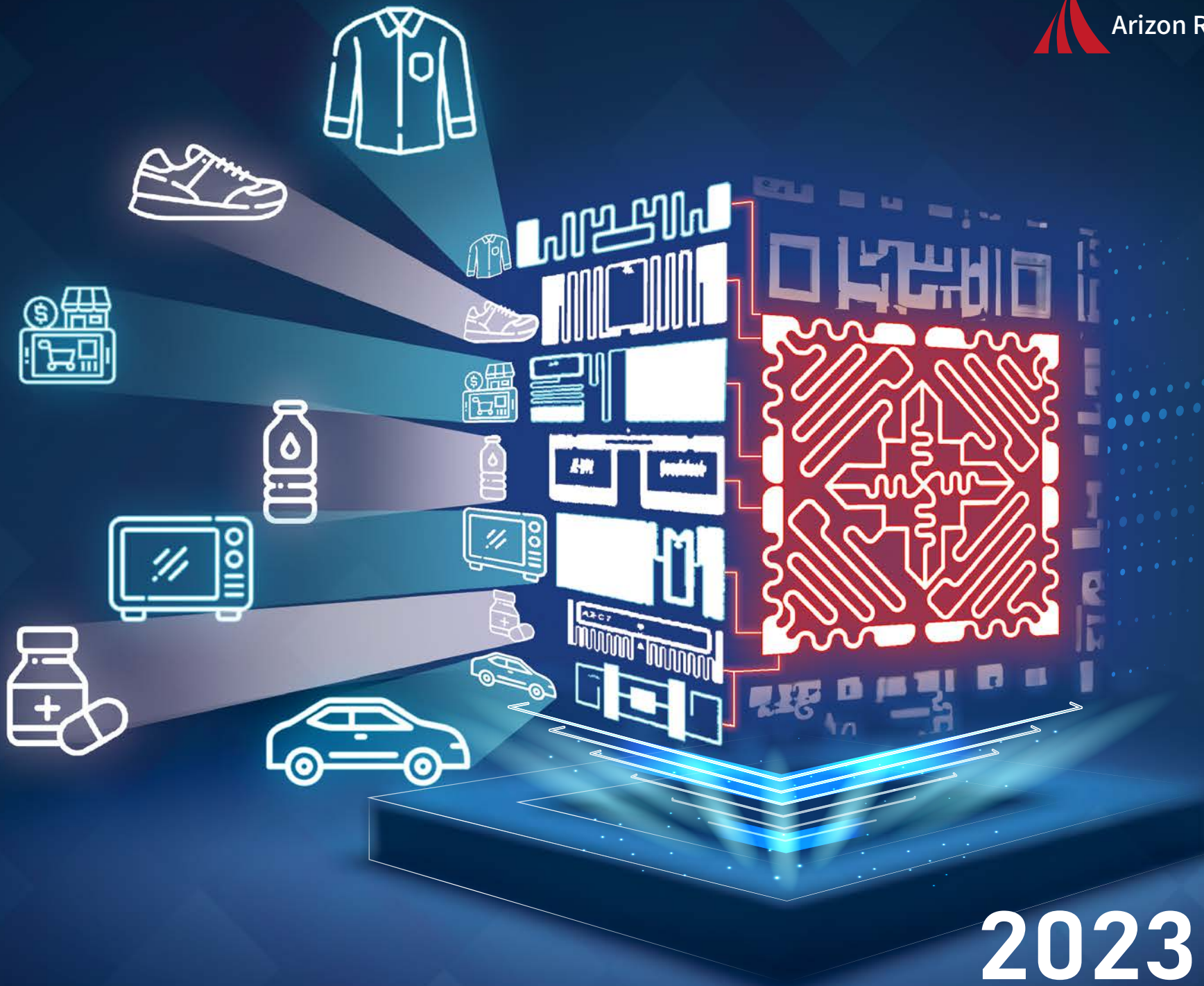




Arizon RFID Technology Co., Ltd.



**2023** SUSTAINABILITY  
REPORT



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

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

With strong R&D capabilities, as well as the insistence of production process and product quality, Arizon not only accelerates the expansion of production capacity in Yangzhou (China), Taipei (Taiwan), and other places, but also achieves the highest certification standard in the RFID industry: AUBURN University ARC quality certification, which enables our products to be adopted by leading global customers, and can be quickly connected with different reading environments and various heterogeneous systems, allowing product information to flow seamlessly like the air, heading to our ideal world where everything is connected.



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## About the Report

This report is the first Sustainability Report issued by Arizon RFID Technology (Cayman) Co., Ltd. (hereinafter referred to as “Arizon,” the “Company,” or “We” in this report). The main purpose of the report is to disclose to the public and stakeholders the Company’s efforts in the three major aspects of Environmental, Social, and Governance (ESG), including our actions, performance results, and future plans. Arizon adheres to the management philosophy of “combining talent and equipment, affirming individual value, and practicing corporate value.” Through this report, we hope to provide stakeholders with a better understanding of Arizon’s sustainability initiatives and demonstrate our commitment to fulfilling corporate social responsibility and achieving sustainable development.

### Report Boundaries and Scope

The scope of data disclosed in this report primarily covers Arizon’s operations in Taiwan and mainland China (Yangzhou plant). Other regions that do not have a significant impact on the Company’s economic, environmental, or social aspects are not fully covered in this report regarding sustainability-related information. If information from other regions is involved, it will be specifically noted and explained in the report.

### Reporting Period

The reporting period is from January 1, 2023, to December 31, 2023.

### Issuance Overview

The publication date of the current version is June 2024, and the issuance frequency is expected to be annually.

### Basis of Preparation

This report is prepared in accordance with the Global Reporting Initiative (GRI) Standards published in 2021. It also follows the industry indicators of the Sustainability Accounting Standards Board (SASB) and the framework established by the Task Force on Climate-related Financial Disclosures (TCFD) for disclosures. An appendix is provided in this report that includes an index of GRI Standards and SASB content for quick reference and inquiry.

### Report Information Preparation and Approval Process.

Relevant information for this report is collected by various departments and reviewed by the department heads before being submitted to the Company’s Sustainability Development Center for information consolidation, preparation, and review. The completed report is then submitted to the Board of Directors for review and approval before publication.

### Report Assurance and Verification

This report has been assured by Crowe (TW) CPAs in accordance with the assurance standards issued by the Accounting Research and Development Foundation of the Republic of China, specifically the Assurance Standard 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information.” The assurance report issued by the auditors can be found in the appendix. The financial information mentioned in the report is consistent with Arizon’s consolidated financial statements for the year 2023, which have been audited and verified by Deloitte Taiwan.

### Feedback

If you have any feedback or suggestions regarding the content of this report, please feel free to contact us.

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Email	<a href="mailto:esg@arizonrfid.com">esg@arizonrfid.com</a>
Address	17F, No. 51, Chongqing S. Road Sec. 2, Zhongzheng Dist., Taipei City, Taiwan



## Message from the Chairman

By reading this report, you are acknowledging the revolutionary impact brought about by the evolution of RFID technology. This technology fundamentally changes how we connect and communicate with everything in the world and how we interpret our surroundings. RFID technology not only strengthens the connections among all things but also efficiently interprets changes in surrounding information. It provides a shared language that supports enhanced logistics management efficiency, revolutionizes the retail experience, and optimizes global supply chains.

Our goal is to bring innovation and inspiration to global industries, driving the world forward with RFID technology at its core. This fully demonstrates Arizon's potential and mission as an industry leader. In the face of various challenges that society currently faces, Arizon firmly believes that RFID technology can become a key force in driving global transformation toward a better future.

In 2023, Arizon conducted its first greenhouse gas inventory, demonstrating its commitment to environmental responsibility. This not only establishes a solid foundation for setting specific carbon reduction targets and strategies but also marks a key step toward a greener and more sustainable future. Simultaneously, the release of the first Sustainability Report not only signifies Arizon's significant progress in sustainable development but also highlights the company's unwavering commitment to achieving its Environmental, Social, and Governance (ESG) goals.

In the face of economic recovery uncertainties brought about by the post-pandemic era, geopolitical risks, and supply chain fluctuations, Arizon has successfully navigated these global challenges through continuous innovation and market adjustments, ensuring robust business growth. We are committed to developing green products, such as passive products and paper antenna technology, which effectively reduce energy consumption and decrease reliance on traditional plastics.

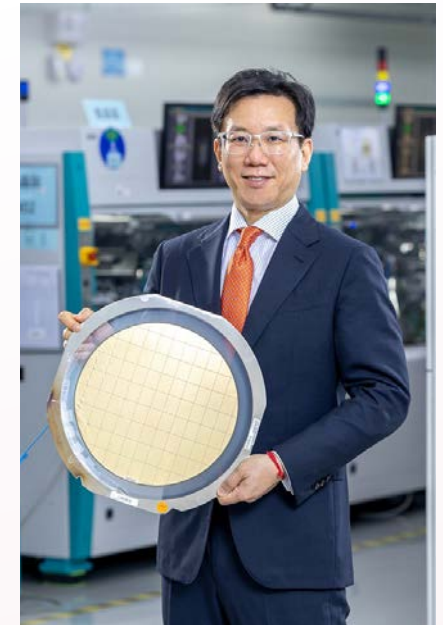
Arizon's technology plays a key role in promoting the circular economy. Through RFID electronic tags, it not only enables customers to effectively track and manage their assets but also facilitates the proper recycling and reuse of resources. In addition, our developed biodegradable products can naturally decompose after use, further reducing the environmental burden.

Sustainable development is at the core of Arizon's values. We are not only actively engaged in energy saving and waste reduction but also integrating sustainability principles into our product design, developing more environmentally compliant products. Looking ahead, Arizon will continue to support research and development investments to create innovative products that meet market needs and help our customers. In response to the global challenge of labor shortages, we are increasing investments in automation and data-driven solutions to enhance product quality and production efficiency while reducing operational difficulty and labor costs. At the same time, we will continue to strengthen our sustainable governance practices by actively engaging in energy saving and waste reduction, developing environmentally friendly materials, and collaborating with suppliers to promote a green supply chain. This ensures that our products meet sustainability principles throughout the entire process, from raw materials to production, while enhancing labor rights and environmental protection.

“

Thank you for your attention and support for Arizon. We look forward to working together with you on this journey of sustainable development to create a more efficient, transparent, and inter-connected future.

”



Arizon RFID Technology

Chairman

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## Chapter

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## 1.1 Company Profile and History

Arizon RFID Technology (Cayman) Co., Ltd. was established on October 21, 2021. The company serves as a holding company, with its operational subsidiary primarily engaged in the production and sale of RFID electronic tags. Arizona (6863) was listed on the Taiwan Stock Exchange on March 21, 2023.

The company is one of the largest ODM manufacturers of RFID tags globally, currently operating three production facilities in Yangzhou and Taipei, with an annual production capacity exceeding 5 billion units. Our products are used by customers worldwide, accumulating sales of over 17 billion units. These products are applied in various environments, including event tickets and transportation cards in different countries, smart tags for airline luggage, product inventory management and anti-counterfeiting, as well as production management in steel mills. These pioneering applications accelerate logistics and management efficiency, reduce inventory accumulation, and eliminate material waste, all achieved through small tags no larger than a fingertip, contributing to the continuous improvement of environmental resources.

Starting from the laboratory products of the MIT Auto-ID Center, the Yong Feng Yu Group has continuously invested in research resources to optimize production capabilities and create usage scenarios. RFID tags have become the identity cards of everything, featuring wireless communication, writable information, and fast long-distance identification. By leveraging years of experience in implementing rich RFID applications and strategic partnerships with international entities such as EPC Global and major global manufacturers, we provide clients seeking to adopt RFID technology with comprehensive and all-encompassing solutions and services.

With our strong research and development capabilities and commitment to production processes and product quality, we obtained the highest certification standard in the RFID industry: Auburn University ARC Quality Certification in May 2022. This certification allows our products to be adopted by leading global customers, enabling customized RFID tag applications for international enterprises. Our solutions seamlessly integrate with various reading environments and heterogeneous systems, allowing product information to flow effortlessly, like the air that every living being needs, moving toward our vision of a connected world.



Arizon's Operational Locations Distribution Map  
(Focus on Operational Locations)

<b>Official Company Name</b>	Arizon RFID Technology (Cayman) Co., Ltd.	<b>Company Abbreviation</b>	Arizon-KY
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**Company Address**

P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands.

**Operating Locations**

Taiwan, China, Japan.

**Stock Symbol**

ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. (6863.TW)

**Listing date**

March 21, 2023

**Industry category**

Telecommunications and networking industry

**Main Business Operations**

RFID antenna design and manufacturing, RFID electronic tag packaging, RFID reader design and manufacturing and RFID application system integration.

**Chairman**

Felix Ho

**General Manager**

Bing-Yi Lin

**Spokesperson**

Kung-Yu Lin

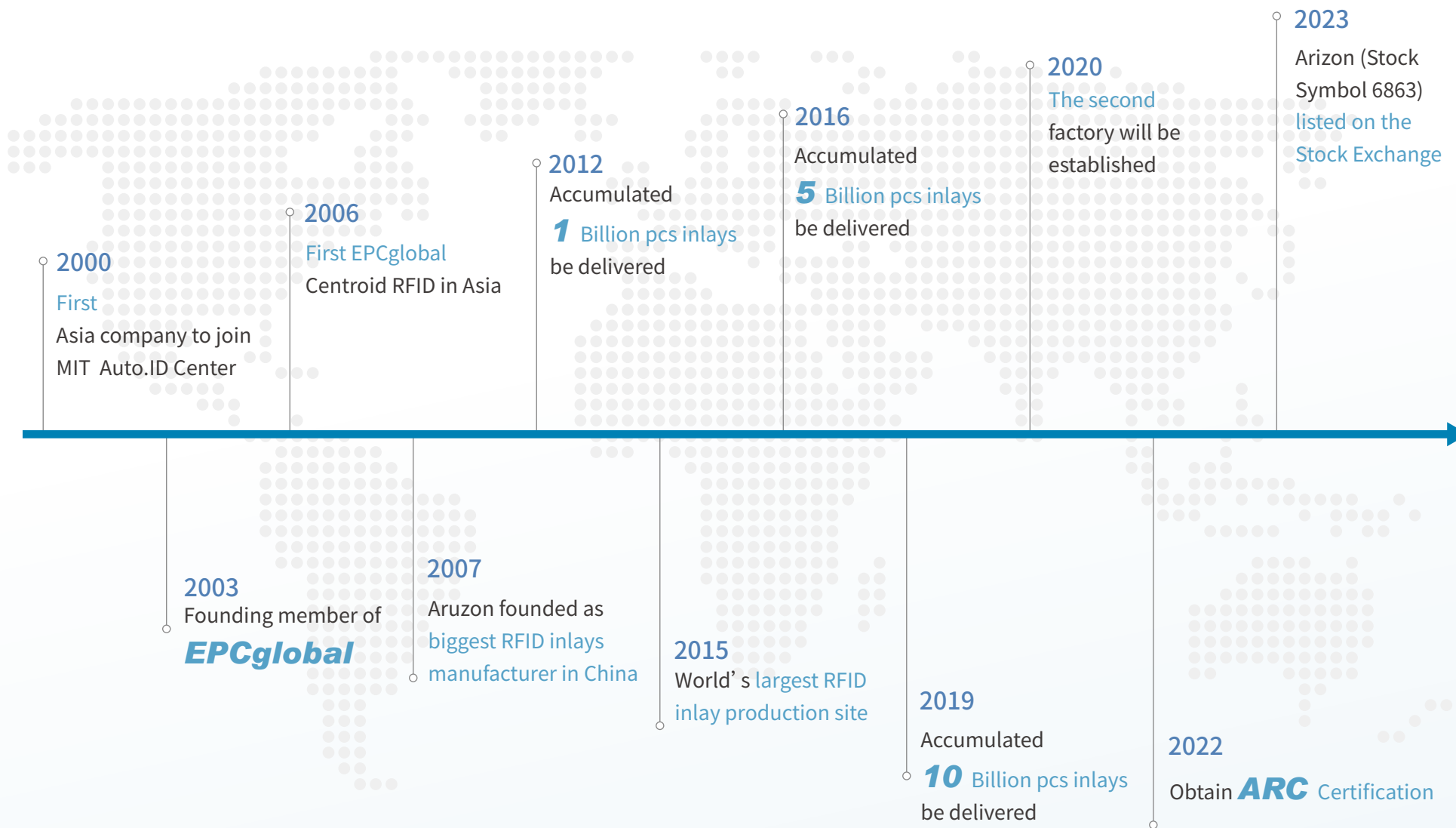
**Paid-in Capital**

NT\$743,180,000  
(as of the date of this report's publication)

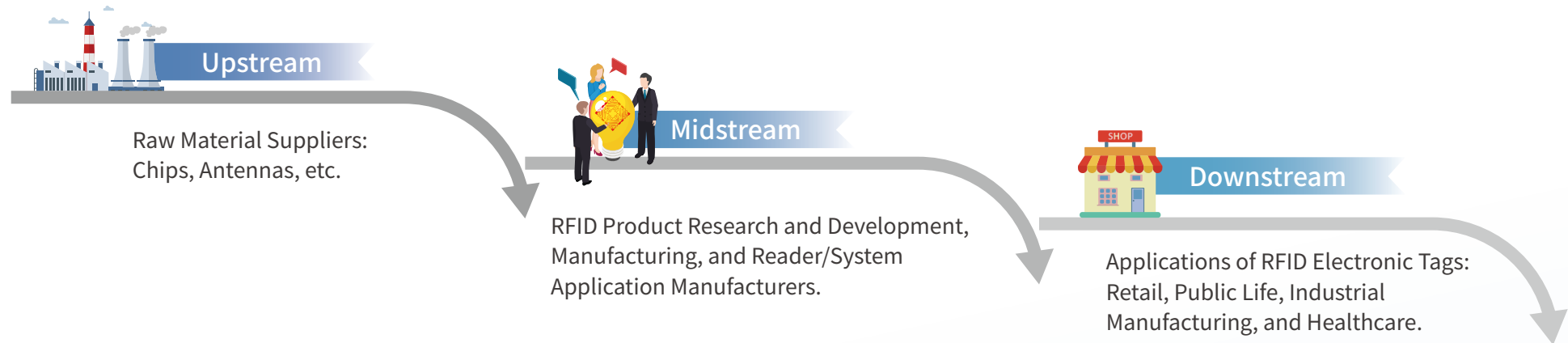




## ▼ Company Development History



## ▼ Upstream, Midstream, and Downstream Relationships in the Industry



In the RFID-related industry, the upstream mainly consists of raw material suppliers such as chips and antennas, the midstream involves RFID product research and development, manufacturing, and reader/system application manufacturers, while the downstream encompasses various application fields, including retail, public life, industrial manufacturing, and healthcare. Our company primarily focuses on the research, production, and sales of RFID electronic tags, positioning itself in the midstream of the RFID-related industry. We sell our self-developed RFID electronic tags directly to customers. After understanding customer needs, our sales personnel work with the product development department to develop products and provide samples for customer testing. Once the products pass customer tests, we begin arranging production, shipping, and after-sales service for the customers.

Through years of dedicated efforts, our company has leveraged its strong research and design capabilities, reliable product quality, and outstanding product performance. Our products are used by well-known brands and companies such as Company A, Company B, Company C, Company D, and Company E, which has allowed us to accumulate a high-quality and stable customer base, creating a strong brand advantage. In the long-term collaboration with renowned end customers, our company not only participates in the development and design of new products that lead the industry's technological trends, thus enhancing our own research and design capabilities while continuously meeting customer needs, but also consistently improves production technology, automation of production equipment, and quality control to strengthen our overall competitive strength.

## ▼ Industry Overview and Key Products

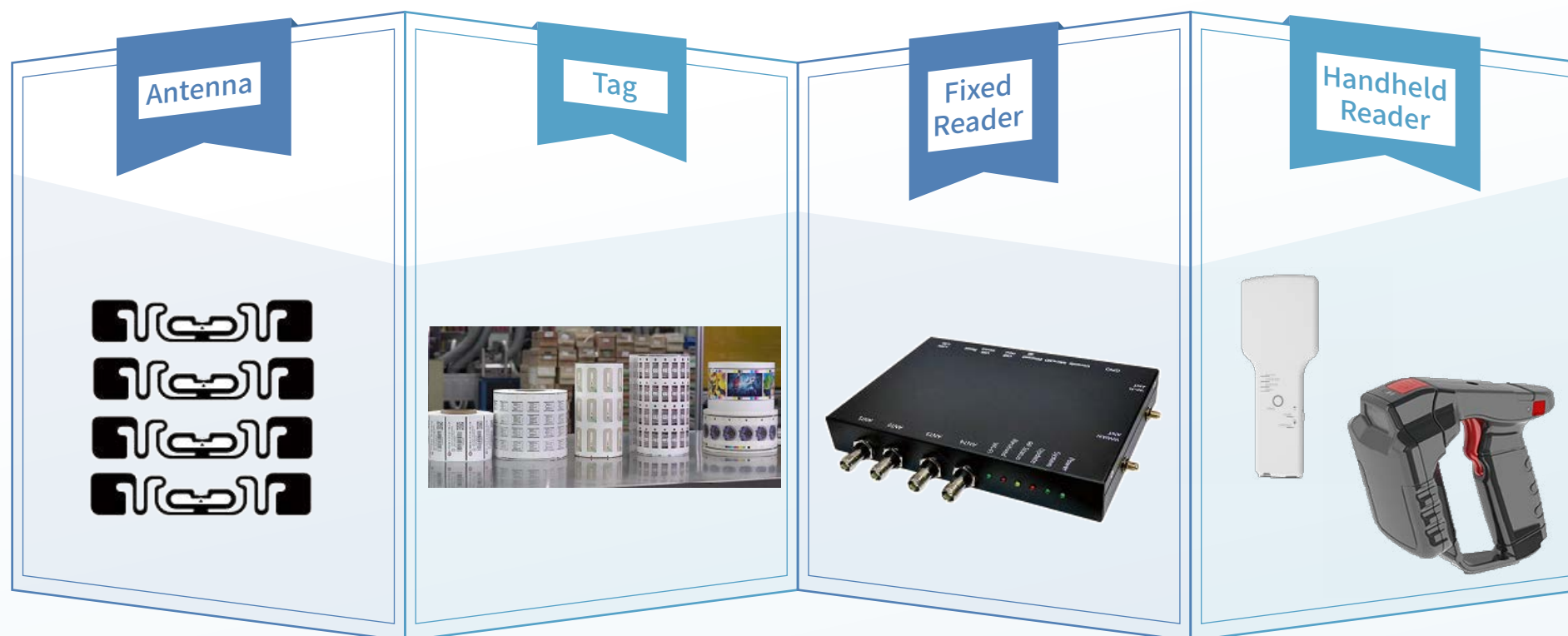
### ○ Radio Frequency Identification (RFID) Industry

RFID stands for Radio Frequency Identification, also known as wireless radio frequency technology, and is widely used in logistics, military, retail, healthcare, food, transportation, and access control, among other fields. RFID consists of electronic tags, readers, and computer systems, transmitting data from the tags to the readers through wireless communication technology, and then sending it to backend systems for processing. Compared to barcodes, RFID offers faster scanning speeds, the ability to process multiple data points simultaneously, data that can be updated and modified, reusability, and resistance to oil and dirt. With technological advancements, RFID has entered the commercialization stage, with a global market size of approximately \$11.4 billion in 2021, projected to grow to \$22.2 billion by 2032. The RFID industry chain includes chip design, antenna manufacturing, tag packaging, and reader manufacturing, with application areas covering retail, transportation logistics, and industrial manufacturing.

## Electronic Tag Industry

RFID electronic tags utilize wireless frequencies for target identification and data transmission without the need for contact. The main components include hardware and software application systems, with the primary hardware components being electronic tags and readers. Electronic tags are classified into three types based on the presence of a battery: passive, active, and semi-passive. Passive tags do not require a battery, while active and semi-passive tags do. RFID systems are also categorized into four types based on operating frequencies: low frequency, high frequency, ultra-high frequency, and microwave. In the market, high frequency and ultra-high frequency RFID electronic tags dominate and possess significant commercial value. Currently, Japan and the European and American markets are the main demand markets for RFID electronic tags, but the demand in emerging countries and regions is also gradually increasing. As companies increasingly require digitalization and information transformation, the importance of RFID technology in commercial applications is becoming more pronounced. With the ongoing decrease in implementation costs of RFID technology, downstream applications are becoming more widespread, and it is projected that the RFID electronic tag market will reach \$8.11 billion by 2027.

## Primary Product Items:





## 1.2 Operational Performance

In 2023, Arizon and its subsidiaries reported consolidated revenue of NT\$2.685 billion, representing a year-on-year growth of 27.7%. The gross profit margin was 29.53%, and the net profit after tax was NT\$448 million, reflecting a year-on-year growth of 32.3%. Earnings per share (EPS) stood at NT\$6.17.

### Annual Operational Performance

Unit: NTD (in thousands)

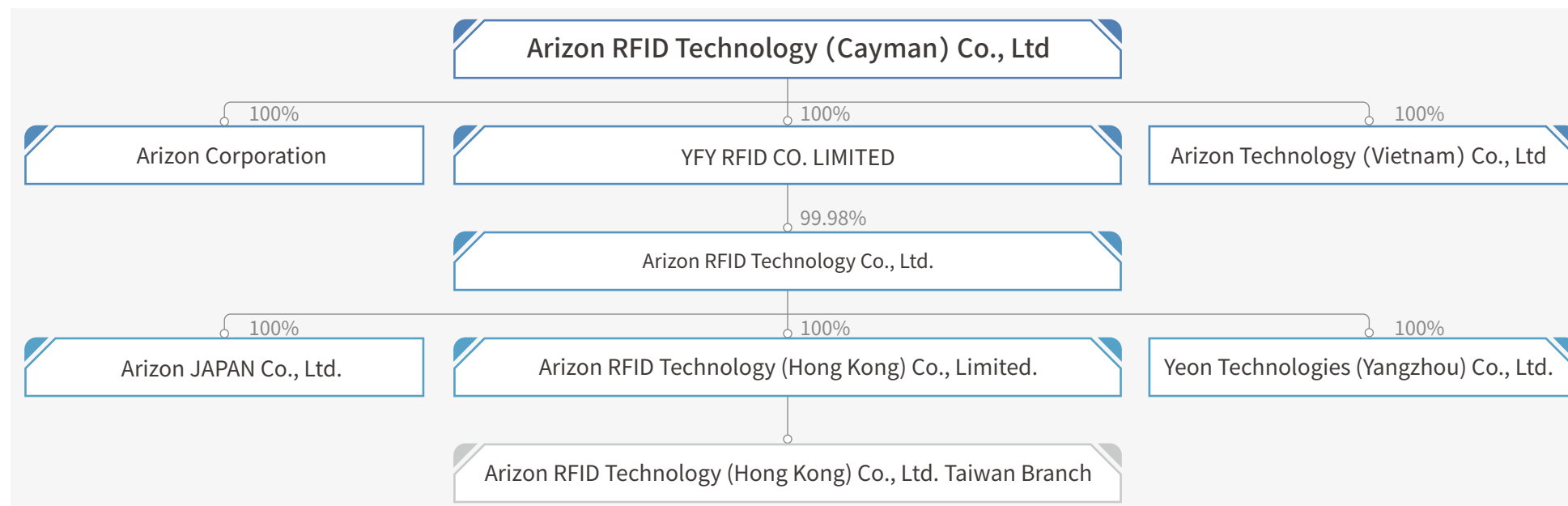
Year	2021	2022	2023
Revenue	2,030,955	2,103,632	2,685,946
Cost of Revenue	(1,435,996)	(1,428,158)	(1,892,694)
Gross Profit	594,999	675,474	793,252
Operating Expenses	303,704	322,701	390,911
Non-Operating Income and Expenses	28,379	97,397	140,546
Earnings before Tax	332,083	420,098	531,457
Income Tax Expense	(61,449)	(81,384)	(83,438)
Net Income	270,634	338,714	448,019

### Direct Economic Value Generated and Distributed by the Organization

Unit: NTD (in thousands)

Year	2021	2022	2023
Revenue	2,094,390	2,203,836	2,831,301
Operating Costs	1,739,700	1,750,859	2,283,605
Employee Salaries and Benefits	360,191	383,750	456,760
Payments to Stakeholders	308	204,093	149,403
Payments to Governments	57,941	83,150	62,230
Community Investment	0	0	0

## ▼ Organizational Chart of Related Companies



## ▼ Government Subsidies

Unit: NTD (in thousands)

Items	Subsidy Amount
R&D Subsidies	11,492
Tax Exemptions and Deductions	4,907
Training Subsidies	584
Others	4,181
Total	21,164

## ▼ Product Sales Status

### ● Revenue Proportion of Major Products:

Unit: NTD (in thousands)

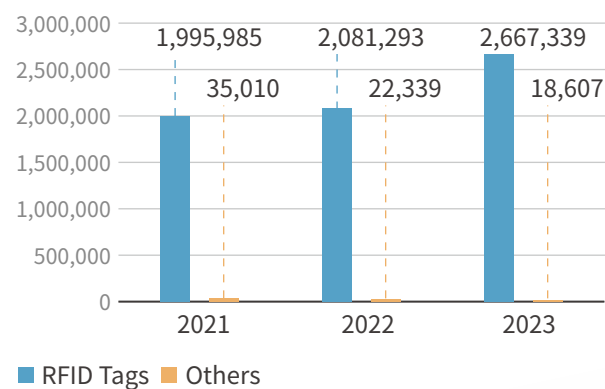
Product Categories	2021		2022		2023	
	Sales Revenue	Weight	Sales Revenue	Weight	Sales Revenue	Weight
RFID Tags	1,995,985	98.28%	2,081,293	98.94%	2,667,339	99.31 %
Others	35,010	1.72%	22,339	1.06%	18,607	0.69 %
Total	2,030,995	100%	2,103,632	100%	2,685,946	100%

### ● Sales Volume of Main Products:

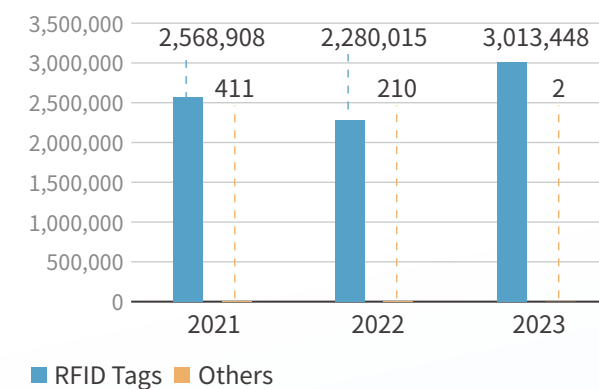
Unit: thousands

Sales Amounts	2021	2022	2023
RFID Tags	2,568,908	2,280,015	3,013,448
Others	411	210	2
Total	2,569,319	2,280,225	3,013,450

### ● Product Sales Revenue



### ● Product Sales Volume

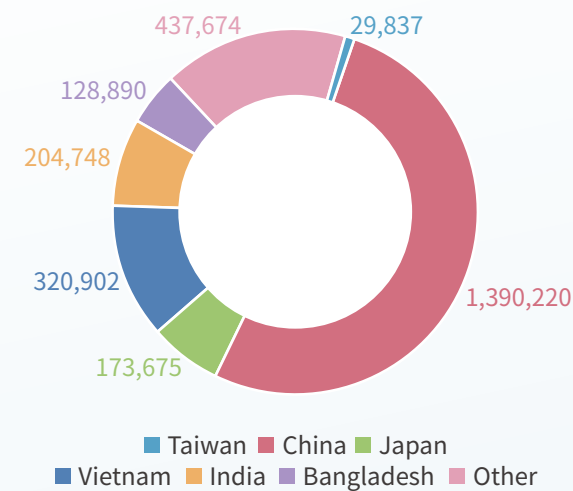


### ● Sales Regions of Major Products:

Unit: NTD (in thousands)

Revenue Product	Taiwan	China	Japan	Vietnam	India	Bangladesh	Others
RFID Tags	29,837	1,390,220	173,675	320,902	204,748	128,890	437,674
Total	29,837	1,390,220	173,675	320,902	204,748	128,890	437,674

### ● Product Sales Distribution Map





## 1.3 Sustainable Governance

Arizon firmly believes that sustainable development is a key element for the long-term prosperity of enterprises. It aims to become a leader in sustainable development within the industry through organized sustainable development strategies, while also striving to enhance corporate value and fulfill social responsibilities.

