

2025 YFY Inc. TNFD Report

Introduction: Seeing Both the Trees and the Forest

As climate change accelerates and biodiversity declines rapidly, international sustainability agendas have expanded from emissions reduction alone to natural-capital protection, ecosystem restoration and the enhancement of natural carbon sinks. From the Global Biodiversity Framework and nature-related financial disclosures to national focus on deforestation-free supply chains and Nature-based Solutions, responding to global biodiversity loss and assessing the resulting environmental risks and opportunities has become a core issue for sustainable companies worldwide. Building on the solid foundation of its climate-related financial disclosures (Task Force on Climate-related Financial Disclosures, TCFD), YFY Inc. (referred to in this report as "YFY" or "the Company") further references the core architecture of the Taskforce on Nature-related Financial Disclosures (Taskforce on Nature-related Financial Disclosures, TNFD) to identify the interfaces between its business activities and natural capital.

To ensure that the assessment of nature-related dependencies, impacts, risks and opportunities meets international standards and scientific rigor, the Company uses ENCORE to analyze the dependencies and impacts of its business activities on ecosystem services. For its operating sites in Taiwan and overseas, the Company combines government-published maps of statutory protected areas and important wetlands, the Protected Planet (World Database on Protected Areas, WDPA) database of the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), the Aqueduct water risk tool of the World Resources Institute (WRI), and the ecosystem condition indicator of the WWF Biodiversity Risk Filter to locate sensitive locations through spatial overlay analysis, actively building operational resilience to environmental change. The Company operates a vertically integrated value chain spanning "forest, pulp, paper, design and printing" and actively implements its Saccharide Economy strategy. Through three pathways—low-carbon and low-energy operations, a fully circular economy and non-plastic materials—it strengthens the carbon-fixing function of the paper industry while driving material innovation, seeking to reduce its dependencies and impacts on natural capital through the Circular Economy and a low-carbon product portfolio.

							
YFY Inc. – Global Views ESG Awards 2026 "Comprehensive Performance – Traditional Industry First Prize" and "Environmentally Friendly – Excellence Award" 2025 "Comprehensive Performance – Traditional Industry Model Award"	YFY Inc. – 2026 Taiwan Circular Economy Award, fourth time recognized by the Chung-Hua Institution for Economic Research "Enterprise Award – Outstanding Award"	YFY Inc. – TCSA Taiwan Corporate Sustainability Awards "Comprehensive Performance – Taiwan's Top 100 Sustainable Model Enterprises" and "Sustainability Report – Gold Award"	YFY Inc. – Common Wealth Sustainability Citizenship Award "Large Enterprise Manufacturing – Top 100 Sustainability"	YFY Inc. – 21st Century Foundation Net Zero Industry Competitiveness Award "Paper Industry – Excellence Award"	YFY Inc. – CDP Climate Change / Water Security / Forests "Management Level" (B)	YFY Inc. supported the Kaohsiung City Government Water Resources Bureau in receiving the "2025 National Sustainable Development Award"	Chung Hwa Pulp Corporation Head Office became a TNFD Adopter

To learn more about YFY's sustainability strategy and disclosures, please visit YFY's official website and Sustainability Report.

Summary: YFY's TNFD Nature Actions in Practice

This report presents the Company's concrete practices through nature action features, and then progressively discloses nature-related risks and opportunities following the four TNFD pillars—Governance, Strategy, Risk and impact management, and Metrics and targets—using the LEAP approach (Locate, Evaluate, Assess, Prepare).

Four TNFD Pillars × LEAP Approach

Governance	Strategy × LEAP	Risk and Impact Management	Metrics and Targets × LEAP
From the Board to cross-functional collaboration: how nature governance is implemented from the top down	From Locate to Assess: using a Geographic Information System (GIS) and domestic and international ecological databases, priority locations are pinpointed among 36 operating sites, and the ENCORE database is used to analyze sites' dependencies and impacts on natural capital and to assess nature-related risks and opportunities. • Locate • Evaluate • Assess	From identification and assessment to monitoring: rolling management of nature-related risks and opportunities	Setting nature-related metrics and targets—from air pollution and water to waste—charting the path toward nature positive by 2040 • Prepare
See the "Nature Commitments and Governance" section	See the "Nature Strategy" section	See the "Nature Risk and Impact Management" section	See the "Nature-related Metrics and Targets" section

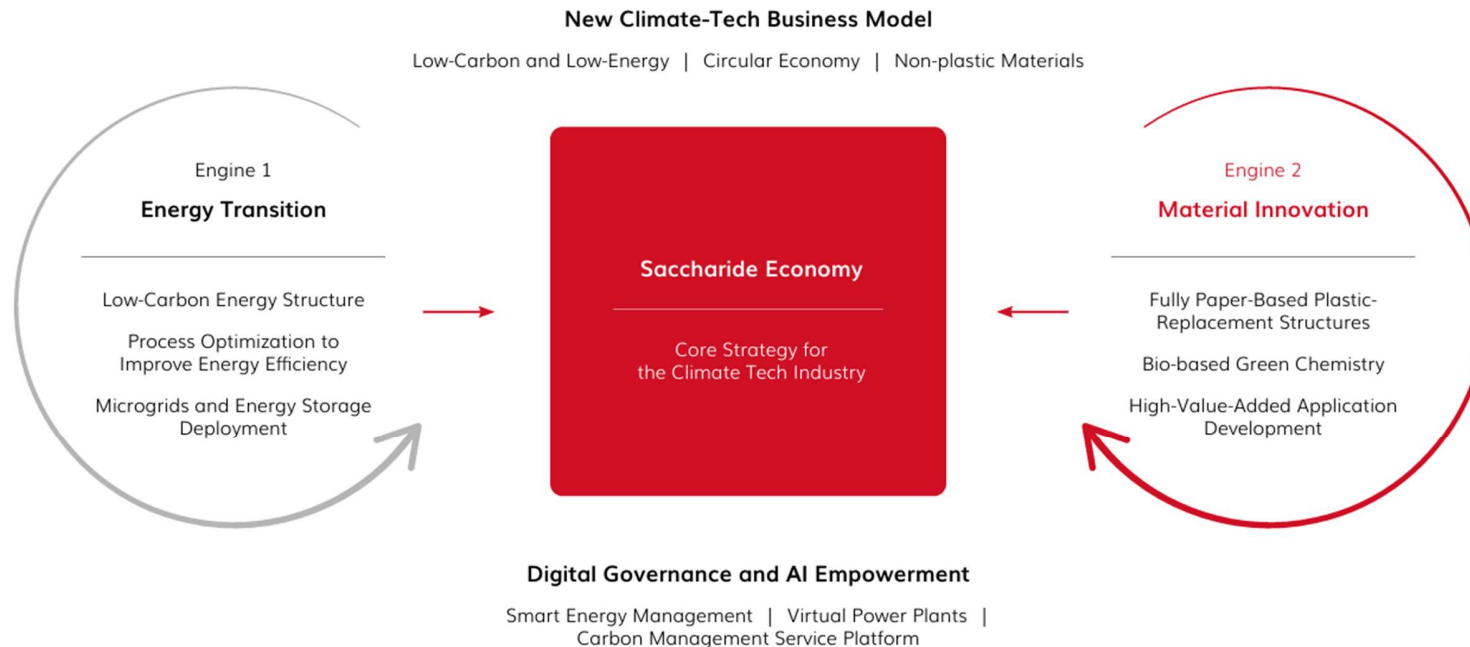
Contents

NATURE RESILIENCE SOLUTIONS	6
SUSTAINING ABUNDANCE THROUGH SACCHARIDE SOLUTIONS: TRANSFORMING INTO A CLIMATE TECH INDUSTRY THROUGH THE SACCHARIDE ECONOMY	6
TURNING RESIDUES INTO RESOURCES: A FULLY CIRCULAR ECONOMY	9
NATURE COMMITMENTS AND GOVERNANCE	13
NATURE-RELATED GOVERNANCE	13
NATURE-RELATED COMMITMENTS	15
STAKEHOLDER ENGAGEMENT	16
NATURE STRATEGY	18
LOCATE	18
EVALUATE	38
ASSESS	40
NATURE RISK AND IMPACT MANAGEMENT	44
NATURE-RELATED METRICS AND TARGETS	45
PREPARE	45
NATURE-RELATED ACTIONS	46
FUTURE OUTLOOK	53
APPENDIX	54
ABOUT THIS REPORT	54
TNFD RECOMMENDED DISCLOSURES INDEX	57
TNFD CORE GLOBAL DISCLOSURE METRICS	58
TNFD GENERAL REQUIREMENTS INDEX	64

Nature Resilience Solutions

Sustaining Abundance Through Saccharide Solutions: Transforming into a Climate Tech Industry Through the Saccharide Economy

YFY positions the Saccharide Economy as the core strategy for developing the climate tech industry. Building on its long-term foundation in bio-based materials and process technologies, YFY is transforming beyond traditional papermaking into an innovative enterprise with capabilities in low-carbon and low-energy operations, full circularity, and non-plastic materials. The strategy is driven by two engines. Energy Transition is accelerated through a low-carbon energy structure, process-efficiency improvements, and deployment of microgrids and energy storage. Material Innovation is expanded through fully paper-based plastic-replacement structures, bio-based green chemistry, and high-value-added application development. Digital governance and AI empowerment connect smart energy management, virtual power plants, and carbon management service platforms, continuously building a resilient climate-tech business model with growth momentum.

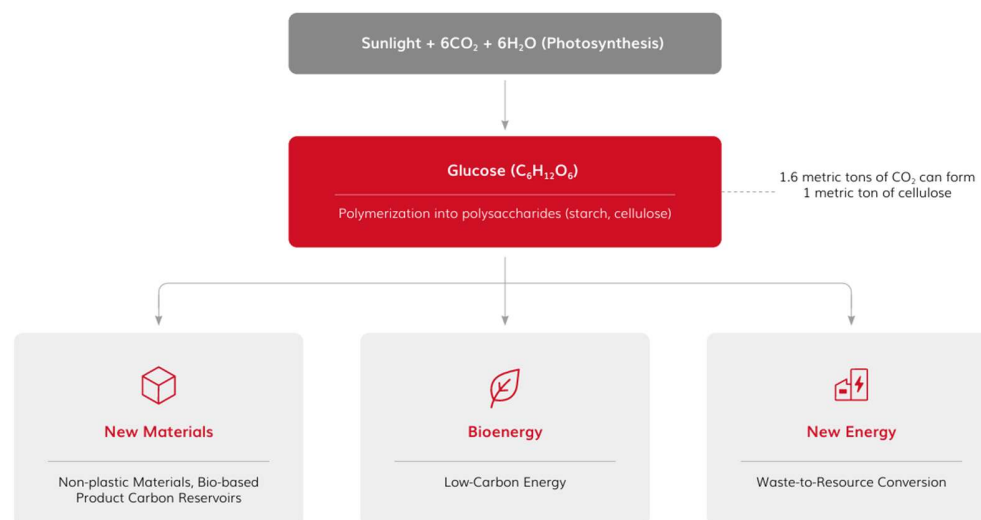


Reviving Circular Value Through the Saccharide Economy

Saccharides are products of photosynthesis and the essence of plant fiber. From food crops, cotton, jute and wood to paper, textiles and all kinds of bio-based materials, **agricultural and forestry resources have long formed the foundation of human economic activity—what is known as the Saccharide Economy**. However, since the rise of the petrochemical industry in the 20th century, economic systems relying on renewable saccharide resources have gradually been marginalized, and the large-scale extraction, use and emission of fossil carbon have become a major cause of today's climate crisis. In contrast to the non-renewability and high carbon emissions of petrochemical resources, **saccharide resources are renewable, recyclable, convertible and able to return to nature**. **Through biotechnology and organic chemistry, they can be converted into materials that replace petrochemicals and, at the end of their life cycle, decompose into soil organic matter and re-enter natural cycles.**

The Saccharide Economy Is Grounded in Biogenic Carbon

Plants use chlorophyll to absorb sunlight and combine carbon dioxide with water absorbed through their roots to synthesize glucose—the process by which saccharides are produced. Carbon enters in the form of carbon dioxide and becomes glucose. When glucose is further polymerized into polysaccharides (such as starch and cellulose), carbon is fixed and stored in the plant; this is known as carbon sequestration. **Plant cellulose and starch are also the principal raw materials for papermaking. As paper is continuously produced, used and recycled, the carbon originally stored in wood fibers remains stored during the paper life cycle. Extending the service life of paper products or recycling paper can delay the return of carbon dioxide to the atmosphere and keep carbon locked within the paper cycle.**



Delivering "Climate Solutions" Through a Circular Core Business

Since its founding, YFY has embedded the concept of "zero waste" in its operating model and value-chain collaboration—from the reuse of agricultural by-products, papermaking with recycled fiber, water circulation and energy transition to carbon management and material innovation. In response to the Paris Agreement, Taiwan's 2050 net-zero emissions target and the high global expectations after

COP30 for natural carbon sinks, the bioeconomy and circular industrial solutions, **YFY regards "the revival of the Saccharide Economy" as its core strategy for responding to climate change and resource overshoot:** building on plant fibers, recycled fibers and agricultural and forestry resources, it advances low-carbon materials, resource circularity, bioenergy, product carbon management and climate tech applications, so that the paper industry is not merely a traditional manufacturer reducing emissions but an important practitioner connecting forest carbon sinks, circular materials, energy transition and the net-zero economy. YFY not only treats GHG reduction, energy-structure adjustment, process-efficiency improvement and low-carbon product R&D as the main levers for operational decarbonization, but also actively participates in public-policy dialogue and industry low-carbon initiatives, seeking to draw on its long experience with the Circular Economy and the Saccharide Economy to support the improvement of Taiwan's net-zero transition framework and the joint upgrading of the industrial ecosystem.

