

<u>Evaluation Items</u>	<u>YFY's Sustainable Development Practices</u>
<p>I. Does the Company set up a governance structure and a dedicated function to facilitate sustainability development?</p> <p>Is the sustainable development function managed by senior management, and is authorized by/reports the progress to the Board of Directors?</p>	<p>The Company has a dedicated function to facilitate corporate sustainability. "Sustainability & Social Responsibility" unit was established under the Corporate Affairs Department since April 2013. The unit was renamed "CSR Office" and was separated from Corporate Affairs as an independent function in August 2020.</p> <p>The Office changed its name to "ESG Office" in February 2022 and reports directly to the Chairman, responsible for driving sustainability and ESG projects across the Group.</p> <p>YFY has established a cross-business group Sustainable Development Committee in September 2021. Six major task force units under the Committee include Corporate Governance, Environment Sustainability, Employee Relations, Responsible Supply Chain, Social Engagement and Information Security. The management of YFY Inc. serves as the team leader, coordinating the implementation of the members of the functional departments corresponding to the business groups, and promoting them together with the corresponding leaders of each business group. The Company took further steps by elevating the supervision role to the board level and, in May 2022, the Board has officially approved the establishment of Sustainable Development Committee other than the statutory functional committee of the Board. The Chairman of YFY Inc. is the Head of the Committee, while two directors and four independent directors serve as Committee members and ESG Office serves as the secretariat. The major task force units convene work meeting every month and report to the Board at least twice a year.</p> <p>The report date of the first session of the Sustainable Development Committee and the key issues supervised by the Board in 2022 :</p> <p><u>November 9, 2022</u></p> <ul style="list-style-type: none"> ·Improvement focus and action plan outlined by the major task force units. ·Plan and execute greenhouse gas accounting. ·Implement DJSI Corporate Sustainability Assessment. <p><u>December 28, 2022</u></p> <ul style="list-style-type: none"> ·Introduce and implement TCFD and SASB frameworks. ·Plan and execute carbon disclosure management platform. ·Implement supply chain ESG training.
<p>II. Does the company evaluate business-related environmental, social and governance issues and risks based on materiality principles?</p>	<p>The Company continues to monitor and identify material environmental, social and governance issues and risks based on materiality principle.</p> <p>The boundaries and reviews are based on relevant international frameworks and best practices, including but not limited to GRI, TCFD, SASB Pulp and Paper industry guidance, MSCI paper industry ESG indicators, Corporate Governance Principles of TWSE/TPEX Listed Companies and AA1000 Stakeholder Engagement Standards. Based on the level of significance and relevance of sustainability factors, the coverage of ESG boundaries includes Forest, Pulp & Paper Group, Containerboard and Packaging Group, and Consumer Products Group.</p> <p>The factories of the three business groups define management policies regarding climate-related risks and opportunities, such as energy-saving and carbon reduction, renewable energy, water resource management, occupational health and safety, regulatory compliance. For more details please refer to YFY Sustainability Report.</p>
<p>III. Environmental issues</p> <p>(1)Has the Company</p>	<p>The Company has established environmental management systems and received ISO certifications for its production sites in Taiwan and China. Management certificates include ISO 14001 Environmental Management, ISO 9001 Quality Management System, ISO 50001 Energy Management, FSC Sustainable Forest Management, ISO 17025 Testing and Calibration Laboratories, and ISO 14064-1 Accounting and Reporting of Greenhouse Gas Emissions. For more details regarding the list of certifications and its expiration date, please refer to YFY</p>