The company has established a ‘Sustainability and Social Responsibility Code.’ In its operations, it should consider and uphold the interests of stakeholders, focus on the positive impact of corporate behavior on society, and reasonably reduce resource usage.

The company has established a ‘Sustainable Development Center’ and appointed a Chief Sustainability Officer (CSO) as the responsible unit for promoting sustainable development, which includes planning, advocacy, and implementation to fulfill corporate social responsibility. The organizational structure of the Sustainable Development Center is coordinated by the CSO, with the Taipei Operations Center and Yangzhou Operations Center acting as supporting units, working collaboratively with various departments.

Sustainable development matters are overseen by the Board of Directors as the highest decision-making supervisory unit, responsible for reviewing and approving sustainable development strategies, sustainability reporting information, and other significant proposals related to environmental, social, and economic aspects. Each unit is responsible for implementing sustainable policies, systems, and related management guidelines, while the Sustainable Development Center regularly reports to the Board of Directors on the progress of sustainability initiatives and key significant events. The Board uses these reports to confirm the company’s sustainability efforts, supervise, and track the operational team’s annual performance in executing sustainability initiatives and achieving sustainability performance targets, ensuring that the company has sufficient capacity and resources to address potential economic, environmental, and social human rights impacts.

To implement, strengthen governance, and supervise the progress and effectiveness of sustainable development, the company will soon establish a ‘Sustainable Development Committee’ based on the organizational regulations issued by the Taiwan Stock Exchange as a reference. In the future, the ‘Sustainable Development Committee’ will be responsible for deciding the overall policy direction for sustainability and the company’s sustainability action plan, and will regularly report to the Board of Directors after reviewing related sustainability matters.





### ▼ Key Significant Events





The key significant events communicated to the Board of Directors by the Sustainable Development Center for the year 2023 are as follows:



## 1.4 Stakeholder Identification and Engagement

Arizon values the needs and opinions of its stakeholders. Currently, the main stakeholders of the company include employees, shareholders and investors, customers, suppliers and partners, non-profit organizations, government entities, media, and local communities. The company engages with stakeholders through the following communication channels.

Stakeholder	Key Issues of Concern	Communication Methods/Frequency
 Employee	<ul style="list-style-type: none"> <li>⊗ Human Rights Protection</li> <li>⊗ Friendly Workplace</li> <li>⊗ Compliance and Integrity in Operations</li> <li>⊗ Occupational Safety and Health</li> </ul>	<ul style="list-style-type: none"> <li>⊗ Employee Welfare Committee / Quarterly</li> <li>⊗ Labor-Management Meeting / Quarterly</li> <li>⊗ Employee Training and Education / Irregular</li> <li>⊗ Internal Announcements / Irregular</li> <li>⊗ Performance Evaluation / Annually</li> </ul>
 Investors and Shareholders	<ul style="list-style-type: none"> <li>⊗ Corporate Governance Structure</li> <li>⊗ Compliance and Integrity in Operations</li> <li>⊗ Innovation and Research &amp; Development</li> <li>⊗ Product Quality and Safety</li> </ul>	<ul style="list-style-type: none"> <li>⊗ Shareholders Meeting / Annually</li> <li>⊗ Board of Directors / Quarterly</li> <li>⊗ Financial Reports / Quarterly</li> <li>⊗ Company Website / Irregular</li> <li>⊗ Major Information from the Public Information Observation Station / Irregular</li> <li>⊗ Institutional Investor Briefing / Semi-Annually</li> </ul>
 Clients	<ul style="list-style-type: none"> <li>⊗ Innovation and Research &amp; Development</li> <li>⊗ Product Quality and Safety</li> <li>⊗ Human Rights Protection</li> </ul>	<ul style="list-style-type: none"> <li>⊗ Customer Service Hotline / Real-time</li> <li>⊗ Sales Visits / Irregular</li> <li>⊗ Technical Business Communication / Irregular</li> <li>⊗ Customer Meetings / Irregular</li> <li>⊗ Trade Shows / Irregular</li> </ul>
 Suppliers and Partners	<ul style="list-style-type: none"> <li>⊗ Supply Chain Management</li> <li>⊗ Compliance and Integrity in Operations</li> </ul>	<ul style="list-style-type: none"> <li>⊗ Negotiation Meetings / Irregular</li> <li>⊗ Supplier Communication Visits / Irregular</li> <li>⊗ Supplier Coaching / Irregular</li> <li>⊗ Supplier Evaluation / Annually</li> </ul>

Stakeholder	Key Issues of Concern	Communication Methods/Frequency
 Non-Profit Organizations	<ul style="list-style-type: none"> <li>⊗ Human Rights Protection</li> <li>⊗ Occupational Safety and Health</li> <li>⊗ Climate Change Response</li> </ul>	<ul style="list-style-type: none"> <li>⊗ Meetings: As Needed</li> <li>⊗ Seminars: As Needed</li> <li>⊗ Emails: As Needed</li> </ul>
 Governments	<ul style="list-style-type: none"> <li>⊗ Compliance and Integrity in Operations.</li> <li>⊗ Product Quality and Safety</li> <li>⊗ Occupational Safety and Health</li> </ul>	<ul style="list-style-type: none"> <li>⊗ Official Correspondence: Irregular</li> <li>⊗ Government Routine/Sudden Inspections: Irregular</li> </ul>
 Media	<ul style="list-style-type: none"> <li>⊗ Product Quality and Safety</li> <li>⊗ Innovation and Research &amp; Development</li> <li>⊗ Compliance and Integrity in Business</li> </ul>	<ul style="list-style-type: none"> <li>⊗ Earnings Call: Semi-annually</li> <li>⊗ Shareholders' Meeting: Annually</li> <li>⊗ Interviews: Irregular</li> </ul>
 Community and Neighborhood	<ul style="list-style-type: none"> <li>⊗ Human Rights Protection</li> <li>⊗ Climate Change Response</li> </ul>	<ul style="list-style-type: none"> <li>⊗ Company Website: Anytime</li> <li>⊗ Community Activities: As needed</li> <li>⊗ Community Activities: Signing of Neighborhood Emergency Mutual Aid Agreement</li> </ul>

## ▼ Procedures for Remedying Negative Impacts

Our company identifies and assesses any actual or potential negative impacts on the economy, environment, and people (including their human rights) through regular evaluations, communication with stakeholders, and a complaint mechanism. If our company identifies any actual or potential negative impacts, we will provide mitigation or remedial measures for the actual negative impacts and implement relevant response measures to prevent potential negative impacts from occurring.

### ● Stakeholder Communication and Response

Stakeholders	Contact and Response Methods
 Investors	Contact Person: Spokesperson, CFO Kuan-Yu Lin <a href="mailto:investor@arizonrfid.com">investor@arizonrfid.com</a>
 Employees	Contact Person: Human Resources Department: Ms. Liu (886) 2 2322-4824 ext.168 Employee Complaint Email: <a href="mailto:tw-hr@arizonrfid.com">tw-hr@arizonrfid.com</a>

Stakeholders	Contact and Response Methods
 Clients	Yangzhou Operations: Sales Department, Ms. Lu (86) 514-80972024 ext.15183 Taipei Operations: Sales Department, Ms. Chen (886) 2 2322-4824 ext.132 Employee Complaint Email: <a href="mailto:Business@Arizonrfid.com">Business@Arizonrfid.com</a>
 Suppliers	Yangzhou Procurement: Materials Department, Ms. Zhong (86) 514-80972024 ext.15201 Taipei Procurement: Materials Department, Ms. Zhao (886) 2 2322-4824 ext.191





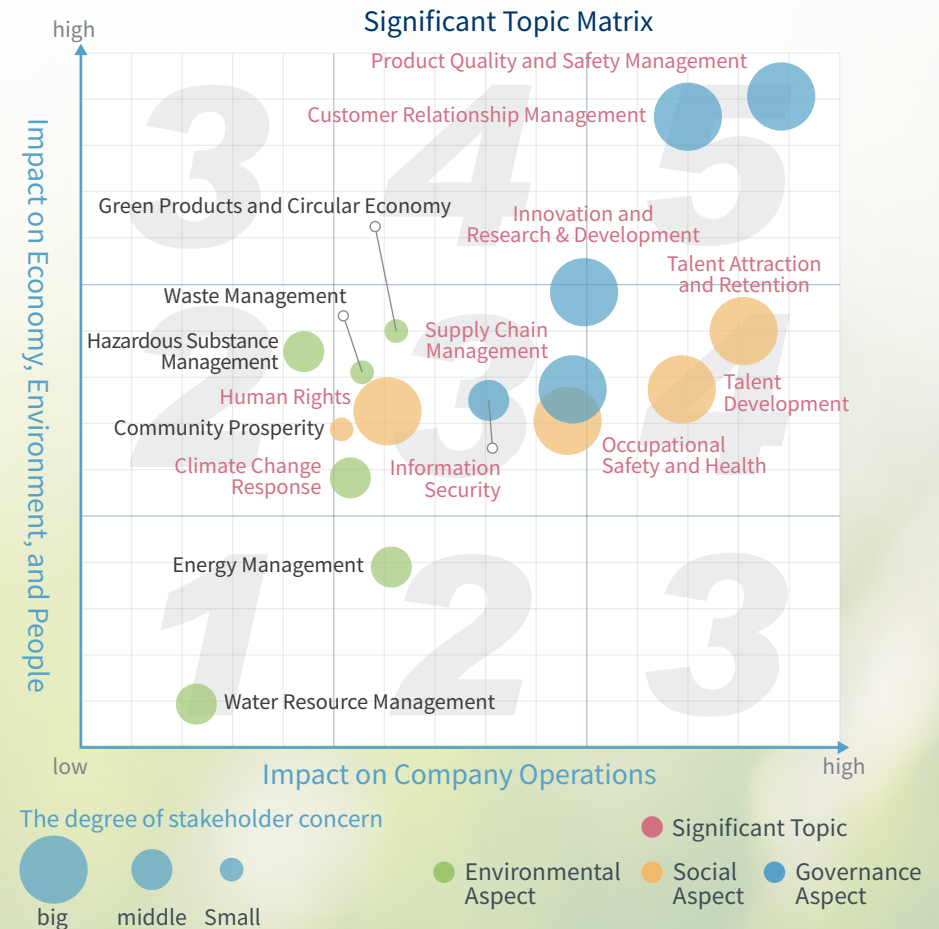
## 1.5 Identification of Significant Sustainability Issues

### ▼ Process for Identifying Significant Sustainability Issues

Our company identifies various sustainability issues through internal discussions and the assistance of external experts. We reference the Global Reporting Initiative (GRI) Standards and significant trends in domestic and international industries to gather sustainability topics. In 2023, we conducted a systematic analysis through departmental interviews and surveys, assessing the impact of various issues on the economy, environment, and people, as well as their impact on our operations.

We distributed a questionnaire to major stakeholders regarding the significance of these topics, receiving 637 valid responses. This helped us identify the sustainability issues that stakeholders are concerned about and allowed us to create a significant topic matrix. In the matrix, the X-axis represents “the impact on company operations,” while the Y-axis represents “the impact on economic, environmental, and social aspects.” The size of the bubbles indicates “the level of stakeholder concern.”

Based on the scores, we evaluated the significance of the topics, distinguishing between significant and general topics. After integrating and analyzing the results and confirming with senior management, we identified 10 significant topics for Arizon in 2023: product quality and safety, innovation and research & development, customer relationship management, supply chain management, information security, occupational safety and health, talent attraction and retention, talent development, human rights, and climate change response. We use this as a reference for information disclosure in our reports and will continue to improve.



## ▼ List of Significant Topics

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

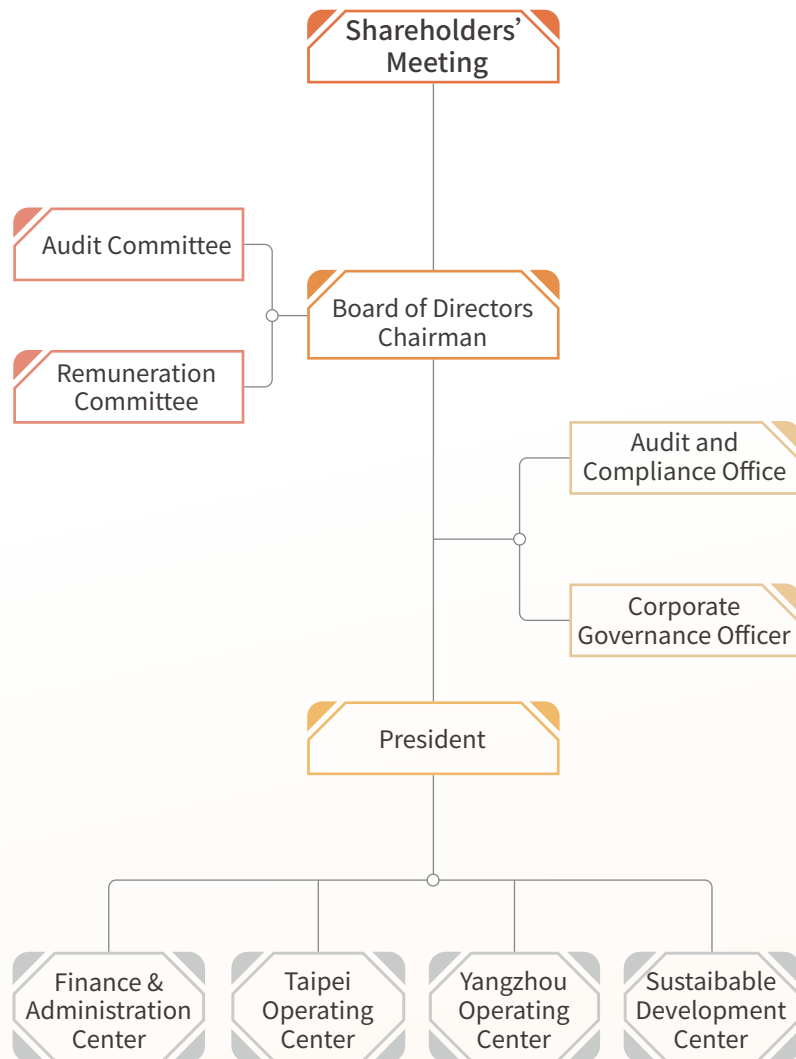


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## 2.1 Corporate Governance Structure

### ▼ Organizational Chart



### ▼ Business Operations of Major Departments

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



## ▼ Board of Directors

The Board of Directors is the highest governance body of Arizon. Mr. He Yida serves as the chairman of the Board, responsible for executing shareholder meeting resolutions and determining the company's business plans and investment proposals. To establish a robust board governance system and enhance supervisory functions while strengthening management practices, the company has formulated "Board Meeting Rules" based on the "Regulations for Board Meetings of Public Companies" in the Republic of China. The Board meets at least once a quarter.

The nomination and selection of the Board members are conducted in accordance with the company's articles of incorporation, utilizing a candidate nomination system, and adhering to the "Regulations for Director Elections" and the "Corporate Governance Best Practice Principles." This ensures the diversity and independence of board members. In addition to ensuring that directors who concurrently serve as company managers do not exceed one-third of the board seats, the company formulates appropriate diversification policies based on its operational characteristics and developmental needs, which should include, but are not limited to, the following two major aspects: 1. Basic Conditions and Values: Gender, age, nationality, and culture. 2. Professional Knowledge and Skills: Professional backgrounds (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

The current Board consists of seven members, with diverse professional backgrounds encompassing industry experience, management expertise, and accounting knowledge. The chairman is an executive director, four directors are employees, and there are three independent directors. All board members are male, with an average age of 40-50 years.

/ [Board Meeting Rules, Regulations for Director Elections,](#)  
[Corporate Governance Best Practice Principles](#) /

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

## ○ Educational and Professional Background of Directors

Title	Name	Educational and Professional Background	Concurrent Positions in the Company / Other Companies
Chairman	Felix Ho	MBA, MIT Sloan School of Management	Felix Ho holds concurrently positions as Director of Jupiter Prestige Group Holding Limited, Chairman of YFY Jupiter (BVI) Inc., Director of YFY Biopulp Technology Ltd., Director of YFY RFID Co. Limited, Chairman of Yuen Foong Yu Consumer Products Co., Ltd., Chairman of YFY Investment Co., Ltd., Chairman of YFY Consumer Products (Yangzhou) Co., Ltd., Chairman of YFY Family Care (Kunshan) Co., Ltd., Chairman of Ever Growing Agriculture Bio-tech Co., Ltd., Chairman of Yuen Foong Shop Co., Ltd., Director of YFY Consumer Products, Co., Director of LiVEBRICKS Inc., Director of Yuen Foong Yu Consumer Products Investment Ltd., Director of E Ink Holdings Inc., Director of eCrowd Media, Inc., Chairman of Arizon RFID Technology Co., Ltd., Director of Arizon Japan Co., Ltd., Director of YFY Japan Co., Ltd., Director of Shin-Yi Enterprise Co., Ltd., Director of Yuen Foong Paper Co., Ltd., Chairman of Yuen Foong Co., Director of Fu Hwa Enterprise Co., Ltd., Director of Cheng Yu Co., Ltd., Director of Aidatek Electronics, Inc., Independent Director of Universal Cement Corporation, Supervisor of The Eisenhower Fellows Associations in the Republic of China, Chairman of Epoch Foundation, Director of Monte Jade Taiwan Science & Tech Association, and Executive of Association of Corporate Patent.



Title	Name	Educational and Professional Background	Concurrent Positions in the Company / Other Companies
Director	David Lo	MBA, Johnson School of Management, Cornell University	David Lo holds concurrently positions as Chairman of YFY Inc., Director of YFY Packaging Inc., Director of Yuen Foong Yu Consumer Products Co., Ltd., Director of Yuen Foong Yu Consumer Products Investment Co., Ltd., Chairman of YFY Holding Management Co., Ltd., Chairman of YFY Paradigm Investment Co., Ltd., Chairman of YFY Development Co., Ltd., Director of Fidelis IT Solutions Co., Ltd., Director of Taiwan Stock Exchange Corporation, Director of YFY International B.V., Director of YFY Global Investment B.V., Director of YFY Mauritius Corporation, and Supervisor of Ensilience Co., Ltd.
Director	Hong-Shi Wen	Master's Degree, Department of Mechanical Engineering, National Central University AUO, Corporation, Deputy Chief of Plant Innolux Corporation, Chief of Department	Arizon RFID Technology Co., Ltd. Director and CEO, YEON Technologies (Yangzhou) Co., Ltd. Director and President, Arizon RFID Technology (Hong Kong) Co., Ltd., Director.
Director	Bing-Yi Lin	Master's Degree, Information Management, University of Washington China Development Industrial Bank, Manager of Direct Investment Department	Bing-Yi Lin holds concurrently positions as Director of RAIN RFID Alliance, Director of YFY Jupiter (BVI) Inc., Chairman of YEON Technologies Co., Ltd., Director and President of Arizon RFID Technology Co., Ltd., Director of YEON Technologies (Yangzhou) Co., Ltd., Director of Arizon RFID Technology (Hong Kong) Co., Ltd., Director, Director of Arizon Japan Co., Ltd., Director of Opal BPM Limited, Director of Opal BPM Consulting Limited, Director of Yunsheng Co., Ltd., Director and President of Yangzhou Dicheng Trading Co., Ltd., and Director of Dicheng Co., Ltd.
Independent Director	Brade Lei	Deloitte and Touche Taiwan, Vice President	C&S Certified Public Accountant Firm, Certified Public Accountant, Hung Ting Lighting Co., Ltd., Chairman, Xiaojin InnovationCapital Co., Ltd., Chairman.
Independent Director	Brian Lee	HITOTSUBASHI UNIVERSITY MBA GlobalBrands Group, Chief Restructuring Officer	Brian Lee holds concurrently positions as Director of Pacific Licensing Studio Pte. Ltd., President of Charactopia Licensing Limited, Director of Branded Lifestyle Holdings Limited, President of KT Licensing Limited, and Independent Director of Dr. Wu Skincare Co., Ltd.
Independent Director	JD Chiou	Ph.D. Massachusetts Institute of Technology Ministry of Economic Affairs, Expert of Artificial Intelligence Development Strategy Smart Customer Service Industry Ministry of Economic Affairs, Open Data Consultation Team Committee FinTech Research Center, College of Commerce Microsoft AI Developer Advisory Board, USA	Intumit, Inc., Vice Chairman, Idrasys Co., Ltd., Director, Miraxia Edge Technology Co., Ltd., Director.

## ○ Diverse Professional Background of Directors

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

## ○ Composition of the Board of Directors

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

## ▼ Board of Directors' Conflict of Interest Policy

The company has clearly defined conflict of interest policies and procedures for personnel at all levels in the “Procedures for Ethical Business Operations and Conduct Guidelines” and the “Code of Ethical Conduct.” These provide appropriate reporting channels and ensure effective implementation.

For proposals presented to the Board of Directors, any directors, independent directors, managers, or other stakeholders attending the board meeting who have a conflict of interest, either personally or on behalf of an organization they represent, must disclose the material aspects of their interest during the meeting. If the conflict may harm the company's interests, they are prohibited from participating in the discussion and voting, and they must recuse themselves. They are also barred from acting as a proxy for other directors in voting.

Company personnel who encounter conflicts of interest while performing their duties or who may derive improper benefits for themselves, their spouse, parents, children, or related parties, must report the matter to their immediate supervisor and the company's HR department. The supervisor is responsible for providing appropriate guidance. Furthermore, employees are prohibited from using company resources for external commercial activities and from allowing external business engagements to interfere with their work.

In 2023, the company held six Board of Directors meetings. The following are the cases where directors had conflicts of interest and recused themselves:

- 🕒 March 10, 2023 Board Meeting: During the discussion on the remuneration amount and distribution method for independent directors, the independent directors recused themselves from both discussion and voting due to a conflict of interest.
- 🕒 March 10, 2023 Board Meeting: During the discussion on the remuneration amount and distribution method for directors, the directors recused themselves from both discussion and voting due to a conflict of interest.
- 🕒 March 10, 2023 Board Meeting: During the discussion on the allocation of shares for managerial staff in the initial public offering and capital increase, directors He Yida, Lin Bingyi, Wen Hongshi, and Chief Financial Officer Lin Guanyu, who attended the meeting, recused themselves from both discussion and voting due to a conflict of interest.

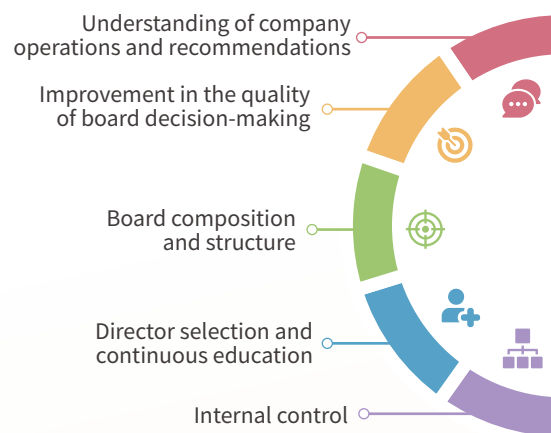
/ Referenced from the “Procedures for Ethical Business Operations and Conduct Guidelines” and the “Code of Ethical Conduct.” /

## ▼ Board of Directors' Performance Evaluation

The Board of Directors' Performance Evaluation is an essential part of enhancing corporate governance and improving board functionality. To achieve this, the company has established performance goals aimed at strengthening the efficiency of the board's operations. The "Board Performance Evaluation Measures" were adopted in 2022, in line with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."

The evaluation covers both the Board of Directors and functional committees. Each year, at the end of the fiscal year, the board members conduct a self-assessment through questionnaires. The results are then consolidated by the responsible evaluation unit and presented to the board for review, serving as a reference for future improvements. To ensure independence and professionalism, an external independent institution or a team of experts will conduct the evaluation at least once every three years. The results of both internal and external performance evaluations must be completed by the first quarter of the following year.

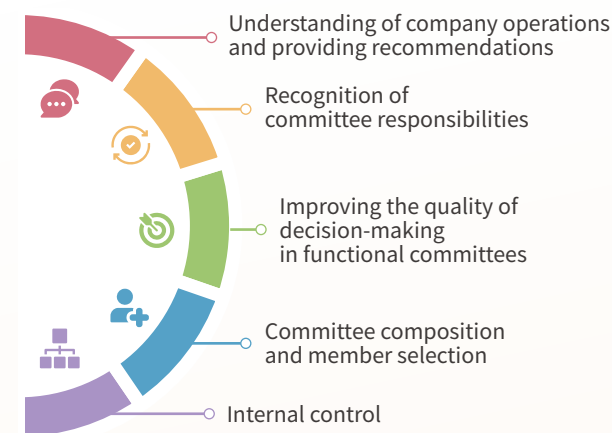
The company evaluates board performance based on the following criteria, considering the company's specific circumstances and needs:



Performance Evaluation Criteria for Individual Board Members:



Functional Committees (including at least the following five aspects):



To align with the company's sustainable development policies, the Board of Directors' performance evaluation will also include a review of the board's engagement with economic, environmental, and social issues.

### ○ Internal Performance Evaluation Results: / Board Performance Evaluation Guidelines /

Year	2023
Evaluation Method	Self-Assessment Questionnaire
Evaluation Period	2023/1/1-2023/12/31

Scope and Results of the Evaluation	Overall Board of Directors	4.83
	Board Members	4.87
	Audit Committee	4.81
	Remuneration Committee	4.81

## ▼ Board Members' Training Status

In response to the rapidly changing business environment, regulatory requirements, and sustainable development policies, Arizon's board members continuously enhance their professional knowledge and governance capabilities. Through annual training courses, board members gain a deeper understanding of industry trends, market dynamics, and international developments. In 2023, the total training hours for board members amounted to 63 hours, with each member completing a minimum of 6 hours of training.

### ○ 2023 Training Status of Company Directors and Independent Directors

Title	Name	Training Start Date	Training End Date	Course Title	Hours
Chairman	Felix Ho	August 10	August 10	Corporate Growth Strategy and External Innovation	3
Chairman	Felix Ho	August 21	August 21	Net Zero Emissions Trend and Paper Industry Response; Carbon Rights Management and Net Zero Strategy	3
Chairman	Felix Ho	August 21	August 21	Taiwan's Opportunities in the AI Industry; Generative AI Accelerating Digital Transformation and Smart Manufacturing	3
Director	Hong-Shi Wen	August 21	August 21	Net Zero Emissions Trend and Paper Industry Response; Carbon Rights Management and Net Zero Strategy	3
Director	Hong-Shi Wen	August 21	August 21	Taiwan's Opportunities in the AI Industry; Generative AI Accelerating Digital Transformation and Smart Manufacturing	3
Director	David Lo	June 16	June 16	Latest Corporate Mergers and Acquisitions Regulations: Practices and Case Analysis	3
Director	David Lo	July 12	July 12	Directors and Supervisors (Including Independent) Advanced Seminar - Corporate Mergers and Acquisitions Practical Sharing: Focus on Hostile Takeovers	3
Director	David Lo	July 25	July 25	Common Legal Issues in Corporate Merger and Acquisition Contracts	3
Director	David Lo	August 18	August 18	Directors and Supervisors (Including Independent) and Corporate Governance Officers Advanced Seminar - Establishing Whistleblower Protection and Reporting Systems	3
Director	David Lo	August 21	August 21	Taiwan's Opportunities in the AI Industry; Generative AI Accelerating Digital Transformation and Smart Manufacturing	3
Director	David Lo	August 21	August 21	Net Zero Emissions Trend and Paper Industry Response; Carbon Rights Management and Net Zero Strategy	3
Director	David Lo	October 31	October 31	Analyzing Foreign Voting Practices from the Perspective of Corporate Control and Shareholder Activism, International Perspectives on Director and Supervisor Responsibilities	3
Director	David Lo	November 1	November 1	Corporate Governance and Sustainable Business Development Training Course	3
Director	Bing-Yi Lin	August 21	August 21	Taiwan's Opportunities in the AI Industry; Generative AI Accelerating Digital Transformation and Smart Manufacturing	3
Director	Bing-Yi Lin	August 21	August 21	Net Zero Emissions Trend and Paper Industry Response; Carbon Rights Management and Net Zero Strategy	3
Independent Director	Brian Lee	August 21	August 21	Taiwan's Opportunities in the AI Industry; Generative AI Accelerating Digital Transformation and Smart Manufacturing	3
Independent Director	Brian Lee	August 21	August 21	Net Zero Emissions Trend and Paper Industry Response; Carbon Rights Management and Net Zero Strategy	3
Independent Director	JD Chiou	August 21	August 21	Taiwan's Opportunities in the AI Industry; Generative AI Accelerating Digital Transformation and Smart Manufacturing	3
Independent Director	JD Chiou	August 21	August 21	Net Zero Emissions Trend and Paper Industry Response; Carbon Rights Management and Net Zero Strategy	3
Independent Director	Brade Lei	August 21	August 21	Taiwan's Opportunities in the AI Industry; Generative AI Accelerating Digital Transformation and Smart Manufacturing	3
Independent Director	Brade Lei	August 21	August 21	Net Zero Emissions Trend and Paper Industry Response; Carbon Rights Management and Net Zero Strategy	3

## ▼ Functional Committees

### ○ Audit Committee

The company has established the “Audit Committee Charter” in accordance with Article 3 of the “Regulations Governing the Exercise of Powers by Audit Committees of Public Companies.” It is stipulated that the committee is composed of all independent directors, with at least three members, one of whom serves as the convener, and at least one member must possess accounting or financial expertise. The committee meets at least once every quarter and may convene additional meetings as necessary.

