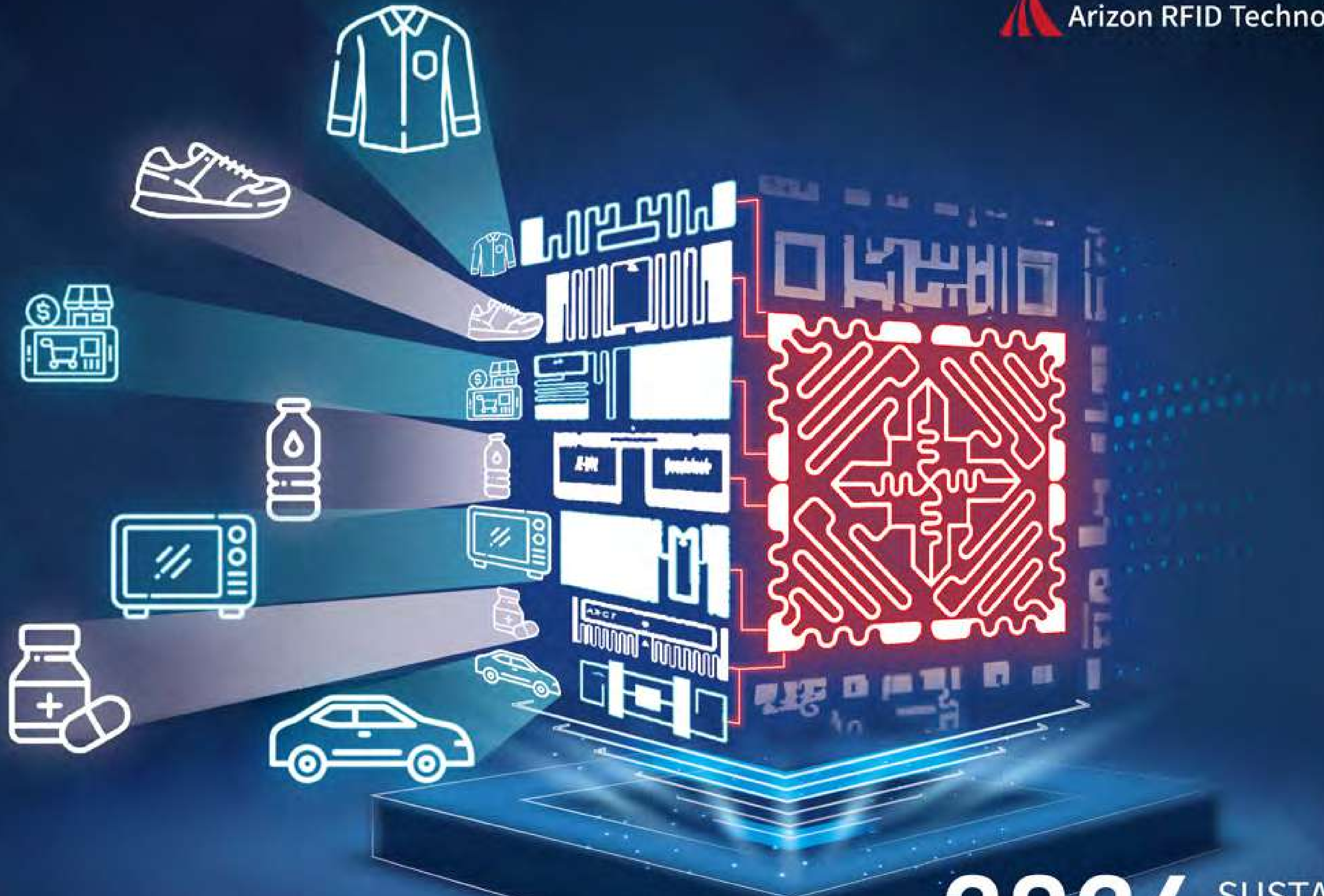
Arizon RFID Technology Co., Ltd.



2024 SUSTAINABILITY REPORT

ARIZON

Arizon RFID Technology is one of the largest RFID ODM manufacturers worldwide. Our products are used by customers around the world, and the cumulative sales has exceeded 17 billion pieces. Everyone can benefit from using finger-sized tags in different fields and environments, to accelerate the efficiency of logistics and management, reduce inventory accumulation, eliminate waste of consumables, and achieve improvement of environment and resources.

Our company started from the laboratory products of MIT Auto-ID Center. YFY Group invested in research resources, optimization of the production capacity and creation application scenarios. RFID tags have become an identifier with wireless communication, read-write information, and fast and long-distance recognition. Many years of practical experience in RFID, the strategic cooperation with EPCglobal and the world’ s major brands, we provide complete and comprehensive solutions and services for customers who would adopt RFID technology.

With strong R&D capabilities and dedicated investment, alongside a firm commitment to production processes and product quality,

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About This Report

This is the second Sustainability Report issued by Arizon RFID Technology (Cayman) Co., Ltd. (hereinafter referred to as “Arizon,” “the Company,” or “we”). The primary purpose of this report is to disclose to the public and our stakeholders the Company’s efforts across the three major dimensions of Environment, Social, and Governance (ESG), including concrete actions, performance outcomes, and future plans. Guided by our business philosophy of “integrating talent and equipment, affirming individual value, and realizing corporate value,” Arizon aims to help stakeholders understand our sustainability initiatives and demonstrate our commitment to fulfilling corporate social responsibility and advancing sustainable development.

●Report Boundary and Scope

The disclosure scope of this report primarily covers Arizon’s operations in Taipei and Mainland China. Other regions have not had significant economic, environmental, or social impacts on the Company; therefore, their sustainability-related information is not fully disclosed in this report. Any information involving other regions is specifically indicated within the report.

●Reporting Period

January 1, 2024 to December 31, 2024.

●Publication Overview

Current edition published in August 2025. The report is scheduled to be issued annually.

●Basis of Preparation

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021 edition. It also follows the Sustainability Accounting Standards Board (SASB) industry-specific indicators and the Task Force on Climate-related Financial Disclosures (TCFD) framework. A GRI Standards Content Index and SASB Index are provided in the Appendix for quick reference and review.

●Report Compilation and Approval Process

Relevant information for this report was collected by each department, reviewed by department heads, and then submitted to the Company’s Sustainability Development Center for consolidation, preparation, and review. The finalized report was submitted to and approved by the Board of Directors before publication.

●Assurance and Verification

This report has been assured with limited assurance by Crowe (TW) CPAs in accordance with Assurance Standard No. 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Accounting Research and Development Foundation (Taiwan). The independent assurance report is included in the Appendix. The financial information disclosed in this report is consistent with Arizon’s 2024 consolidated financial statements, which have been audited and certified by Deloitte.

Feedback:

We welcome feedback or comments regarding this report. Please contact us:
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Message from the Chairman

In recent years, the global economy and industrial environment have continued to undergo rapid changes, with issues becoming more interrelated and increasingly difficult to predict. As a leading global provider of RFID technology and label solutions, Arizon has consistently upheld the principle of combining technological innovation with sustainable practices to help our customers effectively navigate market challenges. We firmly believe that sustainability is not an optional add-on for businesses, but rather a cornerstone for Arizon to build resilience and competitiveness in a fast-changing market.

Arizon has long been committed to fields such as smart retail, logistics and transportation, healthcare labeling, and the industrial Internet of Things. By actively introducing innovative technologies, we help our customers improve operational efficiency while fulfilling our corporate responsibility for sustainability and the environment. Research shows that an average of 8% of global inventory is discarded due to expiration or overproduction, resulting in at least USD 160 billion in annual losses. The core value of RFID technology lies in providing timely and transparent information. By enhancing supply chain visibility, businesses can achieve more accurate demand forecasting, significantly reducing inventory waste and carbon emissions, while advancing circular economy practices and sustainable supply chains. The adoption of RFID technology is not only a key driver of industrial competitiveness, but also a vital pathway for companies to practice ESG values.

In 2024, Arizon achieved breakthroughs across multiple aspects of sustainability. On the product and manufacturing side, we accelerated the adoption of recycled materials and, through process innovation and upgrades, significantly improved metal recovery rates and reduced chemical usage, resulting in a 70%–90% reduction in the overall carbon footprint of our RFID label products. We believe that active process optimization and material recycling will inspire the entire value chain to move toward a more sustainable circular economy model.

In energy management and digital transformation, we continued to increase the share of renewable energy usage, with more than 10% of our facilities' electricity now generated by in-house solar systems. At the same time, we are actively planning to purchase renewable energy certificates to further support the energy transition and strengthen our decarbonization capabilities. In addition, we implemented a smart Manufacturing Execution System (MES), which has enhanced energy efficiency and production effectiveness through digitalized manufacturing management, realizing smart energy-saving practices.

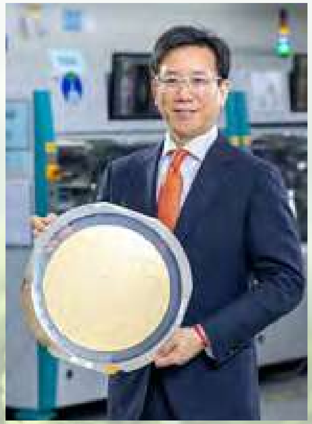
As market and customer expectations for ESG disclosure and compliance requirements continue to rise, we have proactively promoted the disclosure of product carbon footprint data to support our customers in advancing their low-carbon transformation, thereby helping the industry as a whole move toward a lower-carbon, circular economic model. We also plan to commit to the Science Based Targets initiative (SBTi) in the near future, with concrete targets to be set and submitted within the next two years, underscoring our determination to follow a science-based decarbonization pathway.

Furthermore, we are strengthening collaborations with brand customers, system integrators, and platform partners to advance a new supply chain model of "carbon disclosure and ESG data integration." From raw materials and production processes to end-use applications, we are building a transparent, traceable, and circular supply chain ecosystem, leading the industry toward shared sustainability goals.

Corporate success is reflected not only in financial results, but also in the positive impact made on society. We continue to encourage employee participation in environmental volunteer initiatives and deepen team engagement with sustainability concepts through our annual company-wide ESG knowledge competition. At the same time, we actively contribute to community welfare, supporting initiatives such as a wind ensemble for visually impaired students at a special education school and organizing community blood drives, thereby fostering care and promoting community development. We hope to start with the communities where we operate, gathering collective goodwill to create a positive impact on society.

At Arizon, we believe that RFID technology is not merely a tool for information transmission, but also a vital bridge for trust, transparency, and accountability. Guided by our core values of innovation and sustainability, we will continue to explore and implement diversified and sustainable green solutions. By working closely with all stakeholders, we are committed to driving industrial sustainability, reducing our environmental footprint, and making meaningful contributions to the long-term well-being of society.

We sincerely thank you for your continued support and trust in Arizon, and we look forward to working hand in hand with you to create a more resilient, transparent, and sustainable future.



Arizon RFID Technology
Chairman Felix Ho

ARIZON

CH1 Sustainable management

Arizon RFID Technology

1.1 Company Overview and History

Arizon RFID Technology (Cayman) Co., Ltd. was established on October 21, 2021. As a holding company, its operating subsidiaries are primarily engaged in the production and sales of RFID electronic tags. Arizon-KY (stock code: 6863) was officially listed on the Taiwan Stock Exchange on March 21, 2023.

Arizon RFID Technology Co., Ltd. is a professional RFID solutions provider, leading the industry in RFID tag design, packaging and manufacturing processes. With world-class production equipment and the most rigorous manufacturing procedures, the Company sets industry benchmarks for the RFID sector and has obtained certifications from international professional RFID organizations. Currently, Arizon operates three production bases across Mainland China and Taipei, with an annual production capacity exceeding 7 billion units, making it the world's largest RFID ODM manufacturer.

Our products are applied in a wide range of scenarios, including event tickets and transit cards worldwide, intelligent baggage tags for airlines, inventory management and anti-counterfeiting for consumer goods, as well as production management in steel mills. Leveraging our independent R&D capabilities and high-performance products, Arizon has passed the strictest industry certifications and has been adopted by globally renowned clients. We deliver customized RFID tag applications tailored for international enterprises, supporting customers in building and managing IoT infrastructures.

Arizon's journey began with laboratory products from the MIT Auto-ID Center. Backed by continued investment and research resources from YFY Group, we have enhanced production capabilities and created new application scenarios. RFID tags have since evolved into universal digital identities—wireless, rewritable, and quickly identifiable over long distances. Combining our extensive experience in implementing RFID applications with strategic partnerships under EPC Global and leading global corporations, Arizon provides comprehensive and integrated RFID solutions for clients seeking to adopt this technology.

✸Arizon's Global Operations Map (based on operational sites)

Official Company Name
Arizon RFID Technology (Cayman) Co., Ltd.

Company Abbreviation
Arizon-KY

● Arizon' s Global Operations Map (based on operational sites)

Corporate Information

Company Address	P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands.
Operating Locations	Taipei, Mainland China, Japan, United States, Vietnam
Stock Code	ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. (6863)
Listing date	March 21, 2023
Industry category	Telecommunications and networking industry
Main Business Operations	RFID antenna design and manufacturing, RFID electronic tag packaging, RFID reader design and manufacturing and RFID application system integration
Chairman	Chairman Felix Ho
General Manager	GM Bing-Yi Lin
Spokesperson	CFO Shu-Fen Chang
Paid-in Capital	NT$ 748,880,000 (as of the date of this report's publication)

With our strong R&D capabilities, unwavering commitment, and insistence on manufacturing excellence, Arizon achieved the highest certification standard in the RFID industry in May 2022: the Auburn University ARC Quality Certification. This recognition enables our products to be adopted by leading global clients, providing tailored RFID applications compatible with diverse reading environments and heterogeneous systems. This ensures that product information flows seamlessly—like air essential to life—toward our vision of a fully interconnected world.

Beyond focusing on our own business development, Arizon actively fosters partnerships to promote industry exchange and technological innovation. In academia–industry collaboration, we have partnered with institutions such as Hungkuo Delin University of Technology, Asia Eastern University of Science and Technology, and Lunghwa University of Science and Technology. Through these collaborations, we provide internship opportunities for students, enabling them to gain real-world enterprise experience, enhance practical skills, and collectively contribute to talent development.

Company Milestones

2024

- ◆ Established Arizon's subsidiary in Vietnam to expand production and sales operations in the Asia-Pacific region.
- ◆ Issued the first unsecured convertible bonds in Taiwan to support plant expansion needs.
- ◆ Published the first Sustainability Report, demonstrating Arizon's sustainability initiatives and commitment to sustainable development.

Industry Value Chain (Upstream, Midstream, and Downstream Relationships)

Upstream

Raw Material Suppliers: Chips, conductive adhesive and antennas, release liners, adhesive tapes, etc.

Midstream

RFID Product R&D and Manufacturing, and Reader/System Providers

Downstream

RFID Tag Applications: Retail, public services, industrial manufacturing, and healthcare sectors

In the RFID industry, the upstream segment primarily consists of raw material suppliers such as chips and antennas. The midstream segment covers RFID product R&D and manufacturing, as well as reader and system solution providers. The downstream segment involves a wide range of application fields, including retail, public services, industrial manufacturing, and healthcare. Our Company focuses on the R&D, production, and sales of RFID electronic tags, positioning itself in the midstream of the RFID industry. We adopt a direct sales model to deliver our self-developed RFID electronic tags to customers. After understanding client requirements, our sales team coordinates with the product R&D department to develop customized solutions and provide samples for client testing. Upon successful validation, mass production, delivery, and after-sales services are arranged to meet customer needs.

Looking ahead, the Internet of Things (IoT) — where physical devices, vehicles, buildings, and other “things” are embedded with sensors, software, and network connectivity — will continue to grow, enabling data collection, exchange, and analysis, and facilitating interaction and communication with other devices or systems. According to a report published by Grand View Research, Inc. on August 30, 2024, the global IoT market is expected to reach USD 2.65 trillion by 2030, with a compound annual growth rate (CAGR) of 11.4%. To capture this trend, our Company integrates core technology from E Ink, the world’s largest electronic paper provider, and offers comprehensive visualized RFID and IoT solutions such as Electronic Shelf Labels (ESL) for smart retail and warehouse management clients. These ESL solutions allow real-time updates of product prices and quantities on IoT platforms. Since RFID tags can read multiple items simultaneously at speeds tens of times faster than manual barcode scanning, they reduce inventory counting time, labor costs, and errors that could otherwise lead to returns, restocking, or repackaging. They also enable real-time inventory tracking, preventing overstocking and minimizing stockout losses. Moreover, RFID supports real-time item location tracking, lowering theft risk. For perishable goods or medical supplies, RFID enables batch and expiry date tracking, reducing waste and losses from expired products. When integrated with automated sorting systems, RFID can also reduce manual handling costs. Beyond saving time and labor, RFID enhances marketing effectiveness and inventory management by ensuring accurate and reliable information flows, significantly improving operational efficiency.

Industry Overview and Main Products

Radio Frequency Identification (RFID) Industry

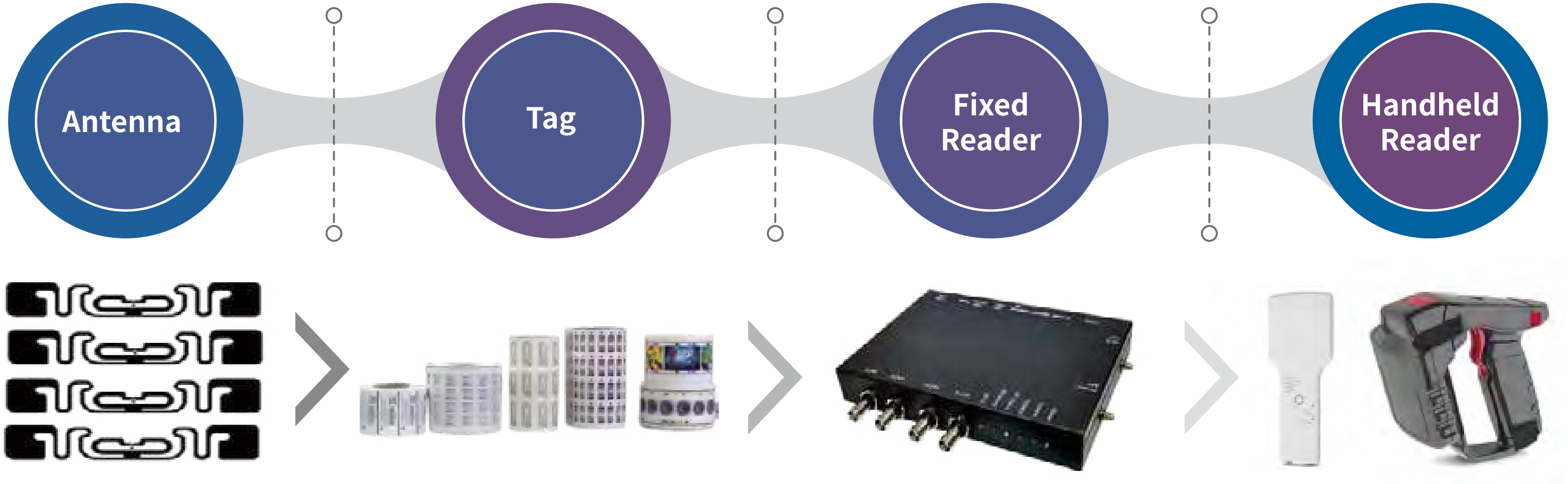
RFID, short for Radio Frequency Identification, is widely applied in fields such as logistics, military, retail, healthcare, food, transportation, and access control. An RFID system consists of electronic tags, readers, and computer systems. Through wireless communication technology, data stored in the tags is transmitted to the reader, which then sends it to the back-end system for processing. Compared with barcodes, RFID offers faster scanning, the ability to process multiple data items simultaneously, data updates and modifications, reusability, and resistance to oil and dirt. With ongoing technological advancements, RFID has entered the commercialization stage. In 2021, the global market size was approximately USD 11.4 billion and is expected to grow to USD 22.2 billion by 2032. The RFID industry value chain includes chip design, antenna manufacturing, tag packaging, and reader manufacturing, with application areas covering retail, transportation and logistics, and industrial manufacturing.

Electronic Tag Industry

RFID electronic tags use radio frequency to identify objects and transmit data without physical contact. Their structure consists of hardware and software application systems, with the primary hardware components being electronic tags and readers. Based on the presence of batteries, electronic tags are categorized into three types: passive, active, and semi-passive. Passive tags do not require batteries, while active and semi-passive tags do. RFID systems are also classified by operating frequency into low frequency (LF), high frequency (HF), ultra-high frequency (UHF), and microwave. In the market, HF and UHF RFID electronic tags dominate due to their higher commercial value.

Currently, Japan, Europe, and the United States represent the main demand markets for RFID electronic tags, while demand in emerging countries and regions is also steadily increasing. As enterprises accelerate their digital and information transformation, the importance of RFID technology in commercial applications continues to grow. With the ongoing decline in implementation costs, downstream applications are expanding further, and the RFID electronic tag market is expected to reach USD 8.11 billion by 2027.

✸ Main Products



Industry Associations

The RAIN Alliance is a global organization dedicated to promoting and advancing passive Ultra High Frequency (UHF) Radio Frequency Identification (RFID) technology. The Alliance focuses on driving the adoption of UHF RFID across industries to enable seamless connectivity and data sharing within the Internet of Things (IoT). Mr. Ping-Yi Lin, General Manager of Arizon, serves as a member of the RAIN Alliance Board of Directors. The mission of the RAIN Alliance is to promote the adoption of UHF RFID technology, enhance the efficiency of global supply chains, and support innovative applications across industries. Through education, advocacy, and standardization efforts, the RAIN Alliance seeks to establish an interconnected ecosystem that enables enterprises to manage assets more effectively, improve operational efficiency, and deliver better services to consumers.

1.2 Business Performance

In 2024, Arizon and its subsidiaries achieved consolidated revenue of NT$4.612 billion, representing an annual growth rate of 71.72%. Gross margin was 32.17%, while net income after tax reached NT$847 million, an annual increase of 89.05%. Earnings per share (EPS) stood at NT$11.36.

✸Annual Business Performance

Unit: NT$ thousands

Item	2022	2023	2024
Operating Revenue	2,103,632	2,685,946	4,612,422
Operating Costs	(1,428,158)	(1,892,694)	(3,128,804)
Gross Profit	675,474	793,252	1,483,618
Operating Expenses	352,773	402,341	629,983
Non-operating Income and Expenses	97,397	140,546	149,623
Profit (Loss) Before Tax	420,098	531,457	1,003,258
Income Tax Expense (Benefit)	(81,384)	(83,438)	(156,279)
Net Profit (Loss) After Tax	338,714	448,019	846,979

✸Direct Economic Value Generated and Distributed by the Organization

Unit: NT$ thousands

Item	2022	2023	2024
Revenue	2,203,836	2,831,301	4,791,628
Operating Costs	1,780,931	2,295,035	3,758,787
Employee Wages and Benefits	383,750	456,760	709,234
Payments to Providers of Capital	204,033	149,403	238,249
Payments to Government	83,150	62,230	105,334
Community Investments	0	0	0

Related Companies

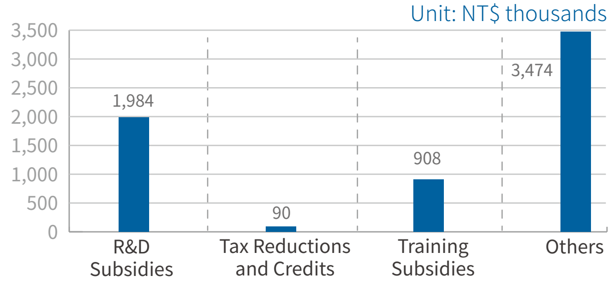
Arizon RFID Technology (Cayman) Co., Ltd. (Arizon-KY) conducts comprehensive evaluations of its investment plans for long-term purposes. The assessment considers factors such as market demand, technological development, future business expansion potential, possible funding sources, financial status of existing businesses, profitability, and associated risks. When necessary, a dedicated project team is assigned to carry out in-depth analysis. The Company is primarily engaged in the development of hardware products for RFID intelligent identification systems, software system development, and tag design, while also providing peripheral system integration services.

✸Organizational Chart of Related Companies

Government Grants in Mainland China

Unit: NT$ thousands

Item	Grant Amount
R&D Subsidies	1,984
Tax Reductions and Credits	90
Training Subsidies	908
Others	3,474
Total	6,456



Product Sales Overview

✸Revenue Breakdown by Major Products

Unit: NT$ thousands

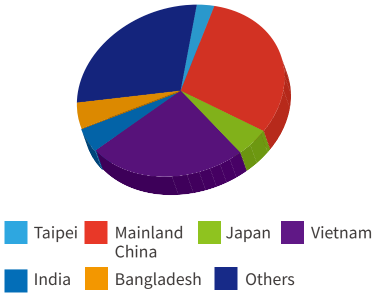
Product Categories	2022		2023		2024	
	Sales Revenue	Percentage	Sales Revenue	Percentage	Sales Revenue	Percentage
RFID Tags	2,043,295	97%	2,617,180	97.44%	4,515,414	98%
Others	60,337	3%	68,766	2.56%	97,008	2%
Total	2,103,632	100%	2,685,946	100%	4,612,422	100%

✸Major Product Sales Regions

Unit: NT$ thousands

Product Categories	Taipei	Mainland China	Japan	Vietnam	India	Bangladesh	Others
RFID Tags	36,788	1,774,857	190,183	534,511	173,334	223,153	1,582,588
Others	-	97,008	-	-	-	-	-
Total	36,788	1,871,865	190,183	534,511	173,334	223,153	1,582,588

Major Product Sales Regions



1.3 Sustainability Governance

Arizon firmly believes that sustainable development is the key element for long-term corporate prosperity. Through a structured sustainability strategy, the Company aspires to become an industry leader in sustainable development, enhancing corporate value while fulfilling social responsibility.

The Company has established a Sustainability and Corporate Social Responsibility Code of Conduct, requiring business operations to consider and safeguard stakeholder interests, emphasize the positive social impact of corporate activities, and reasonably reduce resource consumption.

To advance sustainability efforts, the Company has set up a Sustainability Development Center and appointed a Chief Sustainability Officer (CSO) as the unit in charge of sustainability strategy planning, advocacy, and promotion, thereby ensuring the fulfillment of corporate social responsibility. The organizational structure of the Sustainability Development Center is coordinated by the CSO, with the Taipei Operations Center and Mainland China Operations Center serving as co-executing units, supported by the collaboration of all departments.

At the governance level, the Board of Directors serves as the highest decision-making and supervisory body for sustainability matters. The Board reviews and approves sustainability strategies, sustainability disclosures, and other material issues related to environmental, social, and economic aspects. Each unit is responsible for implementing sustainability policies, systems, and related management practices, while the Sustainability Development Center regularly reports to the Board on progress and key material events. Through these reports, the Board monitors the Company's sustainability initiatives, supervises and evaluates the management team's annual sustainability performance, and ensures that adequate capabilities and resources are in place to respond to potential economic, environmental, and human rights impacts.

To strengthen governance, oversight, and execution of sustainability initiatives, the Company will soon establish a Sustainability Development Committee, following the reference guidelines issued by the Taiwan Stock Exchange. Moving forward, this Committee will be responsible for setting the overall direction of sustainability policies and corporate action plans, reviewing sustainability-related matters, and reporting regularly to the Board of Directors.

Key Material Events

The Board of Directors has delegated the Sustainability Development Center with responsibility for driving, monitoring, and managing the Company's sustainability initiatives and the impacts on the economy, environment, and people. The Center is also tasked with reporting sustainability performance and target achievement to the Board.

In 2024, the Sustainability Development Center reported the following key material events to the Board of Directors:

- March 12, 2024 – Reported the Company's planned GHG inventory and verification schedule
- May 9, 2024 – Reported the Company's planned GHG inventory and verification schedule
- November 18, 2024 – Reported the Company's 2023 Sustainability Report

1.4 Stakeholder Identification and Engagement

Arizon values the needs and opinions of its stakeholders. The Company's primary stakeholders currently include employees, shareholders and investors, customers, suppliers and business partners, non-profit organizations, government agencies, media, and local communities. We engage and communicate with stakeholders through the following channels.

Stakeholder Group	Key Topics of Concern		Communication Methods / Frequency	
Employees	❖ Human Rights Protection ❖ Workplace Well-being	❖ Compliance and Integrity Management ❖ Occupational Health and Safety	❖ Employee Welfare Committee / Quarterly ❖ Labor-Management Meetings / Quarterly	❖ Employee Training Programs / Ad hoc ❖ Internal Announcements / Ad hoc ❖ Performance Appraisals / Annually
Investors & Shareholders	❖ Corporate Governance Structure ❖ Compliance and Integrity Management	❖ Innovation and R&D ❖ Product Quality and Safety	❖ Shareholders' Meeting / Annually ❖ Board of Directors / Quarterly ❖ Financial Reports / Quarterly	❖ Company Website / Ad hoc ❖ Market Observation Post System (MOPS) Announcements / Ad hoc ❖ Institutional Investor Conference / Semi-annually
Customers	❖ Innovation and R&D ❖ Product Quality and Safety	❖ Human Rights Protection	❖ Customer Service Hotline / Real-time ❖ Business Visits / Ad hoc	❖ Technical & Business Exchanges / Ad hoc ❖ Customer Meetings / Ad hoc ❖ Trade Exhibitions / Ad hoc
Suppliers & Business Partners	❖ Supply Chain Management	❖ Compliance and Integrity Management	❖ Negotiation Meetings / Ad hoc ❖ Supplier Visits & Exchanges / Ad hoc	❖ Supplier Guidance / Ad hoc ❖ Supplier Evaluations / Annually
Government Agencies	❖ Compliance and Integrity Management ❖ Product Quality and Safety	❖ Occupational Health and Safety	❖ Official Correspondence / Ad hoc	❖ Government Routine or Surprise Inspections / Ad hoc
Media	❖ Product Quality and Safety ❖ Innovation and R&D	❖ Compliance and Integrity Management	❖ Investor Conferences / Semi-annually	❖ Shareholders' Meetings / Annually ❖ Interviews / Ad hoc
Communities & NGOs	❖ Human Rights Protection	❖ Climate Change Response	❖ Company Website / Ongoing ❖ Community Activities / As needed	❖ Signing of Emergency Mutual Aid & Good Neighbor Agreements

Procedures for Addressing Negative Impacts

The Company identifies and assesses actual or potential negative impacts on the economy, environment, and people (including human rights) through regular evaluations, stakeholder engagement, and grievance mechanisms. If actual or potential negative impacts are identified, the Company will implement mitigation or remediation measures for the actual impacts and adopt appropriate actions to prevent potential impacts from occurring.

✸ Stakeholder Communication and Response

Stakeholder Group	Communication and Response Methods
Investors & Shareholders	❖ Contact: Spokesperson – Shu-Fen Chang, Chief Financial Officer (CFO) ❖ investor@arizonrfid.com
Employees	❖ Contact: Human Resources Department – Mr. Chung ❖ (886) 2 2269-0700 ext.632 ❖ Employee Grievance Mailbox: tw-hr@arizonrfid.com
Customers	❖ Mainland China Sales – Ms. Lu, Sales Department ❖ (86) 514-80972024 ext.15183 ❖ Taipei Sales – Ms. Chen, Sales Department (886) 2 2322-4824 ext.132 ❖ Customer Contact Mailbox: Business@Arizonrfid.com
Supplier	❖ Mainland China Procurement – Ms. Chung, Supply Chain Management Department ❖ (86) 514-80972024 ext.15201 ❖ Taipei Procurement – Ms. Chao, Supply Chain Management Department ❖ (886) 2 2322-4824 ext.191

✸ Communication Events in 2024

Sustainability Category	Content	Responsible Unit	Cases Received	Cases Resolved
Taipei				
Health & Well-being	Tobacco Hazards Prevention Act	HR Dept. / General Affairs Dept.	2	2
Workplace Well-being	Flexible working hours	HR Dept.	2	0
Occupational Health & Safety	Replacement of office chairs	Administration Dept.	1	0
Employee Care & Benefits	Request for additional travel subsidies and department gatherings	HR Dept. / Employee Welfare Committee	1	1
Employee Care & Benefits	Request for increased transportation subsidies	HR Dept.	1	1
Employee Care & Benefits	Employee group meals	Administration Dept. / General Affairs Dept.	2	1
Mainland China				
Health & Well-being	Request for regular inspection and timely repair of EV charging piles	General Affairs Dept.	3	3
Workplace Well-being	For employees unable to join the company trip due to scheduling conflicts, request for an additional trip	Administration Dept.	5	5
Occupational Health & Safety	Enhancing employees' fire safety awareness	EHS Dept.	4	4
Occupational Health & Safety	Enhancing employees' disaster prevention and mitigation awareness	EHS Dept.	3	3

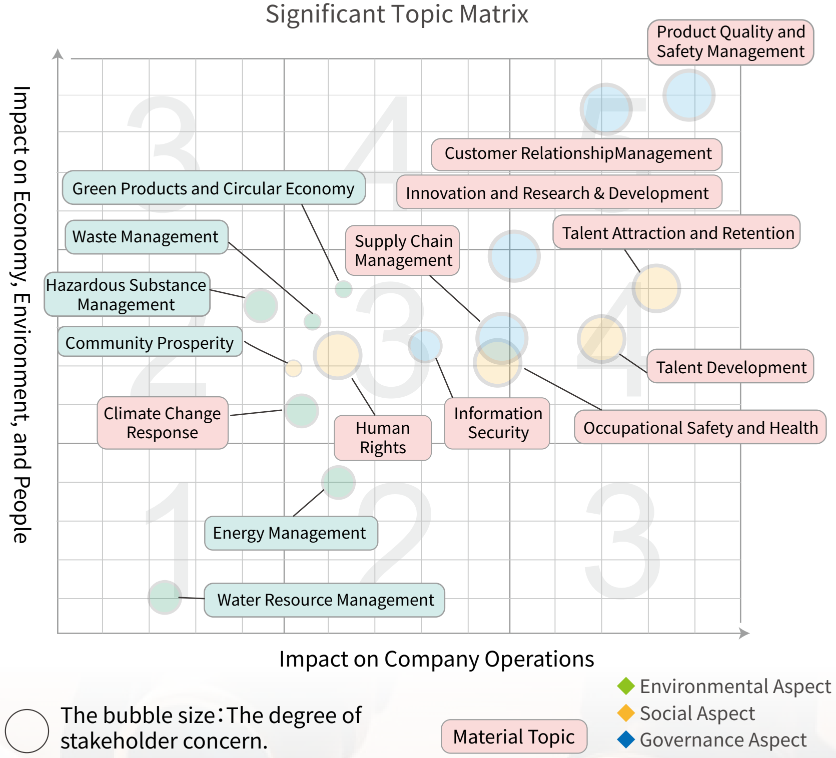
1.5 Identification of Material Sustainability Topics

Process of Identifying Material Topics

With the support of internal discussions and external experts, the Company referred to the Global Reporting Initiative (GRI) Standards as well as key domestic and international industry trends to compile a list of sustainability issues. Using systematic methods such as departmental interviews and surveys, in 2023 the Company conducted an assessment survey among management to evaluate the degree of impact of each issue on the economy, environment, people, and the Company's operations. In addition, questionnaires were distributed to key stakeholders to measure their level of concern for these issues, with a total of 637 valid responses collected. Based on these results, the Company identified the sustainability topics most relevant to stakeholders and developed a materiality matrix. In this matrix, the X-axis represents the "impact on Company operations," the Y-axis represents the "impact on the economy, environment, and society," and bubble size represents the "level of stakeholder concern." Topics were assessed and ranked by score, distinguishing between material and general topics. Following integrated analysis and confirmation with senior management, Arizon identified ten material topics for 2023: Product Quality and Safety, Innovation and R&D, Customer Relationship Management, Supply Chain Management, Information Security, Occupational Health and Safety, Talent Attraction and Retention, Talent Development and Training, Human Rights Protection, and Climate Change Response. These topics serve as the reference basis for information disclosure in this report and form the foundation for our ongoing improvements.

In 2024, the same ten material topics remain the core issues for sustainability management and disclosure. The Company continues to review management performance and stakeholder concerns, and will reassess the appropriateness and completeness of material topics in a timely manner based on changes in the operating environment, industry trends, and stakeholder feedback, ensuring that our sustainability strategy and practices align with the Company's medium- to long-term development direction.

Significant Topic Matrix



List of Material Topics

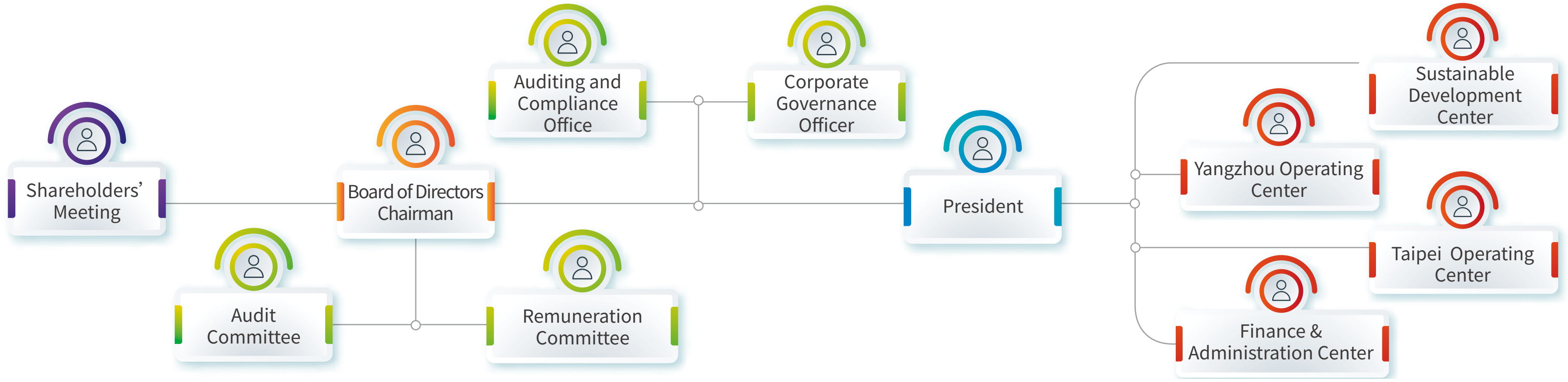
Aspects	Material Topics	Corresponding SDGs	SDGs Sub-Goals	Corresponding Sections
Governance	Customer Relationship Management	SDG 17: Partnerships	17.16: Strengthen Global Partnerships for Sustainable Development	2.7: Customer Relationship Management
	Supply Chain Management	SDG 8: Employment and Economic Growth SDG 12: Responsible Consumption and Production	8.8: Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, especially women and those in precarious employment. 12.6: Encourage companies, especially large and multinational corporations, to adopt sustainable practices and integrate sustainability information into their business operations.	2.4: Supply Chain Management
	Product Responsibility and Safety	SDG 12: Responsible Consumption and Production	12.2: By 2030, achieve sustainable management and efficient use of natural resources. 12.6: Encourage companies, especially large and multinational corporations, to adopt sustainable practices and integrate sustainability information into their business operations.	2.5: Product Quality and Safety
	Innovation and Research & Development	SDG 9: Sustainable Industry and Infrastructure	9.4: Upgrade all industries and infrastructure to achieve sustainability. 9.5: Enhance research and upgrade industrial technologies.	2.6: Innovation and Research & Development
	Information Security	SDG 9: Sustainable Industry and Infrastructure	9.C: Universal access to information and communication technology (ICT)	2.8: Information Security Management
Employee	Talent Attraction and Retention, Talent Development	SDG 8: Employment and Economic Growth	8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	3.1: Friendly Workplace
	Occupational Safety and Health	SDG 8: Employment and Economic Growth	8.8: Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, especially women and those in hazardous occupations.	3.2: Occupational Safety and Health
	Human Rights Protection	SDG 5: Gender Equality SDG 8: Employment and Economic Growth SDG 16: Peace, Justice, and Strong Institutions	5.1: Eliminate all forms of discrimination against all women everywhere. 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value. 8.7: Take immediate and effective measures to prohibit and eliminate the worst forms of child labor, including the recruitment and use of child soldiers; end all forms of child labor by 2025. 8.8: Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, especially women and those in hazardous occupations. 16.2: End all forms of violence, exploitation, trafficking, and abuse against children. 16.B: Promote and enforce non-discriminatory laws and policies for sustainable development.	3.3: Human Rights Protection
Environment	Climate Change Response	SDG 13: Climate Change Response	13.3: Strengthen education, awareness, and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.	4.1: Climate Change Response

CH2 Corporate Governance

Arizon RFID Technology

2.1 Corporate Governance Structure

Organizational Chart



Business Operations of Major Departments

Department/Units	Responsibility
Board of Directors	❖ Execute shareholder meeting resolutions and, within the scope of authority granted by the shareholders, determine the company's business plans and investment proposals.
Audit Committee	❖ Supervise the corporate's business and financial operations, ensure the appropriate presentation of financial statements, implement effective internal controls, ensure compliance with relevant laws and regulations, and manage the company's existing or potential risks.
Remuneration Committee	❖ Establish and regularly review the policies, systems, standards, and structures for the performance evaluation and remuneration of directors and managers. Regularly assess and determine the remuneration for directors and managers.
Audit and Compliance Office	❖ Evaluate internal control systems and management policies, assess the company's various plans or policies. Prepare audit reports and review self-assessment reports, and track the improvement of internal control deficiencies and anomalies.
Corporate Governance Officer	❖ Assist the board of directors and shareholders' meetings in ensuring compliance with legal procedures and resolutions, and cooperate with regulatory authorities to revise relevant regulations. Support directors and independent directors in performing their duties by providing necessary information and arranging continuing education for directors. Act in accordance with the company's articles of incorporation and other matters to protect shareholders' rights and strengthen the functions of the board of directors.
President	❖ Responsible for the company's strategic planning, business execution, and project promotion. Integrate and coordinate company resources, plan operational goals, and supervise the execution of operational targets while assessing the performance of various units.
Sustainability Center	❖ Evaluate and implement matters related to fulfilling environmental commitments, exercising social responsibility, and optimizing corporate governance to ensure sustainable business practices and align with international development trends.
Yangzhou Operation Center	❖ Oversee the operations of the Yangzhou factory, including production manufacturing, sales, administration, human resources, and information systems development. Develop sales plans, pricing policies, order management, and customer maintenance. Responsible for human resource planning, establishing systems, executing HR operations, and handling general affairs related to the factory.
Taipei Operation Center	❖ Oversee the operations of the Taipei factory, including production manufacturing, sales, administration, human resources, and information systems development. Develop sales plans, pricing policies, order management, and customer maintenance. Responsible for human resource planning, establishing systems, executing HR operations, and handling general affairs related to the factory.
Finance & Administration Center	❖ Oversee fund utilization, accounting, and tax-related matters, ensuring the timeliness and accuracy of financial records and reports while analyzing, mitigating, and reducing tax risks. Additionally, manage and supervise investment evaluations, fund planning, shareholder operations, and investor communications.