<p>established a proper environmental management system based on its industry characteristics?</p>	<p>Sustainability Report.</p>
<p>(2)Is the Company committed to increase energy efficiency and use renewable materials with low environment impact?</p>	<p>The Company is committed to improving energy efficiency and promoting the top 10 energy-saving plans in each factory. Progress is tracked monthly, and the planned projects include: replacing large motors with smaller ones for individual equipment, energy-saving pumps, energy-saving compressed air systems, energy-saving pulping machine systems, and management of power purchase contract capacity and demand bidding.</p> <p>We promote Six Sigma management, improving energy efficiency by implementing circular economy and using recycled materials with lower environmental impact. The indicators we use for energy efficiency management include, but are not limited to, the energy consumption intensity per unit product, the ratio of alternative fuels used, and the ratio of self-generated electricity in the plant etc.</p> <p>The use of recycled materials is a natural outcome of YFY’s circular economy endeavors. Process waste is reproduced into agricultural fertilizers, is converted into energy (such as biogas power, lignin power, and SRF cogeneration), or is transformed into environmentally friendly building materials.</p> <p>For more details please refer to corporate website and YFY Sustainability Report.</p>
<p>(3)Does the Company evaluate present and future climate-related risks and opportunities, and take necessary actions?</p>	<p>YFY introduced TCFD to identify potential climate-related risks. Climate-related risks include compliance with relevant laws and regulations in the operating locations, increasing production cost, hazards of extreme weather events to equipment and personnel, water resources stability, energy transition costs and opportunities, etc. Climate-related opportunities include renewable energy development, strengthen climate resilience, low water consumption product development, policy incentives and innovation in circular economy.</p> <p>For more details please refer to corporate website and YFY Sustainability Report.</p>
<p>(4)Does the Company tracks greenhouse gas emissions, water consumption, and the total weight of waste in the last two years?</p> <p>Does the Company have reduction plans</p>	<p>The Company regularly tracks and monitors the energy and power consumption, greenhouse gas emissions, water consumption, and total waste in the production areas. For detailed data please refer to the “Environmental Protection Expenditures” Section of this report, corporate website and YFY Sustainability Report. Data boundary covers three business groups: Forest, Pulp & Paper Group, Containerboard and Packaging Group, and Consumer Products Group.</p> <p>(1) Greenhouse gas accounting and reduction: Accounting: In response to climate change and global greenhouse gas regulation trends, the Company has been monitoring the business risks and opportunities associated with related issues. All Group’s affiliated units have voluntarily reported and disclosed GHG emissions on government portal. All major operating locations have passed the ISO GHG verification. The remaining operating locations have also gradually obtained comprehensive third-party verification.</p> <p>Reduction: The Company actively executes reuse of resource and energy within the group. Various energy-saving plans in the factory area include replacement of LED lighting, high-efficiency motors, and introduction of energy-saving technologies, etc. Most importantly, the use</p>

<p>to increase energy efficiency, reduce carbon and greenhouse gas emissions, and water use?</p>	<p>of biomass energy and renewable energy, and the replacement of coal, fuel oil and diesel with alternative fuels to achieve greenhouse gas reduction. The total carbon emissions in Taiwan region decreased by 10% in 2022 compared to 2021.</p> <p>(2) Water Use: Each plant evaluates the risk of water resource shortage as to how it affects the paper-making production. The Company implements ISO 14001 Environmental Management System and uses the World Resources Institute tool to assess the water stress in each plant location. YFY's main water withdrawal is from fresh water (without rainwater). The Company ensures that water is used and reused in an eco-friendly manner and does not conflict with water use of household or agriculture. Through the implementation of water-saving, wastewater from different processes is recycled and transferred to the next process for continuous recycling. The Company strictly manages water quality and water discharge in compliant with local regulations. According to the data reported by YFY in Taiwan region to the Water Resources Agency, Ministry of Economic Affairs on an annual basis, reuse rate of process water is up to 97%.</p> <p>(3) Waste For factories in China and Vietnam, waste is handled by designated waste treatment agencies to be compliant with local regulations. In Taiwan, waste is preserved and reused/recycled into various products (recycled paper, fertilizers), material and energy (biogas power, lignin, SRF etc), or sustainable building materials. For details please refer to YFY Sustainability Report.</p>
<p>IV. Social issues (1) Does the Company comply with relevant international laws and regulations on human rights, and have related management policies and procedures in place?</p>	<p>The Company supports the United Nations Global Compact and complies with the goals set forth in the United Nations Universal Declaration of Human Rights and International Labour Organization conventions. We have established a human rights management policy, approved by the chairman, to protect the human rights of regular employees, contract and temporary employees, and interns, creating a dignified working environment. We also require ourselves, suppliers, and business partners to eliminate any behavior that violates or infringes upon human rights in their operational activities. The Company is committed to prohibiting human trafficking, forced labor, and child labor, respecting freedom of association and the right to collective bargaining, providing equal remuneration, and preventing any form of discrimination.</p>
<p>(2) Has the Company established and implemented reasonable employee benefits (including remuneration, leave, and other benefits), and ensured business performance or results are reflected adequately in employee remuneration?</p>	<p>The Company provides a comprehensive remuneration system, welfare measures, and performance management system while meeting requirements in the external business environment and building a fair and reasonable internal system. We provide a leave system that is more favorable than regulatory requirements and uphold the ideal of sharing profits with employees for the purpose of attracting, retaining, developing, and encouraging talents.</p> <p>1. Salary in line with market conditions (1) The Company participates in compensation surveys in the industry or on the market and determine the salaries of employees based on their academic qualifications, work experiences, skills and positions etc. (2) Salary does not vary by gender or age.</p> <p>2. Bonus and compensation (1) Year-end bonus and other incentives: The Company has established regulations on the year-end bonus to include at least 30 days of salary. The Company also established related standards for the issuance of additional bonuses based on the Company's operations and the employees' rank and performance. The bonuses are competitive and used as incentives to encourage employees to make more contributions and grow with the Company. (2) Employee's remuneration: The Company's Articles of Association specifies that if the Company sustains profit every year, 0.1% or more of the income shall be set aside as remunerations to employees.</p>

