accordingly, in recent years, the Company has devoted significant resources to R&D, achieving the following results:

Expressed in NT\$ thousands; %

		1	w III I (I w III o dodii do)
Item / Year	2024	2023	2022
R&D Expense	280,699	187,499	171,295
Net Operating Revenue	15,713,325	11,025,642	4,269,391
Proportion to Net Sales (%)	1.79	1.70	4.01

In 2024, the Company's R&D expenses were primarily allocated to improving existing product manufacturing processes. In addition, driven by sustainable environmental considerations and in response to client demands, resources were invested in the development of biodegradable, eco-friendly materials to expand the portfolio of environmentally compliant products and enhance market share. For detailed information on R&D achievements, technical specifications, and product applications, refer to P.71~P.73 of the Company's 2024 Annual Report.

Moreover, recognizing the market's volatility and the importance of product diversification to mitigate sales risks, the Company has allocated significant R&D resources to the development of the following products.

Product	New Product Applications		
Acetate Tow	Conventional cigarette filters, ink cartridge for gel ink pen, diaper, other filtration materials, heated tobacco product filters, etc.		
Base Fabric (Non-woven Fabric)	Facial masks, and surgical masks		
Plastic-grade Acetate Flake	Specialty sheets, plastic toys, packaging materials, instrument housings, and tool handles		
Cellulose Triacetate	Protective films (TAC films) to LCD polarizer (PVA films), and organic permeable membranes		

Memberships

The Company actively participates in industry-related associations to stay informed of the latest industry standards and closely interacts with association members to understand emerging trends and developments in the sector.

Name of External Associations	Role
Zaozhuang Chamber of Commerce, CCOIC	Vice Chairman
Enterprise Confederation, Entrepreneur Association, and Federation of Industrial Economics of Zaozhuang City	Managing Director
Taiwan Compatriots Invested Enterprises Association of Jinan City	Chairman
Jinan Association of Enterprises with Foreign Investment "Foreign Enterprise Art Troupe"	Honorary Leader
Association of Taiwan Investment Enterprises on the Mainland	Managing Deputy Chief Supervisor
Zaozhuang City Taiwan, Hong Kong and Macau Economy and Trade	Exchange Ambassador
Zaozhuang City Overseas Friendship Association	Honorary Chairman

2.2 Operation, Administration and Integrity of Senior Management

The Company has established its corporate governance framework and related integrity and ethical standards in accordance with the Company Act, Securities and Exchange Act, and other applicable laws and regulations of the Republic of China. In implementing its sustainable business philosophy, the Company continuously strives to maintain robust corporate governance, protect shareholders' rights, and strengthen the functions of the Board of Directors. As a company limited by shares, the Company adheres to the principle of maximizing shareholder value and ensures transparency in decision-making.

The management exercises its fiduciary duties with due care. Concerning the bodies, the shareholders' meeting serves as the highest decision-making authority, with the Board of Directors reporting annually on statutory matters; the Board of Directors, as the highest governing body, oversees Company performance, prevents conflicts of interest, and ensures compliance with laws and regulations; the Audit Committee supervises business operations and reviews accounting records; the Remuneration Committee regularly evaluates the performance and compensation policies of directors and executives; and the Audit Office is responsible for conducting internal audits and assessing the effectiveness of internal controls.

Board of Directors

For the development towards sustainable management, in the election of directors, the Company requires the candidates to possess professional backgrounds relevant to the industry, as well as extensive practical experience and a deep understanding of industry trends. To further enhance the effectiveness of the Board of Directors, all members are expected to demonstrate competencies including ability to make operational judgments, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, an international market perspective, ability to lead, and ability to make policy decisions.

Furthermore, to ensure diversity within the Board of Directors and to enable comprehensive consideration of the Company's social responsibility in major decision-making, the Board is re-elected every three years in accordance with the "Corporate Governance Principles" and the "Rules for Directors Election." The Company has a total of eight directors, including four independent directors (50% of the Board). Independent directors possess legal and financial expertise and have no specific business relationships with the Company. Elected under the primary concern of their professional knowledge and independence, these independent directors provide objective and impartial opinions during Board deliberations, promoting diverse perspectives and preventing homogeneous thinking. Independent directors also contribute to overseeing corporate governance and safeguarding shareholder interests. In 2024, the Board of Directors held nine meetings with an average attendance rate of 97.22%. To further implement corporate governance and enhance the Board's effectiveness, the Company regularly provides directors with continuing education and training on corporate management and governance-related topics. By improving the directors' professional knowledge, the Company ensures continuous enhancement of management practices. In 2024, directors participated in a total of 48 hours of training, 100% of which were related to ESG topics.

Implementation Status for the Continuing Education of the Company's Directors in 2024

Title	Name	Professional Capabilities	Hours
Chairman	WANG, KO-CHANG	Business, legal affairs, finance, and accounting	6
Director	HSU, CHENG-TSAI	Business, legal affairs, finance, and accounting	6
Director	Ericson Fensterseifer	Business, legal affairs, finance, and accounting	6
Director	MENG, CHING-LI	Business, legal affairs, finance, and accounting	6
Independent Director	LIN, TZER-JONG	Business, legal affairs, finance, and accounting	6
Independent Director	LIN, WEN-CHENG	Business, legal affairs, finance, and accounting	6
Independent Director	YU, CHING-HSIEN	Business, legal affairs, finance, and accounting	6
Independent Director	LEE, KUANG-CHI	Business, legal affairs, finance, and accounting	6

Statistics of Director Diversity

Diversity Statistics/Year		2024		2023		2022		
		Persons	Percentage	Persons	Percentage	Persons	Percentage	
		Male	8	100.00%	8	100.00%	7	100.00%
	Gender	Female	0	0.00%	0	0.00%	0	0.00%
		Total	8	100.00%	8	100.00%	7	100.00%
		Under 50	0	0.00%	0	0.00%	0	0.00%
Directors Age	50~60	1	12.50%	1	12.50%	1	14.29%	
		Over 60	7	87.50%	7	87.50%	6	85.71%
		Master	2	25.00%	2	25.00%	2	28.57%
Education	Education	Bachelor	6	75.00%	6	75.00%	5	71.43%
	Other	0	0.00%	0	0.00%	0	0.00%	

Note: Percentage of Female Directors=(No. of Female Directors at End of Year / No. of Directors at End of Year)*100%. Percentage of Male Directors=(No. of Male Directors at End of Year / No. of Directors at End of Year)*100%. The sum of Percentage of Female Directors + Percentage of Male Directors shall be 100%.

To ensure the effective operation of the Board of Directors, all directors uphold a high level of self-discipline and implement conflict-of-interest avoidance. If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter. All directors do not concurrently hold executive management positions. Annually, internal performance evaluations are conducted for the Board of Directors, individual directors, and functional committees. The Board's secretariat distributes self-assessment questionnaires to all directors once a year, using pre-determined evaluation criteria. The results of the Board's performance evaluation serve as a reference for future director selection or nomination, while individual director evaluation results are also considered in determining their compensation. In 2024, the performance evaluations of individual directors, the Board as a whole, and all functional committees (including the Audit Committee and Remuneration Committee) were rated between "Excellent" and "Outstanding."

Note: Refer to the Company's 2024 Annual Report for details, including P.19~P.20 for details of Board functioning; P.5~P.6 for education and experience of directors, and P.28 for continuing education by directors.

Audit Committee

To promote corporate governance, strengthen the functions of the Board of Directors, and enhance the Company's competitiveness, the Company has established its Audit Committee, who assists the Board in overseeing the Company's accounting, auditing, financial reporting, and internal operational controls. The Committee comprises four members, all of whom are independent directors. In 2024, the Audit Committee held nine meetings, with a 100% attendance rate.

Note: For details of the Audit Committee, refer to P.21~P.23 of the Company2024 Annual Report.

Remuneration Committee

The Company has established its Remuneration Committee, composed of three independent directors. The Committee is responsible for setting and regularly reviewing the performance evaluation and compensation policies, systems, standards, and structures for directors and executives. Compensation is determined based on their roles, contributions to the Company's operations, and benchmarking against industry standards. The Committee also periodically evaluates and determines the remuneration of directors and executives. Going forward, the Company plans to link executive compensation with the Company's sustainability performance to further encourage senior management to prioritize corporate governance, green sustainability, labor rights, and social engagement. In 2024, the Remuneration Committee held five meetings, with a 100% attendance rate.

Note: For details of the Remuneration Committee, refer to P.29~P.30 of the Company's 2024 Annual Report.

Compensation of the Employees and Directors

Proportion or range for the compensations of employees and directors as stated in the Company's Articles of Incorporation: According to Article 14.5 of the Company's Articles of Association (Article 14.5), if there is a "profit" in a given year, no less than 1% of the profit shall be allocated as compensation of employees, including the employees of parents or subsidiaries of the Company meeting certain specific

requirements; additionally, up to three percent (3%) of the year's profit may be allocated as compensation of directors.

Charitable Events

In line with its commitment to giving back to the local community, the Company and its subsidiaries actively participate in social welfare activities. Every year, they make multiple charitable donations to support local organizations and initiatives in need, thereby fulfilling the Company's CSR.

Donees and Amounts in the Company's 2024 Donations

Donee	Amount
ANUE. COM, INC. Campaign "2024 Rebuilding the Homeland of Hope with Love: Together for Protection · Sending Love to Hualien and Taitung"	NT\$100 thousand
Taipei Municipal Wanfang Hospital	NT\$1.84 million
Taiwan Compatriots Invested Enterprises Association of Jinan City Donation for Hualien Earthquake Relief	RMB 10 thousand
Jiyang Charity General Association Office, Jinan City	RMB 500 thousand





Promoting Corporate Governance

Developing

Sustainable

Environme

nt

- The Board of Directors shall exercise its duty of care as fiduciaries to ensure the Company implements corporate social responsibility (CSR), regularly reviewing its effectiveness and making continuous improvements to ensure CSR policies are properly executed.
- CSR is integrated into the Company's operational activities and strategic development.
- The Company respects the rights and interests of its stakeholders, seeks to understand their legitimate requirements and expectations through multiple appropriate channels, and responds appropriately to material issues of stakeholder concern.
- The Company complies with environmental laws and relevant international standards to properly protect the natural environment and pursues environmental sustainability in all business activities.
- The Company promotes efficient use of resources and adopts recycled materials with low environmental impact to ensure the sustainable utilization of the Earth's resources. In accordance with industry characteristics, an appropriate environmental management system has been established, managed by dedicated personnel or units, who are responsible for maintaining the system and regularly conducting environmental education programs for management and employees.
- To reduce the carbon footprint, key suppliers of wood pulp, the primary raw material, have achieved carbon neutrality; the Company also plans to invest in an R&D center focused on biodegradable cellulose acetate materials to replace current petrochemical raw materials, in line with EU carbon neutrality standards.
- Water resources are managed sustainably and efficiently, with efforts made to minimize adverse impacts on human health and the environment while considering cost-effectiveness, technology, and financial feasibility.
- The Company actively develops innovative recycling technologies, promoting the reuse of acetate flake waste as primary raw materials in a circular process. Green production processes are being developed to reduce the consumption of water, lye, organic solvents, and acetic anhydride, thereby lowering resource usage and carbon emissions.
- Waste recycling is strengthened, such as collaborating with Italian suppliers to recycle discarded plastic acetate flakes from optic frames for reuse as raw materials.
- In 2024, the Company conducted an early carbon audit as part of its efforts toward achieving future net-zero carbon emissions.

Maintaining Social Welfare

- The Company complies with labor laws to protect employees' legal rights and adheres to international labor and human rights principles, including freedom of association, collective bargaining rights, care for vulnerable groups, prohibition of child labor, elimination of all forms of forced labor, and the prevention of employment discrimination, ensuring that employees' fundamental rights are never violated. The Company's human resources policies uphold non-discrimination and ensure equality in compensation, employment conditions, training, and promotion opportunities.
- The Company provides a safe and healthy work environment, including necessary health and first-aid facilities, and strives to minimize occupational hazards to prevent workplace incidents.
- The Company assesses the environmental and social impacts of its procurement activities on supplier communities and collaborates with suppliers to jointly enhance CSR.
- Through business activities, in-kind donations, corporate volunteer services, and other professional public welfare initiatives, the Company actively participates in community development and education activities organized by civic organizations, charitable groups, and local government agencies, thereby promoting community growth and well-being.

Ethics and Integrity

The Company regards compliance with government regulations as a prerequisite for practicing integrity in business operations and is committed to fostering an ethical culture among its employees. To implement this principle, the Company has established the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethical Conduct," with relevant departments responsible for enforcing these principles, developing preventive measures, and supervising their execution. Internal promotional meetings are held periodically, during which senior management, including directors and

appointed personnel, communicate the importance of ethical conduct; externally, to prevent dishonest behavior by suppliers, clients, or other business partners, the Company immediately terminates business relationships upon detection of unethical practices and lists the parties as prohibited for future transactions. Jinan Acetate Chemical has designated personnel responsible for collecting and disclosing company information on the official website and has established a stakeholder feedback mailbox (4763@acetek.com.cn) for stakeholders to submit information requests or feedback which are responded by responsible personnel accordingly. In 2024, no complaints were reported.

Ethical Corporate Management Best Practice Principles

- •All personnel of the Company are prohibited from, in the course of their duties, directly or indirectly provide, promise, request, or accept improper benefits or commit a breach of ethics.
- •The Company complies with all corporate governance laws and regulations of the Republic of China as the foundation for practicing ethical business operations.
- •Business activities within the Company's scope that are considered to have higher risks of unethical conduct are analyzed, and the "Procedures for Ethical Management and Guidelines for Conduct" have been established. These procedures are designed to prevent the following: (1) bribery and acceptance of bribes; (2) provision of illegal political contributions; (3) improper charitable donations or sponsorships; and (4) offering or accepting unreasonable gifts, hospitality, or other improper benefits.
- •Directors and managerial officerss are prohibited from using their positions in the Company to secure improper benefits for any third party.
- •The Company has established proper whistleblowing channels. Employees who discover violations of laws, regulations, this Code, or ethical conduct guidelines may report such matters, which will be handled by designated personnel. The identity of the whistleblower and the content of the report will be kept strictly confidential.

Code of Ethical Conduct

- •Directors and managerial officers shall not, by virtue of their positions, allow third parties with whom they have a conflict of interest to obtain improper benefits, thereby preventing conflicts between personal and corporate interests.
- •Directors and managerial officers shall not exploit Company assets, information, or their official positions for personal gain, nor shall they engage in business activities in competition with the Company.
- •Directors and managerial officers have a duty of confidentiality with respect to any proprietary or confidential information obtained in the course of their duties.
- •Directors and managerial officers shall treat the Company's suppliers and clients fairly. They shall not manipulate, conceal, or misuse information obtained through their positions, nor shall they make false statements regarding material matters or obtain improper benefits by unfair means.
- •In the event that directors or managerial officers violate this Code, the Company shall handle such matters in accordance with applicable laws and regulations and promptly disclose the relevant information of the violator on the Market Observation Post System; personnel subject to disciplinary action for such violations may file an appeal in accordance with applicable procedures.

2.3 Operation Policies and Performances

Material Issues	Economic Performance
About the Materiality Item	The Company is dedicated to sustainable operations and to achieving shareholder returns superior to industry peers, while also strengthening its global market presence and creating diversified value for stakeholders.
Policy/Commitment	The Company continues to focus on optimizing product cost structures, seizing circular economy opportunities, and extending integration across the upstream and downstream of the industrial value chain, with the aim of creating greater value for shareholders.
Short-term Goals	 Maintaining growth momentum for both revenue and margin Continued R&D of biodegradable products Becoming part of the raw material supply chain for the AI eyewear market
Medium- and Long-term Goals	Continued profitabilityMaintaining a return on equity (ROE) above 20%
Available Resources and Performed Actions	 Establishing the new acetate flake plant, Acetek Aspiration (Shandong) Co., Ltd. Expanding production capacity with the new acetate tow plant, Jinan Acetate Chemical Plant II
Responsible Unit/Grievance Mechanism	Administration Div./4763ir@acetek.com.cn
Performance & Outcome	 2024 revenue up 42.52% Acetate tow production capacity expanded by 9,000 tons

Management Guidelines

- Focusing on emerging countries and other high-growth niche markets to ensure stable revenue growth.
- In addition to general specification products, the Company is also committed to developing special specification products. Future R&D efforts for acetate tow will concentrate on coarse denier and ultra-low denier series, in order to meet diverse client specification requirements across global markets.
- The Company continues to enhance in-service training for existing personnel, strengthen its in-house R&D capabilities, and collaborate with external resources, including research institutions and related organizations. Through proactive strategic planning, the Company aims to accelerate the accumulation of experience, foster the development of new technologies, and ensure competitiveness in acetate-based material applications.
- Providing comprehensive technical services, the Company tailors its offerings to client needs by delivering small-volume, diverse, and consistently high-quality products.
- The Company also continues to seek opportunities for vertical integration along the supply chain, reduce costs, and expand overseas market channels.

Important Production & Sales Policies

- Through participation in internationally renowned exhibitions, leveraging past experience in engaging with emerging economies, and utilizing the services of distributors, the Company develops niche markets in Africa, the Middle East, South America, Southeast Asia, and Eastern Europe.
- In addition to its capability in producing general specification products, the Company places strong emphasis on the development of special specification products to meet diverse client requirements across global markets.
- As part of its long-term strategy, the Company plans to extend the applications of acetate tow into other product fields, thereby broadening the scope of product applications.

Future Development Strategies

- Product Development: Due to the advanced nature of acetate tow production technology, only a few major global manufacturers currently possess such capabilities, resulting in a supply-constrained market. The Company continues to deepen its research in acetate tow technology to strengthen product competitiveness and increase market share.
- Marketing Strategies: The Company not only maintains strong relationships with existing clients but also actively seeks potential clients through participation in international exhibitions and the development of emerging markets. By selecting high-quality partners with solid relationships, the Company aims to foster long-term collaborations and achieve mutual growth.
- Production Strategies: Each year, the Company invests substantially in R&D programs. Beyond developing new product specifications, efforts are also focused on process improvement, efficiency enhancement, and increasing automation levels, which in turn reduce unit production costs.
- The Company expandS into the plastic-grade acetate flake market, promoting the advantages of cellulose acetate in plastic reduction and carbon reduction. By exploring applications in green packaging and containers, the Company enhances product value while contributing to global carbon reduction efforts.

Market Share

The Company is engaged in the manufacturing and sales of acetate tow. Since there are no domestic companies with identical business operations, the Company's market share is estimated based on global acetate tow shipment volumes. In 2024, the Group's production capacity reached approximately 55,000 tons, compared to the global capacity of about 800,000 tons, representing an estimated global market share of 6.88%.

Direct Economic Values Generated and Distributed by the Organization

Expressed in NT\$ thousands

Item/Year	2024	2023	2022
Income	15,713,325	11,025,642	4,269,391
Operating Cost	5,175,959	4,503,429	2,658,360
Employee Salary and Benefits	497,163	365,818	172,617
Payments to Contributors	558,376	1,015,671	337,379
Payments to the Government	1,649,007	914,233	139,473
Community Investment	4,434	1,128	1,277
Retained Economic Value	7,828,386	4,225,363	960,285

Government Grants and Subsidies Applied for by the Organization in 2024

Expressed in NT\$ thousands

Item	Amount	Details
Tax Incentives and Tax Credits	3,410	Value-Added Tax (VAT) Plus Additional Deduction of Input Tax
Subsidy	39,401	Compensation for Reclaimed State-owned Construction Land Use Rights in Qinging, and Employment Stabilization Subsidy under Unemployment Insurance
Investment Grants, R&D Subsidies, and Other Relevant Subsidies	90,801	Supporting Construction Funds from the Development Zone Administrative Committee, and Investment Incentive Bonus from the Development Zone Administrative Committee
Incentives	64,138	Foreign Investment Incentive and Land Use Support Subsidy from the Linyi Economic Development Zone Administrative Committee, Shandong Province

2.4 Supplier Partners

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Material Issues	Supplier Management		
About the Materiality Item	Supplier management, including surveys, evaluations, and performance tracking, enables the Company to enhance the quality of procured goods, obtain more favorable pricing, shorten lead times, and ensure timely services, thereby supporting the delivery of superior products and services		
Policy/Commitment	The Company continues to strengthen supervision and management of suppliers to ensure compliance with corporate requirements and to support sustainable operations		
Short-term Goals	 Semi-annual supplier evaluations are conducted on a regular basis. Signing of the Undertaking of Ethical Management by approximately 80% of the Company's suppliers of raw and auxiliary materials 		
Medium- and Long-term Goals	 Continued efforts to require compliance with relevant standards by suppliers of raw and auxiliary materials Compliance with requirements and signing of the Undertaking by approximately 90% of suppliers of raw and auxiliary materials 		
Available Resources and Performed Actions	In 2024, the Company selected 23 key suppliers and issued the Suppliers Undertaking		
Responsible Unit/Grievance Mechanism	Procurement Div./+86 531 88164818		
Performance & Outcome	The return rate of the Suppliers Undertaking reached 91% in 2024		

Suppliers are key partners in the Company's journey toward operational growth, and their support is indispensable in enhancing our sustainable competitiveness. In addition, in fulfilling the enterprise's social responsibility, the Company recognizes that this responsibility extends beyond its own operations and is closely linked to the entire supply chain. Regardless of their position within the supply chain, social responsibility has become a shared obligation among enterprises. Therefore, we acknowledge that promoting CSR cannot be limited to our own organization but must also consider the engagement and participation of all supply chain partners.

Criteria for Selecting New Suppliers

A new supplier:

- A. Must possess a valid business license and relevant permits;
- B. Shall provide sample of raw production materials and pass small-batch trial use;
- C. Shall offer preferential pricing and supply materials of stable quality in a timely manner; and
- D. Preference is given to suppliers certified with ISO9001 and ISO14001.

The Company's procurement policy requires personnel to avoid engaging in business with suppliers that violate the enterprise's social responsibility policies. Once identified, transactions are immediately ceased, and such suppliers are listed as restricted partners. In the meantime, before cooperation, all suppliers must have a record free of environmental or social violations. In addition, suppliers of raw and auxiliary materials are required to sign an Undertaking of Ethical Management, ensuring compliance with national laws and regulations, no use of toxic or hazardous substances, and adherence to relevant

ethical standards. In 2024, 91% of suppliers of raw and auxiliary materials had signed the Suppliers Undertaking.