Forest Carbon Sinks and Sustainable Management

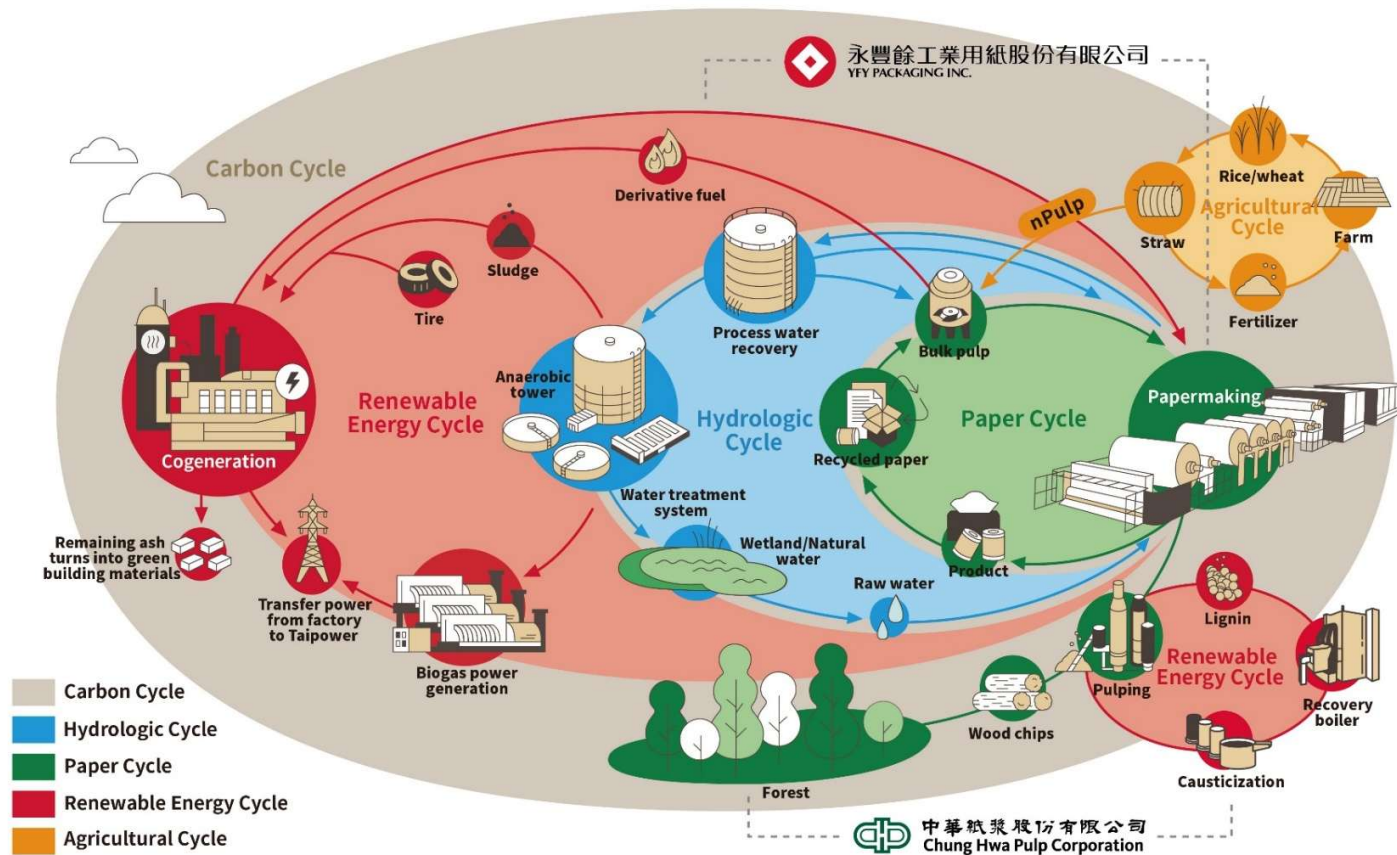
Forests are important YFY assets. In 2017, YFY's subsidiary Chung Hwa Pulp Corporation signed the Wood Chip and Pulp Procurement Policy, seeking profitability while protecting biodiversity, conserving soil and water, managing forest carbon balance and coexisting with the environment. We have built a comprehensive forest-management system **around the full forest growth cycle, with gradient management and forest-structure optimization to achieve sustainable forestry.**

The policy also commits to protecting ancient and endangered forests, peatlands, high-carbon-stock forests and high-conservation-value areas, and ensuring that our operations and procurement support forest sustainability. Our key strategies are:

- Procure wood chips and fiber raw materials from legally managed plantations.
- Maintain stable forest growth and carbon sequestration in line with sustainable forestry principles.
- Increase local employment opportunities and support local economic development.
- Establish public-benefit forestland, plant ecologically suitable local species and foster environmental biodiversity.
- Strengthen afforestation tending to maintain stable carbon dioxide sequestration.

Turning Residues into Resources: A Fully Circular Economy

YFY steadily advances a fully circular economy through five major cycles, striving to realize a natural balance in harmony with ecosystems.



Agricultural Cycle

YFY began its Agricultural Cycle by using sugarcane bagasse, an agricultural by-product, to make building materials and paper. In Yangzhou, Mainland China, thermal energy, mechanical force and enzymes are used in a biological process without chemical additives to extract straw fiber and produce nPulp bio-pulp for various green packaging materials. nPulp received the U.S. Edison Award for innovation in 2014.

Paper Cycle

YFY Packaging Inc. uses recovered paper as raw material so that pulp can be continuously regenerated. Chung Hwa Pulp Corporation's CircuWell plastic-free, food-safe paper breaks through conventional paper-container processes: without plastic lamination, it can still provide water and oil resistance. Its all-paper structure can directly enter standard paper recycling streams and be recycled again as papermaking raw material.

Hydrologic Cycle

Water is an important medium in papermaking, and water circulation is a key process at YFY. Water is continuously regenerated and reused within closed systems, and anaerobic reaction systems substantially reduce organic content in process wastewater. Each drop of water must pass through at least five stages of physical, chemical and biological treatment before it can be safely discharged back to nature.

Renewable Energy Cycle

YFY's full circularity approach spans three major bioenergy applications: Taiwan's earliest and largest lignin-based power generation, the nation's largest anaerobic biogas power generation system, and Taiwan's first coal-free cogeneration boiler.



Carbon Cycle

YFY has afforested more than 30,000 hectares across Taiwan and Mainland China, forming a distinctive carbon-sequestration industrial chain from afforestation to papermaking.



Developing Bioenergy: Coal-Free Sustainable Energy

Through Taiwan's largest lignin and biogas power generation units, YFY optimizes technology to build a sustainable energy supply and provide net-zero transition solutions.

Lignin Power Generation

Since 1968, the Hualien Plant has used Taiwan's only lignin-based power generation and cogeneration system to supply process steam and electricity. Installed capacity is planned to increase from 20 MW to 43 MW and lignin concentration from 65% to 85%, moving toward full electricity self-sufficiency.



Biogas Power Generation

Based on core anaerobic-bacteria cultivation technology, the Xinwu Plant developed Taiwan's largest biogas power generation system (5,200 kW) in 2019. Current generation is 3.2 kWh/m³; with waste-heat recovery and combined-cycle units, the target is to raise it to 5–6 kWh/m³.

In 2025, African swine fever created a need to address household food waste. The Xinwu Plant and the Guishan ROT plant can still accept at least 25 metric tons of additional food waste per day, helping local governments and various retail channels manage food waste and contributing to social stability.



SRF Coal-Free Cogeneration

In 2019, YFY built Taiwan's first coal-free cogeneration system fueled entirely by Solid Recovered Fuel (SRF). High-calorific waste is shredded, magnetically separated and air-classified to produce SRF, helping resolve waste-disposal challenges.



A New Model for Waste-to-Energy

The Guishan Water Resource Recycling Center is Taiwan's first successful case of transforming a conventional wastewater treatment plant, launching a biogas green-energy center to treat wastewater and digest surplus food and processing approximately 23,000 metric tons of household and industrial wastewater per day. By introducing anaerobic biological treatment technology, organic matter is converted into biogas for power generation, delivering energy generation, waste reduction and carbon reduction benefits. The system has a total installed capacity of 800 kW and generates approximately 6.4 million kWh annually, reducing sludge by 40%, saving 17% of electricity and cutting carbon emissions by more than 7,000 metric tons of CO₂e per year; the electricity generated is fed into the Taipower grid.

The transformation of the Guishan Water Resource Recycling Center carries threefold significance for the environment, energy and the market:

- (1) Reducing sludge and carbon emissions and turning wastewater into a resource
- (2) Biogas green electricity can serve as stable baseload power, complementing solar and wind power
- (3) Helping diversify Taiwan's renewable energy mix

As African swine fever has recently created a need to address surplus food, YFY continues to apply its anaerobic energy-and-resource recovery technology to help local governments, convenience stores, supermarkets, department-store food courts and other venues rapidly treat food waste without cooking and with low energy consumption, contributing to the Circular Economy and social stability. On the strength of its technological innovation, proven scale and demonstration value, YFY was recognized as an outstanding enterprise in the "Energy Recovery – Sewerage System" category of the Water Treatment Excellence Award at the Ministry of Environment's "2026 Clean Water Sustainability Awards."



Nature Commitments and Governance

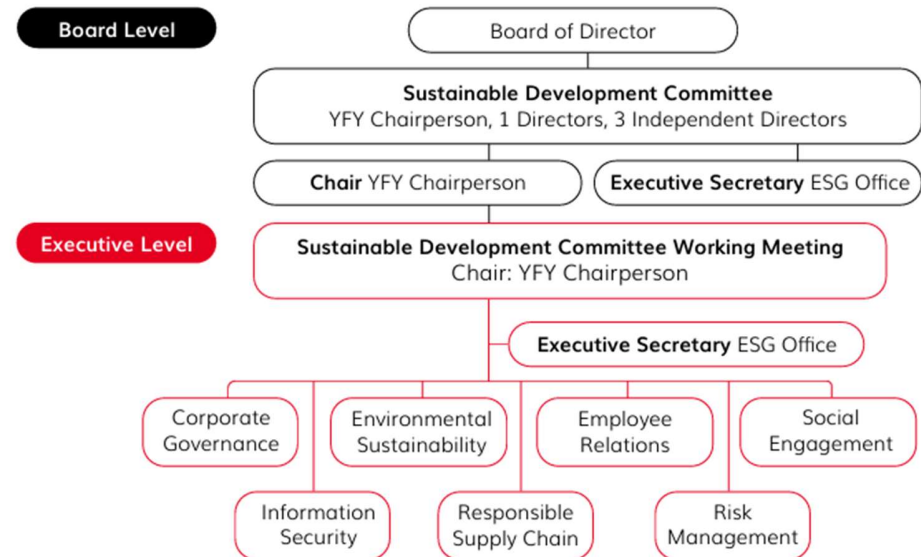
Nature-related Governance

The Company's Board of Directors is the highest oversight body for sustainability-related risks and opportunities and implements nature governance through the Sustainable Development Committee, a functional committee under the Board. The Sustainable Development Committee is chaired by the Chairperson, with one director and three independent directors as members, and oversees sustainable development and nature-related strategies, targets and implementation. Led by the Chairperson, senior management of each function convene ad hoc working meetings and coordinate members of the corresponding functional departments of each business group to jointly carry out risk assessments and internal management related to operations and climate. The ESG Office, as executive secretary of the Committee, reports regularly each year to the Committee and the Board and receives directors' oversight and recommendations.

In response to the TNFD framework, the ESG Office, as executive secretary of the Committee, is responsible for coordinating and consolidating the Group's nature-related information with the participation of all functions, and convenes ad hoc working meetings to ensure that the identification and management of nature-related risks and opportunities are effectively carried out through cross-functional collaboration and incorporated into the information reported regularly to the Board each year.

In 2025, the Company's Board of Directors met 4 times, the Audit Committee 4 times, the Remuneration Committee 2 times and the Sustainable Development Committee 2 times, with an overall attendance rate of 100% for the Board and the three functional committees. Non-executive directors account for 71% of Board members, and independent directors account for 60% of the Sustainable Development Committee. The Sustainable Development Committee oversees the achievement rate of targets on nature-related issues and incorporates the assessment results into operating decisions on annual strategy and capital expenditure. Senior-executive performance is linked to ESG indicators and variable compensation, including nature-related

Sustainable Governance Operating Structure



performance on air pollution, water and waste. The Company ranked in the 6%–20% tier among listed companies in the Corporate Governance Evaluation.