Board of Directors

The Board of Directors is the highest governance body of Arizon. The Chairman, Mr. Felix Ho, serves both as the Chair of the Board and as the Company's Chief Sustainability Officer. The Board is responsible for executing resolutions of the shareholders' meeting, deciding on business strategies and investment plans, establishing sound governance systems, enhancing the Board's supervisory function, strengthening management mechanisms, and formulating sustainability strategies based on the Company's core values and business needs. The Board also oversees the promotion and monitoring of sustainability initiatives to ensure alignment with the Company's overall objectives. In accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" in Taiwan, Arizon has established its own "Rules of Procedure for Board Meetings." The Board convenes at least once every three months on average.

The nomination and selection of Board members are conducted in accordance with the Company's Articles of Incorporation, using the candidate nomination system and in compliance with the "Regulations Governing the Election of Directors" and the "Corporate Governance Best-Practice Principles." This ensures diversity and independence of Board members. Except that no more than one-third of directors may concurrently serve as managers of the Company, appropriate diversity policies are developed in line with the Company's operations and development needs. These policies consider, but are not limited to, the following dimensions:

- Basic Attributes and Values: gender, age, nationality, and cultural background.
- Professional Expertise and Skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Currently, the Board of Directors consists of seven members, comprising four directors and three independent directors, each serving a three-year term. Collectively, the Board brings expertise in industry, technology, business operations, finance, accounting, and retail branding. Among the seven members, all are male and none are female, resulting in a female representation of 0%. The average age of Board members is 53.

/ Rules of Procedure for Board Meetings, Regulations Governing the Election of Directors, and Corporate Governance Best-Practice Principles /

Title	Name	Gender	Nationality	Age	Tenure
Chairman	Felix Ho	Male	Republic of China	30–50 years (inclusive)	3 years
Director	David Lo	Male	Republic of China	Above 50 years	3 years
Director	Hong-Shi Wen	Male	Republic of China	Above 50 years	3 years
Director	Bing-Yi Lin	Male	Republic of China	30–50 years (inclusive)	3 years
Independent Director	Brade Lei	Male	Republic of China	30–50 years (inclusive)	3 years
Independent Director	Brian Lee	Male	United Kingdom	30–50 years (inclusive)	3 years
Independent Director	JD Chiou	Male	Republic of China	Above 50 years	3 years

✸ Directors' Education and Work Experience

Title	Name	Education and Work Experience	Positions Concurrently Held at the Company or Other Companies
Chairman	Felix Ho	❖ MBA, MIT Sloan School of Management Chairman, YFY Investment Co., Ltd. Director, YFY Consumer Products, Co. ❖ Vice Director, YFY Household Products Associate Manager, YFY Strategic Integration Center	Note 1
Director	David Lo	❖ MBA, Johnson School of Management, Cornell University Managing Director, UBS Taiwan	Note 2
Director	Hong-Shi Wen	❖ Master's Degree, Department of Mechanical Engineering, National Central University AUO Corporation, Deputy Chief of Plant Innolux Corporation, Chief of Department	Arizon RFID Technology Co., Ltd., Director and CEO Arizon RFID Technology (Hong Kong) Co., Ltd., Director
Independent Director	Bing-Yi Lin	❖ Master's Degree, Information Management, University of Washington ❖ China Development Industrial Bank, Manager of Direct Investment Department	Note 3
Independent Director	Brade Lei	❖ Deloitte and Touche Taiwan, Vice President	C&S Certified Public Accountant Firm, Certified Public Accountant Hung Ting Lighting Co., Ltd., Chairman Xiaojin Innovation Capital Co., Ltd., Chairman
Independent Director	Brian Lee	❖ HITOTSUBASHI UNIVERSITY MBA ❖ Global Brands Group, Chief ❖ Restructuring Officer	Director of Pacific Licensing Studio Pte. Ltd., Director of Branded Lifestyle Holdings Limited, and Independent Director of Dr. Wu Skincare Co., Ltd.
Independent Director	JD Chiou	❖ Ph.D. Massachusetts Institute of Technology ❖ Ministry of Economic Affairs, Expert of Artificial Intelligence Development ❖ Strategy Smart Customer Service Industry ❖ Ministry of Economic Affairs, Open Data Consultation Team Committee ❖ FinTech Research Center, College of Commerce, National Chengchi University, Industrial Advisor ❖ Microsoft AI Developer Advisory ❖ Board, USA	Intumit, Inc., Vice Chairman Idrasys Co., Ltd., Director Miraxia Edge Technology Co., Ltd., Director

Note 1: Felix Ho holds concurrently positions as Chairman of YFY Investment Co., Ltd., Director of Yuen Foong Yu Consumer Products Investment Limited, Chairman of Yuen Foong Shop Co., Ltd., Chairman of Ever Growing Agriculture Bio-tech Co., Ltd., Chairman of Yuen Foong Yu Consumer Products Co., Ltd., Chairman of YFY Consumer Products (Yangzhou) Co., Ltd., Chairman of YFY Family Care (Kunshan) Co., Ltd., Director of YFY Consumer Products, Co., Director of YFY Japan Co., Ltd., Director of YFY Biopulp Technology Ltd., Chairman of YFY Jupiter (BVI) Inc., Director of Livebricks Inc., Chairman of Arizon RFID Technology Co., Ltd., Director of Arizon Japan Co., Ltd., Director of Jupiter Prestige Group Holding Limited, Independent Director of Universal Cement Corporation, Director of Aidatek Electronics, Inc., Director of Fu Hwa Enterprise Co., Ltd., Director of ECROWD MEDIA INC., Director of Cheng Yu Co., Ltd., Director of Shin-Yi Enterprise Co., Ltd., Chairman of Yuen Foong Co., Supervisor of The Eisenhower Fellows Associations in the Republic of China, Chairman of Epoch Foundation, and Chairman of Foongtone Technology Co., Ltd.

Note 2: David Lo holds concurrently positions as CEO of YFY Inc., Director of YFY Packaging Inc., Director of Yuen Foong Yu Consumer Products Co., Ltd., Director of Yuen Foong Yu Consumer Products Investment Co., Ltd., Chairman of YFY Corporate Advisory & Services Co., Ltd., Chairman of YFY Paradigm Investment Co., Ltd., Chairman of YFY Development Co., Ltd., Director of YFY GROUP Fidelis IT Solutions Co., Ltd, Director of YFY Biotech Management Co., Ltd., Director of Taiwan Stock Exchange Corporation, Director of YFY International B.V., Director of YFY Global Investment B.V., Director of YFY Mauritius Corporation, and Supervisor of Ensilience Co., Ltd. Director of Taiwan Venture Capital Association.

Note 3: Bing-Yi Lin holds concurrently positions as Director of YFY Jupiter (BVI) Inc., Director and President of Arizon RFID Technology Co., Ltd., Director of Arizon RFID Technology (Hong Kong) Co., Ltd., Director, Director of Arizon Japan Co., Ltd., Director of Opal BPM Limited, Director of Opal BPM Consulting Limited, Director of Yunsheng Co., Ltd., Director and President of Yangzhou Dicheng Trading Co., Ltd., and Director of Dicheng Co., Ltd.

✸ Diverse Professional Background of Directors

Name / Title	Chairman Felix Ho	Director David Lo	Director Hong-Shi Wen	Director Bing-Yi Lin	Independent Director Brade Lei	Independent Director Brian Lee	Independent Director JD Chiou
Operational Judgment	v		v	v		v	v
Accounting and Finance	v			v	v		
Business Management	v	v	v	v		v	v
Crisis Management	v	v		v			v
Industrial Knowledge	v		v	v			v
International Perspective	v	v		v		v	
Leadership	v	v	v	v			v
Decision Making	v			v	v	v	v

✸ Composition of the Board of Directors

Age	Male	Female	Total
Under 30	0	0	0
31~50 (Inclusive)	4	0	4
Over 50	3	0	3
Total	7	0	7

Board Conflict of Interest Avoidance

The Company has clearly stipulated conflict of interest prevention policies and procedures for personnel at all levels in relevant regulations such as the Procedures for Integrity Management and Code of Conduct and the Code of Ethical Conduct. Appropriate reporting channels are provided, and implementation is strictly enforced.

- Directors, Independent Directors, Managers, and other stakeholders who attend or participate in Board meetings must disclose the material details of any conflict of interest concerning the agenda items. If such a conflict may be detrimental to the Company's interests, the individual shall refrain from participating in the discussion or voting, and shall recuse themselves during deliberation and voting. They may not exercise voting rights on behalf of other directors.
- Employees, in the execution of their duties, who encounter situations involving conflicts of interest with themselves or the entities they represent—or situations that may result in undue benefits for themselves, their spouses, parents, children, or related parties—must immediately report such matters to their direct supervisor and the Human Resources Department. The supervisor is required to provide appropriate guidance.
- Employees may not use Company resources for external business activities, nor may they allow participation in external business activities to affect their work performance.

In 2024, the Company convened five Board meetings. The following agenda items required recusal due to conflicts of interest with directors:

March 12, 2024
During the discussion on the remuneration amount and allocation method for Independent Directors, the Independent Directors, due to a conflict of interest, recused themselves from discussion and voting.

March 12, 2024
During the discussion on the remuneration amount and allocation method for Directors, the Directors, due to a conflict of interest, recused themselves from discussion and voting.

/ Procedures for Integrity Management and Code of Conduct and Code of Ethical Conduct /

Board Performance Evaluation

To strengthen corporate governance and enhance the functions of the Board, the Company has established performance objectives to improve the efficiency of Board operations. In accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, the Company adopted the Board Performance Evaluation Measures in 2022. These measures cover performance evaluations of both the Board of Directors and functional committees. At the end of each fiscal year, Board performance is assessed through self-evaluation questionnaires. The results are collected and consolidated by the evaluation unit and subsequently reported to the Board as a reference for review and improvement. To ensure independence and professionalism, at least once every three years, the evaluation must be conducted by an external independent professional institution or a team of external experts and scholars. Both internal and external evaluation results are required to be completed by the end of the first quarter of the following year.

Taking into account the Company's circumstances and needs, the following dimensions have been established for performance evaluation:

Taking into account the Company' s circumstances and needs, the following dimensions have been established for performance evaluation:

- ★ Understanding of and recommendations for Company operations
- ★ Enhancement of Board decision-making quality
- ★ Composition and structure of the Board
- ★ Election and ongoing training of directors
- ★ Internal controls

The performance evaluation of individual Board members covers at least the following six dimensions:

The performance evaluation of individual Board members covers at least the following six dimensions:

- ★ Mastery of the Company' s goals and objectives
- ★ Understanding of directors' duties
- ★ Understanding of and recommendations for Company operations
- ★ Internal relationship management and communication
- ★ Professional expertise and ongoing training of directors
- ★ Internal controls

The performance evaluation of functional committees (covering at least the following five dimensions):

The performance evaluation of functional committees (covering at least the following five dimensions):

- ★ Understanding of and recommendations for Company operations
- ★ Understanding of functional committee duties
- ★ Enhancement of functional committee decision-making quality
- ★ Composition of the committee and selection of its members
- ★ Internal controls

To implement the Company's sustainability policy, future board performance evaluations will include a review of directors' participation in economic, environmental, and social issues.

✷ Results of Internal Performance Evaluation

Year		2024
Evaluation Method		Self-Assessment Questionnaire
Evaluation Period		2024/1/1-2024/12/31
Date Reported to the Board of Directors		2025/3/11
Scope and Results of the Evaluation	Overall Board of Directors	4.82
	Board Members	4.87
	Audit Committee	4.81
	Remuneration Committee	4.81

/ Board Performance Evaluation Measures /

Board Training and Development

In response to the rapidly changing business environment, regulatory requirements, and sustainability policies, the Company's Board members continuously enhance their professional knowledge and governance capabilities through annual training programs. These courses enable directors to gain deeper insights into industry trends, market dynamics, and international developments. The training curriculum includes sustainability-related courses on environmental, social, and governance (ESG) topics. In 2024, training sessions covered two key themes: "New Thinking in Corporate Strategy" and "Generative AI Systems Based on the iFA Framework." Going forward, the Company will also organize training programs aligned with the five main pillars of the "Corporate Governance 3.0 – Sustainable Development Roadmap" to ensure consistency with international trends. In 2024, total training hours for the Board amounted to 72 hours, with each director receiving no fewer than 6 hours of training.

2024 Training Status of Company Directors and Independent Directors

Title	Name	Training Date	Course Title	Hours
Chairman	Felix Ho	2024/12/02	New Perspectives on Corporate Strategy (New Nine Principles)	3
		2024/11/12	Workplace Protection in the Wave: Workplace Sexual Harassment Prevention and Gender Equality	3
		2024/06/17	2030/2050 Net Zero Emissions – Global Sustainability Challenges and Opportunities for Corporations	3
Director	Hong-Shi Wen	2024/12/02	New Perspectives on Corporate Strategy (New Nine Principles)	3
		2024/12/02	AI and the Industrial Revolution: Generative AI Systems Based on the iFA Framework	3
Director	David Lo	2024/12/10	Offensive and Defensive Strategies in Hostile Takeovers and Related Corporate Governance Issues	3
		2024/12/02	New Perspectives on Corporate Strategy (New Nine Principles)	3
		2024/12/02	AI and the Industrial Revolution: Generative AI Systems Based on the iFA Framework	3
		2024/10/04	Global Trends and Risk Management in Digital Innovation and Artificial Intelligence Development	3
		2024/09/30	Summit on Strengthening Taiwan's Capital Market	3
		2024/06/17	2030/2050 Net Zero Emissions – Global Sustainability Challenges and Opportunities for Corporations	3
		2024/04/26	Understanding Financial Statements – A Course for Directors and Supervisors without Financial Backgrounds	3
		2024/03/05	Succession Planning – Employee Reward Plans and Equity Inheritance	3

Title	Name	Training Date	Course Title	Hours
Director	Bing-Yi Lin	2024/12/02	New Perspectives on Corporate Strategy (New Nine Principles)	3
		2024/12/02	AI and the Industrial Revolution: Generative AI Systems Based on the iFA Framework	3
		2024/09/30	Summit on Strengthening Taiwan's Capital Market	3
Independent Director	Brian Lee	2024/12/02	New Perspectives on Corporate Strategy (New Nine Principles)	3
		2024/12/02	AI and the Industrial Revolution: Generative AI Systems Based on the iFA Framework	3
		2024/10/07	Corporate Directors and Supervisors Workshop – "2024 Taishin Net Zero Summit Forum"	3
		2024/06/05	Corporate Social Responsibility and Sustainable Competitiveness	3
Independent Director	JD Chiou	2024/12/02	New Perspectives on Corporate Strategy (New Nine Principles)	3
		2024/12/02	AI and the Industrial Revolution: Generative AI Systems Based on the iFA Framework	3
Independent Director	Brade Lei	2024/12/02	New Perspectives on Corporate Strategy (New Nine Principles)	3
		2024/12/02	AI and the Industrial Revolution: Generative AI Systems Based on the iFA Framework	3

Functional Committees

Audit Committee

The Company has established the Audit Committee Charter in accordance with Article 3 of the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies. The Charter specifies that the Committee shall be composed entirely of independent directors, with no fewer than three members. One member serves as the convener, and at least one member must possess accounting or financial expertise. Meetings are convened at least once every quarter, with additional meetings held as necessary.

The Company's Audit Committee is composed of three independent directors. Its purpose is to oversee whether the Company's financial statements are presented fairly, to evaluate the selection (or dismissal), independence, and competency of the certified public accountants, to ensure the effective implementation of the Company's internal controls, to confirm compliance with relevant laws and regulations, and to monitor the Company's management of existing or potential risks. The Committee exercises its powers in accordance with the provisions of Article 14-5 of the Securities and Exchange Act.

Title	Name	Meetings Held	Actual Attendance	Proxy Attendance	Attendance Rate
Independent Director	Brade Lei	5	5	0	100
Independent Director	Brian Lee	5	5	0	100
Independent Director	JD Chiou	5	5	0	100

/ Audit Committee Organization Regulations /

Remuneration Committee

To establish a sound remuneration system for the Company's directors and managers, the Company has formulated the Remuneration Committee Charter in accordance with Article 3 of the Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies Whose Stock is Listed on the TWSE or Traded on the TPEx. The Remuneration Committee consists of three members appointed by resolution of the Board of Directors, with more than half of the members required to be independent directors. The professional qualifications and independence of the Committee members must align with the functions of the Remuneration Committee. The Committee's role is to evaluate the Company's policies and systems for director and managerial remuneration from a professional and objective standpoint, and to provide recommendations to the Board of Directors as a reference for decision-making.

Title	Name	Meetings Held	Actual Attendance	Proxy Attendance	Attendance Rate
Independent Director	Brade Lei	2	2	0	100
Independent Director	Brian Lee	2	2	0	100
Independent Director	JD Chiou	2	2	0	100

/ Remuneration Committee Organization Regulations /

Senior Executive Remuneration Policy

The Company has established a Remuneration Committee composed entirely of independent directors. The Committee is responsible for formulating and regularly reviewing the policies, systems, standards, and structures for performance evaluation and remuneration of directors and managers, as well as periodically assessing and determining their compensation. For directors, remuneration is determined based on the positions they hold within the Company, the extent of their involvement in operations, and the value of their contributions. Compensation for the General Manager and Deputy General Managers is primarily based on their positions, contributions to the Company, and benchmarking against industry standards, and is administered in accordance with the Company's personnel regulations.

Independent directors' remuneration is determined by considering their education and experience, social standing, market salary surveys, and prevailing industry practices, with the principle of aligning with general market standards. Additionally, the Company takes into account its business performance and the contributions of independent directors in fulfilling their responsibilities. The proposed remuneration is reviewed by the Remuneration Committee and submitted to the Board of Directors for resolution. The Company will continue to review the remuneration policy for independent directors in a timely manner, taking into account business conditions and regulatory requirements, in order to ensure fairness of compensation and support the Company's sustainable operations.

2.2 Risk Management

Risk Management Policy

To strengthen corporate governance and consolidate risk management functions, thereby ensuring sustainable business operations, the Company established its Risk Management Policy and Procedures in 2022, which was approved and implemented by the Board of Directors. The objective is to systematically and institutionally identify, prevent, and control risks in order to maintain normal operations and achieve sustainable development goals.

Arizon’s Risk Management Policy is: “Through systematic and institutionalized management, effectively identify, prevent, and control risks to maintain normal operations and achieve sustainable business operations.”

Risk Management Organizational Structure and Responsibilities

The Company’s risk management organizational framework and responsibilities are as follows:

✷Board of Directors

The Board serves as the highest decision-making body for risk management, approving policies and structures, and supervising the effective operation of risk management mechanisms.

✷Risk Management Organization

The Company has established a dedicated risk management body as the executive unit responsible for risk management. Convened by the Corporate Governance Officer, this body is primarily responsible for monitoring, measuring, and evaluating risks at the execution level. It assists in formulating the Company’s risk management policies, ensures the implementation of risk management decisions approved by the Board, and coordinates overall risk management operations.

The risk management body reports on the implementation of overall risk management to the President and the Board of Directors at least once a year.

✷Each department and subsidiary assesses

Each department and subsidiary assesses the likelihood and impact of various risk factors based on their respective responsibilities, formulates necessary measures, and ensures effective execution to properly manage risks.

✷Audit Department

Based on the risk management policy and assessment results, the Audit Department develops the annual audit plan and carries out audits in accordance with the plan. It assists the Board in supervising and managing potential risks associated with decision execution, ensures that operational risks are effectively controlled, and provides timely recommendations for improvement.

Risk Management Procedures

The Company's risk management process consists of four stages:

✸Risk Identification

Risks faced by the Company are categorized into four major areas: operational, financial, environmental, and operational execution. The Risk Management Organization, together with relevant departments, identifies potential risks related to business activities through risk management meetings, as follows:

- Operational Risks: Including corporate governance risk, reputational risk, strategic risk, management risk, human resource risk, or the impact of domestic and international policy and regulatory changes on the Company's sustainable operations.
- Financial Risks: Referring to the possibility that unpredictable or uncontrollable factors may cause deviations between financial outcomes and expected goals, potentially resulting in losses or gains. This includes financing risk, investment risk, liquidity risk, exchange rate and interest rate risk, lending risk, guarantee and endorsement risk, derivative trading risk, and financial decision-making risk.
- Operational Execution Risks: Risks arising from internal processes, personnel, or system errors, or from external operations and related incidents. This includes compliance risk, information security risk, occupational health and safety risk, and fraud risk.
- Environmental Risks: Including climate change risk, environmental liability risk, natural disaster risk, and major external hazard risk.

✸Risk Assessment

Each department evaluates potential risk factors within its scope of responsibilities and develops appropriate exposure measurement methods as the basis for risk management

- Risk assessment includes analysis and evaluation of the likelihood of risk events occurring and the severity of negative impacts if they do occur, in order to determine the priority and response measures for risk control.
- Quantifiable risks should be analyzed and managed using rigorous statistical methods and techniques.
- For risks that are currently difficult to quantify, descriptive analysis is used to assess their likelihood and potential impact.

✸Risk Response

Appropriate response measures are taken for identified risks:

- Risk Elimination: Convening internal meetings to discuss the necessity and feasibility of eliminating risks.
- Risk Reduction: Establishing targets and measures to reduce operational risks related to material issues.
- Risk Diversification: Senior management convenes relevant departments to develop measures for diversifying risks.
- Risk Transfer: Transferring potential losses or legal liabilities to third parties through contractual arrangements.
- Risk Acceptance: Establishing control measures and targets to manage and control existing risks.

✸Risk Monitoring

Department heads are responsible for monitoring and controlling risk management implementation within their areas of responsibility and must take necessary measures in a timely manner.

Risk Reporting and Disclosure

To uphold transparency, the Company not only complies with regulatory requirements for risk information disclosure but also publishes risk management information on its official website and in the annual report. In addition, the Company regularly reviews the effectiveness of its risk management policies and procedures, and refers to the development of domestic and international corporate risk management frameworks to propose improvements for Board discussion, thereby enhancing corporate governance effectiveness.

Risk Management Culture

The Company periodically holds risk management training sessions or briefings to promote awareness of its risk management policies, procedures, and requirements. These efforts enhance employees' risk awareness and execution capability, embedding risk management awareness into daily decision-making and operational activities.

2.3 Legal Compliance and Integrity Management

Legal Compliance

To achieve sustainable corporate development and establish a culture of integrity, Arizon complies with government regulations, regularly reviews and monitors regulatory changes, and consults with advisors and accountants to revise policies in accordance with updated requirements. In 2024, the Company strengthened legal awareness by holding compliance training sessions on an ad hoc basis and issuing relevant documentation and announcements, ensuring that all departments implement and adhere to regulatory frameworks while reinforcing employees' understanding of legal compliance.

Integrity Management

The Company is committed to promoting integrity in all business operations, requiring all employees to comply with integrity management policies. Upon onboarding, new employees must sign the Integrity and Confidentiality and Intellectual Property Agreement, the Commitment Against Insider Trading, and the Agreement on the Use of Licensed Software, thereby affirming their obligations to integrity, confidentiality, and ethical business practices. To deepen employees' understanding, the Company regularly organizes training sessions on integrity management, emphasizing rules against insider trading to ensure compliance when handling sensitive business information or material non-public information that may affect stock prices.

When the Board of Directors discusses matters that may significantly impact the Company's share price, the meeting organizers remind directors and managers of their obligations under Article 157-1 of the Securities and Exchange Act to ensure compliance with insider trading prohibitions.

Whistleblowing Mechanism

The Company has established a comprehensive whistleblowing mechanism. All cases are handled confidentially, with strict protection of both the whistleblower and case details. Employees who become aware of whistleblowing content through their work are prohibited from disclosing it, and whistleblowers are likewise required to maintain confidentiality. Violations are subject to disciplinary action in accordance with Company rules. All reported cases are recorded in the whistleblowing registry and investigated by relevant departments. In 2024, the Company did not receive any whistleblowing reports or complaints.

Anti-Corruption Policy

To reinforce integrity management, the Company has adopted the Ethical Corporate Management Best-Practice Principles and operates under the Procedures for Integrity Management and Conduct. These policies explicitly stipulate the following anti-corruption measures:

- Prohibition of bribery and acceptance of bribes.
- Prohibition of illegal political donations.
- Prohibition of improper charitable contributions or sponsorships.
- Prohibition of offering or accepting unreasonable gifts, hospitality, or other improper benefits.
- Prohibition of infringing on trade secrets, trademarks, patents, copyrights, and other intellectual property rights.
- Prohibition of engaging in unfair competition.
- Prohibition of harming the rights, health, or safety of consumers or stakeholders during product and service R&D, procurement, manufacturing, delivery, or sales.

Implementation Results

To strengthen the practice of integrity, the Company conducts regular training and assessments on relevant regulations each year, actively fostering a culture of honesty and integrity while enhancing corporate governance and risk management. As of 2024, the Company has not encountered any whistleblowing incidents nor any violations of anti-competition laws. To further safeguard ethical business conduct, dedicated reporting channels have been established for both internal and external parties:

Email: tw-hr@arizonrfid.com

Hotline: (866)2-2322-4824 #111

Written correspondence: Arizon RFID Technology (Cayman) Co., Ltd., Human Resources Department

Employee Training

The Company continues to provide annual training sessions for all employees on integrity management, thoroughly promoting the principles of ethical business conduct. These efforts ensure that employees fully understand and comply with Company policies, prevent breaches of integrity, and remain aware of the consequences of violations.

✸ Taipei

Category	Topic	Date	Participants	Hours	Total Attendees
Training	Workplace Misconduct Prevention	Ad hoc	Current Employees	Regular meetings, ad hoc promotion, bulletin postings	
	Code of Ethical Conduct	Ad hoc	New & Current Employees	24.45	145
	Anti-Corruption	Ad hoc	New Employees	21.45	144
Compliance	Insider Trading Prevention	Ad hoc	New Employees	21.45	144
Annual Test	Courses covered in compliance training	Ad hoc	New & Current Employees	33.45	146

✸ Mainland China

Category	Topic	Date	Participants	Hours	Total Attendees
Training	Workplace Misconduct Prevention	Ad hoc	New Employees	0.5	262
	Code of Ethical Conduct	Ad hoc	New Employees	0.5	262
	Anti-Corruption	Ad hoc	Current Employees	1	68
Compliance	Insider Trading Prevention	Ad hoc	N/A	0	0
Annual Test	Courses covered in compliance training	Ad hoc	New Employees	0.5	262

Internal Audit Organization and Management Process

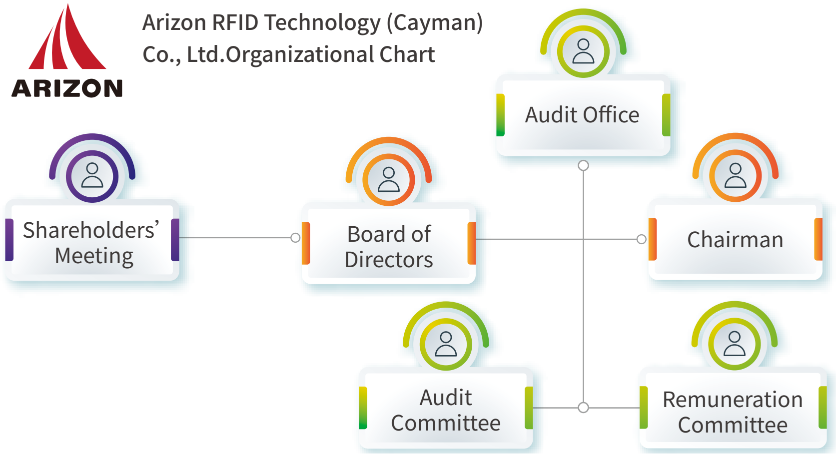
- An Internal Audit Department, reporting directly to the Board of Directors, has been established. It is responsible for auditing Arizon's internal control systems and management procedures across nine major cycles: sales and collection, procurement and payment, production and manufacturing, payroll, research and development, property/plant/equipment, investment, financing, and information systems.

- At the end of each year, the Audit Office prepares the audit plan for the following year. The Chief Auditor formulates the plan based on the Company's strategies, objectives, risks, management processes, and recommendations from senior management and the Board. The frequency of audits is determined by the likelihood of occurrence of events, their potential impact on objectives, and the effectiveness of existing controls. Where necessary, the Chief Auditor may revisit and adjust the audit plan in consultation with senior management and the Board.

- The Audit Office executes audits according to the approved plan and reports the results regularly or on an ad hoc basis to the Board of Directors of Arizon Cayman and the Audit Committee. Reports are also provided to the independent directors to ensure that management is fully informed, thereby maintaining the ongoing effectiveness of the Company's internal control system.

- At the beginning of each year, the Audit Office conducts a self-assessment of internal controls for the previous year, evaluating the design and effectiveness of various control procedures. This mechanism of self-monitoring ensures the achievement of the Company's internal control objectives.

Note: The Audit Office consists of three personnel (two based in Mainland China and one acting auditor in Taipei).


Arizon RFID Technology (Cayman) Co., Ltd.Organizational Chart

2.4 Supply Chain Management

Impact

Suppliers may pose risks such as supply chain disruption or material shortages due to deficiencies in quality, pricing, service, or delivery. In addition, if suppliers are involved in human rights violations or corporate social responsibility incidents, this may indirectly harm the Company’s reputation and become a potential risk. To ensure a sustainable supply chain, Arizon will begin assessing suppliers’ ESG risks to avoid issues related to governance and integrity, environmental pollution, and labor rights, thereby mitigating potential impacts across the value chain.

Policy Commitment

The Company has formulated policies such as the Supplier Management Procedures to implement supply chain management. Going forward, Arizon will gradually enhance sustainable supply chain management strategies, striving for continuous improvement to maintain overall competitiveness with its suppliers.

Actions Taken

- The Supply Chain Management Department and Quality Management Department are responsible for supplier management, conducting qualified supplier evaluations for all raw material suppliers every six months.
- To effectively control risks, new suppliers are required at the onboarding stage to complete a supplier questionnaire and sign the Integrity Commitment and Environmental Protection Commitment as part of sustainability compliance.
- Suppliers are encouraged to provide ISO environmental or social certifications verified by third parties to support ESG risk assessments.

Evaluation Mechanism

The Procurement Department regularly tracks progress and reports outcomes to the Sustainability Development Center.

Goals

Short-term Goals:

- Establish a Supplier Code of Conduct.
- Introduce sustainability risk assessments, requiring suppliers to self-assess their ESG performance via questionnaires, achieving 100% coverage.
- Include environmental and social dimensions in the evaluations of all new and existing raw material suppliers.
- Ensure 100% of critical raw material suppliers sign the Integrity Commitment and Environmental Protection Commitment.

Mid- to Long-term Goals:

- Improve supplier evaluation results by incorporating on-site inspections in addition to document reviews, identifying high-risk issues, and requiring corrective action, with a 100% pass rate.
- Promote overall sustainable development of the supply chain through sustainability evaluations, supplier guidance, and the establishment of relevant standards.
- Proactively identify local suppliers to increase the local procurement ratio by 3.79%.

Performance Results

In 2024, the Supply Chain Management Department made significant progress in promoting sustainability. Arizon’s three plants successfully established partnerships with three local suppliers in Taipei in materials such as bubble bags, release paper, and colored label stickers. These collaborations not only strengthened the local supply chain but also effectively reduced carbon emissions from international transportation.

- 100% of suppliers passed evaluations.
- 100% compliance rate in periodic supplier performance reviews.
- 100% of suppliers passed the annual supplier audit.
- 100% of suppliers agreed to sustainability commitment clauses upon contract signing.

Stakeholder Engagement

In 2024, Arizon’s three plants held 25 quality review meetings. These meetings covered monthly supplier quality assessments, analysis and discussions of production anomalies, and the handling of non-conformance reports (CAR), engineering change requests (ECR/ECN), and special approval cases. The meetings also reviewed IQC (Incoming Quality Control), FQC (Final Quality Control), and IPQC (In-Process Quality Control) processes to continuously optimize quality management and ensure excellence in products and services.

In Mainland China, Arizon convened supplier improvement meetings as needed based on suppliers’ delivery performance. Weekly quality review meetings were held, supplemented by monthly and semi-annual supplier quality assessments and on-site inspections, to help suppliers improve product quality.

To realize the Company's core strategy for sustainable supply chain management, in 2024 Arizon established the Supplier Code of Ethics and Business Conduct. This Code covers corporate social responsibility policies and commitments, fair and honest cooperation, labor conditions (core labor rights), environmental responsibility, intellectual property rights and confidentiality obligations, and prohibits subcontracting or re-delegation. Its purpose is to strengthen supply chain management while maintaining the overall competitiveness and sustainability of both the Company and its suppliers. Arizon is committed to enhancing collaboration with supply partners by improving transparency, reducing carbon footprints, and increasing energy efficiency, thereby building a greener and more responsible supply chain ecosystem.

Supply Chain Overview

The Company's supply chain structure spans the upstream, midstream, and downstream segments, with broad and diverse application areas. Upstream suppliers are primarily raw material providers such as chips and antennas. Midstream activities involve RFID product R&D and manufacturing, along with cooperation with reader and system application providers. Downstream covers various application fields, including retail, public services, industrial manufacturing, and healthcare. As a leading enterprise in the R&D, production, and sales of RFID electronic tags, the Company occupies the midstream of the RFID industry, focusing on delivering innovative RFID solutions to customers.

The Company primarily adopts a direct sales model, supplying self-developed RFID electronic tags directly to customers. After thoroughly understanding customer needs, sales staff convey product requirements to the R&D department, which develops and provides samples for customer testing. Once the samples are approved, the Company proceeds with production, delivery, and comprehensive after-sales services.

Currently, the Company's supply chain covers Taipei, Mainland China, and other regions, with 40 suppliers in Taipei and 35 in Mainland China, totaling 75 suppliers. Given the wide range of RFID electronic tag applications—most of which are customized—the supplier database includes a variety of material categories to meet different customer demands. Furthermore, Arizon continues to implement its green procurement policy: 100% of antenna suppliers are FSC-certified, and all major paper suppliers are also FSC-certified.

The major categories of suppliers are as follows:

- Key and Critical Raw Material Suppliers:

  Provide essential raw materials for production, such as chips, conductive adhesives, antennas, release paper, adhesive tapes, etc.

- Equipment, Parts, and Tooling Suppliers:

  Provide various equipment, parts, and tooling required for the production process, such as die bonders, laminators, encoding machines, inspection machines, as well as related components including cutter rollers and hot-press molds.

- Packaging and Auxiliary Material Suppliers:

  Provide product packaging materials, such as cartons and inserts, anti-static bags, corner protectors, etc.

- Office and Logistics Support Suppliers:

  Provide office furniture, printing paper, ink cartridges, stationery, cleaning tools and consumables, as well as preventive and emergency medical supplies.

✸ Procurement Ratio of the Two Plants

Taipei	Mainland China	Taipei	United States	Japan	Others	Total
Key and Critical Raw Materials	40%	40%	10%	0%	10%	100%
Packaging and Auxiliary Materials	20%	80%	0%	0%	0%	100%
Equipment	0%	88%	0%	0%	13%	100%
Production Equipment	57%	29%	0%	0%	14%	100%
Electronic Components (Self-developed Equipment)	4%	96%	0%	0%	0%	100%

Mainland China	Mainland China	Taipei	United States	Japan	Others	Total
Key and Critical Raw Materials	22.50%	0	59.26%	0.05%	18.20%	100%
Packaging and Auxiliary Materials	100%	0	0	0	0	100%
Equipment, Parts, and Tooling	70.8 %	7.7 %	0	0	21.5 %	100%
Office and Logistics Support	100%	0	0	0	0	100%

Supplier Management

In the context of increasingly interconnected global industries and the drive to meet customer needs, suppliers are a critical component of the Company’s sustainable operations. Without reliable supplier support, business continuity may be compromised. We recognize that building a safe, healthy, environmentally responsible, and human rights–respecting sustainable supply chain with our suppliers is both our responsibility and mission.

Arizon, through its Procurement and Quality Assurance Departments, conducts regular supplier evaluations and gains an in-depth understanding of suppliers’ process capabilities to ensure supply chain stability and product quality. In addition to regularly assessing key indicators such as product quality, on-time delivery rate, cooperation level, occupational safety management, business terms, and ESG management, we also maintain close communication with suppliers. By integrating the principles of corporate social responsibility and sustainable supply chain management into supplier evaluation standards, we strive to co-create high-quality products and services and jointly advance sustainable value.

Currently, in the selection and management of raw material suppliers, we have incorporated international certification standards such as RoHS (HSF), ISO 9001, ISO 14001, and ISO 45001. Suppliers are also required to strictly adhere to fundamental human rights and labor regulations to ensure comprehensive accountability.

Supplier Management Department Responsibilities (Mainland China)

Department	Responsibilities
Procurement Department	Responsible for onboarding, managing, and phasing out new suppliers, as well as maintaining records of qualified suppliers.
Quality Assurance Department	Responsible for evaluating qualified suppliers and auditing supplier changes.
Engineering Department	Responsible for approving supplier changes and providing technical support.
Sales Department	Responsible for coordinating the collection of qualifications for customer-designated suppliers.
Other Departments	Responsible for evaluating and confirming the product specifications of miscellaneous suppliers, and organizing on-site reviews.

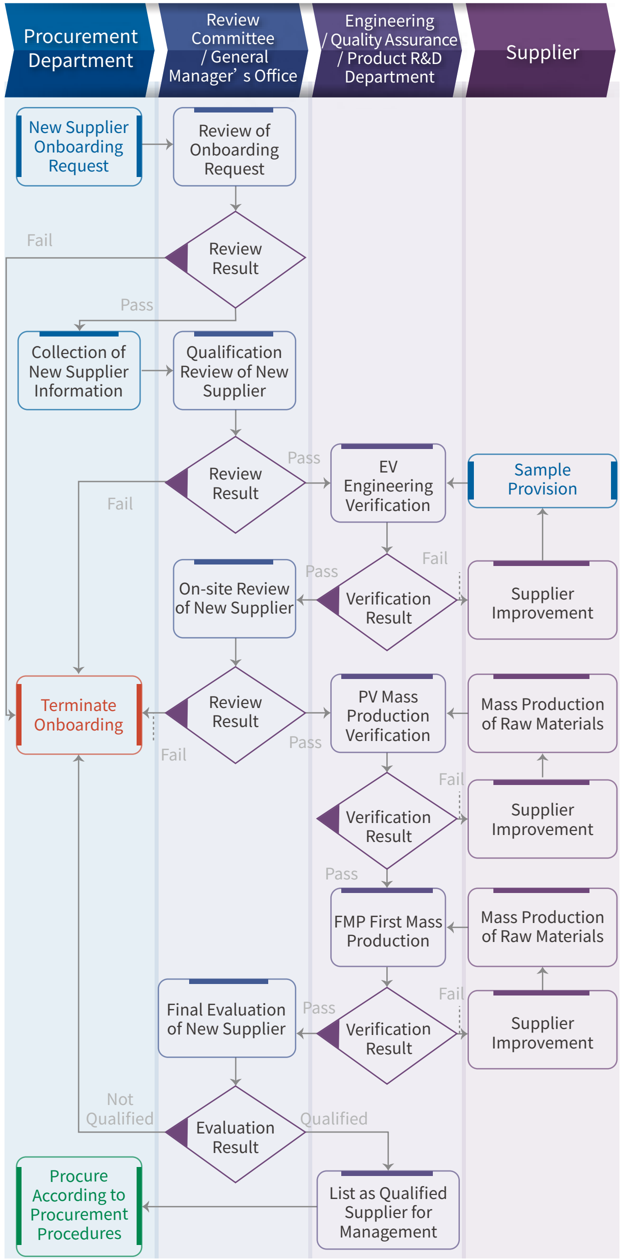
Selection of New Suppliers

When selecting new suppliers, Arizon conducts a New Supplier Evaluation as well as an annual audit. The relevant departments comprehensively assess, supervise, and review suppliers based on quality, environment and occupational health & safety, and labor and human rights. In addition, the Company has started to incorporate more ESG (Environmental, Social, and Governance) elements into supplier evaluation standards, highlighting the importance of sustainable development.

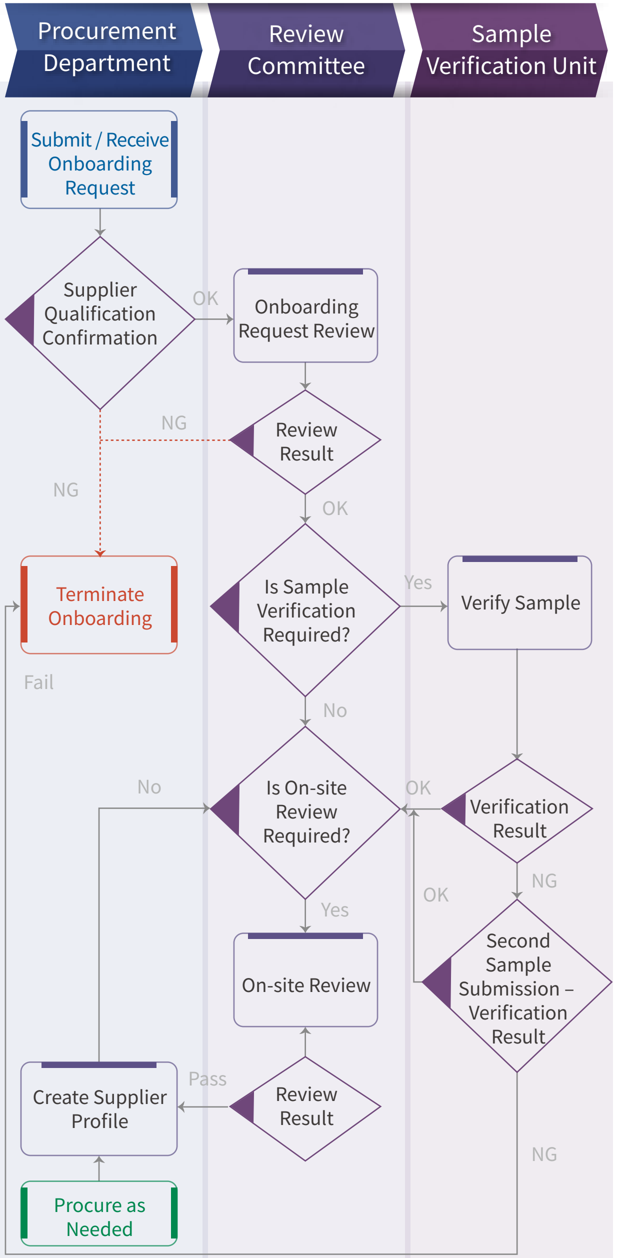
In regular performance reviews, suppliers are evaluated holistically against key indicators such as quality, cost, delivery, and service, while maintaining close communication to ensure continuous improvement. For new suppliers of critical raw materials, once their products pass the Company's EV engineering verification, the Quality Assurance Department will arrange an on-site audit. This audit follows the Supplier On-Site Audit Checklist and evaluates the supplier's overall assurance capabilities.