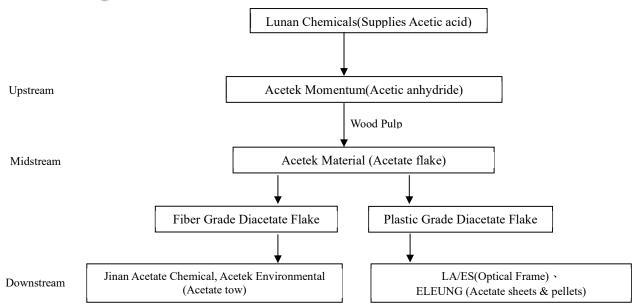
Regular Evaluations of Suppliers

Suppliers of raw material, auxiliary material, and parts and components receive semiannual evaluation by the Company based on quality, pricing, delivery, and after-sales service, ensuring that all supplied products meet the Company's standards, whilst any supplier failing to meet these requirements will have their cooperation terminated. In 2024, no suppliers were deemed non-compliant.

Correlation Among Upstream, Midstream and Downstream Sections of the Industry

The Company operates in the midstream of the acetate tow industry, producing acetate tow with broad applications, most notably in cigarette filters. The Company bridges the upstream suppliers producing acetate flake and downstream manufacturers of cigarette filter rods, cigarette producers, ink pen cartridges, diaper liners, wastewater filtration cores, and other related products. To secure raw material supply and reduce costs, in 2016 the Company vertically integrated upstream by partnering with Lunan Chemicals and downstream strategic investors to establish Acetek Material, which began mass production of acetate flake in the second half of 2017. Acetek Material mainly produces acetate flake to reduce raw material costs; its products are processed further and sold to downstream filter rod manufacturers and cigarette producers. Given that the tobacco industry is relatively closed, the Company sells products both directly and via local agents familiar with the tobacco sector. In June 2020, the Company established Acetek Momentum to produce acetic anhydride, a raw material for acetate flake. Production began in Q4 2021, supporting internal operations to reduce and stabilize production costs while contributing to revenue.

Upstream, Midstream and Downstream Correlation of Cellulose Acetate Manufacturing



Important Purposes of Main Products

Main Characteristics	Main Products	Important Purposes
Impurities filtration	Acetate Tow	Cigarette filter, pen ink cartridge, diaper liners, and garment
High-transparency, weather- resistant plastic sheets	Acetate Flake	Optical frames, handle of high-end tools, non-woven fabric, etc.
High-transparency, fast- evaporating liquids	Acetic Anhydride	To be utilized in the production of acetate flake

Supply Overview of Major Raw Materials

Product Name	Main Suppliers	Supply Status
Wood/Cotton Pulp	Bracell, Rayonier, Silver Hawk (Gaomi, Shandong)	Good
Acetate Flake	Credia	Good
Acetic Acid	Yan Kuang Catalysis	Good
Acetone	Jia Bo Chemicals	Good

To reduce the environmental impact during material handling, the Company prioritizes local sourcing of all raw materials and production materials. Detailed information can be found in the table below, which outlines the localization status of major raw materials.

Status of Localized Purchase of Major Raw Materials

Item/Year	2024	2023	2022
Proportion of Local Suppliers (%)	35.09%	49.06%	45.10%
Proportion of Local Purchase in Amount (%)	8.18%	16.58%	34.97%

Note: "Local" refers to the location of the manufacturing plant (Shandong Province).

2.5 Risk Management

In business operations, enterprises face various types of risks, and establishing a comprehensive and effective risk management system is crucial for sustainable operations. Accordingly, the Company has implemented internal control systems and corresponding risk management procedures in line with its risk management policies and risk assessment standards, aiming to reduce and prevent any potential risks arising from its business activities.

Item	About Risk	Countermeasures	
Climate Change Risk	Increased Rainfall and Snowfall	Regularly inspect the drainage system Add additional water pumps	
	Penalties due to Regulatory Violations	 Ensure contribution base compliance every year according to the latest requirements from the Bureau of Human Resources and Social Security Verify system certifications annually to check for new laws and regulations, and update business practices accordingly Operate both occupational safety management systems, complying with monthly government inspections Obtain pollution discharge permits in accordance with regulations 	
Corporate Governance Risk	Brand Image Promotion Hindered	Expand promotion channels, switching from face-to-face vendor promotion meetings to online promotions	
GOV OLIMATO FA	Limited Number of Suppliers or Poor Supplier Quality	 Increase high-quality suppliers, prioritizing those with lower prices and high cost-performance, while keeping higher-priced suppliers as backup Pre-transaction verification of supplier qualifications, including business licenses, credit records, production certifications, etc., to ensure the quality of raw materials or services supplied 	
	Exchange Rate Fluctuations causing Foreign Exchange Losses	Enter into forward exchange rate contracts with banks to reduce exchange rate risk	
Environmental Pollution, Consumption of Resources	Wastewater Parameters Exceeding Standards Increase in Waste Generation	 Add online monitoring equipment to monitor wastewater data in real time, with environmental safety department also connected to the network Entrust qualified third parties to handle waste Reuse material packaging bags to reduce waste Build wastewater ponds to continuously reduce wastewater volume Add triple-effect evaporators to treat phosphorus in dilute acid Add first- and second-effect concentration treatment to increase concentrated wastewater treatment capacity 	
	Electricity Usage Restrictions	Without compromising production, comply with government staggered electricity usage requirements, reducing unnecessary use of high-power equipment	

		Increase in Carbon Emissions	 Add RTO exhaust gas treatment facilities, increase natural gas usage, and reduce exhaust concentration Recycle gas from scrubbers and add regenerative combustion equipment e.g. RTO to ensure emission compliance Start carbon inventory in 2024. Build a photovoltaic power station to reduce carbon emissions
		Water Resources Management	Reuse treated sewage water for cooling circulation to reduce water consumption
		Chemical Spills or Fires	Develop dedicated emergency response plans and spill site handling procedures Require personnel to follow operational standards for chemical use and conduct annual training
Lab	Labor Risk	Severe Aging Workforce, Shortage of Young Labor Increased Staff Turnover due to Rising Competition from Nearby Competitors	Expand recruitment channels, enhance benefits, recruit for key positions, improve salaries, and attract young talents
Lucoi rusk	Operations in High- temperature Environment Noise Dust	 Install air conditioning to improve work environment Provide protective equipment such as earplugs. Provide masks, and humidify the site to reduce dust levels 	
		System Failures Causing Data Loss	 Arrange two main servers for synchronous data backup; if the first server fails, the second can immediately take over without latency Plus, back up data via dedicated lines and external hard drives
Information Security	Power Outages and Air Conditioning Malfunctions	 Data center is equipped with an uninterruptible power supply (UPS) to handle short-term power outages In emergency, fans are activated for forced ventilation; if temperature continues to rise, shut down equipment sequentially 	
		Storage Server Failures	Activate backup storage servers to replicate data to the primary servers
		Network Equipment Damage	Deploy backup network equipment, complete configuration, and replace any faulty equipment

Note: For details of risk management, refer to P.90~P.93 of the Company's 2024 Annual Report.

2.6 Legal Compliance

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Material Issues	Legal Compliance		
About the Materiality Item	By adhering to the regulations of its operating sites, the Company strives to establish a robust corporate governance framework and effective management and supervisory mechanisms to ensure sustainable operations		
Policy/Commitment	The Company continuously monitors domestic and international policies and regulations that may potentially impact the its business and finance, meanwhile establishing various corporate governance rules and procedures. The Company's audit unit conducts inspections in accordance with regulations and the audit plan to ensure compliance, while continuously updating internal policies		
Short-term Goals	 No major violations Personnel regularly monitoring the latest regulatory changes and adjusting management systems and operational procedures to comply with laws 		
Medium- and	Maintaining free from major violations in an ongoing manner		
Long-term Goals	• Ensuring operation compliance with the latest regulations		
Available Resources and Performed Actions	 No material violation in 2024 Zero major deficiencies in annual internal audit 		
Responsible Unit/Grievance Mechanism	Respective department in charge/+86 531 88164818		
Performance &	 No material violation in 2024 		
Outcome	 Annual internal audit has been implemented 		

The Company, including its Taiwan Office along with its four subsidiaries in Mainland China- Jinan Acetate Chemical, Acetek Material, Acetek Momentum, and Acetek Environmental-complies with local government laws and regulations with the commitment that all responsible units strictly execute their operations in accordance with the law, while closely monitoring the latest regulatory changes to adjust management systems and operational procedures, aiming to achieve the goal of zero major violations.

Legal Compliance			
Nature Responsible Unit		About Management System	Illegal Incidents or Penalties Imposed by Competent Authorities
Environment	Public Works, Safety & Environmental Protection	The environmental management at the Company's factories in mainland China is conducted in accordance with local government laws and regulations, including inspections, management, reporting, and payment of related fees. Industrial waste is entrusted to public or private waste disposal and treatment service providers authorized by the competent authorities to handle and process such waste. The Company strives to comply with local environmental regulations, minimize the environmental impact of pollution, and advance the goal of sustainable use of Earth's resources.	No material violation in 2024
Human Rights	HR	In accordance with local government regulations and international human rights conventions, including gender equality, labor rights, and prohibition of discrimination, the Company's human resources policies ensure no discrimination based on gender, race, socio-economic status, age, marital status, or family situation to warrant equality and fairness in employment, hiring conditions, compensation, benefits, training, evaluation, and promotion opportunities.	No material violation in 2024
Labor	HR	The Company establishes labor and compensation rules and regulations according to local laws. In Taiwan, relevant matters are handled in accordance with the Labor Standards Act. In mainland China, the Company strictly implements social insurance and housing provident fund withholding and payment systems in compliance with local laws to protect employees' rights and interests.	No material violation in 2024
Occupational Safety	HR	The Company organizes occupational health check-ups for employees in accordance with local government regulations in mainland China, issues health check-up reports, and commissions qualified contractors to conduct occupational hazard assessments of the work environment and issue inspection reports. All reports are filed with the competent authorities. The Company provides employees with appropriate labor protection equipment and continuously improves the work environment to meet legal requirements.	No material violation in 2024
Economy	Finance	Accounting and tax matters are conducted in accordance with the Accounting Act and tax regulations, with proper recording of income, costs, and expenses, ensuring accurate accounting of business operations, compliance with various tax laws and regulations, and reasonable tax planning to reduce tax-related risks.	No material violation in 2024

Note: A major violation refers to a violation with penalties amounting to NT\$1,000,000 or more, or other matters requiring corrective action within a prescribed period.

Chapter 3 Sustainable Environment

3.1 Environmental Management

The Company is fully aware of the precious and non-renewable nature of the Earth's energy resources. Therefore, while pursuing business growth, the Company also strives for balanced development across economic, social, and environmental aspects. In addition to complying with regulatory commitments and managing environmental risks, the Company closely monitors global environmental developments, prioritizing environmental sustainability and actively fulfilling its corporate social responsibility.

In recent years, the Company has continuously refined its processes, actively promoted waste reduction and emission control, implemented energy saving and carbon reduction measures, recycled water resources, and improved wastewater treatment efficiency. To manage environmental and energy resources in a systematic and comprehensive manner, Jinan Acetate Chemical, Acetek Material, Acetek Momentum, and Acetek Environmental have all implemented the ISO 14001 Environmental Management System; Jinan Acetate Chemical and Acetek Environmental have adopted the ISO 50001 Energy Management System. Through establishing energy equipment identification and energy indicators for each plant, the Company plans major energy equipment improvement projects to continuously promote energy saving and carbon reduction.

Regarding environmental expenditures, these include general industrial waste disposal costs, costs for the addition and modification of environmental protection facilities, wastewater treatment costs, and environmental protection charges. In 2024, total expenditures amounted to NT\$43,261,941. Overall environmental spending has been maintained at a consistent level, with 42.31% of the 2024 expenditures allocated to upgrading environmental protection facilities. The Company will continue to invest resources to strengthen environmental equipment and facilities, reducing the environmental impact of its production processes.

Environmental Protection Expenditures Overview

Expressed in NT\$

		EX	pressed in N 1 \$
Year Item	2024	2023	2022
General Industrial Waste Disposal Cost	5,553,283	2,125,862	2,311,427
Wastewater Treatment Cost	10,668,830	6,360,902	5,660,493
Environmental Protection Charges	8,735,630	11,045,651	3,508,302
Costs for Addition and Modification of Environmental Protection Facilities	18,304,198	11,170,409	16,247,755
Total	43,261,941	30,702,824	27,727,977

Note 1: Exchange rate conversion for 2024 is based on an average rate of 1:4.454. The disclosed environmental expenditures cover the Mainland China plants only; operations in Taiwan are limited to administrative activities.

Note 2: Environmental protection charges include annual fees levied by the local environmental protection bureau for environmental protection and pollution discharge, household waste treatment fees collected by the local environmental protection and health bureau (fixed at RMB 8,000 per year), and sewage treatment fees charged by the local water authority.

Note 3: Wastewater Treatment Costs exclude labor expenses. In 2024, chemical and electricity costs were as follows: Jinan Acetate Chemical – RMB 2.98/m³; Jinan Acetate Chemical Plant II – RMB 1.45/m³; Acetek Environmental – RMB 0.99/m³; Acetek Material – RMB 11.14/m³. Wastewater from Acetek Momentum is treated at Acetek Material; therefore, the cost for Acetek Material includes chemical and electricity expenses for Acetek Momentum.

Compliance with Environmental Protection Regulations

In 2024, the Company had no violations related to water pollution, waste, toxic substances, or soil and groundwater contamination. All plant wastewater was tested to meet discharge standards before release, and all facilities obtained the relevant discharge permits issued by local authorities; monitoring data were compliant with regulatory requirements and uploaded to the online monitoring system; waste was handled by qualified third-party contractors, with each disposal recorded and verified via stamped waybills for monitoring purposes. The Company endeavors to take full responsibility for the surrounding communities and environment.

Descriptions of Addition and Modification of Environmental Protection Facilities Made in 2024

Location	Addition and Modification	Improvement Objectives
Jinan Acetate Chemical	Increasing Flow at the Emergency Exhaust Outlet for Gas Emissions	Installing flow meters helps the Company comply with environmental protection regulations by ensuring that discharge volumes remain within legal limits; accurate measurement of discharge also enables more effective management of costs related to emissions, such as sewage fees
	Dry Basis Upgrade for Data Acquisition and Transmission Equipment	Mandatory modification
	High-pressure RO Membrane	To increase the treatment capacity of nanofiltration membranes
Acetek Material	Air Suspension Machine	As backup equipment (can be switched in promptly when existing equipment malfunctions to ensure normal operation of the biochemical system)
	Low-temperature Evaporation Equipment	For treating high-concentration wastewater
Acetek Environmental	Dry Basis Upgrade for Data Acquisition and Transmission Equipment	Mandatory modification

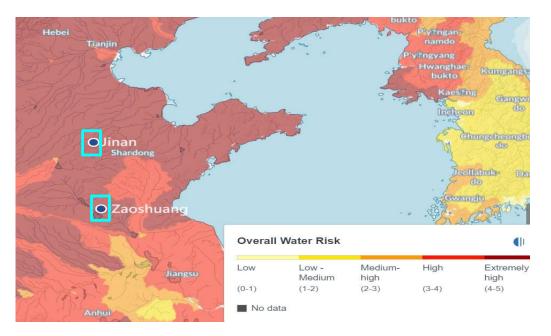
3.2 Water Resources Management

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Material Issues	Water Resources Management		
About the Materiality Item	The reuse of water resources generates sustainable benefits for enterprises. Beyond offsetting water consumption fees and reducing operating costs, it also lessens the impact of wet and dry seasons on water usage, thereby supporting stable business operations		
Policy/Commitment	 The Company implements Company-wide water conservation management and water costs analyses to reduce water consumption per unit of product The Company promotes new processes and adjusts process conditions to increase purified water yield and reduce wastewater discharge The Company expands key energy-saving projects to achieve compliant pollutant discharge while conducting clean production audits The Company ensures that production wastewater treatment meets discharge standards, with treatment capacity matching generated wastewater, maintaining stable and normal production operations The Company maintains compliance with government regulations and policies, achieving zero violations and zero pollution fines 		
Short-term Goals	 Acetate Tow Products-Proposed unit water consumption per product in 2025: 12.60m³/t Acetate Flake Products-Proposed unit water consumption per product in 2025: 11.50m³/t Technical upgrades by adding a backup system for nanofiltration membranes 100% of discharged water quality meet regulatory standards, with zero environmental violation or pollution fines for the year 		
Medium- and Long-term Goals	 Acetate Tow Products-Proposed unit water consumption per product in 2026~2028: 12.60m³/t, followed by gradual reduction year by year Acetate Flake Products-Proposed unit water consumption per product in 2026~2028: 11.50~12.50m³/t, followed by gradual reduction year by year Technological upgrades to the sludge process to reduce sludge moisture content from 80–85% to 65% 100% of discharged water quality meeting regulatory standards, with zero environmental violation or pollution fines for the year Continued implementation of relevant control operations in compliance with government regulations and policies 		
Available Resources and Performed Actions	 Completed upgrades of the triple-effect evaporation equipment, installed the mother liquor low-temperature evaporation system, and converted the discharge tank to a closed system Improved overall membrane water treatment efficiency by adding an additional submerged ultrafiltration membrane unit 		
Responsible Unit/Grievance Mechanism	Jinan Acetate Chemical/Acetek Environmental-Safety & Environmental Protection Dept.: +86-531-84232772 Acetek Material/Acetek Momentum-Environmental Protection Dept.:		

+86-632-2220077 • Acetate Tow Products-Unit water consumption per product in 2024: 13.29m³/t • Acetate Flake Products-Unit water consumption per product in 2024: 11.00m³/t • Completed installation of triple-effect evaporation equipment, achieving high-concentration water treatment enhancement by 30% • The installation of low-temperature evaporation equipment for the mother liquor has reduced the frequency of shutdowns for cleaning the triple-effect evaporators • Added a set of submerged ultrafiltration membranes, increasing treatment efficiency from 70–75% to 95%

Interrelated Impacts of Shared Water Resources

Water is an increasingly scarce and valuable resource in today's society and is essential for the Company's production and daily operations. Jinan Acetate Chemical and Acetek Environmental are located in the Jiyang area of Shandong Province, while Acetek Material and Acetek Momentum are in the Zaozhuang (Tengzhou) area of Shandong Province; none of these surrounding areas are designated ecological conservation zones. According to scenario simulation analysis using the Aqueduct by the World Resources Institute (WRI), the regions where the factories are located face a water scarcity risk of over 80% by 2030. The Group's factories have already established daily water storage measures to mitigate this water scarcity risk.



Statistics of Water Storage Equipment

Company	Water Storage Equipment	Storage (m³)
	Circulating Water Pool	1,000
	Water Storage Tank (3 Units)	60
Jinan Acetate	Raw Water Tank	20
Chemical	Concentrated Water Tank	20
	Primary Water Tank	40
	Softened Water Tank	40
	Raw Water Storage Tank	20
Acetek Environmental	Primary Water Tank	40
	Softened Water Tank	40
Acetek Material	Water Storage Tank (Deionized Water)	400

Use and Management of Water Resources

Types of water withdrawn by Jinan Acetate Chemical, Acetek Environmental, Acetek Material, and Acetek Momentum include tap water, deionized water, and recycled water. The recycled water is mainly derived from steam condensate and is reused in process cooling systems or, after regeneration, directed into production systems. In 2024, recycled water accounted for 39.50% of the Group's total water consumption.

At Jinan Acetate Chemical, wastewater is collected and treated for reuse in industrial processes and environmental irrigation, with the reclaimed water supply system serving as an alternative water source. In light of this, the Company continues to improve its processes, establish water recycling and reuse facilities, and implement rainwater and wastewater diversion systems. These measures, along with ongoing water-saving initiatives, enhance water resource efficiency, maintain water balance, and mitigate water shortage risks, thereby addressing the challenges of water resource constraints.

In 2024, due to increased production capacity and the inclusion of water use from Jinan Acetate Chemical Plant II, the Company's total water withdrawal increased by 202.520 million liters compared to 2023. Accordingly, both wastewater discharge and water consumption rose in line with higher water withdrawal. However, in terms of water unit intensity, while overall water use increased in 2024, the Group's revenue also rose significantly with expanded capacity, resulting in a downward trend in water unit intensity compared to 2023.

Usage of Water Resources for Three Consecutive Years

Year Item	Unit	2024	2023	2022
Tap Water Withdrawal (A)	Million Liters	763.835	508.627	419.348
Recycled Water Withdrawal (B)	Million Liters	498.616	551.304	493.164
Total Water Withdrawal (A+B)	Million Liters	1,262.451	1,059.931	912.512
Wastewater Discharge (C)	Million Liters	848.421	722.894	600.198
Total Water Consumption (A+B-C)	Million Liters	414.030	337.037	312.314
Recycled Water to Annual Total Water Withdrawal	%	39.50%	52.01%	54.04%
Water Unit Intensity (Water Withdrawal/Annual Revenue)	Annual Revenue NT\$ million	80.3427	96.1332	213.7334

Note: Water withdrawal items in 2022 and 2023 have be recategorized based on circumstances, which did not affect the total water withdrawal for respective years.

Wastewater Discharge Treatment

In terms of wastewater discharge, all wastewater generated from daily production and operations is collected and treated at on-site sewage treatment facilities. Discharge is regularly sampled and tested to ensure compliance with relevant local environmental regulations before being discharged to municipal sewage treatment plants. In 2024, there were no incidents of wastewater exceeding regulatory standards. Regarding discharge locations, Jinan Acetate Chemical and Acetek Environmental discharge treated wastewater to the Jiyang Sewage Treatment Plant; wastewater from Acetek Momentum is first pretreated at Acetek Material and then discharged together with Acetek Material's wastewater to the sewage treatment plant of Galaxy Water (Tengzhou Mushi) Co., Ltd..

2024 Wastewater Discharge Standards

Control Items/ Operation Sites	pН	Ammonia Nitrogen	Chemical Oxygen Demand	Water Tempe rature	Dissolved Oxygen	SS (Suspended Solids)	Sulfates	Total Dissolved Solids
Jinan Acetate Chemical	6.5-9.5	45	500	15-35	Not Monitored	230	Not Monitored	Not Monitored
Acetek Material	6.5-9.5	45	500	15-35	2-3	400	600	2000
Acetek Momentum	6.5-9.5	45	500	15-35	2-3	400	400	1500
Acetek Environmental	6.5-9.5	45	500	15-35	Not Monitored	230	Not Monitored	1500

Note 1: pH value has no unit; Water Temperature unit is expressed in °C; other items are expressed mg/L.

Note 2: The standards for sewage discharge are subject to local government regulations.