The highest level of responsibility for nature-related issues rests with the Chair of the Sustainable Development Committee (the Chairperson). At the executive level, the ESG Office, as executive secretary of the Committee, coordinates implementation; its main responsibilities include identifying material topics, formulating management approaches, short-, medium- and long-term targets and action plans, and driving ESG projects. On the identification and management of nature-related risks and opportunities, the ESG Office maintains cross-functional communication with the Risk Management Team to ensure that material nature-related risks are effectively integrated into the Company's overall risk management mechanism, and reports the nature-related performance of priority locations to the Sustainable Development Committee and the Board regularly each year.

Nature-related Commitments

Biodiversity and Non-Deforestation Commitment

YFY firmly believes in and remains steadfastly committed to biodiversity conservation. With the goals of achieving, by 2040, a Net Positive Impact on biodiversity and ending all deforestation (No Gross Deforestation), the Company is dedicated to the protection and conservation of biodiversity and forests.

To achieve these goals, the Company will take action in its own operations and call upon its suppliers and partners to join in this commitment:

- Avoid conducting operational activities within or in proximity to areas of globally or nationally important biodiversity.
- Protect old-growth and endangered forests, peatlands, high carbon stock forests, and high conservation value areas, and carry out raw material traceability to ensure that our operations and procurement practices contribute to forest sustainability and species conservation.
- Where our own operations are located near priority biodiversity areas or involve land-use change, assess any potential loss of ecological value and strive to achieve biodiversity-related targets through afforestation, reforestation, or other restoration actions, so as to provide compensation and achieve no net loss.
- When operating near priority biodiversity areas, follow the mitigation hierarchy of avoid, reduce, regenerate, restore, and transform in order to mitigate any negative impacts.
- Actively support biodiversity conservation initiatives and conduct biodiversity risk assessments.
- Collaborate with internal and external stakeholders—including employees, suppliers, customers, government agencies, non-governmental organizations, academic institutions, and partners—to promote Nature-based Solutions, and to advocate biodiversity conservation, zero deforestation, and forest stewardship among all stakeholders, thereby enhancing awareness of environmental and ecological protection.

Stakeholder Engagement

Based on the five AA1000SES stakeholder-engagement principles—Responsibility, Influence, Tension, Diversity of Perspectives and Dependency—the Company reached a consensus through the Sustainable Development Committee and identified eight major stakeholder groups: employees, customers, shareholders/investors, regulators, suppliers/contractors, media, communities/NGOs, and partners/affiliates, and has established dedicated communication channels and grievance mechanisms for each stakeholder group.

Communities and NGOs are an important source for the Company in identifying local nature-related issues. The Company pays attention to the effects of each operating site's environmental and social practices on community residents, participates in NGO initiatives, welcomes suggestions and accepts oversight. Current communication channels with communities and NGOs include community self-governance associations, community-care liaison contacts, charitable activities, an information-disclosure website (Fengyuan Station), communication and coordination by responsible units, hotlines and email, as well as commissioned research projects with universities and research institutions. No existing operating assets or projects under development required community-care consultations because of potential issues. On nature-related issues, the Company works with the Kaohsiung Wild Bird Society, ecological consultants and academic and research institutions including National Chung Hsing University, National Sun Yat-sen University and National Taitung University to advance the Old Railroad Bridge Wetland restoration and carbon-sink enhancement program, and incorporates observations and feedback from local communities through volunteer activities and environmental education.

Human Rights Policy and Indigenous Peoples' Rights

The Company supports the principles of the UN Global Compact and, in line with the goals set out in the UN Universal Declaration of Human Rights, the UN Declaration on the Rights of Indigenous Peoples and the International Labour Organization conventions, has established a Human Rights Policy approved by the Chairperson, requiring its own operations, suppliers and partners to eliminate any conduct that infringes or violates human rights. For Indigenous peoples and cultural protection, the Company requires its own operations and suppliers to recognize and protect the Free, Prior and Informed Consent (FPIC) of local Indigenous peoples and communities before new logging or plantation development, respecting and protecting their land, resources, culture and community rights.

Human Rights Due Diligence

The scope of the Company's human rights due diligence covers its own operations, subsidiaries and supply chain, as well as new business relationships such as investments and joint ventures. The vulnerable groups covered by due diligence include women,

persons with disabilities, Indigenous peoples and migrant workers in own operations; persons with disabilities, Indigenous peoples and migrant workers at suppliers upstream; and local communities downstream. Through self-assessment questionnaires for employees and significant suppliers in Tier-1, the Company assesses the magnitude and likelihood of impacts for each human-rights issue as the basis for identifying priority issues for improvement. In its forest operations, subsidiary Chung Hwa Pulp Corporation takes into account the forest-related livelihoods and traditional cultural activities of nearby Indigenous tribes and mountain-village communities, and respects the traditional ecological culture of local Indigenous peoples.

Grievance and Remedy Mechanisms

All of the Company's stakeholder groups have corresponding grievance channels; communities and NGOs can raise concerns through community self-governance associations, community-care liaison contacts, communication and coordination by responsible units, hotlines and email. In addition, reporting channels have been established under the Ethical Management Procedures and Behavior Guidelines, which specify disciplinary and grievance systems for violations and are periodically reviewed and revised. In 2025, the Company received no grievance cases, and there were no complaints, warnings or supplier violations related to Indigenous peoples' rights, freedom of assembly and association, collective bargaining, discrimination or harassment.

Limitations of This Year and Next Steps

This year's Locate analysis did not apply TNFD sensitive location criterion 5 (areas of importance for ecosystem service provision, including benefits to Indigenous Peoples, Local Communities and stakeholders), nor has the Company yet identified, for each of the 5 priority locations, the Indigenous Peoples and Local Communities that may be affected, or conducted site-level engagement. In the next reporting period, the Company will start with its priority locations to identify affected Indigenous Peoples and Local Communities and incorporate their views into the assessment of nature-related dependencies, impacts, risks and opportunities.

Nature Strategy

Following the TNFD LEAP approach, the Company identifies nature-related risks and opportunities. It first uses the Locate phase to define the sites with a closer interface with nature; then the Evaluate phase to review the dependencies and impacts of the sites' business models on nature; next the Assess phase to identify the nature-related risks and opportunities faced by the sites; and finally, for the identified risks and opportunities, it refers to the Prepare phase to describe metrics and targets for follow-up tracking.

The time horizons the Company uses to identify nature-related risks and opportunities are defined consistently with its climate-related financial disclosures: short term refers to within 3 years, medium term to 3 to 5 years, and long term to more than 5 years. These horizons were set considering the service life of the Company's papermaking and container production equipment and the characteristics of forest rotation periods.

Locate

Interfaces Between Value-Chain Activities and Nature

Under the investment-holding structure, the Company's governance role is to provide guidance and strategic direction to its business groups. In its core paper business, it has vertically integrated the complete industry chain—upstream (forestry, pulp), midstream (papermaking) and downstream (printing)—implementing vertical integration of forest, pulp, paper, design and printing, with business divided mainly into three segments: the Containerboard and Packaging Group, the Consumer Products Group and the Forest, Pulp & Paper Group. To build its nature governance strategy systematically, the Company first focused on reviewing the value chain as a whole and, based on the nature of business activities at each stage, mapped YFY's dependencies and impacts on natural ecosystems:

Interfaces Between Operating Sites and Nature

Locate Analysis Methodology

To further and objectively clarify the actual spatial interactions between the above business activities and local ecosystems, the Company followed the Locate phase of the TNFD LEAP approach to review its operating sites in Taiwan, Mainland China and Vietnam, covering a total of 36 plant sites in Taiwan and overseas. Using a Geographic Information System (GIS), the Company applied a 2 km radius around each site to assess whether it is adjacent to or located in nature-related hotspots.

According to the definition in Strategy D of the "Recommendations of the Taskforce on Nature-related Financial Disclosures", sensitive locations are locations where the organisation's assets and/or activities in its direct operations interface with nature in the following areas; the criteria are joined by "and/or", and a location meeting any one criterion is considered a sensitive location:

- (1) Areas important for biodiversity;
- (2) Areas of high ecosystem integrity;
- (3) Areas of rapid decline in ecosystem integrity;
- (4) Areas of high physical water risks;
- (5) Areas of importance for ecosystem service provision.

Using the recommended datasets listed in the TNFD "Guidance on the identification and assessment of nature-related issues: the LEAP approach", the Company reviewed its existing data. This year, criteria (1), (2) and (4) were applied to determine sensitive locations; criteria (3) and (5) were not applied this year because no applicable data were available, as explained below.

- (1) Areas important for biodiversity

For Taiwan, the Company used government-published maps of "statutory protected areas and important wetlands," including nature reserves, nature protection areas and wildlife refuges under the jurisdiction of the Forestry and Nature Conservation Agency of the Ministry of Agriculture, national parks under the jurisdiction of the Ministry of the Interior, and wetlands of national and local importance. A 2 km radius around each site was overlaid on these maps, and a site was considered to meet the criterion if any part of the radius overlapped with these areas. Key Biodiversity Areas (KBAs) and the distribution of threatened species were not yet



included in this year's screening, which covered only statutory protected areas and important wetlands; the Company will evaluate incorporating these datasets in the next reporting period.

For overseas regions (including Mainland China and Vietnam), the Company used the Protected Planet (WDPA) database of the UN Environment Programme World Conservation Monitoring Centre, which covers statutory protected areas such as IUCN protected areas of all categories, World Heritage sites, Ramsar Wetlands of International Importance and UNESCO Man and the Biosphere reserves; determinations were likewise made by overlaying a 2 km radius around each site.

(2) Areas of high ecosystem integrity

The Company used the "Ecosystem Condition (Intact)" indicator of the WWF Biodiversity Risk Filter (2026 version). Its terrestrial value is calculated as the average of the Ecosystem Integrity Index (EII) and the functional connectivity of protected areas, with HydroBASINS level 7 sub-basins as the assessment unit; a score of 4 (high) or above is considered to meet the criterion.¹In addition, the Company referred to two scores in the overall risk ratings of the World Wide Fund for Nature (WWF) Biodiversity Risk Filter—Physical Risk and Reputational Risk—using scores above 4.2 on both as the basis for determination.

(3) Areas of rapid decline in ecosystem integrity

This criterion must be determined using time-series ecosystem integrity data; the datasets recommended in the TNFD LEAP guidance include the Ecosystem Integrity Index (EII) and the Biodiversity Intactness Index (BII). The WWF Biodiversity Risk Filter does not provide an indicator of the rate of change in integrity, and the Company did not use such time-series data this year; therefore, this criterion was not applied.

(4) Areas of high physical water risks

This analysis used the WRI Aqueduct water risk tool to project baseline water stress levels in 2030 under the optimistic scenario (SSP1 RCP2.6). Sites in "High" (40–80%) and "Extremely High" (>80%) water-stress areas were identified, and sites where surface water and groundwater together account for more than 80% of process water withdrawal were considered sensitive locations.

(5) Importance for ecosystem service provision

¹ The Ecosystem Condition (Intact) indicator was derived by back-calculation from the weighted composite scores. The exported results are Scape Risk values that already incorporate sector weighting; the State of Nature value of the indicator was back-calculated using the formula in the BRF methodology: "Scape Risk = (industry activity relevance + State of Nature) ÷ 2."

This year the Company used ENCORE only for sector-level analysis of dependencies and impacts and did not conduct site-level ecosystem service analysis. The datasets recommended for the WWF Biodiversity Risk Filter do not include information such as Indigenous Peoples' and Community Conserved Territories and Areas (ICCAs), LandMark, ENCORE spatial layers or InVEST, and the Company has no internal data on indicators related to Indigenous Peoples and Local Communities; therefore, this criterion was not applied.

Locate Analysis Results

The results of cross-checking operating sites against the criteria applied this year are shown in the table below. For areas important for biodiversity, two sites in Taiwan—the Jiutang Plant (adjacent to a wetland of local importance) and the Changhua Plant (adjacent to a terrestrial wildlife refuge)—were identified; no overseas sites are adjacent to or located in protected areas listed in the WDPA. In addition, because the WWF Biodiversity Risk Filter indicators are composite indicators that, beyond assessing ecosystem integrity, also include other climate- and environment-related indicators (such as tropical cyclone frequency and tree cover loss), three ecologically sensitive locations (the Ha Nam Plant, Binh Duong Plant and Long An Plant) were identified where both the Physical Risk and Reputational Risk scores in the overall risk ratings exceed 4.2. Although these scores are not a basis for determination referenced this year, the Company has still included these sites in its sensitive location watch list.

For high ecosystem integrity, the ecosystem integrity scores of the sub-basins in which the sites are located did not reach "High," so no site met this criterion. For physical water risk, after analysis and initial screening with WRI Aqueduct, seven sites were identified in extremely high water-stress areas (Binh Chanh Plant, Qingdao Plant, Jiashing Plant, Kunshan Plant, Suzhou Plant, Shanghai Plant and Kunshan Plant (Consumer Products)) and one site in a high water-stress area (Fuzhou Plant). Considering the actual water-use situation of these sites, where 80% of water withdrawn comes from municipal water, they were not yet classified as areas of high physical water risk but were instead listed as items for continued tracking.