The company’s Audit Committee, composed of three independent directors, is responsible for overseeing the adequacy of the company’s financial statements, the appointment (or dismissal) and independence of external auditors, the effectiveness of internal controls, compliance with relevant laws and regulations, and risk management of current or potential risks. The committee performs its duties in accordance with Article 14-5 of the Securities and Exchange Act.

Title	Name	Meetings Held	Actual Attendance	Proxy Attendance	Attendance Rate
Independent Director	Brade Lei	6	6	0	100%
Independent Director	Brian Lee	6	4	2	67%
Independent Director	JD Chiou	6	5	1	83%

/ [Audit Committee Organization Regulations](#) /

### ○ Remuneration Committee

To enhance the remuneration system for directors and executives, the company has established the “Remuneration Committee Organization Regulations” in accordance with Article 3 of the “Regulations for the Establishment and Exercise of Powers of the Remuneration Committee of Listed Companies or Companies Trading at Securities Firms.” The Remuneration Committee consists of three members appointed by the board of directors, with a majority of the members being independent directors. The professional qualifications and independence of the committee members should align with its responsibilities. The committee’s role is to evaluate the remuneration policies and systems for the company’s directors and executives from a professional and objective standpoint, providing recommendations to the board for decision-making.

Title	Name	Meetings Held	Actual Attendance	Proxy Attendance	Attendance Rate
Independent Director	Brian Lee	2	2	0	100%
Independent Director	JD Chiou	2	2	0	100%
Independent Director	Brade Lei	2	1	1	50%

/ [Remuneration Committee Organization Regulations](#) /

## ▼ Senior Executive Remuneration Policy

The company has established a Remuneration Committee, composed entirely of independent directors, responsible for formulating and regularly reviewing policies, systems, standards, and structures related to the performance evaluation and remuneration of directors and managers. The committee periodically assesses and determines the remuneration for directors and managers. Regarding director remuneration, it is awarded based on their positions within the company and the extent of their participation and contribution to the company’s operations. The remuneration for the General Manager and Deputy General Manager is primarily based on their positions, contributions to the company, and market benchmarks from similar industries, in accordance with the company’s personnel regulations.

The remuneration for independent directors is determined after considering their educational and professional backgrounds, social status, market salary surveys, and industry standards, adhering to the principle of aligning with general market levels. Furthermore, the company considers its operational performance and the contributions of independent directors in their roles when proposing remuneration. This proposal is then reviewed by the Remuneration Committee and submitted to the Board of Directors for resolution. The company will continue to review the remuneration policy for independent directors in a timely manner based on operational conditions and legal requirements to ensure the reasonableness of remuneration and the company’s sustainable operations.



## 2.2 Risk Management

### ▼ Risk Management Policy

To strengthen corporate governance and consolidate risk management functions, ensuring the organization can continue to operate sustainably, the company established its “Risk Management Policy and Procedures” in 2022, which was approved by the Board of Directors for implementation. This policy aims to systematically and institutionally identify, prevent, and control risks effectively, thereby maintaining normal operations and achieving sustainable development goals.

The Arizon risk management policy is as follows: “Through systematic and institutional management methods, effectively identify, prevent, and control risks to maintain normal operations and achieve sustainable business.”

### ▼ Risk Management Culture

The company holds irregular risk management training sessions or briefings to promote its risk management policies, procedures, and requirements. This initiative aims to enhance employees’ awareness of risk management and the effectiveness of its implementation, integrating risk management consciousness into daily decision-making and operational activities.

### ▼ Risk Management Organizational Structure and Responsibilities

The organizational structure and related responsibilities for risk management in the company are as follows:

#### 🔗 Board of Directors

The Board of Directors serves as the highest decision-making unit for risk management. It approves the risk management policies and framework and oversees the effective operation of the risk management mechanisms.

#### 🔗 Risk Management Organization

The company has established a Risk Management Organization as the responsible unit for executing risk management. The head of corporate governance serves as the convener, and this organization is primarily responsible for monitoring, measuring and evaluating the company’s risks. It assists in formulating the company’s risk management policies and ensures the execution of the risk management decisions approved by the Board of Directors while coordinating overall risk management operations.

The Risk Management Organization is responsible for supervising and ensuring that the execution of risk management aligns with the policies set by the Board of Directors. It reports on the overall implementation of risk management to the General Manager and the Board of Directors at least once a year.

🔗 Each relevant department and subsidiary assess the likelihood and impact of various risk factors based on their responsibilities. They develop necessary measures and ensure their effective implementation to manage risks appropriately.

#### 🔗 Audit Unit

Based on the risk management policies and risk assessment results, the Audit Unit formulates an annual audit plan and carries out various audit operations according to that plan. This unit assists the Board of Directors in supervising and controlling potential risks associated with decision-making, ensuring that all operational risks are effectively managed and providing timely improvement suggestions.

## ▼ Risk Management Process

The company's risk management process is divided into four stages:

### ○ Risk Identification

The risks faced by the company are categorized into four main areas: operational, financial, environmental, and operational. The risk management team collaborates with relevant departments through risk management meetings to identify potential risks related to operational activities, described as follows:

#### 🔍 Operational Risks:

This category includes governance risks, reputational risks, strategic risks, operational risks, human resources risks, and the impact of significant changes in domestic and international policies and laws on the company's sustainable operations.

#### 🔍 Financial Risks:

This refers to the potential deviations in the final financial outcomes from expected targets due to various unpredictable and uncontrollable factors during financial activities, which could lead to economic losses or greater profits for the business. This includes financing risks, investment risks, liquidity risks, foreign exchange and interest rate risks, risks associated with lending funds to others, guarantee risks, derivative trading risks, and risks related to financial decision-making.

#### 🔍 Procedural Risks:

This encompasses all losses caused by improper practices or errors within internal operations, personnel, and systems, as well as other external operations and related events. This includes legal compliance risks, information security risks, occupational safety and health management risks, and fraud risks.

#### 🔍 Environmental Risks:

This includes risks related to climate change, environmental pollution liability, natural disaster risks, and significant external hazards.

### ○ Risk Measurement:

Each relevant department, based on their responsibilities, should evaluate various risk factors and establish appropriate exposure measurement methods as a basis for risk management.

🔍 Risk measurement includes the analysis and assessment of risks, involving an evaluation of the likelihood of risk events occurring and the severity of their negative impacts if they do occur. This assessment serves as a reference for prioritizing risk control strategies and selecting response measures.

🔍 For quantifiable risks, rigorous statistical analysis methods and techniques should be employed for management and analysis.

🔍 For other risks that are currently more difficult to quantify, the likelihood of occurrence and the extent of their impact should be expressed through descriptive language.

### ○ Risk Monitoring

Department heads should continuously supervise and control the execution of risk management related to their areas of responsibility and management processes. They should take necessary measures in a timely manner as needed.

## ▼ Risk Reporting and Disclosure

To implement the principle of transparency, our company not only complies with regulatory requirements for disclosing risk information but also publicly shares risk management-related information on the company website and in the annual report. Additionally, we regularly review the effectiveness of our risk management policies and procedures, referencing the developments in domestic and international corporate risk management mechanisms. Improvement recommendations are proposed for board discussion to enhance the effectiveness of corporate governance.

### ○ Risk Response:

For the risks faced, the following appropriate response measures should be adopted:

#### 🔍 Eliminate Risks:

Hold internal meetings to discuss the necessity and possible measures for eliminating risks.

#### 🔍 Reduce Risks:

Establish goals and relevant measures to minimize operational risks related to significant issues.

#### 🔍 Diversify Risks:

The highest management should convene relevant departments to explore various risk diversification strategies.

#### 🔍 Transfer Risks:

Use contractual agreements to transfer the risks of loss or legal liability to others.

#### 🔍 Accept Risks:

Establish control measures and goals for significant issues to manage existing risks effectively.

## 2.3 Compliance and Integrity Management

To achieve sustainable corporate development and establish a culture of integrity, Arizon adheres to government regulations, regularly reviews and tracks changes in laws and regulations, and consults with advisors and accountants to address discrepancies in legal changes. In 2024, we will enhance the promotion of various regulations by conducting periodic training sessions and releasing related documents to ensure compliance across all units, thereby strengthening employees' understanding of legal concepts.

### ▼ Integrity Management

When signing employment contracts with new hires, Arizon also requires the signing of documents such as confidentiality and intellectual property agreements, commitment letters, insider trading prevention pledges, and agreements for the use of legal software. Additionally, these principles are verbally emphasized during orientation and training sessions after their onboarding.

#### ○ Regulatory Compliance Promotion and Integrity Management, Including Anti-Corruption Education and Training

Region	Items	Total	Managers	Employees	Male	Female
Taiwan	Number of Participants in Training	126	2	124	77	49
	Annual Employee Count	151	9	142	89	62
	Completion Rate	83%	22%	87%	87%	79%
China	Number of Participants in Training	513	36	477	272	205
	Annual Employee Count	513	36	477	272	205
	Completion Rate	100%	100%	100%	100%	100%

Manager Definition: Includes section-level managers and supervisors or above.

Completion Rate: Number of employees who completed courses and passed tests / Annual employee count.

### ▼ Whistleblowing System

Whistleblower cases should be handled as confidential matters. The identity of the whistleblower and the content of the report, as well as the personnel involved in the investigation, must be kept confidential by the company. Anyone who becomes aware of the whistleblower's identity or the content of the report in the course of their duties must not disclose this information. Whistleblowers are also obligated to maintain confidentiality regarding the reported cases; violations will be addressed according to the company's relevant disciplinary regulations.

Upon receiving a whistleblower case, it will be recorded in the whistleblower case acceptance register. The accepting unit will carry out the investigation procedures for the case. Relevant units and personnel within the company must cooperate with the investigation or provide assistance. The details of the investigation and the results will be documented in the acceptance register. In 2023, no relevant whistleblower reports or complaints were received.

### ▼ Legal Compliance

In 2023, the New Taipei City Government's Labor Inspection Office determined that the company violated Article 32, Section 2, and Article 36, Section 1 of the Labor Standards Act. The total penalty for the two cases amounted to NT\$80,000.

Violation	Details of the Sanction	Date of Sanction	Sanction Case Number	Responsive Measures
<b>Article</b> Article 32, Section 2 of the Labor Standards Act. <b>Content</b> The total working hours of employees, including regular working hours, shall not exceed 12 hours in one day. The total extended working hours in a month shall not exceed 46 hours. However, if the employer obtains the consent of the labor union, or if there is no labor union in the workplace, with the agreement of the labor-management meeting, the extended working hours may not exceed 54 hours in a month, and 138 hours in a three-month period.	Total fine: NT\$40,000.	2023/2/7	New Taipei City Labor Inspection Document No. 1124652814.	To comply with legal regulations, arrangements will be made for colleagues to take turns working in response to special circumstances.
<b>Article</b> Article 36, Section 1 of the Labor Standards Act. <b>Content</b> If an employer violates the regulations by requiring continuous attendance for more than 6 days without providing at least 1 day of rest as a holiday in every 7-day period, it constitutes a violation.	Total fine: NT\$40,000.	2023/2/7	New Taipei City Labor Inspection Document No. 1124652814.	In response to special circumstances, arrangements will be made for colleagues to take turns working, and adjustments will be made to shift schedules to comply with legal regulations.

## 2.4 Supply Chain Management

Impact	Suppliers may cause risks of supply chain disruptions and material shortages due to deficiencies in quality, price, service, and delivery time. Additionally, if suppliers violate human rights or corporate social responsibility standards, it can indirectly affect the company's intangible reputation or become potential risks. To ensure sustainable supply chain development, Arizon will assess suppliers' ESG risks to prevent issues related to governance and integrity, environmental pollution, and labor rights, which could impact the overall value chain.	
Policy Commitment	The company has established policies such as the "Supplier Management Procedures" to implement supply chain management. In the future, we will gradually implement sustainable supply chain management strategies, aiming for continuous improvement in sustainable supply chain management to maintain the overall competitive advantage of the system and suppliers.	
Actions Taken	⊗ The Supply Chain Management Department and Quality Management Department are responsible for supplier management, conducting evaluations of qualified suppliers every six months for all raw material suppliers. ⊗ To effectively control supply chain risks, new suppliers are required to fill out a supplier questionnaire and sign a "Integrity Commitment" and "Environmental Commitment" to pledge compliance with sustainable management requirements during the initial supplier registration process. ⊗ Suppliers are encouraged to provide ISO environmental or social certifications verified by third parties to assess the ESG risks associated with suppliers.	
Evaluation Mechanism	The procurement unit regularly tracks and reports the achievement status to the "Sustainable Development Center."	
Objectives	<b>Short-term Goals</b> ⊗ Establish a supplier code of conduct. ⊗ Introduce a sustainable risk assessment, requiring suppliers to self-evaluate their ESG performance using a questionnaire.	
	⊗ Include environmental and social assessments for all new and existing raw material suppliers. ⊗ Ensure 100% completion of the signing of the "Integrity Commitment Letter" and "Environmental Commitment Letter" by all key raw material suppliers.	
Performance Results	<b>Medium to Long-term Goals</b> ⊗ Improve supplier assessment results through document reviews and on-site inspections to identify high-risk items, requiring suppliers to make improvements. ⊗ Enhance and promote sustainable development across the entire supply chain through evaluations, guidance, and the establishment of related guidelines. ⊗ Actively seek local suppliers to increase the local procurement ratio.	
	⊗ The percentage of new suppliers passing the evaluation reached 100%. ⊗ The percentage of suppliers passing the regular evaluations reached 100%. ⊗ The percentage of suppliers passing the annual audits reached 100%. ⊗ A total of 13 key raw material suppliers have been identified.	
Stakeholder Consultation	⊗ The assessment grade distribution of key raw material suppliers shows that, except for suppliers without transactions during the assessment period, all assessment grades are A or B. The scores for on-site audits of newly introduced key raw material suppliers were all above 80 points, with social responsibility audit module scores all above 90%. This meets the requirements for new supplier introduction. ⊗ The design of the ESG self-assessment questionnaire for suppliers has been completed.	
	In 2023, Arizon's Taipei factory held a total of 23 quality review meetings to assist in improving supplier quality through monthly supplier quality assessments, annual quality evaluations, and on-site inspections.	

To achieve the core strategy of sustainable supply chain management, the company plans to establish a "Supplier Code of Conduct" in 2024. This code will cover aspects such as labor rights, environmental protection, health and safety, ethics, and management systems, aiming to enhance supply chain management and maintain the overall competitiveness of the system and suppliers. Arizon will strive to strengthen collaboration with supply partners by establishing information transparency, reducing carbon footprints, and improving energy efficiency, thereby creating a more environmentally friendly and responsible supply chain ecosystem.

## ▼ Supply Chain Overview

The company's upstream mainly consists of raw material suppliers such as chips and antennas. The midstream involves RFID product development and manufacturing, as well as reader and system application vendors. The downstream spans various application fields, including retail, public services, industrial manufacturing, and healthcare. The company primarily focuses on the research, production, and sales of RFID electronic tags, positioning itself in the midstream of the RFID-related industry. The company sells its independently developed RFID electronic tags directly to customers. After understanding customer needs, the product development department creates the product and provides samples for customers to test. Once customers pass the tests, the company arranges production, delivery, and after-sales service.

The company's supply chain is mainly distributed across Taiwan, mainland China, and other regions, with an estimated 69 suppliers. Given the wide range of RFID electronic tag applications, many of which are customized products, the supplier database includes a diverse array of materials.

Main Categories of Suppliers:

Raw Material Suppliers	Equipment Suppliers	Packaging Material Suppliers
Provide essential raw materials required for production, such as chips, antennas, release paper, adhesive tape, etc.	Supply various equipment necessary for the production process, such as die attach machines, laminating machines, encoding machines, inspection machines, etc.	Provide packaging materials for products, such as cartons, inserts, anti-static bags, edge protectors, etc.

## ○ Supplier Distribution and Proportion

	China	Taiwan	United States	Japan	Others	Total
Raw Material	15	26	1	0	0	42
Equipment	0	7	0	0	1	8
Packaging Material	19	0	0	0	0	19
Total	34	33	1	0	1	69
Proportion	49.28%	47.83%	1.45%	0.00%	1.45%	100.00%

## ▼ Supplier Management

In the context of a tightly interconnected global industry and the need to meet customer demands, suppliers are a crucial piece of the puzzle for the company's sustainable operations. Without suppliers, the company's operations may not continue, and we have a responsibility to actively establish a sustainable supply chain that prioritizes safety, health, environmental protection, and human rights.

Arizon regularly conducts supplier evaluations through the procurement and quality assurance departments, while also understanding the manufacturing capabilities of suppliers to ensure supply chain stability and product quality. In addition to periodically assessing suppliers based on product quality, on-time delivery, compliance, workplace safety management, business conditions, and ESG management, we maintain ongoing communication with them. Our aim is to embed the concepts of corporate social responsibility and sustainable supply chain management into the evaluation criteria, collaborating with suppliers to create high-quality products and services that generate sustainable value. Currently, our selection criteria for raw material suppliers include ROHS (HSF), ISO9001, ISO14001, and ISO45001. Arizon also requires suppliers to uphold fundamental human rights and comply with labor standards.

## ○ Supplier Management Department Responsibilities Table

Department	Responsibilities
Material Department	Responsible for the introduction, management, and elimination of new suppliers, as well as maintaining the data of qualified suppliers.
Quality Assurance Department	Responsible for the assessment of qualified suppliers and reviewing supplier changes.
Engineering Department	Responsible for approving supplier changes and providing technical support.
Sales Department	Responsible for coordinating the collection of qualifications for customer-designated suppliers.
Other Departments	Responsible for evaluating and recognizing product specifications of miscellaneous suppliers and organizing on-site reviews.

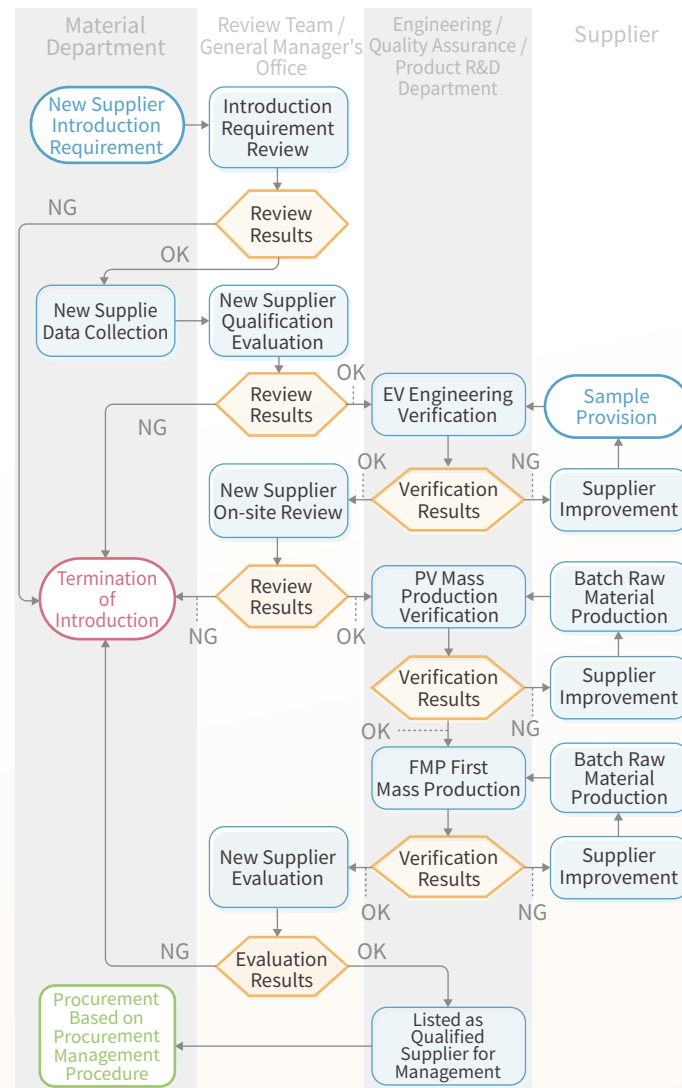


## ▼ Selection of New Suppliers

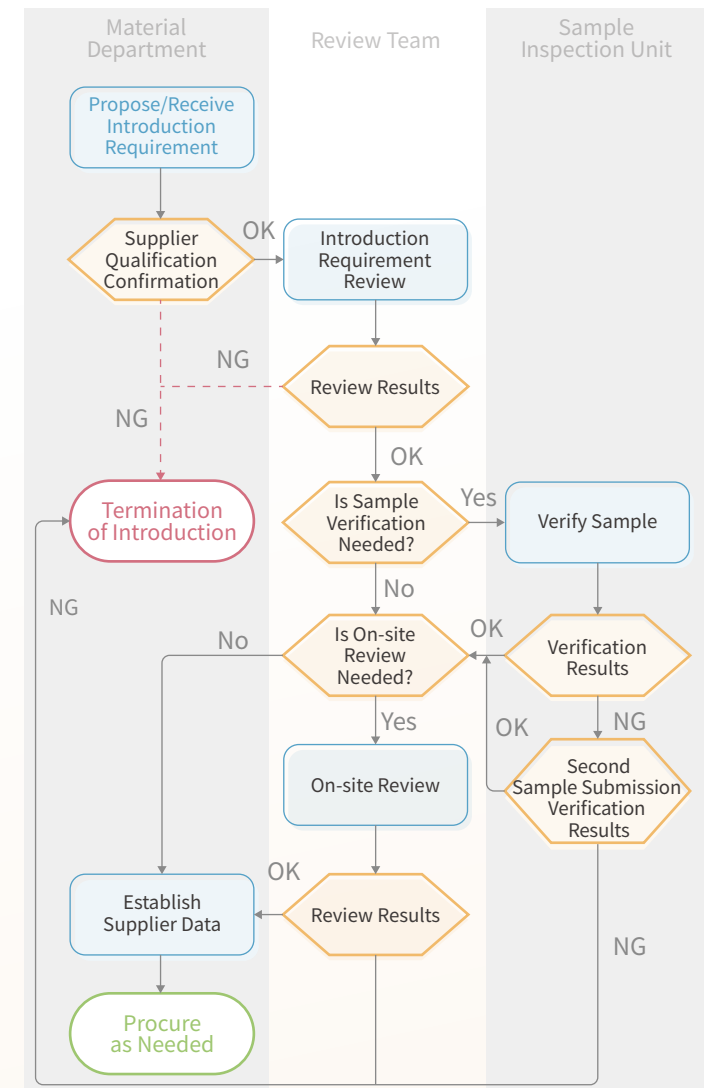
Arizon conducts a “New Supplier Evaluation” and annual audits for new suppliers. Each responsible unit assesses suppliers based on “Quality,” “Environmental and Occupational Health,” and “Labor Rights,” while also planning to incorporate more ESG criteria as standards for new supplier selection. During regular performance evaluations, suppliers are rated on their “Quality,” “Cost,” “Delivery Time,” and “Service,” allowing for monitoring and continuous improvement through communication with suppliers.

For key raw material suppliers, after their products pass the company’s EV engineering verification, the Quality Assurance Department organizes on-site evaluations of the suppliers. These evaluations comprehensively assess the suppliers’ overall assurance capabilities according to the requirements outlined in the “[Supplier On-Site Evaluation Form](#).” The evaluation modules include eight areas: System Management, Technical Capability, Supply Chain, Process Control, Finished Product Control, Quality Improvement and Service, Environmental Protection, and Social Responsibility.

### ● Arizon New Raw Material Supplier Introduction Flowchart



### ● Arizon Miscellaneous New Supplier Introduction Flowchart



## ▼ Supplier Regular Evaluation

To ensure the robust operation of the supply chain, we implement the following supplier evaluation process:

### ○ Annual Assessment

Every six months, we assess qualified suppliers for critical raw materials. The assessment covers the following areas: Supply quality, improvement of anomalies, pricing, delivery timelines, service quality. The assessment criteria are executed based on the Supplier Sustainability Assessment Guidelines. The Quality Assurance (QA) department compiles the assessment results and completes the Qualified Supplier Continuous Performance Evaluation Form. Based on the scores of each supplier, we categorize them into different grades and submit them for approval by the relevant authority. The QA department then distributes the sustainability assessment results to the respective suppliers according to the format of the Supplier Continuous Assessment Notification.

### ○ Arizon Site Review Scoring Chart



☛ In 2023, a plan was established to audit 9 existing qualified suppliers. A total of 9 suppliers were audited, and the results were all rated as excellent or good, with all audits, improvements, and follow-up responses completed.

☛ On-site audits were conducted for 3 new suppliers, with all scoring above 80 points, indicating a good rating. Among them, 2 have successfully been included in the list of qualified suppliers, while the other is still in the product validation stage.

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

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

### ○ Annual On-Site Audit

For key material suppliers with production bases in the country, we develop an annual audit plan, referred to as the Annual Audit Plan for Key Raw Material Suppliers. After obtaining approval from the relevant authority, we conduct on-site audits according to the audit plan. Based on the scores from the audit evaluation, we assign a rating level and provide corresponding improvement recommendations.

### ○ Supplier ESG Self-Assessment Questionnaire

The questionnaire design was completed by the end of 2023, and a comprehensive survey will be conducted in February 2024. The evaluation includes:



## ▼ Green Product Procurement

Arizon is committed to promoting environmental protection and achieving sustainable development goals by actively implementing green product procurement strategies to reduce the environmental impact of the production process. Through stringent supplier selection and material procurement standards, we ensure that all products comply with international environmental regulations and standards, including but not limited to RoHS, REACH, and the Toxic Substances Control Act (TSCA).

Arizon has required key raw material suppliers to submit written reports and declarations in accordance with our “GP Control Requirements Overview.” This overview also includes limited standards for hazardous substances, such as:

### ○ Arizon Company Hazardous Substances(HS) Content Limit and Deadline Requirements (General)

Serial Number	Substance Name	Content Limit S
1	10 Substances of RoHS (Restriction of Hazardous Substances)	Cadmium and Cadmium Compounds (Cd)
2		Lead and Lead Compounds (Pb)
3		Mercury and Mercury Compounds (Hg)
4		Hexavalent Chromium Compounds (Cr6+)
5		Polybrominated Biphenyls (PBB)
6		Polybrominated Diphenyl Ethers (PBDE)
7		Di(2-ethylhexyl) Phthalate (DEHP)
8		Benzyl Butyl Phthalate (BBP)
9		Di-n-butyl Phthalate (DBP)
10		Diisobutyl Phthalate (DIBP)
		<40PPM
		<90PPM
		<60PPM
		<60PPM
		<1000PPM
		<1000PPM
		<1000PPM
		<1000PPM
		<1000PPM

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

## ▼ Conflict Minerals Management

Arizon continuously monitors the updates on the Responsible Minerals Initiative (RMI) website ([www.responsiblemineralsinitiative.org](http://www.responsiblemineralsinitiative.org)) and utilizes the latest versions of the Conflict Minerals Reporting Template (RMI\_CMRT) and the Extractives Reporting Template (RMI\_EMRT) to conduct due diligence on the use of tantalum, tin, gold, tungsten, cobalt, and mica among suppliers. We also promote our “Conflict Minerals Policy and Requirements.” In addition to key raw material chips containing gold, tungsten, tantalum, and tin, as well as conductive adhesives that include gold, other raw materials do not contain tantalum, tin, gold, tungsten, cobalt, or mica. Furthermore, all materials containing these elements are sourced from legally registered smelters.

## ▼ Percentage of Local Procurement of Products and Services

Unit: NTD (in thousands)

		2021	2022	2023
Taiwan	Local Supplier Procurement Amount	50,090	40,051	57,468
	Total Procurement Amount	237,372	227,114	386,643
	Local Procurement Percentage	21%	18%	15%
China	Local Supplier Procurement Amount	458,156	354,788	485,455
	Total Procurement Amount	997,793	1,009,896	1,355,067
	Local Procurement Percentage	46%	35%	36%

Due to the fact that the key raw material manufacturers for the RFID industry, such as chips, antennas, and conductive adhesives, are all located overseas, the cost proportion of these components is relatively high. As production capacity and shipment volumes increase, the procurement amounts will rise accordingly, resulting in a higher proportion of non-local procurement, which causes the local procurement percentage to decline year by year. In the future, Arizon will actively seek local manufacturers to increase the local procurement ratio.

## ▼ SASB Disclosure - Supply Chain Management and Material Procurement

Indicator Code	Activity Indicator	Category	Unit	Description
TC-HW-430a.1	Percentage of First-Tier Suppliers (1) with an Accepted RBA Verified Audit Process (Validated Audit Process, VAP) or Equivalent Audits for (a) All Suppliers and (b) High-Risk Suppliers	Quantification	%	Arizon has not yet collected data on the number of audited suppliers that have not passed the RBA Validated Audit Process and their improvement status. In the future, Arizon will collect relevant information through questionnaires to better understand the improvements in supply chain deficiencies.
TC-HW-430a.2	Percentage of First-Tier Suppliers (1) that Did Not Pass the RBA Verified Audit Process (Validated Audit Process, VAP) or Equivalent Audits, and (2) the Improvement Rates for (a) Major Nonconformities and (b) Other Nonconformities	Quantification	Proportional	
TC-HW-440a.1	Risk Management Related to the Use of Critical Materials	Discussion and Analysis	%	Arizon continuously monitors the dynamics of the Responsible Minerals Initiative (RMI) through its official website ( <a href="http://www.responsiblemineralsinitiative.org">www.responsiblemineralsinitiative.org</a> ). The company utilizes the latest versions of the conflict minerals reporting templates RMI_CMRT and RMI_EMRT to conduct due diligence on suppliers regarding the use of tantalum, tin, gold, tungsten, cobalt, and mica. Additionally, Arizon promotes its “Conflict Minerals Policy and Requirements.” Regarding key raw materials, the chips contain gold, tungsten, tantalum, tin, and cobalt, while the conductive adhesive also contains gold. However, other raw materials do not include tantalum, tin, gold, tungsten, cobalt, or mica. All materials containing these elements are sourced exclusively from legally compliant smelters.