2024 Sewage Discharge Measurements

Control Item/ Operation Sites	pН	Ammonia Nitrogen	Chemical Oxygen Demand	Water Temperature	Dissolved Oxygen	SS (Suspende d Solids)	Sulfates	Total Dissolved Solids
Jinan Acetate Chemical	8	0.156	33.8	15-35	Not Monitored	16	Not Monitored	Not Monitored
Jinan Acetate Chemical Plant II	7.82	0.248	10.3	15-35	Not Monitored	16	Not Monitored	Not Monitored
Acetek Material	8.15	0.3	66.2	15-35	2-3	31	372	815
Acetek Momentum	-	-	-	Not Monitored	Not Monitored	22	390	1077
Acetek Environme ntal	8.07	0.289	73	15-35	Not Monitored	8	Not Monitored	877

Note: pH value has no unit; Water Temperature unit is expressed in $\,^{\circ}\text{C}$; other items are expressed mg/L.



Wastewater Treatment Process



Wastewater Treatment Plant



Sewage Treatment Tank



Online Wastewater Monitoring System

3.3 Waste Treatment and Recycling

1 WWW.	W M
Material Issues	Waste Management
About the Materiality Item	The objective of hazardous waste management is to reduce risks to society, the environment, and human health, in alignment with environmental management standards and through the assurance of harmless treatment. Through waste minimization and sound control measures, the Company reduces environmental impacts and safeguards employees, while compliant disposal of hazardous waste facilitates site remediation and fosters a positive investment environment
Policy/Commitment	 The Company implements waste reduction through source control, process minimization, and end-of-pipe recycling, while promoting waste reuse to reduce landfill The Company adopts specific measures to reduce industrial solid waste generation and promote comprehensive utilization, while introducing source reduction, improving resource efficiency, developing advanced technology development, enhancing clean production levels, and conducting clean production audits The Company establishes a dedicated environmental protection unit and implements a comprehensive environmental management system The Company regularly conducts standardized environmental management assessments for hazardous waste
Short-term Goals	 Waste motor oil to be recycled and reused by qualified disposal units under commission Achieving 100% compliant waste disposal rate Environmental violations/fines (annual): 0; environmental pollution incidents (annual): 0
Medium- and Long-term Goals	 Standardized environmental management assessments for hazardous waste to be conducted on a regular basis Training on laws and regulations, specifications and relevant normative documents to be conducted on an annual basis Achieving 100% compliant waste disposal rate Environmental violations/fines (annual): 0; environmental pollution incidents (annual): 0
Available Resources and Performed Actions	 The Company built an intelligent monitoring platform for solid waste in the hazardous waste warehouse Waste generation, storage, and transfer have been filed in accordance with hazardous waste management plans The Company has developed a hazardous waste management system The Company revised the emergency response plan for environmental incidents The Company regularly conducted specialized hazardous waste emergency drills The Company published the 2024 hazardous waste generation and disposal data on the bulletin board
Responsible Unit/Grievance Mechanism	Jinan Acetate Chemical/Acetek Environmental-Safety & Environmental Protection Dept.: +86-531-84232772 Acetek Material/Acetek Momentum-Environmental Protection Dept.:

+86-632-2220077 Completed hazardous waste spill emergency drills and training in 2024 Implemented a hazardous waste pollution prevention responsibility disclosure system, posting relevant information in prominent locations The Company revised the "2024 Hazardous Waste Management Plan" based on actual waste generation and ensured compliant transfer of hazardous waste Achieved zero environmental fines and zero pollution violations in 2024 In 2024, the internal recycling rate of general industrial waste was 6.77% (recycled/reused: waste filament; hazardous industrial waste was handled by qualified third-party disposal contractors

The sources and categories of waste generated during the Company's overall operations and manufacturing processes include general industrial waste and hazardous industrial waste. General waste sources include domestic waste, sludge, waste filter cloth, waste filter cake, and waste filament, among which the waste filament can be collected and reused by Jinan Acetate Chemical; other general waste is either regularly collected by the Jiyang County Environmental Health Bureau and the Mushi Town Environmental Health Office or handled by qualified waste disposal contractors. Some waste is incinerated, while some residuals are provided to local farmers as fuel, effectively achieving full resource utilization and waste reduction.

Hazardous industrial waste generated by the plants includes spent activated carbon, waste lubricating oil, waste motor oil, empty motor oil containers, waste pulp residue, distillation residues, triple-effect residues, and waste UV lamp tubes. Spent activated carbon, after 3–5 years of use, is sent to qualified local hazardous waste treatment contractors for regeneration and reuse as wastewater filtration material, thereby increasing its recycling value; waste lubricating oil is collected by qualified local hazardous waste treatment companies for reuse; waste lamp tubes are disposed of via landfilling; and other hazardous wastes are directly disposed of through incineration.

Hazardous industrial waste (hazardous waste) generated on-site is temporarily stored in designated hazardous waste storage areas. Storage conditions comply with environmental protection requirements, containers are intact, and waste is segregated and labeled according to type and characteristics, with weight recorded. Facilities include anti-corrosion and anti-leak flooring, containment barriers, diversion and collection systems to prevent leakage into the surrounding environment, and emergency pools, as well as protection from wind, rain, and sun according to relevant standards. Personnel conduct inspections and recordkeeping of waste storage or temporary storage areas as required, with subsequent handling, including transport and recycling or reuse, entrusted to third-party professional qualified disposal or recycling agencies. Due to the significant increase in production from 2023 to 2024, general industrial waste increased. To address this, the Company continues to promote waste reduction and improve resource utilization efficiency. In 2024, the internal waste recycling rates were 6.77% for general industrial waste and 0% for hazardous waste.

For potential emergency pollution incidents, the Company has established management plans in accordance with national or regional standards, including the "Emergency Response Plan for Sudden Hazardous Waste Pollution Events," specifying response procedures, notification mechanisms,

responsibilities, and resource mobilization to strengthen emergency response capabilities, ensure personnel safety, and minimize environmental risks, thus enhancing overall hazard control and response efficiency.

Before cooperating with third-party disposal or recycling contractors, the Company verifies via government platforms that the companies hold valid permits for the relevant waste categories. Permits are checked for qualifications concerning category of disposable items and validity, and only after verification does the Company sign contracts of commissioned disposal or treatment. According to the hazardous waste management plan (national platform) and contracts entered into by and between the Company and the disposal party, waste disposal will be scheduled only when the waste volume exceeds 1 ton to conserve energy. As a part of the transfer supervision, transfer duplicate forms require signatures by three parties (the Company / transport company / disposal agency) and shall specify the disposal method. No transport unit without a transfer document is allowed to transport, and disposal units may not accept waste without proper documentation, ensuring that all waste handling complies with regulations and contractual obligations, contributing to environmental protection. In 2024, the Company did not experience any serious leakage incidents or violations due to improper waste or raw material disposal. In 2025, the Company will continue to target zero environmental violations/fines (annual) and zero environmental pollution incidents (annual) as key waste management objectives.

Waste Recycle and Reuse Rate (Internal) by Year

Recycle and Reuse Rate %	2024	2023	2022
General Industrial Waste	6.77%	5.39%	22.91%

Total Weight and Disposal Methods for Waste

General Industrial Waste

Expressed in tons

Category/ Year					2023				2022		
(Disposal Method)	Jinan Acetate Chemical	Acetek Material	Acetek Momentu m	Acetek Environ mental	Jinan Acetate Chemical	Acetek Material	Acetek Momentu m	Acetek Environ mental	Jinan Acetate Chemical	Acetek Material	Acetek Moment um
Domestic Waste (Incineration)	246.24	241.11	19.20	-	105.70	164.97	19.20	-	75.30	195.99	16.80
Sludge (Aquaculture/ Incineration)	12.87	2,389.66	-	5.70	3.99	1,459.23	-	-	-	-	-
Waste Filament (Reuse)	141.15	-	-	111.51	119.13	-	-	-	143.80	-	-
Waste Filter Cloth (Incineration)	466.99	-		95.05	286.48	-	-	52.02	195.92	-	-
Total Weight (tons)	3,729.48			3,729.48 2,210.72				627.81			

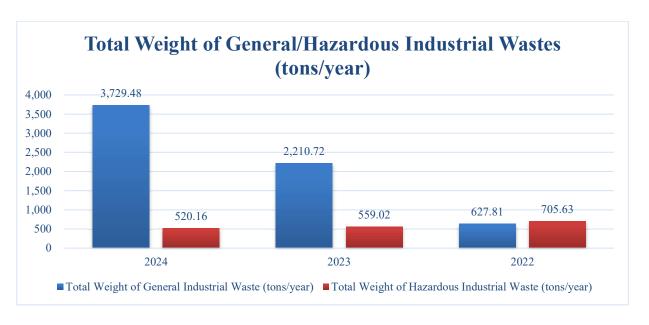
Note 1: As the Taiwan Office is located in an urban office building rather than a factory, it generates only a small amount of general domestic waste and recyclable materials, which are collected and disposed of or recycled by the local sanitation team; the generated waste volume is not quantified.

Note 2: In 2023, the sludge disposal volume was increased based on actual conditions.

Hazardous Industrial Waste

Expressed in tons

							Expressed in tons			
Category/Year		20)24		2023				2022	
(Disposal Method)	Jinan Acetate Chemical	Acetek Material	Acetek Momentu m	Acetek Environme ntal	Jinan Acetate Chemical	Acetek Material	Acetek Momentu m	Jinan Acetate Chemical	Acetek Material	Acetek Momentu m
Waste Activated Carbon (Reuse/Cement Kiln/Incineration)	16.73	0.07	0.05	3.08	20.89	0.10	0.08	76.37	0.02	-
Waste Lubricating Oil (Reuse)	2.69	-	-	-	3.17	-	-	11.75	-	-
Waste UV Lamp Tube (Landfill)		-	-	0.00	0.02	-	0.01	0.04	-	-
Waste Acid (Incineration)	1.53	-	-	-	0.69	-	-	1.30	-	-
HW34Waste Pulp/Waste Acid (Cement Kiln)	-	28.24	-	-	-	29.49	-	-	62.14	-
Contaminated Waste (Cement Kiln)	-	47.26	-	-	-	103.13	-	-	130.12	-
Waste Motor Oil and Waste Motor Oil Container (Cement Kiln/Comprehensive Use)	-	0.84	0.26	ŗ	-	0.87	-	-	-	-
Waste Pulp Residue (Cement Kiln)	-	73.98	-	-	-	88.60	-	-	55.05	-
Distillation Residue (Incineration)	4.54	90.73	-	-	3.28	38.76	-	-	145.28	-
Acetic Anhydride Distillation Residue (Incineration)	-	-	85.32	-	-	-	51.46	-	-	52.21
Triple-effect Residue (Incineration)	-	-	163.35	-	-	-	217.87	-	-	171.34
Laboratory and Online Monitoring Waste Liquid (Incineration)	0.35	0.27	-	0.87	-	0.60	-	-	-	-
Total Weight (tons)		52	0.16			559.02			705.63	





Waste Recycling Container



Waste Recycling Container



Filter Residue



Waste Cleaning Status

3.4 Raw Materials and Safety Management

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Material Issues	Raw Materials Management
About the Materiality Item	Effective raw materials management is a key factor in manufacturing operations, as it has a direct impact on cost control, production capacity, product quality, and overall competitiveness. In today's highly competitive market, the ongoing optimization of raw materials management strategies enables enterprises to consolidate their competitive edge and pursue long-term, sustainable growth
Policy/Commitment	 The Company prioritizes the use of renewable materials and optimizes production processes to minimize waste and pollution, enhance the reuse rate of recyclable materials, and reduce overall resource consumption The Company conducts regular inspections across all stages of raw material management to ensure compliance with applicable regulations and Company policies The Company's production department aligns raw material requisitions with production schedules, with cooperating units maintaining appropriate inventory levels to avoid overstocking, along with scrapping due to expiration
Short-term Goals	 Inspecting all batches of raw materials to ensure compliance with applicable regulations and Company policies Implementing scientific production scheduling to minimize changeover time, improve raw material utilization, and increase output Reducing inventory backlog and enhance raw material turnover and utilization
Medium- and Long-term Goals	 Inspecting all batches of raw materials to ensure compliance with applicable regulations and company policies Promoting internal turnover and reuse of raw material jumbo bags targeting a 10% increase in turnover and reuse by 2027 Promoting internal turnover and reuse of IBC tanks, targeting a 10% increase in turnover and reuse by 2027
Available Resources and Performed Actions	 The Company conducted regular equipment maintenance to maintain high operational availability and prevent raw material waste due to downtime Jumbo bags recovery / IBC tanks recovery / circulated use of turnover pallets The Company maintained and reinforced warehouse facilities to prevent accidents and consequent raw material loss Reduced packaging: Since 2023, Brazil wood pulp packaging has eliminated plastic film, and Rui'an hard wood pulp no longer uses kraft paper packaging.
Responsible Unit/Grievance Mechanism	Jinan Acetate Chemical/Acetek Environmental-Storage & Shipping Dept.: +86-531-84232772 Acetek Material/Acetek Momentum-Storage & Shipping Sec.: +86-632-2220077
Performance &	• Internal turnover, reuse and recovery rates within the Group:

Outcome

Recovery of jumbo bags - 92%, recovery of IBC tanks - 50%, circulated use of turnover pallets – 93%

- In 2024, the Company completed a total of 1,207 inspections of wood pulp and cotton pulp batches
- In 2024, the Company continued the full use of plastic pallets for shipments to Acetate Chemical, ensuring full circulation and reuse
- Reduced production changeover time (spinning-grade acetate flake / plastic-grade acetate flake) to improve raw material utilization and output: in 2023, 10 changeovers were performed; in 2024, 8 changeovers were performed, saving a total of 20 hours per changeover. Each changeover usually takes 10 hours

Renewable Materials and Non-renewable Materials

The Company's main products include:

- Acetic Anhydride (produced by Acetek Momentum): Raw materials include acetic acid and diammonium hydrogen phosphate.
- Acetate Flake (produced by Acetek Material): Manufactured from both renewable materials such as natural fibers (wood pulp, cotton pulp) and non-renewable chemical raw materials (acetic acid, acetic anhydride, sulfuric acid). Acetate flake is available in spinning-grade and plastic-grade for different end-product applications.
- Acetate Tow (manufactured by Jinan Acetate Chemical): Produced by dissolving, filtering, and spinning spinning-grade acetate flake. The process also requires additional non-renewable raw materials, including white oil, processing oils, and activated carbon.

In addition, the Company utilizes packaging-related raw materials such as jumbo bags and IBC tanks. Through various raw material recycling and reuse initiatives, the Company effectively reduces overall material consumption.

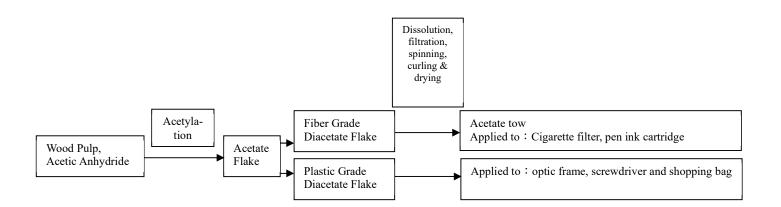
Major Raw Materials Overview

Category	Major Raw Materials
Non-renewable Raw Materials	White Oil, Acetone, Processing Oils, Acetic Anhydride, Acetic Acid, Diammonium Hydrogen Phosphate
Renewable Raw Materials	Cellulose Acetate, Filter Aid, Activated Carbon, Wood Pulp



Processing oils Cellulose Acetate Filter Aid Acetate Acetic Anhydride

Production Process



Raw Materials Consumption Overview

Expressed in tons

Category/Year	2024		2023		2022		
Non-renewable Raw Materials	177,911.250	72.31%	177,972.046	75.35%	165,227.305	82.20%	
Renewable Raw Materials	68,137.319	27.69%	58,218.334	24.65%	35,778.657	17.80%	
Total	246,048.569		236,190	380	201,005.	962	

Note 1: Non-renewable Raw Materials: Non-renewable resources are those that cannot be replenished in the short term, such as minerals, metals, and petrochemical-based virgin materials (derived from Gasoline refining).

Note 2: Renewable Raw Materials: Renewable raw materials can be obtained from multiple sources. These sources are capable of rapid regeneration through ecological cycles or agricultural processes (e.g., agricultural products), or through petrochemical recycling (e.g., recycled plastics). The services provided by such resources are not subject to immediate scarcity and can be sustainably available for future generations.

Recoverable and Reusable Materials in Process

In the acetate product line of Acetek Material, approximately 30% dilute acetic acid is generated during production. Through the acetic acid recovery system—comprising filtration, extraction, and distillation—acetic acid of 99.5% purity is obtained and returned to the raw material storage tanks, pending reuse as a raw material in the cellulose acetate production line, effectively reducing material consumption.

Turnover and Reuse of Recovered Packaging Materials within the Group

At the Company's operating sites in mainland China, all waste packaging materials are reused during outbound shipments. Specifically, used jumbo bags are returned to Acetek Material, while empty tanks are returned to Acetek Momentum. Based on the data of purchased versus recovered packaging in the following table, the recovery rate has remained stable, demonstrating the Company's notable achievements in promoting the reuse of waste packaging materials. In line with the 3R principle—Reduce, Reuse, Recycle—the Company actively implements waste reduction and material reuse to strengthen resource efficiency, enhance environmental friendliness, and contribute to the sustainable use of global resources.

Waste Packaging Materials Recovery and Reuse Overview

Туре	J	umbo Bag	S		IBC Tanks	}
Item/Year	2024	2023	2022	2024	2023	2022
Purchased (pc)	30,095	24,863	18,171	678	408	341
Recovered (pc)	27,600	28,770	19,644	338	242	244
Recovery Rate (%)	92%	116%	108%	50%	59%	72%



Used Jumbo Bags



Empty 1-ton Tanks

In 2021, Jinan Acetate Chemical received the Green Factory Award from the Jinan Municipal Bureau of Industry and Information Technology, recognizing its efforts in promoting a sustainable environment. The Group reaffirms its commitment to fulfilling CSR in fostering environmental sustainability.



Raw Materials Safety Management

The Company uses cellulose acetate and acetone as the major raw materials for producing acetate tow, and wood pulp and acetic anhydride as the major raw materials for producing acetate flake. Among them, acetone and acetic anhydride are flammable liquids, and leakage may easily cause fire hazards. Therefore, the Company has established safety operating procedures and emergency response mechanisms specifically for these hazardous chemicals to prevent fire incidents and minimize risks to personnel safety

In accordance with the Regulation on the Administration of Precursor Chemicals in mainland China, the Company applies to the local county-level public security authority for a precursor chemical purchase permit prior to procuring acetone and acetic anhydride. Upon approval, the permit is sent to the suppliers, who then apply for a transport permit. Transportation personnel are required to carry this permit to deliver acetone and acetic anhydride to the Company.

To further strengthen the management and control of the use, storage, and waste liquid disposal of acetone and acetic anhydride, and to prevent environmental pollution and fire accidents, the Company has formulated its Safety Management System for the Transportation, Loading/Unloading, and Qualification Verification of Vehicles and Personnel Handling Hazardous Chemicals. Under this policy, designated personnel are responsible for the issuance and management of acetone and acetic anhydride. During use, simultaneous operations with electric welding, gas welding, or plasma equipment are strictly prohibited, and all processes must be kept away from ignition sources. With the effective implementation of these management measures, the Company recorded zero violations in 2024 and will continue to uphold this target as part of its ongoing safety management efforts.

Storage and Safety Management of Acetone and Acetic Anhydride

Storage and Sarety Wanagement of Accione and Accine Annyande					
Item	Requirements				
Storage Inspection	Responsible personnel must conduct regular inspections of acetone and acetic anhydride storage conditions to ensure safety				
Surrounding Environment	Flammable and explosive materials must not be stored around storage tanks				
Fire Safety Equipment	Fire safety equipment, including extinguishers, fire shovels, fire buckets, foam sprayers, and fire control panels, must be properly installed and maintained				
Vault Management	After operations of sampling drums or side-draw slots, valves must be closed immediately to prevent leakage and combustion risks				
Static Electricity Protection	When entering the acetone tank area, filtration workshop, dissolution workshop, recovery section, acetate section, or intermediate tank area, static electricity must be eliminated beforehand				
Prohibited Items	Mobile phones, open flames, and smoking are strictly prohibited in areas involving acetone production				
Handling of Waste Liquid in Production	Waste liquids must undergo testing and cooling before being discharged through dedicated pipelines into the sewage treatment pool				



Acetic Anhydride Storage Tank



Fire Safety Control



Static Eliminator



Fire Shovel and Fire Bucket

3.5 Energy Management

Material Issues	Energy Management						
About the Materiality Item	Enhancing energy efficiency is a global trend. By effectively implementing energy management and energy-saving measures, the Company can reduce carbon emissions while simultaneously strengthening its corporate reputation, thereby progressing acetate toward the goal of green and low-carbon production						
Policy/Commitment	 The Company complies with national and local government energy-saving policies, industry policies, and technical standards, while conducting self-assessments of energy consumption performance The Company continuously maintains ISO 50001 Energy Management System certification, and identifies energy-saving opportunities through project-based energy systems and unit-level energy consumption analysis The Company continuously upgrades and retrofit production equipment to improve energy efficiency and reduce energy waste The Company implements electricity-saving measures across offices, public areas, production workshops, and employee dormitories to enhance power utilization efficiency, while regularly promoting energy conservation, carbon reduction awareness, and national energy-saving policies among all employees to strengthen environmental consciousness 						
Short-term Goals	 Steam consumption target for the recovery unit: within 2.30 Nm³ per unit in 2025 Jinan Acetate Chemical: Target Energy Consumption per Product in 2025 is estimated at 1,030tce/t Acetek Environmental: Target Energy Consumption per Product in 2025 is estimated at1,010tce/t 						
Medium- and Long-term Goals	 Jinan Acetate Chemical: Target Energy Consumption per Product in 2026-2028 is estimated at 1,010tce/t Acetek Environmental: Target Energy Consumption per Product in 2026-2028 is estimated at 1,010tce/t 						

	 Other: Conducting monthly electricity consumption statistics and analysis to monitor energy use trends, and continuously proposing improvement plans for high energy-consuming areas Increasing the total amount of self-generated and self-use energy (photovoltaic power generation) Implementing green procurement by giving priority to purchasing equipment with environmental certification/eco-labels (green marks) Carrying out regular maintenance, inspection, and servicing of recycling/recovery equipment Continuously upgrading pyrolysis furnaces to reduce natural gas consumption per ton 						
Available Resources and Performed Actions	 Jinan Acetate Chemical/Acetek Environmental: Strengthened energy metering: instruments calibrated to ensure measurement accuracy Actively studied and adopted new energy-saving technologies and processes Replaced cooling towers to improve the utilization efficiency of circulating water Acetek Momentum: Installed an additional LNG vaporization station to move toward self-sufficiency 						
Responsible Unit/Grievance Mechanism	Jinan Acetate Chemical/Acetek Environmental-Safety & Environmental Protection Dept.: +86-531-84232772 Acetek Material/Acetek Momentum-Recovery Sec./Acetic Acid Sec.:						
Performance & Outcome	 ▶ Jinan Acetate Chemical: Product energy consumption in 2024: 1,010.25tce/t per unit Technical upgrades for energy conservation in 2024: Program Investment (in 10,000) Implementation Period Effectiveness Effectiveness Effectiveness Effectiveness Annual natural gas savings: Natural Gas Combustion to Lower CO₂ Emissions Emissions Saving of 1,103,900 Note: Above monetary items are expressed in RMB Acetek Environmental: Product energy consumption in 2024: 909.87tce/t per unit Acetek Material: Steam consumption for the recovery unit in 2024: 2.40Nm³ per unit Acetek Momentum: In 2024, the natural gas consumption of pyrolysis furnaces was 						

reduced to 85 Nm³ per ton of acetic anhydride, representing a

• By adjusting the air-to-fuel ratio of the boilers, steam consumption was reduced to 83 Nm³ per ton of steam (Acetek

decrease of 1 Nm³ per ton compared with 2023

Momentum steam source: 100% natural gas)









LNG Vaporizer

LNG Vaporizer

Gas Storage Tank

Gas Storage Tank

Improving energy efficiency has become a global trend. Currently, Jinan Acetate Chemical and Acetek Environmental have implemented the ISO 50001 Energy Management System, establishing energy equipment identification and performance indicators at each facility, and planning major energy equipment improvement projects to continuously promote energy savings and carbon reduction.