	<p>3. Salary adjustment (1) The Company has made a salary raise for all employees every year in the past three years (2020~2022), with a range of 2.5%~3%. (2) When employees are promoted, their salaries are adjusted immediately to develop, incentivize and retain outstanding talents.</p> <p>4. Workplace Diversity and Equality (1) Ratio by gender: 24% of women in total workforce, 18% of women in all management positions, 13% of women in management positions in revenue-generating functions, and 27% of women in STEM-related positions. (2) Ratio by nationality: Taiwanese (R.O.C.), Chinese (Mainland China), Vietnamese, and Dutch account for 51.03%, 34.11%, 14.82%, and 0.04% of total workforce, respectively.</p>
<p>(3) Does the Company provide a safe and healthy work environment, and provide employees with regular safety and health training?</p>	<p>Business Units from all levels have responsible occupational health and safety management personnel to ensure safety and health in the work environment. The personnel is responsible for identifying operational hazards to assess and control various material safety and health issues. All of our employees must undertake at least three hours of safety and health training every three years.</p> <p>At each plant in Taiwan, we follow the “YFY Occupational Health and Safety Management Measures” to implement automatic pre-inspection of all machinery and operations, as well as work environment monitoring. YFY has met international health and safety standards and all our plants have obtained ISO45001 certifications.</p> <p>In 2022, a total of 36 incidents occurred in the main and 13 production bases of the three business groups in Taiwan:</p> <ul style="list-style-type: none"> • Traffic incident: 7 • Level 1 incident (false alarm): 5 • Level 2 incident (seek medical treatment): 17 • Level 3 incident (stay in hospital for observation): 5 • Level 4 incident (hospitalization): 2 <p>A total of 7 disability cases occurred, accounting for about 0.15% of total workforce.</p> <p>We continue to make improvements on health and safety facilities, and actively create a safe, healthy, comfortable, and friendly workplace to achieve our goal of “zero accidents.”</p>
<p>(4) Does the Company offer its employees effective occupational empowerment training programs?</p>	<p>Professional training and career development programs are provided according to different job functions and positions. We also provide employees with diversified learning resources including management training, general education training, and new employee orientation. For more details please refer to the “Continuing Education and Training for Employees” Section of this report.</p>
<p>(5) Does the Company comply with relevant laws and international standards in relation to customer</p>	<p>All specifications on the labels of YFY products meet national regulations and standards so that customers fully understand the product and can choose safe and high-quality products. The standards include the UN Mark Certification for Packaging of Dangerous Goods, HACCP Food Safety Management System, ISO 22000 Food Safety Management System, and certifications for environmental label and express packaging green products.</p>

<p>health and safety, customer privacy, marketing, and labeling of products and services, and does it establish relevant consumer protection policies and grievance procedures?</p>	<p>In addition, the consumer service line also provides instantaneous consultation service and complaint channels. The operating procedures are in line with personal data protection regulations to ensure that consumer interests are protected and continue to provide customers with better products and experience.</p> <p>In terms of collecting, processing or utilizing personal information, we strictly abide by the relevant provisions of personal data protection regulations, and ensure the safety of customer personal information by employing rigorous organization, management system and control mechanism. The Consumer Products Group has set up a “Personal Data Protection Management Organization” in response to the requirements of Personal Data Protection Act.</p>
<p>(6) Does the Company establish supplier management policies, which require suppliers to observe relevant regulations on environmental protection, occupational safety and hygiene, or labor and human rights? If so, describe the implementation results.</p>	<p>The Company has established the “YFY Supplier Code of Conduct and Due Diligence Statement” to ensure that the supply chain of YFY adheres to relevant standards such as environment, health and safety, labor rights, business ethics, and sustainable procurement. We require suppliers to sign the code of conduct, and in 2022, a total of 535 suppliers completed the signing. From 2023 onwards, all new suppliers will be required to sign the code of conduct in order to qualify for cooperation. Meanwhile, we continue to source raw materials certified by FSC, pass the FSC-COC verification for production and sales control, and implement related regulations within the organization.</p>
<p>V. Does the Company refer to international general principle or GRI guideline to prepare sustainability report and other reports that disclose non-financial information by</p>	<p>The Company has compiled the Sustainability Report in accordance with the GRI Standards since 2015. The Sustainability Report has been certified by a third party, SGS, since 2017. We received the AA1000 Type 2 moderate-level assurance for the reports.</p>