In summary, this year the Company identified a total of 5 sensitive locations among its 36 directly operated sites. As value-chain-level assessment has not yet been introduced this year, no material locations have been identified; the priority locations are therefore the above 5 sensitive locations. Upon further review by the team, the operating areas of these sites do not directly overlap with core protected areas, and actual production activities are not located in core habitats.

In addition, the Company has included these 5 priority locations among its internal key focus items. We will use the results of this Locate phase as the basis for the subsequent Evaluate and Assess phases of the TNFD LEAP approach, and by mapping the interfaces with natural resources, develop localized response and management strategies tailored to local conditions. The Company will also continue to monitor the interfaces between business activities and nature hotspots and assess potential interactions as a basis for subsequent decisions. For the detailed LEAP assessment of the Forest, Pulp & Paper Group, please refer to the TNFD report published separately by Chung Hwa Pulp Corporation.

Summary of Priority Locations

Site	Business Group	(1) Areas Important for Biodiversity	(2) High Ecosystem Integrity	(4) Physical Water Risk	Result
Jiutang Plant	Forest, Pulp & Paper	Yes (adjacent to Dashu Constructed Wetland / local importance)	No (2.5)	No	Sensitive location
Changhua Plant	Containerboard and Packaging	Yes (adjacent to Dadu Estuary Wildlife Refuge)	No (2)	No	Sensitive location
Ha Nam Plant	Containerboard and Packaging	No	Yes (risk identified with reference to WWF BRF composite indicators; included in watch list)	No	Sensitive location
Binh Duong Plant	Containerboard and Packaging	No	Yes (risk identified with reference to WWF BRF composite indicators; included in watch list)	No	Sensitive location
Long An Plant	Containerboard and Packaging	No	Yes (risk identified with reference to WWF BRF composite indicators; included in watch list)	No	Sensitive location

Criterion 1: Areas Important for Biodiversity (Taiwan)

Business Group	Region	Site Type	Site Name	<u>Forestry and Nature Conservation Agency Nature Protection Areas and Nature Reserves</u>	<u>Agricultural Data Open Platform Terrestrial Wildlife Refuges</u>	<u>Wetlands of National and Local Importance</u>	<u>Executive Yuan National Parks</u>	Protected Planet (WDPA)²	Adjacent to Nature-Sensitive Areas	Description
Forest, Pulp & Paper³	Taiwan	Forestry	Jiutang Plant	No	No	Yes	No	N/A	Yes	Adjacent to the Dashu Constructed Wetland of local importance
Forest, Pulp & Paper	Taiwan	Forestry	Hualien Plant	No	No	No ⁴	No	N/A	No	Not located in or adjacent to sensitive areas
Forest, Pulp & Paper	Taiwan	Forestry	Taitung Plant	No	No	No	No	N/A	No	Not located in or adjacent to sensitive areas
Forest, Pulp & Paper	Taiwan	Forestry	Kuanyin Plant	No	No	No	No	N/A	No	Not located in or adjacent to sensitive areas
Forest, Pulp & Paper	Mainland China	Forestry	Dingfeng Paper Industry (including Dingfeng)	N/A	N/A	N/A	N/A	No	No	Not located in or adjacent to sensitive areas

² Protected Planet (WDPA) map coverage includes IUCN and CBD protected areas, World Heritage sites, Ramsar Wetlands, UNESCO MAB, legally protected areas, habitats (national, regional, and international)

³ For the detailed LEAP assessment of each site of the Forest, Pulp & Paper Group, please refer to the TNFD report published separately by Chung Hwa Pulp Corporation.

⁴ Approximately 5 km from the Hualien River Estuary Wetland (national importance).

Business Group	Region	Site Type	Site Name	<u>Forestry and Nature Conservation Agency Nature Protection Areas and Nature Reserves</u>	<u>Agricultural Data Open Platform Terrestrial Wildlife Refuges</u>	<u>Wetlands of National and Local Importance</u>	<u>Executive Yuan National Parks</u>	Protected Planet (WDPA) ²	Adjacent to Nature-Sensitive Areas	Description
			eng Forestry subsidiary) ⁵							
Container board and Packaging	Taiwan	Industrial	Xinwu Plant	No	No	No	No	N/A	No	Not located in or adjacent to sensitive areas
Container board and Packaging	Taiwan	Industrial	Xinwu Corrugated Container Plant	No	No	No	No	N/A	No	Not located in or adjacent to sensitive areas
Container board and Packaging	Taiwan	Industrial	Taoyuan Plant (including Colored Box Plant)	No	No	No	No	N/A	No	Not located in or adjacent to sensitive areas
Container board and Packaging	Taiwan	Industrial	Zhunan Plant	No	No	No	No	N/A	No	Not located in or adjacent to sensitive areas
Containerboard and Packaging	Taiwan	Industrial	Chang-hua Plant	No	Yes	No	No	N/A	Yes	Adjacent to Dadu Estuary Wildlife Refuge

⁵ The forestland surrounding the plant is all FSC forest certified, and as of 2025, green wood chips and pulp purchased from third-party certified forestland accounted for 77% of total purchases, implementing the sustainability commitment at the source.

Business Group	Region	Site Type	Site Name	<u>Forestry and Nature Conservation Agency Nature Protection Areas and Nature Reserves</u>	<u>Agricultural Data Open Platform Terrestrial Wildlife Refuges</u>	<u>Wetlands of National and Local Importance</u>	<u>Executive Yuan National Parks</u>	Protected Planet (WDPA) ²	Adjacent to Nature-Sensitive Areas	Description
Container board and Packaging	Taiwan	Industrial	Kaohsiung Plant	No	No	No	No	N/A	No	Not located in or adjacent to sensitive areas
Container board and Packaging	Taiwan	Industrial	Pek Crown Plant (Dajia)	No	No	No	No	N/A	No	Not located in or adjacent to sensitive areas
Container board and Packaging	Main-land China	Industrial	Yangzhou Plant	N/A	N/A	N/A	N/A	No	No	Not located in or adjacent to sensitive areas
Container board and Packaging	Main-land China	Industrial	Tianjin Plant	N/A	N/A	N/A	N/A	No	No	Not located in or adjacent to sensitive areas
Container board and Packaging	Main-land China	Industrial	Qingdao Plant	N/A	N/A	N/A	N/A	No	No	Not located in or adjacent to sensitive areas
Container board and Packaging	Main-land China	Industrial	Kunshan Plant	N/A	N/A	N/A	N/A	No	No	Not located in or adjacent to sensitive areas
Container board and Packaging	Main-land China	Industrial	Shanghai Plant	N/A	N/A	N/A	N/A	No	No	Not located in or adjacent to sensitive areas

Business Group	Region	Site Type	Site Name	<u>Forestry and Nature Conservation Agency Nature Protection Areas and Nature Reserves</u>	<u>Agricultural Data Open Platform Terrestrial Wildlife Refuges</u>	<u>Wetlands of National and Local Importance</u>	<u>Executive Yuan National Parks</u>	Protected Planet (WDPA) ²	Adjacent to Nature-Sensitive Areas	Description
Container board and Packaging	Main-land China	Industrial	Nanjing Plant	N/A	N/A	N/A	N/A	No	No	Not located in or adjacent to sensitive areas
Container board and Packaging	Main-land China	Industrial	Suzhou Plant	N/A	N/A	N/A	N/A	No	No	Not located in or adjacent to sensitive areas
Container board and Packaging	Main-land China	Industrial	Jiashing Plant	N/A	N/A	N/A	N/A	No	No	Not located in or adjacent to sensitive areas
Container board and Packaging	Main-land China	Industrial	Fuzhou Plant	N/A	N/A	N/A	N/A	No	No	Not located in or adjacent to sensitive areas
Container board and Packaging	Main-land China	Industrial	Xiamen Plant	N/A	N/A	N/A	N/A	No	No	Not located in or adjacent to sensitive areas
Container board and Packaging	Main-land China	Industrial	Dongguan Plant	N/A	N/A	N/A	N/A	No	No	Not located in or adjacent to sensitive areas
Container board and Packaging	Main-land China	Industrial	Guangzhou Plant	N/A	N/A	N/A	N/A	No	No	Not located in or adjacent to sensitive areas

Business Group	Region	Site Type	Site Name	<u>Forestry and Nature Conservation Agency Nature Protection Areas and Nature Reserves</u>	<u>Agricultural Data Open Platform Terrestrial Wildlife Refuges</u>	<u>Wetlands of National and Local Importance</u>	<u>Executive Yuan National Parks</u>	Protected Planet (WDPA) ²	Adjacent to Nature-Sensitive Areas	Description
Container board and Packaging	Mainland China	Industrial	Zhongshan Plant	N/A	N/A	N/A	N/A	No	No	Not located in or adjacent to sensitive areas
Container board and Packaging	Vietnam	Industrial	Thai Binh Plant	N/A	N/A	N/A	N/A	No	No	Not located in or adjacent to sensitive areas
Container board and Packaging	Vietnam	Industrial	Ha Nam Plant	N/A	N/A	N/A	N/A	No	No	Not located in or adjacent to sensitive areas
Container board and Packaging	Vietnam	Industrial	Binh Duong Plant	N/A	N/A	N/A	N/A	No	No	Not located in or adjacent to sensitive areas
Container board and Packaging	Vietnam	Industrial	Binh Chanh Plant	N/A	N/A	N/A	N/A	No	No	Not located in or adjacent to sensitive areas
Container board and Packaging	Vietnam	Industrial	Dong Nai Plant	N/A	N/A	N/A	N/A	No	No	Not located in or adjacent to sensitive areas
Container board and Packaging	Vietnam	Industrial	Long An Plant	N/A	N/A	N/A	N/A	No	No	Not located in or adjacent to sensitive areas

Business Group	Region	Site Type	Site Name	<u>Forestry and Nature Conservation Agency Nature Protection Areas and Nature Reserves</u>	<u>Agricultural Data Open Platform Terrestrial Wildlife Refuges</u>	<u>Wetlands of National and Local Importance</u>	<u>Executive Yuan National Parks</u>	Protected Planet (WDPA) ²	Adjacent to Nature-Sensitive Areas	Description
Consumer Products	Taiwan	Industrial	Yang-mei Plant	No	No	No	No	N/A	No	Not located in or adjacent to sensitive areas
Consumer Products	Taiwan	Industrial	Qing-shui Plant	No	No	No	No	N/A	No	Not located in or adjacent to sensitive areas
Consumer Products	Taiwan	Industrial	Ever Growing Agriculture Biotech Co., Ltd.	No	No	No	No	N/A	No	Not located in or adjacent to sensitive areas
Consumer Products	Mainland China	Industrial	Kun-shan Plant (Consumer Products)	N/A	N/A	N/A	N/A	No	No	Not located in or adjacent to sensitive areas
Consumer Products	Mainland China	Industrial	Yang-zhou Plant (Consumer Products)	N/A	N/A	N/A	N/A	No	No	Not located in or adjacent to sensitive areas

Criterion 2: High Ecosystem Integrity

Business Group	Region	Site Type	Site Name	Ecosystem Condition (Intact)	WWF Biodiversity Risk Filter Overall Risk Rating ⁶		High Ecosystem Integrity
					Physical Risk ⁷	Reputational Risk	
Forest, Pulp & Paper	Taiwan	Forestry	Jiutang Plant	2.50	4.31	4.02	Moderate
Forest, Pulp & Paper	Taiwan	Forestry	Hualien Plant	2.50	4.31	3.90	Moderate
Forest, Pulp & Paper	Taiwan	Forestry	Taitung Plant	2.50	4.31	3.90	Moderate
Forest, Pulp & Paper	Taiwan	Forestry	Kuanyin Plant	2.25	4.50	4.10	Moderate
Forest, Pulp & Paper	Taiwan	Mainland China	Dingfeng Paper Industry (including Dingfeng Forestry subsidiary)	3.00	4.50	4.19	Moderate
Containerboard and Packaging	Taiwan	Industrial	Xinwu Plant	2.25	4.50	4.10	Moderate
Containerboard and Packaging	Taiwan	Industrial	Xinwu Corrugated Container Plant	2.25	4.50	4.10	Moderate
Containerboard and	Taiwan	Industrial	Taoyuan Plant (including	2.25	4.50	4.10	Moderate

⁶ Plants whose composite scores for both Physical Risk and Reputational Risk exceed 4.2 under this criterion will be placed on a watch list, and their interfaces with and impacts on surrounding ecosystems will be continuously tracked

⁷ The WWF BRF overall risk ratings are for reference only and are not a TNFD-recommended sensitive location dataset; they were not directly used as a basis for determination this year.