The Company's current energy sources are primarily non-renewable, including gasoline, diesel, natural gas, purchased electricity, and steam. Since 2022, the Company has installed self-generated renewable energy through photovoltaic (PV) modules. In 2024, total energy consumption amounted to 3,069,964.18 GJ, of which 5,648.19 GJ came from PV-generated energy, representing a renewable energy utilization rate of 0.18%, a 125% increase compared with 2023.

Although total energy consumption increased in 2024 due to expanded production capacity and the commissioning of Jinan Acetate Chemical-Plant II, energy intensity decreased from 245.2914 GJ in 2023 to 195.3733 GJ in 2024, reflecting higher operational efficiency in line with increased revenue. To reduce the risk of over-reliance on a single energy source, the Company maintains a diversified energy mix. In 2024, the top three stable energy sources used in production were steam (48.35%), natural gas (40.77%), and purchased electricity (10.59%).

Non-renewable Energy Consumptions

Expressed in GJ (Gigajoule)

Year	Electricity Consumption	Gasoline	Diesel	Steam	Natural Gas	Total
2024	325,240.38	557.53	2,397.45	1,484,399.90	1,251,720.73	3,064,315.99
2023	257,157.63	608.68	1,195.57	1,527,137.55	916,122.01	2,702,221.44
2022	192,536.07	597.96	1,040.66	1,333,727.28	708,576.75	2,236,478.72

- Note 1: The reporting scope covers the mainland China plants; however, electricity consumption also includes the Taiwan (Taipei) Office.
- Note 2: Transportation fuel includes production-related fuel and business travel fuel; gasoline and diesel data represent the actual consumption for business travel, cargo handling, and boiler use in the reporting year.
- Note 3: The energy used for steam generation is coal.
- Note 4: Energy conversion factors: electricity 3,600 kJ/kWh; gasoline 32,604 kJ/L; diesel 35,112 kJ/L; coal 24,620 kJ/kg; natural gas 33,440 kJ/m³. Calorific values are based on the Energy Statistics Manual published by the Energy Bureau, Ministry of Economic Affairs.
- Note 5: China Standard Oil Definition: calorific value of 10,000 kcal/kg, used to convert between different energy types; China Standard Coal: 1 kg = 0.7 kg of standard oil (7,000 kcal/kg). 1 kcal = 4,186.8 J. Data source: Standard for Calculation of Energy Consumption in Petrochemical Engineering Design (2016).
- Note 6: Steam conversion factors: 1 ton of 1.0 MPa steam = 76 kg of standard oil = 108.5714 kg of standard coal. Data source: Standard for Calculation of Energy Consumption in Petrochemical Engineering Design (2016).

Renewable Energy Utilization Rates and Consumptions

Expressed in Gigajoule (GJ); %

Year	PV Generation	PV Electricity Consumption	Total Energy Consumption	Renewable Energy Utilization Rate
2024	5,648.19	5,648.19	3,069,964.18	0.18%
2023	2,273.93	2,273.93	2,704,495.37	0.08%

Energy Intensity

Expressed in GJ (Gigajoule)/ NT\$ million

Year	Total Energy Consumption (GJ)	Revenue (NT\$ million)	Energy Intensity (GJ/NT\$ million)
2024	3,069,964.18	15,713.325	195.3733
2023	2,704,495.37	11,025.642	245.2914
2022	2,236,478.72	4,269.391	523.8402

3.6 GHG Management

The Company's primary operations are located in Shandong Province, China. To better monitor GHG emissions across its facilities, the Company began, at the end of 2023, conducting internal GHG inventories in accordance with ISO 14064-1, covering Scope 1 (Category 1), Scope 2 (Category 2), and Scope 3 (Categories 3~6). In 2024, a third-party independent unit, [Legendary & Steadfast Accountancy (LSA)], was engaged to verify the Scope 1 (Category 1) and Scope 2 (Category 2) GHG inventories. As 2023 was the first year of reference under ISO 14064-1:2018, it has been established as the baseline year.

Reducing CO₂ emissions and saving energy are key priorities for the Company. Concrete measures for energy conservation and GHG reduction primarily include promoting energy-saving awareness among employees, which not only reduces operational costs but also effectively decreases overall GHG emissions.

GHG Emission Sources by Categories

Category	Emission Type	Emission Source
	Stationary Combustion Sources	Natural gas and liquefied natural gas-fired Regenerative Thermal Oxidizers (RTOs), boilers, and diesel-fired emergency power generators
	Mobile Combustion Sources	Company vehicles and forklifts running on gasoline and diesel
Scope 1 (Category 1) Direct GHG Emission	Process Sources	Acetylene, welding rods, and VOCs
	Fugitive Emission Source	Air-conditioning systems, refrigerators, industrial equipment, refrigerants from Company vehicles, fire extinguishers, and Methane (CH ₄) emissions from septic tanks and wastewater treatment plants

Scope 2 (Category 2) Energy Indirect GHG Emission	Purchased Energy	Electricity-consuming facilities and equipment (Purchased Electricity), and steam facilities and equipment (Purchased Energy)	
	Upstream Transportation	Transportation of raw materials	
Scope 3 (Category3~6) Other Indirect GHG Emission	Downstream Transportation	Transportation of finished products	
	Upstream Carbon Footprint	Carbon emissions associated with the extraction, production, a distribution of purchased raw materials, electricity, energy, and fu (Taiwan)	

GHGY Annual Emission Statistics-Analysis by Type of Emission Sources

Year/Emission Source Types		Scope 1 (Category 1) Direct GHG Emission	Scope 2 (Category 2) Energy Indirect GHG Emission	Scope 3 (Categories 3~6) Other Indirect GHG Emission	Annual Emissions Equivalent (tons CO ₂ e/Year)
2024 (Notes 1	Emissions Equivalent (tons CO ₂ e/Year)	83,128.47	59,293.28	82,679.87	225,101.62
and 2)	Proportion by Scope(%)	36.93%	26.34%	36.73%	100%
2023	Emissions Equivalent (tons CO ₂ e/Year)	59,701.20	50,227.63	77,957.86	187,886.69
(Note 1)	Proportion by Scope(%)	31.78%	26.73%	41.49%	100%
2022	Emissions Equivalent (tons CO ₂ e/Year)	ions Equivalent 59,300.13		No inventory performed	97,078.17
(Note 3)	Proportion by Scope (%)	61.08%	38.92%	-	100%

Note 1: At the end of 2023, the Company began conducting an internal GHG inventory in accordance with ISO 14064-1, using 2023 as the baseline year. The inventory scope covers Scope 1 to Scope 3.

GHG Annual Emission Intensity

Year	Annual Emission Equivalent (tons CO2e)	Annual Revenue (NT\$ million)	GHG Annual Emission Intensity (tons CO2e/NT\$ million)
2024	225,101.62	15,713.325	14.33
2023	187,886.69	11,025.642	17.04
2022	97,078.17	4,269.391	22.74

Note: Annual emission intensity for the year 2023 has been modified due to correction to the emission equivalent for the same year.

Note 2: Emission factors for 2024 are detailed in the Company's GHG Inventory Report.

Note 3: 2022 data include only Scope 1 and Scope 2. Scope 2 emission factors have been adjusted based on current conditions to recalculate GHG emissions equivalents and proportion by scope.

3.7 Risk Management and Responses to Climate Change

The Company has established internal control and internal audit systems and has formulated its CSR Code of Conduct to implement integrated risk management for sustainable operations, covering environmental, social, and governance (ESG) aspects. Given the increasing impact of extreme weather events caused by global warming, as well as the growing significance of energy and climate change issues in recent years, the Company recognizes its responsibility for enterprise sustainable development to maintain competitiveness and sustainability within the industry. In accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD), the Company's climate-related efforts are organized into Governance, Strategies, Risk Management, and Indicators and Targets. The Corporate Sustainability Implementation Task Force and its committees are responsible for identifying climate-related risks and opportunities, formulating response strategies, and reporting annually to the Board of Directors, which oversees the implementation and effectiveness of these strategies.

		isces the implementation and effectiveness of thes			
Governance	Strategies	Risk Management	Indicators and Targets		
Statuses of the Company's governance over climate-related risks and opportunities	Business, Strategies, and Financial Planning: Actual and Potential Climate-related Impacts	Climate-related Risk Management Process	Indicators and Targets for Assessing and Managing Climate-related Issues		
◆ The governance of climate- related risks and opportunities, along with annual sustainability risk management issues, is		Process for the identification, assessment and management of risks is as follows: • The Corporate Sustainability Implementation Task Force completes the collection of climate and environmental background data • Conduct assessment of climate-related risks and operational scope	Prioritizing the use of		
reported each year by the President to the Board of Directors, which oversees	Refer to the 2024 Short-, Medium-, and Long-term Climate Risks and Opportunities Table	Develop a list of climate-related risks and opportunities Establish an internal operational impact survey questionnaire	relatively low-carbon energy to reduce the carbon footprint of products.		
the implementation and effectiveness of related measures.		Members of the Corporate Sustainability Implementation Task Force conduct analysis of climate-related risks, opportunities, and operational impact Determine items of significant risks			
11000 W. C.		• Establish implementation strategies and targets	In 2024, Scope 1 Emission		
◆ The President serves as the	Refer to climate-related impacts	Refer to climate-related impacts	Refer to climate-related impacts	Rolling review of the effectiveness of strategies and targets through Corporate Sustainability Implementation Task Force meetings annually	was 83,128.47 tons CO ₂ e; and Scope 2 Emission was 59,293.28 tons CO ₂ e
Chairperson for the			39,293.28 tons CO2e		
governance of climate- related risks and opportunities, while each primary unit head is responsible for implementing risk identification, assessment, and mitigation.	In assessing climate-related impacts, the Company considers the 2°C Scenario (2DS) during discussions at the Sustainability Committee meetings. Simultaneously, tools provided by the TCCIP (Taiwan Climate Change Projection Information and Adaptation Knowledge Platform) are used as references for evaluating physical climate risk scenarios. Ultimately, the Company adopts the 2DS / RCP2.6 scenario as the reference for physical climate risk assessment, under which both physical risks and regulatory transition risks are analyzed, and the corresponding climate-related risks and opportunities are described.	The Company's risk management system has incorporated climate-related risks and opportunities into the operations of each unit.			

2024 Climate Risks and Opportunities Table

No.	Climate Change Risk Issues	Risk Level	Time Horizon	No.	Climate Change Opportunity Issues	Risk Level	Time Horizon
R1	Increase in GHG emission pricing	Med	Long-Term	01	Adoption of more efficient transportation methods	Low	Short-, Medium- and Long-Term
R2	Strengthened obligations of emissions reporting	Med	Long-Term	O2	Implementation of more efficient production and distribution processes	Med	Long-Term
R3	Regulatory requirements and compliance for existing products and services	Med	Long-Term	O3	Recycling/Recovery and Reuse	Med	Long-Term
R4	Exposure to litigation risk	Low	Short-, Medium- and Long-Term	O4	Upgrade to higher-efficiency buildings	Low	Short-, Medium- and Long-Term
R5	Substitution of existing products and services with low-carbon alternatives	Med	Long-Term	O5	Reduced water usage and consumption	Med	Medium- to Long- Term
R6	Failure of investments in new technologies	Low	Short-, Medium- and Long-Term	O6	Use of low-carbon energy sources	Med	Long-Term
R7	Increased costs associated with low-carbon technology transition	Med	Long-Term	O7	Implementation of incentive-based policies	Med	Long-Term
R8	Changes in client behaviors	Low	Short-, Medium- and Long-Term	O8	Application of new technologies	Med	Long-Term
R9	Market uncertainty and volatile market signals	Med	Medium- to Long-Term	O9	Participation in carbon trading markets	Med	Long-Term
R10	Rising raw material costs	Med	Medium- to Long-Term	O10	Transition to decentralized energy systems	Low	Short-, Medium- and Long-Term
R11	Shifts in consumer preferences-industry stigma	Low	Short-, Medium- and Long-Term	Note 1	: Short-term refers to a period between 1	and 5 v	ears: medium-
R12	Growing scrutiny and negative feedback from stakeholders	Low	C1 4 3 4 1'		efers to a period between 5 and 10 years; a	•	
R13	Intensification of extreme weather events e.g., typhoons and floods	Low		a perio	d over 10 years		
R14	Extreme changes in rainfall (precipitation) patterns and climate variability	Low	Short-, Medium- and Long-Term				
R15	Rising average temperatures	Low	Short-, Medium- and Long-Term				
R16	Sea level rise	Low	Short-, Medium- and Long-Term				

Responses to Climate-related Impacts and Risks

Category	Aspect	Item	Financial Impacts to the Company	Strategies	Countermeasures and Targets
		Market uncertainty and volatile market signals		Continuously monitor market trends and assess the potential impact of market changes on the Group's operations	and international policies and legal changes to take timely and appropriate measures in response to market environment changes. The above are implementation of management systems with no additional costs incurred
TCFD (Task Force on Climate- related	Transformation Risk-Market	Rising raw material costs	carbon tariffs in various countries	Maintain at least two suppliers for key raw materials to ensure stable and autonomous supply; continuously monitoring raw material market prices	on company profitability. 3. Continuously monitor carbon tariff regulations in various countries. 4. Conduct ESG assessments of suppliers to identify competitive low-carbon suppliers. The above are implementation of management systems with no additional costs incurred
Financial Disclosures)	Opportunities- Resource efficiency	Reduced water usage and	Water resource reuse provides sustainable benefits for the enterprise. At Jinan Acetate Chemical, treated wastewater is collected and reused for industrial processes and landscape watering. By using the reclaimed water supply system as an alternative water source, the Company can reduce water costs, lower operating expenses, and stabilize operations by mitigating the impact of seasonal water variability.	cost analysis to reduce water consumption cost per unit 2. Actively promote new production processes and adjust process conditions to increase purified water yield and minimize wastewater discharge 3. Strengthen key energy-saving projects to achieve compliant pollutant discharge, while conducting clean production audits 4. Ensure wastewater treatment meets regulatory discharge standards, with treatment capacity matching production wastewater volume to maintain stable and	 Set Water Unit Intensity Indicators: In 2024, the Group's total Water Unit Intensity per unit of annual revenue was 80.3427 m³, compared with 96.1332 m³ in 2023, representing a ~16% reduction. Acetate Tow Products- Unit water consumption per product: 202413.29m³/t; proposed unit water consumption per product in 2025: 12.60m³/t. Completed technological upgrades of triple-effect evaporation treatment equipment to increase concentrated water processing capacity. Improved overall membrane water treatment efficiency by adding an additional submerged ultrafiltration membrane unit. 100% of discharged water meets regulatory standards, with zero pollution fines reported in the

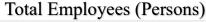
Chapter 4 Social Care

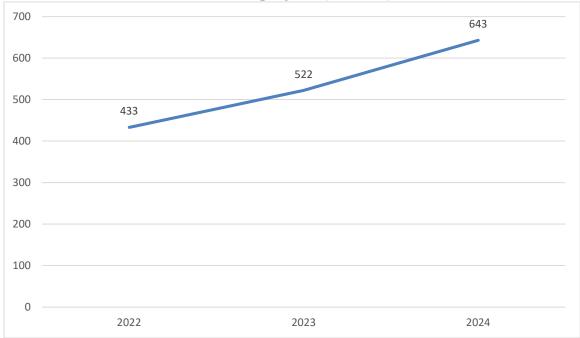
4.1 Employee Structure

A well-balanced workforce contributes to a company's sustainable development. The Company recruits the equal number of male and female employees based on production technology and operational requirements. The male-to-female ratio is maintained at a balanced level, and no discriminatory treatment is applied based on gender, race, religion, or marital status. A reasonable gender ratio not only facilitates recruitment but also helps foster a harmonious working environment.

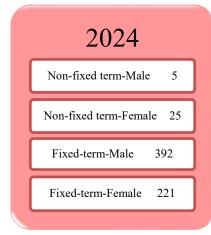
The Company's plants are located in Jinan and Zaozhuang, China, with employees in these sites accounting for 98.76% of the total workforce. As of December 31, 2024, the total number of full-time employees was 643 (including 8 in Taiwan), with no dispatched or part-time staff. The workforce increased by 121 persons in 2024, mainly due to the expansion of Jinan Acetate Chemical to increase acetate tow production capacity.

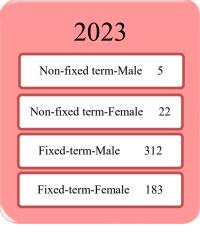
To protect employees' legal rights, the Company signs labor contracts with all employees. Furthermore, in order to prevent arbitrary dismissal and maintain workforce stability, new hires and those renewing labor contracts for the first time in China sign fixed-term labor contracts. From the second renewal onwards, employees sign indefinite-term labor contracts in accordance with local regulations. As of now, 23 employees in China have signed indefinite-term labor contracts, while the majority remain on fixed-term contracts as they do not meet the above criterion.





Employment Contract—By Gender







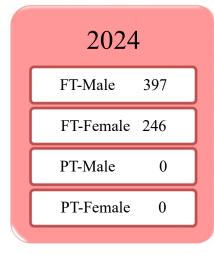
Employment Contract—By Region







Employment Type—By Gender



2023		
FT-Male	317	
FT-Female	205	
PT-Male	0	
PT-Female	0	

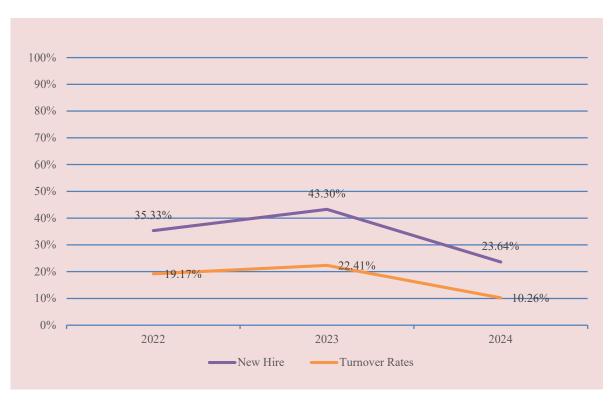


Note: No dispatched or part-time staff in the recent three years.

Due to the specialized nature of the production technology, plant operations require 24-hour continuous monitoring. Currently, a 12-hour two-shift system is implemented. Although the work is not physically intensive and overtime pay is provided, some employees find it difficult to adapt to long working hours. The turnover rate among production line employees and junior staff is relatively high, which reflects a common trend in China. The main reasons for employee departures include difficulty adapting to the work or living environment, career planning, marriage, relocation, or returning to hometowns. Consequently, the onboarding and turnover rates remain elevated. In 2024, 66 employees left the Company, while 152 new employees were hired. Compared with 2023, both new hire and turnover rates decreased, primarily due to the completion and start-up of Acetek Environmental's plant, which helped stabilize the workforce. In recent years, to address high personnel turnover, the Company has planned improvements in production technology to increase automation and reduce the need for prolonged human work.

Looking forward, as employees' awareness of their rights and interests grows, the Company will continue to focus on employee welfare policies, aiming to meet employees' needs, reduce onboarding and turnover rates, and establish a stable workforce to support the Company's sustainable development.

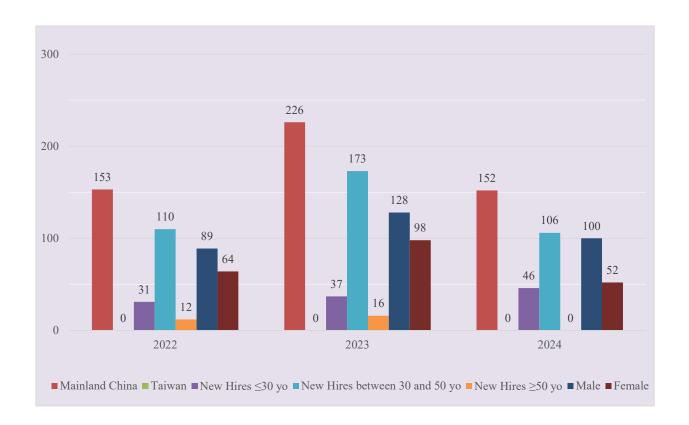
New Hire and Turnover Rates



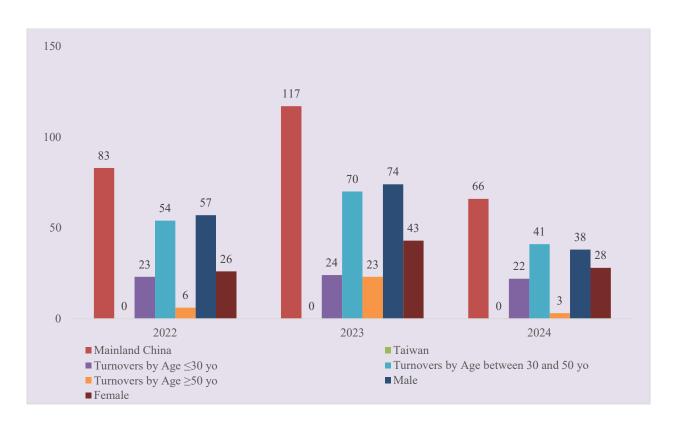
Note 1: New Hire Rate: Total Number of New Hires/Total Employees.