The on-site audit is structured around eight modules, covering system management, technical capabilities,supply chain management, process control, finished product control, quality improvement and service, environmental protection, and social responsibility. Together, these modules provide a comprehensive assessment of suppliers' core competencies and sustainability performance.

Arizon Raw Material New Supplier Onboarding Flowchart



Arizon Maintenance Items New Supplier Onboarding Flowchart



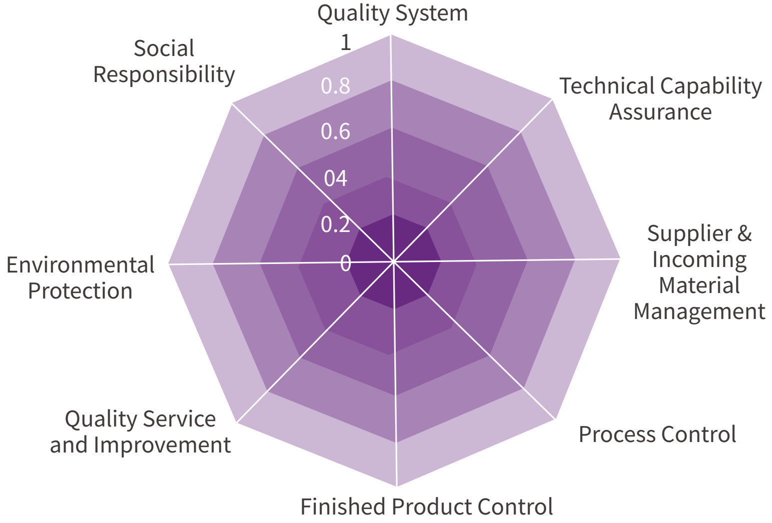
Regular Supplier Evaluation

To ensure the stable operation of the supply chain, we implement the following supplier evaluation procedures:

✷Annual Assessment

Every six months, key raw material qualified suppliers undergo an evaluation. The assessment covers delivery quality, issue resolution, pricing, delivery timeliness, and service, and is carried out in accordance with the Supplier Sustainability Assessment Guidelines. The Quality Assurance Department compiles the assessment results and completes the Qualified Supplier Performance Evaluation Form. Based on the suppliers' scores, performance levels are assigned and submitted to the authorized supervisor for approval. The Quality Assurance Department then communicates the results to relevant suppliers using the Supplier Performance Evaluation Notification format.

✷Arizon On-site Supplier Audit Scoring Items Chart



- In 2024, the plan was to audit 7 existing qualified suppliers. A total of 7 suppliers were actually audited, achieving a 100% completion rate. Among the audit results, 14.3% were rated as Excellent, and 71.4% were rated as Good.
- New suppliers in 2024: From January 1 to December 31, two key raw material suppliers were onboarded, and both were rated as Good in the audit results.

✷Annual On-Site Audit

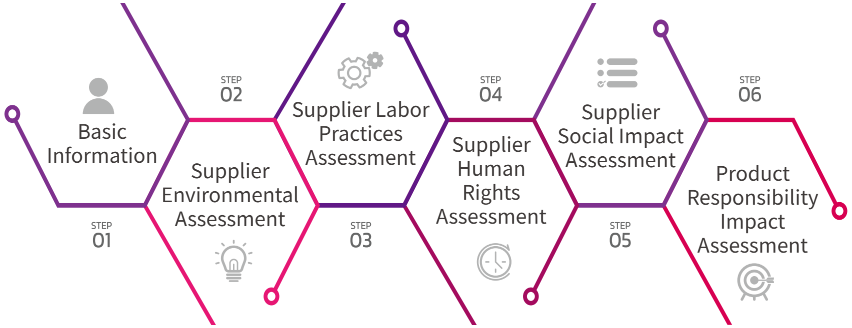
For key raw material suppliers with domestic production bases, an annual audit plan is developed in the form of the Annual Audit Plan for Key Raw Material Suppliers. After approval by the authorized supervisor, on-site audits are conducted at supplier facilities according to the plan. Based on audit scores, suppliers are assigned performance levels, and corresponding improvement recommendations are provided.

Based on different assessment results, subsequent management will be executed according to the table below:

Comprehensive Score	Evaluation Level	Management Plan
Above 90	Excellent	Reliable supplier, establish a long-term partnership
75-89	Good	Areas needing improvement, can be procured long-term
60-74	Average	Supervise improvements, limited procurement, need to choose backup suppliers
Below 60	Poor	Cancel qualified supplier status, select new suppliers

✷Supplier ESG Self-Assessment Questionnaire

In February 2024, the ESG self-assessment questionnaire survey for existing suppliers was completed. The assessment covered the following aspects:



✸ Supplier ESG Self-Assessment – Mainland China

Supplier ESG Self-Assessment – Mainland China		
Surveyed Suppliers	72	Remarks
Conducted Carbon Inventory	12	Mainly key raw material suppliers
Implementation Rate	16.70 %	
Negative Findings on Sustainability and Social Responsibility	0	

Note: The survey scope includes raw materials, equipment, parts, and tooling suppliers.

Green Product Procurement

Arizon is committed to promoting environmental protection and achieving sustainable development goals by actively implementing a green product procurement strategy to minimize the environmental impact of production processes. Through strict supplier selection and material procurement standards, we ensure that all products comply with international environmental regulations and standards, including but not limited to RoHS, REACH, the U.S. Toxic Substances Control Act (TSCA), and the EU POPs Regulation.

Key Developments in 2024:

To stay aligned with environmental regulations, customer requirements, and certification management standards, the Company has further tightened its controls on hazardous substances in production raw materials and cleaning chemicals:

- In accordance with the EU POPs Regulation (EU) 2019/1021 Annex I and its amendment (EU) 2023/1608, the control of Perfluorohexane Sulfonic Acid (PFHxS), its salts, and related compounds was added.
- In accordance with EU REACH Regulation Annex XVII, Item 61, monitoring and control of Dimethyl Fumarate (DMFu) were added.
- In accordance with EU REACH Regulation Annex XVII, Item 6, monitoring and control of asbestos-related items were added.
- In accordance with the HIGG FEM audit requirements, VOCs testing for hazardous chemicals not present in products was added.

Looking ahead, the Company will continue to expand the scope of green product procurement, explore more sustainable material options, and further reduce the environmental footprint of its production processes. We believe that through continuous effort and innovation, we can achieve a greener and more sustainable future.

Conflict Minerals Management

The Company continuously monitors the latest updates on the official website of the Responsible Minerals Initiative (RMI) (www.responsiblemineralsinitiative.org) and, in accordance with the reporting templates published by RMI (RMI_CMRT and RMI_EMRT), conducts due diligence on suppliers regarding the use of conflict minerals such as tantalum (Ta), tin (Sn), gold (Au), tungsten (W), cobalt (Co), and mica. At the same time, we actively promote our Conflict Minerals Policy and Related Requirements to ensure alignment with international standards and responsible supply chain principles.

With respect to key raw materials, the Company has confirmed that, apart from the gold, tungsten, tantalum, and tin contained in chips and the gold contained in conductive adhesives, all other raw materials are free from tantalum, tin, gold, tungsten, cobalt, and mica. All raw materials containing the above-mentioned elements are sourced from qualified smelters that are legally registered, ensuring that their origins comply with applicable regulations and ethical standards.

To achieve the goal of 100% compliant mineral usage by key raw material suppliers, the Company actively references the latest list of validated smelters published by RMI to strengthen supply chain risk management. In 2024, the Company completed a detailed survey of raw material suppliers and conducted reviews of major suppliers covered in our qualified supplier list. Audit results confirmed that all 3TG materials used were not sourced from conflict-affected regions. In addition, 100% of key suppliers have signed compliance commitment statements, ensuring that our material sourcing aligns with international standards and effectively reduces risk.

Percentage of Local Procurement of Products and Services

Unit: NT$ thousands

		2022	2023	2024
Taipei	Local Supplier Procurement Amount	40,051	57,468	34,871
	Total Procurement Amount	227,114	386,643	649,659
	Local Procurement Percentage	18%	15%	5%
Mainland China	Local Supplier Procurement Amount	354,788	485,455	536,253
	Total Procurement Amount	1,009,896	1,355,067	2,134,219
	Local Procurement Percentage	35%	36%	25%

The core raw materials required in the RFID industry, including chips, antennas, and conductive adhesives, are mainly controlled by foreign suppliers. Since chips, antennas, and conductive adhesives account for a significant portion of costs, procurement expenditures increase as production capacity and shipment volumes grow. Consequently, the proportion of non-local procurement also rises, resulting in a gradual decline in the local procurement ratio year by year. Going forward, Arizon will actively seek local manufacturers to increase the proportion of local sourcing.

2024 Performance Highlights

In 2024, we actively advanced continuous improvement and innovation in supply chain management, fully integrating sustainability concepts into our procurement and operational strategies. As one of the Company's highlights, we launched an ESG carbon emissions and greenhouse gas inventory program, aimed at reducing the carbon footprint across our supply chain operations and reinforcing our environmental responsibility. In addition, we are currently conducting local verification in Taipei for paper-based materials (release paper). If successful, this initiative is expected to effectively reduce transportation-related carbon emissions, further supporting our energy-saving and carbon-reduction goals and driving environmental sustainability.

At the same time, we established sustainable procurement guidelines to ensure transparency, fairness, and integrity in procurement practices, thereby fostering strong business relationships with suppliers and safeguarding mutual trust. Together with our partners, we commit to complying with relevant laws, international codes of conduct, and human rights policies to ensure that every aspect of the supply chain adheres to ethical standards. We also encourage supplier innovation and sustainability initiatives while providing equal opportunities for fair competition, steering the supply chain toward greater sustainability and accountability. To this end, we issued the Supplier Code of Ethics and Business Conduct, which clearly communicates the Company's commitments to corporate social responsibility, including regulated operations, environmental protection, shared well-being, integrity and anti-corruption, accountability, and continuous improvement. These measures not only demonstrate our commitment to environmental protection and social responsibility but also highlight our strong emphasis on carbon emissions and resource use in supply chain management. Looking forward, we will continue to strengthen collaboration with suppliers to co-create a more resilient and sustainable supply chain.

2.5 Product Quality and Safety

<table>
<tr><th colspan="2">Impact</th></tr>
<tr><td colspan="2">The durability and reliability of RFID tags may be affected by various environmental, physical, chemical, and electromagnetic interferences. Such impacts may lead to tag failure, reading difficulties, or data errors, making it difficult to ensure stable operation. This increases customers’ processing risks, reduces production efficiency, and negatively affects customer satisfaction and corporate competitiveness.</td></tr>
<tr><th colspan="2">Policy Commitment</th></tr>
<tr><td>❖ Integrity:
Arizon team members are expected to uphold proper values—no deception, no falsification—and take full responsibility for product quality.
❖ Trustworthiness:
Build credibility for products with superior quality, zero defects, high reliability, and precise delivery schedules.</td><td>❖ Excellence and Innovation:
Keep pace with the latest technological capabilities, continuously exceed the status quo, and create new models to deliver value for customers.</td></tr>
<tr><th colspan="2">Actions Taken</th></tr>
<tr><td colspan="2">❖ Strictly enforce product development and mass production processes, ensuring all products undergo DV, EV, PV, and FMP stages and achieve 100% reliability testing to guarantee stability and dependability.
❖ Implement a comprehensive inspection process—from IQC, FAI, and IPQC to FQC—monitoring every stage to ensure compliance with specifications and meet quality standards.
❖ Conduct rigorous reliability testing for new and mass-produced products in line with the industry’s most stringent standards to ensure stable performance for every batch.
❖ Regularly review standards and processes, evaluate the effectiveness of quality inspections, develop process training materials, enhance employee skills, and analyze production yield and inspection data to ensure effective implementation of requirements.
❖ Through self-inspection and finished product inspection records, continuously monitor and improve product quality, ensuring all production processes meet specifications and promoting quality management and continuous improvement.</td></tr>
<tr><th colspan="2">Evaluation Mechanism</th></tr>
<tr><td colspan="2">❖ 100% of new products must pass PV review.
❖ Collect and analyze inspection data in weekly quality meetings to drive improvements.</td></tr>
<tr><th colspan="2">Goal</th></tr>
<tr><td>Short-term:
❖ 100% of mass-produced products pass reliability testing.
❖ 100% of shipped products pass the full inspection process.</td><td>Mid- to long-term:
❖ Enhance failure analysis capabilities and continue improving product quality.</td></tr>
<tr><th colspan="2">Performance Results</th></tr>
<tr><td colspan="2">❖ 100% of shipped products passed the full inspection process.
❖ Mass-produced products achieved a 100% reliability test pass rate.</td></tr>
<tr><th colspan="2">Stakeholder Engagement</th></tr>
<tr><td colspan="2">❖ Conduct annual internal and external audits and regularly review the organizational quality management system.
❖ Hold an annual management review meeting to evaluate performance targets, risk management, and continuous improvement, ensuring suitability, adequacy, effectiveness, and alignment with corporate strategies.
❖ Conduct annual customer satisfaction surveys via questionnaires, interviews, and complaint handling to gather feedback and formulate improvement measures.
❖ Hold quarterly company-wide R&D management meetings to continuously enhance the Company’s innovation capacity.</td></tr>
</table>

Quality Management Policy

“Integrity, Reliability, and Innovation” are the core business principles of Arizon. The Company places great importance on product quality management and has established a comprehensive quality management system. By continuously optimizing processes and implementing advanced information technologies, Arizon is able to predict risks in a timely manner, detect potential product quality issues, and implement corresponding preventive and corrective measures to achieve the goal of product quality stability.

In 2024, the Company’s production bases shipped more than 5.5 billion RFID tags, with stable performance and high yield rates. The Company’s plant in Mainland China obtained IATF 16949 Global Automotive Industry Quality Management System certification in 2019, while the Taipei plant obtained ISO 9001 Quality Management System certification in 2021. These certifications place our product manufacturing quality management at a leading level in the industry. Moreover, after years of effort, the Company successfully obtained ARC Quality Certification at the end of May 2022. The ARC quality certification, established specifically for RFID tags, covers all aspects of design, verification, production, and quality control, with highly stringent standards. Arizon was the first company in the Asia-Pacific region to obtain this certification and successfully passed ARC recertification in both 2023 and 2024, maintaining and sustaining its certified status. As of the end of 2024, only seven companies worldwide have obtained and retained ARC certification.

Leveraging this achievement, Arizon has actively expanded into projects that require this certification, such as Walmart Home and international courier applications. By delivering innovative product solutions and outstanding collaboration and service quality, Arizon has entered into cooperation and supply agreements with multiple international companies.

Quality System Management Certifications

◆ Taipei ISO 9001:2015

SGS

Arizon RFID Technology (Hong Kong) Co., Ltd. Taiwan Branch

IAF

◆ Mainland China IATF 16949

SGS

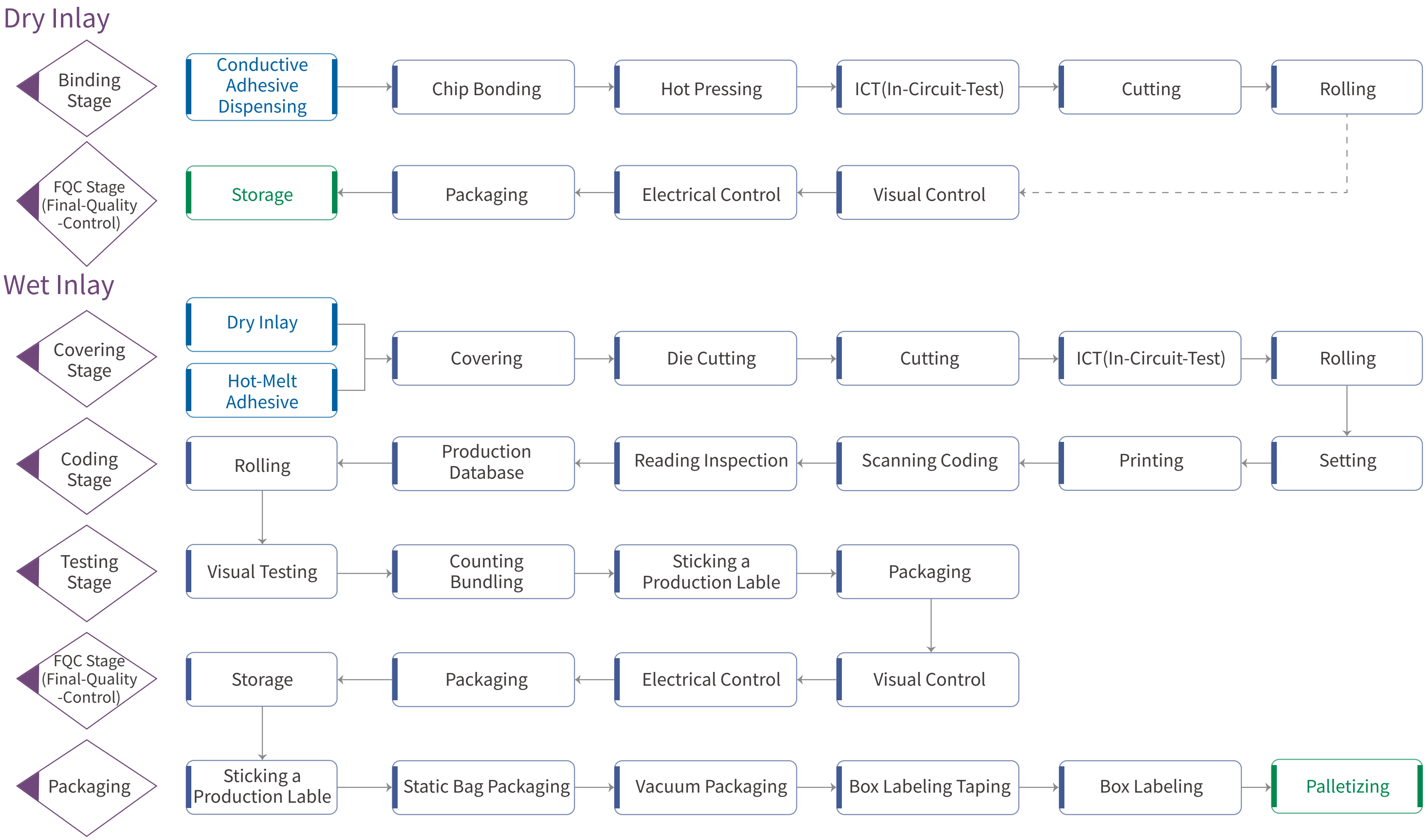
Arizon RFID Technology Co., Ltd.

IATF 16949:2016

Production Process

The Company's primary products are RFID tags, which are widely applied in retail, transportation and logistics, industrial manufacturing, and healthcare. Depending on whether adhesive is applied, the products are classified into Dry Inlay and Wet Inlay. The Company adopts the flip-chip process for production.

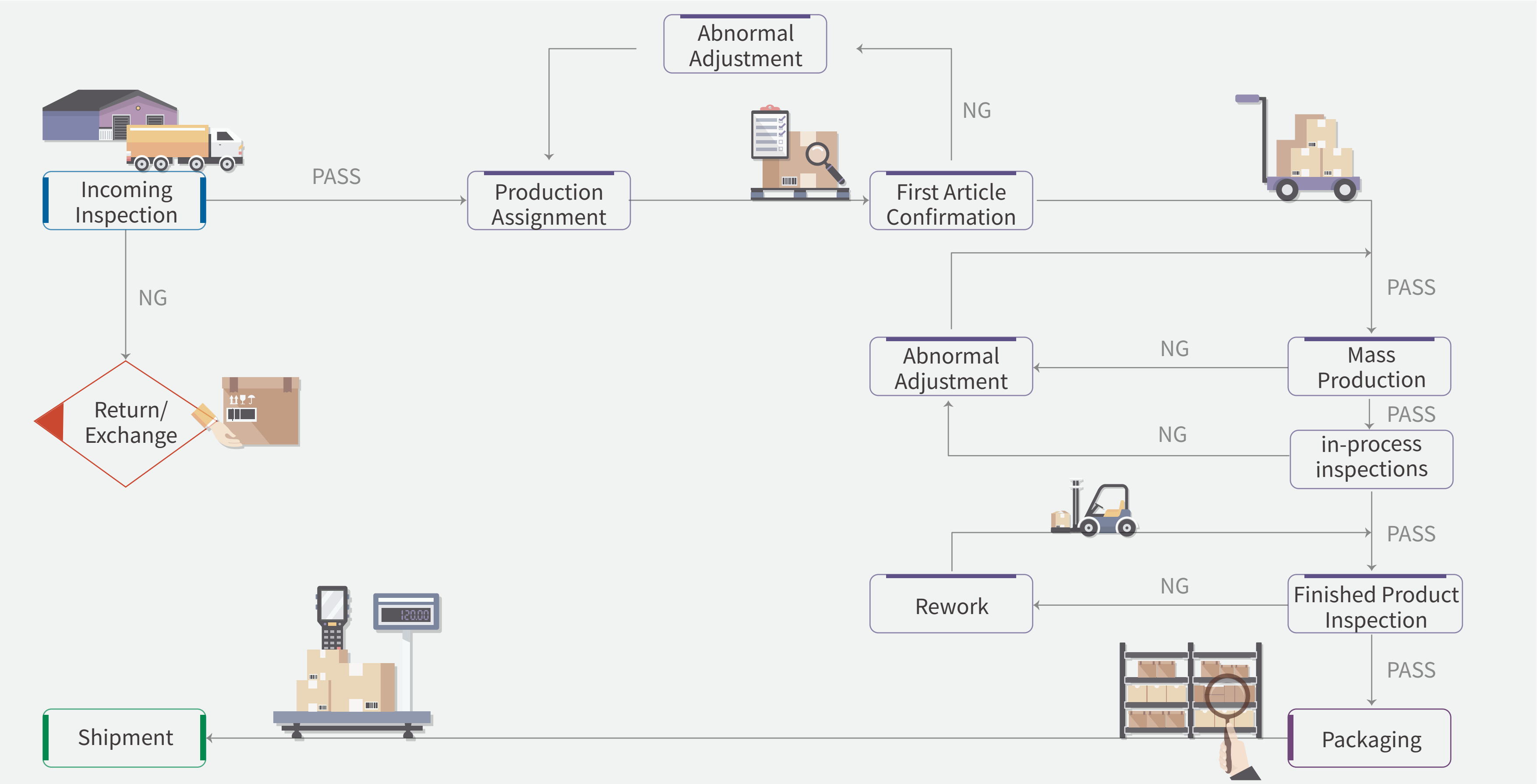
✸The main production stages are illustrated in the following diagram:



Quality Inspection Process

To ensure that Arizon's products meet standard quality requirements, the Company has established a comprehensive quality inspection process, implemented and supervised by the Quality Assurance Department. Beginning with incoming material inspection, we strictly monitor the quality of raw materials. If materials fail to meet standards, depending on the severity of the nonconformance, they are either specially approved for use (under exception handling) or returned/replaced, ensuring that all raw materials used in production comply with finished product quality control requirements. Production then proceeds with job assignment, during which first-article inspections and in-process inspections are conducted to verify product quality during manufacturing. Afterward, mass production and final product inspections are carried out to ensure that products throughout the production process meet standards. Finally, products are packaged and shipped to customers, ensuring the delivery of high-quality products and services.

If abnormalities are found during incoming inspections, Supplier Quality Engineers (SQE) from the QA Department will lead follow-ups with suppliers for analysis and corrective actions. If abnormalities are found during production or final product inspections, process engineers from the Engineering Department are responsible for investigation, root cause analysis, and implementing corrective measures to prevent recurrence. Arizon is committed to continuous improvement of its quality inspection process to ensure that the Company's products consistently meet customer and market expectations, while building a trustworthy brand reputation.



Product Quality and Safety

In response to growing international consumer awareness of environmental protection and stricter regulatory requirements, Arizon has established a Hazardous Substances Management Policy in line with international environmental standards and customers' hazardous substance control requirements. This policy covers RoHS, REACH, Halogen, TSCA, and other relevant substance restrictions. Based on these regulations, the Company has built a comprehensive quality management system that strictly requires compliance from both production units and suppliers. From the product development stage, all design and material selection are conducted in accordance with these standards. Subsequent supplier material and quality requirements, as well as product manufacturing and sales, are also subject to strict controls to ensure that all supplied products are environmentally friendly, healthy, safe, and compliant with international environmental regulations.

All Arizon products undergo rigorous quality testing to ensure they pose no risk to customer health or safety. In 2024, the Company reported zero incidents of non-compliance with product, service, health, safety, or voluntary regulatory requirements.

Product Data Security Management

RFID (Radio Frequency Identification) technology has been widely applied in product identification and tracking but also brings certain security risks. Below are the methods to identify and address data security risks in RFID products:

Risk Identification

◎ Unauthorized access: Unapproved individuals may exploit RFID technology to gain access and obtain sensitive data.
◎ Data theft: Hackers may intercept RFID signals and stealtransmitted sensitive information, such as personal identity data or trade secrets.
◎ Forgery and tampering: Hackers may forge RFID tags or alter the data stored in them, leading to confusion or fraud.
◎ Wireless interference: Communication may be disrupted due to wireless interference, affecting system operation or data accuracy.
◎ Location tracking: The location-tracking function of RFID tags may be misused, infringing on personal privacy.

Solutions

◎ Encryption and authentication: Encrypt RFID communications and implement strong authentication mechanisms to ensure only authorized users can access sensitive data.
◎ Privacy protection: Incorporate privacy protection into RFID system design, such as restricting the use of location-tracking functions and collecting only necessary data.
◎ Secure protocols: Implement secure communication protocols, such as TLS (Transport Layer Security), to protect sensitive information in RFID transmissions.
◎ Physical security measures: Place RFID readers in secure areas and limit physical access to prevent unauthorized use or attacks.
◎ Vulnerability management: Conduct regular vulnerability scans and security reviews of RFID systems and promptly address known security flaws.
◎ Security training: Provide staff with training on RFID security best practices to raise awareness of potential risks.
◎ Continuous monitoring: Implement continuous monitoring mechanisms to detect and respond to abnormal activities or unauthorized access in real time.
◎ Compliance checks: Regularly conduct compliance audits to ensure RFID systems meet relevant security standards and regulations.

These measures can help organizations mitigate RFID product data security risks and safeguard sensitive information from unauthorized access and attacks.

Education and Training

To ensure that all employees possess the necessary quality awareness and skills to enhance product and service quality, the Company regularly organizes quality education and training programs to strengthen employees' understanding of the Quality Management System (QMS).

Based on on-site quality conditions, the following training topics are arranged as needed:

- Abnormality handling and defect prevention
- Standard Operating Procedures (SOP) and document control
- Internal audits and corrective action for non-conformities (CAPA)
- Customer satisfaction and complaint handling
- Risk management and continuous improvement (e.g., PDCA, FMEA analysis)

Training is promptly scheduled when quality abnormalities occur or when new standards are introduced. Training records include participant names, content, dates, and hours. Post-training evaluations are carried out through quizzes or practical exercises to assess learning outcomes, and follow-ups are conducted to track improvements in quality performance, such as changes in defect rates and reductions in customer complaints—helping foster a culture of continuous improvement.

2024 Training Programs at the Mainland China Plant:

✷ Lean Six Sigma Yellow Belt Program

The first Lean Six Sigma Yellow Belt training program was conducted from July 30 to October 15, 2024. Participants came from various departments, including R&D, Engineering, Quality Assurance, Manufacturing, Sales, and Supply Chain Management. Through learning and practicing the DMAIC methodology and real-world case studies, a total of 34 trainees successfully passed the graduation exam.Learning Outcomes: Participants gained an understanding of Lean Six Sigma improvement approaches and basic tools, acquired fundamental skills to serve as improvement team members, established a common language for continuous improvement within the Company, and enhanced both their problem-solving abilities and communication effectiveness.

PFMEA Training

To enhance the ability of our quality and technical staff in analyzing potential failure modes, the Company organized a “AIAG & VDA PFMEA Practical Training Course on Process Failure Modes and Effects Analysis” in November 2024. A total of 40 participants, including technical experts from R&D, Engineering, Quality Assurance, Manufacturing, and internal auditors for IATF 16949, took part in this training. During the course, participants worked through a complete process flow diagram and characteristics matrix table for an RFID electronic tag product applied in the automotive industry. Step by step, they identified special process characteristics, product features, and process characteristics, while establishing and refining error-proofing checklists, PFMEA for potential failure modes, and benchmark QC control plans. Following the training, these methods were promoted across other products, effectively strengthening the risk awareness and management capabilities of quality engineering and technical personnel in quality control.

Product Marketing and Labeling

In addition to meeting customers’ high product quality standards, all Arizon products are provided with appropriate packaging and detailed product information labeling in compliance with regulations. This includes specifications such as raw materials, substance compositions, and product safety data sheets. In 2024, the Company reported no incidents of non-compliance related to product and service information or labeling regulations, nor any violations of marketing and communication regulations.

Requirements for Product and Service Information and Labeling

Source of Product Components/Ingredients	❖ Based on BOM List / Suppliers of Each Raw Material
Content Ingredients of the Product	❖ Refer to the Safety Data Sheets (SDS) for each raw material. ❖ The product composition can be presented in the SDS, indicating the substances and their proportions contained in the raw materials.
Safety of Product or Service Use	❖ Refer to the Safety Data Sheets (SDS) for each raw material.
Product Disposal and Its Environmental/Social Impact	❖ Refer to the product specifications

2.6 Innovation and R&D

Impact

Failure to meet customer needs and expectations may result in products not aligning with market trends, thereby affecting customer satisfaction. A lack of sustainable innovation could cause the Company to lose competitiveness in the market, missing business opportunities tied to the green transition and weakening its market position. In the event of intellectual property disputes, the Company's future competitiveness, corporate reputation, and customer trust may be undermined, potentially leading to talent attrition.

Policy Commitments

- Intellectual Property Protection: Committed to maintaining and respecting intellectual property rights, both our own and those of others. All R&D activities and product development are carried out within legal and ethical frameworks to avoid infringement of any kind.
- Transparency and Collaboration: Ensuring transparency in handling intellectual property matters and maintaining open communication channels with stakeholders, including partners, customers, and rights holders.
- Ongoing Education and Training: Providing employees with regular education and training on intellectual property to enhance their awareness and understanding of its importance.
- Innovation and Respect: Encouraging innovation while respecting the intellectual property rights of other innovators in the market, thereby fostering a fair competitive environment.

Actions Taken

- Intellectual Property Training: Conducting regular training sessions to strengthen employees' awareness of patent management and intellectual property protection.
- Technology Upgrades and Product Optimization: Continuously improving RFID products to enhance performance and energy efficiency, while integrating IoT technology to develop smart solutions.
- Quality Management Reinforcement: Optimizing production processes to ensure a yield rate of over 99.7%, supported by precision testing equipment and data analytics tools.
- Patent and Competitive Strategy: Analyzing competitors' patents to adjust R&D directions, while establishing a patent bonus system to encourage innovation and safeguard market position.
- Cross-Department Collaboration and Market Validation: Collaborating with the marketing department, holding regular R&D meetings, and validating feasibility through pilot projects.
- Sustainable Materials and Process Innovation: Utilizing recyclable materials for RFID tags and optimizing processes to reduce carbon emissions, thereby strengthening green competitiveness.

Evaluation Mechanism

The R&D and Finance departments jointly manage the achievement rate of annual targets. For unmet targets, root causes and countermeasures are analyzed, and improvement measures are set for the following year.

Goals

Short-Term Goals:	Mid- to Long-term Goals:
❖ Invest at least 3.5% of annual revenue into R&D. ❖ Submit a minimum of 2 patent applications per year.	❖ Optimize the patent proposal system to increase submissions. ❖ Ensure R&D meetings focus on technological foresight, depth, and competitiveness. ❖ Strengthen strategic and defensive new product technologies.

Performance Results

- In 2024, R&D investment accounted for 3.99% of revenue.
- A total of 69 patent applications were filed in 2024: 8 in Taipei (with 5 granted) and 61 in Mainland China (including design patents, utility models, and invention patents).

Stakeholder Engagement

- Disclosures are made regularly on the Market Observation Post System (MOPS).
- Communication with stakeholders occurs through the annual shareholders' meeting and quarterly investor conferences.
- In 2024, the R&D team and sales department held four major marketing meetings focused on R&D and innovation topics, ensuring product development strategies align closely with market needs and reinforcing the Company's innovation edge in a highly competitive market.

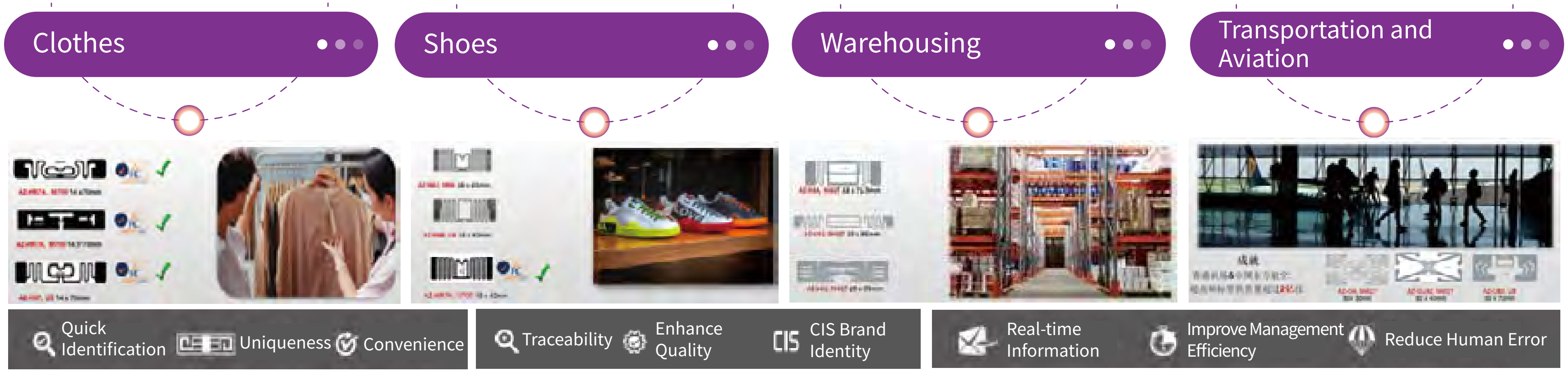
Technology and R&D Overview

Since its establishment, the Company has been dedicated to building a professional R&D team, staying abreast of RFID technology development trends, and exploring market applications in depth. Our focus lies in the core performance indicators of RFID tags, including frequency energy, read/write speed, reading distance, transmission rate, reliability, and consistency.

We integrate expertise from multiple fields—such as integrated circuit technology, communications, and material science—while leveraging our own reader development experience to deliver a product portfolio that meets diverse customer application needs. Our products include paper-based silver paste tags, fragile tags, microwave tags, metal tags, and textile tags.

To maintain our technological leadership, we continuously enhance product performance and actively promote innovative products aligned with both current and future market demands. This effort aims to accelerate industry product renewal and reinforce our leading position in the RFID sector.

RFID, short for Radio Frequency Identification (also known as wireless radio-frequency technology), has evolved to span numerous fields, including logistics, defense, retail, healthcare, food, transportation, and access control. An RFID system typically consists of tags, readers, and computer systems. Through wireless communication, digital data stored in the chip of an RFID tag is transmitted in a contactless manner to the reader, which then relays the captured and identified information to a backend computer system for further processing, utilization, or value-added applications. Compared with traditional barcodes, RFID offers multiple advantages, such as faster scanning speed, the ability to process multiple data entries simultaneously, built-in data storage capability, data update and modification functions, reusability, and resistance to oil and contamination.



RFID tags serve as the transceiver components of an RFID system, operating primarily by using radio frequencies—such as electromagnetic induction and microwaves—to identify targets and transmit or retrieve data, without the need for mechanical or optical contact. Since its establishment, the Company has built a professional R&D team that closely monitors RFID technology development trends and market applications. Our focus is on key performance indicators of RFID tags, including activation frequency energy, read/write speed, read/write distance, transmission rate, reliability, and consistency. By deeply integrating technologies from multiple disciplines—including integrated circuit technology, communications, and material science—and leveraging our extensive reader development experience, we have developed a wide range of products to meet customer application needs. These include paper-based silver paste tags, fragile tags, microwave tags, metal tags, textile tags, and tube tags. To maintain our first-mover advantage, we continuously enhance product performance and recommend innovative solutions that align with both current and future market demands. This approach accelerates product renewal within the industry and secures the Company's technological leadership in the RFID sector.

Technologies and Products Successfully Developed in 2024

Special-Purpose Anti-Metal Tags

By adopting a cross-plane slot antenna design, we successfully developed high-performance anti-metal tags with enhanced combined functionalities. These tags outperform conventional designs in specific and specialized applications, meeting diverse usage scenarios with superior performance.

Retail Anti-Theft Tags Compatible with Liquids and Metals for Bulk Reading

Through HFSS antenna design simulation and optimization, we reduced transmission loss, enabling the design of tags with optimal sensitivity across various attachment media. This ensures consistent performance in different environments and applications. The use of an asymmetric antenna structure and unconventional attachment methods effectively addresses compatibility issues with dielectric parameters, frequency shifts in bulk item environments, and missed reads during mass retail item scanning.

Process Optimization to Reduce Adhesive Overflow in Roll-to-Roll Lamination

We optimized the adjustable design of the die-cutting bottom roller, achieving a precision adjustment of 0.001 mm between the cylinder and the cutting roller. An in-house encoder system was developed to monitor machine speed in real time and feed the signal back to the PLC, which adjusts the air pressure of the glue pot valve automatically. This ensures consistent adhesive weight regardless of machine speed, significantly improving coating accuracy and reducing product defects.

Eco-Friendly Conductive Paste Printed Antennas

A special printing paper was developed to withstand baking at 150°C for 20 seconds, eliminating the need for primer coating and thus reducing material costs while optimizing the printing process. By adjusting the copper paste formulation with finer copper particles, the contact surface between particles was increased, enhancing conductivity and achieving industry-leading performance. Furthermore, the anilox roller—core to flexographic printing—was refined by modifying the shape of its engraved cells. This reduced wall area per unit surface, improved ink transfer efficiency, and enhanced bonding among conductive particles, thereby improving the conductivity of printed antennas.

✸ Percentage of R&D expenses to revenue

Unit: NT$ thousands

Item/Amount	2022	2023	2024
R&D Expenses	89,652	102,290	184,009
Revenue	2,103,632	2,685,946	4,612,422
Percentage of Revenue(%)	4%	4%	4%

✸ Percentage of R&D staff in total workforce

Unit: Persons

Item / Headcount	2022	2023	2024
R&D Personnel	39	46	47
Total Employees	498	664	862
Percentage of Total Employees (%)	8%	7%	5%

✸ Patent and Trademark Portfolio

Patents	Taipei	Mainland China	Total
Applications Filed	107	510	617
Granted	89	472	561
Under Review	18	37	55

Trademark	Mainland China
Applications Filed	5
Granted	5
Under Review	0

Confidential Information Protection

To safeguard confidential information, the Company has established the Patent Review and Incentive Policy and the Confidential Document Management Policy, which set out the management system for patents and confidential information. The Company's work rules also stipulate the Employee Code of Conduct, providing employees with clear principles to follow. In 2013, in response to amendments to the Trade Secrets Act, the Company further introduced the Employee Integrity, Confidentiality, and Intellectual Property Agreement to strengthen the protection of trade secrets, safeguard business interests, and maintain competitiveness. This agreement has since become a required document for all new employees upon onboarding.

Future Challenges and Response Measures

✸ Inconsistent Standards Across Countries

Standards are one of the key constraints on RFID development. Each RFID tag has a unique identification code; however, if data formats are diverse and incompatible, products produced under different standards will not be interoperable. This lack of uniformity restricts the free flow of goods under globalization. The ability to unify standards will therefore play a decisive role in the global development of RFID. Since data format standards involve national interests and security, achieving mutual compatibility is a challenge. Ensuring that an RFID product can be smoothly circulated under global standards remains a critical issue for manufacturers, representing a certain degree of operational risk for the Group.

⁂ Response Measures

- Develop new technologies and products that comply with local standards in line with market trends, thereby securing a first-mover advantage in the application segment.
- Enhance product added value and differentiation by delivering high-quality customized products, while establishing long-term partnerships with key customers and suppliers.
- Adjust sales strategies based on customer order forecasts and regional market dynamics to effectively respond to market fluctuations.

✸ Rising Production Costs Due to Wage Increases at Manufacturing Bases

The Company's main production facilities are located in Mainland China, where rising wages and labor shortages have resulted in higher operating costs.

⁂ Response Measures

- Continue promoting production automation to reduce labor costs and enhance efficiency.
- Strengthen employee benefits to improve loyalty, reduce turnover, and reinforce professional training to enhance productivity.

✸ Difficulty in Recruiting R&D Talent

As domestic industries such as IC design and electronics have seen stronger development, the RFID industry faces a crowding-out effect. Consequently, the Company may encounter challenges in acquiring sufficient professional R&D talent.

⁂ Response Measures

- Ensure knowledge transfer in R&D and strengthen collaboration with domestic and international academic institutions, including internship programs, to improve the technical expertise of R&D staff and encourage STEM talent to join the RFID industry earlier.
- As a publicly listed company in Taiwan, enhance corporate visibility and management transparency to attract R&D professionals and lay a solid foundation for sustainable growth.
- In addition to recruiting external talent, strengthen internal professional training programs to further develop the technical expertise of existing employees.

2.7 Customer Relationship Management

Impact	
❖ Poor customer relationships may negatively affect client perceptions of the Company, thereby reducing customer satisfaction and willingness to repurchase. ❖ A strong partnership is not merely a commercial relationship but also a bond of trust. It helps stabilize business operations, increase sales, and enhance customer loyalty.	
Policy Commitment	
Adhering to the principles of honesty and integrity, reliability and trust, and excellence and innovation, Arizon provides customers with multiple feedback channels and has established a standardized customer satisfaction survey system. Improvements are made based on customer feedback to maintain strong and lasting relationships.	
Actions Taken	
❖ Conduct two customer satisfaction surveys annually to understand client perspectives in real time and implement continuous improvements. ❖ Establish multiple communication and feedback channels to shorten communication time and enhance efficiency. ❖ Set up a customer complaint and product analysis system to identify root causes of each case and propose targeted improvement measures.	
Evaluation Mechanism	
KPI performance reviews and customer satisfaction surveys are conducted every six months. Results are analyzed, improvement actions are implemented, and the Sales Department reports findings to the Quality Assurance Department and management representatives for further follow-up.	
Goals	
Short-term: Maintain customer satisfaction at 92% or above.	Mid- to long-term: Maintain customer satisfaction at 95% or above.
Performance Results	
In 2024, the average customer satisfaction rate across all sites reached 96.54%.	
Stakeholder Engagement	
Customer satisfaction surveys are conducted twice a year. For any product-related inquiries, customers may contact the Company through its official website or dedicated sales representatives. All communications are handled in strict confidentiality.	