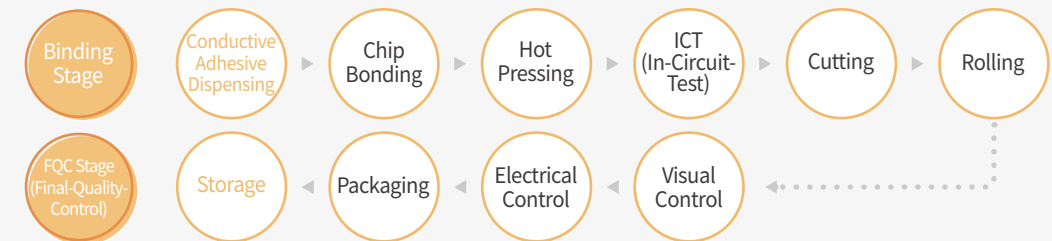
## 2.5 Product Quality and Safety

Impact	Poor-quality RFID tags may exhibit reliability issues, such as failing to function consistently or being easily affected by external interference. This can lead to system instability, increasing operational risks and reducing work efficiency.
Policy Commitment	<p><b>Integrity and Honesty</b></p> <ul style="list-style-type: none"> <li>Members of the Arizon team are expected to uphold the right values, refraining from deception and fraud, and taking responsibility for the products produced.</li> </ul> <p><b>Trustworthiness and Reliability</b></p> <ul style="list-style-type: none"> <li>Establishing credibility through superior quality, zero defects, high reliability, and precise delivery schedules for products.</li> </ul> <p><b>Excellence and Innovation</b></p> <ul style="list-style-type: none"> <li>Keeping pace with the latest technological capabilities, continuously surpassing the current state, and creating new models to deliver value to customers.</li> </ul>
Actions Taken	<ul style="list-style-type: none"> <li>For product development and mass production, the DV, EV, PV, and FMP processes must be strictly followed, and the product reliability testing must achieve 100% pass rate.</li> <li>Implement product inspection and strictly execute the entire process of IQC, FAI, IPQC, and FQC inspections to ensure that the products meet specification requirements.</li> </ul>
Evaluation Mechanism	<ul style="list-style-type: none"> <li>Each new product must undergo 100% PV review.</li> <li>Collect and analyze inspection data, and conduct weekly quality meetings for analysis and improvement.</li> </ul>
Objectives	<p><b>Short-Term Goals</b></p> <ul style="list-style-type: none"> <li>Mass-produced products must achieve 100% pass rate in reliability testing.</li> <li>Shipped products must achieve 100% pass rate in the entire inspection process.</li> </ul> <p><b>Medium to Long-term Goals</b></p> <ul style="list-style-type: none"> <li>Enhance failure analysis capability and continuously improve product quality.</li> </ul>
Performance Results	<ul style="list-style-type: none"> <li>Pass rate for reliability testing of mass-produced products: 100%.</li> <li>Shipped products have passed the entire inspection process with a 100% success rate.</li> </ul>

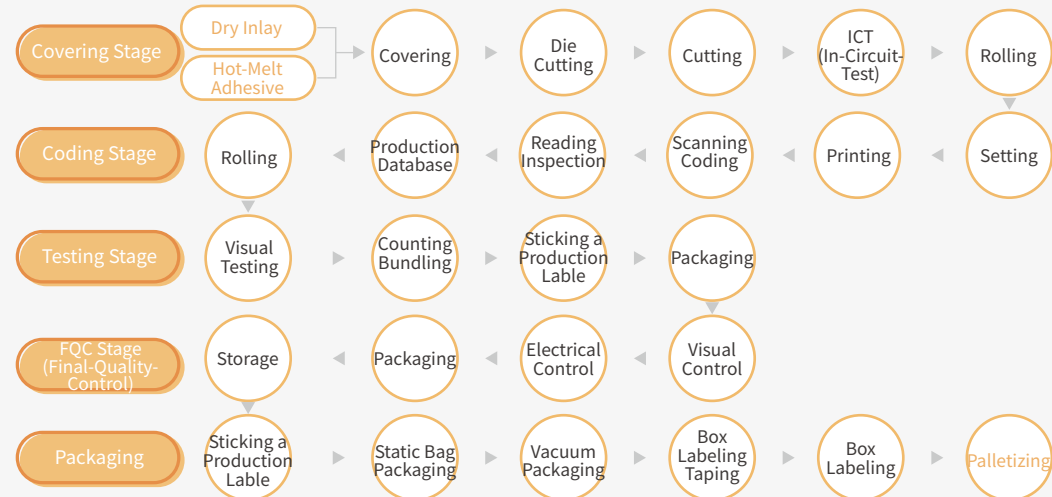
### ▼ Quality Management Policy

Our company's main product is RFID electronic labels, primarily used in retail, transportation logistics, industrial manufacturing, and healthcare sectors. Based on whether they are adhesive electronic labels, they can be categorized into Dry Inlay and Wet Inlay. Our production utilizes the Flip Chip process, with the key production stages illustrated in the diagram below:

#### ● Dry Inlay



#### ● Wet Inlay





“Honesty and Integrity, Trustworthiness and Reliability, Excellence and Innovation” are our company’s core management principles. Arizon places a high emphasis on product quality management and has established a comprehensive quality management system. Through continuous optimization and the integration of advanced information technologies, we can timely predict risks and identify potential quality defects in our products. This allows us to implement corresponding preventive and corrective measures, achieving the goal of stable product quality.

Our company’s electronic label products have an annual shipment volume exceeding 2 billion units, ensuring stable performance and high yield rates. Our Yangzhou plant passed the IATF 16949 global automotive industry quality management system certification in 2019, while our Taiwan branch obtained ISO 9001 quality management system certification in 2021. This positions our product manufacturing quality management at a leading level within the industry. Furthermore, after several years of effort, we successfully achieved ARC Quality Certification by the end of May 2022. The ARC Quality Certification is specifically designed for RFID labels and includes stringent requirements covering various aspects such as design, verification, production, and quality control. Currently, only eight companies worldwide hold this certification, and we are the only company in the Asia-Pacific region to have achieved it.

Leveraging this certification, we are actively expanding into projects that require this accreditation, such as Walmart Home and applications with internationally renowned courier services. Through our product technology solutions and exceptional collaborative service quality, Arizon has established new cooperation agreements with several international companies.

## Quality System Management Certification



▲ Taiwan Branch ISO 9001:2015

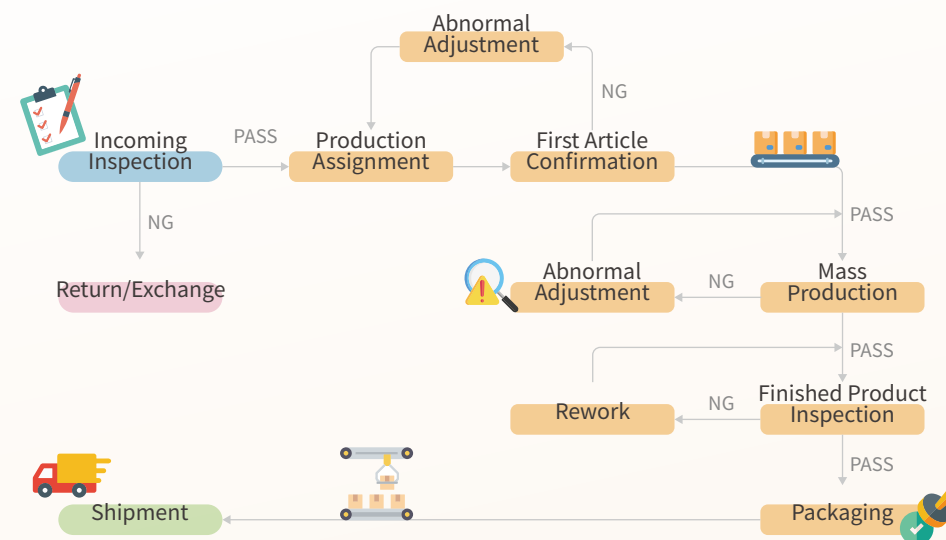


▲ Yangzhou IATF 16949

## Quality Inspection Process

To ensure that Arizon’s products meet standard quality requirements, we have established a comprehensive quality inspection process managed by the Quality Assurance (QA) department. This process begins with rigorous incoming material inspections; any raw materials that do not meet specified standards are evaluated for severity and either subjected to special procurement procedures or returned/exchanged. Following material approval, production orders are assigned, and first-piece inspections are conducted to identify potential issues early. Throughout production, ongoing in-process inspections monitor product quality, and a final inspection of finished products is performed to ensure compliance with quality standards before packaging. Finally, products are packaged and prepared for shipment, demonstrating our commitment to delivering high-quality products and services to our customers. This structured approach enables Arizon to maintain excellence in quality management and uphold our reputation for reliability and performance.

If abnormalities are found during the incoming material inspection, the Quality Assurance Supplier Quality Engineer (SQE) will lead the investigation, tracking the supplier’s analysis and improvements. In cases where quality issues are identified during production and final inspections, an engineer from the engineering department will be responsible for investigating and reviewing the anomalies, implementing necessary corrective actions to prevent recurrence. Arizon is committed to continuously improving the quality inspection process to ensure that our products consistently meet customer and market expectations, thereby establishing a reliable brand reputation.



## ▼ Product Quality and Safety

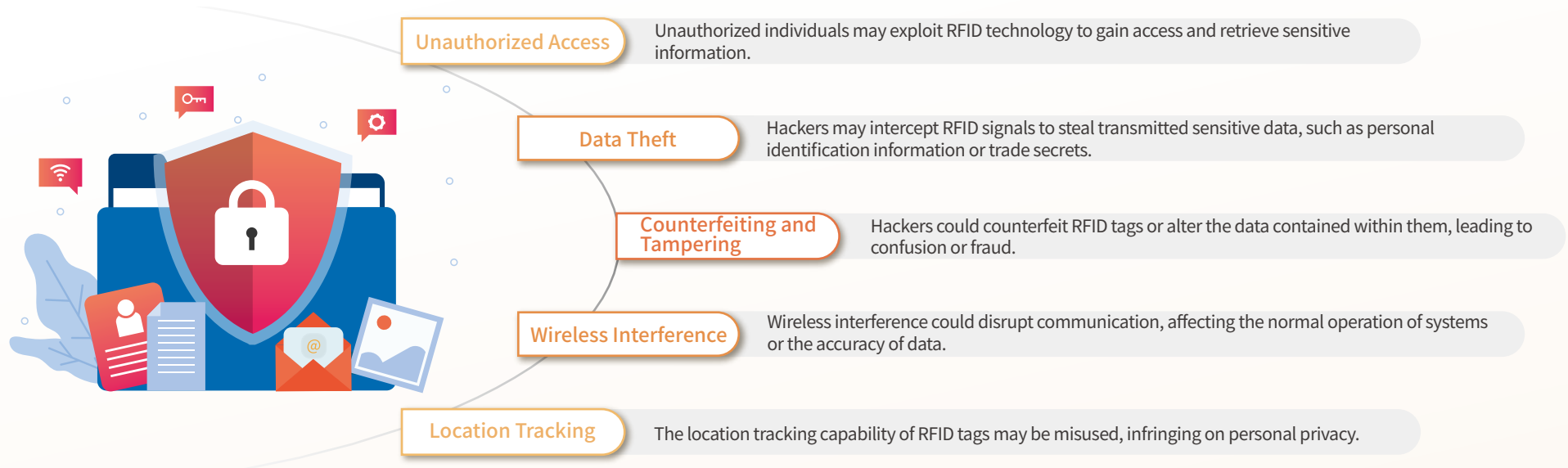
In response to international consumer awareness of environmental issues and regulations emphasizing environmental protection, Arizon has established a hazardous substance management approach based on international environmental standards and customer hazardous substance control standards. This approach includes regulations such as RoHS, REACH, halogens, and TSCA, and a comprehensive quality management system has been developed in accordance with relevant laws and regulations. Strict requirements are imposed on production units and suppliers to adhere to these standards. From the development stage, the company's products are designed and selected according to these specifications, and subsequent supplier material and quality requirements, as well as product production and sales, are strictly controlled based on these standards to ensure that the supplied products are environmentally friendly, safe, and comply with international environmental regulations.

All products from Arizon undergo quality testing during the production process to ensure that they do not pose risks to customer health and safety. In 2023, the company did not experience any violations of regulations related to products, services, health, safety, or voluntary agreements.

## ▼ Product Data Security Management

RFID (Radio Frequency Identification) technology has been widely used for identifying and tracking various products, but it also presents certain security risks. Here are methods for identifying and addressing RFID product data security risks:

### ○ Identifying Risks



## ○ Solutions

### 🔒 Encryption and Authentication:

Implement encryption for RFID communications and enforce robust authentication mechanisms to ensure that only authorized users can access sensitive data.

### 🔒 Privacy Protection:

Consider privacy protection in the design of RFID systems, such as limiting the use of location tracking features and only collecting necessary data.

### 🔒 Security Protocols:

Implement security protocols like TLS (Transport Layer Security) to safeguard sensitive data during RFID communications.

### 🔒 Physical Security Measures:

Place RFID readers in secure areas and restrict physical access to prevent unauthorized access and attacks.

### 🔒 Vulnerability Management:

Regularly conduct vulnerability scans and security audits of RFID systems, promptly addressing any known security vulnerabilities.

### 🔒 Security Training:

Provide staff with training on RFID security best practices to increase awareness of potential risks.

### 🔒 Continuous Monitoring:

Implement continuous monitoring mechanisms to detect and respond to any unusual activities or unauthorized access in a timely manner.

### 🔒 Compliance Checks:

Conduct regular compliance checks to ensure that RFID systems adhere to relevant security standards and regulations.

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

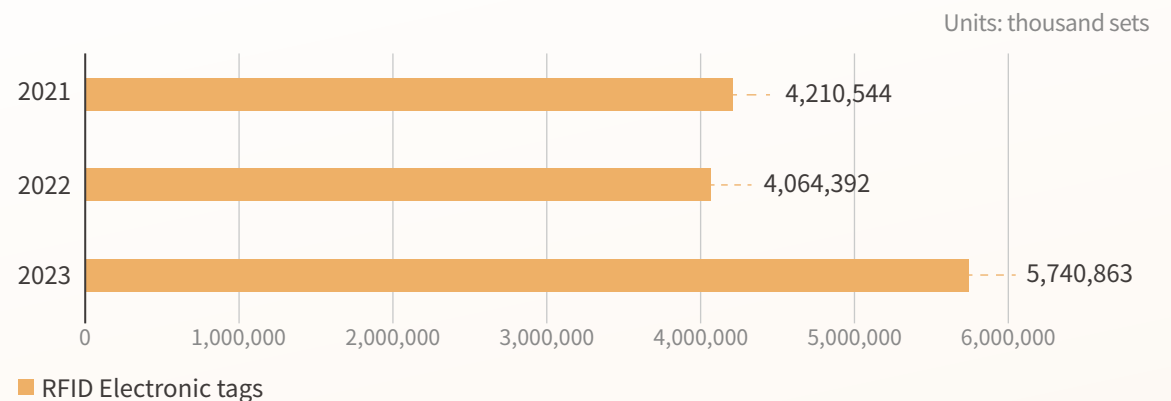
## ▼ Product Marketing and Labeling

Arizon ensures that all products not only meet the high-quality standards set by our customers but also comply with regulations regarding reasonable packaging and detailed product information labeling. This includes information on raw materials, substance composition, and product specifications safety data sheets, among others. In 2023, the company did not encounter any incidents of violating regulations related to product service information and labeling, nor any breaches of marketing communication regulations.

### ○ Requirements for Product and Service Information and Labeling

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

## ▼ Production volume of products in the past three years



## 2.6 Innovation and Research & Development.

Impact	Failure to meet customer demands and expectations may result in products not aligning with market trends, affecting customer satisfaction. A lack of sustainable innovation could cause the company to lose competitiveness in the market and miss opportunities that align with green trends, impacting its market position. In the event of intellectual property disputes, the company's future competitiveness could be affected, damaging its image and eroding customer trust, potentially leading to talent loss.	Action Taken	<ul style="list-style-type: none"> <li>⊗ Patent Bonuses and Process Improvement Proposals: Implement a system for patent bonuses and improve the proposal processes.</li> <li>⊗ Product Development Meetings: Organize product development meetings in groups to focus on solutions and RF products, holding regular meetings with supervisors at fixed times to keep discussions focused.</li> <li>⊗ Intellectual Property Education and Training: Conduct training sessions related to intellectual property to enhance knowledge and awareness among employees.</li> </ul>
Policy Commitment	<p><b>Intellectual Property Protection</b></p> <ul style="list-style-type: none"> <li>⊗ Commit to maintaining and respecting intellectual property rights, including those of the company and others. Ensure that all R&amp;D activities and product development are conducted within a legal and ethical framework, avoiding any form of infringement.</li> </ul> <p><b>Transparency and Collaboration</b></p> <ul style="list-style-type: none"> <li>⊗ Commit to maintaining high transparency when dealing with intellectual property matters and keeping open communication channels with all stakeholders, including partners, customers, and intellectual property holders.</li> </ul> <p><b>Continuous Education and Training</b></p> <ul style="list-style-type: none"> <li>⊗ Commit to providing regular education and training on intellectual property to employees to enhance their understanding of the importance of IP protection.</li> </ul> <p><b>Innovation and Respect</b></p> <ul style="list-style-type: none"> <li>⊗ Encourage innovation while committing to respect other innovators and their intellectual property rights in the market, promoting a fair competitive environment.</li> </ul>	Evaluation Mechanism	The company's R&D department and finance department jointly manage the achievement rate of annual goals and establish improvement measures for the following year based on the reasons for not meeting the targets and the corresponding countermeasures.
		Objectives	<p><b>Short-term Goals</b></p> <ul style="list-style-type: none"> <li>⊗ Invest 5% of annual revenue in R&amp;D expenditures.</li> <li>⊗ Submit at least 2 patent applications each year.</li> </ul> <p><b>Medium- to Long-term Goals</b></p> <ul style="list-style-type: none"> <li>⊗ Optimize the patent proposal system to increase the number of submissions.</li> <li>⊗ Focus R&amp;D meetings on the technological foresight, depth, and competitiveness of each group.</li> <li>⊗ Strengthen the strategy and defensive technology for new product development.</li> </ul>
		Performance Results	<ul style="list-style-type: none"> <li>⊗ In 2023, R&amp;D expenditures accounted for 3.8% of annual revenue.</li> <li>⊗ A total of 4 patent applications were submitted in 2023.</li> </ul>

RFID, or Radio Frequency Identification, also known as wireless radio frequency technology, has developed across various fields, including logistics, military, retail, healthcare, food, transportation, and access control. RFID mainly consists of tags, readers, and computer systems. Through wireless communication, digital data stored in the chip within the tag is transmitted contactlessly to the reader, which then sends the captured and identified information to the backend computer application system for further processing, usage, or value-added applications. Compared to traditional barcodes, RFID offers several advantages, such as faster scanning speeds, the ability to process multiple data points simultaneously, data storage functionality with modifiable and updatable data, reusability, and resistance to oil and dirt.

Quick Identification Uniqueness Convenience Real-time Information Improve Management Efficiency Reduce Human Error Traceability Enhance Quality CIS Brand Identity

As a key component in RFID systems, RFID tags function for transmitting and receiving data using wireless frequencies (such as electromagnetic induction or microwaves) to identify targets and transmit information without mechanical or optical contact. Since its establishment, the company has built a professional R&D team that closely monitors the development trends and market applications of RFID technology. The team's primary focus is on improving key performance indicators of RFID tags, such as activation frequency energy, read/write speed, read/write distance, transmission speed, reliability, and consistency. By deeply integrating technologies from various fields like integrated circuits, communication technology, and material science, and leveraging its experience in reader development, the company has created a series of products that meet customer needs. These include paper silver paste labels, fragile labels, microwave labels, metal labels, textile labels, and test tube labels. To maintain a competitive edge, the company continuously enhances product performance, recommending customers adopt new products that meet current and future market demands, accelerating product updates within the industry, and maintaining its technical leadership in the RFID sector.

### ▼ 2023 Representative R&D Product Overview:

1

M800  
New  
Chip  
Series  
Tags

Arizon has become a leader in the industry, mastering the design and advanced bonding technology of the latest small-sized M800 series chips (the smallest high-performance M800 series chips released by Impinj). These tags are designed for various fields, including healthcare, logistics, retail, automotive, and postal services.



The products in this lineup include AZ-MR8 AZ-MR83 AZ-GR8 AZ-HR8

2

AZ-MR7N  
Express  
Logistics  
Sorting  
Tag

This tag enables the bulk collection of shipment data, providing real-time access to delivery information. It efficiently solves sorting, transportation, and distribution management issues, making the logistics supply chain more transparent. RFID smart identification enhances sorting efficiency, speeds up delivery, reduces errors by 30%, and increases production efficiency by 25%.



The product AZ-MR7N is already in mass production.

3

AL-820  
Reader

Developed using Impinj's new E710 chip integrated with MediaTek's MPU, this reader is designed for IoT applications with a high-performance mesh network. It reduces deployment and maintenance costs and is expected to be the first in its class to pass industrial control safety certification.

4

DPP  
Platform  
Development

This platform provides a unique digital identity for every product, revealing key information across its full lifecycle, from production to final disposal. Information includes material composition, maintenance guides, repair and recycling details, and environmental impact. Through the Digital Product Passport (DPP), consumers, manufacturers, and recyclers can access detailed product information, helping reduce waste, increase recycling rates, and decrease the demand for raw materials.



### Proportion of R&D expenses to revenue

Unit: NTD (in thousands)

Item/Amount	2021	2022	2023
R&D Expenses	79,937	89,652	102,290
Revenue	2,030,995	2,103,632	2,685,946
Percentage of Revenue(%)	3.94	4.26	3.81

### Patent Portfolio

	Taiwan Plant	Yangzhou Plant	Total
Approved	79	421	500
Under Review	10	60	70
Total	89	481	570

### Confidential Information Protection

To safeguard confidential information, the company has established the “Patent Review and Reward Regulations” and the “Confidential Document Management Regulations,” outlining the management systems for patents and confidential information. The company’s work regulations clearly define the Employee Code of Conduct, providing explicit guidelines for employees to follow. In response to the amendment of the Trade Secrets Act in 2013, the company further strengthened the protection of its trade secrets and business interests to maintain its competitive advantage. Additionally, an Employee Integrity, Confidentiality, and Intellectual Property Agreement was established and included as a required document for all new employees during onboarding.



## 2.7 Customer Relationship Management

Impact	Poor customer cooperation can negatively impact customers' perceptions of the company, subsequently lowering their satisfaction and willingness to make repeat purchases.
Policy Commitment	Arizon adheres to the principles of "honesty and integrity, reliability, and excellence in innovation," offering customers diverse feedback channels. We have also established standardized customer satisfaction surveys, which allow us to make improvements based on customer input and maintain good relationships with our clients.
Actions Taken	We conduct customer satisfaction surveys twice a year to promptly understand customer thoughts and continuously improve based on the results.
Evaluation Mechanism	Semi-annual KPI performance evaluations.
Objectives	<p><b>Short-term goal</b></p> <p>⊗ Maintain customer satisfaction above 92%.</p> <p><b>Medium to long-term goal</b></p> <p>⊗ Maintain customer satisfaction above 95%.</p>
Performance Results	The customer satisfaction survey results for 2023 showed a satisfaction rate of 98%.

### ▼ Satisfaction Survey

To enhance customer satisfaction, we conduct annual surveys to understand customer opinions on product pricing, quality, service quality, and delivery quality. The "Customer Satisfaction Survey" is distributed to customers via email or fax, inviting them to evaluate the quality of our products and services. The results are then compiled, recorded, and archived as a reference for our business strategies and to strengthen our operations, with ongoing improvements based on the findings.

In 2023, our customer satisfaction rate was 98.1%. Customers expressed satisfaction with the packaging quality, delivery methods, timeliness, and service aspects. However, regarding product pricing, customers still expect us to offer more competitive prices compared to similar industries.

### ▼ Customer Complaint Handling Process

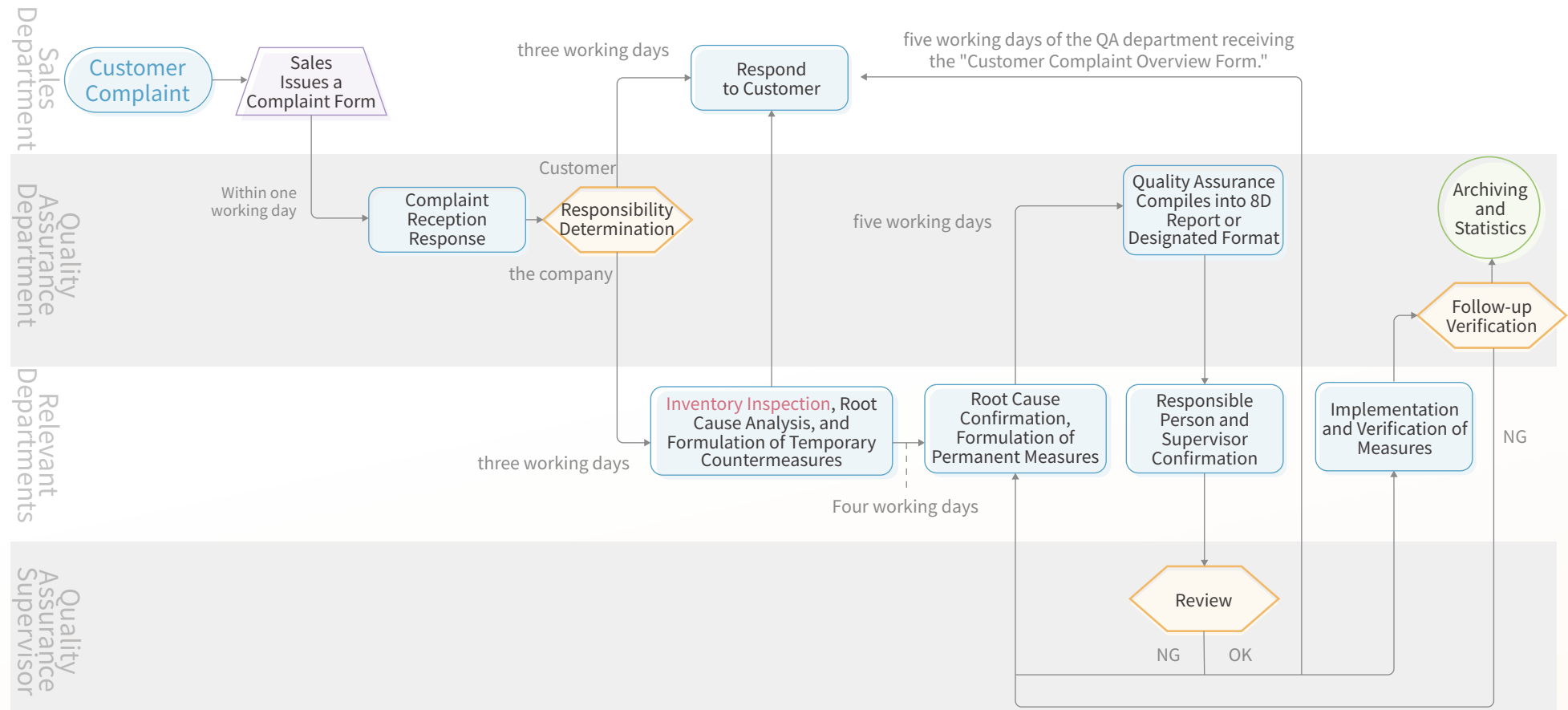
Customer complaints expressed in writing, via email, phone, fax, or in person are received by the sales personnel. If the complaint is not due to the company's fault, the sales personnel should promptly explain this to the customer.

If it is confirmed that the issue is the company's responsibility and related to product quality defects, the sales personnel will fill out the "Customer Complaint Overview Form" and submit it to the Quality Assurance (QA) department. Upon receiving the "Customer Complaint Overview Form," the QA department will respond within one working day to acknowledge receipt of the customer's message and initiate an investigation and analysis to determine responsibility. This allows the department to analyze the cause and implement preventive improvements to avoid recurrence.

The responsible unit will develop corrective measures based on the main cause and respond to the QA department within three working days of receiving the customer complaint. The QA department will consolidate the information and fill out the "8D Report" (if the customer has specific format requirements, it will be done accordingly). After confirmation by the responsible personnel and supervisors from the relevant departments, the report will be submitted to the center supervisor for review. Upon approval, it will be forwarded to the sales department for customer response. If the description of the defect is clear, and the data, information, images, or sample information are complete, the response must be completed within five working days of the QA department receiving the "Customer Complaint Overview Form." If a delay is necessary, customer consent should be obtained. If the customer specifies a response deadline, all departments must cooperate to respond within the stipulated time.

If the customer complaint information is unclear, the sales department needs to continue communicating with the customer, and the QA department's response time for the "8D Report" will be extended. If a sample is needed from the customer but cannot be provided, the factory must simulate the defect for analysis. If the complaint pertains to service, the responsible supervisor from the sales unit will collaborate with the sales personnel to address the issue. If the complaint information is unclear, the sales personnel must communicate with the customer to clarify the problem and must provide a solution to the customer within five working days of receiving the complaint. If a delay is necessary, customer consent should be obtained.

### Customer Complaint Handling Process



In 2023, there were 19 quality complaints received, primarily concerning minor flaws in the appearance of labels (not related to product quality issues). For these customer complaints, the “8D Report” was provided to the customers within one week of the incident.

#### Customer Communication Channels

Yangzhou Operations: Sales Department, Ms. Lu  
 (86) 514-80972024 ext.15183  
 Contact Email: [Amy.Lu@arizonrfid.com](mailto:Amy.Lu@arizonrfid.com)

Taipei Operations: Sales Department, Ms. Chen  
 (886) 2 2322-4824 ext.132  
 Contact Email: [Yc.Chen@arizonrfid.com](mailto:Yc.Chen@arizonrfid.com)

## 2.8 Information Security Management

Impact	If information security management is poor, it may lead to security vulnerabilities, hacking, or ransomware threats, resulting in the leakage, tampering, or disruption of confidential business data. This can infringe upon the rights and interests of customers and other stakeholders.
Policy Commitment	The company has established an information security policy and is committed to complying with legal and regulatory requirements while continuously strengthening employees' awareness of information security.
Actions Taken	<ul style="list-style-type: none"> <li>⊗ Important systems are regularly backed up, and annual vulnerability scans and disaster recovery drills are conducted.</li> <li>⊗ Information security awareness emails and announcements are periodically issued to promote relevant information security concepts.</li> <li>⊗ Regular training sessions for employees are scheduled to enhance their understanding of information security.</li> </ul>
Evaluation Mechanism	The information security team is responsible for assessment and execution, and regularly reports to the "Sustainability Development Center."
Objectives	<p><b>Short-term goal</b></p> <ul style="list-style-type: none"> <li>⊗ Shorten the backup cycle for factory documents.</li> <li>⊗ To enhance information security, engage a professional vendor to conduct a security health check.</li> <li>⊗ Strengthen employees' knowledge and skills in information security through external training and obtain relevant certifications.</li> </ul> <p><b>Medium to long-term goal</b></p> <ul style="list-style-type: none"> <li>⊗ Establish a dedicated information security team to create "Information Security Management Standards" responsible for handling security incidents.</li> <li>⊗ Strengthen information security infrastructure by implementing EDR devices or introducing SOC services.</li> <li>⊗ Implement the ISO 27001 information security management system and obtain certification.</li> </ul>
Performance Results	<ul style="list-style-type: none"> <li>⊗ Completed information security health check.</li> <li>⊗ Conducted host scanning and strengthened backup architecture.</li> <li>⊗ Enhanced information security awareness promotion.</li> </ul>

Arizon has developed a cybersecurity management strategy that requires a "combined approach" to address the increasingly severe cybersecurity risks and challenges.