Note 2: Turnover Rate: Total Number of Turnovers/Total Employees.

New Hires by Region, Age, and Gender/Persons



Turnovers by Age/Persons



4.2 Remuneration and Benefits

Material Issues	Employment				
About the Materiality Item	Robust benefits and open communication strengthen employees' awareness and sense of identification, improve work efficiency, and create mutual success for both the Company and its employees				
Policy/Commitmen t The Company continues to prioritize employee rights and implest comprehensive employee care policies to meet the diverse needs workforce					
Short-term Goals	 1.0%Turnover rate reduced by 1.0% Salary adjustments based on performance evaluations 				
Medium- and Long- term Goals					
Available Resources and Performed Actions	Safety honus program maintained to incentivize workplace safety				
Responsible Unit/Grievance Mechanism	Human Resources Div./+86 531 88164818				
Performance & Outcome	 Increased year-end bonus payout in 2024 Employee welfare expenditure increased compared with the previous year 				

A fair and competitive remuneration and benefits system is essential for retaining enterprise talents. As a high-tech enterprise, the Company places higher requirements on talent recruitment and employee stability compared with other processing and manufacturing enterprises. To reduce training costs for new employees and retain skilled personnel to ensure production stability and product quality, the Company provides, at each operating site, salaries, benefits, leave systems, insurance, and retirement plans in compliance with local labor laws and regulations, allowing employees to work with confidence. In addition, the Company continuously improves the work environment and enhances wages and benefits, with yearly adjustments based on the Company's operational conditions.

E I D C	Permanent	Permanent Employees	
Employee Benefits	China	Taiwan	
Social Insurance (Five Mandatory Insurances) / Labor Insurance and National Health Insurance	•		
Housing Provident Fund	•		
Marriage Leave, Bereavement Leave	•	•	
Family Visit Leave	•		
Unpaid Parental Leave for Raising Children	•	•	
Statutory Retirement System	•	•	
Commercial Employer Liability Insurance (Accident Insurance)	•	•	
Year-end Bonus		•	
Festival/Holiday Benefits	•	•	
Birthday Gift Vouchers			
Regular Health Check-up		•	

Salary and Benefits in China

- Employee compensation and bonuses are reviewed every six months, serving as the basis for salary adjustments. Over the past three years, salaries have consistently increased.
- Employee-Friendly Leave System-Employees enjoy a comprehensive leave policy. In addition to public holidays, employees are entitled to marriage leave, bereavement leave, family visit leave, maternity leave, sick leave, and work-related injury leave, with the flexibility to adjust public holidays as needed.

Pension System in China

- The Company maintains a comprehensive employee insurance and retirement protection system in accordance with government policies and regulations. All employees, except those who have reached the statutory retirement age, are enrolled in social insurance and the Housing Provident Fund (five insurances and one fund). Contributions are shared among the state, the Company, and employees, with the Company handling the deduction and remittance of the employee portion from salaries; currently, the social insurance contribution rates are 25.60% for the Company and 10.3% for employees, in compliance with legal requirements.
- In addition, the Company provides supplementary commercial employer liability insurance (accident insurance) to ensure full protection for every employee; the Company also assists eligible employees in completing retirement procedures in accordance with legal requirements.

Salary and Benefits in Taiwan

• The Group began hiring employees in Taiwan in 2014 and established the Taiwan Office in 2015. As of the end of 2024, there are 8 Taiwanese employees, who are entitled to leaves, labor insurance, health insurance, and retirement arrangements are implemented in accordance with Taiwan local regulations. Employee salaries and bonuses are determined based on Company performance and individual work performance.

Pension System in Taiwan • In accordance with the Labor Standards Act and the Labor Pension Act, the Company has established its Regulations for Employee Retirement Management. For each employee, a monthly pension contribution of 6% of individual salary is made by both the Company and the employee, which is deposited into the employee's individual pension account at the Bureau of Labor Insurance.

Note: The Company's key operating sites include its production plants in Jinan and Zaozhuang, China, and its Taiwan Office, which serves as the listed entity's office.

Unpaid Parental Leave for Raising	Gender	Year		
Children by Employees	Genuel	2024	2023	2022
Employees Eligible for Unpaid Parental Leave for	Male	0	0	0
Raising Children	Female	10	6	3
No. of Applications for Unpaid Parental Leave for	Male	0	0	0
Raising Children	Female	8	6	3
Employees to Be Reinstated from Unpaid Parental	Male	0	0	0
Leave for Raising Children due to Expiration (A)	Female	9	3	3
Reinstatements from Unpaid Parental Leave for Raising	Male	0	0	0
Children Realized (B) (incl. Early Reinstatement)	Female	9	3	3
Deinstellen und Dete (D/A)	Male	-	-	-
Reinstatement Rate (B/A)	Female	100%	100%	100%
Employees having worked continuously for Twelve	Male	0	0	0
Months following Reinstatement from Unpaid Parental Leave for Raising Children in the Previous Year (C)	Female	2	3	3
Detection Date (C/D for the Durview Veet)	Male	-	-	-
Retention Rate (C/B for the Previous Year)	Female	66.67%	100%	100%

4.3 Occupational Health and Safety

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Material Issues	Occupational Safety & Health Management
About the Materiality Item	Occupational safety and health directly affect human resources and related operating costs. By consistently safeguarding the workplace safety and physical and mental well-being of employees, the Company can prevent labor hazards, mitigate corporate risks, reduce social costs, and secure sustainable development
Policy/Commitment	 The Company's operations comply with local laws, regulations, and environmental, health, and safety (EHS) system standards The Company maintains a safe workplace environment, reducing operational risks and potential hazards for personnel The Company continuously communicates with stakeholders and optimize Occupational Safety & Health (hereinafter "OSH") management through the PDCA cycle The Company implements strict contractor management during construction activities
Short-term Goals	 Ensuring compliance with relevant OSH regulations and maintain ISO 45001 certification requirements Safety inspections and hazard remediation completion rate: 100% New hire orientation completion rate: 100%; fire and safety equipment uptime: 100% Zero major equipment accidents (causing direct economic loss > 50,000) Special equipment inspection pass rate: 100%; other equipment operational rate: >95% Pre-construction contractor safety training rate: 100%; contractor sampling pass rate: 100% High-risk personnel monitoring rate: 100%; safety incident review meetings convening rate: 100%
Medium- and Long-term Goals	 Jinan Acetate Chemical and Acetek Environmental: Zero fatalities, zero serious injuries, zero occupational diseases Zero major fire (explosion) incidents; zero major environmental pollution incidents 100% implementation of employees safety training as well as special operation and special equipment operations assumption by certified personnel Full safety budget allocation, hazard rectification, and improvement implementation: 100% 100% of employees exposed to occupational hazards undergo regular health examinations Minor injury cases per year: fewer than 5 person Acetek Material and Acetek Momentum: Grading expected to reach Blue Level by 2025; completion of Level 3 standardization review by 2025 Implementing the Guideline of China Occupational Safety and Health Management System (GB/T33000-2016) and the Guidelines for Chemical Process Safety Management (AQ/T 3034-2022)
Available Resources and Performed	The Company regularly holds safety meetings to review hidden safety concerns reported by each department, develop improvement and

Actions	 corrective action plans, and have dedicated units monitor and oversee the implementation performance Practical actions include: Hazard identification and risk classification of work environment and operations Maintenance, inspection, and improvement of machinery, electrical, and fire safety equipment Safe usage, labeling, and storage of hazardous chemicals Contractor safety assessments and management for on-site operations Unscheduled audits to verify OSH performance Development of OSH training programs, plus the implementation of personnel training and assessment Employee communication and knowledge exchange on physical and mental health promotion Establishment of OSH complaint hotline and email for employees 			
Responsible Unit/Grievance Mechanism	Jinan Acetate Chemical/Acetek Environmental-Safety & Environmental Protection Dept.: +86-531-84232772 Acetek Material/Acetek Momentum-Safety DeptOccupational Health Sec.: +86-632-2220077			
	Execution Rate of OSH Trainings	Jinan Acetate Chemical/ Acetek Environmental Completed 9 sessions, with an employee participation rate of 100%	Acetek Material/ Acetek Momentum 24 sessions completed, with an employee participation rate of 100% Special Equipment Integrity Rate:	
	Equipment Integrity Rate	Special Equipment Inspection Pass Rate 100%	100% Other Equipment Integrity Rate: 98.28% (Target: ≥95%)	
Performance &	Hidden Concerns			
Outcome	Rectification Rate	100%	100%	

Sustainable development of an enterprise relies on a safe working environment and healthy employees. To effectively safeguard employee occupational safety and health, Jinan Acetate Chemical, Acetek Material, Acetek Momentum, and Acetek Environmental have established the Safe Production Leadership Team and the Work-related Ill Health Tasks Leadership Team. Each site has formulated internal occupational safety policies and management systems in accordance with local regulations. Through annual occupational safety training and emergency response drills, employees become familiar with health and safety risks as well as proper handling procedures, thereby achieving

the Company's goals of "zero occupational accidents" target and fostering a strong OSH culture across the Company.

Occupational Safety & Health Management System

Currently, Jinan Acetate Chemical, Acetek Material, Acetek Momentum, and Acetek Environmental have all obtained ISO 45001 / GB-T 45001 Occupational Safety & Health Management System certification and continue to maintain and manage the system. The companies are committed to preventing occupational accidents and promoting employee health, advancing toward a friendly and safe workplace, and fulfilling corporate social responsibility (CSR). The OSH management system covers all employees across the four sites, achieving 100% coverage.

No. of Workers Covered by the OSH Management		2024				
Applicable Laws and Systems in OSH Management	Inspection Type	Jinan Acetate Chemical (Persons)	Acetek Material (Persons)	Acetek Momentum (Persons)	Acetek Environmental (Persons)	No. of Workers Included in the OSH System
Occupational	Internal Audit	242	145	60	189	636
Safety & Health Laws	External Labor Inspection	242	145	60	189	636
ISO 45001	Internal Audit	242	145	60	189	636
	External Verification	242	145	60	189	636

Management Personnel for the Occupational Safety & Health Management System

Jinan Acetate Chemical, Acetek Material, Acetek Momentum, and Acetek Environmental all employ professionally qualified OSH management personnel, and all relevant staff hold certifications in compliance with regulatory standards and have completed comprehensive environmental, safety, and health training. In addition, the Company appropriately assigns registered safety engineers, safety managers, safety officers, and occupational injury prevention personnel in accordance with local laws and regulations, ensuring a safe workplace and the health of all employees

Participation, Counseling and Communication of Workers

Jinan Acetate Chemical, Acetek Material, Acetek Momentum, and Acetek Environmental have all established Safe Production Leadership Teams (equivalent to Occupational Safety & Health Committees), who comprise members from various management levels as well as non-managerial staff from different units, fostering a culture of occupational safety and ensuring that safety policies are effectively implemented in daily operations. The teams also continuously optimize the safety management system based on employee feedback.

According to legal requirements, the Safe Production Leadership Team shall convene safety meetings at least once every quarter i.e. four meetings per year. Given the nature of the chemical industry, the Company convenes safety meetings far more frequently than legally required to ensure effective occupational safety management. In 2024, the actual number of meetings held was: Jinan Acetate Chemical & Acetek Environmental: 10 meetings; Acetek Material: 19 meetings; and Acetek Momentum: 29 meetings.

Total Number of Members in the Safe Production Leadership Teams and Proportion of Workers in 2024

Company/No. of Members	Team Leader	Deputy Team Leader	Total No. of Safe Production Leadership Team Members	No. of Worker (Non-supervisor) Members	Proportion of Workers (Non- supervisor) %
Jinan Acetate Chemical	President	Vice President Deputy Director, Environmental Safety Dept.	12	9	75%
Acetek Environmental	Chairman	VP of Production Deputy Chief of Safety & Environmental Protection Dept.	12	9	75%
Acetek Material	President	Vice President Safety Director	20	17	85%
Acetek Momentum	President	Vice President Safety Director VP of Production	20	16	80%

Issues Communicated in 2024 Safe Production Leadership Team Safety Meetings

- ♦ Identification of potential hazards and graded risk management and control in the work environment and operational methods
- ♦ Maintenance, inspection, and improvement of mechanical equipment, electrical systems, and fire protection facilities
- ♦ Safe use, labeling, and storage of hazardous chemicals
- ♦ Sampling, monitoring, and improvement of the working environment
- ♦ Safety evaluation and related management of contractors entering the facility
- ❖ Formulation and implementation of workplace safety rules and emergency response plans, with performance verified through unscheduled audits
- ♦ Development of OSH training programs, with effective implementation of employee training and assessment
- ♦ Employee communication and knowledge exchange on physical and mental health promotion
- ♦ Establishment of OSH complaint hotline and mailbox to enable employees to seek consultation and participate in system or process improvements
- ❖ Development of a comprehensive incident investigation process, with mandatory reporting of major events in accordance with legal and procedural requirements

Potential Hazards Identification, Risk Assessment and Incident Investigation

Identification and Analysis for Potential Hazards

At Jinan Acetate Chemical, Acetek Environmental, Acetek Material, and Acetek Momentum, the Safety Departments classify hazards according to local regulations under the "Criteria for Determining Major Accident Hazards in Industrial and Commercial Enterprises." Hazards are divided into major hazards and general hazards, with general hazards further categorized into eight types. At Acetek Material and Acetek Momentum, analysis of the proportion of hazards identified the top three categories as: facilities and equipment, workplace environment, and firefighting and emergency facilities. Corresponding corrective measures have been implemented to ensure workplace safety and employee health.

2024 Statistics of Inspections for Potential Hazards

Company	Plant- level Inspection	Workshop- level Inspection	Shift and Team-level Inspection	Post Inspection	Execution Rate	Completion Rate for the Rectifications of Major Potential Hazards
Jinan Acetate	Once	Once	Once	Once per	100%	No Major
Chemical	Monthly	Monthly	weekly	Shift		Potential Hazards
Acetek	Once	Once	Once	Once per	100%	No Major
Environmental	Monthly	Monthly	weekly	Shift		Potential Hazards

Company	Company-level Potential Hazards Examination	Section/Office Level Potential Hazards Examination	Implementation Rate for Potential Hazards	Completion Rate for the Rectifications of Major Potential Hazards
Acetek Material	23 planned 23 implemented	7 planned 7 implemented	100%	5 cases, with a rectification rate of 100%
Acetek Momentum	14 planned 14 implemented	+	100%	9 cases, with a rectification rate of 100%

New Safety & Health Facilities and Equipment for Employee Operations Safety Added in 2024

Jinan Acetate Chemical/Acetek Environmental

- In late May of this year, the Company organized the June Safety Month campaign under the theme "Everyone Speaks Safety, Everyone Knows Emergency Response." Activities included viewing internal workplace accident alerts, occupational disease hazard warning posters, and educational sessions on fire prevention, firefighting, and evacuation knowledge.
- 2. Safety valves undergo regular inspections to ensure proper functionality (to maintain normal equipment pressure, prevent overpressure explosions, and protect personnel from injury).
- Pressure gauges undergo regular inspections to ensure validity (to maintain normal equipment pressure, prevent overpressure explosions, and protect personnel from injury).
- 4. Fire extinguishers and fire hoses management (As essential firefighting equipment, their timely use during incipient fires can effectively extinguish flames, prevent fire spread, minimize damage, and safeguard personnel safety and property).
- 5. The Safety & Environmental Protection Dept. conducts on-site inspections and delivers face-to-face training to employees at their workstations, addressing job-specific risks and corresponding control measures.

Acetek Material/Acetek Momentum

1. Addition of QR Code Scan Registration and Safety Briefing for Incoming Personnel

At office entrances, all non-contractor personnel—such as visitors, lecturers and trainers—must scan a QR code to complete registration and receive a safety briefing, with their understanding acknowledged by signature. The Safety Dept. can monitor submissions via the backend system. Any personnel or internal contacts failing to complete registration or safety briefing are subject to performance review. The measure strengthens safety management for all external personnel entering Company premises.

2. Reporting Mechanism for Potential Production Hazards via QR Code Scan

QR codes for reporting potential production hazards are placed at production workstations, notice boards, and other prominent locations. Employees can scan the QR code to report any observed hazards during inspections. The Safety Department compiles monthly statistics, and reports are reviewed and approved by management before rewards are issued. The mechanism encourages frontline employees to actively participate in hazard identification and further improves overall production safety.



Risk Points Grading Notice at Jinan Acetate Chemical



Risk Points Grading Notice at Acetate (Shandong)

Handling for Potential Hazards

Item	Responsible Unit	Handling Methods
General Potential Hazards Governance	Responsible person or relevant personnel of each department	 Potential hazards are categorized by severity and scope into levels by workstation, team/shift, workshop, and Company Potential hazards that can be rectified immediately must be addressed immediately, with designated personnel assigned to confirm completion (E.g., marking pipeline flow directions, item safety labeling) For hazards that cannot be immediately eliminated, a timely analysis must be conducted, and reliable safety prevention measures should be implemented with a defined rectification deadline to prevent escalation into incidents
Major Potential Hazards Governance	Organizational Safe Production Leadership Team	 After determination or assessment, an assessment report shall be prepared for items recognized as potential hazards of major accident. The report shall include: Governance targets and assigned tasks Methods and measures to be taken Implementation of required budget and resources Departments (bodies) and personnel responsible for governance Timeframe and specific requirements for governance Safety measures to prevent accidents during the rectification period

Risk Grading Assessment

Each year, the Company conducts a reassessment of existing risk points through a risk evaluation system to ensure compliance. Operational activities are assessed based on the likelihood of accidents and the severity of potential consequences, and classified into three levels: acceptable risk, as-low-as-reasonably-practicable (ALARP) risk, and unacceptable risk, with corresponding control measures established for each level. Facilities and equipment are assessed using the LEC (Likelihood–Exposure–Consequence) method, also classified into the same three levels, with appropriate control measures applied to reduce risks.

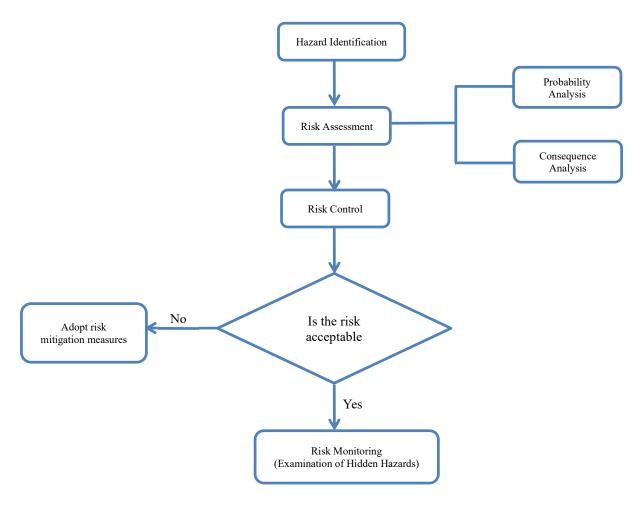
Risks are further graded by score from high to low as major risks, significant risks, general risks, and minor risks; all risks must comply with operating procedures and processes. For major risks, personnel are required to undergo training and assessment, be equipped with protective measures, and work under supervision; unacceptable risks must be addressed with control measures to lower their level until they become manageable. In accordance with the "Jinan Guidelines for Dual-Prevention Mechanisms for Micro and Small Enterprises," the Company continuously promotes the dual-prevention system of graded risk control and hidden hazard identification and governance, thereby strengthening the Company's accountability in safe production, enhancing its risk management capability, and improving its level of intrinsic safety, in alignment with practical operational needs.

2024 Inventory Result

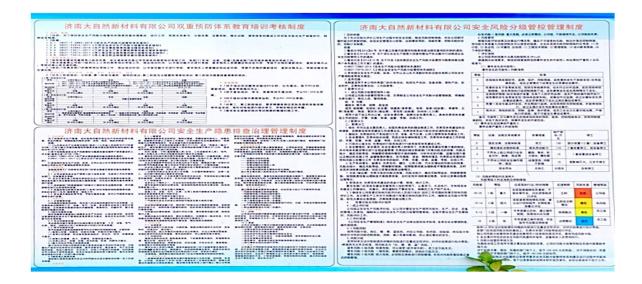
Company	Major Risk	Significant Risk	General Risk	Minor Risk	Total Risk Points
Jinan Acetate Chemical	2	10	6	21	39
Acetek Environmental	2	9	6	20	37

Company	Operation Activities	Equipment and Facilities	Total Risk Control Items
Acetek Material	103	199	302
Acetek Momentum	57	136	193

Risk Control Process



To implement risk education and make it easier for employees to understand the concepts of graded risk control, as well as potential hazards examination and governance, so that they can apply these concepts in their daily work, large notice boards have been posted outdoors at the Jinan Acetate Chemical plant as visual displays, allowing employees to easily access information on risk control principles and guidelines at any time.

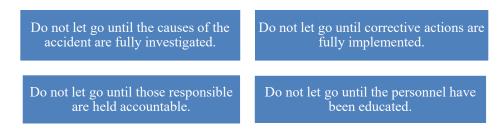


Incident Investigation Process

Handling Processes by Incident:

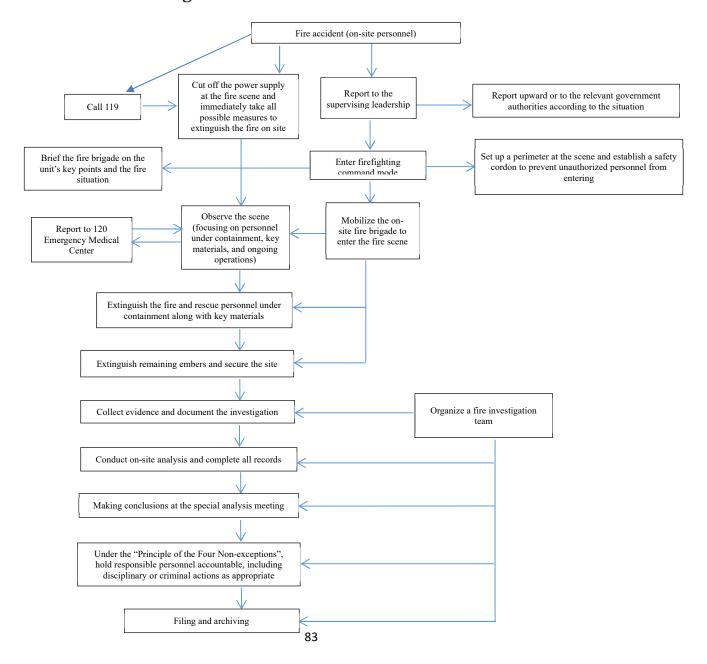
- 1. Leakage Incidents, Production Incidents, Near-Miss Incidents, and Other Incidents
 An incident investigation team is formed by the responsible personnel from the department
 where the incident occurred. The Safety Dept. coordinates the investigation across units. The
 investigation team should include the department supervisor, department safety officer, processresponsible personnel of the department, the shift leader of the team where the incident occurred,
 and relevant on-site personnel. If contractors are involved, the team shall also include the
 contractor's on-site responsible personnel and their employees. Persons responsible for
 organizing the incident investigation, analysis, and reporting shall be organized.
- 2. Equipment Incidents
 - The responsible person of the Electromechanical Dept. organizes the investigation, including responsible personnel from the department where the incident occurred, the department safety officer, the shift leader of the team where the incident occurred, and the Electromechanical Dept. personnel responsible for that area. If contractors are involved, the team shall also include the contractor's on-site responsible personnel and their employees. Persons responsible for organizing the incident investigation, analysis, and reporting shall be organized.
- 3. Personal Injury Incidents and Fire Incidents
 - The Safety Dept. organizes an investigation team, which includes the supervisor of the department where the incident occurred, the department safety officer, process-responsible personnel, the shift leader of the team where the incident occurred, relevant on-site personnel, and responsible personnel from the Electromechanical Dept., including on-site area management. The team jointly investigates, analyzes, and reports on personal injury and fire incidents. If contractors are involved, the team shall also include the contractor's on-site responsible personnel and their employees.
- 4. Minor Injury Accidents
 - The Safety Department organizes a temporary investigation team, which consists of the responsible section/office supervisor, the shift personnel in charge, the responsible personnel of the section/office where the incident occurred, the involved personnel, and supervising personnel. The team is responsible for investigating the accident.