Customer Service Strategy

Arizon’s services are customer-centric, with the core objectives of meeting customer needs and enhancing customer satisfaction. To achieve this, the Company conducts annual customer satisfaction surveys to gather feedback on product pricing, product quality, service quality, and delivery performance. Surveys are distributed to customers via email or fax, inviting them to evaluate product and service quality. The results are then compiled, registered, and archived as a reference for business strategies and operational improvements. Continuous enhancements are implemented based on survey outcomes to strengthen product and service quality. In addition, Arizon regularly organizes customer business meetings, technical meetings, product quality control activities, product lifecycle management, exhibitions, exchange visits, new product recommendations, discussions of industry competitiveness, information security, as well as customer audits, inspections, and site visits. These initiatives help increase customer engagement and foster long-term, stable partnerships.

Privacy Protection Policy

Arizon respects the privacy of every customer and enforces strict policies on intellectual property protection and confidentiality. Employees are obligated to safeguard the Company’s confidential information and intellectual property, as well as confidential information obtained from customers, suppliers, and related parties during business activities. At its Mainland China sites, the Company has established privacy protection management procedures. To ensure effective privacy safeguards, Arizon signs Non-Disclosure Agreements (NDAs) with customers, uses codes in place of customer names for internal production processes, and requires employees in critical positions to sign confidentiality agreements. These measures ensure that customer information remains strictly protected and securely managed. As of the end of 2024, the Company achieved outstanding results in protecting customer privacy and data. No incidents of privacy infringement or customer data loss were reported, and the Company had no violations of laws or regulations related to product and service information or labeling.

Customer Satisfaction Survey

Arizon conducts annual customer satisfaction surveys to gain a deeper understanding of customer opinions and expectations. The survey covers various aspects, including product yield rate, packaging quality, and reliability on the product side; transportation methods and on-time delivery in the logistics process; as well as website technical information, service response speed, sales personnel professionalism, and complaint-handling attitude in the service dimension. In addition, customers are asked to provide feedback on product pricing. Survey forms are distributed via email or fax, inviting customers to evaluate the quality of the Company’s products and services. The results are compiled, registered, and archived, serving as an important reference for business strategies and improvements in operational direction. Based on these findings, Arizon implements continuous enhancements to further strengthen product and service quality, ensuring the effectiveness of after-sales service. In 2024, the average result of the customer satisfaction survey reached 96.54%, reflecting the Company’s dedication to consistently providing high-quality products and services.

Customer Complaint Handling Process

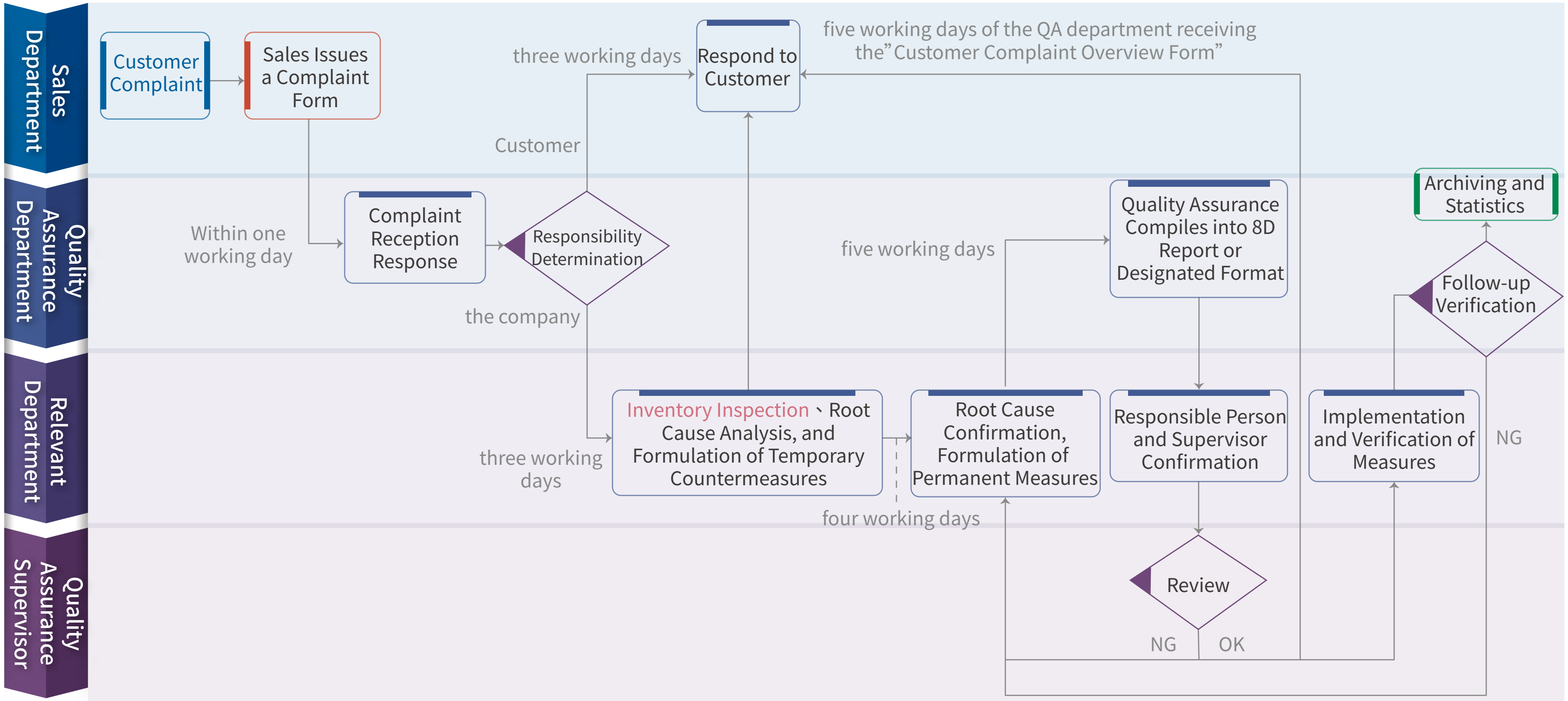
Customer complaints may be submitted in writing, by email, phone, fax, or in person, and are first received by the Sales Department. If the issue is determined not to be caused by the Company, sales personnel are required to provide an immediate explanation to the customer.

If the complaint is confirmed to be the Company’s responsibility, particularly in cases of product quality issues, sales personnel must complete a Customer Complaint Form and forward it to the Quality Assurance (QA) Department. Upon receiving the form, QA is required to acknowledge receipt within one working day and begin investigation and analysis to identify responsibility and root causes, as well as to propose preventive measures.

The responsible unit must develop corrective actions and provide a response to QA within three working days. QA then consolidates the findings into an 8D Report (or in the customer’s specified format, if applicable). The report must be reviewed and approved by the responsible department heads and management before being submitted to the customer through the Sales Department. If the defect description, supporting documents, images, or samples are complete, the 8D Report must be finalized within five working days of QA’s receipt of the complaint list. Any delays must be approved by the customer. When the customer specifies a reply deadline, all relevant departments must cooperate to ensure timely submission.

If the complaint description is unclear, the Sales Department must follow up with the customer for clarification, and the timeline for QA’s response will be extended accordingly. If customer samples cannot be provided, the production site must simulate the defect to conduct analysis. For service-related complaints, the responsible sales manager and staff handle the matter directly. In cases where the complaint is clear, the Company must provide a solution to the customer within five working days of receiving the complaint.

✸Customer Service and Handling Process



In 2024, the Company received 28 quality-related complaints, primarily concerning minor defects in label appearance (not product quality issues). For each complaint, an 8D Report quality management tool was provided to the customer within one week of occurrence to address and resolve issues or deficiencies identified in products or services.

Customer Communication Channels	
◆ Mainland China Business: Ms. Yuan, Sales Department	◆ Taipei Business: Ms. Chen, Sales Department
◆ (86) 514-80972024 ext.15457	◆ (886) 2 2322-4824 ext.132
◆ Email: Business@Arizonrfid.com	◆ Email: Business@Arizonrfid.com

2.8 Information Security Management

Impact

Poor information security management may lead to system vulnerabilities, cyberattacks, or ransomware threats, potentially resulting in the leakage or tampering of corporate confidential data, or even business disruptions. Such incidents would compromise the rights and interests of customers and other stakeholders.

Robust information security management helps protect corporate assets and ensure operational stability, strengthen trust with customers and partners, reduce compliance risks, and enhance internal efficiency and risk awareness. It also supports digital transformation and contributes to long-term sustainability goals.

Policy Commitment

The Company is committed to continuously developing and improving information security policies, adopting advanced security technologies, and enhancing the professional expertise of its information security personnel. Through regular company-wide awareness programs and training, we constantly strengthen our defense capabilities to effectively respond to diverse cybersecurity challenges, ensuring the protection of corporate data assets and business operations.

Actions Taken

The Company continues to improve both managerial and technical security infrastructure to strengthen its information security defenses, including:

- ❖ Hardware: Next-generation firewalls, core network switches, and antivirus gateways.
- ❖ Software: Transition from traditional antivirus to next-generation endpoint protection software, implementation of system security updates, and deployment of log auditing systems.
- ❖ Personnel training: Certification of IT and cybersecurity staff, conducting recovery drills, social engineering exercises, and vulnerability scanning tests.

Evaluation Mechanism

- ❖ Biannual reviews of digitalization progress, including tracking the number of processes already digitalized and pending tasks.
- ❖ Annual audits to confirm implementation status, with quarterly reviews of protection plans by the Information Security Committee to ensure corrective actions are enforced.

Goals

Short-term:	Mid- to long-term:
❖ Achieve 80% digitalization of internal processes. ❖ Attain 100% coverage in cybersecurity inspections and establish corresponding protection plans. ❖ Ensure 80% completion rate for annual employee cybersecurity awareness training, and 90% participation rate in advanced technical courses for the cybersecurity team.	❖ Achieve 90% digitalization of internal processes. ❖ Integrate information security into corporate culture, making it a core pillar of corporate governance with strong recognition from employees and stakeholders. ❖ Ensure 50% certification rate for employee information security expertise, and obtain ISO 27001 Information Security Management System certification.

Performance Results

- ❖ Achieved 80% digitalization of internal processes.
- ❖ Reached 100% coverage in cybersecurity inspections, with corresponding protection plans established.
- ❖ Attained 80% completion rate for employee cybersecurity awareness training, and 90% participation rate for the cybersecurity technical team’s advanced training.
- ❖ In 2024, the Company’s Mainland China facility organized one training session on phishing awareness and information security responses, involving 153 participants with a total of 229 training hours.
- ❖ In 2024, the Taipei facility conducted nine information security awareness activities.

Stakeholder Engagement

❖ Each year in the third quarter, the Company promotes information security awareness among all employees through seminars and posters. ❖ Stakeholders may also provide feedback on information security matters directly to the Information Security Center.	❖ Email: Kf.Kao@arizonrfid.com ❖ Tel: 886-2-2322-4824#192

Facing increasingly severe cybersecurity risks and challenges, the Company is committed to continuously strengthening information security management to safeguard business operations, customer data, and R&D technologies. We have established a "dual approach" strategy that integrates equipment and system protection with employee awareness enhancement, thereby building a comprehensive information security management framework. In 2024, no information security incidents occurred.

- Equipment and System Security Protection: Continuously upgrade and update existing security equipment and systems to ensure effective resource utilization and centralized management in response to evolving cybersecurity threats.
- Employee Awareness Enhancement: Provide regular information security training for all employees to strengthen risk awareness, ensure compliance with corporate policies and procedures, and reinforce company-wide prevention mechanisms.
- Professional Security Management System: Establish a dedicated information security team that leverages professional systems and processes to deliver efficient and adaptive protection management.
- Continuous Updates and Improvements: In line with technological advancements and market changes, the Company will continue to upgrade its security measures to remain at the forefront of information security protection and effectively mitigate potential risks.

Information Security Organizational Structure

To ensure clear division of responsibilities, adequate technical support, effective control mechanisms, compliance with government regulations, and strengthened corporate information security governance, Arizon established an Information Security Committee in 2023 with the approval of the Board of Directors. The Committee is led by the General Manager of the Taipei branch, with the heads of the IT departments from Arizon RFID and Arizon RFID Taipei branch serving as members, and designated personnel appointed as Information Security Officers.

The Committee is responsible for promoting, coordinating, supervising, and reviewing information security management matters. Following the framework of the ISO 27001 Information Security Management System, the Committee formulates management strategies, regularly reviews security policies and objectives, proposes concrete implementation plans, and reports progress and results to the Board of Directors on a regular basis. In addition, the Committee assesses and identifies potential risks and develops corresponding action plans.

Information Security Policy

✸ Email Regulations

1 When using email, users must not distribute fraudulent, defamatory, insulting, obscene, or harassing messages, nor send illegal software, conduct unlawful transactions, or transmit any other illegal content that may harm the rights of others.

2 Users must respect intellectual property rights and refrain from transmitting or infringing upon others' intellectual property through email.

3 Confidential information, personal data, and documents that require electronic transmission must be protected with appropriate security measures such as encryption or digital signatures. Except under special circumstances, such information and documents should not be sent to personal email accounts.

4 Attachments to emails must be reviewed to ensure accuracy and appropriateness before being sent.

5 Do not open attachments, links, or websites from unknown sources to avoid malware infection.

6 When sending emails to multiple recipients, the "blind carbon copy (BCC)" function should be used to prevent unnecessary exposure of email addresses.

7 All outgoing emails should include the sender's identifying information (e.g., name, title, department, telephone number) so that recipients can clearly verify the source.

8 Users must respect online privacy rights, refrain from accessing other users' personal data without authorization, and avoid any actions that infringe on privacy. It is strictly prohibited to misuse others' accounts or system resources, or to disrupt the normal operation of systems in any way.

✸ Information Regulations

1 New employees are required to participate in information security training to enhance awareness of protective measures. The Company also conducts regular information security awareness programs.

2 All employees, contractors, subcontractors, and visitors who use the Company' s information systems or provide related information services have the responsibility and obligation to protect the Company' s information assets from unauthorized access, alteration, destruction, or improper disclosure.

3 A secure and reliable information system environment must be established to ensure the Company' s business continuity. Critical information systems or equipment must have appropriate backup mechanisms in place and undergo regular drills to maintain availability. Employees' personal computers must be installed with antivirus software, with virus definitions updated regularly, and unauthorized software is strictly prohibited.

4 Employees must properly safeguard and use their personal accounts, passwords, and access rights, and are required to update them regularly.

5 All account and access rights must be formally requested and approved by the responsible supervisor before activation, and their appropriateness must be periodically reviewed.

6 The use of any software that may harm the Company' s equipment is strictly prohibited.

7 Sensitive data must be stored in encrypted form and should not be placed on public websites unless necessary. Folders containing sensitive data in shared directories must have access permissions properly configured.

Information Security Management

According to survey data, internal information management risks pose greater threats to enterprises than external cyberattacks. Therefore, in addition to strengthening infrastructure and IT service security measures, employee awareness and regulatory compliance within the organization are key factors in effective information security management. Arizon addresses sustainability and information security resilience through three key dimensions:

📌 Environmental Sustainability and Data Management

We are committed to adopting efficient and secure information technologies to reduce resource waste and environmental impacts arising from data processing or information security incidents. At the same time, we promote digital transformation to minimize paper usage, while ensuring that data centers and IT systems operate in line with energy-saving and carbon-reduction goals.

📌 Corporate Governance and Risk Management

Information security is embedded into our corporate governance framework, supported by a robust risk management system. Policies are regularly evaluated and updated to respond to evolving threats. We invest in employee training, implement advanced technologies, and collaborate with external experts to ensure the effectiveness of security measures.

📌 Compliance and Continuous Improvement

We comply with applicable laws and industry standards, while striving for continuous improvement in our information security management system. Internal and external audits are conducted to ensure effective policy implementation.

Information Security Management and Risk Protection Measures in 2024

- Established an Information Security Task Force in 2023, appointing a Chief Information Security Officer (CISO) to drive cross-organizational collaboration. Regular meetings are held to review and address key cybersecurity issues.
- Implemented information security management and sustainable data initiatives based on meeting resolutions, strengthening both risk control and internal control mechanisms.
- Conducted information security incident management in line with quarterly committee discussions, including promotion of legal software usage, sensitive data protection, and access rights management.
- Performed cybersecurity health checks to identify potential illegal activities or program intrusions, while enhancing data retrieval control and approval processes.
- Continued to raise employee awareness of information security and improve resilience against external cyber threats.

Information Security Safeguards

- To prevent unauthorized access, use, control, leakage, destruction, alteration, deletion, or other infringements of IT systems and information, the Company adjusts its security maintenance measures in response to regulatory and technological developments, ensuring confidentiality, integrity, and availability.
- Compliance with information security responsibility grading requirements to safeguard confidentiality, integrity, and availability.
- Enhancement of employee security awareness, along with effective detection and prevention of external attacks.

Information Security Management Mechanism

Network Information Security Control	◎ Set up a firewall and update the Firewall Strategy ◎ Regularly review the system log of network services to track anomalies ◎ Scan computer systems and data storage media periodically for viruses	◎ Perform inventories of the computer system software and security updates ◎ Use network services in accordance with the information security policy
Data Access Control	◎ Assign dedicated personnel to maintain custody of computer equipment and set accounts and passwords. ◎ Remote access to the system shall require adequate approved and appropriate access privileges must be granted ◎ Grant employees different access privileges based on their job functions	◎ Cancel employees' access privileges when they leave the Company and adjust the access privileges of employees who have been transferred ◎ Clear or overwrite the contents stored before the disposal of the equipment
Change Recovery Mechanism	◎ Perform annual reviews of the Information Security Policy as well as the information security protection and emergency response plans ◎ Conduct annual system recovery drills	◎ Establish system backup mechanisms and implement off-site backup storage ◎ Review computer network security control measures and implement appropriate adjustments
Communication and Verification	◎ Perform annual information security inspections and review whether improvements and follow-ups are required	◎ Communicate information security updates at all times to enhance users' information security awareness

Major Information Security Incident Response Process

In the event of a major information security incident, the Company follows the response process outlined below:

Identify the security incident.

Clarify the scope of impact.

Report to higher management.

Notify affected personnel.

Address the issue and restore operations.

Review and implement preventive measures.

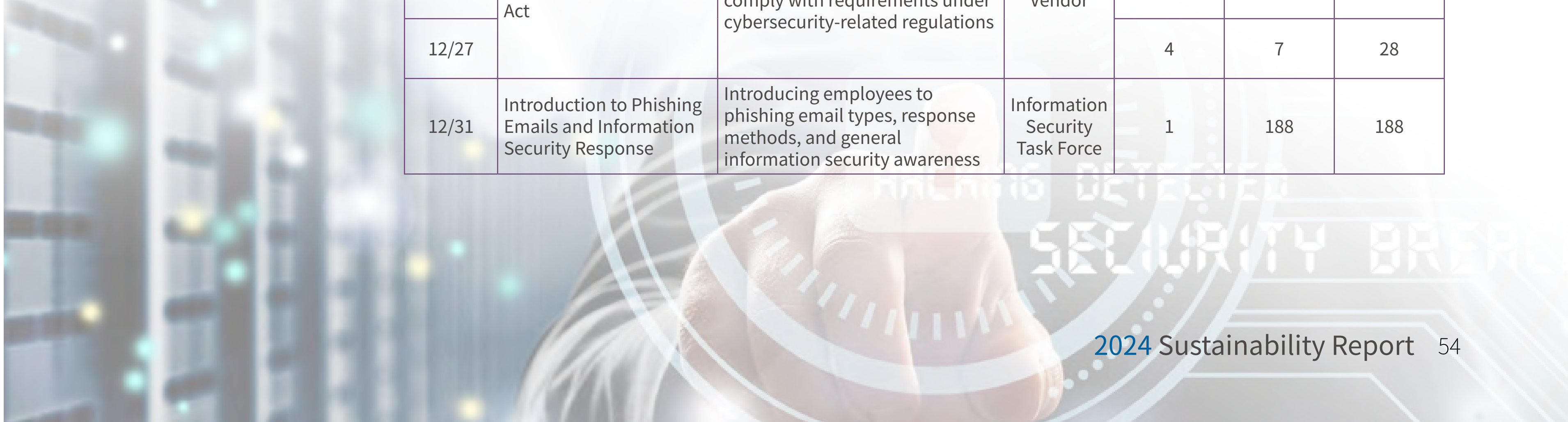
Customer Privacy Protection

Safeguarding customer information is one of the Company's key policies. To protect customer privacy, Arizon provides training and awareness programs for relevant personnel to prevent data leakage. Due to the nature of the industry, the Company does not handle highly sensitive customer-end data; the information collected mainly includes semi-public details such as customer contact names. In 2024, the Company received no complaints related to privacy breaches or customer data loss.

Information Security Training and Awareness

To strengthen cybersecurity resilience, Arizon actively promotes comprehensive information security training programs that help employees establish proper security awareness. Through regular activities such as incident sharing, risk prevention workshops, and policy promotion, we enhance employees' understanding of information security risks. For members of the Information Security Task Force, advanced training courses are provided, with a participation rate of over 90%. In addition, the Company promotes the use of licensed software, conducts annual social engineering drills to enhance employees' defensive capabilities, and requires IT administrators and security staff to obtain relevant cybersecurity certifications. To ensure the effectiveness of security protections, Arizon also conducts regular cybersecurity health checks, disaster recovery drills, and intrusion detection scans, thereby enhancing the Company's overall resilience against information security risks.

Date	Training Topic	Training Content	Organizer	Hours	Participants	Total Hours
12/24	Practical Compliance with the Cybersecurity Act	Understanding how organizations should properly interpret and comply with requirements under cybersecurity-related regulations	External Vendor	4	7	28
12/26				4	7	28
12/27				4	7	28
12/31	Introduction to Phishing Emails and Information Security Response	Introducing employees to phishing email types, response methods, and general information security awareness	Information Security Task Force	1	188	188



CH3 Corporate care

3.1 Happy Workplace

Talent Attraction and Retention

Impact

Failure to attract and retain talent would weaken the Company's operational momentum and negatively impact performance. Without a sound training system, employees may not be able to respond effectively to job requirements, leading to poor task execution, lower performance, and wasted resources.

Policy Commitment

Arizon is committed to providing a safe and fulfilling work environment, with regular health checkups and a well-structured promotion and compensation system. To continuously enhance organizational and human capital, the Company not only promotes comprehensive career development mechanisms but also actively builds an educational system to support talent growth. This ensures that employees across different roles receive appropriate training to strengthen competencies and professional skills.

Actions Taken

- Establish a comprehensive benefits system and set up an Employee Welfare Committee to review and enhance welfare policies.
- Implement sound systems for promotion, salary adjustment, annual bonuses, and incentive rewards.
- Ensure robust institutional measures by establishing communication platforms and grievance channels for employees.
- Diversify recruitment channels, including migrant worker programs and internship cooperation with schools.
- Participate in government-organized job fairs to expand recruitment opportunities.

Evaluation Mechanism

Annual review by HR and department heads to assess achievement of objectives.

- Regular meetings with managers to discuss progress, analyze issues, and implement improvements.
- Annual employee satisfaction surveys and statistical analysis of results.
- Annual review of employee turnover rates.
- Assessment of basic salary and employee welfare to ensure compliance with legal requirements.

Goals

Short-term:

- Conduct regular employee satisfaction surveys, targeting an increase to 75%.
- Implement measures to reduce employee turnover to below 5%.
- Conduct market salary surveys to maintain competitiveness.
- Improve communication of job responsibilities during recruitment.
- Enhance follow-up with new employees, fostering collaboration between HR and departments to increase retention.
- Strengthen external recruitment efforts to increase referrals and success rates.
- Expand student recruitment channels for engineering and R&D roles to build early talent pipelines.

Mid- to long-term:

- Continuously improve employee satisfaction and workplace conditions.
- Maintain a turnover rate of below 5% to ensure workforce stability.
- Optimize compensation and benefits systems to remain competitive.
- Increase the proportion of female managers to above 20%.

Performance Results

- Provided diverse professional development opportunities, including training programs and certifications, to help employees enhance skills and achieve career goals.
- In 2024, employee satisfaction reached 85.8%, turnover rate was 4.81%, and female managers accounted for 29%.
- Taipei operations: 78 internal training courses with 852 participants, averaging 1.46 hours per employee; 18 external training courses with 32 participants, averaging 6.4 hours per employee.
- Mainland China operations: 107 internal training courses with 3,110 participants, averaging 1.36 hours per employee; 14 external training courses with 156 participants, averaging 6.76 hours per employee.

Stakeholder Engagement

- Promoted migrant worker programs and expanded new government projects to reduce labor shortages.
- Conducted regular employee satisfaction surveys to collect feedback and implement improvements.
- Held regular labor-management meetings to listen to employee needs and respond to proposals.
- Published relevant information on the Company website's investor section and the Market Observation Post System.
- Engaged with stakeholders through annual shareholders' meetings and quarterly investor conferences.

Employee Structure and Distribution

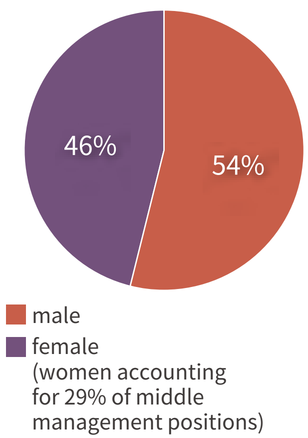
As of December 31, 2024, Arizon employed a total of 862 people, including 214 employees in Taipei and 648 employees in Mainland China (including Hong Kong). In addition, 45 employees came from other nationalities such as Vietnam, Indonesia, Malaysia, and other regions. Among the total workforce, there were 7 senior managers, 24 middle managers, and 831 general employees. The Company's workforce is composed entirely of regular staff, comprising 854 full-time and 8 part-time employees.

At the Taipei site, in compliance with Article 38 of the People with Disabilities Rights Protection Act, the Company steadily employed two persons with disabilities. In addition, there were 42 non-employee workers under short-term contracts, including 14 dispatched employees and 28 interns. The interns, recruited in cooperation with schools in Taipei and Mainland China, may be offered regular employment if they perform well during their internship and are willing to stay.

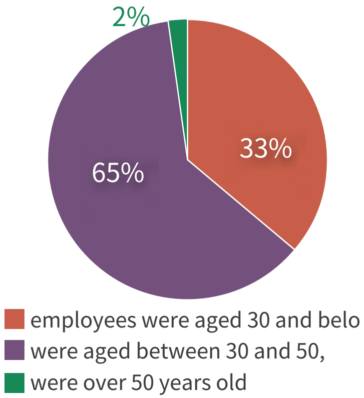
✸Employee Composition

By gender: 54% of employees were male and 46% were female, with women accounting for 29% of middle management positions. By age group: 33% of employees were aged 30 and below, 65% were aged between 30 and 50, and 2% were over 50 years old.

By gender



By age group



✸Employee Statistics:

Category	Taipei		Mainland China		Total	
	Male	Female	Male	Female	Male	Female
High-Level Executives	4	0	3	0	7	0
Mid-Level Managers	1	2	16	5	17	7
General Employees	98	109	341	283	439	392
Total	103	111	360	288	463	399
Permanent Employees [Note 1]	94	77	131	91	225	168
Temporary Employees [Note 2]	9	34	229	197	238	231
Total	103	111	360	288	463	399
Full-Time Employees [Note 3]	100	106	360	288	460	394
Part-Time Employees [Note 4]	3	5	0	0	3	5
Non-Hourly Guaranteed Employees [Note 5]	0	0	0	0	0	0
Total	103	111	360	288	463	399
Age Group						
Less than 30 Years	43	47	133	61	176	108
30-50 Years (inclusive)	53	56	223	225	276	281
Over 50 Years	7	8	4	2	11	10
Total	103	111	360	288	463	399
Other Diversity Indicators (e.g., minority or disadvantaged groups)						
Indigenous Status	0	0	0	0	0	0
Persons with Disabilities	2	0	0	0	2	0
Total	2	0	0	0	2	0

Notes 1: Permanent employees: Employees with full-time or part-time contracts of indefinite duration.

Notes 2: Temporary employees: Employees with fixed-term contracts that expire on a specified date or end upon completion of a specific task or event (e.g., the end of a project or the return of an employee being temporarily replaced).

Notes 3: Full-time employees: Employees whose working hours per week, month, or year are defined in accordance with national labor laws and common practices regarding standard working hours.

Notes 4: Part-time employees: Employees whose working hours per week, month, or year are less than those of full-time employees.

Notes 5: Employees with no guaranteed hours: Employees who are not guaranteed a minimum or fixed number of working hours per day, week, or month but may be required to be available for work when needed.

✸ Workforce Diversity Statistics

Diversity Category	Indicator	Percentage (%)
Gender Diversity	Female employees (%)	46%
	Female middle management (%)	29%
	Female senior management (%)	-
Age Diversity	Employees under 30 (%)	33%
	Employees aged 30–50 (%)	65%
	Employees over 50 (%)	2%
Other Diversity	Employees with disabilities	0.23%

✸ Non-Employee Workers

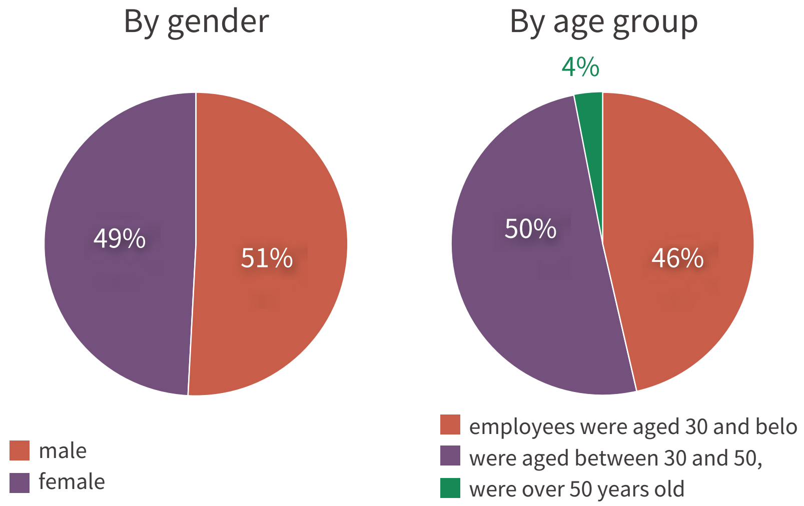
Work Type	Contract Relationship	Headcount
Operators	Dispatched	3
Interns	Short-term contract	28
Agency-dispatched staff	Dispatched	11

New Hires and Employee Turnover

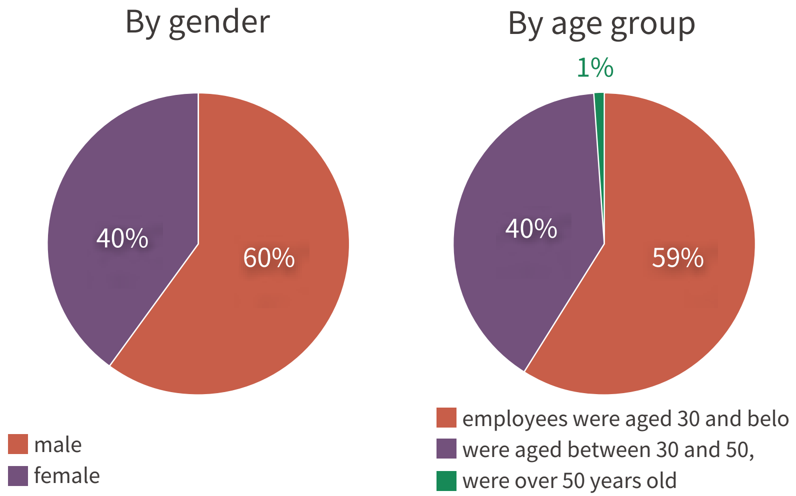
The Company strictly complies with labor laws in the recruitment and employment of staff and prohibits any form of discrimination based on race, class, language, ideology, religion, political affiliation, ancestry, place of birth, gender, sexual orientation, age, marital status, appearance, physical features, disability, horoscope, or blood type. We are committed to ensuring equal and fair employment opportunities and working conditions. Arizon recruits through multiple channels, including the 104 Job Bank, 1111 Job Bank, and the Company's official website, to communicate our corporate culture, business performance, and core values in order to attract top talent. In 2024, the Company also actively participated in campus recruitment programs and government-organized job fairs, which helped recruit more outstanding candidates while enhancing public awareness and the Company's reputation.

In 2024, Arizon hired a total of 430 new employees, representing a hiring rate of 49.9%,
while a total of 527 employees left the Company, representing a turnover rate of 4.81%.

✸ Composition of New Hires in 2024:



✸ Composition of Employee Turnover in 2024:



New Hires and Employee Turnover in 2024

✸Number of New Hires

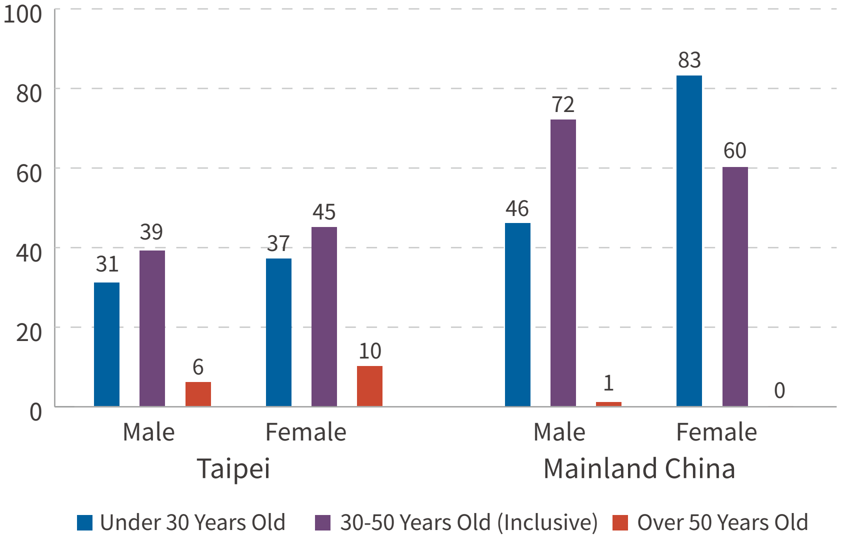
Categories	Age	Taipei	Mainland China	Total
Female	Under 30 Years Old	37	46	83
	30-50 Years Old (Inclusive)	45	72	117
	Over 50 Years Old	10	1	11
	Total	92	119	211
Male	Under 30 Years Old	31	83	114
	30-50 Years Old (Inclusive)	39	60	99
	Over 50 Years Old	6	0	6
	Total	76	143	219
Total New Hires				430
New Hires as a Percentage of Year-End Total Employees				49.9%

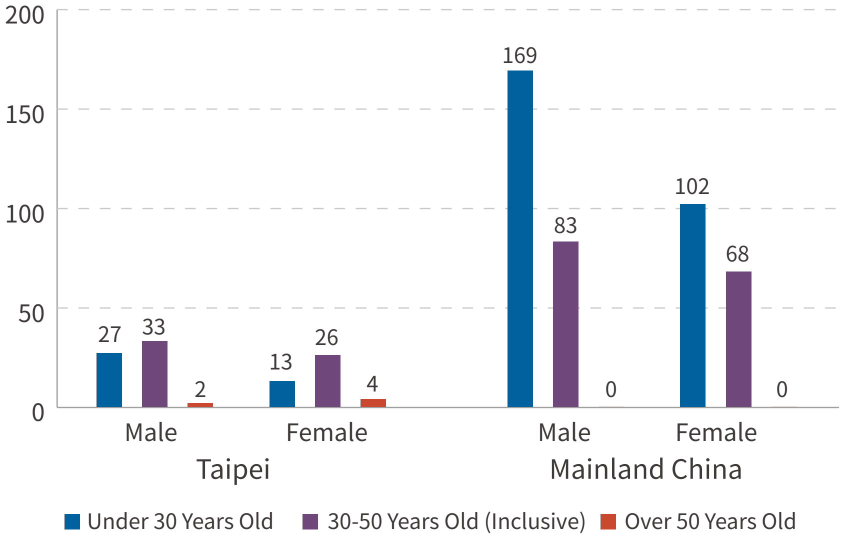
Notes 1: Statistical period: January 1, 2024 to December 31, 2024.
Notes 2: Annual hiring rate = Number of new hires during the year ÷ Number of employees at year-end.

✸Number of Employee Departures

Categories	Age	Taipei	Mainland China	Total
Female	Under 30 Years Old	13	102	115
	30-50 Years Old (Inclusive)	26	68	94
	Over 50 Years Old	4	0	4
	Total	43	170	213
Male	Under 30 Years Old	27	169	196
	30-50 Years Old (Inclusive)	33	83	116
	Over 50 Years Old	2	0	2
	Total	62	252	314
Total Employee Departures				527
Employee Turnover Rate				4.81%

Notes 1: Statistical reference date: December 31, 2024.
Notes 2: Employee turnover rate = Number of employees who left during the month ÷ (Total employees at the end of the month + Number of employees who left during the month).





Minimum Notice Period for Operational Changes

◎ At the Taipei site, the minimum notice period for termination of employment contracts is in accordance with Article 16, Paragraph 1 of the Labor Standards Act:

- For employees who have worked continuously for more than three months but less than one year, notice must be given at least 10 days in advance.
- For employees who have worked continuously for more than one year but less than three years, notice must be given at least 20 days in advance.
- For employees who have worked continuously for more than three years, notice must be given at least 30 days in advance.

Upon receiving the termination notice, employees are entitled to take leave during working hours to seek new employment, up to two working days per week, with wages paid during such leave. If the employer terminates the contract without observing the statutory notice period, the employer must compensate the employee with wages equal to the notice period.

Employee Compensation

Arizon upholds the principle of non-discrimination in compensation practices, ensuring that no employee is treated differently on the basis of race, ancestry, place of birth, gender, sexual orientation, age, marital status, appearance, disability, horoscope, or blood type. The Company has established clear procedures for salary administration, performance evaluation, and benefits management. Employee performance is assessed on a regular basis, and business results are appropriately reflected in employee compensation.

Market-Competitive Compensation

- Participate in industry and market salary surveys to ensure competitiveness. Salaries are determined based on employees' education, work experience, capabilities, and positions.
- Salary decisions are not influenced by gender, age, or other non-job-related factors.

Bonuses and Rewards

- Year-end bonus and incentives: The Company guarantees a minimum of 30 days of year-end bonus, with additional awards determined by business performance, employee position, and individual performance. Bonuses are designed to be both competitive and motivational, encouraging employees to contribute and grow with the Company.
- Employee profit-sharing: According to the Articles of Incorporation, when the Company makes a profit, at least 1% of the annual profit must be allocated as employee compensation.

Salary Adjustments

- Employee salaries are adjusted promptly upon promotion to recognize, encourage, and retain outstanding talent.

✸Annual Salary Increase Percentage

2023	2024	Increase Rate (%)
$617,580	$637,686	3.26

✸Ratio of Average Basic Salary (Female to Male)

Category	Taipei	Mainland China
Middle Management	119.09%	71.41%
General Staff	83.62%	103.62%

✸Ratio of Average Total Compensation (Female to Male)

Category	Taipei	Mainland China
Middle Management	121.45%	71.24%
General Staff	82.96%	95.81%

Notes 1: Middle Management: Employees at the managerial level with supervisory responsibilities.
Notes 2: General Staff: Employees below the managerial level without supervisory responsibilities.
Notes 3: Salary disclosure for full-time non-managerial employees can be found at: Market Observation Post System → Individual Company → Corporate Governance → Corporate ESG → Company ESG Information → ESG Disclosure (Individual Company Inquiry) → Social Indicators – Human Resource Development.

Parental Leave

In compliance with the Gender Equality in Employment Act and the Labor Standards Act, the Company has established a parental leave system. Employees, regardless of gender, are encouraged to take advantage of parental leave to foster a supportive workplace culture that allows them to balance work with childcare and family responsibilities.

Gender	Male	Female
Employees entitled to parental leave in 2024 (A)	12	21
Employees who took parental leave in 2024 (B)	12	21
Employees due to return from parental leave in 2024 (C)	12	16
Employees who actually returned in 2024 (D)	10	11
Employees who returned in 2023 (E)	2	6
Employees still employed one year after returning in 2023 (F)	1	4
Return-to-work rate	75%	
Retention rate	63%	

Notes 1：Employees due to return (C) = Number of employees scheduled to return from parental leave in the reporting year.

Notes 2：Retention (2024) = Employees who returned from parental leave in 2023 and were still employed as of December 31, 2024.

Notes 3：Return-to-work rate = Number of employees who actually returned from parental leave in the reporting year ÷ Number of employees scheduled to return (D/C).

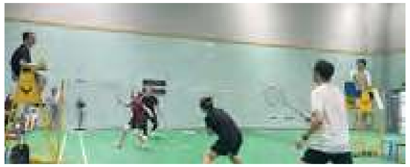
Notes 4：Retention rate = Number of employees still employed one year after returning from parental leave ÷ Number of employees who returned from parental leave in the previous year (F/E).

Employee Benefits

Arizon regards employees as important partners and valuable assets of the Company. In addition to a sound compensation system and statutory employee protections, the Company provides a diverse and flexible benefits program. These include various types of insurance coverage, subsidies, cash gifts, and social activities to enhance employee well-being.

Insurance			Maternity & Childcare Support	
Taipei	Mainland China		Taipei	Mainland China
❖ Labor Insurance ❖ Health Insurance ❖ Group Insurance ❖ Overseas Business Travel Accident Insurance	❖ Pension Insurance ❖ Medical Insurance ❖ Work Injury Insurance ❖ Maternity Insurance	❖ Unemployment Insurance ❖ Employer's Liability Insurance	❖ Childbirth Subsidy ❖ Maternity and Parental Leave ❖ Kindergarten Childcare Cooperation Program ❖ Lactation Room Facilities	❖ Childbirth Subsidy ❖ Maternity and Parental Leave ❖ Lactation Room Facilities

Bonuses & Subsidies	Health & Wellness
❖ Holiday, Labor Day, and birthday cash gifts ❖ Dragon Boat Festival and Mid-Autumn Festival gifts ❖ Marriage gifts, funeral condolence subsidies, hospitalization or disability subsidies ❖ Employee stock ownership	❖ On-site medical staff visits four times per month providing regular health checks exceeding the “Labor Health Protection Regulation” requirements ❖ Health checks ❖ Health education

Other Benefits			
❖ Department gatherings ❖ Night shift allowance ❖ Year-end parties and annual banquets ❖ Regular events and competitions ❖ Subsidies for continuing education	❖ Employee cafeteria ❖ Quality rest areas ❖ Convenience vending machines ❖ Company trips ❖ Employee referral bonuses	 Children's Day & Dragon Boat Festival Family Day	 Badminton Tournament

Labor Relations

To safeguard employee rights and maintain stable labor relations, Arizon has established multiple mechanisms for protection. In Taipei, four labor-management meetings are convened annually to ensure sufficient dialogue between representatives of both parties. The Company actively listens to employees' opinions and is committed to fostering an open and transparent communication environment, thereby promoting positive interactions and mutual understanding between supervisors, employees, and colleagues. Furthermore, the Company respects and supports employees' freedom of association, without interfering with their legal right to form unions or participate in employee groups. Employees are encouraged to organize and participate based on their personal willingness, and are guaranteed complete freedom and equality in the process. This further enhances employees' sense of engagement and belonging.