Business Group	Region	Site Type	Site Name	Ecosystem Condition (Intact)	WWF Biodiversity Risk Filter Overall Risk Rating ⁶		High Ecosystem Integrity
					<u>Physical Risk⁷</u>	<u>Reputational Risk</u>	
Packaging			Colored Box Plant)				
Containerboard and Packaging	Taiwan	Industrial	Zhunan Plant	2.25	4.50	4.10	Moderate
Containerboard and Packaging	Taiwan	Industrial	Changhua Plant	2.00	4.38	3.79	Moderate
Containerboard and Packaging	Taiwan	Industrial	Kaohsiung Plant	2.00	4.38	3.76	Moderate
Containerboard and Packaging	Taiwan	Industrial	Pek Crown Plant (Dajia)	2.25	4.50	4.10	Moderate
Containerboard and Packaging	Mainland China	Industrial	Yangzhou Plant	1.00	4.50	3.98	Low
Containerboard and Packaging	Mainland China	Industrial	Tianjin Plant	2.50	4.75	3.79	Moderate
Containerboard and Packaging	Mainland China	Industrial	Qingdao Plant	2.00	4.50	3.79	Moderate

Business Group	Region	Site Type	Site Name	Ecosystem Condition (Intact)	WWF Biodiversity Risk Filter Overall Risk Rating ⁶		High Ecosystem Integrity
					<u>Physical Risk⁷</u>	<u>Reputational Risk</u>	
Containerboard and Packaging	Mainland China	Industrial	Kunshan Plant	1.50	4.50	3.98	Moderate
Containerboard and Packaging	Mainland China	Industrial	Shanghai Plant	1.50	4.50	3.98	Moderate
Containerboard and Packaging	Mainland China	Industrial	Nanjing Plant	1.00	4.50	3.98	Moderate
Containerboard and Packaging	Mainland China	Industrial	Suzhou Plant	1.50	4.50	3.98	Moderate
Containerboard and Packaging	Mainland China	Industrial	Jiasheng Plant	1.50	4.50	3.98	Moderate
Containerboard and Packaging	Mainland China	Industrial	Fuzhou Plant	2.00	4.50	3.79	Moderate
Containerboard and Packaging	Mainland China	Industrial	Xiamen Plant	2.00	4.50	4.04	Moderate

Business Group	Region	Site Type	Site Name	Ecosystem Condition (Intact)	WWF Biodiversity Risk Filter Overall Risk Rating ⁶		High Ecosystem Integrity
					<u>Physical Risk⁷</u>	<u>Reputational Risk</u>	
Containerboard and Packaging	Mainland China	Industrial	Dongguan Plant	1.00	4.50	4.04	Low
Containerboard and Packaging	Mainland China	Industrial	Guangzhou Plant	1.00	4.50	3.98	Moderate
Containerboard and Packaging	Mainland China	Industrial	Zhongshan Plant	1.50	4.50	3.85	Moderate
Containerboard and Packaging	Vietnam	Industrial	Thai Binh Plant	1.00	4.41	4.05	Moderate
Containerboard and Packaging	Vietnam	Industrial	Ha Nam Plant	2.00	4.50	4.30	High
Containerboard and Packaging	Vietnam	Industrial	Binh Duong Plant	1.00	4.25	4.22	High
Containerboard and Packaging	Vietnam	Industrial	Binh Chanh Plant	2.50	4.55	3.71	Moderate

Business Group	Region	Site Type	Site Name	Ecosystem Condition (Intact)	WWF Biodiversity Risk Filter Overall Risk Rating ⁶		High Ecosystem Integrity
					<u>Physical Risk⁷</u>	<u>Reputational Risk</u>	
Containerboard and Packaging	Vietnam	Industrial	Dong Nai Plant	2.50	4.25	4.02	Moderate
Containerboard and Packaging	Vietnam	Industrial	Long An Plant	1.00	4.5	4.22	High
Consumer Products	Taiwan	Industrial	Yangmei Plant	2.25	4.50	4.10	Moderate
Consumer Products	Taiwan	Industrial	Qingshui Plant	2.25	4.50	4.10	Moderate
Consumer Products	Taiwan	Industrial	Ever Growing Agriculture Biotech Co., Ltd.	2.25	3.69	3.08	Moderate
Consumer Products	Mainland China	Industrial	Kunshan Plant (Consumer Products)	1.50	4.50	3.98	Moderate
Consumer Products	Mainland China	Industrial	Yangzhou Plant (Consumer Products)	1.00	4.50	3.98	Moderate

Criterion 4: Physical Water Risk

Business Group	Region	Site Type	Site Name	Baseline Water Stress	Water Withdrawal			High Physical Water Risk
					Surface Water Share of Withdrawal (%)	Groundwater Share of Withdrawal (%)	Over 80%?	
Forest, Pulp & Paper	Taiwan	Forestry	Jiutang Plant	Low–Medium	0	100	Yes	No
Forest, Pulp & Paper	Taiwan	Forestry	Hualien Plant	Low–Medium	0	99.9	Yes	No
Forest, Pulp & Paper	Taiwan	Forestry	Taitung Plant	Low–Medium	0	99.7	Yes	No
Forest, Pulp & Paper	Taiwan	Forestry	Kuanyin Plant	Low–Medium	0	0	No	No
Forest, Pulp & Paper	Taiwan	Mainland China	Dingfeng Paper Industry (including Dingfeng Forestry subsidiary)	Low–Medium	99.3	0	Yes	No
Container-board and Packaging	Taiwan	Industrial	Xinwu Plant	Low–Medium	0	100	Yes	No
Container-board and Packaging	Taiwan	Industrial	Xinwu Corrugated Container Plant	Low–Medium	0	0	No	No
Container-board and Packaging	Taiwan	Industrial	Taoyuan Plant (including Colored Box Plant)	Low–Medium	0	0	No	No
Container-board and Packaging	Taiwan	Industrial	Zhunan Plant	Low–Medium	0	0	No	No
Container-board and Packaging	Taiwan	Industrial	Changhua Plant	Low–Medium	0	0	No	No
Container-board and Packaging	Taiwan	Industrial	Kaohsiung Plant	Low–Medium	0	10.6	No	No
Container-board and Packaging	Taiwan	Industrial	Pek Crown Plant (Dajia)	Low–Medium	0	94.8	Yes	No
Container-board and Packaging	Mainland China	Industrial	Yangzhou Plant	Low	98.1	0	Yes	Low

Business Group	Region	Site Type	Site Name	Baseline Water Stress	Water Withdrawal			High Physical Water Risk
					Surface Water Share of Withdrawal (%)	Groundwater Share of Withdrawal (%)	Over 80%?	
Container-board and Packaging	Mainland China	Industrial	Tianjin Plant	Low-Medium	0	0	No	No
Container-board and Packaging	Mainland China	Industrial	Qingdao Plant	Extremely High	0	0	No	No
Container-board and Packaging	Mainland China	Industrial	Kunshan Plant	Extremely High	0	0	No	No
Container-board and Packaging	Mainland China	Industrial	Shanghai Plant	Extremely High	0	0	No	No
Container-board and Packaging	Mainland China	Industrial	Nanjing Plant	Low	0	0	No	No
Container-board and Packaging	Mainland China	Industrial	Suzhou Plant	Extremely High	0	0	No	No
Container-board and Packaging	Mainland China	Industrial	Jiashing Plant	Extremely High	0	0	No	No
Container-board and Packaging	Mainland China	Industrial	Fuzhou Plant	High	0	0	No	No
Container-board and Packaging	Mainland China	Industrial	Xiamen Plant	Low-Medium	0	0	No	No
Container-board and Packaging	Mainland China	Industrial	Dongguan Plant	Low-Medium	0	0	No	No
Container-board and Packaging	Mainland China	Industrial	Guangzhou Plant	Low	0	0	No	No
Container-board and Packaging	Mainland China	Industrial	Zhongshan Plant	Low	0	0	No	No

Business Group	Region	Site Type	Site Name	Baseline Water Stress	Water Withdrawal			High Physical Water Risk
					Surface Water Share of Withdrawal (%)	Groundwater Share of Withdrawal (%)	Over 80%?	
Container-board and Packaging	Vietnam	Industrial	Thai Binh Plant	Low-Medium	0	0	No	No
Container-board and Packaging	Vietnam	Industrial	Ha Nam Plant	Low-Medium	0	0	No	No
Container-board and Packaging	Vietnam	Industrial	Binh Duong Plant	Low-Medium	0	0	No	No
Container-board and Packaging	Vietnam	Industrial	Binh Chanh Plant	Extremely High	0	0	No	No
Container-board and Packaging	Vietnam	Industrial	Dong Nai Plant	Low-Medium	0	100	Yes	No
Container-board and Packaging	Vietnam	Industrial	Long An Plant	Low-Medium	0	0	No	No
Consumer Products	Taiwan	Industrial	Yangmei Plant	Low-Medium	0	100	Yes	No
Consumer Products	Taiwan	Industrial	Qingshui Plant	Low-Medium	0	97.2	Yes	No
Consumer Products	Taiwan	Industrial	Ever Growing Agriculture Biotech Co., Ltd.	Low-Medium	0	0	No	No
Consumer Products	Mainland China	Industrial	Kunshan Plant (Consumer Products)	Extremely High	0	0	No	No
Consumer Products	Mainland China	Industrial	Yangzhou Plant (Consumer Products)	Low	92.9	0	Yes	No

Evaluate

Among the existing sites identified through the Locate phase as having a high interface with nature, apart from upstream forestry and pulp manufacturing (Forest, Pulp & Paper Group), which is assessed separately by Chung Hwa Pulp Corporation, all other sites fall within the scope of containerboard and packaging business activities. For these manufacturing sites, the Company applied ENCORE, developed jointly by the UN Environment Program World Conservation Monitoring Centre (UNEP-WCMC) and the UN Environment Program Finance Initiative (UNEP FI), focusing on the "paper and paper products manufacturing" process to identify the dependencies and potential impacts of production on natural resources and ecosystem services.⁸

Category	Topic	Description
Dependency	Water supply services	Dependence on the environment to provide the water quantity and quality required for production and operations.
Dependency	Rainfall pattern regulation	Dependence on the environment to reduce the risks of floods and droughts and ensure a reliable water supply.
Dependency	Solid waste treatment	Dependence on the environment to transform and decompose waste generated by the paper mill, such as sludge, incineration ash, and desulfurization waste.
Dependency	Water flow regulation services	Dependence on the environment to manage rainfall runoff and prevent flooding.
Dependency	Flood mitigation services	Dependence on the environment to protect manufacturing sites from flood damage.
Dependency	Storm mitigation services	Dependence on the environment to protect manufacturing sites from strong winds and sandstorms.
Impact	Disturbances (e.g., noise and light)	Machinery and vehicle operations, along with lighting in production areas, may generate noise and light pollution.
Impact	Greenhouse gas emissions	Fuel and energy use generate greenhouse gas emissions and may cause air pollution.
Impact	Non-GHG air pollutant emissions	Emissions of major air pollutants, including nitrogen oxides (NO _x), sulfur oxides (SO _x), particulate matter (PM), and volatile organic compounds (VOCs), may cause air pollution.

⁸ For the detailed LEAP assessment of the Forest, Pulp & Paper Group, please refer to the TNFD report published separately by Chung Hwa Pulp Corporation.

Impact	Solid waste generation and release	Waste generated by the paper mill, such as sludge, incineration ash, and desulfurization waste, may result in land degradation or land pollution if buried or left unmanaged.
Impact	Release of toxic pollutants into water and soil	Waste released by the paper mill, such as sludge, incineration ash, and desulfurization waste, may cause land degradation or land pollution.
Impact	Water use	Water is an important medium for carrying fibers and energy during papermaking. Water consumption by the paper mill may place pressure on aquatic ecosystems.

According to ENCORE data, the Company's containerboard and packaging business activities' **dependencies on nature** center mainly on two cores: "process water supply" and "natural barriers for operational resilience." For process water supply, papermaking processes rely heavily on water supply services, rainfall patterns and water flow regulation in local river basins to meet process water needs. For natural barriers for operational resilience, plant facilities depend on flood and storm mitigation services provided by ecosystems and on the natural capacity of the environment to assimilate and purify waste, reducing physical operational risks from extreme weather.

The Company's **impacts on nature** are reflected mainly in two dimensions: "process emission loads" and "disturbance to surrounding ecosystems." Process emission loads mainly include emissions of GHGs and non-GHG pollutants (air pollutants such as PM, SO_x and NO_x), water use, solid waste generation, and the potential impacts of discharge water on local water bodies and soil. For disturbance to surrounding ecosystems, existing machinery operations and night lighting at plants may also cause localized noise and light disturbance to organisms in surrounding habitats.

To ensure objectivity, the Company also referred to the recommendations of the SBTN (Science Based Targets Network) and, building on the ENCORE analysis, selected focus issues of material significance from items rated "Medium" or above after discussion and review, as shown in the figure below. The core operational dependencies and impacts identified through the Evaluate phase will serve as the basis for discussion in the next phase, Assess, in which the nature-related risks and opportunities arising from these material dependencies and impacts are further identified and discussed in detail in the Assess section.

Assess

For the dependencies and potential impacts of YFY's business activities on natural resources and ecosystem services identified in the Evaluate phase, the internal team conducted discussions and reviews, comprehensively assessed the "potential financial impact" and "likelihood" of each issue, and, after a materiality assessment, identified the resulting nature-related risks and opportunities: two transition risks, one physical risk and two opportunities. Based on the potential short-, medium- and long-term financial impacts of these five risks and opportunities, we assessed and proposed response strategies and management plans, as listed in the table below.