Incident Investigation "Principle of the Four Non-exceptions"



At the end of each year, the Safety Dept. of the Company is responsible for compiling and analyzing all accidents and incidents that occurred during the year. In accordance with accident and incident classification requirements, all occurrences are recorded, root causes are analyzed, and preventive measures are formulated to avoid recurrence. In 2024, Jinan Acetate Chemical, Acetek Environmental, Acetek Material, and Acetek Momentum experienced no major accidents and did not receive any internal or external complaints or incur penalties for legal violations.

Fire Accident Investigation Process



OSH Education and Training

The Company places great importance on establishing a safety culture and provides a diverse range of OSH training courses. These include general safety and health education and training for new hires and current employees, hazard awareness training, fire safety training, emergency response drills, specialized training for licensed personnel (e.g., hazardous chemicals management, safety officers, safety management personnel, first aid personnel, intermediate firefighting certification, chemical automation instrumentation operations, explosion-proof electrical work, high-voltage electrical work, occupational hygiene management, working at heights—installation, maintenance, and dismantling, refrigeration and air conditioning operations), and health promotion courses; for contractors who are not the Company's employees, hazard briefings and safety awareness campaigns are provided to ensure all workers maintain safety awareness and to reduce the occurrence of occupational injuries. In the event of occupational incidents reported in the industry, the responsible unit not only analyzes the cause but also conducts safety awareness campaigns on similar risks within the plant. All on-site education and training are provided free of charge, with training records and attendance sheets properly maintained by the responsible unit.

2024 Statistics of OSH Trainings

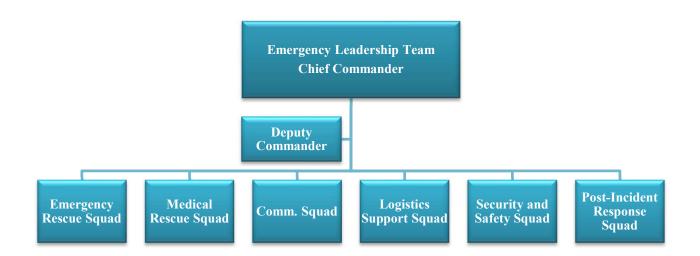
Training Items	Total Participants	Total Training Hours
Internal Training	924	23,436
External Training	63	1,808
Emergency Response	1,099	681.82

Handling Process and Organization Structure for Emergency Response

Because the raw materials used by the Company, acetone and acetic anhydride, are flammable liquids, they are classified as key fire- and explosion-prone units, with primary fire hazards. The production processes for acetate flake and acetate tow are advanced and mature, with most manufacturing steps automated, ensuring high safety and reliability. Therefore, the Company's emergency response mechanisms focus on controlling and preventing hazards that may occur from accidental leaks of acetone, acetic anhydride, or slurry.

To respond to various emergencies, the Company has specially formulated the "Safety Emergency Response Plan" and the "Emergency Response Plan for Environmental Incidents"; Acetek Material has additionally developed the "Comprehensive Emergency Response Plan", the "Fire and Leak Specific Emergency Response Plan", and "On-site Response Procedures". In the event of fires, leaks, or other emergencies within the plant, the emergency response teams are immediately activated according to the plans, with each team member performing their assigned duties as practiced during regular drills. Under the Company's robust management system, no emergency incidents occurred in 2024.

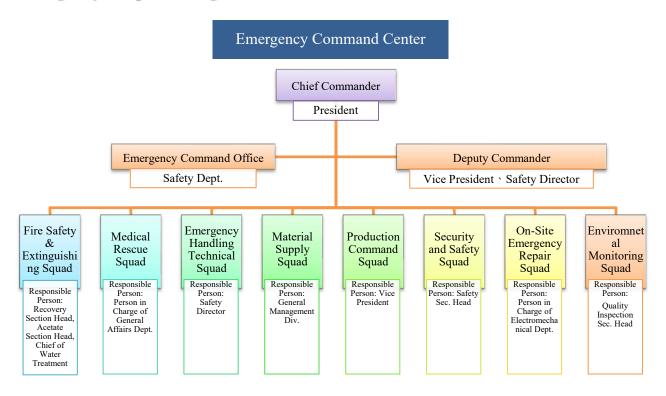
Emergency Response Organization Structure-Jinan Acetate Chemical



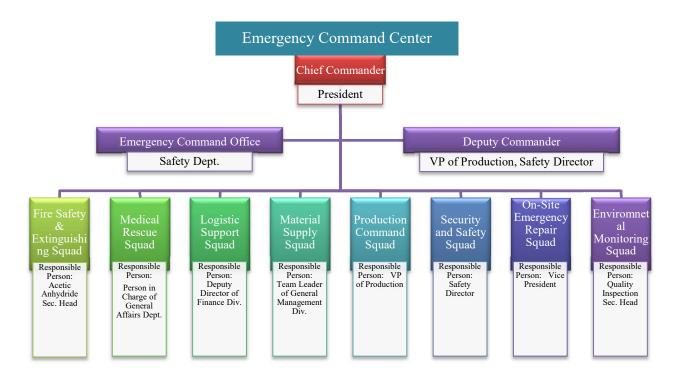
Emergency Response Organization Structure-Acetek Environmental



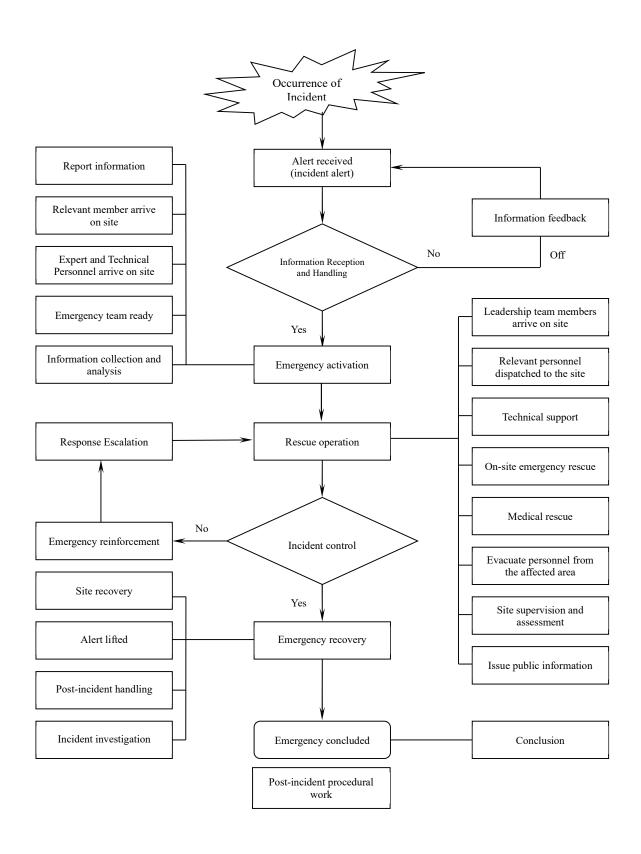
Emergency Response Organization Structure-Acetek Material



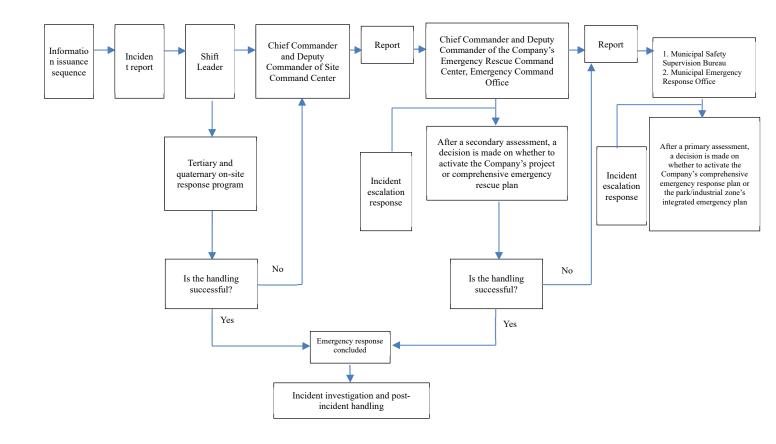
Emergency Response Organization Structure-Acetek Momentum



Emergency Response Process—Jinan Acetate Chemical / Acetek Environmental



Emergency Response Process—Acetek Material / Acetek Momentum



2024 Emergency Response Drill—Jinan Acetate Chemical/Acetek Environmental

	Jinan Acetate Chemical	Acetek Environmental
Implementation Date	202	4/4/20
Drill Type	Specialized Drill f	or Acetone Overflow
Drill Details	failures that could lead to Ace operators' ability to handle abnorm	lized drills for potential equipment atone overflow, aiming to enhance mal situations, raise safety awareness, dination, reduce the risk and impact of linjuries.

	Jinan Acetate Chemical Acetek Environmental			
Implementation Date	2024/5/29			
Drill Type	Specialized Dr	rill for Fire Safety		
Drill Type Drill Details	The Company held a company-wide employees' meeting to trafamiliarize staff with the emergency response plan. Streng training on basic fire safety knowledge and the use of fire extings to enhance self-protection awareness. For key positions and areas, the Company effectively improved their ability to respunce unexpected incidents.			

2024YearEmergency Response Drills—Acetek Material/Acetek Momentum

	Acetek Material	Acetek Momentum
Implementation Date	2024/10/30	2024/7/5
Drill Type	Specialized Emergency Drill for Confined Space Asphyxiation	Specialized Emergency Drill for Poisoning and Asphyxiation Incident
	Drill Scenario: A valve in the underground fire water well was leaking. Personnel from the Recovery Section entered the well to inspect the situation, but due to the low oxygen level inside, they suffered from asphyxiation. The Company immediately activated the confined space emergency response plan, preparing a rescue tripod, long-tube ventilator, and air respirators, successfully rescuing the affected personnel from the confined space and moving them to a well-ventilated area for treatment.	Drill Scenario: During normal production of acetic anhydride operators in the control room detected a toxic ga alarm from the GDS system. When the field operato went to inspect the site, they found that a flang gasket on the cracked gas pipeline at the west side of the second-level absorption tower had ruptured causing a significant gas leak. During evacuation, a person was poisoned and fainted. The responsible Acetic Anhydride Section personnel reported the situation to the Chief Commander. Based on the emergency, the Chief Commander initiated self rescue and immediately activated the asphyxiation specific emergency response plan, with all rescue teams quickly mobilizing to the scene to carry our rescue operations.
Drill Details		

Contractors Safety Management

The Company is committed to preventing incidents and ensuring the safety and health of its employees, facilities, property, and the environment. Before collaborating with contractors, each plant must review the contractors' qualifications, including:

- 1. Business license, qualification category, and level
- 2. Safety production permit (applicable for construction, hazardous chemicals, and blasting industries)
- 3. Current rules and regulations
- 4. Safety assessment certificates for persons in charge, project managers, and safety management staff
- 5. Certification status of special operation personnel and special equipment operators, as well as employee training records
- 6. Track record for safety, including construction experience, safety incident records, and potential hazards management record
- 7. Payment status of work injury and accident insurances

Prior to entering the plant for construction, contractors must sign a work handover agreement (detailing construction items and relevant safety instructions), a safety agreement, and an undertaking, and all incoming personnel must undergo training (training photos and tests). During construction, the Company implements OSH management for contractors. Contractors who fail to comply with the Company's OSH requirements and cause hazards will be required to immediately rectify the situation and, depending on the severity of the incident, may be subject to further procedural actions and potentially barred from future cooperation. In the event of an accident, the Emergency Response procedures will be promptly activated according to the "Accident Reporting and Investigation Procedure" to quickly manage the situation and prevent escalation.

Contractors OSH Management Implementation Status

Item	Implementation	Particulars
1	Safety Training	 Prior to entering the plant, the Safety Dept. provides training on safety precautions After this training, safety personnel of the on-site section/office guide the contractor team to the construction site for preconstruction, on-site training
2	Safety Inspection	 Before construction, the person in charge and safety officer of relevant section/office inspect the contractor's tools and equipment, complete inspection forms, and ensure that all construction tools and equipment are compliant and functional The person in charge and safety officer of relevant section/office oversee contractor safety at the construction site. Safety Dept. officers conduct daily safety inspections of contractors, record findings in the contractor supervision log, notify contractors of issues, and track the rectification process
3	Access Management	After plant entry training, Safety Dept. issues construction permits; personnel must present the permit to enter the plant, and they are assigned specific movement routes and temporary rest areas; access to other areas is strictly prohibited
4	Access Management	Personnel must present permits to enter the plant

5	Access Management	All personnel must be registered and escorted by Company employees
6	Contractor Management	Personnel entering the plant must wear red vests
7	Contractor Management	Contractors receive professional pre-construction training
8	Contractor Management	Contractor entry and exit must be in group
9	Contractor Management	Mobile phones and cigarettes must be left at the gate upon entry
10	Contractor Management	Contractors must make an appointment in advance and can only enter after approval by the responsible unit

2024 Statistics of Contractors On-Site Audit and Spot Check

Company	Vendor	No. of Spot Checks	Number of Deficiencies	Rectified?
	A	6	1	Yes
Jinan Acetate	В	1	None	-
Chemical	С	1	None	-
	D	1	1	Yes
	E	1	1	Yes
A (137)	F	1	2	Yes
Acetek Material	G	1	1	Yes
	Н	1	2	Yes
	I	6	6	Yes
Acetek	J	3	3	Yes
Momentum	K	5	9	Yes
Wiomentum	L	3	3	Yes
	M	2	2	Yes

Statistics and Analysis of Workplace Accidents

Based on statistics and analysis of employees' occupational injuries and work-related ill health, as shown in the table below, in 2024, no employees experienced any fatal work-related injuries or cases of work-related ill health (including recordable work-related ill health). In 2024, the percentage of recordable workplace accidents, calculated based on the total number of employees, was 1.71%.

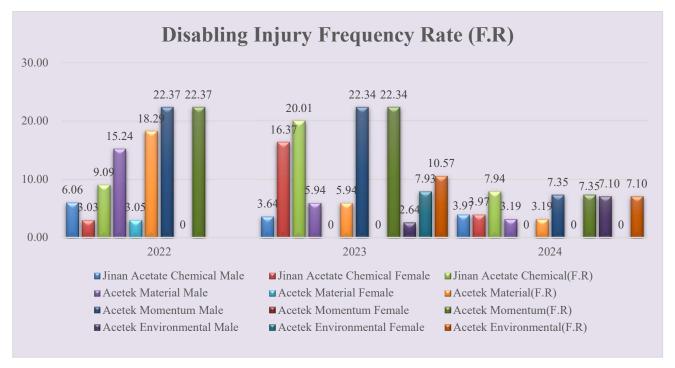
Statistical Year	2024	2023	2022	
Total Working Hours		1,769,387	1,354,389	1,077,433
Fatal Work-related	Persons	0	0	0
Injuries	Percentage	0	0	0
Severe Work-related	Persons	0	0	0
Injuries Percenta		0	0	0
Recordable Work-	Persons	11	14	13
related Injuries	Percentage	6.22	10.34	12.07
W/ll-4l-III III	Persons	0	0	0
Work-related III Health	Percentage	0	0	0
Recordable Work-	Persons	0	0	0
related III Health	Percentage	0	0	0

- Note 1: Percentage is calculated per one million working hours.
- Note 2: Severe Work-related Injuries: Refers to work-related injuries that result in death or prevent/delay workers from returning to their pre-injury health status within six months. However, the statistics shall exclude deceased persons.
- Note 3: Recordable Work-related Injuries or Work-related Ill Health: Work-related injuries or work-related ill health caused by any of the following: death, absence from work, restricted work or reassignment, medical treatment beyond first aid, loss of consciousness, or significant injury/illness diagnosed by a physician or other licensed healthcare professional (even if it does not result in death, absence from work, restricted work or reassignment, medical treatment beyond first aid, or loss of consciousness). The statistics shall, however, include deceased persons; if marked "No," minor injuries (handled on-site with first aid) are excluded or included as specified.
- Note 4: Statistics on work-related injuries only cover injuries caused by Company vehicles and do not include traffic accidents involving non-company vehicles.

2024 Analysis on Recordable Work-related Injuries and Improvement Thereof

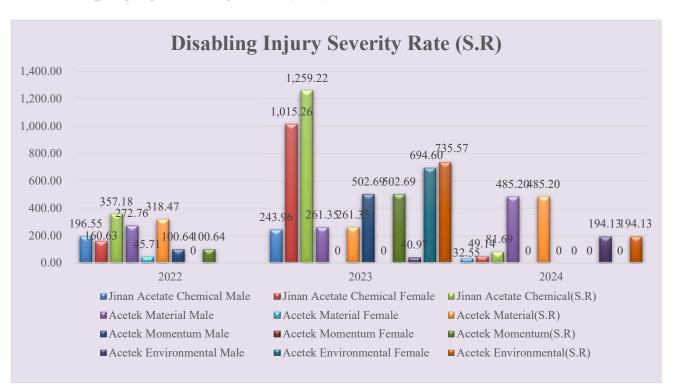
Category	Persons	Cause	Measures/Actions Adopted to Eliminate Hazards
Traffic Accident	1	Riding an electric scooter to/from work and being involved in a traffic accident that is not primarily the person's fault.	• Employees commuting by electric scooter must wear helmets and reflective vests, and must comply with traffic regulations; safety reminders are given at least once a week during morning meetings
Cutting	4	Accidentally cutting a finger while assisting/working in the filament twisting workshop	 Before assisting in the workshop, employees must undergo safety training Safety morning meetings include instructions on the correct use and hazards of scissors and filament-cutting tools
Fall	1	Slipping while wiping workshop equipment	Water spills on the workshop floor must be cleaned promptly, and employees are required to wear safety shoes
Burning	1	Splashing from sulfuric acid while replacing filter cartridges	 Protective equipment required for filter replacement is provided per shift, stored separately for easy access Leak testing is included as a key task; operation steps and precautions are defined, and an on-site execution checklist is established to ensure compliance
Pinching	1	Accidentally getting a foot caught by a bale handling vehicle	The vehicles operate on fixed routes, and personnel follow designated paths
Crushing	2	 Striking the brow while tightening equipment with a wrench Being hit in the glasses by a compressed air pipe 	 Anti-slip gloves must be worn during fastening to prevent slipping Employees receive training on correct usage methods
Spraining	2	Spraining an ankle while going downstairs	Departments promote safety guidance for walking on stairs: move steadily and hold the handrail

Disabling Injury Frequency Rate (F.R)



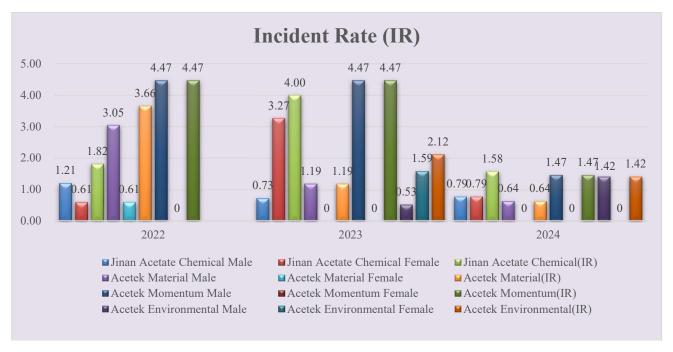
Note: Disabling Injury Frequency Rate (F.R)= Total Work Injuries / Total Working Hours × 1,000,000.

Disabling Injury Severity Rate (S.R)



Note: Disabling Injury Severity Rate (S.R)= Total Work Days Lost / Total Working Hours × 1,000,000.

Incident Rate (IR)



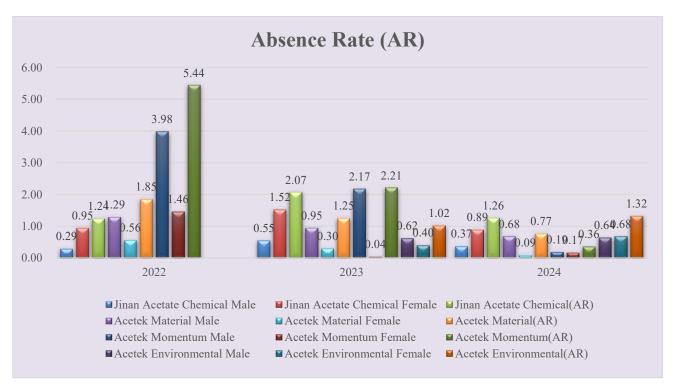
Note: Incident Rate (IR)= Total Work Injuries / Total Working Hours × 200,000.