Retirement System

The Company's retirement system complies with the laws and regulations of the countries in which employees are employed.

In Mainland China, the Company signs employment contracts with employees in accordance with the Labor Contract Law of the People's Republic of China and other relevant regulations. Contributions are also made to the Housing Provident Fund in compliance with the Housing Provident Fund Management Regulations and the requirements of local governments.

At the Taipei site, subsidiaries follow the Labor Standards Act, Labor Insurance Act, and Labor Pension Act in providing employee protection and pension contributions. To ensure employees' well-being after retirement, the Company has established an Employee Retirement Policy and set up a Supervisory Committee for the Labor Pension Fund. Based on actuarial results, monthly contributions are made to the old pension system and deposited into a dedicated account at the Bank of Taiwan to safeguard employee rights.

Since July 1, 2005, the Company has also adopted the Labor Pension Act (New System). Under this scheme, the Company contributes 6% of employees' monthly wages into individual retirement accounts. Employees may also choose to make voluntary contributions, which are withheld from salaries and remitted to their individual retirement accounts with the Bureau of Labor Insurance. The key provisions of the Company's Employee Retirement Policy are as follows:

✸Voluntary Retirement Conditions

- Employees aged 55 or above with at least 15 years of service with the Company, or combined service with the Company and its affiliates.
- Employees with at least 25 years of service with the Company, or combined service with the Company and its affiliates.
- Employees aged 60 or above with at least 10 years of service with the Company, or combined service with the Company and its affiliates.

✸Mandatory Retirement Conditions

The Company may not enforce retirement unless one of the following conditions is met:

- The employee reaches the age of 65.
- The employee is physically or mentally disabled and unable to perform duties.

The determination of disability follows the first to sixth grades of disability classification under the Labor Insurance system. If the disability results from job duties, retirement benefits will be increased by 20%, in accordance with Article 55, Paragraph 1, Subparagraph 2 of the Labor Standards Act.

✸Service Years and Pension Calculation

- Years of service are calculated from the employee's date of hire. Service accrued before and after the implementation of the Labor Standards Act and the Labor Pension Act is combined, provided that the employee's service is continuous with the Company.
- Service years include assignments to affiliates or transfers from affiliates to the Company, with seniority combined for calculation purposes.
- For employees who served both at the Company and its affiliates and retire under the regulations, the total pension amount is apportioned among the respective companies based on the number of months of service at each entity.

Talent Development and Training

Impact

A comprehensive talent development plan that provides learning and growth opportunities enables employees not only to contribute their skills but also to acquire advanced knowledge and new expertise. This fosters a sense of belonging and commitment, enhances talent retention, and strengthens the Company's competitiveness. Conversely, the absence of a well-structured training system would prevent employees from responding effectively to job requirements, resulting in poor task execution, lower performance, and wasted resources.

Policy Commitment

The Company is committed to building a robust talent development and education system. By designing competency-based training programs for employees at all levels and functions, Arizon ensures long-term collaboration with talent and pursues a strategic approach to placing the right people in the right positions.

Actions Taken

- ❖ Establish clear career development pathways with opportunities for internal transfers and promotions.
- ❖ Provide systematic learning resources, including in-house instructors, online courses, and education subsidies, to enhance employee skills.
- ❖ Conduct regular talent reviews to support senior employees in advancing to management roles, strengthening human capital.
- ❖ Encourage skill growth through project-based assignments and diverse training programs covering general knowledge, professional skills, and emerging technologies.
- ❖ Design personalized learning paths, regularly update training roadmaps, and evaluate outcomes through assessments and feedback.

Short-Term Goals

Taipei:	Mainland China:
❖ Average training hours per employee: 1 hour	❖ Average training hours per employee: 6 hours
❖ Course completion rate: 95%	❖ Course completion rate: 92.5%
❖ Performance appraisal coverage: 100%	❖ Performance appraisal coverage: 100%

Mid- to Long-term Goals:

Taipei:	Mainland China:
❖ Average training hours per employee: 1.5 hours	❖ Average training hours per employee: 9 hours
❖ Course completion rate: 100%	❖ Course completion rate: 93.5%
❖ Performance appraisal coverage: 100%	❖ Performance appraisal coverage: 100%
❖ At least one additional course per year on new trends and new tools	

Evaluation Mechanism

Each year, training programs are planned and implemented based on departmental needs, accompanied by training satisfaction surveys. HR and department managers are responsible for reviewing and confirming the achievement of objectives.

Performance Results

❖ Total training hours exceeded 29,458, with 5,108 participants. Training was delivered through both in-person and online formats, covering topics such as business management, regulatory compliance, and quality engineering, with mobile app-based learning also available for real-time access. ❖ The course completion rate reached 93.62%.	❖ Performance appraisal coverage reached 74.30% in Taipei and 100% in Mainland China. ❖ External online courses were introduced, with professional lecturers hosting quarterly book clubs on different themes. In 2024, a total of 28 sessions were held, effectively enhancing employee learning outcomes and reinforcing corporate culture.

Stakeholder Engagement

In 2024, multiple feedback channels were adopted, including post-training surveys, assessments, and book clubs, to evaluate employee learning outcomes and understand their needs and expectations. This enabled the Company to provide more tailored learning resources and development opportunities to support employee growth.

Employee Training

To ensure sustainable development and equip the Company to meet diverse market and industry challenges, Arizon holds strategic consensus meetings on talent development for management, revises training and development regulations, and conducts capability assessments for employees at all levels. Through systematic and continuous talent development programs, the Company seeks to unlock employee potential, enhance performance, and provide diverse learning resources that encourage self-improvement.

✸Internal Training Programs

Onboarding Training:
Helps new employees become familiar with the work environment, understand the Company’ s vision, organizational structure, rules and regulations, and the operations of different functional and business units.

Management Training:
Aims to strengthen organizational management effectiveness and enhance team leadership and strategic thinking capabilities of managers at all levels.

Professional Training:
Focuses on developing the technical skills and professional competencies required by staff in various functional departments.

General Education Training:
Equips employees with knowledge and skills in independent work, workplace communication, and work management, supporting the Company’ s long-term operational goals and future business development needs.

✸External Training Programs

- The Company provides subsidies to encourage employees to participate in external training courses, enhancing job-related expertise and skills.
- Internal exchange meetings and thematic seminars are organized to allow employees to share professional knowledge, experiences, and best practices, thereby fostering mutual learning and growth.

In 2024, employee training in Taipei totaled 1,001 participants, with 1,273 training hours delivered, averaging 1.27 training hours per employee. In Mainland China, training involved 4,170 participants, with 28,185 training hours delivered, averaging 6.76 training hours per employee.

The employee training status in 2024 was as follows

Taipei

Unit: Hours/Participants

	Male		Female		Total	
Employee Category	Hours	Participants	Hours	Participants	Hours	Participants
Senior Management	12	8	0	0	12	8
Middle Management	12	10	19.5	20	31.5	30
General Staff	588.5	446	641	517	1,229.5	963
Total Training Hours / Participants	612.5	464	660.5	537	1,273	1,001

Average training hours per employee	Average training hours for male employees	Average training hours for female employees	Average training hours for senior management	Average training hours for middle management	Average training hours for general staff
1.27	1.32	1.23	1.50	1.05	1.28

Mainland China

Unit: Hours/Participants

	Male		Female		Total	
Employee Category	Hours	Participants	Hours	Participants	Hours	Participants
Senior Management	984	204	680	138	1,664	342
Middle Management	2,323	475	1,669	492	3,992	967
General Staff	9,437	1,461	13,092	1,400	22,529	2,861
Total Training Hours / Participants	12,744	2,140	15,441	2,030	28,185	4,170

Average training hours per employee	Average training hours for male employees	Average training hours for female employees	Average training hours for senior management	Average training hours for middle management	Average training hours for general staff
6.76	5.95	7.61	4.87	4.13	7.87

Training and Education Programs

✸Taipei

Category	Course Title	Training Hours (per session)	Participants	Frequency
Regular Courses	ABL Control Standards	24	262	Weekly
	AOI Inspector Operation Guidelines	0.5	143	Twice per month
	BOM Composition	3	39	Twice per month
	B Station Equipment Overview	3	125	Quarterly
Non-Regular Courses	ESG Training – Sustainability Trends and Practices	0.5	19	Annually
	IPQC Patrol Inspection Guidelines	0.5	29	
	ISO 14001:2015 & ISO 45001:2018 Internal Audit Training	0.5	1	
	RFID Bonding Process	0.5	5	
	RFID Theory and Practical Application	1.5	24	
	RFID Equipment Process Overview	1	9	
	SBTi Kick-off Meeting	6	15	
	Tag Manual Sample Production	1	17	
	Tagformance Measurement	1.5	3	
	Tagformance Measurement System Training	0.5	5	
	Voyantic Operation and Practice	2	28	
	Nonconforming Product Control Procedures	2	2	
	Cooling Water System Principles	0.5	1	
	Label Output Capability – Theory and Practice	3	8	
	Shear Tester Operation and Practice	1	14	
	Shear Tester Instructions and Practice	1	9	
	Key Points of the Labor Standards Act	0.5	4	
	Packaging Operation Guidelines	1.5	25	
	Hazard Communication – Safety and Health Training	1	3	
	Psychological Safety & High-Performance Teams	1	7	
	Optimizing Team Collaboration	0.5	2	
	Effective Task Execution for Supervisors	1	13	
	First Aid Training (3 hours every 3 years)	3	68	
	First Aid Safety & Health Training	6	1	
	First Aid Safety & Health Training (Basic)	1.5	22	
	Expense Reimbursement Training	6	1	
	Expense Reimbursement Application & New Vendor Setup	3	3	
	Documented Information Management	6	1	
	Organic Solvent Supervisor Safety & Health Training	24	1	
	Label Antenna Design	0.5	4	
	Label New Product Development Process	1	23	
	Label Finished Product Inspection Guidelines	3	1	
	Label Anomaly Analysis	24	1	
	Label Development & Production Management	2	1	
	Production Scheduling	1	13	
	Production Efficiency – Load Rate & OEE	0.69	40	
	Goal Planning and Execution Skills	1	10	
	Air Compressor System Principles	1.5	2	
	Pure Water System Principles	1	5	
	Introduction to Organizational Management	1	13	
	Performance Appraisal	6	1	
	Automatic Wrapping Machine Operation Guidelines	0.5	2	
	Forklift Operation (>1 Ton) Training	0.5	2	
	Laminating Station Operation Guidelines	1	23	
	Laminating Station Operation Guidelines (Station C)	1.11	9	
	Procurement Process Training	1	2	
	Fire Safety Manager – Refresher Training	4	4	

Category	Course Title	Training Hours (per session)	Participants	Frequency
Non-Regular Courses	Electronic & Electrical Green Product Regulations Seminar	2	4	Annually
	Leadership Coaching Skills for Supervisors	0.5	8	
	Effective Presentation and Communication Skills	0.5	13	
	Die Attach Station Operation Guidelines (B)	6	1	
Total	2024 Average Training Hours per Person		1.66 hours/person	
	2024 Total Training Expenditure		NTD 40,090	

✹Mainland China

Category	Course Title	Training Hours (per session)	Participants	Frequency
Regular Courses	New Employee Orientation	80	262	Weekly
Non-Regular Courses	5S Training	1	27	Annually
	FMEA Training	2	27	
	Workplace Safety Training	1.5	9	
	EFGP e-Form Development (I)	2	4	
	Sales Department SOP & Confidentiality Training	2	22	
	Supplier Management Training	1	6	
	Safety Risk Control	1	500	
	Fire Safety Training	1	500	
	DDA Line Change Training	8	19	
	AOI Line Change Training (Keyence)	2	5	
	Production Process Training (B/C/P&E)	3	28	
	Antenna Process Training (based on QC drawings)	1	40	
	ERP T100 System Query Operation Training	1.5	12	

Category	Course Title	Training Hours (per session)	Participants	Frequency
Non-Regular Courses	EFGP e-Form Development (II)	2	4	Annually
	System Maintenance & Security Audit Control	1	3	
	Customer Visit Etiquette Overview	1	15	
	IATF16949 SI Change Point Training	1	20	
	AOI Lens Tools Introduction	2	9	
	Process Capability Monitoring (CPK)	2	8	
	Safety Training	1	26	
	5S Management Training	1.5	12	
	Tax Topics (details by training institute)	16	8	
	Basic Computer & Network Operation	1	15	
	Order Scheduling & Production Flow Overview	1	23	
	SMETA Training	24	3	
	Warehouse Management	1	47	
	B Station Equipment Maintenance Training	1	13	
	C Station Laminator Line Change Training	8	8	
	Quarterly New Product Briefing & Application	3	46	
	Product Protection	1.5	11	
	EFGP e-Form Development (III)	2	4	
	Department Pricing Process Overview	4	14	
	FSC Certification Requirements Training	1	20	
	Potential Failure Mode & Analysis	2	7	
	Antenna Process Introduction	2	7	
	New MES System Training	1.5	12	
	Cross-Border Investment & FX Strategy	16	1	
	T100 Technical Transfer Training	2	16	
	RFID B Station Products & Process	2	23	
	Hazardous Chemicals Management Training	1	9	
	Team Safety Management & Awareness	1	30	
	Refrigeration & Air Conditioning Operations	16	1	
	Refrigeration & Air Conditioning Installation	16	2	

Category	Course Title	Training Hours (per session)	Participants	Frequency
Non-Regular Courses	JD.com – Management & Digital Innovation	16	1	Annually
	Vietnamese Language Training	47	20	
	TAL15K Line Change Training	8	11	
	C Station Equipment Maintenance Notes	2	7	
	DOE Experimental Design	1	13	
	Patent Knowledge & Application Strategy	1	34	
	Confidentiality & Non-Compete Training	1	30	
	QC Seven Tools Training	1.5	12	
	RFID C Station Products & Process	2	23	
	Quality System Planning Training	2	15	
	Carbon Verification Training	1	34	
	Labor & HR Legal Practices	1	3	
	Production Safety Responsibility System	1	504	
	TPM	2	19	
	DOE Practical Training	2	24	
	Team Collaboration Training	1.5	12	
	Unified Event & Threat Platform Training	1	3	
	Quality Inspection Process & Terminology	2	18	
	IP Management – 2023 Standard Training	16	2	
	Product Control Plan	2	11	
	Quality Tools Training	1	28	
	Enhancing Execution Skills	1.5	11	
	Accounting Continuing Education	24	8	
	FSC Order Process Overview	1	25	
	IP Management Requirements Training	0.5	50	
	High Voltage Electrician Refresher	16	1	
	Effective Problem-Solving Techniques	1	3	
	Occupational Health & Safety Protection	1	388	
	Team Leader Safety Training	8	35	
	Lean Production Training	1	13	

Category	Course Title	Training Hours (per session)	Participants	Frequency
Non-Regular Courses	8D Report Writing	2	14	Annually
	ESD Protection Training	1.5	14	
	Public Safety Training	2	8	
	MES Technical Transfer Training	2	14	
	IP Overview	1	20	
	Forklift & Cargo Lift Safety	1	30	
	Intellectual Property	2	8	
	Workshop Safety Officer Refresher	16	17	
	Lightning Protection Training	1	511	
	Die-Cutting Knowledge	2	8	
	Lean Training	1	26	
	Lean Value Stream Improvement	1.5	14	
	Endpoint Security Solutions	1	2	
	Safety Training	1	26	
	Safety Officer & OH Manager Refresher	16	24	
	B Station Equipment Circuit Diagrams	1	14	
	RFID New Applications, Materials & Market	2	20	
	FSC Management System Training	1.5	12	
	Customs Knowledge Overview	1	20	
	Procurement Negotiation Workshop	2	6	
	High-Altitude Installation & Maintenance	16	1	
	Printing Principles Overview	2	10	
	Hypothesis Testing	2	14	
	Patent Search Methods Training	1	15	
	New Product Development/Management Training	4	57	
	Employee Care Training	1.5	10	
	Hazardous Substance Reporting	1	19	
Total	2024 Average Training Hours per Person	6.76 hours/person		
	2024 Total Training Expenditure	CNY 76,440		

Enhancing Employee Competence and Transition Support

Employee Competence Enhancement Program

To strengthen employees' professional skills and work capabilities, the company has established a comprehensive set of development initiatives, offering well-rounded career support:

✸ Mentorship and On-the-Job Coaching

- Senior employees or supervisors serve as mentors, sharing practical experience and providing hands-on guidance to help employees enhance professional skills and problem-solving abilities.

✸ Job Rotation and Project Participation

- Opportunities are provided for employees to learn across different roles, engage in cross-departmental or new-field projects, gain practical experience, and foster teamwork and innovation.

✸ Knowledge Sharing and Community Learning

- Internal learning platforms—such as book clubs and learning communities—are established to encourage knowledge exchange and experience sharing among employees, creating a positive learning environment.

✸ Career Development and Planning

- Regular career consultations are conducted to help employees define future career directions, supported with resources and promotion opportunities to ensure clear professional goals.

✸ Career Pathways and Promotion Mechanisms

- Clear career progression paths and promotion criteria are set, enabling employees to plan their careers in alignment with company standards.

✸ Performance Management and Goal Setting

- Periodic performance reviews are conducted to provide feedback, assist employees in setting both short- and long-term goals, and ensure alignment with the company's strategic objectives.

✸ Team Building and Cross-Departmental Collaboration

- Regular team-building activities are organized to strengthen collaboration, encourage interdepartmental cooperation, and promote knowledge sharing and skill development

Transition Support Program

To maximize the professional value of retired employees and help them smoothly transition into retirement, the company provides the following support and measures:

✸ Consultancy and Project Participation

- Based on business needs, the company engages retired employees as consultants to provide professional guidance and advice or to participate in specific projects, allowing them to continue contributing their expertise and experience.

✸ Internal Training and Knowledge Transfer

- Retired employees are encouraged to serve as internal trainers, sharing professional knowledge and cultivating new talent.

✸ Part-Time Opportunities and Flexible Work Arrangements

- Part-time roles are offered to retired employees, enabling them to flexibly apply their skills and continue developing their professional careers.

✸ Retirement Transition Assistance

- The company provides career counseling to help employees explore new opportunities, flexible work arrangements to support gradual transition, and psychological support to help retirees adapt to new lifestyles.

In addition, the company sets retirement ages in accordance with relevant regulations and policies (e.g., age 50) and assists employees in completing retirement procedures, ensuring a smooth transition while continuing to leverage their professional value.

Employee Performance Evaluation

Arizon has established a comprehensive performance evaluation system, with different assessment criteria tailored to the professional functions of various job types. Both qualitative and quantitative indicators are applied to ensure fair evaluation, with the goal of helping employees improve their performance, enhancing organizational efficiency, and continuously optimizing company operations. In addition to evaluating work performance, the company has also implemented a competency assessment system, which covers four dimensions: work attitude, basic skills, professional skills, and managerial skills. Assessments are conducted every six months through self-evaluation, initial evaluation by line managers, and final evaluation by senior managers. Through the self-assessment process, employees can reflect on their work performance and capability development over the review period. Meanwhile, managers can identify employees' weaknesses and perception gaps by comparing self-assessment scores with managerial evaluations. This process serves as an important tool for subsequent coaching and competency-based interviews.

✸Number of Employees Receiving Regular Performance and Career Development Reviews in Taipei in 2024

Category	Male / No. of Employees	Female / No. of Employees	Total / No. of Employees	Percentage
Senior Management	2	0	2	0.93%
Middle Management	1	2	3	1.40%
General Employees	84	70	154	71.96%
Total Employees Receiving Regular Reviews	87	72	159	74.30%
Percentage	40.65%	33.64%	74.30%	-
Total Number of Employees	214			

Note: The difference between the number of employees receiving performance reviews and the total number of employees is due to the exclusion of foreign workers, employees on unpaid leave, and new hires still within the probationary period.

✸Number of Employees Receiving Regular Performance and Career Development Reviews in Mainland China in 2024

Category	Male / No. of Employees	Female / No. of Employees	Total / No. of Employees	Percentage
Senior Management	3	0	3	0.46%
Middle Management	16	5	21	3.24%
General Employees	341	283	624	96.30%
Total Employees Receiving Regular Reviews	360	288	648	100%
Percentage	55.56%	44.44%	100%	-
Total Number of Employees	648			

3.2 Occupational Safety and Health

Impacts

Protecting employees' lives and health is of utmost importance. When occupational safety and health (OSH) incidents occur, the potential impacts on the Company include:

- ❖ Higher employee injury and illness rates: OSH incidents may result in injuries or illnesses, directly affecting employees' health and quality of life.
- ❖ Increased operating costs: Handling OSH incidents increases operational costs, including medical expenses, workers' compensation, replacement of personnel, retraining, and potential litigation.
- ❖ Damage to corporate reputation: Failure to appropriately address OSH issues can damage the Company's reputation, erode employee and consumer trust, and weaken market position and competitiveness.

To mitigate these risks, the Company implements effective OSH management measures, including risk assessments, employee training, provision of appropriate personal protective equipment (PPE), regular inspections and equipment maintenance, and the establishment of emergency response plans.

Policy Commitment

The Company's policy statement explicitly commits to:

- ❖ Promoting a safety culture, encouraging safe behavior, providing necessary training and resources, and establishing open communication channels to embed safety awareness into organizational culture.
- ❖ Health Management: Offering comprehensive health management covering physical, mental, and social well-being. The Company engages outsourced nurses and physicians to provide health services, OSH education, and training to support employees' overall health.
- ❖ Declaring to employees and stakeholders its firm commitment to safety and health, and providing strategic direction for achieving these goals:
  - Life safety first, implement pollution prevention.
  - Fulfill social responsibility and comply with environmental and occupational safety regulations.
  - Develop green products and safeguard environmental sustainability.

Actions Taken

- ❖ Building a safe working environment by conducting comprehensive workplace monitoring and risk assessments, identifying potential hazards, and implementing control measures.
- ❖ Providing necessary safety facilities and equipment, such as warning signs and PPE, to protect employees.
- ❖ Conducting regular workplace inspections and safety training to ensure employee awareness of safety rules and procedures.
- ❖ Offering health checks and monitoring to detect and address work-related health issues at an early stage.
- ❖ Ensuring workplace safety and health through OSH risk prevention measures, thereby reducing incident rates, enhancing employee health, and improving work efficiency.

Evaluation Mechanism

In line with the Environmental, Safety and Health (ESH) supervision and monitoring procedures, each department sets management targets based on company-level goals and departmental responsibilities. Annually, departments review their performance using the ESH Objectives, Targets, and Program Completion Record, with verification and approval by the management representative. If targets are not met, departments must provide root cause analysis and improvement measures, which are followed up in the next review cycle.

Goals

Short-term:

- ❖ Quantitative:
  - Reduce occupational incident rate by at least 3% within three months through parallel implementation.
  - Within six months, ensure every employee receives adequate OSH training to strengthen safety awareness and behavior.
  - Zero cases of occupational diseases.
  - Zero fire incidents.
  - Zero major ESH accidents/incidents.
  - ≤ 3 minor ESH incidents per month.
- ❖ Qualitative:
  - Provide employee access to anonymous reporting of OSH issues or suggestions through bulletin board postings with contact information for senior management.
  - Hold regular OSH committee meetings to discuss plans and targets.
  - Conduct regular emergency response drills and review corrective and preventive measures to enhance safety awareness.

Mid- to Long-term

- ❖ Quantitative:
  - Reduce occupational incident rate to 0%.
  - Maintain zero cases of occupational diseases.
  - Maintain zero fire incidents.
  - Maintain zero major ESH accidents/incidents.
  - ≤ 2 minor ESH incidents per month.
- ❖ Qualitative:
  - Within the next three years, maintain the current occupational health management system, including regular health checks, environmental monitoring, and health consultations.
  - Within the next six years, ensure all employees recognize safety as the Company's top priority through continuous OSH communications and awareness campaigns.

Performance Results

- ❖ Zero fire incidents.
- ❖ Zero major occupational injuries.
- ❖ ≤ 1 minor ESH incident per month (total of 3 cases in 2024).
- ❖ Zero cases of occupational diseases.
- ❖ Disabling injury frequency rate: 1.56 (Taipei Plant).
- ❖ Disabling injury severity rate: 280 (Taipei Plant).

Stakeholder Engagement

In 2024, a total of 28 unacceptable risk items were identified across internal, external, stakeholder-related, and significant environmental considerations.

Four OSH committee meetings were held in 2024, in compliance with regulatory requirements of at least one meeting per quarter.

Occupational Safety and Health Overview

To safeguard the safety and well-being of our employees, we have established a dedicated occupational safety and health organization and personnel in line with the scale and nature of our operations, along with an occupational safety and health management system. The Taipei Plant, classified as a Category I enterprise, has set up a first-level dedicated management unit and completed the required filings. In 2024, the Taipei Plant successfully renewed its ISO 45001:2018 Occupational Health and Safety Management System certification and formulated a regular audit procedure to ensure the system's adequacy and effectiveness in preventing various incidents. All plants have obtained ISO 45001 certification, and in 2022, our Mainland China facility was further recognized through the "Healthy Enterprise of Yangzhou" initiative.

Workers Covered by the Occupational Safety and Health Management System

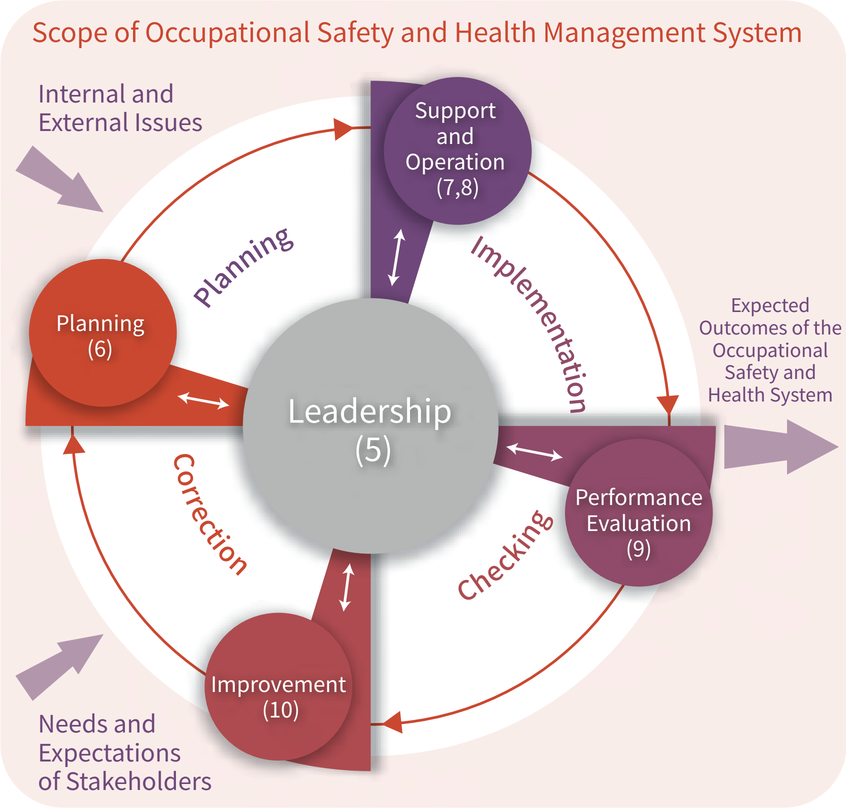
Our Occupational Safety and Health Management System covers all individuals working within the organization, including full-time employees, contractors, outsourced personnel, interns, visitors, and guests, achieving a 100% coverage rate.

Workers Covered by the Occupational Safety and Health Management System	Number of Employees		Contractors	Cleaning Service Providers	Security Service Providers
	Taipei Plant	Mainland China Plant			
Number of Workers	214	648	160	3	4

Occupational Safety and Health Management

In line with Arizon's business philosophy, we analyze both internal and external issues as well as stakeholder concerns to understand the company's position, ensure the effective operation of our management systems, mitigate operational risks, build corporate credibility, and achieve sustainable development. To further enhance our safety management standards, the company complies with all relevant regulations and international standards, and promotes occupational safety and health through systematic planning, implementation, evaluation, and improvement measures. Regular audits and continuous improvement ensure the sustained effectiveness of the Occupational Safety and Health Management System, while strengthening employees' sense of security and protection in the workplace. We are committed to providing a safer and healthier working environment for our employees, thereby realizing the shared goal of sustainable development for both the company and its workforce.

✸ Occupational Safety and Health Management System Flowchart



Occupational Safety and Health Committee

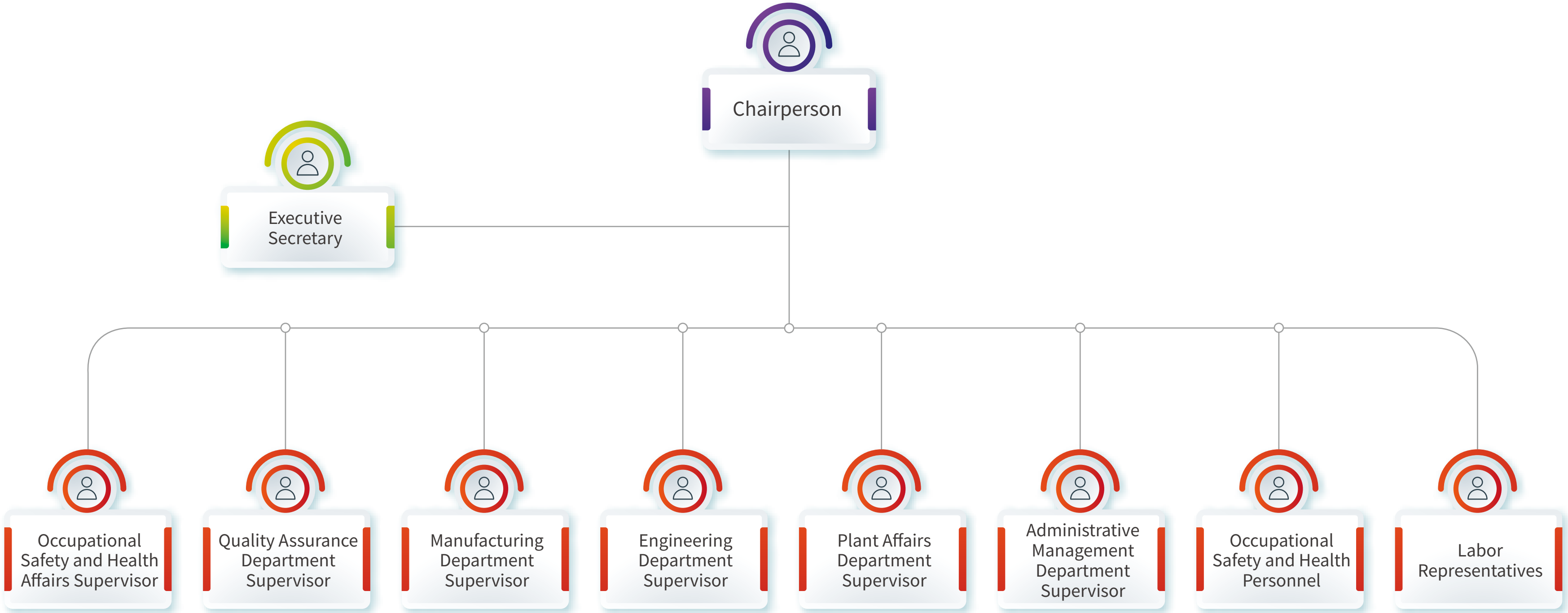
The Company has established an Occupational Safety and Health (OSH) Committee, which convenes regular management review meetings to examine and improve the operation of various systems, thereby ensuring continuous enhancement and corrective action. All inputs and outputs, such as reports, reviews, and resolutions related to the appropriateness and effectiveness of the Environment, Health, and Safety (EHS) management system, are systematically reviewed to drive ongoing improvement. Employees are also able to participate in OSH decision-making through labor representatives, ensuring that OSH policies align closely with the needs of frontline staff and achieve the goal of a safe and healthy workplace for all. The committee meets at least once every quarter, in compliance with legal requirements.

The Committee shall consist of no fewer than seven members, including the following representatives:

- Occupational safety and health personnel
- Supervisors, managers, and directors from various departments within the enterprise
- Engineering and technical personnel related to occupational safety and health
- Labor representatives (comprising at least one-third of the total number of committee members)

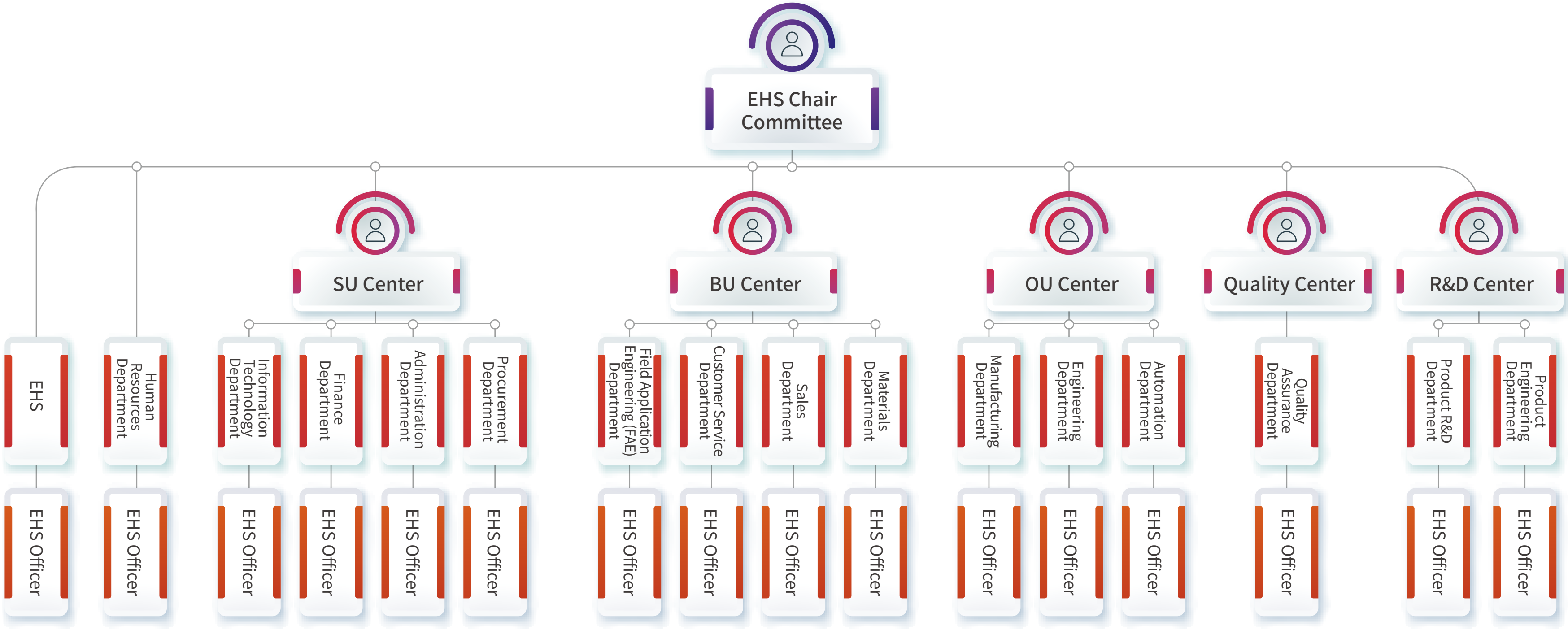
▼ Organizational Structure of the Occupational Safety and Health (OSH) Committee

✸ Taipei



✸Mainland China

EHS Organizational Structure



Employee participation and consultation are essential throughout the formulation, implementation, and evaluation of the Occupational Safety and Health (OSH) Management System, and are carried out in accordance with the following processes:

Ensuring employee participation and consultation > Soliciting participation and opinions from labor representatives > Holding meetings during the planning stage > Defining OSH objectives, policies, and procedures > Providing employees with training and resources > Collecting employee feedback and suggestions on the OSH management system > Conducting regular reviews of safety and health policies, procedures, and implementation at plant sites

To ensure workplace safety and hygiene, the Company has established effective communication and consultation channels with internal employees as well as external stakeholders and related organizations. Employees may raise suggestions or communicate regarding environmental and OSH policies, objectives, or management system operations through their supervisors, employee suggestion mailboxes, or at meetings. In addition, they may complete the EP-08-ES-02 Environmental and Occupational Safety and Health Internal and External Communication Record Form or submit feedback via email to their supervisors. A dedicated mailbox and telephone line for top management are also posted on the Company's bulletin board.

Through these processes, the Company ensures that sufficient participation and consultation are integrated into the formulation, implementation, and evaluation of the OSH Management System. These measures also ensure the provision of necessary OSH information and communication, fostering a workplace culture committed to safety and health, thereby improving the overall safety and well-being within the plants.

Hazard Identification, Risk Assessment, and Incident Investigation

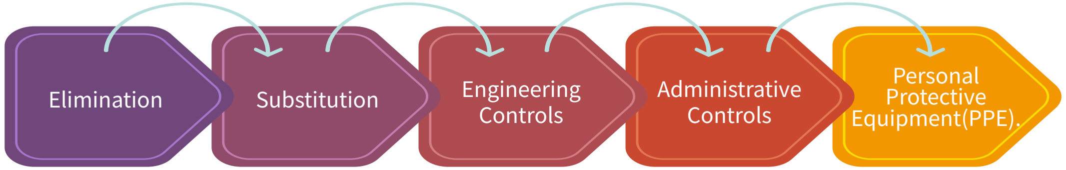
In accordance with the Occupational Safety and Health (OSH) Management System risk assessment, Arizon conducts comprehensive hazard identification and detailed risk assessments across all plant sites. Both routine and non-routine risk factors are evaluated, including physical, chemical, biological, psychological, and human-related aspects. The Company identifies and understands the sources of risk, implements regular inspections and monitoring procedures, assesses the effectiveness of control measures, and addresses potential issues to ensure risks are controlled within an acceptable level.

- Incident Investigation and Learning: Detailed investigations are conducted for all occupational injury incidents to analyze root causes and draw lessons to prevent recurrence of similar events.
- Emergency Response and Right to Withdraw: Employees who encounter imminent danger while performing their duties are entitled to immediately cease work and withdraw to a safe location, provided that doing so does not endanger others. They must promptly report to their direct supervisor, and the Company shall not reduce wages, benefits, or terminate employment contracts due to employees exercising this right in emergency situations. New employees are informed of this provision during general OSH orientation training.
- Hazard Identification and Risk Assessment: At least once a year, the Company conducts hazard identification, risk assessment, and verification activities covering all areas and processes within the scope of operations, ensuring that occupational health and safety risks are effectively managed and that control measures are properly implemented.

✸ Hazard Identification and Risk Assessment Process Flowchart

Steps for Hazard Identification, Risk Assessment, and Risk Control:

✸ Risk Control Hierarchy



✸ Inspection and Corrective Actions

Regular monitoring and inspections are conducted within the plants to ensure the effectiveness of preventive measures. Hazard assessment results are presented during management review meetings or addressed through corrective action requests. Occupational safety personnel or occupational health nurses provide recommendations for preventive measures to reduce or eliminate potential hazards, such as the provision of personal protective equipment, improvements to plant facilities, and training programs to strengthen employees' awareness and skills.

- Timing of Corrective and Preventive Measures: Corrective and preventive measures are implemented whenever the Environmental, Safety, and Health Management System encounters nonconformities, when stakeholders (e.g., contractors) raise complaints, or when regulatory authorities identify violations during inspections. These actions are carried out in accordance with the "Organizational Environmental Risk and Opportunity Assessment Management Procedure."

Occupational Safety and Health Training

To effectively prevent occupational accidents and safeguard employees' safety and health, the Company designs and implements systematic occupational safety and health training programs tailored to different job characteristics and risk profiles. An annual training plan is established, supported by four major prevention programs aimed at reducing potential workplace risks, protecting worker health and safety, and ensuring compliance with regulatory requirements. The training programs cover objectives, timelines, measures, resource needs, and performance evaluation mechanisms. Through the continuous "Plan–Do–Check–Act (PDCA)" cycle, employees are enabled to fully recognize potential hazards in the work environment and develop the capabilities needed to respond effectively.

✸Four Major Prevention Programs

Prevention Program Against Unlawful Infringement During Duty

Intended to prevent risks of physical or psychological harm to employees while performing their duties. Preventive mechanisms are reinforced through training and related protective measures.

Prevention Program for Ergonomic Hazards

Aimed at preventing musculoskeletal disorders caused by repetitive tasks, poor posture, and excessive exertion. Risk is evaluated through regular spot checks of health records and comprehensive assessments conducted every two years.

Maternal Health Protection Prevention Program

Designed to protect the health of pregnant and breastfeeding employees, preventing occupational hazards from affecting both the mother and the fetus. In 2024, the Company established a lactation room and underwent a labor conditions audit.

Prevention Program for Diseases Induced by Abnormal Workload

Focused on preventing overwork-related risks arising from shift work, night shifts, and long working hours. Regular occupational health education and training are provided.

✸2024 Occupational Safety and Health Training Programs

◆ General Training

- Basic safety knowledge (including use of PPE, safety signs, and evacuation procedures)
- Accident prevention (e.g., slips, trips, and falling objects)
- Fire safety (including use of fire extinguishers and preventive measures)
- Emergency response (including evacuation procedures and communication methods)
- Chemical safety (introduction to common chemical risks, incorporating H-CARD for risk management)

◆ Specific Training

Targeted training provided according to job types and responsibilities:

- OSH affairs supervisors
- OSH management personnel
- Operators of hazardous machinery and equipment (e.g., forklifts)
- First-aid personnel
- Supervisors of organic solvent operations

◆ General Education and Training

- Orientation safety and health training for new employees
- General safety and health education and training
- General hazard awareness training

✸ Status of Occupational Safety and Health Training by Plant

Plant	Course Title	Participants	Training Hours
Taipei	Chemical & Hazard Awareness OSH Training	936	2,808
Taipei	General Safety and Health Training	500	1,500
Taipei Total		1,436	4,308
Mainland China	Fire Safety Training	262	1,572
Mainland China	Occupational Hygiene Training	262	2,096
Mainland China	Emergency Evacuation Drill	615	1,230
Mainland China	Occupational Health Hazard Training	262	131
Mainland China Total		1,401	5,029
Grand Total		2,837	9,337



Collaborating with Suppliers and Customers to Implement Occupational Safety and Health Management

The Company places great importance on the occupational safety and health (OSH) management of contractors, striving to ensure that all contractors entering the workplace comply with relevant OSH regulations and operational standards. To prevent and reduce occupational safety and health risks, the Company has established comprehensive procedures covering contract issuance, outsourced construction work, installation of process machinery and equipment, pipeline configuration, maintenance, and related activities. These procedures also apply to the management of construction personnel, vehicles, and equipment.