The security of equipment, systems, and personnel awareness are all critical factors. Through the group's dedicated cybersecurity management system and specialized team, the company can optimally utilize resources and implement centralized management appropriately. This approach allows for the upgrading and updating of existing cybersecurity network equipment and mechanisms, ensuring that the company's information security protection keeps pace with the times.

Additionally, we continuously strive to enhance employees' awareness of cybersecurity risks to strengthen all layers of cybersecurity defenses.

- 🔗 To prevent unauthorized access, use, control, leakage, destruction, alteration, or other infringements of information systems or data, the company will timely adjust the content of information security maintenance in response to changes in relevant laws and technologies to ensure their confidentiality, integrity, and availability.
- 🔗 Achieve graded requirements for information security responsibility levels to ensure their confidentiality, integrity, and availability.
- 🔗 Enhance personnel awareness of information security protection, effectively detect, and prevent external attacks.

### ▼ Information Security Organizational Structure

To ensure that the company's information security responsibilities are clearly defined, technical support is in place, control mechanisms are clear, and compliance with relevant government regulations is achieved while enhancing the governance of information security, Arizon established an Information Security Task Force in 2023 with the approval of the Board of Directors. The general manager of the Taiwan branch will serve as the leader of this task force, which includes information unit supervisors from Arizon Wireless RF and Arizon Wireless RF Taiwan as members, along with designated personnel serving as information security officers.

The task force is responsible for promoting, coordinating, supervising, and reviewing information security management matters. It will also formulate and regularly review information security policies and objectives, propose concrete management implementation plans, and report relevant results to the Board of Directors periodically. Additionally, the task force will evaluate and assess potential risks and make corresponding plans.

## ▼ Information Security Policy

1

Users must not distribute fraudulent, defamatory, insulting, obscene, harassing, or illegal messages that could harm the rights and interests of others when using email.

2

Users should respect intellectual property rights when using email and must not engage in illegal transmission or infringement of others' intellectual property.

3

Confidential information, personal privacy data, and documents requiring electronic transmission must be handled with appropriate security measures, such as encryption or digital signatures. Such data and documents should not be sent to personal email accounts unless there is a special requirement.

4

Files attached to emails must be reviewed for accuracy before transmission.

5

Do not open attachments or links from unknown sources to avoid malware infections.

6

When sending emails to multiple recipients, use "Bcc" (Blind Carbon Copy) to prevent the exposure of too many email addresses.

7

Email senders should include relevant identification information (such as name, title, service unit, phone number, etc.) to make it easy for recipients to identify the source of the email.

8

Users must respect internet privacy rights and must not arbitrarily inspect other users' personal information or engage in other privacy violations. Users must not impersonate others or misuse system resources, nor should they affect the normal operation of the system in any way.

### Email Guidelines

### Information Security Guidelines

1

New employees must participate in information security training to enhance their awareness of information security protection. The company regularly conducts information security awareness activities.

2

All employees, external vendors, collaborators, and visitors who use the company's information for providing information services or executing related tasks have the responsibility and obligation to protect the company's information assets. This is to prevent unauthorized access, alteration, destruction, or improper disclosure.

3

Establish a secure and reliable information systems environment to ensure the sustainability of the company's operations. Important information systems or equipment should have appropriate backup mechanisms in place and be regularly tested to maintain availability. Employees' personal computers must have antivirus software installed, and virus definitions should be regularly updated. The use of unauthorized software is prohibited.

4

Employees are responsible for the proper management and usage of their accounts, passwords, and permissions, and these should be changed regularly.

5

User account permissions must be requested and approved by the responsible supervisor before activation, with periodic reviews to ensure appropriateness.

6

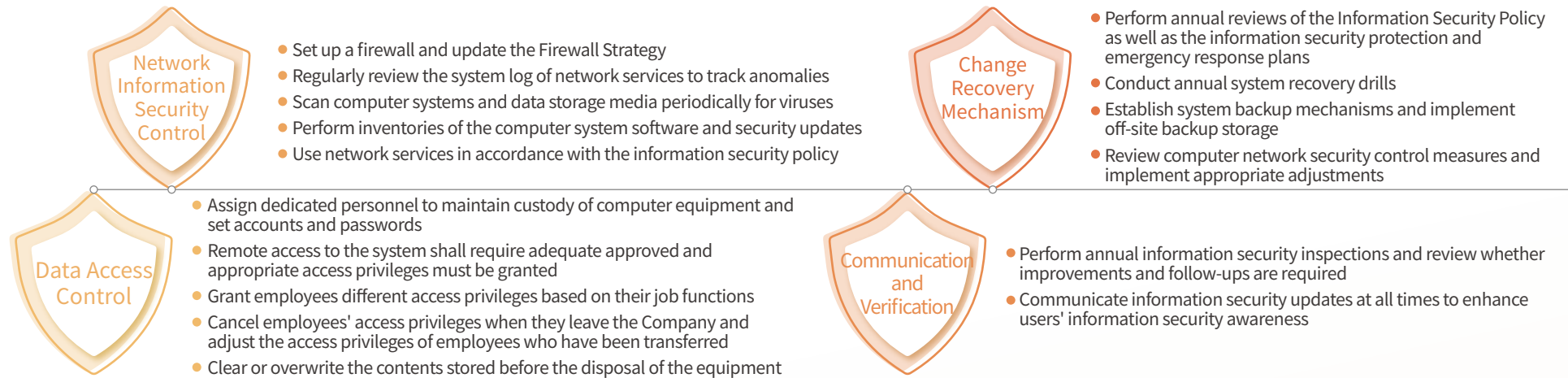
The use of any software that could harm the company's equipment is strictly prohibited.

7

Sensitive data must be stored encrypted and should not be placed on public websites unless absolutely necessary. Access permissions must be set for folders located in shared directories.

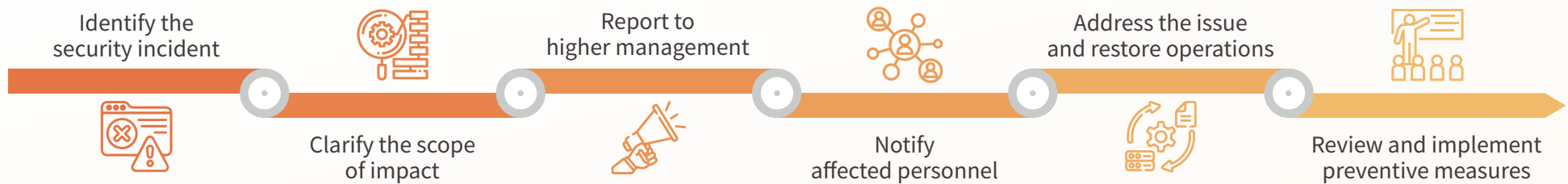


## ▼ Information Security Mechanisms and Measures



## ▼ Major Information Security Incident Response Process

The response process for significant information security incidents in our company is as follows:



## ▼ Personal Data Protection

Valuing the confidentiality of customer information is an important policy of our company. To protect customer privacy, Arizon conducts training and awareness programs for relevant personnel to prevent data breaches. Due to the nature of the industry, our company does not handle sensitive client data; the main information consists of semi-public data such as the names of customer contacts. In 2023, we did not receive any complaints regarding violations of customer privacy or loss of customer data.



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## 3.1 Friendly Workplace

### ▼ Talent Attraction and Retention, Talent Cultivation and Development

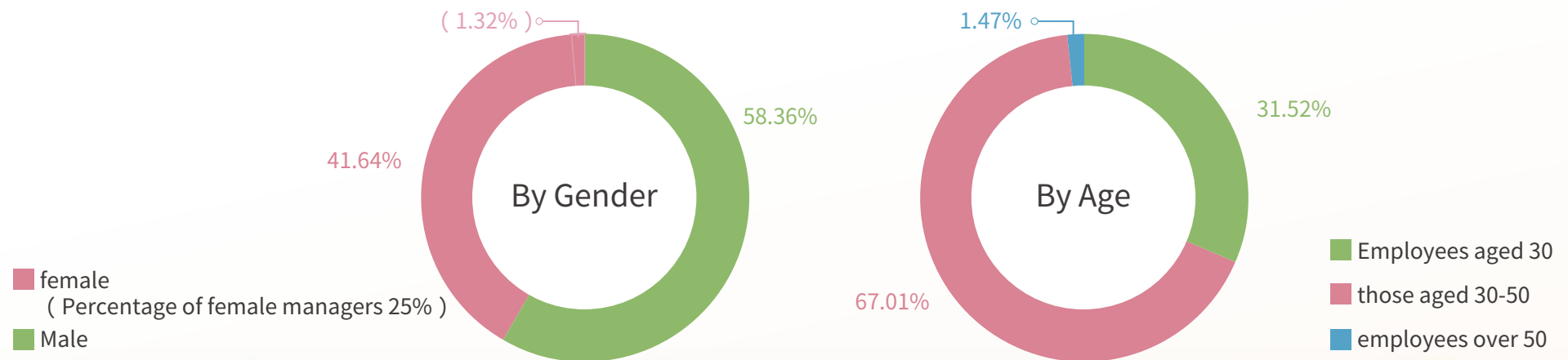
Impact	<p>If the company cannot effectively implement talent attraction and retention strategies, it will lead to insufficient operational momentum and poor business performance.</p> <p>Without a comprehensive training system, employees will struggle to quickly respond to their job competencies, resulting in subpar task execution and ineffective personnel performance, ultimately wasting company resources.</p>		
Policy Commitment	<p>Arizon provides a safe and fulfilling work environment, with regular health check-ups and a sound promotion and salary adjustment system to continuously optimize its organizational and talent capital. In addition to actively constructing and promoting a robust career development system, the company is also committed to establishing a talent growth education framework. This framework supports various levels and divisions by developing corresponding educational training programs. The focus is on key talent development training courses to ensure the right talent is in the right place, thereby realizing a long-term collaboration strategy for talent.</p>	Objectives	<ul style="list-style-type: none"> <li>⊗ Enhance Compensation Levels: Conduct market salary research to ensure the company's compensation levels are competitive with industry standards to attract and retain talent.</li> <li>⊗ Improve Health and Safety Environment: Regularly inspect and improve workplace health and safety conditions to ensure compliance with relevant standards and regulations.</li> </ul> <p>Medium to Long-term Goals</p> <ul style="list-style-type: none"> <li>⊗ Sustain High Employee Satisfaction: Continuously improve the work environment and benefits to maintain high employee satisfaction.</li> <li>⊗ Stabilize Turnover Rates: Establish a stable employee team with consistent turnover rates.</li> <li>⊗ Optimize Compensation and Benefits Systems: Enhance employee compensation levels and benefits to remain competitive.</li> <li>⊗ Cultivate a Strong Safety Culture: Further improve the work environment and safety conditions to ensure employee health and safety.</li> <li>⊗ Increase the Ratio of Female Managers to Over 20%.</li> </ul>
Actions Taken	<ul style="list-style-type: none"> <li>⊗ Establish annual training plans for each department based on functional training and professional development to enhance workplace cohesion and cultivate workplace momentum.</li> <li>⊗ Construct a well-designed benefits system, including a Joint Labor Welfare Committee, to timely update employee benefit policies.</li> <li>⊗ Improve employee reward and punishment operational regulations.</li> <li>⊗ Establish a Knowledge Management (KM) system to provide comprehensive support and assistance for talent cultivation and development. This system promotes knowledge sharing, offers learning resources, designs personalized learning pathways, addresses problem-solving, and evaluates performance, all of which help accelerate employee learning and growth while enhancing organizational competitiveness and sustainability.</li> </ul>	Performance Results	<ul style="list-style-type: none"> <li>⊗ The company provides abundant professional development opportunities, including training courses and professional certifications, to help employees continuously enhance their skills and knowledge, and achieve their individual career goals.</li> <li>⊗ In 2023, employee satisfaction was 82%, the employee turnover rate was 3.97%, and the proportion of female managers was 1.32%.</li> <li>⊗ In 2023, there were 189 internal training sessions held, training 657 employees, with an average training duration of 11.88 hours per employee. Additionally, 35 external training sessions were conducted, training 31 employees, with an average training duration of 7.2 hours per employee.</li> <li>⊗ Participation in the year-end performance evaluation: <ul style="list-style-type: none"> <li>Management positions: 49 individuals, accounting for 7.07%.</li> <li>Indirect personnel: 161 individuals, accounting for 23.71%.</li> <li>Direct personnel: 470 individuals, accounting for 69.22%.</li> </ul> </li> </ul>
Evaluation Mechanism	<p>Every year, the Human Resources, Environmental Health and Safety (EHS) unit, and various department heads confirm the achievement of objectives</p> <ul style="list-style-type: none"> <li>⊗ Regularly track and report on metrics such as employee satisfaction survey results, turnover rates, changes in compensation levels, and safety incident occurrence rates. Through these reports, the organization can monitor progress towards goals and promptly identify potential issues.</li> <li>⊗ Hold regular meetings with relevant department heads to discuss the status of goal attainment, analyze the root causes of problems, and develop improvement measures.</li> <li>⊗ The EHS department can conduct regular safety inspections of the workplace to assess compliance with relevant safety standards and regulatory requirements.</li> </ul>	Stakeholder Engagement Situation	<ul style="list-style-type: none"> <li>⊗ In 2023, the company actively participated in campus recruitment activities and job fairs organized by regulatory authorities.</li> <li>⊗ Through labor-management meetings, communication with employee representatives was established to collaboratively discuss and develop a series of employee benefit enhancement plans. These include flexible working hours, increased space for employee rest areas, and optimization of internal company policies.</li> <li>⊗ In 2023, the company gained deeper insights into the needs of employees and the organization regarding skill development through functional development and the setting of company goals.</li> </ul>
Objectives	<p>Short-term Goals</p> <ul style="list-style-type: none"> <li>⊗ Employee Satisfaction: Establish regular employee satisfaction surveys with a target of increasing satisfaction to over 90%.</li> <li>⊗ Employee Turnover Rate: Implement measures to reduce employee turnover rates.</li> </ul>		

## ▼ Employee Structure and Distribution

As of December 31, 2023, Arizon has a total of 682 employees. Among them, 156 are based in Taiwan, 511 are in mainland China including Hong Kong, and 15 are from other nationalities. The total workforce includes 19 senior executives, 33 middle managers, and 630 general staff. Currently, the company only employs full-time personnel, comprising 344 full-time employees and 338 part-time employees.

In accordance with Article 38 of the Act for the Protection of Rights and Interests of Persons with Disabilities, the Taiwan office has consistently employed 4 individuals with disabilities. Additionally, there are 62 non-employee workers on short-term contracts, including 23 dispatched personnel and 39 interns. The interns are in a worker capacity through partnerships with schools in Taiwan and mainland China. If interns perform well during their contract period and express a desire to stay, they will be converted into official employees of the company.

### ○ Employee Composition



## Employee Count

Category	Taiwan		China (Include Hong Kong)		Vietnam		Others (Malaysia, Russia)	
	Male	Female	Male	Female	Male	Female	Male	Female
High-Level Executives	11	1	3	4	0	0	0	0
Mid-Level Managers	6	3	19	5	0	0	0	0
General Employees	82	53	275	205	1	10	3	1
Total	99	57	297	214	1	10	3	1
Permanent Employees <sup>Note 1</sup>	99	57	297	214	1	10	3	1
Temporary Employees <sup>Note 2</sup>	0	0	0	0	0	0	0	0
Total	99	57	297	214	1	10	3	1
Full-Time Employees <sup>Note 3</sup>	96	56	98	79	1	10	3	1
Part-Time Employees <sup>Note 4</sup>	3	1	199	135	0	0	0	0
Non-Hourly Guaranteed Employees <sup>Note 5</sup>	0	0	0	0	0	0	0	0
Total	99	57	297	214	1	10	3	1

Note 1: Refers to employees with an indefinite employment contract.

Employees who are contracted without a fixed term (i.e., indefinite).

Note 2: Employees contracted for a specific period. Their contract ends either when the specified period expires or upon completion of a specific task or event (e.g., the end of a project or the return of the employee being replaced).

Note 3: Employees whose working hours per week, month, or year are defined according to the relevant laws and practices of the country regarding working hours.

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

Note 5: Employees who are not guaranteed a minimum or fixed number of working hours per day, week, or month, but may need to be available to work as required.

Category	Taiwan		China (Include Hong Kong)		Vietnam		Others (Malaysia, Russia)	
	Male	Female	Male	Female	Male	Female	Male	Female
Age Group								
Less than 30 Years	43	15	104	41	1	8	2	1
30-50 Years (inclusive)	49	40	192	173	0	2	1	0
Over 50 Years	7	2	1	0	0	0	0	0
Total	99	57	297	214	1	10	3	1
Diversity Indicators								
Indigenous Status	0	0	0	0	0	0	0	0
Persons with Disabilities	4	0	0	0	0	0	0	0
Others (please specify)	0	0	0	0	0	0	0	0
Total	4	0	0	0	0	0	0	0

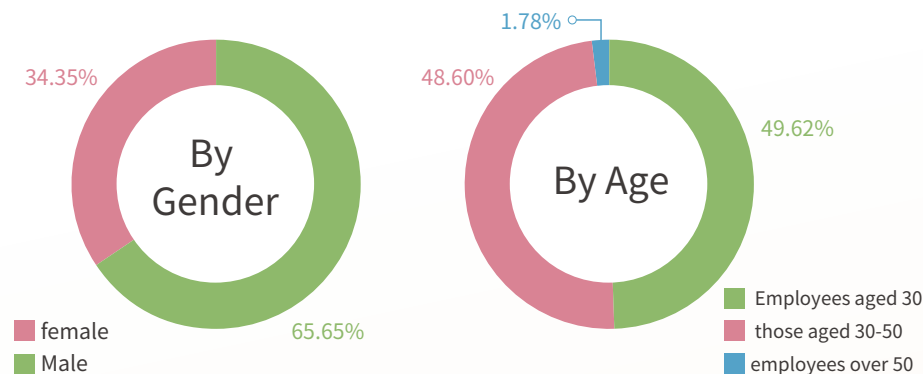


## ▼ New Employees and Departing Employees

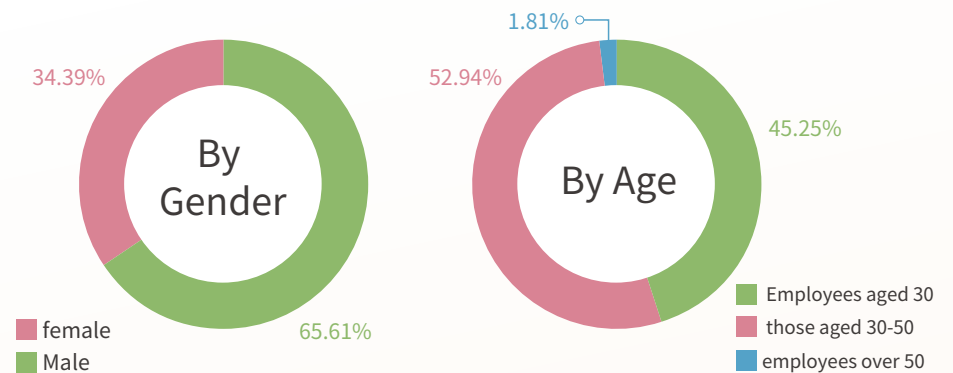
Our company strictly adheres to laws and regulations when hiring employees, ensuring that no discrimination is made based on race, class, language, thought, religion, political affiliation, place of origin, birthplace, gender, sexual orientation, age, marital status, appearance, facial features, physical and mental disabilities, zodiac sign, blood type, or any other identity. We implement equal and fair employment and hiring conditions. Our company recruits through diverse channels, such as the 104 Job Bank website, the 1111 Job Bank website, and the Arizon company website, to communicate our corporate culture, operational performance, and core values, attracting outstanding talent from various fields. In 2023, our company also actively participated in campus recruitment activities and job fairs organized by relevant authorities, which helped us recruit more excellent talent and enhance the company's reputation and recognition among the public.

In 2023, Arizon had a total of **393** new employees, with an annual new hire rate of **43.77%**.  
The total number of departing employees was **221**, resulting in an annual turnover rate of **3.97%**.

### ○ Composition of New Employees in 2023



### ○ Composition of Departing Employees in 2023



The company's termination notice period for labor contracts in Taiwan is in accordance with Article 16, Paragraph 1 of the Labor Standards Act:

When an employer terminates a labor contract based on the provisions of Article 11 or the exception of Article 13, the notice period shall be as follows:

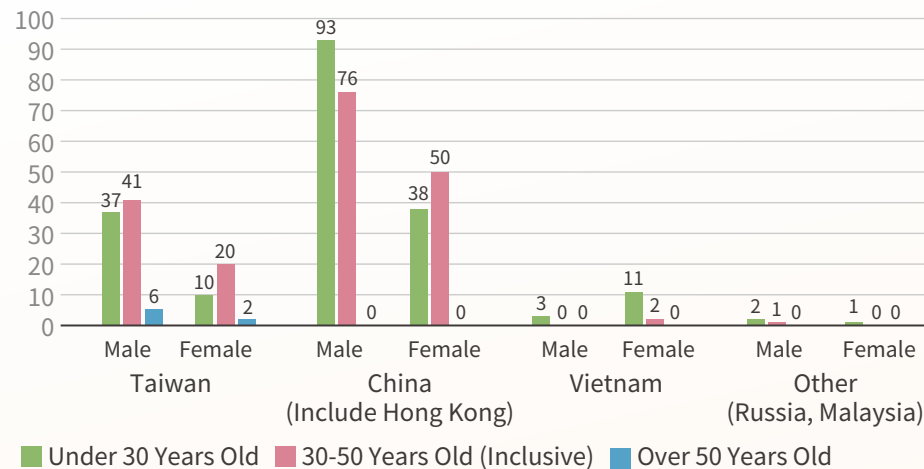
- 01** For employees who have worked continuously for more than three months but less than one year, the notice must be given ten days in advance.
- 02** For employees who have worked continuously for more than one year but less than three years, the notice must be given twenty days in advance.
- 03** For employees who have worked continuously for more than three years, the notice must be given thirty days in advance.

Upon receiving the aforementioned notice, employees may take leave during work hours to seek new employment. The maximum leave hours may not exceed the equivalent of two workdays per week, and wages will continue to be paid during the leave period.

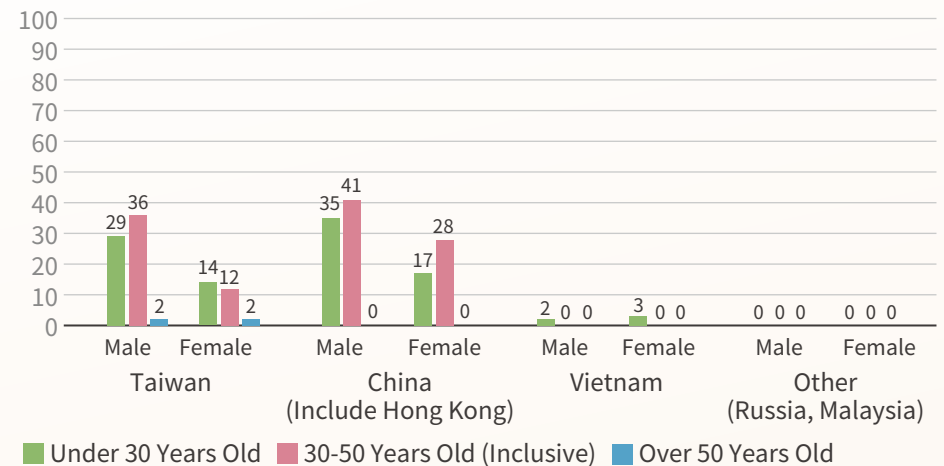
If the employer fails to provide the required notice period as specified in the first paragraph and terminates the contract, the employer must pay the wages for the notice period.

Categories	New Employees								Resigned Employees							
	Taiwan		China (Include Hong Kong)		Vietnam		Other (Russia, Malaysia)		Taiwan		China (Include Hong Kong)		Vietnam		Other (Russia, Malaysia)	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Under 30 Years Old	37	10	93	38	3	11	2	1	29	14	35	17	2	3	0	0
30-50 Years Old (Inclusive)	41	20	76	50	0	2	1	0	36	12	41	28	0	0	0	0
Over 50 Years Old	6	2	0	0	0	0	0	0	2	2	0	0	0	0	0	0
Total	84	32	169	88	3	13	3	1	67	28	76	45	2	3	0	0

### 2023 New Employees



### 2023 Resigned Employees



## ▼ Employee Compensation

Arizon does not discriminate against employees based on race, nationality, place of birth, gender, sexual orientation, age, marital status, appearance, physical features, disabilities, zodiac sign, blood type, or any other identity. The company has established salary processing procedures, performance evaluation processes, and welfare practices that clearly define the compensation and reward/punishment systems. Regular performance assessments are conducted, and business performance or outcomes are appropriately reflected in employee compensation.

### ○ Salaries in Line with Market Rates

- ☛ Participate in industry or market salary surveys, and set employee compensation based on education, work experience, capabilities, and assigned positions.
- ☛ Salary determination shall not vary based on gender, age, or other factors.

### ○ Bonuses and Compensation

#### ☛ Year-End Bonus and Other Rewards:

In addition to the minimum guarantee of 30 days for year-end bonuses, additional standards are established based on the company's operating results and the employee's level and performance. The bonuses are competitive and motivating to encourage employee contributions and promote mutual growth with the company.

#### ☛ Employee Compensation:

According to the company's articles, if the company makes a profit each year, at least 1% of the profit will be allocated for employee compensation.

### ○ Salary Adjustments

- ☛ When employees are promoted, their salaries will be adjusted immediately to reserve, encourage, and retain outstanding talent.

## ▼ The Ratio of Women's Basic Salary and Compensation to Men's

Average Basic Salary of Women to Men (Female: Male)		
Categories	Taiwan	China
High-level Executives	28.41%	75.11%
Mid-level Manager	36.91%	108.22%
General Employees	68.11%	147.82%
Total	58.54%	84.91%

Average Compensation of Women to Men (Female: Male)		
Categories	Taiwan	China
High-level Executives	30.45%	55.71%
Mid-level Manager	49.64%	93.01%
General Employees	67.41%	132.12%
Total	60.26%	65.20%

## ▼ Parental Leave

Our company has established a parental leave system in accordance with the Gender Equality in Employment Act and the Labor Standards Act. We encourage employees of all genders to take advantage of parental leave, fostering a supportive workplace culture that allows employees to balance work with raising children and caring for their families.

Categories	Taiwan		China	
	Male	Female	Male	Female
Total Number of Employees Who Took Parental Leave in FY2023	1	0	2	8
Total Number of Employees Who Actually Used Parental Leave in FY2023	0	0	2	8
Total Number of Employees Expected to Return to Work After Parental Leave in FY2023	0	0	2	5
Total Number of Employees Who Actually Returned to Work After Parental Leave in FY2023	0	1	2	5

Categories	Taiwan		China	
	Male	Female	Male	Female
Total Number of Employees Who Returned to Work After Parental Leave in FY2022	0	1	0	1
Total Number of Employees Who Remained Employed for One Year After Returning to Work in FY2022	0	1	0	1
Return Rate	-	-	100%	100%
Retention Rate	-	100%	-	20%

## ▼ Employee Performance Evaluation

Arizon has established a comprehensive performance evaluation system tailored to different professional functions based on various job types. Different performance evaluation criteria are set, and fair assessments are made according to qualitative and quantitative indicators to help employees improve their performance, enhance organizational efficiency, and continuously improve the quality of company operations. In addition to evaluating work performance, a “Competency Measurement System” is also in place, summarizing four skills: work attitude, basic capabilities, professional abilities, and supervisory skills. Self-evaluations are conducted every six months, along with preliminary evaluations by lower-level supervisors and reassessments by senior supervisors. Through the self-evaluation process, employees can reflect on their work performance and capability growth over that period. Supervisors can compare the self-assessment scores of employees with their own evaluations to identify areas for improvement and discrepancies in mutual understanding, serving as an important tool for subsequent employee coaching and competency discussions.

### ○ Number of Employees Receiving Regular Performance and Career Development Reviews

Region	Taiwan			China			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
High-level Executives	8	1	9	3	4	7	11	5	16
Mid-level Manager	5	3	8	19	5	24	24	8	32
General Employees	58	42	100	272	205	477	330	247	577
Total number of employees receiving regular performance and career development reviews	71	46	117	294	214	508	365	260	625
Total number of employees	682								

### ○ Percentage of employees receiving regular performance and career development reviews by employee gender and employee category

Total Employee	91.64%
High-level Executives	84.21%
Mid-level Manager	96.97%
General Employees	91.59%
Male	91.25%
Female	92.20%

## ▼ Employee Benefits

Arizon regards its employees as important partners and valuable assets of the company. In addition to a robust salary system and legal employee protections, the company offers a diverse and flexible benefits policy, which includes various types of insurance, subsidies, bonuses, gifts, and occasional team meals.