Lost Day Rate (LDR)



Note: Lost Day Rate (LDR)=Total Work Days Lost / Total Working Hours $\times\,200,\!000\,\circ$

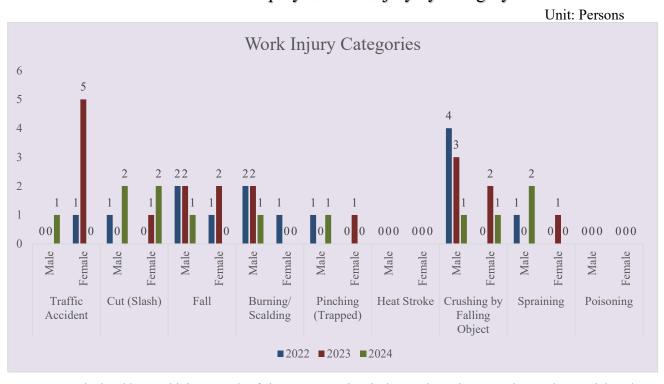
Absence Rate (AR)



Note 1: Absence Rate (AR) = (Total Absent Days / Total Working Days) ×100% ∘

Note 2: Absence (absenteeism) refers to the condition, in which employees are absent from their posts due to loss of work capacity. This includes sick leave (including work-related injuries and work-related ill health) and personal leave, but does not include approved leave, maternity leave, paternity leave, or bereavement leave.

Statistics on Employee Work Injury by Category



Note: Calculated by combining records of Jinan Acetate Chemical, Acetek Environmental, Acetek Material, and Acetek Momentum.

Health Check-up and Health Promotion

The Company follows the occupational safety and health service concepts advocated by the International Labour Organization (ILO) and the World Health Organization (WHO). Regular occupational health check-ups are conducted, including the assessment of exposure to dust, chemical hazards, physical hazards, and job-specific risks; based on the examination results, abnormalities are classified for management, and employees are provided with personalized health guidance, enhanced health education, follow-up re-examinations, and corrective measures for identified hazards, thereby continuously managing employee health.

2024 Implementation of Health Check-ups

		_	*
Site	Persons Required to Undergo Check-up	Exposed Individuals (Occupation al Health Check-up)	Follow-up Status
Jinan Acetate Chemical	141	141	All 141 employees have undergone occupational health check-ups: 110 have no abnormalities, 23 have been found with other illnesses (non-work-related), and 8 have been found with abnormalities and have undergone a re-examination. (Re-examination result: 8 out of 8 have cleared)
Acetek Environmental	150	150	All 150 employees have undergone occupational health check-ups: 103 have no abnormalities, 40 have been found with other illnesses (non-work-related), and 7 have been found with abnormalities and have undergone a re-examination. (Re-examination result: 7 out of 7 have cleared)
Acetek Material	120	120	120 employees have undergone occupational health check-ups: 92 have no abnormalities, 27 have been found with other illnesses, and 1 has been found with abnormalities and has undergone a re-examination. The above abnormalities do not involve work-related ill health. (Re-examination result: 1 out of 1 has cleared)
Acetek Momentum	46	42	42 employees have undergone occupational health check-ups: 23 have no abnormalities, 6 have undergone a re-examination, all of which are cleared; 13 have been found with other illnesses; for the 4 persons receiving pre-assignment training, 3 have no abnormalities, and 1 has been found with abnormalities and has undergone a re-examination, with results cleared. The above abnormalities do not involve work-related ill health.

2024 Implementation Status of Occupational Hazard Factor Monitoring

Site	Monitoring Items	Total Monitoring Points	Monitored Job Types	Monitoring Results
Jinan Acetate Chemical	10	166	12	Monitoring conducted at 19 locations. All results met occupational exposure limit requirements.
Acetek Environmental	7	45	7	All results met occupational exposure limit requirements.
Acetek Material	18	111	7	Acetate packaging and milling (1 job type): Noise exposure intensity exceeded occupational exposure limits, and relevant corrective measures have been completed; all other monitored items met occupational exposure limit requirements.
Acetek Momentum	6	45	4	All results met occupational exposure limit requirements.

Note: Items include dust, hazardous chemical factors, and physical hazardous factors.

Health Promotion and Care of Workers

The Company conducts occupational health education and awareness campaigns for employees during the annual Occupational Health Promotion Week. Every year, cash benefits are distributed to employees on International Women's Day, Dragon Boat Festival, Mid-Autumn Festival, Lunar New Year, and Lantern Festival. The HR also tracks employees' birth months and provides cash gifts accordingly. In addition, employees receive appropriate leave and cash consolation benefits in the event of marriage or the death of immediate family members. According to safety policies, the Company issues quarterly safety awards to every employee. During summer, heat-relief supplies and beverages are provided to ensure employees feel the Company's care. Relevant occupational safety announcements and health promotion materials are also posted on bulletin boards for all employees to access.



Qualifications Certificates

Jinan Acetate Chemical Group places great importance on safe production. Both Jinan Acetate Chemical and Acetek Material have obtained numerous qualification certificates. Moving forward, the Company will continue to maintain its OSH standards, pursue continuous innovation in R&D, and optimize manufacturing processes, steadily advancing toward the goal of creating the greatest benefits for employees, shareholders, and society.

Jinan Acetate Chemical			
Name	Photo		
"Specialized, Refined, Characteristic and Novel" SMEs Certification, Shandong Province	山东省"专精特新"中小企业 山东省工业和信息化厅 有效期至2025年12月31日		
Shandong Province Gazelle Company	山东省晚冷企业 山东省工业和信息化厅 山东省地方金融监督管理局 中国人民银行济南分行 有效期至2025年12月31日		
Level 3 Enterprise in Safety Production Standardization	济南大自然新材料有限公司 安全生产标准化 三级企业(轻工企业) 济南市安全生产监督管理局颁发 国家安全生产监督管理局颁发 一〇一四年十二月二十一日		
Jinan Engineering Research Center	游南市工程研究中心 济南市发展和改革委员会 二〇二〇年十一月 Note: Jinan Acetate Chemical is the only enterprise in Jinan City in the acetic acid fiber-related industry to receive this award.		
High-tech Enterprise	を全名称。デスムの所名は40年度では 金度名称。デスムの所名は40年度では 金度期間、2005年12月7日 税券税差。		

Acetek Material				
Name	Photo			
"Specialized, Refined, Characteristic and Novel" SMEs Certification, Shandong Province	中峰化学有限公司 专精特新中小企业 由东省工业和信息化厅 明明: 2024年1月18日-2027年12月11日			
Level 3 Enterprise in Safety Production Standardization	中峰化学有限公司 安全生产标准化三级企业 新诗、章 84801128790008			
Technical Innovation Center	本庄市醋酸纤维素 技术创新中心 +m化学和则公司			
High-tech Enterprise	ASER. SOUTH AND SERVICE OF THE SERVI			

Acetek Momentum					
Name	Photo				
High-tech Enterprise	金金条形。在至此村村有到今日 发现时间,2025年12月2月 报准时间,2025年12月2日 在发现。				
Shandong Province Gazelle Company	山东省 瞪羚 企业 山东省工业和信息化产 中共山东省委全部委员会办公室 中国人民银行山东省分行 有效服至2027年12月31日				

4.4 Community Relationship Management

Material Issues	Community Relationship Management			
About the Materiality Item	Compliance with local laws and regulations, along with the prevention of violations, preserves the Company's reputation and image and strengthens the community's trust and recognition of the Company			
Policy/Commitment	To protect the community living environment, the Company has established relevant management systems in accordance with legal requirements and internally trains employees to work according to safety operation standards with strict assessments			
Short-term Goals	Continuously upgrading equipment related to environmental maintenance to minimize the impact of operational activities on the community			
Medium- and Long- term Goals	Implementing community environmental maintenance to achieve a target of zero penalties			
Available Resources and Performed Actions	The Company regularly monitors wastewater and exhaust gas to ensure compliance with standards			
Responsible Unit/Grievance Mechanism	Public Works Div./12345 Citizen Hotline			
Performance & Outcome	In 2024, the Company received no complaints and was not subject to any legal penalties for violations			

Concerning production facilities of the Company, plants of Acetek Material and Acetek Momentum are both located in industrial zones, while only Jinan Acetate Chemical and Acetek Environmental plants are adjacent to residential areas. In the event of an accident, nearby communities could be affected. To protect the community living environment, the Company has established management systems in accordance with legal requirements and internally trains employees to work according to safety operation standards with strict assessments. Additionally, the Company commissions external professional testing agencies to regularly monitor environmental hazard factors, including noise, organized and unorganized emissions, and wastewater. Monitoring is conducted quarterly, with reports issued and publicly disclosed on the corporate website and plant notice boards in accordance with legal requirements, allowing community residents and the public to supervise.

Beyond comprehensive systems, the Company invests in equipment upgrades, including replacing old recovery equipment and adding protective covers to production lines to reduce emissions hazards. Online monitoring systems have been installed for wastewater discharge to prevent exceedances. All measures are aimed at minimizing significant actual or potential negative impacts on local communities. Environmental monitoring data and impact assessment results are detailed in Sections 3.1 to 3.4 of this Report.

Community residents can also report issues to the environmental authorities via the 12345 Citizen Hotline. In 2024, the Company received no complaints or legal penalties.

Plant Management System

- Safety operating procedures to prevent chemical spills
- Annual emergency response mechanism training to prevent fires

Regular Supervision and Testing

- Professional testing agencies conduct regular monitoring of environmental hazard factors
- The monitoring results are publicly posted on the corporate website and on notice boards outside the plant

Investment in Improvement Equipment

- Replacement of old recovery equipment with new units and installation of protective shields
- Installation of online monitoring equipment for wastewater discharge

Jinan Acetate Chemical upholds the corporate philosophy of "taking from society, giving back to society" and actively participates in community welfare initiatives to contribute locally and promote long-term community development and well-being. In 2024, Jinan Acetate Chemical donated RMB 500,000 to the "Charity Federation of Jiyang District, Jinan City," an organization dedicated to supporting vulnerable groups, providing educational assistance, and offering emergency relief services.

Through this donation, the Company aims to support the Federation's ongoing efforts in social assistance, educational equity, and social inclusion, effectively improving the living conditions of disadvantaged groups while strengthening the community's safety net and cohesion. This initiative reflects Jinan Acetate Chemical's commitment to CSR and its aspiration to grow together with the local community toward a sustainable future.

Appendix 1: Sustainability Disclosure Indicators-Chemical Industry

No.	Indicators	Category	Unit	Coverage on this Report
1	Total energy consumption, percentage of purchased electricity percentage, renewable energy utilization rate, and the total self-generated and self-use energy (Note 1).	Quantitative	Gigajoule (GJ), Percentage (%)	3.5 Energy Management In 2024, the total energy consumption was 3,069,964.18GJ, the percentage of purchased Electricity was 10.59%, the renewable energy utilization rate was 0.18%, and the total self-generated and self-use energy was 5,648.19GJ
2	Total water withdrawal, total water consumption, and wastewater discharge volume as required by regulations or voluntarily disclosed.	Quantitative	thousand cubic meter(s) (1,000m³)	3.2 Water Resources Management Total Water Withdrawal: 1,262.451 thousand cubic meter(s) Total Water Consumption: 414.030 thousand cubic meter(s) Wastewater Discharge: 848.421 thousand cubic meter(s)
3	Total hazardous waste generated during production processes and the recycling percentage, as required by regulations or voluntarily disclosed.	Quantitative	Tons (t), Percentage (%)	3.3 Waste Treatment and Recycling In 2024, the company generated 520.16 tons of hazardous waste, primarily triple-effect residue and distillation residue, all of which were handled by qualified waste disposal contractors. The internal hazardous industrial waste recycling rate was 0%.
4	Description of workplace accidents by number of affected persons and corresponding percentage.	Quantitative	Number, Percentage (%)	4.3 Occupational Health and Safety
5	Operational activities that have significant actual or potential negative impacts on local communities.	Qualitative Descriptions	Not applicable	4.4 Community Relationship Management
6	Specific and effective mechanisms or measures adopted by the enterprise itself and its suppliers to reduce negative impacts on the environment or society.	Qualitative Descriptions	Not applicable	2.4 Supplier Partners
7	Product output by category.	Quantitative	Varied by product type	2.1 Company Profile

Note 1: The total self-generated and self-use energy is calculated in accordance with the definitions set forth in the Renewable Energy Development Act, the Implementation Measures for Renewable Energy Certificates, or related subordinate regulations.

Appendix 2: GRI Standards Content Index

Items marked with "★" are material topics

Teems marked with			Jinan Acetate Chemical Co., Ltd. reports in accordance with the GRI Standards				
Statement of Use			for the period from January 1, 2024, to December 31, 2024.				
Use of GRI 1 GRI 1: Foundation 2021							
			The Company is in the chemical industry, to which no GRI sector standard is applicable				
Торіс			GRI Disclosure	Chapter/Section		Reason for Omission/ Necessary Explanations	
GRI 2: General Disclosure 2021							
	2-1	Orga	nnizational details	2.1 Company Profile	22		
Organization	2-2		ties included in the organization's ainability reporting	About this Report	5		
and Reporting Practices	2-3		ons Reporting period, frequency and act point	About this Report	5		
	2-4	Rest	atements of information	About this Report	5		
	2-5	Exte	rnal assurance	About this Report	5		
Activities and	2-6	Activities, value chain and other business relationships		2.1 Company Profile2.4 Supplier Partners	22 36		
Workers	2-7	Employees 4.		4.1 Employee Structure	68		
	2-8	Workers who are not employees 4.1 Emp		4.1 Employee Structure	68		
Governance	2-9	Gov	ernance structure and composition	2.2 Operation, Administration and Integrity of Senior Management	27		
	2-10		nination and selection of the highest ernance body	2.2 Operation, Administration and Integrity of Senior Management	27		
	2-11	Chair of the highest governance body		2.2 Operation, Administration and Integrity of Senior Management	27		
	2-12	Role of the highest governance body in overseeing the management of impacts		2.2 Operation, Administration and Integrity of Senior Management	27		
	2-13	Delegation of responsibility for managing impacts		1.1 Sustainable Development Strategies	7		
	2-14	Role of the highest governance body in sustainability reporting		1.1 Sustainable Development Strategies	7		
	2-15	Cont	flicts of interest	2.2 Operation, Administration and Integrity of Senior Management	27		
	2-16	Com	munication of critical concerns	2.2 Operation, Administration and Integrity of Senior Management	27		
	l	1	105	1	l	<u> </u>	

	2-17	Collective knowledge of the highest governance body	2.2 Operation, Administration and Integrity of Senior Management	27	
	2-18	Evaluation of the performance of the highest governance body	2.2 Operation, Administration and Integrity of Senior Management	27	
	2-19	Remuneration policies	2.2 Operation, Administration and Integrity of Senior Management	27	
	2-20	Process to determine remuneration	2.2 Operation, Administration and Integrity of Senior Management	27	
	2-21	Annual total compensation ratio	_	l	Restricted by confidentiality provisions / Compensation falls within the Company's confidentiality scope and is therefore not disclosed
	2-22	Statement on sustainable development strategy	Chairman's Message	2	
	2-23	Policy commitments	2.4 Supplier Partners	36	
	2-24	Embedding policy commitments	2.4 Supplier Partners	36	
Strategy, Policies, and Practices	2-25	Processes to remediate negative impacts	2.2 Operation, Administration and Integrity of Senior Management 2.6 Legal Compliance	27	
	2-26	Mechanisms for seeking advice and raising concerns	2.2 Operation, Administration and Integrity of Senior Management 2.6 Legal Compliance	27	
	2-27	Compliance with laws and regulations	2.6 Legal Compliance	41	
	2-28	Membership associations	2.1 Company Profile	22	
Stakeholder Engagement	2-29	Approach to stakeholder engagement	1.2 Stakeholder Engagement 1.3 Material Issues Identification	13 16	
	2-30	Collective bargaining agreements	_	_	Not applicable/ The Company did not enter into collective bargaining agreements with its employees

GRI 3: Material Topic 2021								
Material Topic	3-1	Process to determine material topics	1.2 Stakeholder Engagement 1.3 Material Issues Identification	13 16				
	3-2	List of material topics	1.2 Stakeholder Engagement1.3 Material IssuesIdentification	13 16				
	3-3	Management of material topics	2.6 Legal Compliance	41				
Economic								
★ Economic Po	erforma	ance						
GRI 3: Material Topic 2021	3-3	Management of material topics	2.3 Operation Policies and Performances	33				
	201-1	Direct economic value generated and distributed	2.3 Operation Policies and Performances	33				
GRI 201: Economic	201-2	Financial implications and other risks and opportunities due to climate change 3.7 Risk Management and Responses to Climate Change		65				
Performance 2016	201-3	Defined benefit plan obligations and other retirement plans	4.2 Remuneration and Benefits	72				
	201-4	Financial assistance received from government	2.3 Operation Policies and Performances	33				
Procurement	Practic	es						
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	2.4 Supplier Partners	36				
		Environmenta	l					
★ Raw Materi	als Man	nagement						
GRI 3: Material Topic 2021	3-3	Management of material topics	3.4 Raw Materials and Safety Management	55				
GRI 301:	301-1	Materials used by weight or volume	3.4 Raw Materials and Safety Management	55				
2016 Management	301-2	Recycled input materials used	3.4 Raw Materials and Safety Management	55				
Approach	301-3	Reclaimed products and their packaging materials	3.4 Raw Materials and Safety Management	55				
★ Energy Management								
GRI 3: Material Topic 2021	3-3	Management of material topics	3.5 Energy Management	60				
GRI 302:	302-1	Energy consumption within the organization	3.5 Energy Management	60				
Energy 2016 Management	302-2	Energy consumption outside of the organization	3.5 Energy Management	60				

Approach	302-3	Energy intensity	3.5 Energy Management	60
	302-4	Reduction of energy consumption	3.5 Energy Management	60
	302-5	Reductions in energy requirements of products and services	3.5 Energy Management	60
★ Water Reso	urces M	lanagement		
GRI 3: Material Topic 2021	3-3	Management of material topics	3.2 Water Resources Management	45
	303-1	Interactions with water as a shared resource	3.2 Water Resources Management	45
GRI 303:	303-2	Management of water discharge related impacts	3.2 Water Resources Management	45
Water and Effluent 2018	303-3	Water withdrawal	3.2 Water Resources Management	45
Management Approach	303-4	Water discharge	3.2 Water Resources Management	45
	303-5	Water consumption	3.2 Water Resources Management	45
Emission				
	305-1	Direct (Scope 1) GHG emissions	3.6 GHG Management	63
GRI 305: Emission	305-2	Energy indirect (Scope 2) GHG emissions	3.6 GHG Management	63
2016	305-3	Other indirect (Scope 3) GHG emissions	3.6 GHG Management	63
	305-4	GHG emissions intensity	3.6 GHG Management	63
★Waste				
GRI 3: Material Topic 2021	3-3	Management of material topics	3.3 Waste Treatment and Recycling	50
	306-1	Waste generation and significant waste- related impacts	3.3 Waste Treatment and Recycling	50
GRI 306:	306-2	Management of significant waste-related impacts	3.3 Waste Treatment and Recycling	50
Waste 2020 Management	306-3	Waste generated	3.3 Waste Treatment and Recycling	50
Approach	306-4	Waste diverted from disposal	3.3 Waste Treatment and Recycling	50
	306-5	Waste directed to disposal	3.3 Waste Treatment and Recycling	50
★ Supplier En	vironm	ental Assessment		
GRI 3: Material Topic 2021	3-3	Management of material topics	2.4 Supplier Partners	36
GRI 308: Supplier	308-1	New suppliers that were screened using environmental criteria	2.4 Supplier Partners	36

Environmental Assessment 2016	sment 308-2 Negative environmental impacts in the supply chain and actions taken 2.4 Supplier Partners		36				
	Social						
★ Employment	t						
GRI 3: Material Topic 2021	3-3	Management of material topics	4.2 Remuneration and Benefits	72			
	401-1	New employee hires and employee turnover	4.1 Employee Structure	68			
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.2 Remuneration and Benefits	72			
2010	401-3	Parental leave	4.2 Remuneration and Benefits	72			
★ Occupationa	l Safety	& Health					
GRI 3: Material Topic 2021	3-3	Management of material topics	4.3 Occupational Health and Safety	74			
	403-1	Occupational health and safety management system	4.3 Occupational Health and Safety	74			
	403-2	Hazard identification, risk assessment, and incident investigation	4.3 Occupational Health and Safety	74			
	403-3	Occupational health services	4.3 Occupational Health and Safety	74			
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.3 Occupational Health and Safety	74			
GRI 403: Occupational	403-5	Worker training on occupational health and safety	4.3 Occupational Health and Safety	74			
Safety & Health 2018 Management	403-6	Promotion of worker health	4.3 Occupational Health and Safety	74			
Approach	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.3 Occupational Health and Safety	74			
	403-8	Workers covered by an occupational health and safety management system	4.3 Occupational Health and Safety	74			
	403-9	Work-related injuries	4.3 Occupational Health and Safety	74			
	403-10	Work-related ill health	4.3 Occupational Health and Safety	74			
★ Local Comm	unities						
GRI 3: Material Topic 2021	3-3	Management of material topics	4.4 Community Relationship Management	102			

GRI 413: Local	413-1	Operations with local community engagement, impact assessments, and development programs	4.4 Community Relationship Management	102	
Communities 2016	413-2	Operations with significant actual and potential negative impacts on local communities	4.4 Community Relationship Management		
★ Supplier Soc	★Supplier Social Assessment				
GRI 3: Material Topic 2021	3-3	Management of material topics	2.4 Supplier Partners	36	
GRI 414: Supplier	414-1	New suppliers that were screened using social criteria	2.4 Supplier Partners	36	
Social Assessment 2016	414-2	Negative social impacts in the supply chain and actions taken	2.4 Supplier Partners	36	

Appendix 3:

Climate-related Information of TWSE/TPEx Listed Companies

This Appendix covers risks and opportunities brought about to the Company by climate change and countermeasures taken by the Company

Items and Company Responses

- 1. Describe the oversight and governance by the Board of Directors and management regarding climate-related risks and opportunities
- The governance of climate-related risks and opportunities, along with annual sustainability risk management topics, is reported each year by the President to the Board of Directors, which oversees the implementation and effectiveness of related measures.
- The President serves as the chairperson for the governance of climate-related risks and opportunities, while each primary unit head is responsible for implementing risk identification, assessment, and mitigation.

Explain the Methods of Oversight and Governance for the Above Two Points:

- ♦ Board of Directors' Oversight Responsibilities
 - Strategic Positioning on Climate Change: The Board of Directors regards climate-related risks and opportunities as core strategic issues for the Company's long-term development and integrates them into the Board's agenda.
 - Ensuring Transparency: The Company regularly reports its climate-related actions—including risk management, decarbonization progress, and resource allocation—at investor conferences and to other stakeholders.
- ♦ Management's Governance Responsibilities
 - Risk Assessment and Management Processes: Management establishes comprehensive processes for identifying, assessing, and addressing climate risks (including physical and transformation risks), ensuring their integration into the Company's overall risk management framework
 - Key Performance Indicators (KPIs): Management defines KPIs related to climate risks—such as reducing GHG emissions and improving energy efficiency—and monitors and reports on progress. Based on this, the Company has formulated future GHG reduction plans.
 - Opportunity Exploration and Innovation: In addition to risk response, management actively explores business opportunities arising from climate change, such as developing green products, investing in renewable energy, and implementing circular economy practices.
- ♦ Processes for the Oversight of Climate-related Risks and Opportunities
 - Risk Assessment Cycle: The Company conducts comprehensive climate risk and opportunity assessments, identifying both short-term and long-term impacts, and adjusts its strategies accordingly.
 - Cross-Departmental Collaboration and Communication: A cross-functional communication mechanism is established, involving production, finance, supply chain, legal, and marketing departments to ensure the effective implementation of climate risk management measures.
 - Supervision and Accountability: The Board of Directors regularly reviews management's risk management reports and holds management accountable for the effectiveness of decisions and actions related to climate change.