<p>following international reporting standards or guidelines? Has the company received assurance or certification of the aforesaid reports from a third-party accreditation institution?</p>	
<p>VI. If the Company has established sustainable development guidelines by following the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe the practice and any discrepancies with regard to the Best Practice Principles:</p>	<p>The Company's Board of Directors has approved and implemented the YFY Sustainability and Social Responsibility Guidelines in 2018. The guidelines are fully executed. For more information regarding YFY's sustainability practices, please refer to the "Environmental Protection Expenditure-Environmental Sustainability" Section of this report, corporate website, and Sustainability Report.</p>

VII. Other key information useful for explaining status of corporate social responsibility practices:

1. Renewable energy and carbon management: YFY is committed to developing the circular economy and renewable energy sources such as lignin, biogas power generation, and solid recovered fuel (SRF) power generation. We bring waste-to-energy technologies into cross-industry cooperation. Increasing the proportion of alternative fuels and reducing coal consumption serve as an important carbon reduction action, effectively reducing greenhouse gas emissions. In December 2022, we established the "Carbon Management Group" to strengthen the layout of renewable energy, energy storage, and carbon management. We are promoting 8 Six Sigma projects to improve production management quality and enhance energy efficiency.
2. Introduction of TCFD and SASB: In accordance with the Financial Supervisory Commission's Corporate Governance 3.0 policy to strengthen the content and quality of ESG information disclosure, we disclose industry-specific ESG indicators based on the topics of SASB "Pulp & Paper Products" industry, and identify climate risks and opportunities according to the TCFD recommendations.
3. Green finance: The Company has issued syndicated green loans that are linked to ESG indicators such as circular economy and greenhouse gas.
4. Responsible supply chain: The Company has established a supplier code of conduct and held ESG carbon reduction training for over 100 suppliers. Recycled paper is used to promote resource recycling and reuse. FSC/PEFC certified wood chips and imported pulp are procured and used. For the amount of raw materials procured and used with FSC/PEFC certifications, please refer to the Sustainability Report.
5. Information Security: We have established a dedicated information security team, consisting of one Chief Security Officer, one information security supervisor, and two information security technicians. We have developed an "Information Security Policy" and implemented various "security risk prevention and management procedures" and "risk event handling procedures", continuously reviewing and adjusting these procedures. We have also established risk management regulations and standard operating procedures for all internal operations, which comply with international standards, domestic laws and foreign regulations.
6. Employee relations: We appointed one occupational safety and health (OSH) nurse and three OSH supervisors, exceeding legal requirements. The Company collaborated with the Dongshi Foundation to host Corporate Stress Relief Day, and jointly promoted the prevention and treatment of elderly depression. An epidemic prevention area was established on the corporate website to provide real-time epidemic prevention information to employees. An epidemic reporting system was also set up for employees to report in real-time and managed systematically by OSH personnel. A volunteer leave was added to encourage employees to participate in public welfare activities. The Company established the "Digital Cloud Library" for employees' learning and development. The employee education and training program was divided into two directions: "management and technical skills required for work" and "personal development unrelated to work," with over 75% of employees participating. The employee satisfaction survey is conducted every two years to ensure employee care and labor relations.
7. Social engagement: Every year, each of our factories has been investing in assisting underprivileged communities,

environmental conservation, and social welfare. Our long-term social welfare project, "YFY Taitung Primary School," has entered its 8th year, with a cumulative total of over 3,500 hours of accompanying reading.

8. Awards and recognition: In 2022, we were recognized with three major sustainability awards in the circular economy category, including the ESG Circular Sustainability Model Award from the Global Views Monthly, Taiwan Circular Economy Enterprise Award from the Chung-Hua Institution for Economic Research, and TCSA Leadership in Circular Economy Award from the Taiwan Institute for Sustainable Energy (TAISE). Other major awards from TAISE in three categories included the TCSA Report Gold Award, TCSA Taiwan Sustainable Business Excellence Award, and TCSA Leadership in Innovative Growth Award. In addition, the Consumer Products Group was recognized with the National Enterprise Environmental Protection Award from the Environmental Protection Administration (EPA), outstanding procurement awards from the Taichung and Taoyuan city governments, the Silver Award for Circular Group from the EPA's annual Taiwan Resource Recycling Excellent Enterprise Award, and the Green Procurement Award for private enterprises and groups from the EPA. In terms of workplace promotion, we have been awarded the CHR Badge of Committed Corporate Health Responsibility from the Common Health Magazine and the Badge of Accredited Healthy Workplace from the Health Promotion Administration. The Consumer Products Group has also won several awards, including the 2022 Best Asian Employer Award, the Happiness Creativity Award from the Taichung city government's Happy Workplace Evaluation, and the AED Safe Place certification from the Ministry of Health and Welfare and the local government.