Insurance		Maternity / Parental Leave Benefits	
Taiwan	China	Taiwan	China
<div>⊗ Labor Insurance</div> <div>⊗ Health Insurance</div> <div>⊗ Group Insurance</div> <div>⊗ Overseas Travel Insurance</div>	<div>⊗ Pension Insurance</div> <div>⊗ Health Insurance</div> <div>⊗ Workers' Compensation Insurance</div> <div>⊗ Maternity Insurance</div> <div>⊗ Unemployment Insurance</div> <div>⊗ Employer Liability Insurance</div>	<div>⊗ Maternity Allowance</div> <div>⊗ Pregnancy, Maternity, and Parental Leave without Pay</div>	<div>⊗ Maternity Insurance</div> <div>⊗ Prenatal Check-up Leave</div> <div>⊗ Parental Leave</div> <div>⊗ Paternity Leave</div> <div>⊗ Breastfeeding Leave</div> <div>⊗ Paid Care Leave</div>
Bonus Benefits		Health Initiatives	
<div>⊗ Holiday, Labor Day, and Birthday Cash Gifts</div> <div>⊗ Dragon Boat Festival and Mid-Autumn Festival Gifts</div>	<div>⊗ Wedding Gifts, Bereavement Assistance (Subsidies), Hospitalization, Disability Subsidies, etc</div> <div>⊗ Employee Stock Ownership Plan</div>	<div>⊗ On-site Medical Staff Available Four Times a Month at the Plant</div> <div>⊗ Regular Health Checkups for Employees with Coverage Beyond the "Labor Health Protection Regulations"</div>	
Other benefits			
<div>⊗ In-service training subsidies</div> <div>⊗ Night shift personnel allowances</div>	<div>⊗ Employee dining events</div> <div>⊗ Year-end parties and spring banquets</div>	<div>⊗ Company cafeteria</div> <div>⊗ Quality employee break areas</div>	<div>⊗ Convenient vending machines</div> <div>⊗ Well-equipped nursing rooms</div>



## ▼ Retirement Policy

The employee retirement policy is handled in accordance with the laws and regulations of the country where the employee is employed.

In the main operating area, at the Yangzhou plant in China, the company signs labor contracts with employees in accordance with the “Labor Contract Law of the People’s Republic of China” and other relevant regulations. Additionally, in compliance with the “Regulations on the Management of Housing Provident Fund” and local government policies, the company contributes to the housing provident fund for its employees.

At the Taipei plant in Taiwan, the subsidiary follows the “Labor Standards Act,” “Labor Insurance Act,” and “Labor Pension Act” to provide related employee benefits and retirement pensions. To ensure employees’ well-being after retirement, the company has established a labor retirement plan and a Supervisory Committee for Labor Pension Reserve. Based on annual actuarial results, the company makes monthly contributions to the old labor retirement reserve fund, which is deposited into a special account at the Bank of Taiwan to protect employee rights.

Since July 1, 2005, the Labor Pension Act (new pension system) has been implemented concurrently. The company contributes 6% of employees’ salaries to their individual pension accounts, and for those who voluntarily contribute to their pensions, the company deducts the voluntary contribution rate from their salaries and remits it to the individual pension accounts managed by the Bureau of Labor Insurance.

The company’s “Labor Retirement Regulations” are generally outlined as follows:

### ○ Self-Requested Retirement Conditions

- ☞ Employees must be at least 55 years old and have served the company for a total of 15 years, including service in the company and its affiliated enterprises.
- ☞ Employees must have served the company for a total of 25 years, including service in the company and its affiliated enterprises.
- ☞ Employees must be at least 60 years old and have served the company for a total of 10 years, including service in the company and its affiliated enterprises.

The determination of physical or mental disability refers to the classifications from level one to level six of the labor insurance disability standards. If the disability is due to work-related injuries, an additional 20% shall be granted according to Article 55, Paragraph 1, Subparagraph 2 of the Labor Standards Act.

### ○ Calculation of Service Years and Retirement Benefits

- ☞ Employment duration is calculated from the date of hiring. The service years before and after the implementation of the Labor Standards Act, as well as those after the enactment of the Labor Pension Act, shall be combined, limited to actual continuous service within the company.
- ☞ Service years will be calculated collectively for employees transferred to affiliated enterprises or those transferred from affiliated enterprises to the company.
- ☞ For employees who have worked for the company and its affiliated enterprises and retire as per regulations, the total retirement benefit shall be distributed based on the proportion of months served in each relevant company.

### ○ Mandatory Retirement Criteria

The company shall not force an employee to retire unless one of the following conditions is met:

- ☞ The employee is at least 65 years old.
- ☞ The employee is deemed unable to perform their duties due to physical or mental disability.

## ▼ Education and Training

To ensure the sustainable development of the company and effectively face various challenges in the market and industry environment, we conduct talent strategy development consensus meetings for management, revise various training development regulations, and implement capability assessments for employees at all levels. Through systematic and continuous talent development programs, we aim to inspire employees to realize their potential and enhance performance. Additionally, we provide diverse learning resources to encourage self-improvement among employees.

### ○ Internal Training Programs

#### Orientation Training

This program helps new employees become familiar with the work environment and understand the company's vision, organizational structure, regulations, and the operations of various functions and business units.

#### Management Training

This program aims to strengthen organizational management effectiveness by cultivating and enhancing the team leadership and strategic thinking abilities of supervisors at all levels.

#### Professional Training

This program is designed to improve the technical skills required for professionals in various functional departments.

#### General Knowledge Training

This program aims to equip employees from different departments with the knowledge and skills necessary for independent work, workplace communication, and work management, aligning with the company's future business development needs to achieve long-term operational goals.

### ○ External Training Courses

- ☞ The company provides subsidies to encourage employees to participate in external training courses, enhancing their job-related professional knowledge and skills.
- ☞ Internal meetings or seminars are organized to allow employees to share their professional knowledge, experiences, and best practices, fostering mutual learning and growth.

In 2023, a total of 657 employees participated in training sessions at Arizona, accumulating 7,804 hours of training. The average training time per employee reached 11.88 hours.

### ○ Total Training Hours for Participants


Region	Taiwan			China			Total		
Position	Male	Female	Total	Male	Female	Total	Male	Female	Total
High-level Executives	7	15	21	152	169	321	159	184	342
Mid-level Managers	78	61	139	645	340	984	723	401	1,123
General Employees	1,013	726	1,739	1,751	2,848	4,600	2,764	3,574	6,339
Total Training Hour	1,097	802	1,899	2,548	3,357	5,905	3,645	4,159	7,804

### ○ Number of Employees Receiving Training

Region	Taiwan			China			Total		
Position	Male	Female	Total	Male	Female	Total	Male	Female	Total
High-level Executives	11	1	12	3	4	7	14	5	19
Mid-level Managers	6	3	9	19	5	24	25	8	33
General Employees	71	57	128	272	205	477	343	262	605
Total Training Hour	83	61	144	299	214	513	382	275	657

Average Training Hours per Employee	11.88
Average Training Hours for Male Employees	9.54
Average Training Hours for Female Employees	15.12
Average Training Hours for High-level Executives	18.00
Average Training Hours for Mid-level Managers Executives	34.05
Average Training Hours for General Employees Executives	10.48

<p><b>Actions Taken</b></p>	<ul style="list-style-type: none"> <li>② Regular Workplace Inspections and Safety Training: Conduct regular inspections of the workplace and safety training to ensure employees understand safety rules and procedures.</li> <li>② Provide Health Check-ups and Monitoring: Implement health check-ups and monitoring to identify and address health issues related to the work environment at an early stage.</li> <li>② Ensure Workplace Safety and Health: By constructing a safe work environment and implementing occupational disease prevention measures, the company effectively reduces the incidence of occupational safety and health hazards while enhancing employee health and work efficiency.</li> </ul>
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<p><b>Evaluation Mechanism</b></p>	<p>Based on the evaluation mechanism for achieving environmental safety supervision and measurement objectives, each department decomposes company-level goals according to their responsibilities and establishes their management objectives. Each department checks and confirms the achievement of these objectives annually through the “Environmental Safety Goals, Indicators, and Program Completion Records,” which are then signed by the management representative. If targets are not met, a cause analysis and improvement measures must be provided, with results confirmed during the review cycle.</p> <div data-bbox="1718 660 2069 898">  </div> <p>Example of a Goal Inspection Checklist for the Yangzhou Plant:</p> <table> <tr> <th colspan="4">永道射频技术股份有限公司 Arizon RFID Technology Co., Ltd.</th> </tr> <tr> <th colspan="4">环 安 卫 绩 效 指 标 评 分 表</th> </tr> <tr> <th>绩效指标项目</th><th>绩效评分标准</th><th>年度目标</th><th>年实际值</th></tr> <tr> <td rowspan="2">防止重大环安卫事故（事件）的发生</td><td>重大环安卫事故（事件）的发生件数为0</td><td>0</td><td>0</td></tr> <tr> <td>一般环安卫事故（事件）≤3件/月</td><td>≤36件</td><td>5件</td></tr> <tr> <td>预防职业病发生</td><td>年度职业病发生件数为0</td><td>0</td><td>0</td></tr> </table>	永道射频技术股份有限公司 Arizon RFID Technology Co., Ltd.				环 安 卫 绩 效 指 标 评 分 表				绩效指标项目	绩效评分标准	年度目标	年实际值	防止重大环安卫事故（事件）的发生	重大环安卫事故（事件）的发生件数为0	0	0	一般环安卫事故（事件）≤3件/月	≤36件	5件	预防职业病发生	年度职业病发生件数为0	0	0
永道射频技术股份有限公司 Arizon RFID Technology Co., Ltd.																								
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预防职业病发生	年度职业病发生件数为0	0	0																					

<p><b>Objectives</b></p>	<p><b>Short-Term Goals</b></p> <p>To establish a safe working environment and implement occupational disease prevention, the company’s goals are as follows:</p> <ul style="list-style-type: none"> <li>② Reduce the incidence of workplace accidents and occupational diseases by at least 3%</li> </ul>
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Objectives	<ul style="list-style-type: none"> <li>➤ Ensure that every employee participates in at least one hazard awareness training session to enhance their safety consciousness.</li> <li>➤ Conduct comprehensive safety inspections of the workplace at least once a week, promptly addressing any safety hazards identified during inspections.</li> <li>➤ Establish an internal and external communication record form to promote open safety communication, allowing employees to anonymously report safety issues or suggest improvements at any time.</li> <li>➤ Organize a safety committee or group to hold quarterly safety meetings to discuss safety issues and develop improvement plans.</li> </ul> <p><b>Medium to Long-Term Goals</b></p> <p>For the establishment of a safe working environment and the implementation of occupational disease prevention, the company's medium to long-term goals are:</p> <ul style="list-style-type: none"> <li>➤ Control the frequency of disabling injuries in the workplace to less than one incident per 200,000 working hours.</li> <li>➤ Achieve zero major occupational injury incidents, reducing the severity of all workplace accidents to zero.</li> </ul>
	<p><b>Proactive Performance Indicators</b></p> <ul style="list-style-type: none"> <li>➤ Compliance Rate of Actual Values with Legal Standards for Work Environment Measurements: This performance indicator references the implementation guidelines for labor monitoring of the work environment. The performance scoring standard refers to permissible exposure limits established for occupational settings.</li> <li>➤ Readiness Rate of Personnel with Recognized Qualifications: This performance indicator is based on the Occupational Safety and Health Education and Training Regulations. The performance scoring standard refers to Article 2 and Article 18 of these regulations, ensuring personnel receive on-the-job safety and health education and training based on their job nature.</li> <li>➤ Automated Inspection Completion Rate: Both the performance indicator and scoring standard are managed according to the Occupational Safety and Health Management Regulations.</li> <li>➤ Waste Application Approval Rate: Both the performance indicator and scoring standard are handled in accordance with Article 31 of the Waste Management Act.</li> </ul> <p><b>Reactive Performance Indicators</b></p> <ul style="list-style-type: none"> <li>➤ Frequency Rate (FR) and Severity Rate (SR) of Disabling Injuries: The target for occupational safety and health indicators in the workplace should be set to zero, aiming for the non-occurrence of occupational injuries.</li> </ul>

績效指標項目		績效評分標準		年度目標	本實際值
主動式績效指標					
1	作業環境測量的實際值與法定標準值之符合率(%)	【1- (超出法定標準值項目/總測定項目)】×100%		100	100
2	員工安全訓練課程人員時數與法定標準值之符合率(%)	【1- (未受安全訓練課程人員時數/應受安全訓練人員時數)】×100%		100	100
3	自動檢查完成率(%)	【1- (未完成項目/應實施項目)】×100%		100	100
4	廢棄物申請核備	已完成 100%；未完成 0%		100	100
被動式績效指標					
1	失能傷害頻率 (FR)	[失能傷害的次數÷1,000,000] / 總經歷工時		0	0
2	失能傷害嚴重率 (SR)	[失能傷害的損失日數÷1,000,000] / 總經歷工時		0	0

## Overview of Occupational Safety and Health

Arizon's production facilities have achieved international certification for the ISO 45001 Occupational Health and Safety Management System. The Yangzhou plant was also recognized as a Healthy Enterprise in Yangzhou for 2023 and successfully passed the re-evaluation in the same year. The company provides a safe working environment and has established dedicated units for safety and health to promote relevant operations. We comply with specific occupational safety and health standards and have developed corresponding safety and health policies and procedures. By following the guidance of relevant ISO certifications, we actively work to prevent work-related injuries and diseases, continuously improving occupational safety and health performance to provide employees with the safest and healthiest working environment.

## Workers Covered by the Occupational Safety and Health Management System

The Occupational Safety and Health Management System of Arizon encompasses all individuals working within the organization, including full-time employees, contractors and outsourced personnel, interns, visitors, and guests, achieving 100% coverage.

Workers Covered by the Occupational Safety and Health System	Employee			Contractors	Cleaning Company	Security Company
	Tucheng Plant	Taipei Office	Yangzhou Plant			
Employee Count	147	32	513	187	10	11

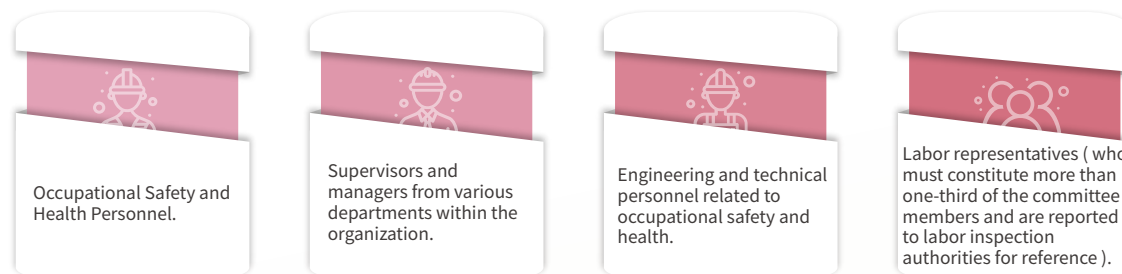
## Occupational Safety and Health Management

Arizon follows the company's management policies by analyzing internal and external issues and stakeholder concerns to understand the company's situation. This ensures the effective operation of various management systems, reduces operational risks, builds the company's reputation, and achieves sustainable management objectives.

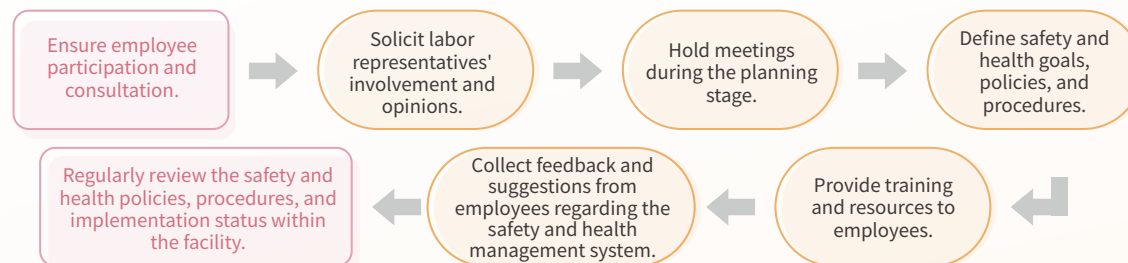
▼ Occupational Safety and Health Committee

Arizon's facilities have established an Occupational Safety and Health Committee, which meets regularly to review and adjust safety promotion and health improvement programs. Employees can also participate in safety decision-making through labor representatives, ensuring that safety and health policies are closely aligned with the needs of on-site staff to achieve the goal of ensuring everyone's safety and health. The committee convenes at least quarterly, in compliance with legal requirements. To ensure the effective operation of the Occupational Safety and Health Committee, the company actively seeks the involvement of labor representatives. Mechanisms such as communication logs and the general manager's mailbox are in place to ensure that employees' voices are heard and considered.

Occupational Safety and Health Committee Members: The committee consists of at least seven members, designated as follows:



In the development, implementation, and evaluation process of the Occupational Safety and Health Management System, employee participation and consultation are crucial, following the relevant procedures:



Through these processes, we ensure adequate participation and consultation in the development, implementation, and evaluation of the Occupational Safety and Health Management System. This provides essential safety and health information and communication, fostering a culture committed to safety and health within the facility, thereby enhancing overall safety and health conditions.

[illegible]

依職業安全衛生管理辦法第八十七條規定，製作名冊留供備查。



## ▼ Hazard Identification

Arizon conducts detailed risk assessments according to the emergency response procedures, performing comprehensive hazard evaluations within the facility. This includes assessing potential physical, chemical, biological, psychological, or human factors. We identify and understand the sources of risk, regularly inspecting and monitoring procedures, evaluating the effectiveness of control measures, and addressing any potential issues.

### 🔍 Accident Investigation and Learning

Conduct detailed investigations into any occupational injury incidents, analyze their root causes, and learn from these events to prevent similar occurrences in the future.

### 🔍 Right to Self-Evacuate According to Emergency Response Procedures

Employees, when performing their duties and identifying immediate danger, have the right to cease work and retreat to a safe place, provided it does not jeopardize the safety of others. They must immediately report the situation to their direct supervisor; this is also included in the training materials for new employees.

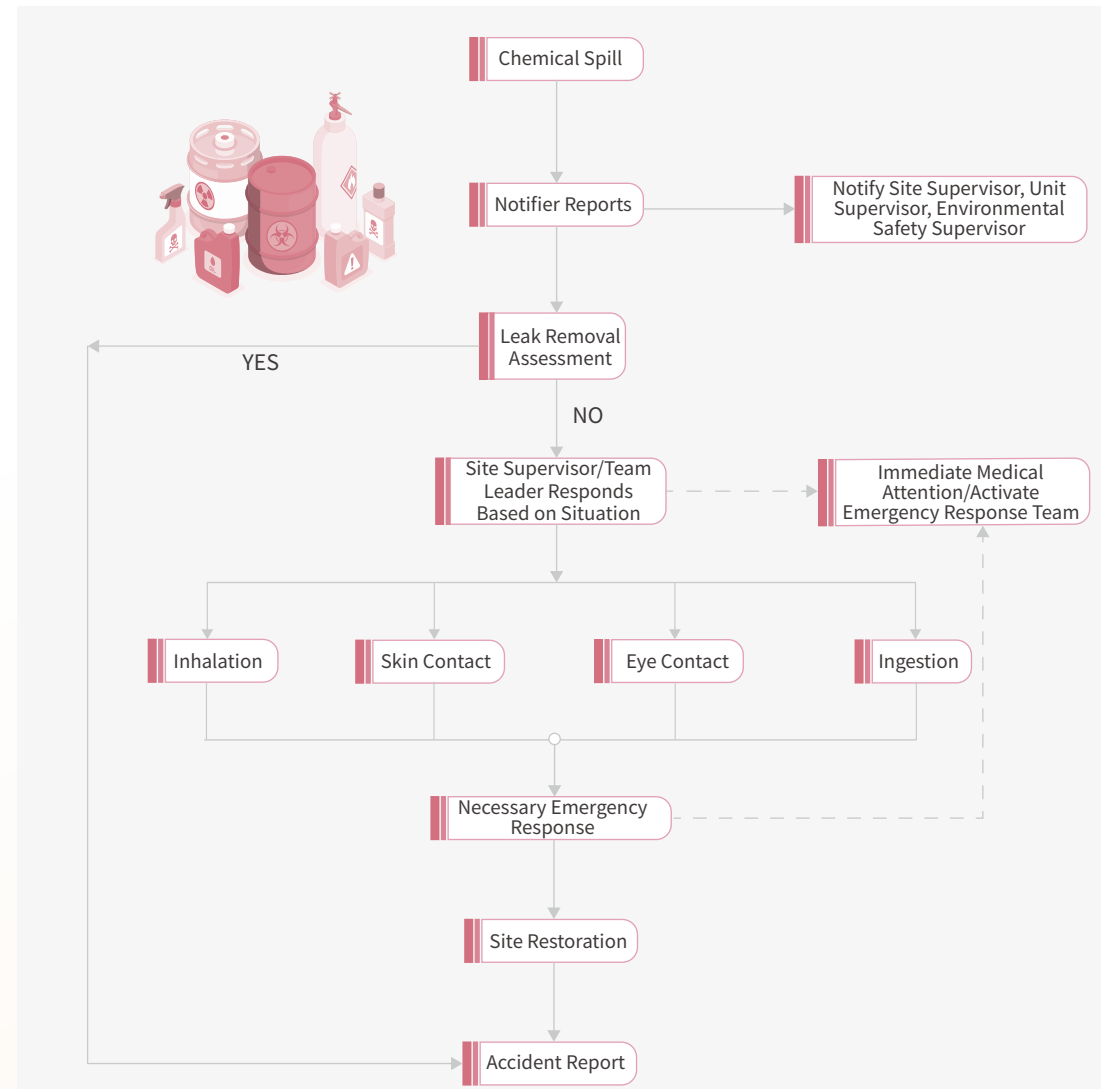
### 🔍 The Yangzhou Factory Follows Local Regulations for the Right to Self-Evacuate According to Emergency Response Procedures

According to Article 55 of the Safety Production Law of the People's Republic of China (2021 revision):

- ✓ Employees have the right to stop work or evacuate the work area when they identify an emergency that directly threatens personal safety, after taking possible emergency measures.
- ✓ Production and operation units may not reduce employees' wages, benefits, or terminate their labor contracts due to their stopping work or taking emergency evacuation measures in the above-mentioned situations.

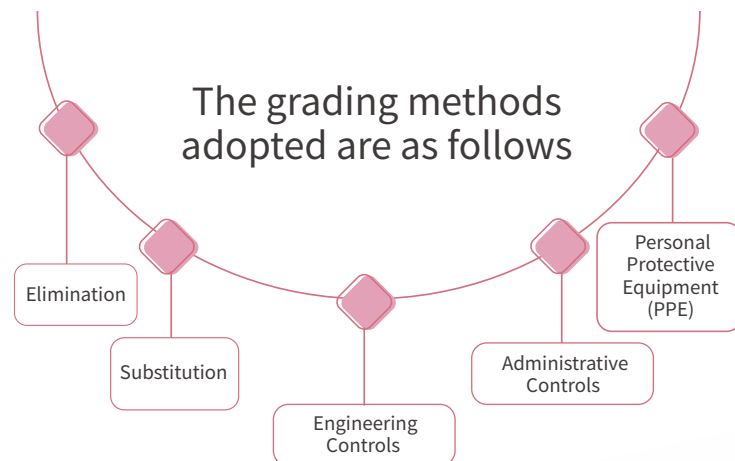
### 🔍 Annual Hazard Source Identification, Assessment, and Confirmation

At least once a year, all areas and processes within the company's operational scope undergo hazard source identification, assessment, and confirmation activities to ensure that occupational health and safety risks and identified control measures are duly considered.



The steps for hazard source identification, risk assessment, and determination of risk control are as follows:

### ▼ Risk Grading Control

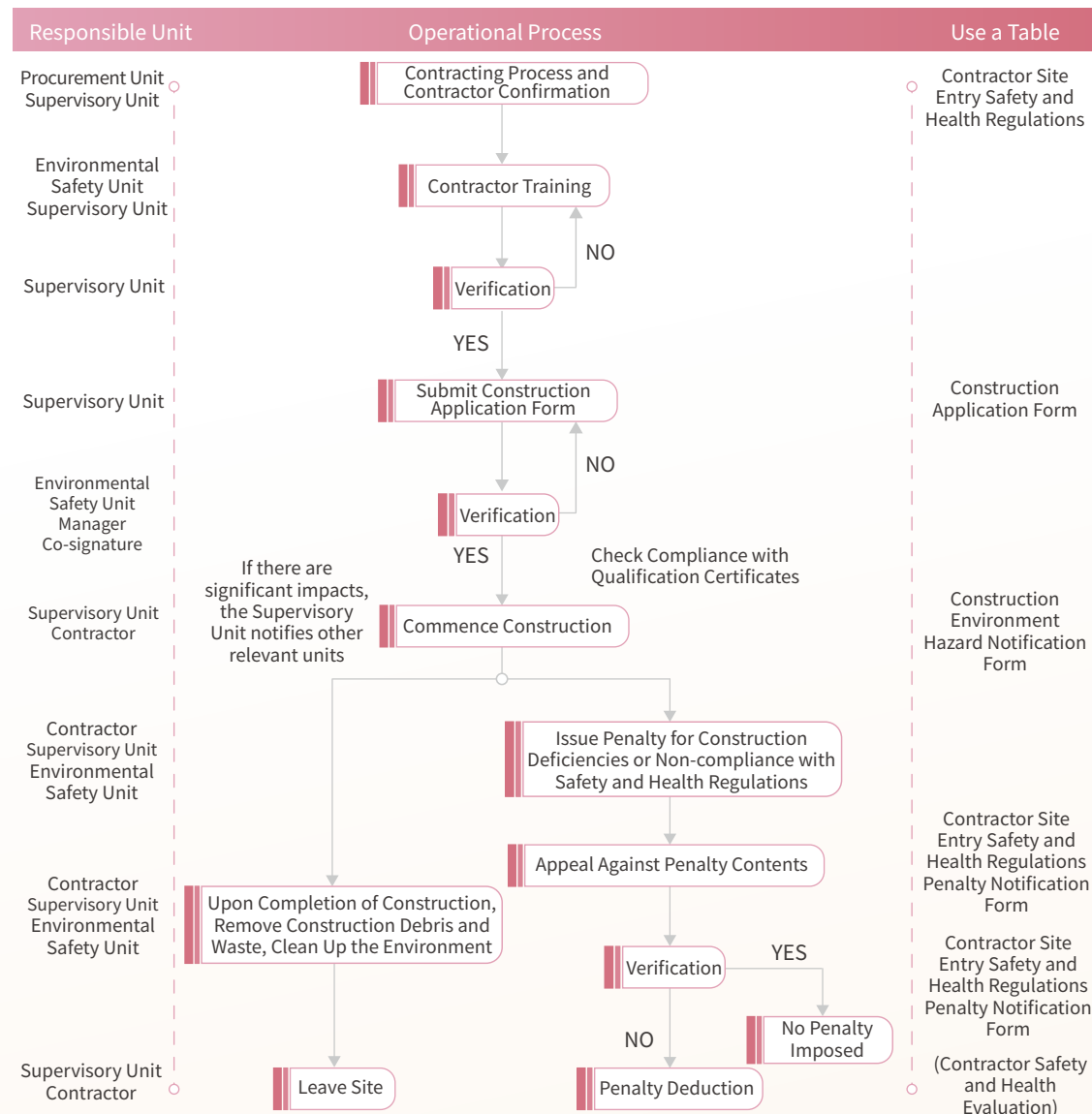


### ▼ Audit and Correction

Regular monitoring and inspections are conducted in the facility to ensure the effectiveness of preventive measures. The results of hazard assessments are proposed or corrected during management review meetings. Recommendations for preventive measures, aimed at reducing or eliminating potential hazards, are provided by occupational personnel or nurses. These measures include: Providing personal protective equipment (PPE), improving facility infrastructure and offering training to enhance employees' awareness and skills.

#### 🕒 Timing for Implementing Corrective and Preventive Measures:

When nonconformities with the management system requirements occur during the operation of the environmental and safety health management system, or when stakeholders (such as contractors) report concerns, or when regulatory agencies discover violations of laws and regulations, corrective and preventive actions will be executed according to the “Organizational Environmental Risk and Opportunity Assessment Management Procedure.”



## ▼ Occupational Safety and Health Education and Training

Providing employees with occupational safety and health training is a crucial aspect of ensuring safety within the facility. Through general and specific training programs, employees gain an understanding of the potential hazards, dangerous activities, and hazardous conditions present in the workplace. They also learn how to prevent and respond to associated risks, ensuring that employees possess the necessary safety awareness and knowledge.

### ○ General Training

- ☞ Basic Safety Knowledge: Understanding essential safety concepts, such as the use of personal protective equipment, the meaning of safety signs, and emergency evacuation procedures
- ☞ Accident Prevention: Teaching employees to identify and prevent common accidents, such as falls, slips, and falling objects
- ☞ Fire Safety: Introducing the hazards of fires, methods for fire prevention, and how to use fire extinguishers
- ☞ Emergency Response: Instructions on how to act in emergencies, including evacuation procedures and emergency contact information
- ☞ Chemical Safety: Awareness of the hazards associated with chemicals used on-site and guidance on safe handling, storage, and use of these chemicals, including the implementation of H-CARD

### ○ Based on Educational Topics

- ☞ General Safety and Health Training for New Employees
- ☞ General Safety and Health Education Training
- ☞ Hazard Awareness Education Training

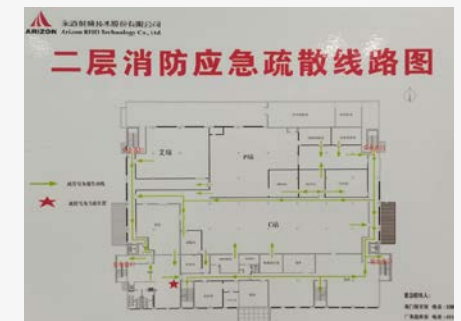
### ○ Specific Training: Tailored according to job responsibilities within the facility, including

- ☞ Occupational Safety and Health Business Supervisor
- ☞ Occupational Safety and Health Management Personnel
- ☞ Operators of Hazardous Machinery and Equipment (e.g., forklift operators)
- ☞ First Aid Personnel
- ☞ Organic Solvent Operations Supervisor

### ○ In 2023, the training statistics for Arizon are as follows

Annual Training Statistics		Participants	Total Training Hours
Taiwan	Employee	184	590
Yangzhou	Employee	513	5905

The photos of the training and escape route diagram are as follows:



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

Eternal Road places great importance on contractor management procedures. To ensure that contractors comply with relevant safety and health regulations and standards at the workplace, and to prevent and mitigate negative impacts and hazards related to occupational safety and health, the following specifications and processes have been established:



The Yangzhou facility is also committed to promoting the implementation of occupational safety and health (OSH) measures among customers and suppliers:

- 🔍 **Customer OSH Requirement Integration:** By utilizing customer surveys, correspondence, and site visits, the company gathers information regarding customer-specific OSH requirements. This data is then integrated into internal evaluations to establish corresponding management protocols.
- 🔍 **Supplier OSH Compliance:** Through on-site audits and surveys, the company communicates its OSH management requirements to suppliers, supervising their adherence to these standards.

By maintaining an effective contractor management process, the company enhances overall workplace safety, mitigating potential negative impacts on occupational safety and health. This not only helps safeguard employee health and safety but also supports the continuity and growth of business operations.