♦ Resource Allocation and Countermeasures

- Capital Allocation and Investment Decisions: The Company shall establish capital allocation plans in response to climate risks, investing in decarbonization technologies, environmental protection facilities, and climate-resilient infrastructure to ensure its capacity to address the challenges of climate change.
- Supply Chain Risk Management: Climate-related risks shall extend across the Company's supply chain, including raw material procurement, product transportation, and warehousing, with corresponding risk assessments and adjustments implemented.

♦ External Policy and Regulatory Response

- Compliance with Global Standards and Regulations: The Board of Directors and management closely monitor developments in domestic and international climate-related policies, regulations, and standards, ensuring that business operations remain compliant with these requirements.
- Flexibility in Policy Adaptation: The Company shall maintain the ability to flexibly adjust business models and operational strategies to promptly respond to changes in climate-related regulations or policies, such as carbon pricing and emission limits.

♦ Stakeholder Engagement and Communication

- Investor Communication: The Company will regularly disclose information regarding climate risks and opportunities to investors through annual reports, sustainability reports, and dedicated meetings to maintain transparency.
- Social Responsibility and Collaboration: The Company actively participates in climate changerelated industry collaborations and public policy dialogues, maintaining engagement with governments, NGOs, and academia to collectively advance climate action within the industry.

Through the above mechanisms, the Board of Directors and management will be able to comprehensively address climate-related risks and opportunities, ensuring the Company's sustained competitiveness and contribution to sustainable development in a changing external environment.

2. Describe how the identified climate-related risks and opportunities impact the Company's business, strategy, and financial planning over the short, medium, and long term.

When identifying the impacts of climate risks and opportunities on the Company's business, strategies, and finance, the analysis can be carried out from short-term, medium-term, and long-term perspectives, covering the Company's core business such as acetate flake production as well as related strategies and financial planning. The detailed analytical framework is as follows:

♦ Short-term Impacts

Climate Risks

- Business: Extreme weather events (such as heavy rainfall or heatwaves) may affect the operations of the Company's production sites. These disasters could lead to production interruptions, supply chain delays, and fluctuations in raw material prices.
- Strategy: The Company needs to adjust contingency plans for extreme climate events, such as establishing backup production facilities or enhancing supply chain resilience to ensure stable raw material supply.
- Finance: In the short term, climate-related disasters may increase production and transportation costs, thereby affecting profitability. In addition, the Company may need to increase investment in insurance and emergency funds to cope with unexpected climate risks.

• Climate Opportunities

- Business: With the promotion of environmental policies, demand for sustainable and low-carbon products is increasing. Market demand for environmentally friendly materials such as acetate flake may grow rapidly, creating new sales opportunities for the Company.
- Strategy: The Company can further strengthen R&D and market promotion of environmentally friendly products, increasing investment in sustainable products to attract greater attention from consumers and investors.
- Finance: With rising market demand, the Company can expect short-term increases in income, improved cash flow, and higher profit margins.

♦ Medium-term Impacts

Climate Risks

- Business: Stricter environmental regulations will impact production costs, particularly in terms
 of emission restrictions, energy efficiency requirements, and carbon pricing. The Company may
 face pressure from rising compliance costs. In addition, increasing energy costs may directly
 affect production costs.
- Strategy: The Company needs to invest in green technologies and equipment to reduce carbon emissions and energy consumption. At the same time, it should collaborate with suppliers to implement sustainable supply chain strategies to mitigate the long-term impacts of climate risks on production.

• Finance: In the medium term, these upgrades will increase capital expenditure. However, through improved energy efficiency and reduced carbon emissions, cost savings can be achieved in the long run, while enhancing the Company's appeal to environmentally focused investors.

Climate Opportunities

- Business: With the global acceleration of carbon reduction, demand for low-carbon and biodegradable products is increasing, especially in the field of cellulose acetate materials. The Company has the opportunity to capture greater market share.
- Strategy: The Company may consider expanding production lines, focusing on the development of environmentally friendly materials and increasing market share to seize opportunities from the low-carbon transition.
- Finance: Through environmental innovation and product expansion, the Company could achieve stable income growth, attract long-term green investment funds, and improve its capital structure.

• Climate Risks

- Business: The structural impact of climate change on the global economy and market demand may alter the competitive landscape of the Company's industry. Stricter global carbon reduction targets may further drive technological and product upgrades. If the Company fails to keep pace with transformation, it may face the risk of declining market share.
- Strategy: The Company shall establish a long-term climate risk management framework, actively integrate into global climate governance systems, and promote a full transition of its products to low-carbon and renewable solutions to maintain competitiveness.
- Finance: In the long term, the Company will need to make large-scale investments in energy transition, low-carbon technologies, and sustainable supply chains. This may place pressure on funding needs and capital structure. However, effective long-term climate risk management can enhance market positioning and increase shareholder returns.

Climate Opportunities

- Business: Global demand for renewable materials and environmentally friendly products will continue to grow in the long run. The Company can leverage its technological advantages to capture market share and become a leader in the low-carbon economy.
- Strategy: The Company shall remain committed to R&D innovation, promote circular economy models, and actively participate in industry standard-setting to enhance its global influence.
- Finance: By achieving low-carbon transformation and technological innovation, the Company can secure more stable long-term income sources, improve market valuation, and attract international capital in the field of sustainable development.

Conclusion: In addressing climate risks and opportunities, the Company shall make corresponding business, strategic, and financial adjustments across different time horizons. In the short term, it shall strengthen preparedness for climate risks while seizing opportunities from market transition. In the medium term, it should increase investments in green technologies and sustainable production, driving business transformation. In the long term, it shall establish a comprehensive climate risk management framework, maintain innovation in technology and products, and ensure continued growth and competitive advantage in the low-carbon economy.

3. Describe how extreme climate events and transformation-related actions affect the Company's financial performance.

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Aspect	Item	Financial Impacts to the	Strategies
Aspect		Company	Strategies
Transformation Risk-Market	Market uncertainty and volatile market signals	Economic, financial, and regulatory changes domestically and internationally may affect the Company's income, operating costs, exchange rates, and interest rates, potentially impacting profitability and cash flow. Such impact includes risks such as capital loss, funding gaps, and credit risk; a moderate	Continuously monitor market trends and assess the potential impact of market changes on the Group's operations

		financial impact has been identified	
	Rising raw material costs	Climate change may lead to raw material shortages and stricter environmental requirements for raw materials, while carbon tariffs in various countries gradually increase operating costs, a moderate financial impact has been identified	Maintain at least two suppliers for key raw materials to ensure stable and autonomous supply; continuously monitoring raw material market prices
Opportunity- Resource efficiency	Reduced water usage and consumption	Water resource reuse provides sustainable benefits for the enterprise. At Jinan Acetate Chemical, treated wastewater is collected and reused for industrial processes and landscape watering. By using the reclaimed water supply system as an alternative water source, the Company can reduce water costs, lower operating expenses, and stabilize operations by mitigating the impact of seasonal water variability	Implement comprehensive enterprise water management and conduct water cost analysis to reduce water consumption cost per unit Actively promote new production processes and adjust process conditions to increase purified water yield and minimize wastewater discharge Strengthen key energy-saving projects to achieve compliant pollutant discharge, while conducting clean production audits Ensure wastewater treatment meets regulatory discharge standards, with treatment capacity matching production wastewater volume to maintain stable and uninterrupted operations Comply with government regulations and policies, maintaining zero violations and zero pollution fines

4. Describe how the processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management framework.

In accordance with the Company's Risk Management Policy, the following measures are implemented:

- The Corporate Sustainability Promotion Task Force evaluates ESG risks and simultaneously assesses climate-related risks.
- The Task Force discusses and determines significant ESG and climate risks in meetings, with final approval by the President.
- Based on the approved ESG and climate risks, execution strategies and targets are established.
- Each year, the implementation status of ESG and climate risks is reported to the Board of Directors.

5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analytical factors, and key financial impacts used should be disclosed

The Company has not yet used scenario analysis to assess its resilience to climate change risks.

6. If there is a transformation plan in place to manage climate-related risks, describe the content of the plan, as well as the indicators and targets used to identify and manage both physical and transformation risks.

Item	Countermeasures and Targets
Transformation Risk- Market	All business operations are conducted in accordance with
uncertainty and volatile market	domestic and international key policies and legal regulations

signals	Continuously monitor developments in domestic and international policies and legal changes to take timely and appropriate measures in response to market environment changes
Transformation Risk- Rising raw material costs	 Continuously monitor fluctuations in raw material market prices and maintain good relationships with suppliers Adjust client quotations according to market conditions to mitigate the impact of cost changes on company profitability Continuously monitor carbon tariff regulations in various countries Conduct ESG assessments of suppliers to identify competitive low-carbon suppliers
Opportunity-Reduced water usage and consumption	 Set Water Unit Intensity Indicators: In 2024, the Group's total Water Unit Intensity per unit of annual revenue was 80.3427 m³, compared with 96.1332 m³ in 2023, representing a ~16% reduction Acetate Tow Products- Unit water consumption per product in 2024: 13.29m³/t; proposed unit water consumption per product in 2025: 12.60m³/t. Completed technological upgrades of triple-effect evaporation treatment equipment to increase concentrated water processing capacity Improved overall membrane water treatment efficiency by adding an additional submerged ultrafiltration membrane unit 100% of discharged water meets regulatory standards, with zero pollution fines reported in the year

7. If internal carbon pricing is used as a planning tool, the basis for determining the price should be disclosed.

The Company has not yet implemented an internal carbon pricing.

8. If climate-related targets have been set, information should be provided on the activities covered, the scopes of GHG emissions, the target timeframe, and the annual progress toward achieving the targets. If carbon offsets or Renewable Energy Certificates (RECs) are used to meet these targets, the source and amount of carbon reductions offset, or the number of RECs used, should also be disclosed.

Emission Reduction Targets	Strategic Actions
 Compared to Baseline Year 2023 2030 GHG Emissions: Scopes 1+2 reduced by 15%; and Scope 3 reduced by 5%. 2040 GHG Emission: Scopes 1+2 reduced by 25%; and Scope 3 reduced by 10%. 2050 GHG Emission: Scopes 1+2 reduced by 30%; and Scope 3 reduced by 20%. By 2050, the Company expects to reach carbon neutrality and therefore attain the net zero carbon emission target 	 Installation of photovoltaic solar panels at each plant to increase solar power generation for self-use (2023-2030) Replacement of company vehicles with electric vehicles, accompanied by installation of EV charging stations at each plant (2023-2030) Adoption of green procurement policies, prioritizing environmentally certified infrastructure and equipment; gradual replacement of refrigeration and airconditioning systems with Level 1 energy-efficient products (2023-2030) Strengthening the recovery and utilization rate of high-temperature steam to reduce energy consumption (2023-2030) Implementation of energy-saving projects across all plants, focusing on upgrading high-energy-consuming equipment (2030-2040) Purchase of Renewable Energy Certificates

 (RECs) through renewable energy trading platforms to meet emission reduction targets (2040-2050) Afforestation projects, including the acquisition of forest land in Xinjiang, China, for large-scale tree planting to achieve carbon
neutrality and net-zero goals (After 2050)

9. GHG inventory and assurance status, as well as reduction goals, strategies and specific action plans (provide otherwise in 1-1 and 1-2).

1-1 GHG Inventory Information

Describe GHG emission (tons CO₂e), intensity (tons CO₂e/million), data coverage and assurance status for the most recent two years.

Category	2024		2023		About Assurance Institution and Assurance Status (Verification Certificate)
Scope 1	Total Emission (tons CO ₂ e)	Intensity (tons CO ₂ e/million)	Total Emission (tons CO ₂ e)	Intensity (tons CO ₂ e/million)	
Jinan Acetate Chemical, Acetek Environmental, Acetek Material, and Acetek Momentum: Consolidated	83,128.47	5.2903	59,701.20	5.4148	
Scope 2	Total Emission (tons CO ₂ e)	Intensity (tons CO ₂ e/million)	Total Emission (tons CO ₂ e)	Intensity (tons CO ₂ e/million)	See Appendix 4
Jinan Acetate Chemical, Acetek Environmental, Acetek Material, and Acetek Momentum: Consolidated	59,293.28	3.7734	50,227.63	4.5555	
Scope 3	Total Emission (tons CO ₂ e)	Intensity (tons CO ₂ e/million)	Total Emission (tons CO ₂ e)	Intensity (tons CO ₂ e/million)	
Parent Company	-		-		

Note: In 2024, the Annual Revenue was 15,713.325 million; in 2023, the Annual Revenue was 11,025.642 million.

1-2 G

HG Reduction Targets, Strategies, and Specific Action Plans

Describe the GHG reduction baseline year and its data, reduction targets, strategies, specific action plans, and the progress toward achieving the reduction targets.

	Compared to Baseline Year 2023				
Emission	• 2030 GHG Emissions: Scopes 1+2 reduced by 15%; and Scope 3 reduced by 5%.				
Reduction	• 2040 GHG Emission: Scopes 1+2 reduced by 25%; and Scope 3 reduced by 10%.				
Targets	• 2050 GHG Emission: Scopes 1+2 reduced by 30%; and Scope 3 reduced by 20%.				
10128000	• By 2050, the Company expects to reach carbon neutrality and therefore attain the net zero				
	carbon emission target				
	• Installation of photovoltaic solar panels at each plant to increase solar power generation for self-use (2023-2030)				
	• Replacement of company vehicles with electric vehicles, accompanied by installation of EV charging stations at each plant (2023-2030)				
Strategic	• Adoption of green procurement policies, prioritizing environmentally certified infrastructure and equipment; gradual replacement of refrigeration and air-conditioning systems with Level 1 energy-efficient products (2023-2030)				
Actions	• Strengthening the recovery and utilization rate of high-temperature steam to reduce energy consumption (2023-2030)				
	• Implementation of energy-saving projects across all plants, focusing on upgrading high- energy-consuming equipment (2030-2040)				
	• Purchase of Renewable Energy Certificates (RECs) through renewable energy trading platforms to meet emission reduction targets (2040-2050)				
	• Afforestation projects, including the acquisition of forest land in Xinjiang, China, for large-scale tree planting to achieve carbon neutrality and net-zero goals (After 2050)				
	 Achieving Emission Reduction Target 1 in 2024-2030 				
Schedule	 Achieving Emission Reduction Target 1 in 2030-2040 				
Schedule	 Achieving Emission Reduction Target 3 in 2040-2050 				
	 Achieving Emission Reduction Target 4 after 2050 				
The Company adopts 2023 as baseline year, and plans to disclose implementation status starting from					
2024 report.					

Appendix 4: CPA Limited Assurance Report



INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

The Board of Directors and Stockholders Jinan Acetate Chemical Co., LTD.

We have undertaken a limited assurance engagement on the disclosed performance indicators in the Sustainability Report ("the Report") of Jinan Acetate Chemical Co., LTD. ("the Company") for the year ended December 31, 2024.

Subject Matter Information and Applicable Criteria

See Appendix 1 for the Company's disclosed performance indicators ("the Subject Matter Information") and applicable criteria.

Responsibilities of Management

The management of the Company is responsible for the preparation of the Subject Matter Information in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Universal Standards, and Topic Standards published by the Global Reporting Initiative (GRI), and for such internal control as management determines is necessary to enable the preparation of the Subject Matter Information that are free from material misstatement resulted from fraud or error.

Auditors' Responsibilities

Our responsibility is to plan and conduct our limited assurance engagement in accordance with Standard on Assurance Engagement 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation of the Republic of China to issue a limited assurance report on whether the Subject Matter Information (see Appendix 1) is free form material misstatement. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We based on our professional judgment in the planning and conducting of our work to obtain evidence supporting the limited assurance. Because of the inherent limitations of any internal control, there is an unavoidable risk that even some material misstatements may remain undetected. The procedures we performed include, but not limited to:

- Inquiring of management and the personnel responsible for the Subject Matter Information to obtain an
 understanding of the policies, procedures, internal control, and information system relevant to the Subject
 Matter Information to identify areas where a material misstatement of the subject matter information is likely
 to arise.
- Selecting sample items from the Subject Matter Information and performing procedures such as inspection, re-calculation, re-performance, observation, and analytical procedures to obtain evidence supporting limited assurance.

- 1 -

Inherent Limitations

The Subject Matter Information involved non-financial information, which was subject to more inherent limitations than financial information. The information may involve significant judgment, assumptions and interpretations by the management, and the different stakeholders may have different interpretations of such information.

Independence and Quality Control

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Standard on Quality Management 1 "Quality Management for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information is not prepared, in all material respects, in accordance with the applicable criteria.

Other Matters

We shall not be responsible for conducting any further assurance work for any change of the Subject Matter Information or the applicable criteria after the issuance date of this report.

The engagement partner on the limited assurance report is Wei-Jer, Lo.

Legendary & Steadfast Accountancy Tainan, Taiwan Republic of China August 21, 2025

Notice to Readers

For the convenience of readers, the independent auditors' limited assurance report and the accompanying summary of subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' limited assurance report and summary of subject matter information shall prevail.

APPENDIX 1

SUMMARY OF SUBJECT MATTER INFORMATION

	SUMMARY OF SUBJECT MATTER INFORMATION					
#	Subject Matter Inform	Corresponding Section	Applicable Criteria			
1.	Jinan Acetate Chemical Co., LTD.	2024	3.5 Energy	Taiwan Stock Exchange		
	Total Energy Consumption	3,069,964.18 GJ	Management	Corporation Rules Governing the Preparation and Filing of		
	Percentage of Purchased Electricity	10.59 %		Sustainability Reports by		
	Utilization Rate	0.18 %		TWSE Listed Companies,		
	Total Self-Generated Energy for	5,648.19 GJ		Article 4, Paragraph 1,		
	Self-Use			Appendix 1-2, Item 1.		
		1				
2.	Jinan Acetate Chemical Co., LTD.	2024	3.2 Water	Taiwan Stock Exchange		
	Total water withdrawn	1,262.451 m ³	Resources Management	Corporation Rules Governing the Preparation and Filing of		
	Total water consumption	414.030 m ³	Management	Sustainability Reports by		
	Mandatorily or voluntarily	848.421 m ³		TWSE Listed Companies,		
	disclosed total wastewater (sewage)			Article 4, Paragraph 1,		
	discharged			Appendix 1-2, Item 2.		
3.	Jinan Acetate Chemical Co., LTD.	2024	3.3 Waste Treatment and	Taiwan Stock Exchange Corporation Rules Governing		
	Total quantity of hazardous wastes	520.16 tons	Recycling	the Preparation and Filing of		
	Percentage of waste recycled	0 %		Sustainability Reports by		
	,	,		TWSE Listed Companies,		
				Article 4, Paragraph 1, Appendix 1-2, Item 3.		
				Appendix 1-2, item 5.		
4	Jinan Acetate Chemical Co., LTD.	2024	4.3 Occupational Health and Safety	Taiwan Stock Exchange		
	Number of employees in occupational	ll persons	Health and Safety	Corporation Rules Governing the Preparation and Filing of		
	accidents			Sustainability Reports by		
	Rate of occupational accidents	1.71 %		TWSE Listed Companies,		
	Note: Rate of occupational accidents = Number of			Article 4, Paragraph 1, Appendix 1-2, Item 4.		
	employees in occupational accidents ÷ ?					
	employees in the year; the values are be					
	decimal places					
			•			

(Continued)

#	Subject Matter Information	Corresponding Section	Applicable Criteria
5.	Regarding the locations of operational activities, the Company conducts continuous environmental assessments and monitoring for its plants, including Jinan Acetate Chemical Co., Ltd., Acetek Material Co., Ltd., Acetek Momentum Co., Ltd., and Acetate (Shandong) Environmental Fiber Co., Ltd. Management systems have been established, and employees are trained in safety operations in accordance with relevant laws and regulations. Civen that Jinan Acetate Chemical Co., Ltd. and Acetate (Shandong) Environmental Fiber Co., Ltd. are adjacent to residential areas, the Company has particularly strengthened its pollution prevention measures by investing in equipment upgrades to reduce the environmental hazards of emissions and wastewater discharge. Additionally, it commissions external professional testing agencies to regularly monitor environmental impact factors at the plants, minimizing significant actual or potential negative impacts on local communities. In 2024, the Company received no complaints or legal penalties.	4.4 Community Relationship Management	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Article 4, Paragraph 1, Appendix 1-2, Item 5.
6.	Criteria for Selecting New Suppliers and Mechanisms for Managing Existing Suppliers 1. Criteria for Selecting New Suppliers (1) Must possess a valid business license and relevant permits. (2) Must have a record free of environmental or social violations. (3) Shall provide samples of raw production materials and pass small-batch trial use. (4) Shall offer preferential pricing and supply materials of stable quality in a timely manner. (5) Preference is given to suppliers certified with ISO9001 and ISO14001. (6) Must sign the Suppliers Undertaking. 2. Mechanisms for Managing Existing Suppliers (1) Avoid engaging in business with suppliers that violate the enterprise's social responsibility policies; once identified, transactions are immediately ceased and such suppliers are listed as restricted partners.	2.4 Supplier Partners	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Article 4, Paragraph 1, Appendix 1-2, Item 6.

(Continued)

#	Subject Matter Information		Corresponding Section	Applicable Criteria
	(2) Regularly evaluate suppliers on qual- and after-sales service to ensure complia Company's standards; suppliers failing to requirements will have their cooperation	nce with the o meet these		
7.	Jinan Acetate Chemical Co., LTD. Acetate Tow Acetate Flake Acetic Anhydride	2024 45,377 tons 37,800 tons 66,232 tons	2.1 Company Profile	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, Article 4, Paragraph 1, Appendix 1-2, Item 7.

Note: The scope of the assurance engagement in the above table for Jinan Acetate Chemical Co., LtD. includes the Taiwan Office and four overseas subsidiaries: Jinan Acetate Chemical Co., Ltd., Acetek Material Co., Ltd., Acetek Momentum Co., Ltd., and Acetate (Shandong) Environmental Fiber Co., Ltd.

(Concluded)