Nature-related Risks and Financial Impacts

Risk Type	Issue	Corresponding Dependenc / Impact	Time Horizon ⁹	Potential Financial Impact	Response Strategies and Management Plans
Transition risk	Air pollutant emission compliance and regulation	Impact— Non-GHG air pollutant emissions	Short and medium term	 Increased capital expenditure  Increased operating expenses Tighter air pollution and land protection policies may increase investment in air pollution control equipment and the cost of external waste disposal.	• Implement the ISO 14001 Environmental Management System in accordance with relevant regulations • Plan the replacement of aging equipment and the addition of control equipment • Continue to evaluate the sourcing of clean fuels and maintain best boiler operating practices • Continuously verify through online continuous monitoring equipment and regularly arrange third-party inspections

⁹ The Company identifies short-, medium- and long-term nature-related risks and opportunities with reference to international nature-related events and industry trends, domestic and international regulations and policies, research by authoritative institutions and the Company's operating characteristics. Short term refers to within 3 years, medium term to 3 to 5 years, and long term to more than 5 years.

Risk Type	Issue	Corresponding Dependence / Impact	Time Horizon ⁹	Potential Financial Impact	Response Strategies and Management Plans
					of dedicated air pollution control equipment.
Transition risk	Water body regulation and stricter discharge water standards	Impact— Release of toxic pollutants to water and soil	Short and medium term	 Increased capital expenditure  Increased operating expenses Declining carrying capacity of river basins around plants may trigger stricter site-specific discharge water quality standards, potentially increasing capital expenditure on wastewater treatment systems as well as routine water-quality testing and operation and maintenance costs.	• Strictly comply with the Water Pollution Control Measures and Test Reporting Management Regulations. • Establish an abnormality early-warning mechanism; in the event of non-compliance with discharge standards, carry out an emergency shutdown as appropriate and immediately launch a corrective action plan. • Monitor all discharge information at all times and provide public real-time water-quality data; all production sites conduct legally required testing and reporting, update and disclose information regularly, and receive third-party verification.

Risk Type	Issue	Corresponding Dependence / Impact	Time Horizon ⁹	Potential Financial Impact	Response Strategies and Management Plans
					• Work with local governments to use plant discharge water of better-than-regulatory quality to sustain natural ecosystems and enhance biodiversity.
Physical Risk	Water scarcity	Impact —Water use Dependency —Water supply and water flow regulation services	Short, medium and long term	 Increased cost of sales Seasonal rainfall anomalies or drought may increase raw water procurement costs.	Focus on areas of high-water stress, and develop contingency plans for seasonal drought and sharp increases in raw water costs for sites in extremely high (>80%) water-stress areas.

Nature-related Opportunities and Financial Impacts

Opportunity Type	Issue	Corresponding Dependency / Impact	Time Horizon	Potential Financial Impact	Response Strategies and Management Plans
Resource efficiency	Waste resource recovery and reuse	Impact —Solid waste generation and release	Short, medium and long term	 Decreased cost of sales  Decreased operating expenses Increasing the resource recovery and reuse rate of process waste and converting materials into bioenergy or green alternative	• Fibrous residues are directly remanufactured into paper products. • Recycling into other products, including cement products/raw materials,

				materials reduces waste disposal fees and purchased energy costs.	insulation materials and fertilizers. • High-calorific organic residues are made into Solid Recovered Fuel to replace coal and heavy oil. • Develop new business models through YFY's Net Zero Circularity system.
	Advanced water-saving technologies	Dependency— Water supply services	Short, medium and long term	Decreased cost of sales Decreased operating expenses Reducing external raw water withdrawal and discharge water volumes lowers dependency on regional water resources and optimizes variable production costs and water-related fees.	• Strengthen water-saving measures and recover, recycle and reuse process water, for example by recycling white water, installing disinfection equipment for recovered water and increasing biological-basin concentration at wastewater treatment plants. • Develop product water-saving programs to reduce product water consumption.

Nature Risk and Impact Management

The Company has established Risk Management Policies and Procedures. The Board-level Sustainable Development Committee oversees risk management in accordance with the procedures, and a Risk Management Team under the Committee promotes risk identification and controls relating to risk management, finance, operations, information security and regulatory compliance. The Company regularly reports risk management matters to the Board and reported the risk management organizational structure and procedures to the Board on November 13, 2023. Since then, the Company has reported the operation of risk management to the Sustainable Development Committee and the Board every year; the 2025 operations were reported on August 13, 2025. We will continue to propose, implement and revise risk management measures and track their status. The ESG Office, as executive secretary of the Committee, is currently responsible for identifying, assessing and managing nature-related risks and opportunities through a cross-functional collaboration mechanism, ensuring that material nature-related risks and opportunities identified are tracked and managed in accordance with the Risk Management Policies and Procedures.

Risk and Opportunity Management Process

Process	Description
Identify	Based on the dependencies and potential impacts of YFY's production processes on natural resources and ecosystem services identified in the Evaluate phase of the LEAP approach, together with the Company's operating characteristics, a list of nature-related risks and opportunities is established.
Assess	The ESG Office, as executive secretary of the Committee, works with functional representatives of each business group to assess the magnitude of impact and likelihood of each issue against assessment criteria set according to the Company's actual operations. Magnitude of impact is rated on five levels (1–5 points) based on the amount of financial impact, hours of production interruption and severity of personnel incidents; likelihood is rated on five levels (1–5 points) based on frequency of occurrence. The Company reviews the assessment once a year and initiates ad hoc reviews in the event of major operational changes (such as new sites, process changes or major regulatory amendments).
Prioritize	Issues are ranked by multiplying the average scores for magnitude of impact and likelihood; those scoring 6 points or above are classified as key nature-related risks and opportunities. A total of 5 key risks and opportunities were identified this time; see the Assess section.
Monitor and Report	Management status, metric performance and financial impacts are tracked regularly and reported to the Sustainable Development Committee and the Board.

Nature-related Metrics and Targets

YFY recognizes nature as an essential foundation for sustainable development and a key form of capital for the net-zero transition and long-term resilience. Our long-term goals are to achieve Net Positive Impact (NPI) on biodiversity and end all deforestation (No Gross Deforestation) by 2040, and we continue to set nature-related metrics across air pollution, water and waste management to monitor nature-related performance, laying a more resilient foundation for a net-zero and nature-positive sustainable future.

Prepare

Based on the identification of nature-related risks and opportunities in the Assess phase described in the "Nature Strategy" section, the Company has consolidated the five risks and opportunities into three core dimensions—"air pollution," "water" and "waste"—and has set corresponding metrics and targets to effectively track the management of nature-related risks and opportunities.

Metrics and Targets for Nature-related Risks and Opportunities

Management Dimension	Corresponding Risk/Opportunity	Metric	2025 Performance	Target (2026)	Target (2030)
Air pollution	Transition risk—Air pollutant emission compliance and regulation	Number of violations ¹⁰	4 cases	0 cases	0 cases
Water	Transition risk—Water body regulation and stricter discharge water standards	Number of violations ¹¹	4 cases	0 cases	0 cases
	• Physical risk—Water scarcity	Paper-mill water recycling rate	>90%	Maintain above 90%	Water recycling rate of 90%
		Total water consumption	Up 103% ¹²	1% reduction from the previous year	

¹⁰ The scope of incident counting is limited to Taiwan.

¹¹ The scope of incident counting is limited to Taiwan.

¹² In 2025, increased output at some plants raised process water demand, and the inflow of drainage from nearby farmland caused larger fluctuations in the difference between withdrawal and discharge and in water consumption at some plants. This was mainly because increased output at some plants of the Forest, Pulp & Paper Group and the Containerboard and Packaging Group drove higher process water demand; in addition, at some plants of the Forest, Pulp & Paper Group, discharge water from nearby farmland flows into the plant, and these volumes are affected by the external environment and agricultural irrigation and cannot be fully controlled by the plant, resulting in larger fluctuations in the difference between withdrawal and discharge and in water consumption. For related management measures, see the targets and results in the "Circular Sustainability" chapter of YFY's 2025 Sustainability Report.

	• Opportunity—Advanced water-saving technologies				
	Physical risk—Water scarcity	Share of water withdrawal in extremely high and high water-stress areas	0.24%	Maintain below 1%	Maintain below 1%
	Physical risk—Water scarcity	Share of water consumption in extremely high and high water-stress areas	0.73%	Maintain below 1%	Maintain below 1%
Waste	Opportunity—Waste resource recovery and reuse	Waste resource recovery rate	94%	Maintain above 94%	Waste resource recovery rate of 95%
		Waste directly disposed ¹³	Down 14%	1% reduction from the previous year	

Nature-related Actions

The Company actively translates its strategic commitments into concrete ecological actions. The following practices and results in water management, waste resource recovery and biodiversity mitigation demonstrate YFY's core efforts to proactively reduce its impacts on nature and create nature-positive value.

Air Pollutant Management and Measures

YFY's large production sites are equipped with dedicated control equipment for each type of air pollutant and regularly arrange third-party inspections. Online continuous monitoring equipment is used for uninterrupted verification, real-time adjustment and regular reporting. Operators are certified personnel with professional training who follow standard procedures for maintenance and operating records, ensuring strict control of air quality.

¹³ Waste directly disposed includes waste disposed of through landfill, conversion into alternative fuels, incineration and other treatment methods.

Each plant has inspection and maintenance plans for all equipment, and key equipment undergoes voluntary annual shutdown maintenance for comprehensive overhaul. Designated personnel monitor local air-quality conditions at all times; when governments issue poor-air-quality alerts, plants immediately activate their air-quality deterioration response plans and convene the emergency response team, with the commander ordering measures such as voluntary load reduction or equipment shutdown, working with local governments to maintain air quality.

To prevent the risk of pollutant leakage, for higher-risk pollution sources, YFY models the possible dispersion and impact area of major air-pollution incidents, identifies surrounding sensitive receptors based on the modeling results, plans evacuation routes and locations, and incorporates them into plant emergency response and notification lists and procedures. Plants keep personal protective, communications, fire-response, warning, rescue and decontamination equipment ready at all times and publicly disclose the information required for response, so as to be prepared for any eventuality.

Each plant conducts annual emergency response team drills. Emergency response plans specify the responsibilities of each team, notification, personnel control rules, leak clean-up with appropriate protective equipment and the elimination of indirect hazards. The locations of high-risk leakage equipment and rescue route guidance are also marked on plant layout plans so that, after external notification, outside support personnel can arrive quickly and make the most of the critical rescue window.

Water Management and Measures

YFY values water management. Its management measures—from source withdrawal and process monitoring and early warning to external transparency—reflect holistic thinking across the Company's value chain.

Process Water Circulation

We actively evaluate the water-quality requirements of each papermaking process, recover drainage from different processes online, and supply recovered water instead of fresh water to other processes, circulating it to reduce waste. White-water recovery captures large volumes of filtrate white water from overflow tanks for dilution, washing, cooling and odor-control water seals. In addition, recovered process water and low-pressure steam are used to prevent odor escape, and installing disinfection equipment for recovered water and increasing biological-basin concentration at wastewater treatment plants further raise the use of recovered water. In 2025, the average paper-mill water recycling rate exceeded 90%.¹⁴

In addition, the Yangzhou Plant of the Containerboard and Packaging Group has built a rainwater recovery system that converts rainwater into a renewable resource and promotes water circulation. In 2025, rainwater collection and reuse saved approximately 134 million liters of water. For water withdrawal, water consumption and the share of withdrawal in water-stressed areas over the years, see Table C3.0 of the "TNFD Core Global Disclosure Metrics."

¹⁴ The water recycling rate is calculated using the formula in water-use plans of the Water Resources Agency, Ministry of Economic Affairs.

Public and Transparent Water Footprint

YFY continuously monitors all discharge information and provides public real-time water-quality data. All production sites conduct legally required testing and reporting, update and disclose information regularly, and receive third-party verification. We have also established a Supplier Code of Conduct and work with suppliers to comply with environmental requirements related to water management.

Recharging Wetlands to Foster Ecosystems

YFY works with local governments to use plant discharge water of better-than-regulatory quality to sustain natural ecosystems and enhance biodiversity. Chung Hwa Pulp Corporation supports two wetlands. The first is Kaohsiung's Old Railroad Bridge constructed wetland, about 90% of whose water comes from Jiutang Plant discharge water; many retired employees volunteer there together with local residents, sharing the natural ecosystem made possible by clean water. The second is a natural wetland below Hualien Bridge near the Hualien River estuary.



Waste resource recovery and reuse

Guided by the principles of a fully circular economy, YFY's management strategy incorporates value-chain thinking and continues to actively develop innovative opportunities.

Strengthening Recycled Materials and Recovery Technologies

YFY strengthens waste management to ensure resource reuse. Recycled materials include agricultural and forestry by-products, fibers, recovered paper, water-based printing pigments and iron wire. For example, the Yangzhou Plant extracts straw fiber from rice straw to make nPulp bio-pulp, which is then processed into various green packaging materials.