## ▼ Occupational Health Services

### ○ Employee Health Checkups

Occupational health services aim to ensure the health and safety of employees within the factory and reduce potential hazards and risks. Our company offers the following occupational health service functions to identify or eliminate hazards and minimize risks:

- 🔍 Establish an occupational health management system in collaboration with an external occupational health service agency accredited by the Occupational Safety and Health Administration to manage employee health conditions and provide necessary health education training and support.
- 🔍 Employee Health Checkups:  
Conduct general labor health checkups every two years, covering all employees.
- 🔍 Provide Health Insurance:  
Offer comprehensive health insurance plans, such as supplemental insurance, to help employees access quality medical services and reduce the financial burden of medical expenses.
- 🔍 Health Promotion Programs:  
Implement health promotion programs, including regular health checkups, physical examinations, and health education activities. This helps employees understand their health status, adopt proactive health behaviors, and detect and treat potential health issues early.
- 🔍 Items Exceeding Regulations:  
Implement ergonomic interventions to design and optimize the layout of the factory, ensuring that employees adopt comfortable working postures. This includes adjusting desk and chair heights, providing sufficient space for movement and operation, and arranging workstations to minimize twisting or overextension. Provide suitable rest areas and encourage employees to take regular breaks and engage in physical activity to prevent stress on muscles and bones from prolonged fixed postures. Additionally, offer health education and monitoring feedback to inform employees about the risk factors associated with ergonomic musculoskeletal hazards and how to prevent these issues by changing work habits and lifestyles. Regularly monitor employees' ergonomic musculoskeletal health assessments annually and provide feedback so they can adjust their work habits and postures to reduce the risk of musculoskeletal disorders.



▲ On-site Medical Care and Factory Situation



▲ AED Installation Location in Packaging Area



▲ AED Installation Location in Coating Area



▲ Actual CPR Compression Situation



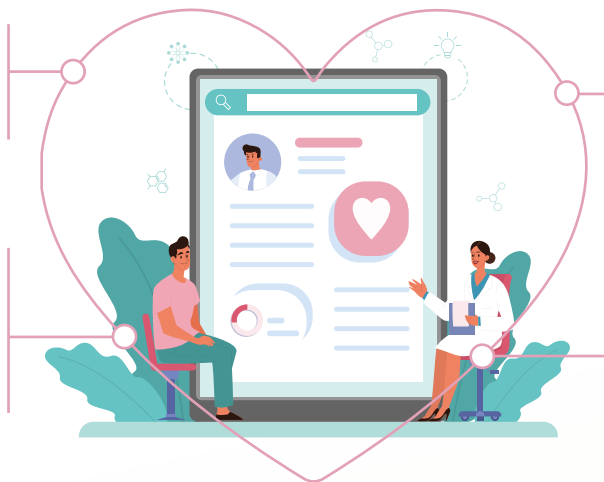
▲ On-site Training Explanation



## Actively Promote Employee Health

Arizon promotes employee access to health services through various means to help employees maintain their health, reduce the burden of illness, and enhance work efficiency and well-being.

**Provide Health Resources:**  
Gather the latest health and safety information online, such as health websites, health magazines, and health seminars, to help employees understand health knowledge and adopt healthy behaviors.



The range of health services provided within the factory includes health insurance plans, health promotion programs, and health resources. Collaborate with external partners to meet employees' health needs, ensuring their health and well-being.

There are a total of 5 AEDs and 8 first aid kits in the factory. The AEDs and first aid kits are distributed in easily accessible locations within the factory, with clear signage in required areas. Ensure that each area has at least one AED and one first aid kit, making them easily visible and usable by all employees. Designated personnel have received training in AED and first aid and are capable of effectively using the AED and handling the supplies in the first aid kits.

Regularly organize first aid training and drills to ensure all employees know how to respond to emergencies.

**Inspection and Maintenance:** Conduct regular checks on the integrity and effectiveness of AEDs and first aid kits.

Regularly replace expired or damaged first aid supplies in the kits to provide optimal rescue effectiveness.

**Designate a responsible person:** Set up a checklist for the status and usage of AEDs and first aid kits, and implement regular inspections.

A record system using QR codes has been established to document AED checks and maintenance status for tracking and evaluating effectiveness.

**Post emergency contact sheets for incident response in production offices and warehouse areas to facilitate immediate activation of emergency responses in case of an emergency.**



## ▼ Occupational Injury Statistics Table

Our company did not have any occupational injuries in 2024.

Annual		2023	
Factory Area		Tucheng Plant	Yangzhou Plant
Total Working Hours (hours)		198,064	1,186,121
Occupational Injuries	Number of General Occupational Injuries (days lost within 180 days)	-	-
	Number of Severe Occupational Injuries (days lost greater than 180 days)	-	-
	Number of Recordable Occupational Injuries	-	2
	Number of Occupational Injury Deaths	-	-
	Days Lost <sup>Note1</sup>	-	260
	Rate of Severe Occupational Injuries <sup>Note2</sup>	-	-
	Rate of Recordable Occupational Injuries <sup>Note3</sup>	-	0.34
Rate of Deaths Due to Occupational Injuries <sup>Note4</sup>		-	-

Annual		2023	
Factory Area		Tucheng Plant	Yangzhou Plant
Occupational Diseases	Number of Occupational Diseases	-	-
	Number of Occupational Disease Deaths	-	-
	Rate of Deaths Due to Occupational Diseases <sup>Note5</sup>	-	-
	Number of Recordable Occupational Diseases	-	-

Note 1: From the date of injury or death, the total number of lost workdays for a single case includes the days the injured party is temporarily (or permanently) unable to return to work, excluding the day of injury and the day of return to work. However, it includes all intervening days (including Sundays, holidays, or shutdown days) and any days lost due to the injury after returning to work.

Note 2: Severe Occupational Injury Rate = [Number of Severe Occupational Injuries (excluding deaths) × 200,000 hours] / Total Hours Worked.

Note 3: Recordable Occupational Injury Rate = (Number of Recordable Occupational Injuries × 200,000 hours) / Total Hours Worked.

Note 4: Rate of Deaths Due to Occupational Injuries = (Number of Deaths Due to Occupational Injuries × 200,000 hours) / Total Hours Worked.

Note 5: Rate of Deaths Due to Occupational Diseases = (Number of Deaths Due to Occupational Diseases × 200,000 hours) / Total Hours Worked.

Non-employees whose work and/or work environment are controlled by the organization		Quantity	Ratio (Based on 200,000 work hours)	Ratio (Based on 1,000,000 work hours)
i.	Number and Ratio of Deaths Due to Occupational Injuries	0	0.00	0.00
ii.	Number and Ratio of Severe Occupational Injuries (excluding deaths)	0	0.00	0.00
iii.	Number and Rate of Recordable Occupational Injuries	0	0.00	0.00
iv.	Major Types of Occupational Injuries	Cut or Laceration (less than one day of lost work)		

## 3.3 Human Rights Protection

Impacts	Failure to establish effective monitoring mechanisms, policies, and processes to ensure respect for and protection of human rights may lead to violations of the rights of employees, suppliers, consumers, or other stakeholders.
Policy Commitment	Our company has adhered to the principles of the United Nations Global Compact and aligned with the spirit and principles of international conventions such as the Universal Declaration of Human Rights, the ILO Declaration of Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights, thereby formulating a human rights policy.
Actions Taken	<ul style="list-style-type: none"> <li>⊗ Conduct irregular promotions of human rights-related knowledge.</li> <li>⊗ Implement human rights due diligence for employees.</li> </ul>
Evaluation Mechanism	The Human Resources Department will regularly monitor and report to the Sustainability Development Center.
Objectives	<p>Short-term Goals for Yangzhou</p> <ul style="list-style-type: none"> <li>⊗ No incidents involving violations of human rights.</li> <li>⊗ Promote human rights awareness and provide training (targeting 600 participants with an average duration of 1 hour).</li> </ul> <p>Medium to Long-term Goals for Yangzhou</p> <ul style="list-style-type: none"> <li>⊗ No incidents involving violations of human rights.</li> <li>⊗ Continue promoting human rights awareness and provide training (conducting training for all employees once a year, with an average duration of no less than 1 hour).</li> <li>⊗ Strengthen supplier management and conduct human rights risk audits for suppliers.</li> </ul>
Performance Results	<p>Yangzhou</p> <ul style="list-style-type: none"> <li>⊗ Human rights protection training reached 600 participants; in 2023, there were 0 incidents of human rights violations that resulted in government regulatory penalties.</li> </ul>
Stakeholder Engagement	<ul style="list-style-type: none"> <li>⊗ Regularly publish relevant information on the company's investor section of the website and the Public Information Observatory (subject to headquarters confirmation).</li> <li>⊗ Communicate with stakeholders through the annual shareholder meeting and quarterly investor briefings (subject to headquarters confirmation).</li> </ul>

### ▼ Human Rights Policy

#### ○ Establish a Discrimination Prevention Management Procedure

Our company prohibits discrimination against employees in hiring or employment practices based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or nationality, disability, pregnancy, religion, political affiliation, membership in a protected group, protected veteran status, protected genetic information, or marital status in matters such as salary, promotions, rewards, and training opportunities.

#### ○ Establish Child Labor and Underage Worker Management Regulations

Prohibition of Child Labor: Our company prohibits the employment of child laborers under the age of 16.

#### ○ Prohibition of Forced Labor

All work performed by our employees is voluntary. No one may be coerced into labor, nor may anyone be exploited, enslaved, or trafficked. Our company's working hours do not exceed the maximum limits set by labor regulations. The total working hours, including overtime, shall not exceed 60 hours per week, and all employees must have at least one day of rest every 7 days. All overtime is voluntary, and the company does not force employees to work overtime.

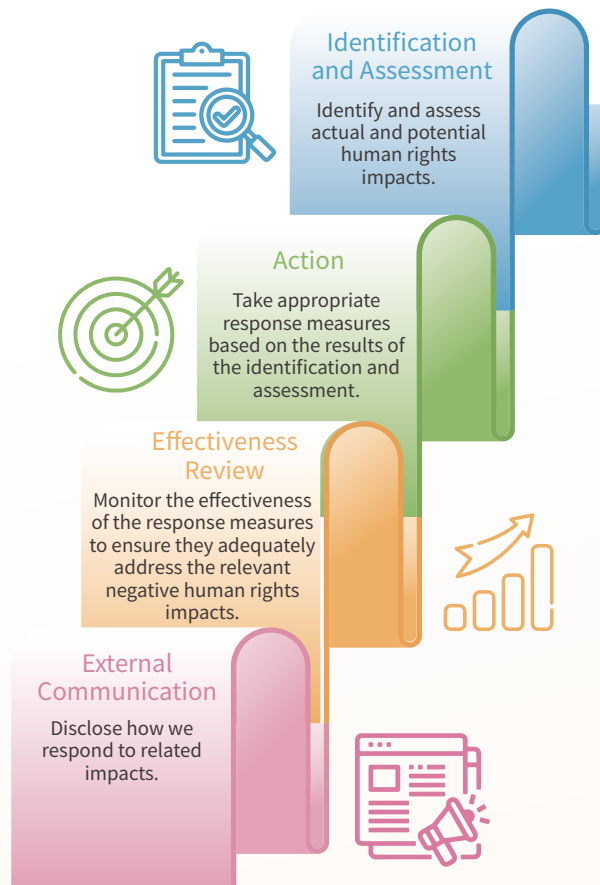
#### ○ Physical and Mental Health and Work-Life Balance

We provide on-site medical care, conduct regular employee health checkups, and organize various activities such as year-end parties, employee trips, and entertainment competitions to care for employees' physical and mental health and foster team cohesion.

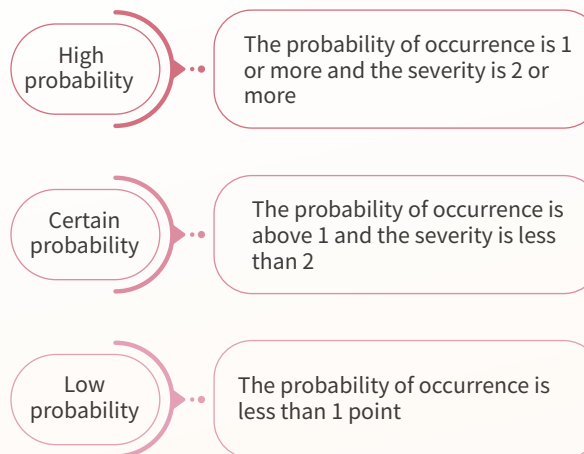
#### ○ Accept SMETA Audits Continuously improve the company's social responsibility system.

## ▼ Human Rights Risk Identification and Assessment

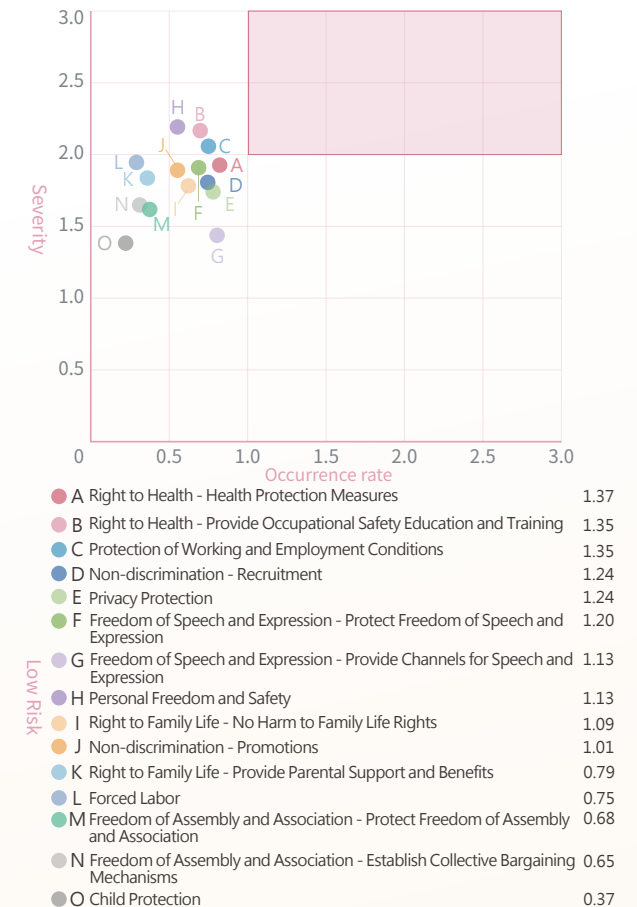
Arizon values the safety, health, and dignity of all employees, adhering to relevant labor laws and international human rights conventions, including the Labor Standards Act, Occupational Safety and Health Act, and Gender Equality in Employment Act, among other legal regulations. We regularly conduct human rights due diligence to identify and assess risks related to human rights issues. The process is as follows:



Our company references international human rights guidelines, domestic laws and regulations, and benchmark corporate human rights reports to compile human rights-related risk issues. We assess potential human rights risks that may occur within the value chain and incorporate them into a human rights risk assessment questionnaire. Through the distribution of this questionnaire, we evaluate the “likelihood” and “severity” of various human rights risk issues. The likelihood is rated as follows: 0 points = Unlikely to occur, 1 point = Low probability (1% - 30%), 2 points = Certain probability (31% - 60%), 3 points = High probability (above 61%). The severity is rated as follows: 0 points = No impact, 1 point = Not serious, 2 points = Serious, 3 points = Very serious. Based on the collected results, a “Human Rights Risk Matrix” will be produced, and human rights risks will be classified into three levels according to the following standards:



In 2023, the questionnaire was distributed to Arizon employees, with a total of 85 responses collected. The assessment results are as follows:



Based on the results of the above employee human rights due diligence, no moderate or high-risk human rights issues were identified in 2023. Arizon will continue to monitor and assess the situation, ensuring the effectiveness of existing measures addressing human rights risks.





## Chapter

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## 4.1 Climate Change Adaption (TCFD)

On January 10, 2024, the World Economic Forum released the Global Risk Report 2024, highlighting that environmental risks rank among the top concerns for the next decade. Our company recognizes the environmental, economic, social, and health challenges posed by climate change, and addressing climate change is a critical issue for sustainable business operations. Since 2023, we have adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework issued by the Financial Stability Board to assess the impacts of climate change on our company. This framework helps us identify climate-related risks and opportunities, enabling us to mitigate and manage the effects of environmental changes on our operations.

### ▼ Governance

Our company has established a “Sustainability Development Center,” led by a Chief Sustainability Officer (CSO) who is responsible for planning, promoting, and implementing sustainable development initiatives. The Board of Directors serves as the highest decision-making and supervisory body to fulfill corporate social responsibility. The organizational structure of the Sustainability Development Center is coordinated by the CSO, with the Taipei and Yangzhou Operations Centers serving as supporting units. Various departments work together to implement sustainability policies, systems, and relevant management guidelines. The Sustainability Development Center utilizes the TCFD framework to conduct risk and opportunity assessments, identifying significant risks and opportunities based on exposure risk levels. It also categorizes risks according to policies, regulations, market dynamics, and production aspects to evaluate potential impacts and establish a climate-resilient mindset.

### ▼ Strategy

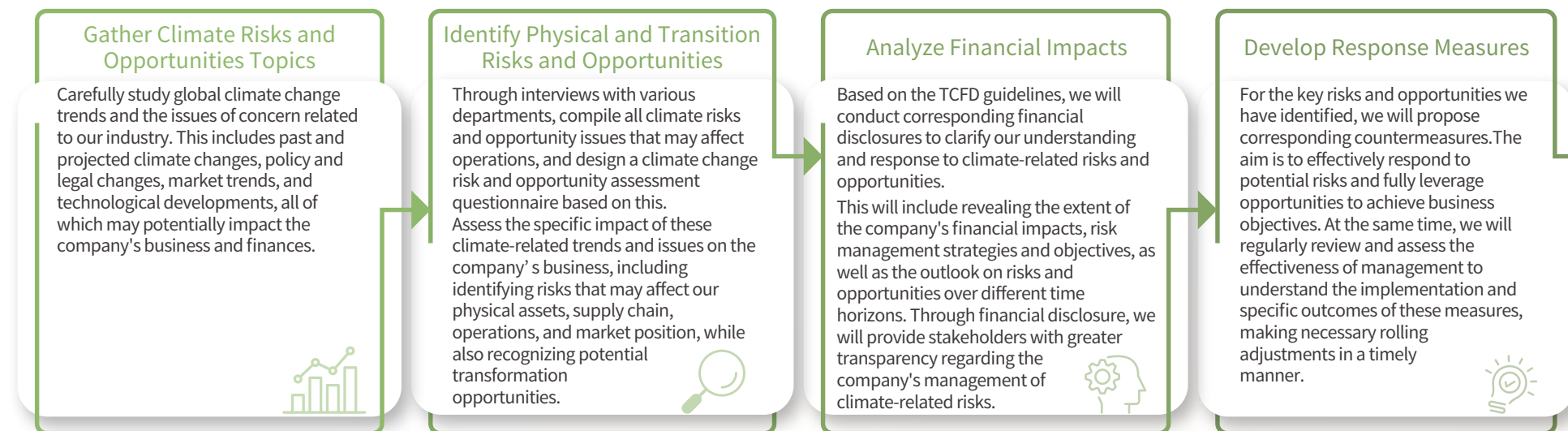
To comprehensively understand the impacts of climate-related risks and opportunities on our company, the Sustainability Development Center is responsible for managing these risks and opportunities. It reports periodically to the Board of Directors on these matters to implement a tracking and monitoring mechanism throughout the organization. Our company assesses the impacts and specific financial implications on the value chain based on different scenarios, such as RCP 8.5, IEA STEPS, IEA APS, and IEA NZE, considering both transition and physical risk types.

### ▼ Risk and Management

In accordance with our risk management policies and procedures, we conduct risk identification, analysis, measurement, and response activities related to risks and opportunities at least once a year. Starting in 2023, we identified climate-related risks and opportunities relevant to our company. Based on the analysis of their likelihood and impact, we manage these risks to keep them within acceptable limits. For our risk probability assessment, we define short-term as within three years (2023-2025), mid-term as three to five years (2026-2027), and long-term as over five years (2028-2030). To minimize the financial impacts of these risks and opportunities, we will build risk management mechanisms and strengthen connections with financial information to proactively plan for various response capabilities.

## ▼ Climate-Related Risk and Opportunity Identification

### ● Climate Risk and Opportunity Identification Process



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

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

## Transition Risks

Risk Aspect	Risk Event and Description	Occurrence Period, Likelihood, and Impact Level	Potential Financial Impact	Response Measures
1 Policies and Regulations	<p><b>Increase in Greenhouse Gas Emission Pricing</b></p> <p>⊗ In 2023, Taiwan's Climate Change Response Act passed its third reading. Regarding carbon fees, it will initially prioritize large carbon emitters and electricity consumers. The Environmental Protection Administration will start imposing carbon fees on companies with annual carbon emissions exceeding 25,000 metric tons from 2025, with plans to gradually expand the scope of collection in the future.</p>	Occurrence Period: Medium-term Likelihood: High Impact Level: High	<p><b>Increased Operating Costs</b></p> <p>⊗ Increased Costs for Energy-saving Measures</p> <p>⊗ Increased Costs for Renewable Energy Implementation</p>	<p>⊗ Set proactive carbon reduction targets and regularly track reduction effectiveness.</p> <p>⊗ Map out the company's path to net-zero emissions, develop a net-zero strategy, and regularly monitor progress.</p>
2 Policies and Regulations	<p><b>Strengthening Emission Reporting Obligations</b></p> <p>⊗ In 2022, the Financial Supervisory Commission announced that listed companies with a capital of less than 5 billion must complete greenhouse gas inventories for their consolidated subsidiaries by 2027 and complete verification by 2029, expanding the scope of greenhouse gas inventories and verifications.</p> <p>⊗ The stock exchange mandates companies to disclose ESG-related information, including topics such as greenhouse gas emissions, energy management, water resources, waste management, human development, board and investor communication.</p> <p>⊗ Clients require all their suppliers to provide information related to greenhouse gas emissions.</p>	Occurrence Period: Short-term Likelihood: High Impact Level: Medium	<p><b>Increased Operating Costs</b></p> <p>⊗ Increased Costs for Inventory and Verification</p>	<p>⊗ Identify emission hotspots through greenhouse gas inventories and proactively plan reduction measures to lower greenhouse gas emission costs.</p>
3 Technology	<p><b>Transition Costs for Replacing Existing Products and Services with Low-Carbon Alternatives</b></p> <p>⊗ The company utilizes energy-efficient processes and high-performance equipment or ancillary devices for product manufacturing.</p>	Occurrence Period: Medium-term Likelihood: Medium-High Impact Level: High	<p><b>Increased Operating Costs</b></p> <p>⊗ Increased Research and Development Expenses</p> <p>⊗ Increased Costs for Raw Materials, Equipment, and Procurement</p>	<p>⊗ Update existing energy equipment, such as replacing it with high-efficiency energy-saving devices or adopting renewable energy. At the same time, evaluate the introduction of new technologies and innovative strategies to reduce carbon emissions and enhance energy efficiency.</p>
4 Market	<p><b>Changes in Customer Behavior</b></p> <p>⊗ The international trend toward net-zero carbon emissions and various national regulations increase uncertainty for customers in upstream and downstream supply chain arrangements. Customers may prioritize companies with low carbon emissions in production, prompting the company to invest in researching more emerging green energy technologies.</p>	Occurrence Period: Long-term Likelihood: Medium-High Impact Level: High	<p><b>Decrease in Revenue</b></p> <p><b>Increased Operating Costs</b></p> <p>⊗ Increased Research and Development Expenses</p> <p>⊗ Increased Procurement Costs</p> <p>⊗ Increased Costs for Acquiring Green Energy Technologies</p>	<p>⊗ Review and analyze international net-zero trends and major customers' carbon reduction target strategies, and establish and implement reduction targets in accordance with the Science Based Targets Initiative (SBTi).</p> <p>⊗ Invest in the research and development of green products and green processes, and gradually implement green supply chain management.</p>
	<p><b>Increase in Raw Material Costs</b></p> <p>⊗ Suppliers must invest more in low-energy-consuming processes to comply with local government carbon emission standards and regulatory requirements, along with inflation and rising electricity costs caused by global economic instability.</p>	Occurrence Period: Short-term Likelihood: High Impact Level: High	<p><b>Increased Operating Costs</b></p> <p>⊗ Increased Procurement Costs</p> <p>⊗ Increased Energy Consumption and Carbon Credit Allocation Costs</p>	<p>⊗ Continue to actively negotiate with suppliers, communicate Arizona's sustainable supply chain management strategies and objectives, strengthen supply chain carbon management, and proactively address risks such as shortages and supply disruptions.</p>

## Physical Risks

Arizon identifies that extreme climate events (typhoons, droughts, and heavy rainfall) may cause damage to the company's facility equipment and logistics transportation difficulties, thereby impacting operations. Regarding the risks of typhoons and heavy rainfall, the Tucheng plant in Taiwan and the Yangzhou plant in mainland China are important production bases for Arizon. According to the Taiwan Climate Change Projection and Adaptation Knowledge Platform (TCCIP), under the scenarios of RCP 6.0 and RCP 8.5, the average change rate of the maximum consecutive 5-day rainfall in northern Taiwan is projected to increase by 33% by the end of this century under the RCP 6.0 scenario, rising from the current average of 403 mm to 536 mm. Under the RCP 8.5 scenario, the increase is projected to be 36%, raising the average from 403 mm to 548 mm by the end of this century. However, both plants are not located in low-lying areas, and according to the 3D disaster risk map from the International Disaster Emergency Management Technology Center, there is no flood risk for either facility.

Regarding drought risks, according to the Taiwan Climate Change Projection and Adaptation Knowledge Platform (TCCIP), under the RCP 8.5 scenario by the end of this century, the average change rate of the annual maximum consecutive dry days in northern Taiwan is projected to increase by 12%, extending the current average of 38 days to 42.5 days. However, based on the "Aqueduct Water Risk Atlas" from the World Resources Institute, both of the company's plants are located in low to medium-risk areas. The company assesses that this does not significantly impact the operational processes and production at the facilities.

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



## ▼ Indicators and Targets

Greenhouse gas emissions are a primary cause of the climate emergency, and corporate greenhouse gas management is one of the main concerns for stakeholders. Starting in 2023, the company will establish a greenhouse gas inventory standard mechanism in accordance with ISO 14064-1 and the greenhouse gas verification guidelines from the Environmental Protection Administration. We will conduct regular annual inventories of greenhouse gas emissions across all company facilities.

Greenhouse Gas and Other Emissions:

Subject	2023 年
Scope 1: Direct Greenhouse Gas Emissions (tonnes CO <sub>2</sub> e)	160.7374
Scope 2: Indirect Greenhouse Gas Emissions (tonnes CO <sub>2</sub> e)	3,840.8872
Total Emissions = Scope 1 + Scope 2 (tonnes CO <sub>2</sub> e)	4,001.6247
Greenhouse Gas Emission Intensity	1.4898

Note 1: Based on the statistics of emissions for 2023.

Note 2: The power emission factor for 2022 is 0.495 kg of CO<sub>2</sub> per kilowatt-hour, with the GWP values adopted from the IPCC Fourth Assessment Report.

Note 3: Greenhouse Gas Emission Intensity = Total Emissions (tonnes CO<sub>2</sub>e) / Million Revenue; the aforementioned total emissions inventory scope includes Arizon (Taipei Office, Tucheng Plant, and Yangzhou Plant), with revenue derived from the consolidated income statement in the annual report.

Source: Ministry of Economic Affairs, Bureau of Energy website (<http://www.moeaboe.gov.tw/>).

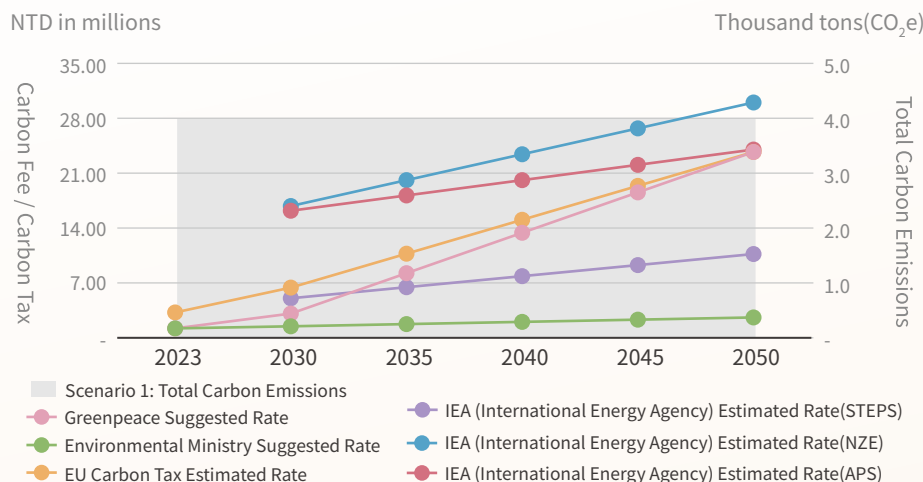
To monitor other indirect greenhouse gas emissions and identify major sources of emissions for carbon reduction strategy planning, Arizon has planned to refer to the ISO 14064:2018 standard, the Environmental Protection Administration's carbon footprint database, and the World Business Council for Sustainable Development (WBCSD) inventory technical documents in the future. This will enable the calculation of the greenhouse gas emissions from various key other indirect sources.

## ▼ Carbon Fee/Carbon Tax Scenario Analysis

In response to the global net-zero trend, over 130 countries have announced net-zero emission targets. To implement these net-zero carbon emission goals, many countries are beginning to develop carbon trading markets. According to the World Bank's "2023 Carbon Pricing Trends and Current Status Report," the price of the EU ETS significantly increased in 2022, with carbon emissions exceeding € 100 (approximately NT\$3,400) per tonne for the first time. The High-Level Commission on Carbon Pricing stated in 2017 that global carbon prices must reach between US\$50 to US\$100 (approximately NT\$1,500 to NT\$3,000) per tonne by 2030. Considering inflation, this would mean a price of US\$61 to US\$122 (approximately NT\$1,900 to NT\$3,800) per tonne before 2030. The Ministry of the Environment in Taiwan has also announced plans to levy carbon fees for the first time in May 2025. Arizon has calculated the potential financial impacts on its global operational sites, including offices and factories, under the following three scenarios.