In 2024, Taipei recorded a total of 56 construction contracting cases involving 160 participants, while Mainland China recorded 73 cases involving 142 participants. Through institutionalized management and close communication, the Company works hand-in-hand with suppliers and partners to jointly implement OSH management and safeguard workplace safety.

Supplier Management Procedures:

Contractor Evaluation and Selection

Prior to construction, contractors must complete a construction application form for the Company's review and evaluation. This ensures that contractors possess an adequate safety management system and the capability to implement it. The evaluation includes review of past safety records, ability to execute safety procedures, and the availability of appropriate measures.

Safety Training and Education

Contractors are required to provide records of specialized safety training and education for specific operations, and to ensure that their employees understand relevant safety requirements and procedures (e.g., forklift operation).

Safety Inspections

Regular safety and compliance inspections are conducted at contractor worksites to verify adherence to applicable safety standards and regulations. Inspections include workplace safety facilities, operating procedures, use of personal protective equipment, and self-inspection mechanisms.

Risk Management and Control

When collaborating with contractors, the Company evaluates potential safety risks and implements measures to control and manage them, such as defining safe work methods, providing safety guidance, and conducting supervision.

Incident Reporting and Investigation

Contractors are required to immediately report any incidents or safety events, followed by appropriate investigations to identify root causes and recommend corrective actions to prevent recurrence.

Contractor OSH Evaluation Form

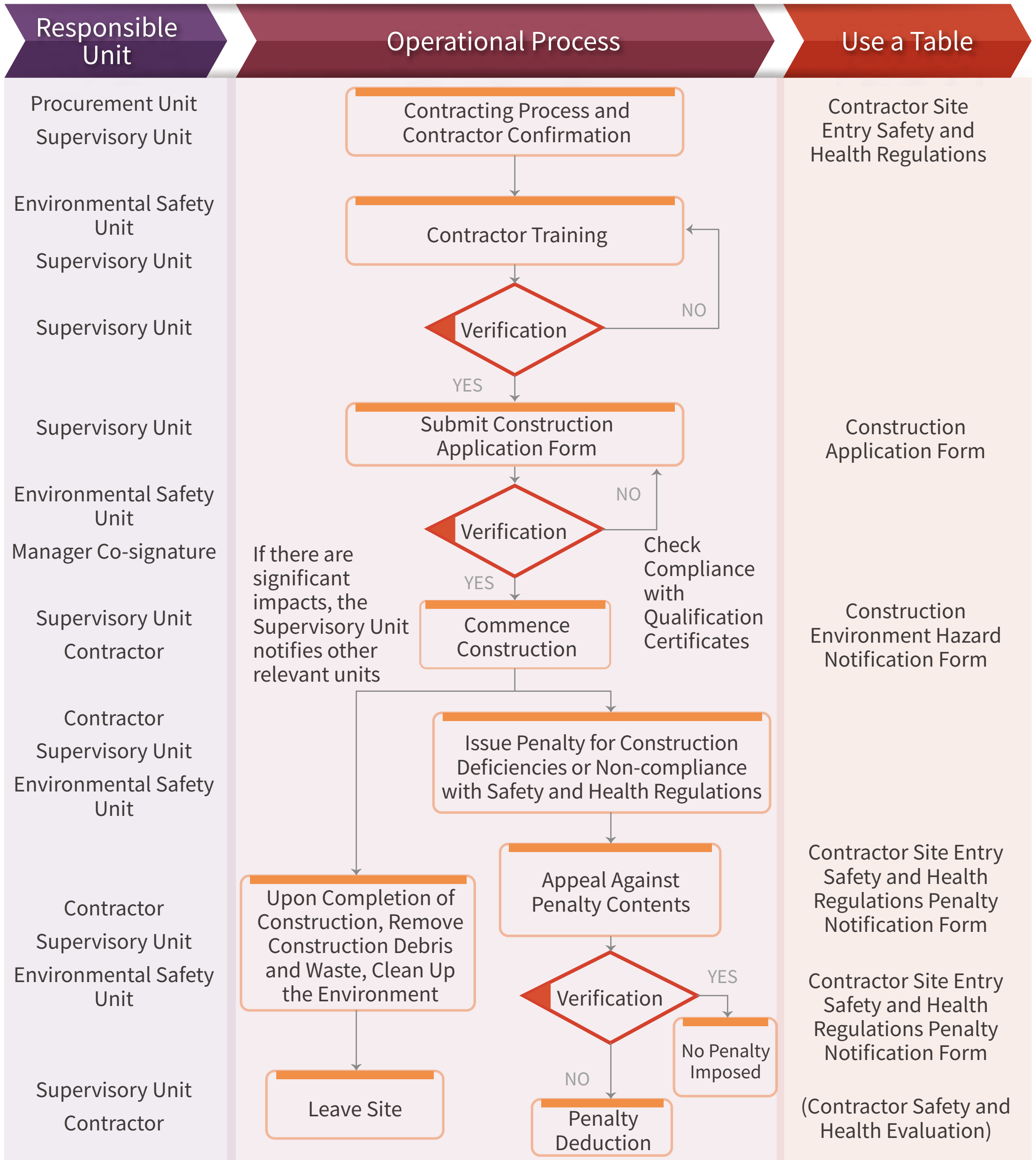
Construction units must undergo an OSH evaluation conducted by the Company's EHS unit. Contractors receiving a score below 80 points are prohibited from entering Company facilities for construction work for one year.

Promoting Occupational Safety and Health with Customers and Suppliers in Mainland China:

- By utilizing customer surveys, correspondence, and on-site visits, the Company gathers information on customers' occupational health and safety requirements. These requirements are then integrated into internal evaluations and translated into corresponding management measures.
- Through on-site audits and surveys of suppliers, the Company communicates occupational health and safety management requirements to suppliers and supervises their implementation.

Through effective contractor management procedures, the Company enhances overall workplace safety, prevents and mitigates potential negative impacts and hazards related to OSH, protects employee health and safety, and ensures the continuity and sustainable development of business operations.

Contractor Management Flowchart



Occupational Health Services

Occupational health services are designed to ensure employee health and safety in the workplace and to minimize potential hazards and risks. The Company provides the following occupational health services to identify or eliminate hazards and reduce risks to the lowest possible level:

- Engage an occupational health service institution accredited by the Occupational Safety and Health Administration to establish an occupational health management system, manage employee health conditions, and provide necessary health education, training, and support.
- Provide employee health examinations. Annual health checks are conducted for all employees, and a high-risk list is established with regular follow-up.
- Provide comprehensive health insurance plans, such as additional insurance, to help employees access quality medical services and reduce the financial burden of medical expenses.
- Items beyond regulatory requirements: Implement ergonomic hazard prevention in plant design and optimization to ensure employees adopt comfortable working postures. This includes adjusting desk and chair heights, providing sufficient space for movement and operation, and arranging workstations to reduce twisting or overreaching. Provide appropriate rest areas and encourage employees to take regular breaks and exercise to prevent long-term static postures from causing stress on muscles and bones. Provide health education and monitoring feedback to make employees aware of ergonomic risk factors and how to prevent these problems by changing work habits and lifestyle. In addition, conduct annual ergonomic health suitability assessments, provide feedback, and help employees adjust work habits and postures to reduce the risk of musculoskeletal disorders.
- A total of 5 AEDs and 8 first aid kits are installed in the factory. AEDs and first aid kits are placed in easily accessible locations and clearly marked where needed. Ensure that each area has at least one AED and one first aid kit, visible and accessible to all employees. Designated personnel are trained in AED use and first aid, and are capable of using AEDs effectively and handling supplies in the first aid kits. In addition, expired or damaged first aid supplies are regularly replaced to ensure the best emergency response results.
- Regularly organize first aid training and drills to ensure all employees know how to respond to emergencies.
- Inspection and maintenance: Regularly inspect the integrity and effectiveness of AEDs and first aid kits.
- Post emergency response contact lists in production, office, and warehouse areas to enable immediate emergency response in case of accidents.

Health Promotion

In addition to focusing on workplace safety, the Company also promotes employee health through various initiatives, helping employees maintain good health outside of work, reduce disease burdens, and enhance work efficiency and well-being. Health promotion services include:

- Provision of Health Resources:
  Collect up-to-date health and safety information such as health websites, magazines, and seminars to help employees increase health knowledge and adopt healthy behaviors.
- Health Promotion Programs:
  Implement health promotion initiatives, including employee health education, hygiene guidance, and workplace health promotion activities. These programs help employees better understand correct health-related concepts, adopt positive health behaviors, and detect and treat potential health problems at an early stage.
- Designated Personnel:
  Assign responsible personnel to conduct regular inspections of AEDs and first aid kits using checklists. A QR-code record system is established to track AED inspections and maintenance, enabling monitoring and evaluation of effectiveness.

Occupational Injury Statistics

Through ongoing education and training, awareness programs, and preventive measures, the Company seeks to reduce the incidence of occupational injuries. Causes of occupational injury incidents may include improper equipment operation, vehicle-pedestrian collisions, equipment-related electric shocks, and chemical hazards. In 2024, Arizon recorded a total of four occupational injury cases (one in Taipei and three in Mainland China). All incidents were appropriately managed, corrective actions were taken to prevent recurrence, and injured employees received the necessary medical assistance. No occupational injury incidents involving non-employee workers occurred in 2024. To prevent future occupational injuries, the Company further investigates root causes and implements improvements, such as replacing protective equipment, strengthening safety operation awareness, improving signage, upgrading seating equipment, and conducting daily inspections by team personnel.

Year		2024		
Plant / Site		Taipei	Mainland China	Total
Total Working Hours (hours)		309,040	1,900,507	2,209,547
Occupational Injuries	Number of General Occupational Injuries (days lost within 180 days)	1	3	4
	Number of Severe Occupational Injuries (days lost greater than 180 days)	0	0	0
	Number of Recordable Occupational Injuries	1	3	4
	Number of Occupational Injury Deaths	0	0	0
	Days Lost[1]	30	253	283
	Rate of Severe Occupational Injuries[2]	0	0	0
	Rate of Recordable Occupational Injuries[3]	0.65	0.32	0.36
	Rate of Deaths Due to Occupational Injuries[4]	0	0	0
Occupational Diseases	Number of Occupational Diseases	0	0	0
	Number of Occupational Disease Deaths	0	0	0
	Rate of Deaths Due to Occupational Diseases[5]	0	0	0
	Number of Recordable Occupational Diseases	0	0	0

Notes1 : From the date of injury or death, the total number of lost workdays for a single case includes the days the injured party is temporarily (or permanently) unable to return to work, excluding the day of injury and the day of return to work. However, it includes all intervening days (including Sundays, holidays, or shutdown days) and any days lost due to the injury after returning to work.
Notes2 : Severe Occupational Injury Rate = [Number of Severe Occupational Injuries (excluding deaths) × 200,000 hours] / Total Hours Worked.
Notes3 : Recordable Occupational Injury Rate = (Number of Recordable Occupational Injuries × 200,000 hours) / Total Hours Worked.
Notes4 : Rate of Deaths Due to Occupational Injuries = (Number of Deaths Due to Occupational Injuries × 200,000 hours) / Total Hours Worked.
Notes5 : Rate of Deaths Due to Occupational Diseases = (Number of Deaths Due to Occupational Diseases × 200,000 hours) / Total Hours Worked.

3.3 Human Rights Protection

Impacts

- Failure to establish effective monitoring mechanisms, policies, and processes to ensure respect for and protection of human rights may result in the infringement of the rights of employees, suppliers, consumers, or other stakeholders.
- Implementing human rights management helps foster a workplace culture of respect and inclusion, motivates employees, strengthens supply chain resilience, and enhances brand image and investment appeal, thereby injecting positive momentum into the Company's sustainable development.

Policy Commitment

The Company complies with the principles of the United Nations Global Compact and aligns with the spirit and principles of international conventions, including the Universal Declaration of Human Rights, the ILO Declaration of Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights. Based on these frameworks, the Company has established its Human Rights Policy.

Actions Taken

- Conduct human rights awareness campaigns from time to time.
- Carry out employee human rights due diligence.

Evaluation Mechanism

The Human Resources Department regularly monitors and reports to the Sustainability Development Center.

Goals

Short-term:	Mid- to Long-term:
❖ Zero incidents involving human rights violations. ❖ Promote human rights awareness campaigns and provide training.	❖ No incidents involving human rights violations occurred. ❖ Continue to promote human rights awareness campaigns and training, strengthen supplier management, and conduct human rights risk audits for key suppliers.

Performance Results

- Hired 2 employees with disabilities.
- Zero cases of penalties from government authorities for human rights-related violations in 2024.
- In 2024, conducted human rights training in Mainland China with 262 participants (1 hour per session).

Stakeholder Engagement

- Regularly disclose relevant information through the Company's investor relations section on its official website and the Market Observation Post System (MOPS).
- Communicate with stakeholders through the annual shareholders' meeting and quarterly investor conferences.
- No incidents related to this topic occurred with stakeholders in 2024.

Human Rights Policy

The Company strictly complies with local labor regulations and supports the core principles of international conventions such as the Universal Declaration of Human Rights, the United Nations Global Compact, and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. These principles are embedded into daily operations and all business activities to ensure compliance with relevant standards. The Company takes a proactive approach to human rights issues, integrating them into all aspects of business considerations, with applicable coverage extending to employees, customers, suppliers, and other business partners.

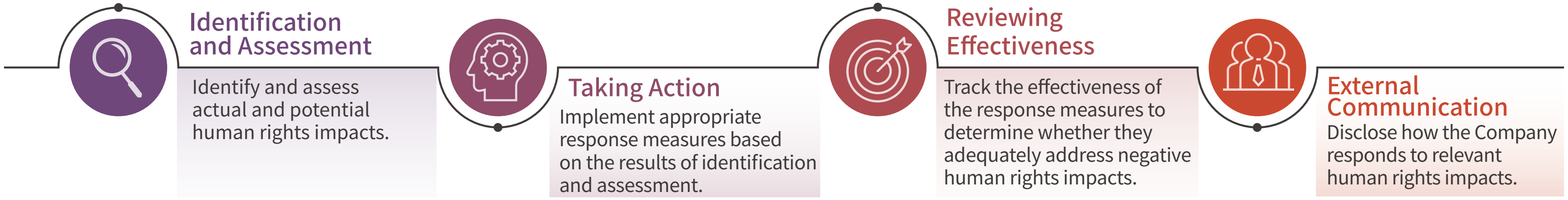
In 2024, the Company continued to promote human rights protection during weekly meetings to ensure the safeguarding of fundamental labor rights. In cases of major changes, procedures were handled in accordance with the Taipei Labor Standards Act through labor-management consultation. Furthermore, to promote gender equality and prevent workplace bullying, the Company established the Measures for Prevention, Complaints, and Penalties on Sexual Harassment, issued a Written Statement on the Prohibition of Workplace Violence, and provided accessible complaint channels. The Company also underwent SMETA audits to further strengthen its corporate social responsibility system and effectively safeguard employee rights. No human rights-related complaints were received in 2024.

We place particular emphasis on the following issues and corresponding actions:

Human Rights Issue	Specific Management Measures	2024 Implementation Status
Elimination of unlawful discrimination and ensuring equal employment opportunities	The Company has established the Anti-Discrimination Management Procedure, which prohibits discrimination in wage distribution, promotion, rewards, and training opportunities on the basis of race, color, age, gender, sexual orientation, gender identity and expression, ethnicity, disability, pregnancy, religion, political affiliation, union membership, protected veteran status, genetic information, or marital status.	No discrimination incidents occurred in 2024; 2 employees with disabilities were hired.
Prohibition of forced labor	All work at the Company is voluntary. No one is permitted to prohibit or force employees to work, nor engage in exploitation, slavery, or human trafficking. Working hours do not exceed the maximum limit set by the Labor Standards Act. Total weekly working hours, including overtime, shall not exceed 60 hours, and employees must have at least one day off every 7 days. All overtime work is voluntary, and the Company does not compel employees to work overtime.	❖ Implemented working hours management to ensure compliance with the Labor Standards Act. ❖ No incidents of forced or compulsory labor occurred in 2024.
Prohibition of child labor	The Child and Juvenile Worker Management Regulations stipulate that no child under the age of 16 shall be employed.	No child labor employed in 2024.
Employee health and work-life balance	Provide on-site medical care, regular employee health examinations, year-end parties, employee trips, and various recreational competitions and activities to support employees' physical and mental well-being and foster cohesion.	In 2024, Arizon organized 7 recreational activities and competitions with a total of 1,267 participants. In addition, 232 employees underwent health examinations, and 186 participated in occupational health check-ups.

Human Rights Risk Identification and Assessment

Arizon values the safety, health, and dignity of all employees, and complies with relevant labor regulations and international human rights conventions, including the Labor Standards Act, the Occupational Safety and Health Act, and the Gender Equality in Employment Act. The Company conducts regular human rights due diligence to identify and assess risks related to human rights issues. The process is as follows:



Identification and Assessment
Identify and assess actual and potential human rights impacts.

Taking Action
Implement appropriate response measures based on the results of identification and assessment.

Reviewing Effectiveness
Track the effectiveness of the response measures to determine whether they adequately address negative human rights impacts.

External Communication
Disclose how the Company responds to relevant human rights impacts.

Human Rights Due Diligence

The Company strictly complies with local labor regulations and supports the core principles of international conventions, including the Universal Declaration of Human Rights, the United Nations Global Compact, and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. Guided by these principles, the Company has established a Human Rights Policy to ensure that all relevant personnel are treated fairly and with dignity. The Company is committed to respecting human rights in employee recruitment, management, and development.

Arizon references international human rights conventions, relevant guidelines, and human rights due diligence reports issued by benchmark enterprises to consolidate human rights risk issues and evaluate potential human rights risks across the value chain. These assessments are incorporated into the human rights risk assessment process. This year, a human rights risk assessment was conducted for internal employees through an online questionnaire.

The questionnaire assessed both the likelihood of occurrence and the severity of various human rights risk issues. Likelihood of occurrence: 0 = Will not occur, 1 = Low likelihood (1%–30%), 2 = Moderate likelihood (31%–60%), 3 = High likelihood (greater than 61%). Severity: 0 = No impact, 1 = Minor, 2 = Serious, 3 = Very serious. Based on the survey results, a Human Rights Risk Matrix was developed, and human rights risks were classified into three levels:

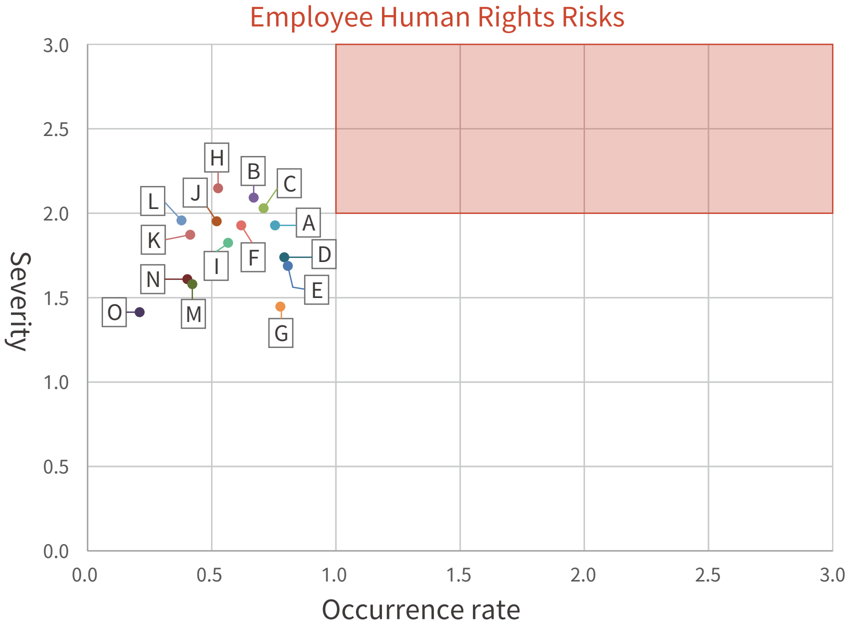
High Risk > 1 and Severity > 2

Medium Risk > 1 and Severity < 2

Low Risk < 1

Collected a total of 85 questionnaires, and the evaluation results are as follows:

Risk Issue		Product	Ranking
Low Risk	Right to Health - Health Protection Measures	1.37	1
	Right to Health - Provide Occupational Safety Education and Training	1.35	2
	Protection of Working and Employment Conditions	1.35	3
	Non-discrimination - Recruitment	1.24	4
	Privacy Protection	1.24	5
	Freedom of Speech and Expression - Protect Freedom of Speech and Expression	1.20	6
	Freedom of Speech and Expression - Provide Channels for Speech and Expression	1.13	7
	Personal Freedom and Safety	1.13	8
	Right to Family Life - No Harm to Family Life Rights	1.09	9
	Non-discrimination - Promotion	1.01	10
	Right to Family Life - Provide Parental Support and Benefits	0.79	11
	Forced Labor	0.75	12
	Freedom of Assembly and Association - Protect Freedom of Assembly and Association	0.68	13
	Freedom of Assembly and Association - Establish Collective Bargaining Mechanisms	0.65	14
	Child Protection	0.37	15



According to the results of the 2023 employee human rights due diligence survey, no human rights issues of medium risk or above were identified. Building on this outcome, the Company continued to monitor potential human rights risks in 2024 and strengthened relevant preventive and mitigation measures to ensure the effectiveness of the existing human rights response mechanisms. Looking ahead, the Company will revisit the human rights risk assessment process as needed, based on changes in the operating environment and practical requirements, to continuously enhance human rights management practices.

Human Rights Education and Training

To raise employees' awareness of compliance requirements in the course of their duties, the Company updates or introduces relevant regulations annually and reinforces them through repeated awareness training. This ensures that employees comply with legal and ethical principles, safeguard Company assets, rights, and corporate reputation, avoid violations, and support the Company's sustainable operations. In addition, the Company organizes and participates in both internal and external human rights training programs. In 2024, the Company provided human rights protection training for employees in Mainland China, with a total of 262 training hours and 262 participants. Through these programs, employees gained a deeper understanding of workplace ethics and social responsibility, contributing to an improved working environment, enhanced employee quality, and the long-term sustainable development of the Company.

2024 Internal and External Stakeholder Whistleblowing Mailbox / Hotline

✷Complaint Channels:

Human Resources Department: (886) 2 2269-0700 ext.632

Taipei Complaint Channel: tw-hr@arizonrfid.com

Mainland China Complaint Channel: Company suggestion box

3.4 Shared Prosperity with Society

In today's business environment, the role of enterprises goes beyond creating economic value; they are also expected to actively assume social responsibility and contribute to sustainable social development. As a responsible enterprise, we recognize the interdependent relationship between business and society, and we consistently uphold the philosophy of "shared prosperity with society." We are committed to closely integrating corporate growth with public welfare initiatives. We believe that enterprises can not only achieve success in their own operations but also generate positive impact and contributions to society through active participation in charitable activities.

Therefore, we strive to give back to society through concrete actions. We not only encourage our employees to actively participate but also collaborate with various stakeholders, contributing through multiple channels and approaches to create greater well-being for society. These philanthropic efforts not only change the lives of others but also bring our employees a sense of pride and accomplishment in every practice, while collectively advancing social progress. We firmly believe that when enterprises and society move forward hand in hand, it leads to mutual success and the creation of a more prosperous and harmonious future.

2024 Achievements:

Taipei Plant

✷"Love in Action – Blood Donation Campaign"

On December 23, 2024, the Company organized its first blood donation campaign, successfully held at the Banqiao Blood Donation Center. The event encouraged enthusiastic participation from employees, who supported medical institutions by donating blood. Despite the cold winter weather, colleagues rolled up their sleeves, demonstrating their passion for public welfare and further underscoring the Company's commitment to social responsibility.

This blood donation campaign aimed to raise public awareness of the importance of blood donation and encourage broader community participation. As Arizon's first blood donation event, it not only supported the stability of the medical system but also strengthened team spirit among employees, enhancing their sense of responsibility and awareness toward social care. A total of 28 employees participated in this meaningful initiative.

✸Small Contributions, Great Care: Joining Hands to Support Public Welfare

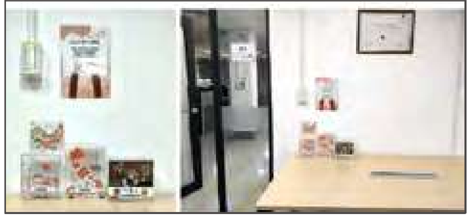
To support social welfare and help disadvantaged groups, while fulfilling the social dimension of our ESG commitments, we encourage employees to transform their everyday actions into positive impact. Donation boxes for spare change and receipts, benefiting the Eden Social Welfare Foundation and the Forever Love Animal Association, have been set up in designated office areas. Through this simple and accessible initiative, we hope to make compassion an integral part of our workplace culture.

Taipei Office – Placed on the cabinet next to the copier

Spare Change and Receipt Donation Box – We invite colleagues to actively participate. Small contributions, great love.

The Eden Social Welfare Foundation has long been dedicated to supporting people with disabilities and disadvantaged families by providing employment assistance, daily care, and educational resources to help them overcome challenges and improve their quality of life. The Forever Love Animal Association focuses on rescuing, caring for, and rehoming stray animals, promoting the values of adoption over purchase and respect for the equality of life. These organizations' efforts reflect Arizon's commitment to social inclusion and diversity. We sincerely invite all employees to actively participate in this act of kindness. Whether it is a receipt or a coin, every contribution carries the power to warm lives. By pooling these resources, we not only deliver care but also demonstrate the Company's solidarity and collective goodwill, embedding the spirit of public welfare into daily work and culture. Together, we bring tangible support and hope to disadvantaged groups and voiceless lives, spreading greater positive energy throughout society.

Taipei Plant – Placed on the lunch table in front of the 2F small meeting room

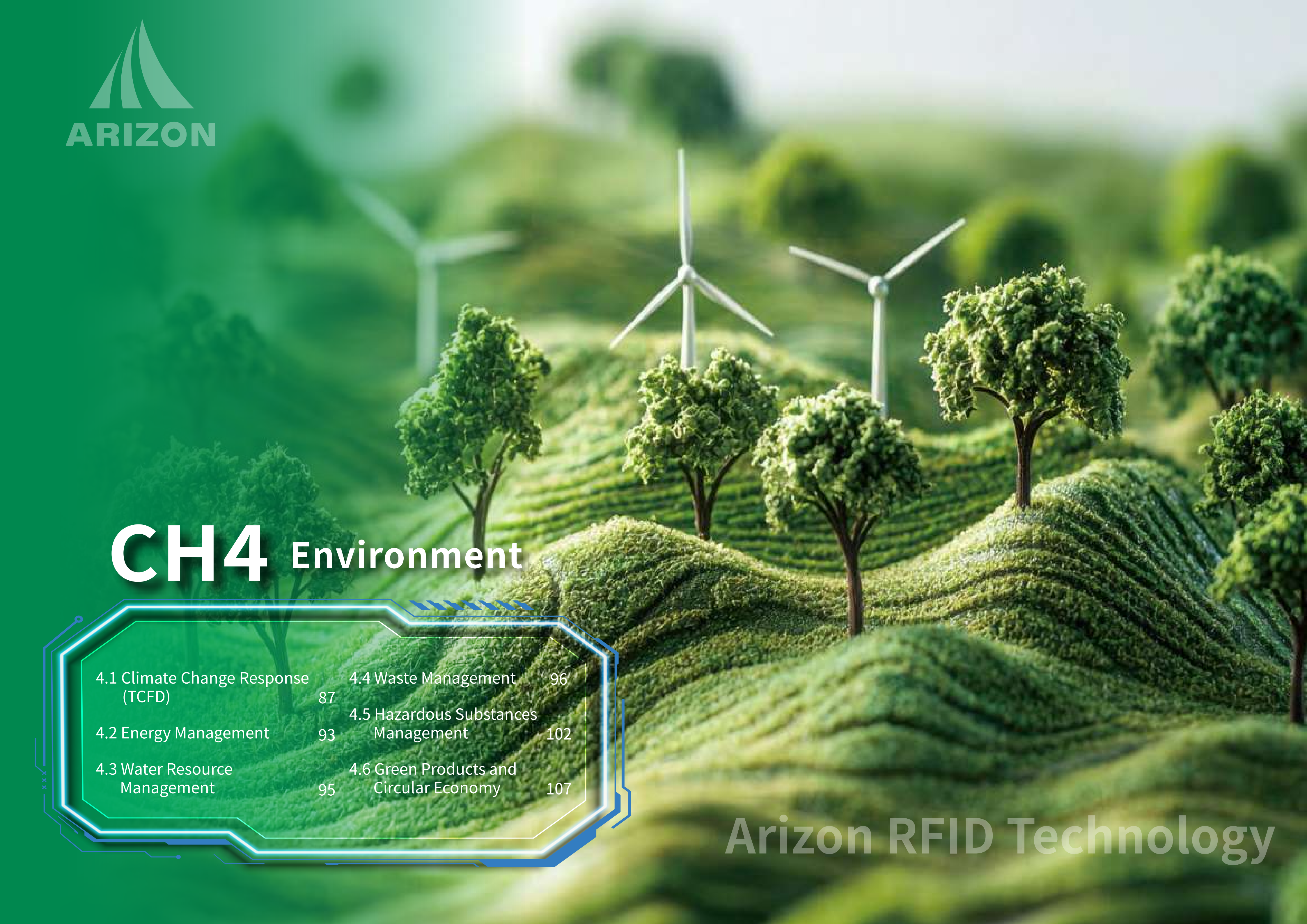


Mainland China

✸Visiting a Special Education School

On November 28, 2024, Thanksgiving Day, company department heads, led by Chairman Xia of the labor union, visited Yangzhou Special Education School, bringing daily necessities and food to show care for the school's long-supported blind student orchestra. The children of the blind orchestra expressed their gratitude and appreciation. The Company's management was deeply moved by the students' dedication and reaffirmed their commitment to continuously support and care for the orchestra, ensuring that this warm school–enterprise partnership activity will carry on into the future.

CSR Philosophy	Service Focus	Service Project	Target Group	Action Plan	Service Benefits
Promoting Technology Education	SSDG 4 – Quality Education	Expand the coverage of early childhood education, with a particular focus on disadvantaged groups	Special Education School Children	On special occasions, bring daily necessities and food to Yangzhou Special Education School to visit the blind student orchestra the Company has supported for many years	❖ Department heads participated in the activity under the leadership of Union Chairman Xia. ❖ Brought daily necessities and food to Yangzhou Special Education School to visit the long-supported blind student orchestra. ❖ The children of the blind orchestra expressed their gratitude and appreciation. ❖ The Company's management was moved by the children's efforts and pledged to continue supporting the orchestra, ensuring that this warm school–enterprise partnership will be sustained.



CH4 Environment

Arizon RFID Technology

4.1 Climate Change Response (TCFD)

On January 10, 2024, the World Economic Forum released the Global Risk Report 2024, which highlighted that environmental risks continue to rank among the top concerns for the next decade. The Company recognizes the environmental, economic, social, and health challenges posed by climate change and acknowledges that addressing this issue is critical to sustainable business operations. Since 2023, the Company has adopted the Task Force on Climate-related Financial Disclosures (TCFD) recommendations issued by the Financial Stability Board as the framework for evaluating the potential impacts of climate change on the Company. Through this framework, the Company identifies climate-related risks and opportunities, while implementing measures to mitigate and manage the effects of environmental changes on its operations.

Governance

The Company has established a Sustainability Development Center, with a Chief Sustainability Officer responsible for promoting sustainability. This unit is tasked with planning, advocacy, and implementation, while the Board of Directors serves as the highest decision-making and supervisory body, ensuring the Company fulfills its corporate social responsibility. The organizational structure of the Sustainability Development Center is led by the Chief Sustainability Officer, with the Taipei Operations Center and Mainland China Operations Center serving as co-supporting units. All departments collaborate to implement sustainability policies, systems, and management guidelines. The Center references the framework of the Task Force on Climate-related Financial Disclosures (TCFD) to conduct risk and opportunity assessments. By identifying exposure levels, the Company distinguishes significant risks and opportunities, and categorizes risks according to policies and regulations, markets, and production factors to evaluate potential impacts, thereby embedding climate resilience thinking into operations.

Strategy

To comprehensively assess the impact of climate-related risks and opportunities on the Company, the Sustainability Development Center is responsible for driving the management of these issues and reporting to the Board of Directors on an ad hoc basis. This ensures the implementation of a Company-wide monitoring mechanism. The Company evaluates the potential impacts on its value chain and specific financial implications by applying different scenarios that encompass both transition risks and physical risks, including RCP 8.5, IEA STEPS, IEA APS, and IEA NZE.

Risk Management

In accordance with its risk management policies and procedures, the Company conducts risk identification, analysis, evaluation, and response for climate-related risks and opportunities at least once a year. Since 2023, the Company has identified climate-related risks and opportunities and has managed them based on the likelihood of occurrence and the severity of impact, striving to keep risks within an acceptable tolerance level. The likelihood of occurrence is defined as short-term, meaning within three years (2024–2026), medium-term, meaning within three to five years (2027–2028), and long-term, meaning more than five years (2029–2031). To reduce the financial impacts of risks and opportunities, the Company is building a comprehensive risk management mechanism and strengthening its linkage with financial information, with the aim of proactively planning adaptive capacity for various contingencies.

Short-, Medium-, and Long-term Risks and Opportunities

✸ Short-term

Risks:	❖ Extreme weather events: Natural disasters such as floods and droughts may affect production and the stability of the supply chain. ❖ Regulatory changes: Governments may rapidly implement new environmental regulations, increasing operating costs.
Opportunities:	❖ Immediate implementation of energy-saving technologies: Investing in energy-efficient equipment can promptly reduce costs and improve efficiency. ❖ Enhancement of brand image: Proactively adopting environmental measures can strengthen consumer trust and loyalty.

✸ Medium-term

Risks:	❖ Asset deterioration: Climate change may accelerate the aging of infrastructure, leading to increased maintenance costs. ❖ Market demand shifts: Growing consumer demand for environmentally friendly products may result in declining sales of traditional products.
Opportunities:	❖ Development of green products: Creating new products that meet environmental standards to fulfill market demand. ❖ Supply chain optimization: Reducing risks and improving overall supply chain efficiency by selecting more resilient suppliers.

✸ Long-term

Risks:	❖ Asset replacement costs: As the impacts of climate change intensify, aging infrastructure may need to be rebuilt or upgraded, resulting in higher capital expenditures. ❖ Legal liabilities: Failure to effectively address climate change may lead to lawsuits or fines.
Opportunities:	❖ Sustainable investments: Long-term investments in renewable energy and green infrastructure can generate stable returns. ❖ Market leadership: Companies that take early action will gain advantages in future markets and become industry leaders.

Identification of Climate-related Risks and Opportunities

In response to the short-, medium-, and long-term risks and opportunities outlined above, the Company has established an identification process to implement comprehensive management procedures for both risks and opportunities.

✸ Climate Risk and Opportunity Identification Process

1 Gather Climate Risks and Opportunities Topics

Carefully study global climate change trends and the issues of concern related to our industry. This includes past and projected climate changes, policy and legal changes, market trends, and technological developments, all of which may potentially impact the company's business and finances.

2 Identify Physical and Transition Risks and Opportunities

Through interviews with various departments, compile all climate risks and opportunity issues that may affect operations, and design a climate change risk and opportunity assessment questionnaire based on this.

Assess the specific impact of these climate-related trends and issues on the company’ s business, including identifying risks that may affect our physical assets, supply chain, operations, and market position, while also recognizing potential transformation opportunities.

3 Analyze Financial Impacts

Based on the TCFD guidelines, we will conduct corresponding financial disclosures to clarify our understanding and response to climate-related risks and opportunities. This will include revealing the extent of the company's financial impacts, risk management strategies and objectives, as well as the outlook on risks and opportunities over different time horizons. Through financial disclosure, we will provide stakeholders with greater transparency regarding the company's management of climate-related risks.

4 Develop Response Measures

For the key risks and opportunities we have identified, we will propose corresponding countermeasures.

The aim is to effectively respond to potential risks and fully leverage opportunities to achieve business objectives. At the same time, we will regularly review and assess the effectiveness of management to understand the implementation and specific outcomes of these measures, making necessary rolling adjustments in a timely manner.

Financial Impact Level	Likelihood of Risks and Opportunities				
	Almost Certain (5 points)	Very Likely (4 points)	Likely (3 points)	Unlikely (2 points)	Almost Never (1 point)
	Will Definitely Happen	May Happen Multiple Times in 10 Years	May Happen More Than Once in 10 Years	Has Not Happened in 10 Years	Has Never Happened
High (5 points)	❶	❸❹			
Medium-High (4 points)					
Medium (3 points)	❷				
Medium-Low (2 points)					
Low (1 point)					

15–25 points: Significant Risk/Opportunity 6–14 points: Moderate Risk/Opportunity 1–5 points: Low Risk/Opportunity (Green)

Transition Risks

Risk Aspect	Risk Event and Description	Occurrence Period, Likelihood, and Impact Level	Potential Financial Impact	Response Measures
❶ Policies and Regulations	**Increase in Greenhouse Gas Emission Pricing** In 2023, Taiwan's Climate Change Response Act passed its third reading. Regarding carbon fees, it will initially prioritize large carbon emitters and electricity consumers. The Environmental Protection Administration will start imposing carbon fees on companies with annual carbon emissions exceeding 25,000 metric tons from 2025, with plans to gradually expand the scope of collection in the future.	Occurrence Period: Medium-term Likelihood: High Impact Level: High	**Increased Operating Costs** ❖ Increased Costs for Energy-saving Measures ❖ Increased Costs for Renewable Energy Implementation	❖ Set proactive carbon reduction targets and regularly track reduction effectiveness. ❖ Map out the company's path to net-zero emissions, develop a net-zero strategy, and regularly monitor progress.
❷ Policies and Regulations	**Strengthening Emission Reporting Obligations** In 2022, the Financial Supervisory Commission announced that listed companies with a capital of less than 5 billion must complete greenhouse gas inventories for their consolidated subsidiaries by 2027 and complete verification by 2029, expanding the scope of greenhouse gas inventories and verifications. The stock exchange mandates companies to disclose ESG-related information, including topics such as greenhouse gas emissions, energy management, water resources, waste management, human development, board and investor communication. Clients require all their suppliers to provide information related to greenhouse gas emissions.	Occurrence Period: Short-term Likelihood: High Impact Level: Medium	**Increased Operating Costs** ❖ Increased Costs for Inventory and Verification	Identify emission hotspots through greenhouse gas inventories and proactively plan reduction measures to lower greenhouse gas emission costs
❸ Technology	❖ Transition Costs for Replacing Existing Products and Services with Low-Carbon Alternatives ❖ The company utilizes energy-efficient processes and high-performance equipment or ancillary devices for product manufacturing.	Occurrence Period: Medium-term Likelihood: Medium-High Impact Level: High	**Increased Operating Costs** ❖ Increased Research and Development Expenses ❖ Increased Costs for Raw Materials, Equipment, and Procurement	Update existing energy equipment, such as replacing it with high-efficiency energy-saving devices or adopting renewable energy. At the same time, evaluate the introduction of new technologies and innovative strategies to reduce carbon emissions and enhance energy efficiency.

Risk Aspect	Risk Event and Description	Occurrence Period, Likelihood, and Impact Level	Potential Financial Impact	Response Measures
④ Market	Changes in Customer Behavior The international trend toward net-zero carbon emissions and various national regulations increase uncertainty for customers in upstream and downstream supply chain arrangements. Customers may prioritize companies with low carbon emissions in production, prompting the company to invest in researching more emerging green energy technologies.	Occurrence Period: Long-term Likelihood: Medium-High Impact Level: High	Decrease in Revenue Increased Operating Costs ❖ Increased Research and Development Expenses ❖ Increased Procurement Costs ❖ Increased Costs for Acquiring Green Energy Technologies	❖ Review and analyze international net-zero trends and major customers' carbon reduction target strategies, and establish and implement reduction targets in accordance with the Science Based Targets Initiative (SBTi). ❖ Invest in the research and development of green products and green processes, and gradually implement green supply chain management.
	Increase in Raw Material Costs Suppliers must invest more in low-energy-consuming processes to comply with local government carbon emission standards and regulatory requirements, along with inflation and rising electricity costs caused by global economic instability.	Occurrence Period: Short-term Likelihood: High Impact Level: High	Increased Operating Costs ❖ Increased Procurement Costs ❖ Increased Energy Consumption and Carbon Credit Allocation Costs	Continue to actively negotiate with suppliers, communicate Arizon's sustainable supply chain management strategies and objectives, strengthen supply chain carbon management, and proactively address risks such as shortages and supply disruptions.

Physical Risks

Arizon has identified that extreme climate events, such as typhoons, droughts, and heavy rainfall, may cause damage to plant equipment and disruptions to logistics and transportation, which could in turn affect the Company's operations. Regarding the risks of typhoons and heavy rainfall, Taipei and Mainland China serve as Arizon's major production bases. According to analyses by the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP), under the RCP 6.0 and RCP 8.5 scenarios of average change rates for maximum consecutive five-day rainfall in northern Taiwan, rainfall is projected to increase significantly by the end of the century. Under the RCP 6.0 scenario, the maximum consecutive five-day rainfall is expected to increase by 33%, from the current average of 403 mm to 536 mm; under the RCP 8.5 scenario, it is projected to increase by 36%, from 403 mm to 548 mm. However, both plants are not located in low-lying areas, and according to the 3D Disaster Potential Map published by the International Science and Technology Center for Disaster Prevention and Mitigation, neither site falls within a flood-prone area.

As for drought risk, TCCIP's analysis of Taipei under the RCP 8.5 extreme warming scenario projects that by the end of the century, the maximum number of consecutive dry days in northern Taiwan will increase by 12%, from the current average of 38 days to 42.5 days. However, according to the World Resources Institute's Aqueduct Water Risk Atlas, both of the Company's plants are located in areas of low-to-medium water risk. Based on the Company's assessment, drought risk is not considered material and does not pose an impact on production operations at its plants.

Risk Aspect	Risk Event and Description	Occurrence Period, Likelihood, and Impact Level	Potential Financial Impact	Response Measures
Immediate	Increased Severity of Extreme Weather Events such as Typhoons and Floods Extreme weather may lead to typhoons, floods, and other incidents that could cause production interruptions, transportation difficulties, and supply chain disruptions, resulting in damage to company operations.	Occurrence Period: Short-term Likelihood: High Impact Level: Low	Increased Operating Costs/Capital Expenditures ❖ Expenditures for Facilities and Equipment to Adapt to Extreme Weather ❖ Investments in Disaster Prevention-Related Assets	❖ Assess drought and flood risks for manufacturing facilities and develop and implement risk mitigation measures. ❖ Gradually require suppliers to evaluate the flood and drought risks of their operations, implement relevant disaster reduction measures, and establish an auditing system. ❖ Transition from a traditional long supply chain to a shorter blockchain supply chain to reduce transportation distances and mitigate risks from natural disasters during shipping, as well as decrease greenhouse gas emissions during the transportation phase.
Long-term	Extreme Rainfall and Drought Extreme rainfall and drought events impact the storage capacity of reservoirs, leading to production interruptions, transportation difficulties, and supply chain disruptions.	Occurrence Period: Short-term Likelihood: High Impact Level: Low	Decrease in Product Revenue Increased Transportation and Energy Costs	

Metrics and Targets

Greenhouse gas (GHG) emissions are a primary driver of the climate emergency, and GHG management is one of the key issues of concern for stakeholders. Since 2023, the Company has established a standardized mechanism for GHG inventories in accordance with ISO 14064-1 and the Environmental Protection Administration's Guidelines for GHG Verification. The Company conducts annual inventories of GHG emissions across all of its plants.