By strengthening sorting and introducing recovery technologies, YFY reduces waste and fossil-fuel use and turns external costs into value. Waste can be directly remanufactured into papermaking material or agricultural fertilizer, or recycled through regeneration technologies such as lignin recovery, biogas power generation, sludge reuse and coal-free cogeneration.

					
nPulp feedstock comes from straw left after rice and wheat harvests		Straw on the conveyor belt ready to enter the nPulp process		nPulp processed into various green packaging materials	

Product Redesign

YFY improves recycling efficiency through product design. For example, Chung Hwa Pulp Corporation's fully paper-recyclable, plastic-free CircuWell series can directly enter the recycling system, making used products easier to recycle and reuse and raising the proportion of fiber recycled and reused.



CircuWell all-paper recyclable series

Biodiversity Mitigation Actions

The Company demonstrates its biodiversity actions under the "Avoid–Reduce–Regenerate–Restore–Transform" approach, covering site selection, due diligence, high shares of recycled and certified raw materials, site-level water recycling and treatment, wetland regeneration and restoration programs, implementation of supplier no-deforestation requirements and Board-level governance to drive continuous system transformation.

AVOID

YFY protects biodiversity, peatlands, high-carbon-stock forests, high-conservation-value areas and endangered forests, and ensures that raw materials or pulp are not sourced from ancient or endangered forests, including boreal forests in Canada and Russia, coastal temperate rainforests, and tropical forests and peatlands in Indonesia, Southeast Asia, the Amazon and Africa. According to the results

of the Locate analysis above, none of YFY Inc.'s operating sites is located within statutory protected areas, important wetlands or national parks. For raw material procurement, the Company prioritizes FSC/PEFC-certified raw materials and, through the no-deforestation clause of the Supplier Code of Conduct, requires that raw materials not be sourced from ancient or endangered forests, peatlands or high-carbon-stock forests.

Site and Hydrological Screening to Avoid Sensitive Areas

Our production sites, including those in higher water-stress areas, are located outside protected and agricultural areas and hold legally required water rights. Wastewater is discharged through industrial-zone treatment systems or, where appropriate, used to recharge wetlands to support the maintenance of wetland ecosystems.

Environmental Due Diligence Before M&A

The Company's Environmental Policy requires environmental impact assessments to be included in M&A due diligence so that nature- and biodiversity-related risks can be identified early.

Supplier No-Deforestation Requirements and Certified Sourcing

The Company's Supplier Code of Conduct includes a no-deforestation clause, and procurement prioritizes FSC/PEFC and other certified forest materials to avoid risks related to forest conversion. At the same time, we continue to strengthen transparency and traceability across our own business and supply chain; where suppliers or partners are found to be involved in controversial procurement practices, related procurement is immediately suspended and investigated.

REDUCE

Water-Risk Planning and Allocation

Sites assessed as potentially being in extremely high water-stress areas by 2030 are mainly corrugated-container plants with relatively low withdrawal and consumption, all located in well-planned industrial zones, where their water demand aligns with overall zone water planning.

High Water Recycling and Process Circulation

Average paper-mill water recycling exceeds 90%, and multi-stage water treatment and 24-hour real-time monitoring reduce potential impacts on receiving waters.

Material Circularity to Reduce Land-Use Pressure

96.5% of raw materials used in YFY products and packaging come from renewable sources; more than 90% of pulp used by the Containerboard and Packaging Group is recycled pulp made from recovered paper; of raw materials procured by YFY Procurement, 95% are FSC/PEFC certified, helping reduce demand for virgin fiber.

Plant Management Systems

Operating sites follow the ISO 14001 Environmental Management System and establish risk-identification and control mechanisms, which are implemented across Group sites.

REGENERATE

Supporting Wetland Hydrological Functions and Baseflow

For nearly 20 years, treated discharge water from the Jiutang Plant has continuously recharged Kaohsiung's Old Railroad Bridge Wetland (providing about 90% of the wetland's water), maintaining baseflow and supporting ecological functions and habitat conditions.

Science-Based Carbon-Sink Enhancement

In 2025, YFY, Chung Hwa Pulp Corporation, the Kaohsiung City Government and the Water Resources Agency of the Ministry of Economic Affairs signed an MOU to launch a wetland carbon-sink enhancement program, improving wetland carbon sequestration through baseline monitoring, planting of native aquatic vegetation and quantification of carbon-sink benefits. The program brings together the Kaohsiung Wild Bird Society, ecological consultants and interdisciplinary experts from National Chung Hsing University, National Sun Yat-sen University and National Taitung University. While safeguarding biodiversity, it uses mixed planting of *Nymphoides indica*, giant reed (*Arundo donax*) and common reed, together with aerial imagery, to carry out precise baseline carbon-budget and carbon-sink quantification, verify the effects of different vegetation configurations on wetland carbon balance, and progressively quantify and enhance the wetland's natural carbon sequestration benefits.



RESTORE

Old Railroad Bridge Wetland Habitat Restoration

YFY continues to restore and protect the Old Railroad Bridge Wetland through volunteer days, reuse of invasive-plant biomass (for example, construction of "grass walls"), restoration of indicator species (such as the Pheasant-tailed Jacana), and regular dredging and drainage maintenance to sustain habitat quality. To date, 150 bird species (including 10 protected species) have been recorded at the wetland, demonstrating fruitful ecological restoration results.

Ecosystem-Restoration-First Operating Design

Where a wetland is a receiving environment for discharge water, we use properly treated water to recharge the wetland to support ecological conservation and habitat maintenance.

Forest Habitat Restoration

YFY's subsidiary Chung Hwa Pulp Corporation works with universities and research institutions to manage native-plant gardens and nature reserves in eastern Taiwan, supporting forest-habitat restoration and biodiversity conservation.



TRANSFORM

Group-Level Strategic Transformation: Saccharide Economy and Circular Economy

The Company's Environmental Policy incorporates the Saccharide Economy, Circular Economy, digitalization and supply-chain management as strategic priorities and important levers for transformation, guiding materials and products to progressively reduce reliance on fossil-based feedstocks and shift toward recycled and renewable fibers.

Value-Chain Mobilization and Compliance

By the end of 2025, more than 1,000 suppliers had signed the Supplier Code of Conduct; requirements on biodiversity, no deforestation and water management are also progressively extended into suppliers' own supply chains, expanding influence across the value chain.

Board Oversight of Nature-related Action

The Sustainable Development Committee, chaired by the Chairperson, meets regularly and receives relevant reports semiannually to oversee ESG risk management and support organization-wide transformation actions on nature and biodiversity.

Future Outlook

The Company references the TNFD disclosure framework in publishing this report and follows the LEAP approach to identify the interfaces between business activities across its value chain and natural capital, actively responding to the international trend toward nature positive and laying a solid foundation for the nature resilience of its operations.

Looking ahead, the Company will continue to deepen the scope and methodology of its assessment and will treat "the revival of the Saccharide Economy" as its core strategy for responding to global climate change and transition. We will continue to follow the three pathways of "low-carbon and low-energy operations, a fully circular economy and non-plastic materials," steadily implementing the five cycles of "agriculture, paper, water, renewable energy and carbon." While strengthening the carbon-fixing function of the paper industry, we will continue to advance Energy Transition and Material Innovation to reduce our dependencies and impacts on natural capital.

YFY continues to uphold its strong commitment to biodiversity and sustainable forestry and, guided by the "Avoid–Reduce–Regenerate–Restore–Transform" biodiversity mitigation principles, is actively moving toward its long-term goals of "achieving Net Positive Impact (NPI) on biodiversity and ending all deforestation (no gross deforestation) by 2040," coexisting with the environment and supporting and co-creating the joint upgrading and sustainable transformation of Taiwan's industrial ecosystem.¹⁵

¹⁵ For details, please refer to YFY's 2025 Sustainability Report, Environment chapter—Biodiversity and Natural Carbon Sinks.

Appendix

About This Report

The Company prepared this report with reference to the Taskforce on Nature-related Financial Disclosures (TNFD), following its framework of Governance, Strategy, Risk and impact management, and Metrics and targets, and applying its recommended LEAP (Locate, Evaluate, Assess, Prepare) assessment approach.

Reporting Scope

The reporting scope of this report takes into account the materiality of disclosed information and actual management needs, and its boundary is not entirely consistent with the entities in the Company's consolidated financial statements. Disclosed information focuses on YFY's core paper manufacturing and sales business—the three business groups of the Forest, Pulp & Paper Group, the Containerboard and Packaging Group and the Consumer Products Group—which together account for 85% of YFY Inc.'s revenue. Unless otherwise stated, all activities and data cover the period from January 1, 2025 to December 31, 2025.¹⁶

Application of Materiality

The Company follows GRI 3 and the principle of Double Materiality to identify material topics, re-identifying them every three years; the current identification was performed in 2025. The identification process covered 28 topics. Impact materiality: internal and external stakeholder questionnaires were used to collect views on the Company's outward impacts, with 91 valid questionnaires collected in 2025. Financial materiality: core senior executives scored each topic on the magnitude and likelihood of its financial impact on the Company. Based on the questionnaire results, impact materiality scores (average magnitude × average likelihood) and financial materiality scores (average financial magnitude × average financial likelihood) were calculated to build the double materiality matrix, and a total of 11 material topics were identified, of which those related to nature include air pollution management, water management and waste management. The results were reported to and approved by the Sustainable Development Committee. The nature-related disclosures in this report adopt the same materiality approach as above—using ISSB financial materiality as the baseline and layering GRI impact materiality on top—in response to the corporate disclosure responsibilities under Target 15 of the Kunming-Montreal Global Biodiversity Framework.

TNFD Recommended Disclosures Addressed in This Report

This report provides disclosures on 13 of the 14 TNFD recommended disclosures across the four pillars. "Risk and impact management A(ii): processes for identifying and assessing in the upstream and downstream value chain(s)" has not yet been fully implemented this year. The Company has included a no-deforestation clause in its Supplier Code of Conduct, prioritizes the procurement of FSC/PEFC-certified raw materials, and conducts wood-chip due diligence and raw-material traceability, which

¹⁶ For the detailed LEAP assessment of each site of the Forest, Pulp & Paper Group, please refer to the TNFD report published separately by Chung Hwa Pulp Corporation.

constitute part of its management of the upstream value chain. It plans to complete the full disclosure in the 2027 reporting period; see the appendix "TNFD Recommended Disclosures Index."

Cross-reference to the Sustainability Report

This report provides in-depth disclosure on nature-related issues as a complement to the Company's 2025 Sustainability Report; both adopt the same reporting boundary, materiality approach, time horizon definitions and risk prioritization criteria. For the following complementary information, please refer to the 2025 Sustainability Report: GHG emissions and climate targets (climate-related financial disclosures section), air pollutant emissions, water consumption and distribution across water-stressed areas, waste composition and disposal routes, raw material procurement and forest management certification, the double materiality matrix, and stakeholder engagement and grievance mechanisms.

Synergies and Trade-offs Between Climate and Nature

The Company's expanded use of biomass fuels and resource-recycling fuels to replace coal (in 2025, alternative fuels accounted for 9.5% of total energy and biomass energy for 26.7%) delivers significant carbon-reduction benefits, but combustion still generates non-GHG air pollutants and increases the intensity of biological resource use. The Company has taken corresponding measures to address this trade-off: continuing to invest in air pollution control equipment (in 2025, NO_x and VOCs emissions fell by more than 10% from the previous year), using process residues and waste as alternative fuel sources rather than drawing on additional biological resources, and maintaining a 95% share of FSC/PEFC-certified raw materials, ensuring that decarbonization is not achieved at the expense of increased pressure on nature.

Taiwan		Mainland China		Vietnam	
Location	Nature of Operations	Location	Nature of Operations	Location	Nature of Operations
Jiutang Plant	Forest, Pulp & Paper	Dingfeng Paper Industry (including Dingfeng Forestry subsidiary)	Forest, Pulp & Paper	Thai Binh Plant	Containerboard and packaging
Hualien Plant	Forest, Pulp & Paper	Yangzhou Plant	Containerboard and packaging	Ha Nam Plant	Containerboard and packaging
Taitung Plant	Forest, Pulp & Paper	Tianjin Plant	Containerboard and packaging	Binh Duong Plant	Containerboard and packaging
Kuanyin Plant	Forest, Pulp & Paper	Qingdao Plant	Containerboard and packaging	Binh Chanh Plant	Containerboard and packaging
Xinwu Plant	Containerboard and packaging	Kunshan Plant	Containerboard and packaging	Dong Nai Plant	Containerboard and packaging
Xinwu Corrugated Container Plant	Containerboard and packaging	Shanghai Plant	Containerboard and packaging	Long An Plant	Containerboard and packaging

Taoyuan Plant (including Colored Box Plant)	Containerboard and packaging	Nanjing Plant	Containerboard and packaging		
Zhunan Plant	Containerboard and packaging	Suzhou Plant	Containerboard and packaging		
Changhua Plant	Containerboard and packaging	Jiashing Plant	Containerboard and packaging		
Kaohsiung Plant	Containerboard and packaging	Fuzhou Plant	Containerboard and packaging		
Pek Crown Plant (Dajia)	Containerboard and packaging	Xiamen Plant	Containerboard and packaging		
Yangmei Plant	Consumer Products	Dongguan Plant	Containerboard and packaging		
Qingshui Plant	Consumer Products	Guangzhou Plant	Containerboard and packaging		
Ever Growing Agriculture Biotech Co., Ltd.	Consumer Products	Zhongshan Plant	Containerboard and packaging		
		Kunshan Plant (Consumer Products)	Consumer Products		
		Yangzhou Plant (Consumer Products)	Consumer Products		

Contact Information

ESG Office, YFY Inc.