### ○ Scenario 1

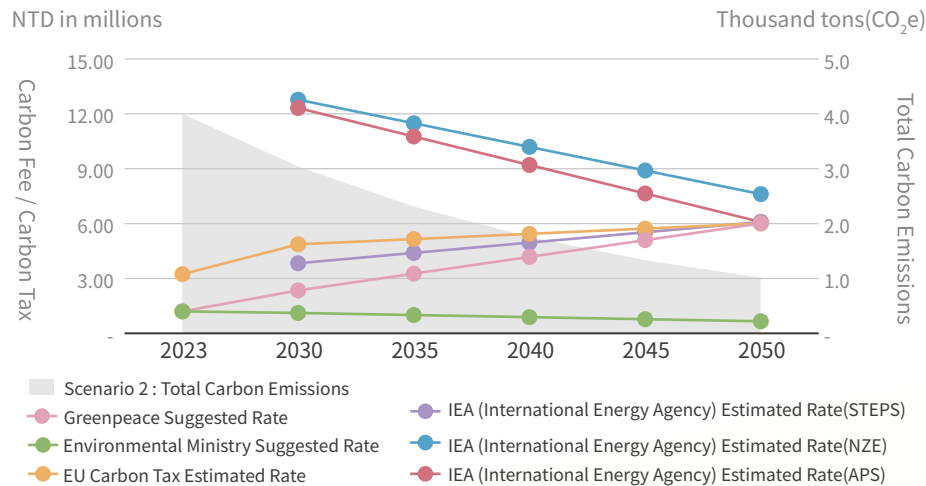
The government only implements existing established reduction policies, with an estimated reduction of zero.





## Scenario 2

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



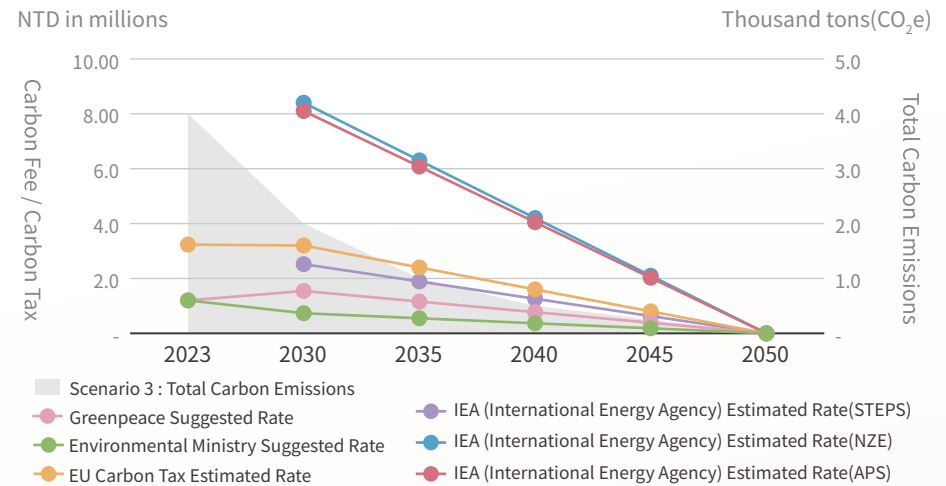
Note 1: The carbon fee rate from the Ministry of the Environment is pending government review and approval, currently calculated at NT\$300.

Note 2: This analysis assumes that the Ministry of the Environment's carbon fee will only increase according to the core CPI annual growth rate (%) published in February 2024 (2.90% per year).

Note 3: This analysis assumes that Taiwan will implement a carbon pricing mechanism along with a carbon border adjustment mechanism for foreign entities.

## Scenario 3

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



Note 4: The IEA's (International Energy Agency) estimated rate (STEPS) is based on South Korea as a benchmark for Taiwan.

Note 5: The exchange rate of USD to TWD is calculated at NT\$30.

Note 6: Unit: NTD/CO<sub>2</sub>e ton.

Note 7: Reference sources: Greenpeace "Net Zero Game On: International Carbon Border Tax Impact Report for Taiwan" and 2022 IEA "Global Energy and Climate Model Documentation."

## Reduction Strategies and Goals

In 2023, our company is committed to advancing greenhouse gas inventory operations by systematically evaluating energy and material usage at each production stage, along with the associated carbon emissions. Furthermore, we have established strategic short-term, mid-term, and long-term carbon reduction targets, which will serve as a crucial basis for our operational decisions. Currently, Arizon's primary carbon emission source comes from electricity consumption, accounting for over 90% of total emissions (including Scope 1 and Scope 2). To reduce carbon emissions, Arizon will continue to implement the "Sustainable Process" strategy to enhance production efficiency and energy utilization while promoting increased use of renewable energy across all facilities.

Additionally, to accelerate our low-carbon transition, our company is committed to following the Science-Based Targets initiative (SBTi) 1.5° C pathway. We will set reduction targets for Scope 1, Scope 2, and Scope 3 emissions to demonstrate our commitment to carbon reduction through tangible actions and to promote carbon reduction practices throughout our company and its upstream and downstream value chain.

## 4.2 Energy Management

As global warming issues become increasingly severe and domestic electricity systems undergo adjustments, energy management and energy conservation for carbon reduction have gradually become key areas of societal concern. Arizon is committed to achieving net-zero carbon emissions. To this end, the company will annually integrate energy-saving and carbon-reduction strategies and plans across all facilities, holding regular review meetings to evaluate the effectiveness of these measures and adjust reduction targets and strategies as necessary. In 2023, Arizon's energy intensity was 9.82 GJ per million New Taiwan Dollars. The total energy consumption for the year reached 26,387.79 GJ, with electricity accounting for 85.37%, steam for 13.47%, and diesel and gasoline together for 1.16%. Electricity is the primary energy source for production and facility systems, steam is mainly used in the Yangzhou facility, while diesel is primarily utilized for power generation and gasoline for company vehicles. In response to the rising trend in energy consumption, enhancing equipment efficiency and utilizing more low-carbon energy sources will be our key strategies. Additionally, the company is promoting energy-saving management initiatives in offices and public areas, as well as conducting awareness and training activities to enhance employees' awareness and behavior regarding energy conservation and carbon reduction.

### ▼ 2023 Energy Consumption Statistics

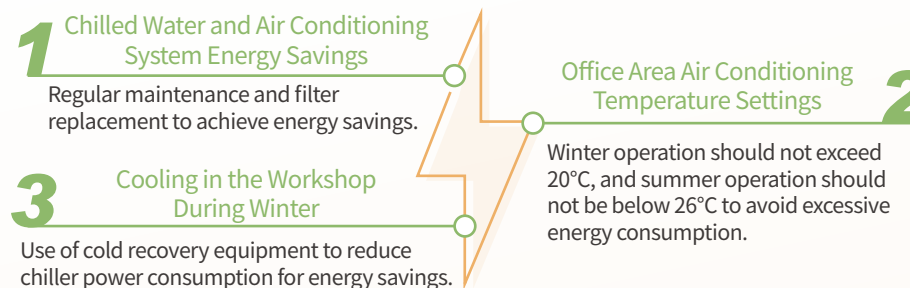
Item (Unit: GJ)		2023	(%)
Direct Energy	Gasoline Energy Consumption	303.85	1.02%
	Diesel Energy Consumption	1.48	0.00%
Indirect Energy	Electricity Energy Consumption	22,625.86	75.98%
	再生能源 (太陽能) 能源消耗量	3,292.79	11.06%
	Steam Energy Consumption	3,555.17	11.95%
Total Energy Consumption		29,779.15	100%

### ▼ 2023 Energy Intensity

Item	Unit	2023
Total Energy Consumption	GJ	26,387.79
Revenue	NTD in millions	2,685.95
Energy Intensity	GJ/millions NTD	9.82

### ▼ Energy-Saving Measures and Use of Renewable Energy

#### ◆ Energy-Saving Measures:



#### ◆ Use of Renewable Energy:

In 2023, the Yangzhou plant purchased a total of 910,000 kWh of renewable energy, reducing carbon emissions by 468 metric tons.

## 4.3 Water Resource Management

In recent years, the increasing frequency of extreme weather events caused by climate change has led to a higher likelihood of droughts and floods around the world, making water resource management a key issue in Arizon's operations. According to the water risk assessment conducted using the Aqueduct tool developed by the World Resources Institute (WRI), the facilities in Taiwan face low to medium risk, while the Yangzhou facility is in a medium to high-risk status. To mitigate the risk of water scarcity potentially caused by climate change, Arizon will continue to review its water usage and monitor potential water shortage risks, while also assessing strategies to improve water efficiency.

The main sources of water resources for the facilities in Taiwan and Yangzhou are municipal water. The summary of water intake, discharge, and consumption is shown in the table below:

### ▼ Water Resource Usage

	Taiwan	Yangzhou
Municipal Water Intake (million m <sup>3</sup> )	0.002	0.018
Groundwater Intake (million m <sup>3</sup> )	-	-
Surface Water Intake (million m <sup>3</sup> )	-	-
Seawater Intake (million m <sup>3</sup> )	-	-

	Taiwan	Yangzhou
Total Water Intake (million m <sup>3</sup> )	0.002	0.018
Total Amount of Recycled Water	-	-
Discharge (million m <sup>3</sup> )	0.002	0.018
Water Consumption (million m <sup>3</sup> )	-	-

The facilities in Taiwan and Yangzhou do not require water in their production processes, primarily generating domestic wastewater. Efforts will be strengthened to promote water-saving awareness among individuals to achieve water conservation. The domestic wastewater from the Yangzhou facility is pre-treated in a septic tank before being sent to a wastewater treatment plant for centralized processing. Domestic wastewater is tested once a year, and the results consistently meet standards.

### ○ Yangzhou Facility Discharge Water Testing Results:

Testing Category	Standard Value	Actual Discharge Value
pH	6~9	7.3
Chemical Oxygen Demand (mg/L)	≤ 500	39
Biochemical Oxygen Demand (mg/L)	≤ 300	7.8
Suspended Solids (mg/L)	≤ 400	8

Testing Category	Standard Value	Actual Discharge Value
Ammonia Nitrogen (mg/L)	≤ 45	9.48
Total Phosphorus (mg/L)	≤ 8	0.81
Cationic Surfactants (mg/L)	≤ 20	NA
Oil and Grease (mg/L)	≤ 15	0.14

## 4.4 Waste Management

To reduce environmental impact, Arizon continuously improves waste recycling and reuse technologies, striving to achieve waste reduction from the initial stages of product production to minimize negative effects on the environment. The company adheres to the principles of a circular economy, committed to the continuous reuse of resources, and strengthens waste management measures to ensure effective resource reuse.

### ▼ Waste Classification and Treatment Process

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

### ● Waste Transfer and Disposal Amount

Unit: Tons

Composition of Waste		Taipei	Taipei	Taipei	Yangzhou
		2021	2022	2023	
		Outside of Plant			
Hazardous	Incineration (excluding energy recovery)	-	-	-	16.77
	Recycling	-	-	-	0.20
Non-hazardous	Incineration (excluding energy recovery)	19.44	19.24	40.87	-
	Recycling	-	-	-	267.40
	Other Recycling Operations	-	8.709	14.35	-
	Other Disposal Operations	-	-	-	649.10
Total		19.44	27.95	55.22	933.47

## 4.5 Hazardous Substance Management

Arizon controls the following chemicals and regulated substances:

- Management of chemicals and toxic substances that are self-imported (imported) in accordance with environmental laws announced by the factory.
- Management of chemicals that pose physical hazards and health hazards, classified according to national standard CNS 15030, as regulated by labor laws.
- Chemicals deemed by the factory to pose significant hazards to human health or the environment, other than those mentioned above.
- Chemicals of concern that are recognized by central authorities as having the potential to pollute the environment or harm human health, and are announced in accordance with the Toxic and Concerned Chemical Substances Management Act.

### ▼ Operational Process

Management of Chemical Introduction:





## ▼ Hazardous Substance Management (Inventory, Safety Data Sheets, Labeling, and Training)

- Establishment of Hazardous Chemical Inventory: The Environmental Safety Unit updates usage records annually based on the using units, including chemical names, supplier information, usage locations, average usage amounts, maximum usage amounts, storage locations, average storage amounts, and maximum storage amounts.
- The Environmental Safety Unit must compile and update the “Chemical Substance Usage Overview” as the hazardous chemical inventory at least once a year, which must be reviewed by the Occupational Safety Management Representative.
- Establishment of Safety Data Sheets: The procurement unit is responsible for obtaining safety data sheets for each chemical from designated suppliers and delivering them to the Environmental Safety Unit for distribution to all using units.
- When procuring or receiving new chemicals specified by customers (including vendor changes or changes in composition), updates must be made every three years. Additionally, updates are required when government regulations change formats or content requirements.
- Storage and usage areas for hazardous chemicals must display corresponding safety data sheets in prominent and accessible locations.



## ▼ Hazard Warning Labeling

- Manufacturers, importers, or suppliers must provide hazard warning labels on containers of hazardous chemicals supplied to the company, in accordance with the Safety Data Sheets.
- Storage and usage units must label containers for repackaging and storage of hazardous chemicals, as well as operational areas, according to the Safety Data Sheets.
- The using unit must verify that the Chinese version of the hazard warning labels on containers is complete and accurate, based on the Safety Data Sheets reviewed by the Environmental Safety Unit, before allowing employees to handle, use, or store them within the factory.
- The hazard warning labels on chemical containers must be consistent with the Safety Data Sheets. The format and content should be as follows, and the labeling for repackaged containers and auxiliary tanks should comply with hazardous chemical labeling and general regulations.
- The size of the labels should be determined based on the workspace and container size, ensuring they are clearly identifiable as a principle.
- Transport pipelines for chemicals must be labeled with their name and directional indications; labels may be hung as necessary.
- Transport pipelines for chemical waste must be labeled with their hazardous nature and directional indications; labels may be hung as necessary.

## ▼ General Chemical Education and Training

### 🔍 Basic Knowledge of Chemicals:

Training personnel to understand the basic properties, classifications, and hazards of chemicals, including common types of chemicals, their physical and chemical properties, and safe usage methods.

### 🔍 Hazard Recognition and Labeling:

Educating personnel on how to identify hazardous chemicals and understand the meanings and methods of chemical labeling, including safety labels, labeling symbols, and Safety Data Sheets (SDS).

### 🔍 Safety Operating Procedures:

Teaching safe operating procedures, including the correct use, storage, disposal, mixing, and cleaning of chemicals, to reduce the likelihood of accidents and hazards.

### 🔍 Emergency Response Procedures:

Training for chemical incidents and emergencies, including accident reporting and notification procedures, evacuation procedures, and first aid measures.

### 🔍 Personal Protective Measures:

Educating personnel on understanding and using appropriate personal protective equipment (PPE), such as safety goggles and gloves, to reduce the risk of chemical exposure.

### 🔍 Environmental Protection Awareness:

Promoting awareness of reducing pollution and environmental impacts from chemicals, including minimizing waste generation and implementing effective recycling and disposal practices.

## ▼ Hazard Awareness Education and Training

🔍 New or transferred employees who will be using or exposed to hazardous chemicals must receive initial training on hazard awareness and prevention measures for 3 hours before beginning their work. Current employees must undergo refresher hazard awareness education and training for 3 hours every three years.

🔍 The training will be organized and executed by the management unit and will cover the following topics: the properties and potential hazards of hazardous chemicals, including chemical mixture hazards and physical and health hazards related to exposure.

🔍 Preventive measures for hazards, such as personal protective equipment.

🔍 Emergency response measures for spills and leaks of hazardous chemicals.

🔍 Location of Safety Data Sheets, understanding their content, and methods for obtaining and using correct hazard information.

🔍 Supervisors of units using organic solvents must undergo education and training for organic solvent supervisors to obtain qualification and be responsible for organic solvent operations.

🔍 Supervisors of units using specific chemicals must undergo education and training for specific chemical supervisors to obtain qualification and be responsible for specific chemical operations (currently, there are no specific chemicals).

## ▼ Emergency Response Actions

In the event of a chemical incident, the following emergency response actions should be taken:

### 🔍 Incident Reporting and Notification:

Immediately notify department supervisors and responsible personnel, and report and notify according to the company's notification procedures.

### 🔍 Evacuation and Withdrawal:

Quickly evacuate the workplace according to the company's evacuation procedures, ensuring that all personnel safely withdraw to designated safe locations.

### 🔍 First Aid Measures:

If anyone is injured, appropriate first aid measures must be provided immediately, including bleeding control, breathing assistance, and cardiopulmonary resuscitation (CPR).

### 🔍 Control of Incident Spread:

Take measures to control the spread of the incident as much as possible, such as stopping leaks and securing hazardous areas.

### 🔍 Waste Disposal:

Properly dispose of waste generated by the incident to prevent further pollution and hazards.

### 🔍 Coordination with Relevant Units:

Coordinate and cooperate with relevant units, such as the fire department and environmental protection agency, for emergency response and follow-up investigations.

The implementation of these measures helps minimize the damage from chemical incidents, protect life and health, and reduce environmental impacts. According to occupational safety and health laws and toxic chemical management laws, the company does not handle specific Class B or D toxic chemicals; therefore, emergency drills and fire escape drills are conducted together.

## 4.6 Green Products and Circular Economy

### ▼ Green Product Development

In pursuing environmental sustainability, our company is dedicated to the research and development of green products to reduce environmental impact and promote efficient resource utilization. Our strategy focuses on two main areas: the development of passive products and the advancement of paper-based antenna technology.

#### 🔍 Innovation in Passive Products:

Our core product line consists of passive products that do not rely on external power sources for operation. They generate sufficient current to activate chips on tags by forming resonance through electromagnetic waves within the antenna, which reduces energy consumption and battery waste, resulting in minimal environmental impact while maintaining high performance and reliability.

#### 🔍 Development of Paper-Based Antenna Technology:

To further enhance the eco-friendly characteristics of our products, we are developing and implementing paper-based antenna technology, eliminating the use of traditional plastic materials such as PET (polyethylene terephthalate). This technology integrates antenna circuitry directly with paper, serving the dual function of antenna substrate and electronic label surface material. This reduces the use of substrates and adhesives in the production process of RFID electronic labels, decreasing the label structure from seven layers to five, thereby significantly lowering the carbon footprint and improving material efficiency during production. The use of paper-based antennas demonstrates our commitment to seeking renewable resources and reducing reliance on petrochemical products. To further promote the environmental features of our products, we are continuously introducing and developing environmentally friendly paper antenna processes, such as using laser die-cutting to replace traditional antenna etching processes, thus avoiding the extensive use of chemicals and waste liquid generated during the etching process while enhancing material utilization—making it a more sustainable approach.

### ▼ Circular Economy Concept

🔍 Reusability of RFID Products: Arizon RFID products contain chips that allow for reading and rewriting related data up to 100,000 times, creating the possibility of reassigning different content to the same tag multiple times, thereby enhancing the utilization efficiency of the tags.

🔍 Ongoing Collaboration with Suppliers for Packaging Recycling: We continuously promote the recycling and reuse of packaging materials with our suppliers, including pallets, antenna protective boards, and roll cores. This involves implementing turnover management and collection systems to encourage suppliers to recycle and reuse these materials.

# Appendix

## ▼ GRI Standards Index

Statement of Use	Arizon RFID Technology has reported the content for the period from January 1, 2023, to December 31, 2023, in accordance with GRI Standards.		
GRI 1 Used	GRI 1: Foundation 2021		
Applicable GRI Sector Standards	No applicable GRI Sector Standards		

GRI Standard	Disclosure Item	Disclosure Section/Notes	Page Number
GRI 2: General Disclosures 2021			
Organization and Reporting Practices			
GRI 2: General Disclosures 2021	2-1 Organizational Details	1.1 Company Overview	5
	2-2 Entities Included in the Organization 's Sustainability Report	About the Report	2
	2-3 Reporting Period, Frequency, and Contact Person		
	2-4 Information Restatement	NA	NA
	2-5 External Assurance/Verification	About the Report	90
Activities and Workers			
GRI 2: General Disclosures 2021	2-6 Activities, Value Chain, and Other Business Relationships	1.1 Company Overview 2.4 Supply Chain Management	5 28
	2-7 Employees	3.1 Friendly Workplace	47
	2-8 Workers Who Are Not Employees		
Governance			
GRI 2: General Disclosures 2021	2-9 Governance Structure and Composition	2.1 Corporate Governance Structure	18
	2-10 Nomination and Selection of the Highest Governance Body		



GRI Standard	Disclosure Item	Disclosure Section/Notes	Page Number
GRI 2: General Disclosures 2021	2-11 Chair of the Highest Governance Body	2.1 Corporate Governance Structure	18
	2-12 Role of the Highest Governance Body in Overseeing Impact Management	1.3 Sustainable Governance	12
	2-13 Delegation of Responsibility for Impact Management		
	2-14 Role of the Highest Governance Body in Sustainability Reporting		
	2-15 Conflict of Interest	2.1 Corporate Governance Structure	18
	2-16 Communication of Critical Concerns	1.3 Sustainable Governance	12
	2-17 Collective Knowledge of the Highest Governance Body	2.1 Corporate Governance Structure	18
	2-18 Evaluation of the Performance of the Highest Governance Body		
	2-19 Remuneration Policies	2.1 Corporate Governance Structure 3.1 Friendly Workplace	18 47
	2-20 Remuneration Decision-Making Process		
	2-21 Annual Total Remuneration Ratio		
Strategies, Policies, and Practices			
GRI 2: General Disclosures 2021	2-22 Statement of Sustainable Development Strategy	Message from the Chairman	3
	2-23 Policy Commitment	3.3 Human Rights Protection	67
	2-24 Embedding Policy Commitments		
	2-25 Mechanisms for Seeking Advice and Raising Concerns	1.4 Stakeholder Identification and Engagement	13
	2-26 Mechanisms for Seeking Advice and Raising Concerns		
	2-27 Compliance with Laws and Regulations	2.3 Legal Compliance and Integrity in Operations	27
	2-28 Membership of Associations	Taipei Computer Association, Republic of China Software Industry Association, Taiwan Cloud and Internet of Things Industry Association, Taiwan Silk Industry Association, Taiwan Packaging Association, Taiwan Industrial Textiles Association, Taiwan Smart Textiles Association.	NA



GRI Standard	Disclosure Item	Disclosure Section/Notes	Page Number
Stakeholder Engagement			
GRI 2: General Disclosures 2021	2-29 Approach to Stakeholder Engagement	1.4 Stakeholder Identification and Engagement	13
	2-30 Collective Bargaining Agreements	The Taiwan branch has no union organization, hence no collective bargaining agreement has been signed.	NA
GRI 3: Material Topics 2021			
GRI 3: Material Topics 2021	3-1 Process for Determining Material Topics	1.5 Identification of Significant Sustainability Issues	15
	3-2 List of Material Topics		
Supply Chain Management			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	2.4 Supply Chain Management	28
GRI 204: Procurement Practices 2016	204-1 Proportion of Spending on Local Suppliers		
GRI 308: Supplier Social Assessment 2016	308-1 New Suppliers That Were Screened Using Environmental Criteria	The company has not identified any suppliers that have significant actual or potential negative impacts on the environment. In the future, we will further plan to confirm this through ESG assessments, supplier self-evaluations, and audits.	NA
	308-2 Negative Environmental Impacts in the Supply Chain and Actions Taken		
GRI 414: Supplier Social Assessment 2016	414-1 New Suppliers That Were Screened Using Social Criteria		
	414-2 Negative Social Impacts in the Supply Chain and Actions Taken		
Product Quality and Safety			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	2.5 Product Quality and Safety	34
GRI 416:Customer Health and Safety 2016	416-1 Assessment of the Health and Safety Impacts of Product and Service Categories		
	416-2 Incidents of Non-compliance Concerning the Health and Safety Impacts of Products and Services		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for Product and Service Information and Labeling		
	417-2 Incidents of Non-compliance Concerning Product and Service Information and Labeling		
	417-3 Incidents of Non-compliance Concerning Marketing Communications		

GRI Standard	Disclosure Item	Disclosure Section/Notes	Page Number
Innovation and Research & Development			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	2.6 Innovation and Research & Development	38
Customer Relationship Management			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	2.7 Customer Relationship Management	41
GRI 418: Customer Privacy 2016	418-1 Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data		
Information Security Management			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	2.8 Information Security Management	43
Talent Attraction and Retention, Talent Cultivation and Development			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	3.1 Friendly Workplace	47
GRI 401: Employment 2016	401-1 New Employee Hires and Employee Turnover		
	401-2 Benefits Provided to Full-time Employees That Are Not Provided to Temporary or Part-time Employees		
	401-3 Parental Leave		
GRI 402: Labor-Management Relations 2016	402-1 Minimum Notice Periods Regarding Operational Changes		
GRI 404: Training and Education 2016	404-2 Programs for Upgrading Employee Skills and Transition Assistance Programs		
	404-3 Percentage of Employees Receiving Regular Performance and Career Development Reviews		
	404-2 Programs for Upgrading Employee Skills and Transition Assistance Programs		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of Governance Bodies and Employees		
	405-2 Ratio of Basic Salary and Remuneration of Women to Men		
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	3.2 Occupational Health and Safety	57

GRI Standard	Disclosure Item	Disclosure Section/Notes	Page Number
GRI 403:Occupational Health and Safety 2018	403-1 Occupational Health and Safety Management System	3.2 Occupational Health and Safety	57
	403-2 Hazard Identification, Risk Assessment, and Incident Investigation		
	403-3 Occupational Health Services		
	403-4 Worker Participation, Consultation, and Communication on Occupational Health and Safety		
	403-5 Worker Training on Occupational Health and Safety		
	403-6 Promotion of Worker Health		
	403-7 Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships	2.4 Supply Chain Management	28
	403-8 Workers Covered by an Occupational Health and Safety Management System	3.2 Occupational Health and Safety	57
	403-9 Work-related Injuries		
	403-10 Work-related Ill Health		
Human Rights Protection			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	3.3 Human Rights Protection	67
Climate Change Response			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	4.1 Climate Change Response	70
GRI 201: Economic Performance 2016	201-2 Financial Implications and Other Risks and Opportunities Due to Climate Change		
Others			
GRI 201: Economic Performance 2016	201-1 Direct Economic Value Generated and Distributed	1.2 Operational Performance	9
GRI 201: Economic Performance 2016	201-4 Financial Assistance Received from Government		

## ▼ SASB Index Table

Industry: Hardware

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

Disclosure Topic	Code	Corresponding Metric	Measurement Unit	Description/Corresponding Section
Supply Chain Management	TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	Percentage (%)	2.4 Supply Chain Management
	TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority nonconformances and (b) other nonconformances	Rate	
Materials Sourcing	TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	N/A	

Code	Activity Metrics	Measurement Unit	Description/Index Section
TC-HW-000.A	Number of units produced by product category	Number	2.5 Product Quality and Safety
TC-HW-000.B	Area of manufacturing facilities	Square metres (m <sup>2</sup> )	Tucheng: 3,656.2 m <sup>2</sup> Yangzhou: 33,167.31m <sup>2</sup>
TC-HW-000.C	Percentage of production from owned facilities	Percentage (%)	100%, all production comes from in-house facilities.



## ▼ Limited Assurance Report by the Accountant



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### 會計師有限確信報告

Arizon RFID Technology (Cayman) Co., Ltd. 公鑒：

本會計師接受 Arizon RFID Technology (Cayman) Co., Ltd. (以下簡稱永道公司) 之委任，對其民國 112 年度永續報告書中所選定之永續績效資訊 (以下簡稱確信標的) 執行確信程序並出具有限確信報告。有關永道公司所選定之標的資訊及其適用基準，詳附件一。

### 管理階層之責任

管理階層之責任係依據臺灣證券交易所「上市公司編製與申報永續報告書作業辦法」及全球永續性報告協會 (Global Reporting Initiatives, GRI) 發布之 GRI 準則 (GRI Standards) 編製永續報告書，並應設計、執行及維護與報告編製相關之內部控制，以蒐集並揭露永續報告書內容，並確保永續報告書所報導之永續績效資訊未存有重大不實表達。

### 會計師之責任

本會計師係依照確信準則 3000 號「非屬歷史性財務資訊查核或核閱之確信案件」之要求規劃及執行有限確信工作，對上開永續報告書所選定之標的資訊 (詳附件一) 在所有重大方面是否未存有重大不實表達取得有限確信。相較於合理確信，有限確信案件所執行程序之性質及時間與適用合理確信案件不同，其範圍相對較小，故有限確信程序取得之確信程度明顯較合理確信為低。

### 確信工作

本會計師針對上開永續報告書所述之確信標的資訊依專業判斷執行有限確信程序，以獲取相關標的資訊之有限確信證據，且任何內部控制均受有先天限制，因此未必能查出所有業已存在之重大不實表達。本會計師主要執行之確信程序包括：

- 取得永道公司民國 112 年度永續報告書，並閱讀其內容；
- 與永道公司之管理階層及攸關人員進行訪談，以瞭解永道公司編製永續報告書有關之政策及程序；
- 針對報告中所選定之確信標的資訊進行分析性程序；必要時抽選樣本核對相關文件，以獲取足夠及適切之有限確信證據。

### 先天限制

因諸多確信標的係屬非財務資訊，相較於財務資訊之確信存在更多先天性之限制，對於該資訊之揭露內容可能涉及永道公司管理階層之重大判斷、假設及解釋，故不同利害關係人可能對於該等資訊有不同之解讀。

### 品質管理與獨立性

本會計師及所隸屬之事務所遵循品質管理準則 1 號「會計師事務所之品質管理」之規範，建立並維護完備之品質管理制度，包含遵循職業道德規範、專業準則及所適用法令規範相關之政策或程序，亦遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及盡專業上應有之注意、保密及專業態度。

### 有限確信結論

依據所執行之確信程序及所獲取之證據，本會計師並未發現永道公司民國 112 年度永續報告書中所選定之確信標的資訊在所有重大方面有未遵循其適用基準編製而須作修正之情事。

### 其他事項

本確信報告出具後，貴公司對任何確信標的或適用基準之變更，本會計師將不負就該等資訊重新執行確信工作之責任。

國富浩華聯合會計師事務所

會計師：林品硯



中華民國 113 年 8 月 28 日

附件一

確信標的項目彙總表

編號	確信標的項目	對應章節	衡量基準
一	消耗能源總量、外購電力百分比、再生能源使用率及自發自用能源總量	4.2 能源管理	2023 年度消耗能源總量、外購電力佔消耗能源的百分比、再生能源佔消耗能源的百分比
二	總取水量及總耗水量	4.3 水資源管理	2023 年總取水量及總耗水量
三	所產生有害廢棄物之重量及回收百分比	4.4 廢棄物管理	2023 年所產生有害廢棄物之重量及回收百分比
四	說明職業災害人數及比率	3.2 職業安全與衛生	2023 年職業災害類別、人數及比率
五	與使用關鍵材料相關的風險管理之描述	2.4 供應鏈管理	2023 年關鍵供應商稽核
六	因反競爭行為訴訟與反競爭行為條例相關的法律訴訟而造成的金錢損失總額	2.3 法遵與誠信經營	2023 年無違反反競爭行為條例的法律訴訟
七	依產品類別之主要產品產量	2.5 產品品質與安全	2023 年依產品類別之產品產量