Greenhouse Gas and Other Emissions:

Unit: Metric Tons CO_2e

Item	2023	2024
Scope 1: Direct GHG Emissions	160.65	214.09
Scope 2: Indirect GHG Emissions	3,839.97	5,514.70
Scope 3	-	51,446.20
Total Emissions = Scope 1 + 2	4,000.62	5,728.79
Total Emissions = Scope 1 + 2 + 3	-	57,174.99
GHG Emission Intensity (Scope 1 + 2)	1.49	1.02
GHG Emission Intensity (Scope 1 + 2 + 3)	-	10.18

Notes 1: Based on statistics for 2023 and 2024 emissions.

Notes 2: GHG emission intensity = total emissions (metric tons CO_2e) / revenue in millions; revenue figures are sourced from the consolidated income statement in the annual report.

Notes 3: Scope 3 emissions were not inventoried in 2023; therefore, no data is available for that year.

Notes 4: Coverage includes the entire Arizon Group, comprising Taipei Headquarters, Taipei Plant, Arizon China, Arizon Japan, Arizon USA, and Arizon Vietnam.

Notes 5: Data source: Bureau of Energy, Ministry of Economic Affairs (http://www.moeaboe.gov.tw/).

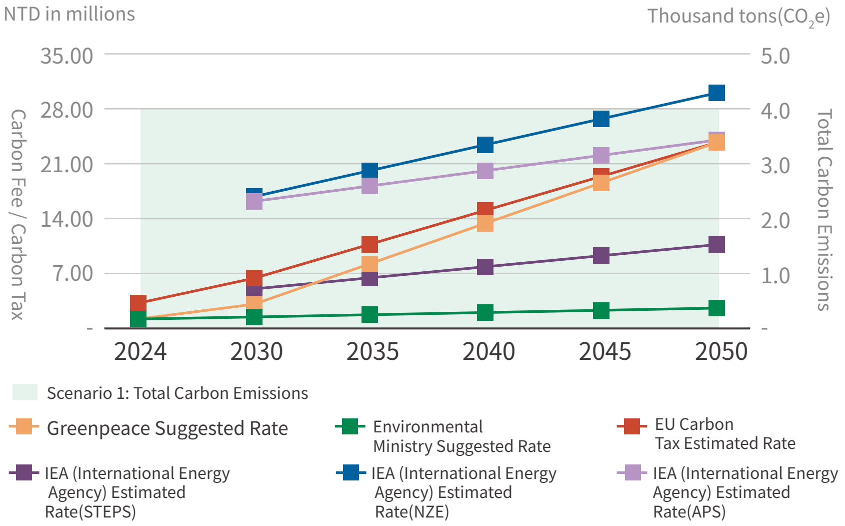
To better understand other indirect greenhouse gas emissions, identify major emission sources, and develop effective carbon reduction strategies, Arizon plans to adopt the ISO 14064:2018 standard, the database of the Ministry of Environment, and the technical documents of the World Business Council for Sustainable Development (WBCSD) to calculate key categories of other indirect GHG emissions in the future.

Carbon Fee / Carbon Tax Scenario Analysis

In response to the global net-zero transition, more than 130 countries have announced net-zero emission targets. To achieve these goals, many countries have begun developing carbon trading markets. According to the World Bank's State and Trends of Carbon Pricing 2023, the price of the EU Emissions Trading System (ETS) rose sharply in 2022, with the cost per metric ton of CO_2 emissions exceeding €100 (approximately NT$3,400) for the first time. The High-Level Commission on Carbon Prices stated in 2017 that the global carbon price must reach US$50 to US$100 per metric ton (approximately NT$1,500 to NT$3,000) by 2030. Considering inflation, the price must reach US$61 to US$122 per metric ton (approximately NT$1,900 to NT$3,800) by 2030. In Taiwan, the Ministry of Environment has also announced that a carbon fee will be levied for the first time in May 2025. In light of this, Arizon has calculated the potential financial impacts across its global plants, offices, and other operating sites under three different carbon pricing scenarios.

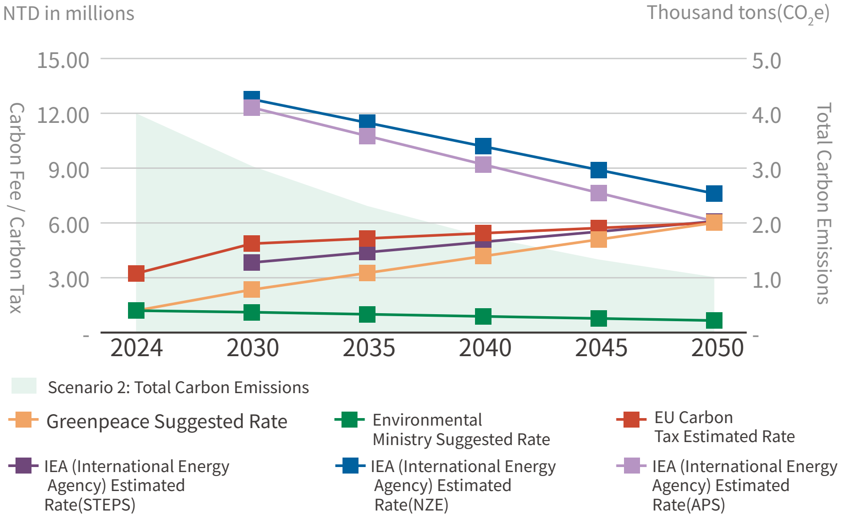
✸ Scenario 1

The government only implements existing established reduction policies, with an estimated reduction of zero.



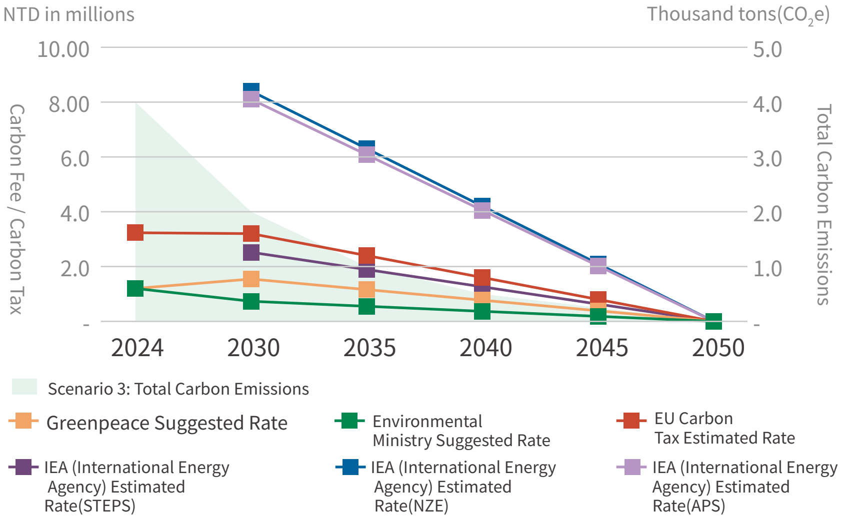
✸ Scenario 2

According to the National Development Council's announcement on December 28, 2022, titled "Taiwan's 2050 Net Zero Transition Phase Goals and Actions," the carbon reduction target is set at 24% ±1% by 2030.



✸ Scenario 3

According to the National Development Council's announcement on March 30, 2022, titled "Taiwan's 2050 Net Zero Emission Target," the carbon reduction goal is set at 100% by 2050.



Notes 1: The carbon fee rate set by the Ministry of Environment is still subject to approval by the government council; for this analysis, a provisional rate of NT$300 is applied.

Notes 2: This analysis assumes that the Ministry of Environment's carbon fee will only be adjusted annually based on the core CPI year-on-year growth rate published in February 2024 (2.90% per year).

Notes 3: This analysis assumes that when Taiwan implements carbon pricing, a carbon border adjustment mechanism will also be applied to overseas emissions.

Notes 4: The IEA (International Energy Agency) estimated rate (STEPS) is assumed to be aligned with South Korea's projected rate for Taiwan.

Notes 5: The USD to NTD exchange rate is assumed to be NT$30 per US$1.

Notes 6: Unit: NTD per metric ton of CO_2e.

Notes 7: References: Greenpeace, "The Net-Zero Game Arrives: Taiwan's Impact Report on International Carbon Border Tax" and IEA (2022), "Global Energy and Climate Model Documentation."

Reduction Strategies and Targets

In 2024, the Company focused on advancing its greenhouse gas (GHG) inventory processes by systematically evaluating energy and material use at each stage of production, along with the associated carbon emissions. In addition, the Company has set strategic short-, medium-, and long-term carbon reduction targets, which serve as an important basis for operational decision-making. Currently, the Company's primary source of carbon emissions is electricity consumption, which accounts for more than 96% of total emissions (Scopes 1 and 2 combined). To reduce carbon emissions, Arizon will continue to promote its "Sustainable Manufacturing" strategy to improve production efficiency, enhance energy utilization efficiency, and increase the adoption of renewable energy across its plants.

Furthermore, to accelerate the transition to a low-carbon economy, the Company is committed to aligning with the Science-Based Targets initiative (SBTi) 1.5°C pathway by setting reduction targets for Scope 1, Scope 2, and Scope 3 emissions. Through these actions, the Company aims to demonstrate its determination to reduce carbon emissions and drive practical decarbonization efforts within both its own operations and across its upstream and downstream value chain.

4.2 Energy Management

With the growing severity of global warming and adjustments in Taiwan's power system, energy management and carbon reduction have increasingly become focal issues of public concern. Arizon is committed to achieving net-zero carbon emissions. To this end, the Company integrates energy-saving and carbon-reduction strategies and plans across all plants each year, holds regular review meetings to evaluate the effectiveness of these measures, and adjusts reduction targets and strategies as needed. In 2024, Arizon's total energy consumption amounted to 42,970.12 GJ, with an energy intensity of 9.32 GJ per million NTD. Of the total energy consumption, purchased electricity accounted for 81.14%, steam 10.41%, diesel 0.79%, and renewable energy 7.66%.

Electricity is the primary energy source for production processes and plant systems, while diesel is mainly used for power generation, and gasoline is used for company vehicles. In light of the rising trend of energy consumption, improving equipment efficiency and increasing the use of low-carbon energy will be key strategies. In addition, the Company is promoting energy-saving management initiatives in offices and public areas, and enhancing employee awareness and behavior related to energy conservation and carbon reduction through advocacy and training programs.

Management Policy

To achieve sustainable operations and fulfill corporate social responsibility, the Company, although not yet certified under ISO 50001 Energy Management System, has formulated an energy management policy in line with this standard. Through scientific and rational strategies for energy use, the Company is committed to reducing energy consumption, improving energy efficiency, and lowering operating costs, thereby strengthening energy governance and supporting environmental sustainability. The Company's energy management is guided by the principles of "conservation first, substitution first, efficiency first, and safety first." While meeting production and service needs, the Company seeks to minimize energy consumption through technological upgrades and management measures, while prioritizing the use of renewable energy to reduce reliance on fossil fuels. At the same time, the Company actively promotes technological innovation and equipment upgrades to enhance energy efficiency, control costs, and ensure the stability and safety of energy supply, thereby preventing accidents and safeguarding lives and property.

The core objectives of the Company's energy management are to continuously reduce annual energy consumption, ensuring that the yearly reduction rate is not lower than that of the previous year, and to steadily increase the proportion of renewable energy in total energy use. In addition, the energy efficiency of all critical equipment is required to meet or exceed industry benchmark standards. To achieve these objectives, the Company is also dedicated to establishing a comprehensive energy management system to ensure that energy use is traceable, monitorable, and controllable.

At the organizational level, the Energy Management Department serves as the primary executing unit, responsible for daily energy management tasks such as data collection, analysis, report preparation, and the implementation of energy-saving projects. Department heads are required to ensure that energy consumption within their units does not exceed budget limits and to support the implementation of relevant energy-saving measures in line with Company policies. In addition, the Energy Management Department is responsible for formulating and revising policies, overseeing the implementation of energy management programs, and evaluating their effectiveness. All employees also share the obligation to conserve energy, actively participating in energy-saving initiatives, promptly reporting any wasteful behavior, and offering improvement suggestions.

In terms of execution processes, the Company first sets specific, measurable, and time-bound energy-saving targets—such as annual reductions in energy consumption or efficiency upgrades for specific equipment—based on the results of energy audits, operational strategies, and regulatory requirements. These targets are reviewed and approved by management before serving as the foundation for implementation. The strategic planning stage covers technical measures (e.g., the adoption of high-efficiency equipment and the deployment of smart control systems), the development of management systems, and employee training to raise energy-saving awareness, with budget allocation aligned with resource planning. During the implementation phase, energy-saving programs are carried out step by step in accordance with phased plans, while interdepartmental communication and coordination mechanisms are used to overcome barriers and ensure timely completion.

For monitoring and evaluation, the Company regularly collects energy consumption data through energy measurement systems and conducts performance analyses by comparing pre- and post-implementation results. Any shortfalls against expected targets are identified and corrected accordingly. Finally, based on the overall evaluation results, the Company continuously reviews and refines its energy management measures, adjusting goals, strategies, and technical solutions as needed. This creates a virtuous internal cycle that drives ongoing improvement and upgrades in energy management practices.

Statistics of Energy Consumption in the Past Two Years

Unit: GJ

Energy Type		2023年	2024年
Non-renewable Energy	Gasoline	303.85	336.08
	Diesel	1.48	2.46
	Steam	3,555.17	4,473.89
	Purchased Electricity	22,625.86	34,865.87
Total Non-renewable Energy Consumption (a)		26,486.36	39,678.29
Renewable Energy	Solar Power Generation	3,292.79	3,291.83
Total Renewable Energy Consumption (b)		3,292.79	3,291.83
Total Energy Consumption (a+b)		29,779.15	42,970.12
Revenue (NTD million)		2,685.95	4,612.42
Energy Intensity		11.09	9.32

Notes 1: 1 ton of steam = 2.784 GJ; 1 liter of diesel = 8,400 kcal = 35.16 MJ; 1 kWh of electricity = 3,600 kJ.

Notes 2: Conversion factors are based on Taiwan Environmental Protection Administration's GHG Emission Factor Management Table, Version 6.0.4. Fuel calorific values: Gasoline = 7,800 kcal/L; Diesel = 8,400 kcal/L. (Gasoline 1L = 0.0326 GJ; Diesel 1L = 0.0351 GJ.)

Notes 3: Data coverage: Taipei Headquarters, Taipei Plant, and Mainland China Plant.

Energy Reduction Initiatives

Arizon actively promotes energy reduction strategies, regarding the enhancement of energy efficiency as a key step toward sustainable operations. In response to rising energy costs and the dual challenge of carbon emissions management, the Company strengthens power monitoring, equipment maintenance, and behavioral guidance through a comprehensive energy management system and cross-functional management approach. Step by step, the Company has built a systematic energy-saving management framework. By continuously optimizing energy usage, Arizon strives to reduce the environmental impact of its operations and fulfill its commitment to green manufacturing and environmental responsibility.

Energy-saving measures

- Chilled Water and Air Conditioning System Management: Established seasonal operating rules (summer and non-summer) and adjustments based on weather conditions and chilled water demand.
- Office Area Air-conditioning Temperature Settings: In winter, heating temperature must not exceed 20°C; in summer, cooling temperature must not be set below 26°C to avoid excessive energy use. Unoccupied work areas must be inspected daily by team leaders, who sign off to confirm that lighting and standby equipment are switched off.
- Winter Workshop Cooling: Use of cold recovery equipment to reduce chiller power consumption and achieve energy savings.
- Chiller and Air Conditioning Equipment Maintenance:
    - Regular cleaning of coils and air boxes to enhance heat dissipation efficiency and reduce energy consumption.
    - Adjustment of chiller operating parameters according to load conditions, with scheduled maintenance.
    - Filter replacement cycle shortened from every two months to once per month.
- General Air Conditioning Management: Regular maintenance includes annual cleaning of indoor and outdoor units and quarterly cleaning of return air filters.
- Lighting Improvements: All indoor lighting fixtures replaced with LED lamps; outdoor lighting adjusted according to daylight, breaks, and work hours.
- Electricity Management Measures: Unoccupied work areas inspected daily by supervisors or team leaders, who sign off to confirm that lighting and standby equipment are switched off. Air conditioning and power supplies in non-critical areas are shut down when no personnel are present, with daily inspections conducted by supervisors and engineers.
- At Mainland China Plant II, variable frequency drives (VFDs) were installed on air-conditioning boxes, reducing electricity consumption by 58,400 kWh in 2024 compared with 2023, equivalent to an annual energy reduction of approximately 210.24 GJ. In addition, VFDs were installed on cooling water pumps, reducing electricity consumption by 109,500 kWh in 2024 compared with 2023, equivalent to an annual energy reduction of approximately 394.2 GJ.

Renewable Energy Usage

Since 2023, the Mainland China plant has generated approximately 910,000 kWh of renewable solar power annually, reducing carbon emissions by around 468 metric tons per year. In 2024, renewable energy accounted for 7.66% of the Company's total energy consumption.

4.3 Water Resource Management

In recent years, climate change has led to an increase in extreme weather events, raising the likelihood of droughts and floods worldwide. This has made water resource management a critical issue in Arizon's operations. According to the Aqueduct water risk analysis tool developed by the World Resources Institute (WRI), the Taipei plant faces low to medium risk, while the Mainland China plant is exposed to medium to high risk. To mitigate the potential risks of water shortages driven by climate change, the Company continuously reviews its water usage and monitors potential water scarcity risks, while also evaluating strategies to improve water use efficiency.

To address the medium-to-high water scarcity risks at the Mainland China plant, the Company has developed a "three lines of defense" strategy to strengthen its operational resilience. The first line of defense is local storage facilities such as tanks and reservoirs, which provide basic water supply support during short-term emergencies. The second line of defense is regional emergency water transfer arrangements, ensuring that when local supply is constrained, nearby water sources can be quickly mobilized as backup. The third line of defense is the integration of remote water supply programs through partnerships with external water resource organizations, enabling stable water imports during large-scale shortages. Through this multi-tier, multi-source water resource allocation system, the Company effectively reduces the risk of operational disruptions.

Both the Taipei plant and the Mainland China plant rely on municipal water supplies. Their water withdrawal, discharge, and consumption are summarized in the following table:

✸Water Resource Usage

Unit: million liters / thousand cubic meters

	2023		2024	
	Taipei	Mainland China	Taipei	Mainland China
Municipal Water Withdrawal	1.909	17.73	1.75	26.63
Groundwater Withdrawal	-	-	-	-
Surface Water Withdrawal	-	-	-	-
Seawater Withdrawal	-	-	-	-
Total Water Withdrawal	1.909	17.73	1.75	26.63
Recycled Water Reuse	-	-	-	-
Water Discharge	1.909	17.73	1.75	26.63
Water Consumption	0	0	0	0

Note: Data coverage: Taipei Headquarters, Taipei Plant, and Mainland China Plant.

At both the Taipei plant and the Mainland China plant, water is not required in the production process, and water usage is primarily limited to domestic sewage. The Company will strengthen efforts to promote personal water-saving awareness by placing reminder signs near washbasins and water dispensers to encourage employees to develop water conservation habits in their daily routines. At the Mainland China plant, domestic wastewater is treated through septic tanks and then discharged into the municipal sewer network, where it is sent to wastewater treatment plants for centralized processing.

Water Resource Management Policy

To enhance water use efficiency and ensure the sustainable utilization of water resources, the Company has formulated clear strategies and objectives for water resource management. First, in terms of management, the Company will establish a comprehensive water resource allocation and management system to ensure stability and security of supply, while leveraging smart technologies to achieve precise control of water resources. To improve supply efficiency, the Company will continue to optimize water supply systems and related facilities to reduce losses during distribution. At the same time, the Company promotes the adoption of water-saving devices and technologies, encouraging employees and departments to use water responsibly, achieving conservation through both equipment improvements and behavioral changes.

In addition, the Company emphasizes the integrated utilization of water resources and the development of a circular economy. It actively promotes diversified research and applications in water use to increase the overall value of water resources. By advancing “green water services” and water recycling initiatives, the Company is committed to resource regeneration, waste reduction, and sustainable development. To strengthen execution, the Company has established a dedicated Water Resource Management Team responsible for daily management and supervision. A comprehensive monitoring system for both water quantity and quality has also been developed to provide scientific data for decision-making. Through the creation of an information platform, the Company not only monitors water resources in real time but also raises awareness and engagement among employees and stakeholders regarding water conservation.

In terms of specific targets, the Company aims to improve overall water use efficiency by more than 10% from the current baseline. Through optimized water use planning, technological upgrades, and conservation management, the Company seeks to reduce waste and achieve lean utilization of resources. At the same time, it has set a target to increase the comprehensive utilization rate of water resources to above 50%. By promoting diversified water sourcing and recycling, the Company will gradually realize the sustainable use of water resources.

Water Conservation Policy

The Company is committed to becoming a model in water conservation and supporting cities in their transition toward sustainable development. To achieve the goal of reducing annual water consumption by 10%, the Company actively promotes a range of initiatives, including the comprehensive replacement of water-saving equipment, the installation of rainwater harvesting systems, and the adoption of smart water meters to precisely monitor water usage. Efforts are also made to raise awareness on the responsible use of domestic wastewater, discouraging excessive or private use. At the same time, the Company responds to government policies by proactively participating in local water resource protection initiatives. Through these efforts, the Company seeks not only to implement water-saving management but also to drive industries and communities toward a shared vision of sustainable resource use.

4.4 Waste Management

Waste Management Assessment

To minimize environmental impacts, Arizon continuously improves its waste recycling and reuse technologies, striving to reduce waste from the very beginning of the production process. The Company follows the principles of the circular economy, focusing on sustainable resource utilization, strengthening waste management practices, and ensuring that resources are effectively reused. Furthermore, the Company conducts a comprehensive assessment of the impacts associated with inputs, activities, and waste outputs, including the following aspects:

- Resource Consumption: Waste handling requires resources such as manpower and equipment.
- Expenditure: Waste disposal involves costs, such as waste treatment fees, which increase the Company’s financial burden.
- Activities: Production interruptions caused by events such as power outages or batch changes may require halts for cleaning and waste handling, affecting production efficiency and generating additional waste.
- Increased Management Workload: Waste storage requires sufficient space; when space is limited, compression or reduction measures must be implemented. Tasks such as collection, classification, and treatment increase management burdens and labor costs.
- Outputs: Improper product generation or insufficient recycling measures during production can increase waste generation, such as from sample testing before production runs.
- Corporate Image and Reputation: Proper waste disposal prevents illegal dumping and helps avoid reputational risks.
- Regulatory Compliance: The Company identifies applicable environmental laws and examines compliance across its facilities to ensure legal conformity.
- Waste Generation: In accordance with the Waste Disposal Act, waste is classified, collected, and treated, with proper labeling, recording, and reporting to ensure compliance with legal requirements.
- Waste Storage: Waste storage conditions and methods must comply with Environmental Protection Administration (EPA) standards, ensuring no harm to the environment or human health.

Regulations stipulate time limits for waste storage to prevent potential risks arising from long-term accumulation. The priority hierarchy in waste management—avoid waste generation > reduce waste production > reuse and recycle waste > dispose of waste—forms the basis of government guidelines. Waste impacts inputs, activities, and outputs to varying degrees, with consequences not only on economic aspects such as cost and efficiency but also on environmental and social dimensions. Therefore, effective waste management is essential to corporate sustainability. Regulations provide clear requirements and standards for waste generation and storage, and the Company complies with these provisions to ensure its waste management practices meet legal requirements.

Waste Management Mechanism

Appropriate actions must be taken to address waste management and its significant impacts in order to avoid unnecessary management or operational costs, as well as environmental damage. For operational waste that is not handed over to third-party organizations for management, recycling and reduction policies are still entrusted to qualified third parties. In recent years, growing awareness of climate change and environmental protection has led governments to place greater emphasis on disclosure regarding waste-related issues and the potential impacts arising from inputs, activities, and outputs. Accordingly, waste monitoring is carried out through legally compliant weighing methods, with oversight provided by government-approved incineration plants. At the Taipei plant, relevant data is reported and collected through the Environmental Protection Administration’s EMS system, while the Mainland China plant reports hazardous waste data through the Jiangsu Provincial Department of Ecology and Environment’s Solid Waste Management Information System.

Looking ahead, the Company plans to strengthen the reuse and treatment of general industrial waste by supplying waste materials to certified recycling facilities and implementing other sustainable reduction and source-control measures.

Waste Classification and Treatment Process

Classification		Treatment Method	Internal Management Unit	External Management Unit
Domestic Waste		Concentrated and transferred to sanitation department for treatment	Administrative Department, General Affairs Section	Sanitation Department
Industrial General Waste	Recyclable	Sold after concentration	Administrative Department, General Affairs Section	Waste Recycling Unit
	Non-recyclable	Concentrated and transferred to sanitation department for treatment	Administrative Department, General Affairs Section	Sanitation Department
Hazardous Waste		Concentrated and transferred to qualified unit for treatment	Environmental Safety and Health	Qualified Unit

Explanation of Disputed Recyclable Waste

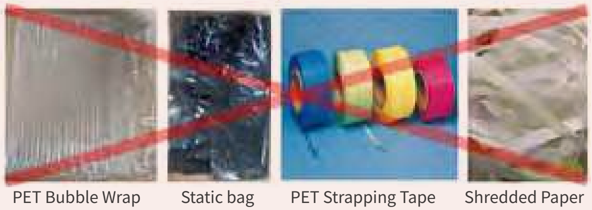
Other Occupational Safety and Health Knowledge Related to Labor Operations

✓For production waste materials or other packaging waste, please refer to the images below to confirm whether they can be recyclable.

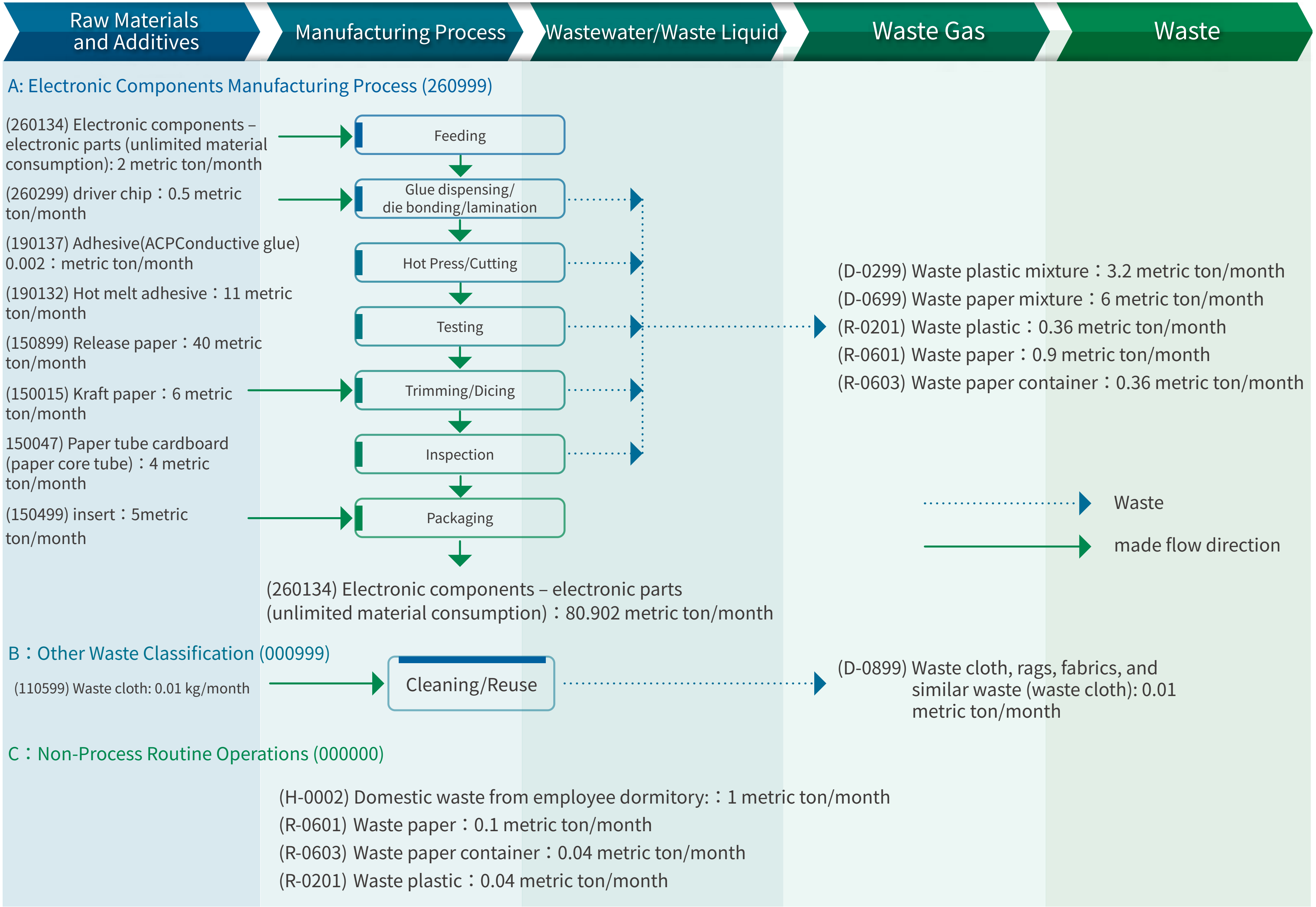
Note: If the new waste or other items cannot be identified, please contact the EHS unit.

Recyclable Waste

Non-recyclable Waste



✸Waste Generation and Management Flow



Raw Materials and Additives | Manufacturing Process | Wastewater/Waste Liquid | Waste Gas | Waste

A: Electronic Components Manufacturing Process (260999)

(260134) Electronic components – electronic parts (unlimited material consumption): 2 metric ton/month

(260299) driver chip：0.5 metric ton/month

(190137) Adhesive(ACPConductive glue) 0.002：metric ton/month

(190132) Hot melt adhesive：11 metric ton/month

(150899) Release paper：40 metric ton/month

(150015) Kraft paper：6 metric ton/month

150047) Paper tube cardboard (paper core tube)：4 metric ton/month

(150499) insert：5metric ton/month

Feeding → Glue dispensing/die bonding/lamination → Hot Press/Cutting → Testing → Trimming/Dicing → Inspection → Packaging

(260134) Electronic components – electronic parts (unlimited material consumption)：80.902 metric ton/month

(D-0299) Waste plastic mixture：3.2 metric ton/month
(D-0699) Waste paper mixture：6 metric ton/month
(R-0201) Waste plastic：0.36 metric ton/month
(R-0601) Waste paper：0.9 metric ton/month
(R-0603) Waste paper container：0.36 metric ton/month

Waste

made flow direction

B：Other Waste Classification (000999)

(110599) Waste cloth: 0.01 kg/month

Cleaning/Reuse

(D-0899) Waste cloth, rags, fabrics, and similar waste (waste cloth): 0.01 metric ton/month

C：Non-Process Routine Operations (000000)

(H-0002) Domestic waste from employee dormitory:：1 metric ton/month
(R-0601) Waste paper：0.1 metric ton/month
(R-0603) Waste paper container：0.04 metric ton/month
(R-0201) Waste plastic：0.04 metric ton/month

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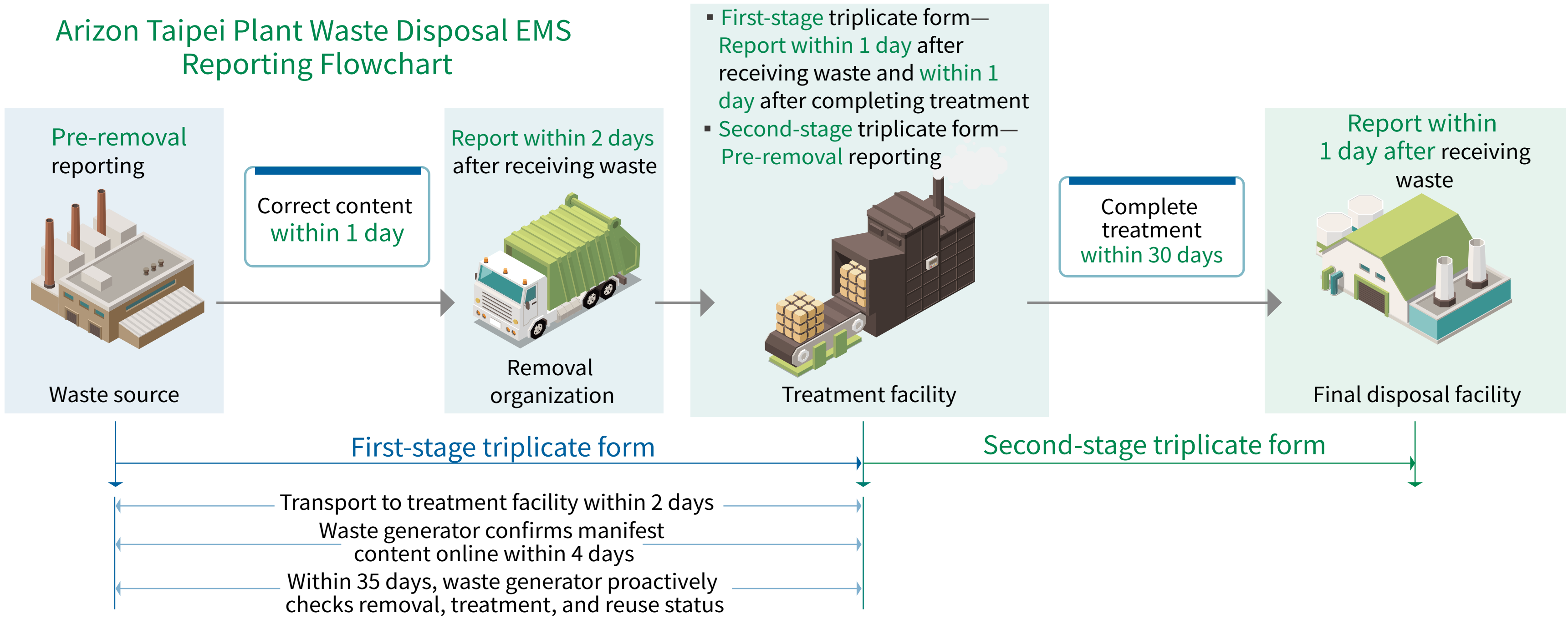
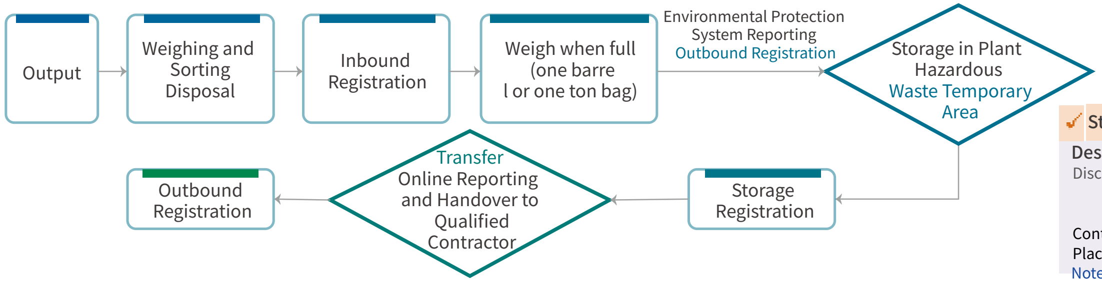
✸ Waste Disposal Flowchart



✸ Hazardous Waste Disposal Flowchart



Other Occupational Safety and Health Management Items

✓ Storage Location of Recyclable Waste and General Industrial Waste

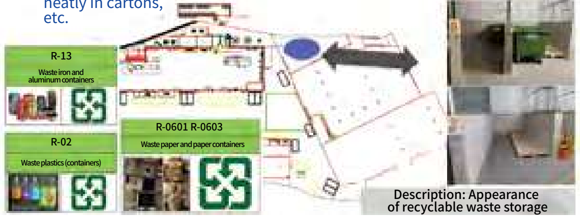
Description of Recyclable Waste

Discarded items: Paper, including kraft paper (mixed paper scraps), general paper, cartons, cleaned paper tableware, etc.
Iron, aluminum – generally refers to beverage cans and bottles.
Glass and plastics – mainly household recyclable items.

Control time: None

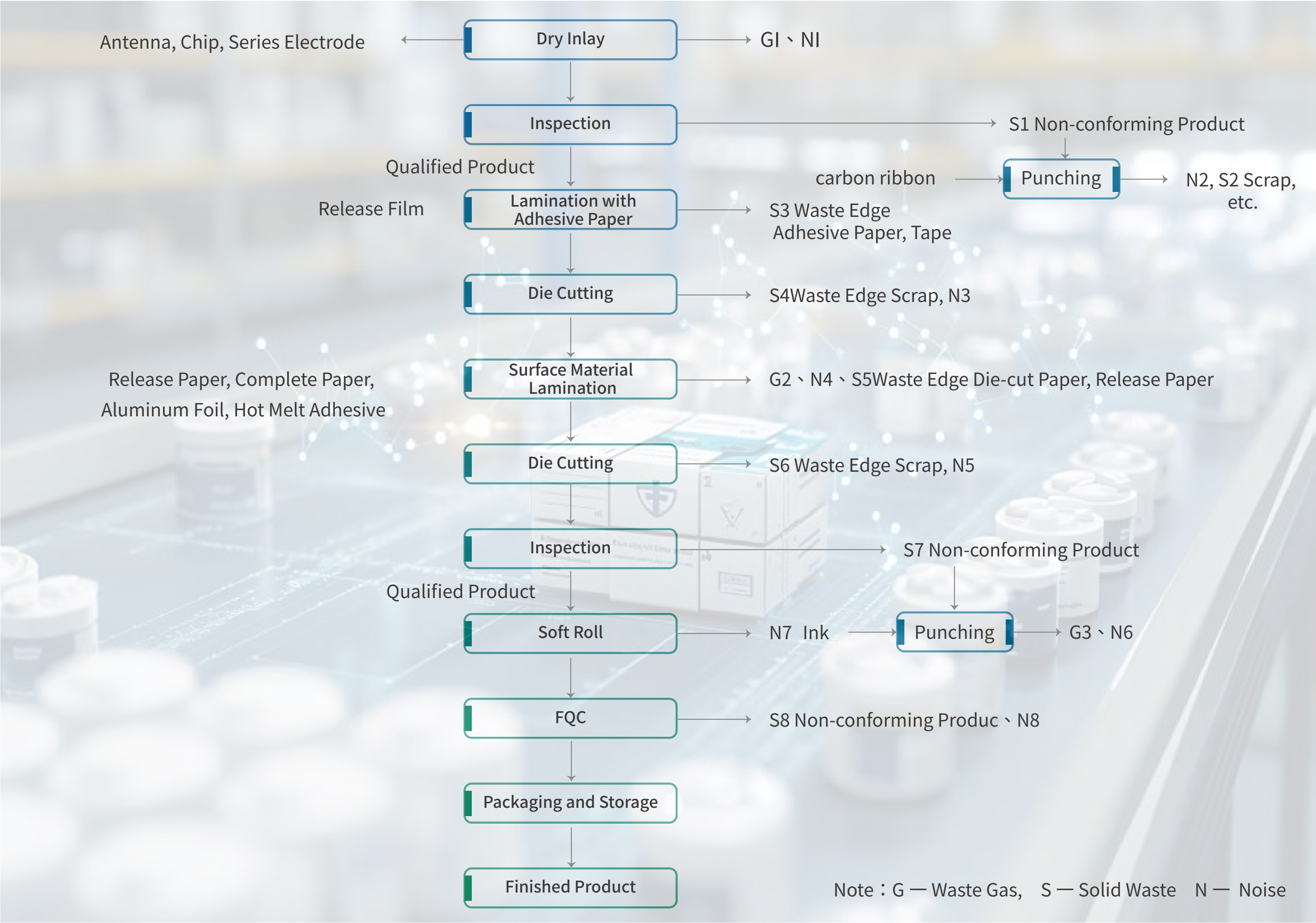
Placement location: As indicated in the blue circle

Note: Place neatly. If in bags, they should be tied securely; paper should be placed neatly in cartons, etc.



Description: Appearance of recyclable waste storage

✸ Environmental Impact Assessment (EIA) Process Flowchart of Mainland China Plant



Note：G — Waste Gas,　S — Solid Waste　N — Noise

✸Waste Classified by Composition

Unit: Metric Tons

Waste Composition		2022	2023		2024	
			Taipei	Mainland China	Taipei	Mainland China
Non-hazardous	General Waste	14.93	11.48	394.71	14.99	3,480
	Paper Recycling	8.71	4.31	262.67	26.25	40.44
	Plastic Recycling		10.05	0	5.25	0
	Scrap Metal Recycling	0	0	0	3.01	0
	Other General Waste (D-0899)	0.02	0.02	0	0.02	0
	General Waste (D-0299)	10.44	9.47	0	18.42	0
	General Waste (D-0699)	9.80	10.89	0	35.10	0
	Kitchen Waste / Food Waste	0	0	256.77	0	190.75
Hazardous	Waste Packaging Containers	0	0	0.52	0	0.41
	Waste Cleanroom Cloths, Gloves, etc. Contaminated with Organic Solvents or Ink	0	0	0.52	0	0.61
	Waste Ink	0	0	0.17	0	0.25
	Waste Lubricating Oil	0	0	0.13	0	0.23
	Waste Organic Solvent	0	0	0.04	0	0.02
	Waste Butyl Acetate	0	0	0	0	0.05
	Waste Alcohol	0	0	0.12	0	0.10
	Waste Activated Carbon	0	0	7.07	0	4.53
	Waste Cleaning Solution	0	0	2.32	0	1.91
	Non-conforming Products	0	0	5.89	0	9.21
	Waste Lead-acid Batteries	0	0	0.20	0	0.25
Total		43.90	46.22	931.12	103.04	3,728.76

✸Arizon's Waste Data for the Past Three Years

Unit: Metric Tons

		2022	2023		2024	
			Taipei	Mainland China	Taipei	Mainland China
	Outside of Plant					
General Industrial	Recycling	8.71	14.36	0	34.51	0
	Incineration (excluding energy recovery)	20.26	20.38	0	53.54	0
Total General Industrial Waste		28.97	34.73	0	88.05	0
Hazardous	Incineration (excluding energy recovery)	0	0	16.77	0	3.57
	Other Disposal Operations	0	0	0.20	0	14.00
Total Hazardous Waste		0	0	16.97	0	17.57
Non-hazardous	Incineration (excluding energy recovery)	14.93	11.48	907.77	14.99	3,670.75
	Landfilling	0	0	6.38	0	40.44
	Other Disposal Operations	0	0	0	0	0
Total Non-hazardous Waste		14.93	11.48	914.15	14.99	3,711.19
Total Waste (Metric Tons)		43.90	46.22	931.12	103.04	3,728.76
Total Reused Waste (Metric Tons)		8.71	14.35	0	34.51	0
Recycling / Reuse Rate (%)		19.84%	31.05%	-	33.49%	-

Notes 1: The scope of waste data covers the Taipei Headquarters, Taipei Plant, and Mainland China Plant.