Address: No. 51, Sec. 2, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100409, Taiwan

Tel: +886-2-2396-8020

Email: yfy.csr@yfy.com

TNFD Recommended Disclosures Index

	Recommended Disclosure	Corresponding Section
Governance	A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.	Nature-related Governance
	B. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.	Nature-related Governance
	C. Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	Nature-related Commitments, Stakeholder Engagement
Strategy	A. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.	Evaluate, Assess
	B. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	Nature Resilience Solutions, Biodiversity Mitigation Actions
	C. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.	Not yet performed this year. The Company plans to complete full disclosure of the assessment process in the 2027 reporting period.
	D. Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	Locate
Risk and Impact Management	A(i). Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.	Locate Evaluate Nature Risk and Impact Management
	A(ii). Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).	Not yet fully performed this year. The Company has included a no-deforestation clause in its Supplier Code of Conduct and prioritizes the procurement of FSC/PEFC-certified raw materials, which constitute part of its management of the upstream value chain. The Company plans to complete full disclosure of the identification and assessment processes for the upstream and downstream value chain in the 2027 reporting period.
	B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.	Nature Risk and Impact Management

	C. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.	Nature Risk and Impact Management
Metrics and Targets	A. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.	Prepare TNFD Core Global Disclosure Metrics (C7.0–C7.4)
	B. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.	TNFD Core Global Disclosure Metrics
	C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.	Prepare

TNFD Core Global Disclosure Metrics

The Company discloses the core global metrics below in accordance with Annex 1 of TNFD v1.0. For metrics not reported, reasons are provided as required by the TNFD. The data in this table adopt the same reporting boundary and calculation methods as the Company's 2025 Sustainability Report.

Metric	Indicator	2025 Data	Data Scope	Sustainability Report Reference
—	GHG emissions (Scope 1 + 2)	2.409 million metric tons CO ₂ e, down 3.1% from the 2024 base year; intensity of 32.7 metric tons CO ₂ e per NT\$ million of revenue. Reduction targets: 2% below the base year by 2026, 22% by 2035, 50% by 2040 and net zero by 2050	Consolidated financial reporting boundary	2025 Sustainability Report p. 64
C1.0	Total spatial footprint (forestland area controlled/managed)	More than 30,000 hectares afforested across Taiwan and Mainland China. In Taiwan, 5 forest farms with nearly 1,000 hectares of plantations and about 2 million trees; in Mainland China, 28,000 hectares of papermaking raw-material forest bases, all of which are forested land, located in Guangdong and Guangxi, with nurseries cultivating qualified seedlings	Forest, Pulp & Paper Group	2025 Sustainability Report p. 21

Metric	Indicator	2025 Data	Data Scope	Sustainability Report Reference
C1.1	Extent of land/freshwater/ocean-use change	No new land-use change in 2025; the 28,000 hectares of forestland in Mainland China are all forested land, and afforestation and replanting use seedlings cultivated in the Company's own nurseries	Forest, Pulp & Paper Group	2025 Sustainability Report p. 68
C2.0	Pollutants released to soil	Not applicable: the Company's processes do not release pollutants directly to soil; all process discharge water is treated before being discharged to water bodies (see C2.1)	All production sites	—
C2.1	Wastewater discharged	Total water discharge of 42,968 million liters (surface water discharge 42,024 / discharge to industrial-zone wastewater treatment 944 / third-party use 0) All discharge destinations are water bodies with total suspended solids < 1,000 mg/L	All production sites	2025 Sustainability Report p. 104
C2.2	Waste generation and disposal	Total of 569,588 metric tons (579,743 metric tons in 2024, down 1.8% year on year), of which 346,883 metric tons were diverted from disposal and 222,705 metric tons were directly disposed; resource recovery rate of 94%, with 100% of waste flows traceable. Waste composition: Hazardous industrial waste: 343 metric tons (0.06%) Non-hazardous sludge: 204,043 (36%) Non-hazardous paper rejects: 181,296 (32%) Non-hazardous boiler ash: 176,688 (31%) Other non-hazardous: 7,218 (1%).	All production sites	2025 Sustainability Report p. 114
C2.3	Plastic footprint	96.5% of raw materials for the Company's products and packaging are renewable materials, and replacing plastics with paper-based materials is a core strategy (CircuWell fully paper-recyclable plastic-free series and nPulp straw bio-pulp green	All production sites	2025 Sustainability Report p. 69

Metric	Indicator	2025 Data	Data Scope	Sustainability Report Reference
		packaging). An inventory of the absolute amount of plastic used will be established in the next reporting period		
C2.4	Non-GHG air pollutants	Non-GHG air pollutants: NO _x : 770 metric tons; SO _x : 649 metric tons; PM: 208 metric tons; VOCs: 167 metric tons; hazardous air pollutants (HAPs): 0.18 metric tons. Three-year NO _x trend: 980 878 770 metric tons; in 2025, NO _x and VOCs fell by more than 10% from the previous year, while SO _x and PM were broadly flat	All production sites	2025 Sustainability Report p. 167
C3.0	Water withdrawal and consumption from areas of water stress	Total water withdrawal of 47,256 million liters for the year (surface water 14,449 / rainwater 134 / groundwater 32,007 / municipal water 621 / externally reclaimed water 45); Total water consumption of 4,288 million liters for the year; extremely high and high water-stress areas accounted for 0.24% of withdrawal and 0.73% of consumption; Paper-mill water recycling rate >90%	All production sites	2025 Sustainability Report p. 104
C3.1	Quantity of high-risk natural commodities sourced	2.407 million metric tons of wood fiber sourced, of which 41.4% is FSC CoC/PEFC/FSC CW certified or from controlled sources; 1.649 million metric tons of recovered fiber purchased; 95% of raw materials procured by YFY Procurement are FSC/PEFC certified (Taiwan wood chips 95.71%, imported pulp 100%); green procurement of raw materials amounted to NT\$10.3 billion (55%). No raw materials are sourced from ancient or endangered forests, peatlands, high-carbon-stock forests or high-conservation-value areas	All production sites	2025 Sustainability Report p. 79

Metric	Indicator	2025 Data	Data Scope	Sustainability Report Reference
C4.0	Measures against unintentional introduction of invasive alien species	Not applicable: the Company's operating sites are all located in existing industrial zones and plantation forestland, with no transport of biological materials across ecoregions. In addition, in the Old Railroad Bridge Wetland restoration work, removed invasive alien plant biomass is reused (e.g., to build grass walls)	All production sites	—
C5.0	State of nature (ecosystem condition and species)	The Kaohsiung Old Railroad Bridge Constructed Wetland of importance (120 hectares, about 90% of whose water comes from Jiutang Plant discharge water) has recorded 150 bird species (including 10 protected species); the population of the indicator species Pheasant-tailed Jacana has recovered	Jiutang Plant	2025 Sustainability Report p. 89
C7.0	Financial items vulnerable to nature-related transition risks	Types of financial impact identified: stricter discharge water standards driving up water treatment and compliance costs, water pollution fees, and equipment investment and depreciation expenses; tighter air pollution regulation increasing investment in control equipment and external waste disposal costs. Quantified amounts will be updated in subsequent reporting periods based on financial closing data approved by management	Company-wide	2025 Sustainability Report p. 62
C7.1	Financial items vulnerable to nature-related physical risks	Based on stress testing under the SSP5-8.5 scenario, the overall financial impact of extreme weather events on the Company is not significant; sites in extremely high and high water-stress areas account for only 0.24% of water withdrawal and 0.73% of water consumption. Financial exposure to water risk has not yet been assessed this year.	All production sites	2025 Sustainability Report p. 63

Metric	Indicator	2025 Data	Data Scope	Sustainability Report Reference
C7.2	Value of significant fines/penalties received/litigation action in the year due to negative nature-related impacts	The Company defines a "significant fine" as an individual environmental penalty of US\$10,000 (approximately NT\$ 330,000 at exchange rate 33:1) or more. Significant fines: 4 cases totaling NT\$1,624,200, all related to pollutant discharges exceeding standards: · Air: 1 case of emissions exceeding standards due to equipment malfunction at a stationary source (NT\$360,000). The improvement report has been approved and filed by the competent authority. · Water: 3 cases of effluent not meeting discharge standards (NT\$1,264,200 in total). Improvement reports have been approved and filed, and a monitoring and reporting mechanism has been established. Fines below the significance threshold: 4 cases totaling NT\$410,000, involving pollution control facilities not operating normally, operation not in accordance with permit conditions, wastewater discharge exceeding the permitted volume, and non-compliant continuous monitoring reporting. All have been corrected or the relevant permits amended. In total, 8 environmental penalties amounting to NT\$2,034,200 were received in 2025. All were monetary penalties and have been paid. There were no non-monetary sanctions and no litigation related to negative nature-related impacts.	YFY Inc. and the Taiwan production sites of the three business groups	2025 Sustainability Report pp. 54 and 2025 Annual Report pp. 104-105

Metric	Indicator	2025 Data	Data Scope	Sustainability Report Reference
C7.3	Capital expenditure/investment deployed towards nature-related opportunities	By type of opportunity: (1) Resource efficiency / renewable energy: plans to invest more than NT\$3 billion from 2025 in new high-efficiency biomass energy recovery and power generation facilities; investment in waste resource recovery and alternative fuels (alternative fuels account for 9.5% of total energy, biomass energy 26.7% and total self-generated electricity for own use 67%); Guishan Water Resource Recycling Center ROT project (total installed capacity of 800 kW, annual generation of about 6.4 million kWh). (2) Sustainable sourcing: green procurement of raw materials amounted to NT\$10.3 billion (55% of procurement). Internal carbon pricing uses a shadow price mechanism that has been incorporated into investment evaluation and capital expenditure decisions.	Company-wide	2025 Sustainability Report pp. 19, 64, 69, 79 and 97
C7.4	Revenue from products and services with positive impacts on nature	Green product portfolio including the CircuWell fully paper-recyclable plastic-free series, nPulp straw bio-pulp green packaging and low-carbon paper materials. The revenue share will be disclosed in the next reporting period based on green revenue classification criteria	Company-wide	2025 Sustainability Report p. 117

Explanation of core metrics not reported: C2.0 (pollutants released to soil) and C4.0 (measures against invasive alien species) were assessed as not material to the Company, for the reasons stated in the table above; the absolute amount of plastic used under C2.3 and the green revenue share under C7.4 will be disclosed in the next reporting period because calculation methods and boundaries are yet to be established; the financial amounts for C7.0 and C7.1 will be updated based on financial closing data approved by management.

TNFD General Requirements Index

General Requirement	The Company's Disclosure	Corresponding Section
1. Application of materiality	Material topics are identified in accordance with GRI 3 and the principle of Double Materiality, using ISSB financial materiality as the baseline and layering GRI impact materiality on top	About This Report
2. Scope of disclosures	Covers the three business groups—Forest, Pulp & Paper, Containerboard and Packaging, and Consumer Products—which together account for 85% of YFY Inc.'s revenue, with a total of 36 operating sites; the detailed LEAP assessment of the Forest, Pulp & Paper Group is published separately by Chung Hwa Pulp Corporation; the identification and assessment processes for the upstream and downstream value chain are planned to be included in 2027	Reporting Scope
3. Location of nature-related issues	The coordinates and WRI Aqueduct water stress levels of the 36 sites are disclosed. This year, among the TNFD sensitive location criteria, the criteria of areas important for biodiversity, high ecosystem integrity and high physical water risk were applied to identify 5 priority locations. The criteria not applied this year are rapid decline in ecosystem integrity and importance for ecosystem service provision, and the reasons for not applying them are explained.	Nature Strategy
4. Integration with other sustainability-related disclosures	Nature-related disclosures adopt the same time horizons, scenario assumptions and risk prioritization methods as the TCFD/IFRS S2 climate disclosures, and synergies and trade-offs between climate and nature actions are described	About This Report
5. The time horizons considered	Short term refers to within 3 years, medium term to 3 to 5 years and long term to more than 5 years, set considering the service life of production equipment and the characteristics of forest rotation periods	Nature Strategy
6. The engagement of Indigenous Peoples, Local Communities and affected stakeholders	A Human Rights Policy has been established in accordance with the UN Guiding Principles on Business and Human Rights, incorporating the UNDRIP and ILO conventions, with reporting and grievance channels in place. There were no grievance cases in 2025 and no complaints involving Indigenous peoples' rights; the results of engagement with local communities, non-profit organizations and academic and research institutions are described in detail	Stakeholder Engagement