Notes 2: Recycling Rate (%) = (Total Reused Waste ÷ Total Waste) × 100

Notes 3: Other disposal operations of hazardous waste at the Mainland China Plant refer to recycling after collection.

Waste Reduction Management Policy

The Company's waste reduction management is primarily planned and implemented under two main categories: resource recycling and source reduction.

Recycling Management

- Clearly classify recycling items into recyclable waste, food waste, and reusable items, with recycling and processing assisted by Tzu Chi volunteers.
- Expand waste-sorting rules and garbage bin allocation standards to make full use of available space. Cleaning personnel proactively conduct preliminary sorting of general household waste by category to reduce misclassification rates.
- Strengthen administrative management and employee awareness of waste sorting by integrating group campaigns and appropriate training programs, thereby improving overall recycling efficiency.

Source Reduction Measures

- Reduce the use of disposable products by encouraging employees to bring reusable cups and utensils, thereby lowering the consumption of paper cups and disposable tableware.
- Promote the reduction of hazardous substance use, such as replacing battery-powered equipment with plug-in devices to minimize battery consumption and subsequent pollution risks.
- Reduce packaging waste by advocating simplified product packaging and plastic reduction initiatives. Encourage the use of reusable paper bags and containers to conserve resources and achieve source reduction.

2024 Waste Reduction Results

In 2024, the Company introduced a wastewater recovery and recycling system in its production processes. Cleaning water that previously required periodic replacement was filtered and reused, effectively extending its service life and reducing the frequency of water consumption. Through this recycling mechanism, the Company reduced the amount of cleaning water replaced by approximately 0.4104 metric tons in 2024. This not only lowered operational costs but also further mitigated environmental impact, demonstrating the Company's commitment to water conservation and environmental protection.

4.5 Hazardous Substances Management

Arizon is committed to environmental sustainability and health and safety by strictly controlling chemical substances in its products to comply with global environmental regulations and customer requirements. We pledge to:

- Ensure that all products comply with RoHS (Restriction of Hazardous Substances Directive), REACH (Registration, Evaluation, Authorisation, and Restriction of Chemicals), TSCA (Toxic Substances Control Act), and California Proposition 65.
- Adopt green materials and non-toxic alternatives to minimize impacts on the environment and human health.
- Ensure that products are free from regulated hazardous substances through supply chain management and third-party verification.

We implement stringent controls on the following chemicals and regulated substances:

- Chemicals and toxic substances imported (self-imported) by the plant, managed in accordance with environmental protection regulations.
- Chemicals regulated under labor laws that comply with national standard CNS15030 classification, including substances with physical hazards and those with health hazards.
- Other chemicals not covered above but determined by the plant to pose significant risks to human health or the environment.
- Substances of Concern, as defined under the Toxic and Concerned Chemical Substances Control Act, announced by the central competent authority as potentially polluting the environment or endangering human health.

Operational Procedures

✸Management of Chemical Introduction

User Department:
Before providing new chemicals to employees, a Chinese version of the Safety Data Sheet (SDS) must be submitted to the EHS unit for classification and planning of safety management measures.

For new chemicals introduced through the procurement department, the procurement unit must be informed in advance that the item is a new chemical so suppliers can be requested to provide a Chinese SDS and ensure containers are labeled with hazard warnings in Chinese.

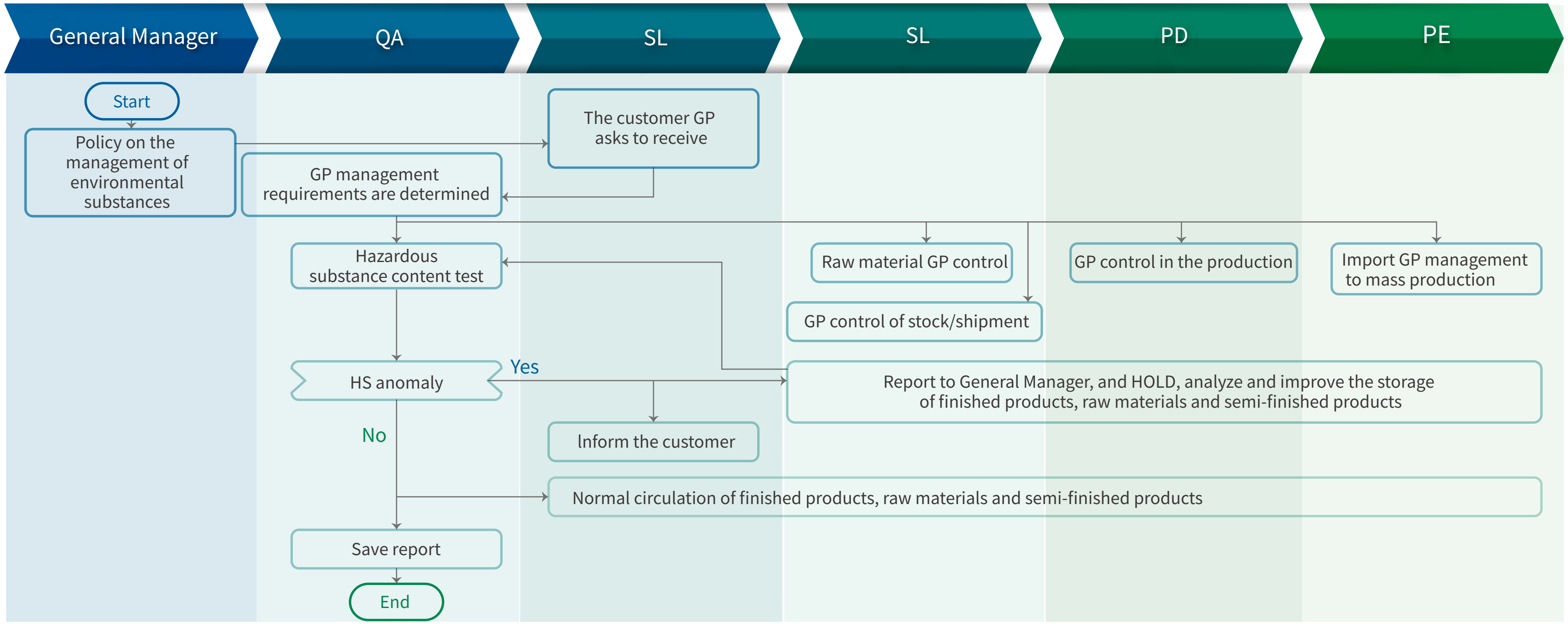
The user department must provide appropriate safety equipment (e.g., eyewash stations, protective masks, goggles, and gloves) near workplaces where employees may be exposed to hazardous chemicals.

The user department must establish appropriate measures to prevent leakage of chemicals based on their properties.

The user department must ensure that workplaces and storage areas where chemicals are used are equipped with adequate ventilation systems, and that these systems remain functional. 。

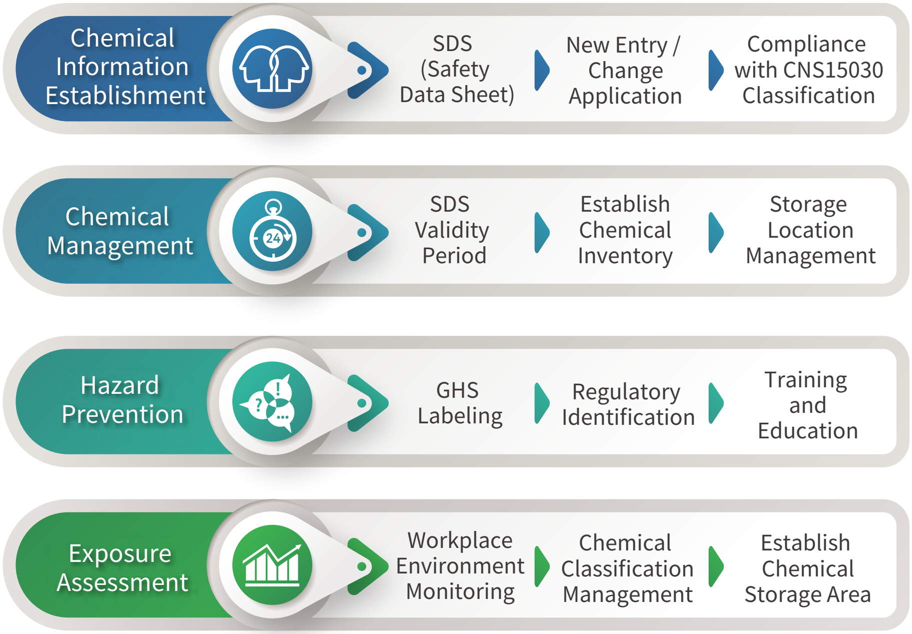
✸Hazardous Substances Management Flowchart

Environmental material management process



Hazard Communication Management (Inventory, Safety Data Sheets, Labeling)

- Establishment of Hazardous Chemicals Inventory: The EHS unit updates usage records annually based on information from user departments. The records include chemical name, supplier information, usage location, average usage, and storage location.
- The EHS unit updates at least once a year the "Chemical Substance Usage List" for the Taipei Plant and the "Hazardous Chemicals Inventory" for the Mainland China Plant. These are consolidated into a comprehensive hazardous chemicals inventory, which must be reviewed and confirmed by the Occupational Safety Management Representative.
- Safety Data Sheets (SDS): The procurement department is responsible for obtaining SDSs of each chemical from client-designated suppliers and purchasing vendors, and forwarding them to the EHS unit to distribute to the respective user departments.
- When new chemicals are provided by procurement or client-designated suppliers (including changes in supplier or composition), during the regular three-year updates, or when government regulations require updates to the SDS format or content.
- User departments storing or using hazardous chemicals must place the corresponding SDSs in visible and easily accessible locations.



Chemical Information Establishment → SDS (Safety Data Sheet) → New Entry / Change Application → Compliance with CNS15030 Classification

Chemical Management → SDS Validity Period → Establish Chemical Inventory → Storage Location Management

Hazard Prevention → GHS Labeling → Regulatory Identification → Training and Education

Exposure Assessment → Workplace Environment Monitoring → Chemical Classification Management → Establish Chemical Storage Area

2024 Hazardous Substances Management Results

Indicator	2024 Management Target	Achievement Status
Product RoHS Compliance Rate	100%	Achieved
REACH SVHC (Substances of Very High Concern) Compliance Rate	100%	Achieved
Halogen-Free Product Compliance Rate	100%	Achieved
Supplier Compliance Document Submission	100%	Achieved
Products Passing Third-Party Hazardous Substance Testing	100%	Achieved, 38 items
HFS Non-Compliance Incidents	0 cases	0 cases

General Chemical Safety Training

- Basic Knowledge of Chemicals
  Provide trainees with an understanding of the basic properties, classifications, and hazards of chemicals, including common types of chemicals, their physical and chemical characteristics, and safe handling methods.
- Hazard Awareness and Labeling
  Train personnel to identify hazardous chemicals and understand the meaning and use of chemical labeling, including safety labels, hazard symbols, and Safety Data Sheets (SDS).
- Safe Operating Procedures
  Educate on proper operating procedures, including the correct use, storage, disposal, mixing, and cleaning of chemicals, to minimize the possibility of accidents and hazards.
- Emergency Response Procedures
  Cover response measures for chemical accidents and emergencies, including incident reporting and notification procedures, evacuation processes, and first aid measures.
- Personal Protective Measures
  Instruct personnel on the correct use of appropriate personal protective equipment (PPE), such as safety goggles and gloves, to reduce the risk of exposure to chemicals.
- Environmental Protection Awareness
  Promote practices to reduce chemical pollution and environmental impact, including minimizing waste generation and implementing effective recycling and disposal methods.

Hazard Awareness Training

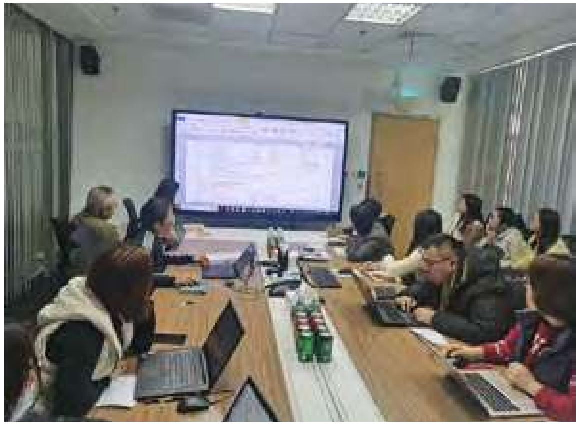
To safeguard employees' health and safety, all new hires or employees transferred to positions with potential exposure to hazardous chemicals must complete a three-hour introductory training on hazard identification and preventive measures before commencing work. Existing employees are required to undergo a three-hour refresher training every three years to strengthen their knowledge of hazardous chemicals and their emergency response capabilities. The training is organized and managed by the responsible unit, and covers topics such as the properties and potential risks of chemicals, including the hazards of chemical mixtures and the physical and health risks from exposure. It also includes the correct use of personal protective equipment, response measures for chemical spills or leaks, proper storage and access to Safety Data Sheets (SDS), as well as methods for acquiring and applying hazard information.

For units that use organic solvents, supervisors are required to complete the Organic Solvent Operation Supervisor training and obtain the relevant certification, thereby assuming responsibility for on-site management and safety. If specific chemical operations are involved, although none are currently in place, supervisors must also complete the corresponding training and obtain certification to ensure safe operations and compliance with regulations.

In addition, hazardous substance management coordinators at both the Mainland China plant and the Taipei plant compile annual updates on the latest domestic and international hazardous substance regulations at the end of each year. They also conduct specialized training on hazardous substance control for personnel in research and development, sales, procurement, and quality assurance departments, thereby enhancing their ability to identify, manage, and comply with regulatory requirements related to hazardous substances in products.

✸2024 Training Programs and Implementation Status at the Mainland China Plant

01 SVHC
02 Bisphenol A (BPA)
03 PFCA Regulatory Trends and Preparation
04 PFAS
05 Product Recall Notification and Warning
06 Our Company's 2025 GP Control Requirements



Hazard Warning Labels

- Manufacturers, importers, or suppliers shall affix hazard warning labels on hazardous chemical containers provided to the company in accordance with the information on the Safety Data Sheet (SDS).
- Storage and user units shall affix hazard warning labels on repackaged containers, storage vessels, and operational sites of hazardous chemicals in accordance with the SDS.
- Before hazardous chemicals can be transported, used, or stored within the plant, the user unit must verify that the Chinese-language hazard warning labels on the containers are accurate and complete by cross-checking them against the Chinese version of the SDS reviewed by the EHS unit.
- Hazard warning labels on chemical containers shall be consistent with the SDS. The label format and content are specified, and repackaged containers and auxiliary tanks shall comply with the requirements of the “Regulations on the Labeling and General Rules of Hazardous Chemicals.”
- The size of the labels shall be determined based on workplace and container dimensions, with clear legibility as the guiding principle.
- Pipelines transporting chemicals must, at a minimum, be labeled with the chemical name and flow direction; additional signage may be used if necessary.
- Pipelines transporting chemical waste must, at a minimum, be labeled with the type of hazard and flow direction; additional signage may be used if necessary.

Emergency Response Measures

When a chemical accident occurs, the following emergency response measures should be taken:

- Incident Reporting and Notification: Immediately notify department supervisors and responsible personnel, and report according to the company’s notification procedures.
- Evacuation and Escape: Promptly evacuate the workplace in accordance with the company’s evacuation procedures to ensure all personnel are safely relocated to a secure location.
- First Aid Measures: If there are any injuries, provide appropriate first aid immediately, including bleeding control, rescue breathing, and cardiopulmonary resuscitation (CPR).
- Containment of Accident Spread: Take measures to control the spread of the accident as much as possible, such as stopping the leakage and sealing off hazardous areas.
- Waste Disposal: Properly dispose of waste generated by the accident to prevent further pollution and harm.
- Coordination with Relevant Authorities: Cooperate with relevant authorities such as the fire department and environmental protection bureau to conduct emergency handling and follow-up investigations.

Implementation of the above measures helps to minimize the damage caused by chemical accidents, protect life and health, and reduce environmental impact. In accordance with the Occupational Safety and Health Act and the Toxic and Concerned Chemical Substances Control Act, since the company does not handle toxic substances, emergency drills are conducted jointly with fire evacuation drills.

4.6 Green Products and Circular Economy

We are continuously committed to the development of green products and the application of eco-friendly packaging, optimizing material selection to minimize environmental impacts throughout the product life cycle. The product casing is made of recyclable aluminum alloy to enhance material recyclability and reduce resource waste. In terms of packaging materials, we use all-paper packaging, effectively reducing the use of plastic foam cushioning and minimizing the generation of non-degradable waste. Through these measures, we realize more environmentally friendly product design and manufacturing.

Green Product Development

In pursuit of environmental sustainability, our company actively promotes the research and development of green products to reduce environmental impacts and promote efficient resource utilization. Our strategy focuses on two major areas: the development of passive products and the advancement of paper-based antenna technology.

- Innovation in Passive Products

  Our core product line consists of passive products, which operate without relying on external power sources. They resonate with electromagnetic waves within the antenna to generate sufficient current to activate the chip on the tag. This reduces energy consumption and battery waste, lowers environmental impact, while maintaining product performance and reliability.

- Advancement of Paper-Based Antenna Technology

  To further enhance the eco-friendly features of our products, we have expanded the implementation of paper-based antenna technology, replacing traditional PET (polyethylene terephthalate) plastic materials. By directly integrating antenna circuits with paper materials, the paper functions both as the antenna substrate and the tag surface layer. This innovation reduces the use of face stock and adhesive in RFID tag production, simplifying the structure from seven layers to five, thereby significantly lowering the carbon footprint and improving material utilization efficiency. The adoption of paper-based antennas demonstrates our efforts in pursuing renewable resources and reducing dependence on petrochemical products. In addition, we continue to introduce environmentally friendly processes for paper-based antennas, such as replacing conventional antenna etching with laser die-cutting, which eliminates the extensive use of chemicals and wastewater generated from the etching process, while improving material utilization—making it a greener production method.

- In terms of product design, we further optimized RFID antenna structures. While maintaining reading performance, we reduced the size of mainstream antenna products from 70mm × 14mm to 42mm × 16mm. This adjustment decreases material consumption across multiple layers, further lowering energy use.

Circular Economy Concept

- Arizon’s RFID products contain chips that can be read and rewritten up to 100,000 times, creating the possibility of assigning different content to the same tag multiple times, thereby improving tag utilization efficiency.
- Continuously simplifying packaging by reducing the use of packaging materials at the source, thereby decreasing waste generation.
- Continuously working with suppliers to promote the recycling and reuse of packaging materials such as pallets, antenna protection plates, and paper cores, supported by circulation control and collection to facilitate supplier recycling and reuse.

Appendix

GRI Standards Index

Statement of Use	Arizon RFID Technology has reported the content for the period from January 1, 2024, to December 31, 2024, in accordance with GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	No applicable GRI Sector Standards

GRI Standard	Disclosure Item	Disclosure Section/Notes	Page Number
GRI 2: General Disclosures 2021			
Organization and Reporting Practices			
GRI 2: General Disclosures 2021	2-1 Organizational Details	1.1 Company Overview and History	5
	2-2 Entities Included in the Organization's Sustainability Report	About This Report	2
	2-3 Reporting Period, Frequency, and Contact Person		2
	2-4 Information Restatement	No restatement of information	-
	2-5 External Assurance/Verification	About This Report	2
Activities and Workers			
GRI 2: General Disclosures 2021	2-6 Activities, Value Chain, and Other Business Relationships	1.1 Company Overview and History 2.4 Supply Chain Management	8 30
	2-7 Employees	3.1 Happy Workplace	57
	2-8 Workers Who Are Not Employees		58
Governance			
GRI 2: General Disclosures 2021	2-9 Governance Structure and Composition	2.1 Corporate Governance Structure	18
	2-10 Nomination and Selection of the Highest Governance Body		19
	2-11 Chair of the Highest Governance Body		19
	2-12 Role of the Highest Governance Body in Overseeing Impact Management	1.3 Sustainability Governance	12
	2-13 Delegation of Responsibility for Impact Management		12
	2-14 Role of the Highest Governance Body in Sustainability Reporting		12
	2-15 Conflict of Interest	2.1 Corporate Governance Structure	21
	2-16 Communication of Critical Concerns	1.3 Sustainability Governance	12
	2-17 Collective Knowledge of the Highest Governance Body	2.1 Corporate Governance Structure	21
	2-18 Evaluation of the Performance of the Highest Governance Body		22
	2-19 Remuneration Policies	2.1 Corporate Governance Structure 3.1 Happy Workplace	24
	2-20 Remuneration Decision-Making Process		24
	2-21 Annual Total Remuneration Ratio		60

GRI Standard	Disclosure Item	Disclosure Section/Notes	Page Number
Strategies, Policies, and Practices			
GRI 2: General Disclosures 2021	2-22 Statement of Sustainable Development Strategy	Message from the Chairman	3
	2-23 Policy Commitment	3.3 Human Rights Protection	82
	2-24 Embedding Policy Commitments		82
	2-25 Mechanisms for Seeking Advice and Raising Concerns	1.4 Stakeholder Identification and Engagement	14
	2-26 Mechanisms for Seeking Advice and Raising Concerns		14
	2-27 Compliance with Laws and Regulations	2.3 Legal Compliance and Integrity Management	27
	2-28 Membership of Associations	1.1 Company Overview and History	9
Stakeholder Engagement			
GRI 2: General Disclosures 2021	2-29 Approach to Stakeholder Engagement	1.4 Stakeholder Identification and Engagement	13
	2-30 Collective Bargaining Agreements	The Company has not entered into a collective agreement. However, in accordance with the law, a "Labor-Management Meeting" has been established, with any additions or changes in personnel duly filed and approved by the government, and regular meetings are convened every three months.	
GRI 3: Material Topics 2021			
GRI 3: Material Topics 2021	3-1 Process for Determining Material Topics	1.5 Identification of Material Sustainability Topics	15
	3-2 List of Material Topics		
Supply Chain Management			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	2.4 Supply Chain Management	29
GRI 204: Procurement Practices 2016	204-1 Proportion of Spending on Local Suppliers		35
GRI 308: Supplier Social Assessment 2016	308-1 New Suppliers That Were Screened Using Environmental Criteria		32
	308-2 Negative Environmental Impacts in the Supply Chain and Actions Taken		35
GRI 414: Supplier Social Assessment 2016	414-1 New Suppliers That Were Screened Using Social Criteria		32
	414-2 Negative Social Impacts in the Supply Chain and Actions Taken		35
Product Quality and Safety			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	2.5 Product Quality and Safety	36
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the Health and Safety Impacts of Product and Service Categories		40
	416-2 Incidents of Non-compliance Concerning the Health and Safety Impacts of Products and Services		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for Product and Service Information and Labeling		42
	417-2 Incidents of Non-compliance Concerning Product and Service Information and Labeling		
	417-3 Incidents of Non-compliance Concerning Marketing Communications		

GRI Standard	Disclosure Item	Disclosure Section/Notes	Page Number
Innovation and Research & Development			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	2.6 Innovation and R&D	43
Customer Relationship Management			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	2.7 Customer Relationship Managemen	47
GRI 418: Customer Privacy 2016	418-1 Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data		48
Information Security Management			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	2.8 Information Security Management	50
Talent Attraction and Retention, Talent Cultivation and Development			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	3.1 Happy Workplace	56、63
GRI 401: Employment 2016	401-1 New Employee Hires and Employee Turnover		59
	401-2 Benefits Provided to Full-time Employees That Are Not Provided to Temporary or Part-time Employees		61
	401-3 Parental Leave		
GRI 402: Labor-Management Relations 2016	402-1 Minimum Notice Periods Regarding Operational Changes		60
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee		65
	404-2 Programs for upgrading employee skills and transition assistance programs		69
	404-3 Percentage of employees receiving regular performance and career development reviews		70
GRI 405：Diversity and Equal Opportunity 2016	405-1 Diversity of Governance Bodies and Employees		58
	405-2 Ratio of Basic Salary and Remuneration of Women to Men		60
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	3.2 Occupational Safety and Health	71
GRI 403: Occupational Health and Safety 2018	403-1 Occupational Health and Safety Management System		72
	403-2 Hazard Identification, Risk Assessment, and Incident Investigation		75
	403-3 Occupational Health Services		79
	403-4 Worker Participation, Consultation, and Communication on Occupational Health and Safety	3.2 Occupational Safety and Health	73
	403-5 Worker Training on Occupational Health and Safety		76
	403-6 Promotion of Worker Health		79
	403-7 Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships	2.4 Supply Chain Management 3.2 Occupational Safety and Health	31 77
	403-8 Workers Covered by an Occupational Health and Safety Management System	3.2 Occupational Safety and Health	72
	403-9 Work-related Injuries		80
	403-10 Work-related Ill Health		

GRI Standard	Disclosure Item	Disclosure Section/Notes	Page Number
Human Rights Protection			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	3.3 Human Rights Protection	81
Climate Change Response			
GRI 201: Economic Performance 2016	201-2 Financial Implications and Other Risks and Opportunities Due to Climate Change	4.1 Climate Change Response (TCFD)	87
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	4.1 Climate Change Response (TCFD)	91
	305-2 Energy indirect (Scope 2) GHG emissions		
	305-3 Other indirect (Scope 3) GHG emissions		
	305-4 GHG emissions intensity		
	305-5 Reduction of GHG emissions		92
General Topics			
Business Performance			
GRI 201: Economic Performance 2016	201-1 Direct Economic Value Generated and Distributed	1.2 Business Performance	10
Energy Management			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	4.2 Energy Management	94
	302-2 Energy consumption outside of the organization		
	302-3 Energy intensity		
	302-4 Reduction of energy consumption		
	302-5 Reductions in energy requirements of products and services		
Water Resource Management			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	4.3 Water Resource Management	95
	303-2 Management of water discharge-related impacts		96
	303-3 Water withdrawal		95
	303-4 Water discharge		
	303-5 Water consumption		
Waste Management			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	4.4 Waste Management	96
	306-2 Management of significant waste-related impacts		97
	306-3 Waste generated		101
	306-4 Waste diverted from disposal		
	306-5 Waste directed to disposal		
	201-4 Financial assistance received from government		11

SASB Index Table

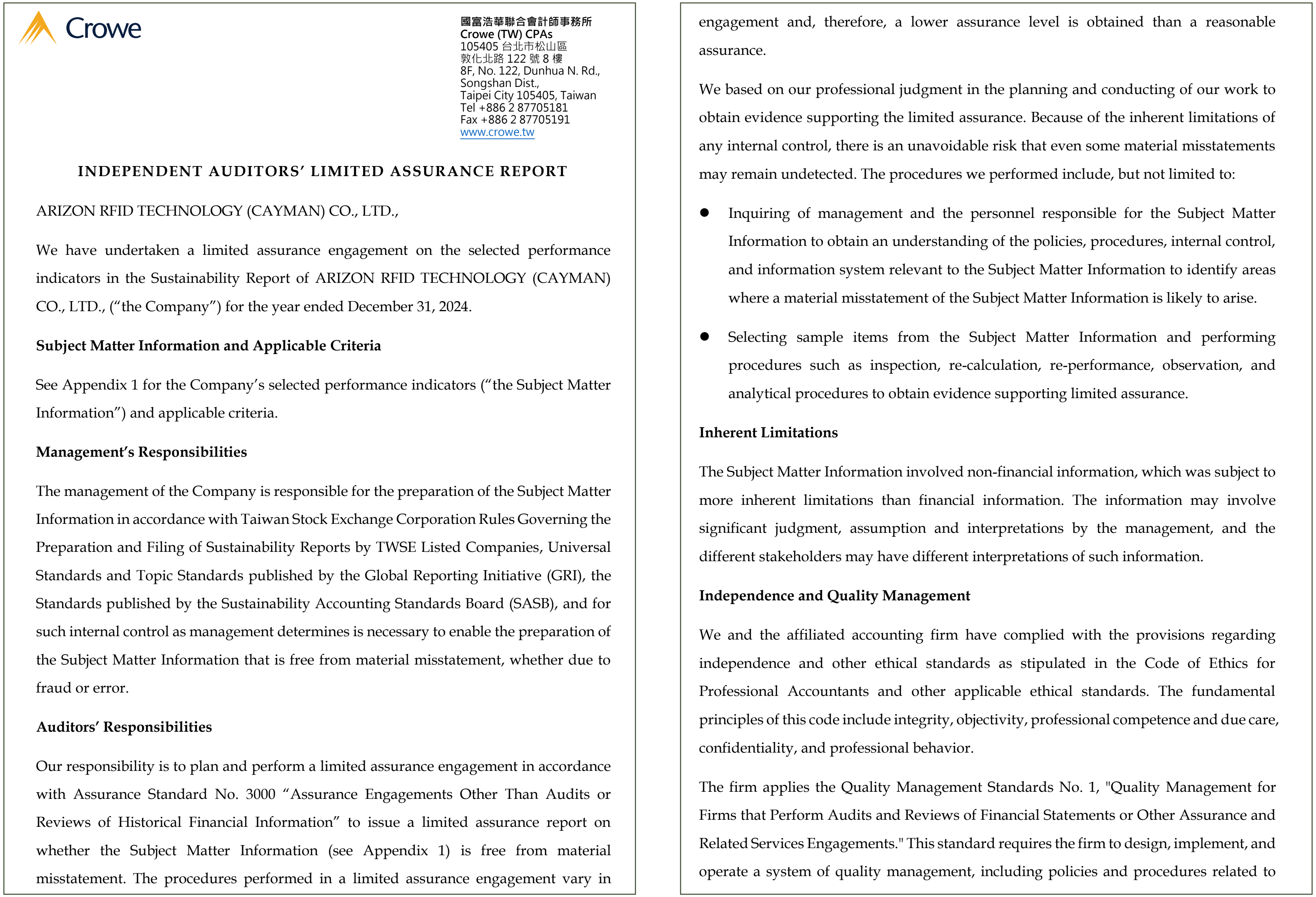
Industry Sector: Hardware

Disclosure Topic	Code	Corresponding Metric	Measurement Unit	Description/Corresponding Section
Product Security	TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	N/A	2.5 Product Quality and Safety
Employee Diversity & Inclusion	TC-HW-330a.1	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) technical employees and (d) all other employees	Percentage (%)	3.1 Happy Workplace
Product Lifecycle Management	TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Percentage (%)	Based on international environmental regulations and customer hazardous substance control standards, we have established a hazardous substance management policy. This policy includes the regulation of substances such as RoHS, REACH, halogens, and TSCA. From the development stage, products are designed and selected according to these regulatory standards. Subsequently, supplier materials and quality requirements, as well as product production and sales, are strictly controlled based on these standards to ensure that the supplied products are environmentally friendly, healthy, safe, and in compliance with international environmental regulations.
	TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	Percentage (%)	NA
	TC-HW-410a.3	Percentage of eligible products, by revenue, certified to an energy efficiency certification	Percentage (%)	0%
	TC-HW-410a.4	Weight of end-of-life products and e-waste recovered; percentage recycled	Metric tonnes(t), Percentage (%)	Not Applicable. This product is a consumable item, and its components are not easily disassembled or separated (due to reliability requirements, the layers of the product must be tightly integrated). Therefore, it does not meet the requirements for recycling waste products or repairing and regenerating electronic products.

Disclosure Topic	Code	Corresponding Metric	Measurement Unit	Description/Corresponding Section
Supply Chain Management	TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	Percentage (%)	As of 2024, none of the first-tier suppliers (including all suppliers and high-risk suppliers) possess the qualifications to undergo the RBA Validated Assessment Program (VAP) audit process or an equivalent audit. Therefore, no specific percentage data can be provided to indicate the coverage of such audits.
	TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority nonconformances and (b) other nonconformances	Rate	Among the first-tier suppliers, neither Arizon's three plants nor their partnering suppliers have passed the RBA VAP audit process or an equivalent certification. As a result, it is not possible to report the percentage of suppliers audited. Under these circumstances, the audit status of all suppliers has not yet met the RBA VAP standards. In addition, regarding the corrective actions for major and other non-conformities, Arizon has not yet conducted the relevant audit assessments and thus cannot provide specific improvement rate data. The Company is actively engaging with suppliers and striving to promote audit processes and corrective measures in line with the standards, with the aim of achieving higher levels of compliance and improvement in the future.
Materials Sourcing	TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	N/A	2.4 Supply Chain Management

Code	Activity Metrics	Measurement Unit	Description/Index Section
TC-HW-000.A	Number of units produced by product category	Number	Not disclosed at this time
TC-HW-000.B	Area of manufacturing facilities	Square metres (m^2)	Taipei Plant: 3,656.59 m^2 (Plant 1: 978.52 m^2, Plant 2: 2,678.07 m^2) Mainland China Plant: 33,167.31m2
TC-HW-000.C	Percentage of production from owned facilities	Percentage (%)	100%, all production comes from in-house facilities.

Independent Accountant's Limited Assurance Report



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INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD.,

We have undertaken a limited assurance engagement on the selected performance indicators in the Sustainability Report of ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD., ("the Company") for the year ended December 31, 2024.

Subject Matter Information and Applicable Criteria

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

Management's Responsibilities

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), the Standards published by the Sustainability Accounting Standards Board (SASB), and for such internal control as management determines is necessary to enable the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities

Our responsibility is to plan and perform a limited assurance engagement in accordance with Assurance Standard No. 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" to issue a limited assurance report on whether the Subject Matter Information (see Appendix 1) is free from material misstatement. The procedures performed in a limited assurance engagement vary in 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.

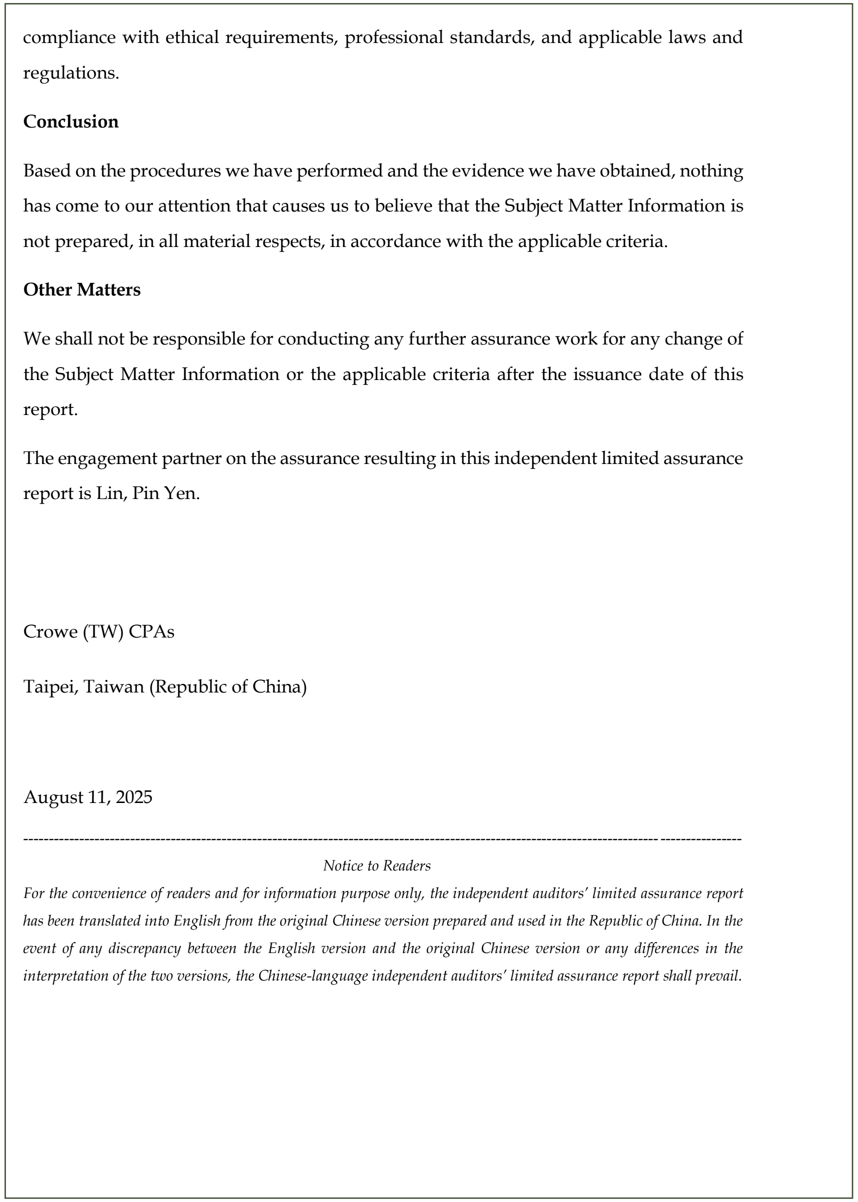
Inherent Limitations

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

Independence and Quality Management

We and the affiliated accounting firm have complied with the provisions regarding independence and other ethical standards as stipulated in the Code of Ethics for Professional Accountants and other applicable ethical standards. The fundamental principles of this code include integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The firm applies the Quality Management Standards No. 1, "Quality Management for Firms that Perform Audits and Reviews of Financial Statements or Other Assurance and Related Services Engagements." This standard requires the firm to design, implement, and operate a system of quality management, including policies and procedures related to



compliance with ethical requirements, professional standards, and applicable laws and regulations.

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 assurance resulting in this independent limited assurance report is Lin, Pin Yen.

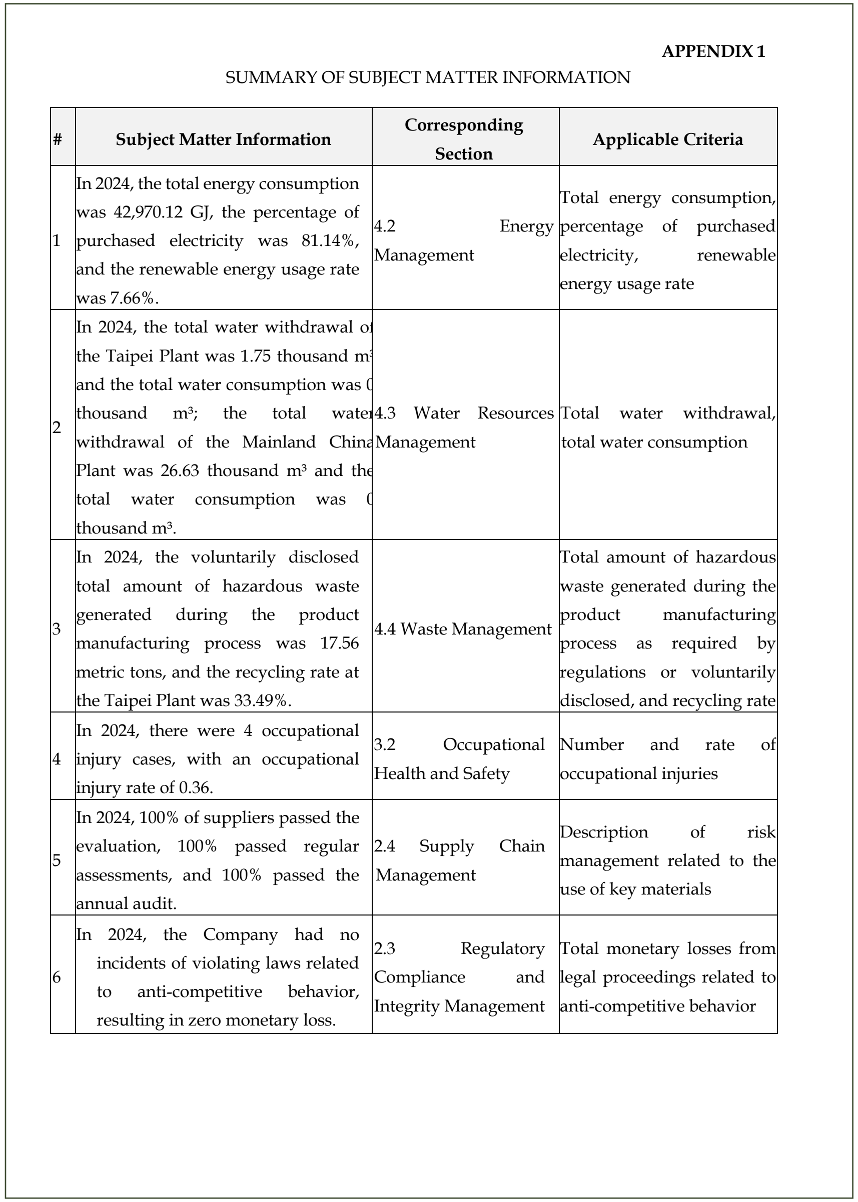
Crowe (TW) CPAs

Taipei, Taiwan (Republic of China)

August 11, 2025

Notice to Readers

For the convenience of readers and for information purpose only, the independent auditors' limited assurance report has been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language independent auditors' limited assurance report shall prevail.



APPENDIX 1

SUMMARY OF SUBJECT MATTER INFORMATION

#	Subject Matter Information	Corresponding Section	Applicable Criteria
1	In 2024, the total energy consumption was 42,970.12 GJ, the percentage of purchased electricity was 81.14%, and the renewable energy usage rate was 7.66%.	4.2 Energy Management	Total energy consumption, percentage of purchased electricity, renewable energy usage rate
2	In 2024, the total water withdrawal of the Taipei Plant was 1.75 thousand m³ and the total water consumption was 0 thousand m³; the total water withdrawal of the Mainland China Plant was 26.63 thousand m³ and the total water consumption was 0 thousand m³.	4.3 Water Resources Management	Total water withdrawal, total water consumption
3	In 2024, the voluntarily disclosed total amount of hazardous waste generated during the product manufacturing process was 17.56 metric tons, and the recycling rate at the Taipei Plant was 33.49%.	4.4 Waste Management	Total amount of hazardous waste generated during the product manufacturing process as required by regulations or voluntarily disclosed, and recycling rate
4	In 2024, there were 4 occupational injury cases, with an occupational injury rate of 0.36.	3.2 Occupational Health and Safety	Number and rate of occupational injuries
5	In 2024, 100% of suppliers passed the evaluation, 100% passed regular assessments, and 100% passed the annual audit.	2.4 Supply Chain Management	Description of risk management related to the use of key materials
6	In 2024, the Company had no incidents of violating laws related to anti-competitive behavior, resulting in zero monetary loss.	2.3 Regulatory Compliance and Integrity Management	Total monetary losses from legal proceedings related to anti-competitive behavior

ARIZON