2024 Sustainability Report of Mechema International Group

ESG

Content

About This Report

This report is the 11th Sustainability Report of Mechema International Group (hereinafter referred to as "Mechema" or "the Company"). The report provides a detailed overview of Mechema International Group's corporate social responsibility performance in 2024 across economic, environmental, and social dimensions. In the future, the Company will continue to publish a Sustainability Report on a yearly basis.

Coverage period: 01/01/2024 to 12/31/2024

Reporting Period

Mechema first issued the Sustainability Report in 2014 and publishes it on a yearly basis.

Release date of the previous edition: June 2023

Release date of the current edition: August 2024

Release date of the next edition: August 2025

Issuance channels

In addition to being issued in print, the relevant content of this report is also published on the Company's website, and you are welcome to visit it. If there are any corrections or updates to the report content, please refer to the electronic files announced on the Company's website for accuracy. Company website: http://www.mechema.com

Editing principles

Mechema prepared the report according to the "Operational Guidelines for Preparation and Reporting of Sustainability Reports by TPEx Listed Companies," adopting the GRI Standards as the basis for its content structure. It was written according to the guidelines and framework listed under the "Core Compliance" option, disclosing the Company's key sustainability issues, strategies, goals, and measures. In Appendix 1 of the report, there is a comparison table of the Response Chapter for quick search and reference. All statistical data is presented in metric units.

Scope and Source of Data

The content is primarily based on Mechema without including its subsidiaries. Financial data is published after being certified by accountants, while some statistical data is sourced from information published by government agencies and related websites. This is presented in commonly used descriptive language and numerical expressions, with exceptions specifically explained in the report. There are no differences in the citation of data and the boundary of the report compared to the 2023 Sustainability Report.

Guidelines of the Report

This report reveals the Company's specific actions and achievements in 2024 related to Business Performance, Corporate Governance, product responsibility, Sustainable Environment, employee care, and Social Participation in Sustainable Development. The report will be organized around the main themes of "About Mechema," "Supplier management and product services," "Corporate Governance," "Sustainable Environment," "Corporate Commitments," and "Local Communities."

External Assurance

This report is engaged with Ernst & Young to perform limited assurance in accordance with Statement No. 1 of the Assurance Criteria released by the Accounting Research and Development Foundation of the R.O.C., "Assurance Cases of Non-Historical Audits or Reviews of Financial Information". For related assurance items and scope, please refer to the "Independent Limited Assurance Report" in Appendix 2 of this report.

Contact Information

The electronic file of this report can be downloaded from the Company's website. If you have any comments, suggestions, or inquiries about the content, please feel free to contact us using the following contact information.

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Words from the Manager

Mechema International Group was established in 1992, introducing British equipment and technology for the production of oxidation catalysts and setting up a plant in Guanyin, Taoyuan. For 30 years since its establishment, the company has consistently focused on the area of core chemical materials and their development and application. With a business philosophy of integrity, transparency, sincerity, and pragmatism, we sincerely thank our customers, suppliers, investors, and all stakeholders for their long-term support and the tireless efforts of employees at all levels, which have enabled the Company to grow steadily and robustly.

In order to move towards the goal of sustainable operation, the Company continuously improves its internal management, control, and Corporate Governance system development. At the same time, in coordination with the Competent Authority's Corporate Governance requirements for listed companies, the Company publishes a Sustainability Report for the previous year on a yearly basis. This report discloses the Company's economic, environmental, social, and organizational governance performance, providing feedback to shareholders, employees, and the general public, thereby demonstrating its determination and commitment to corporate Sustainable Development. The Company has been certified to the "ISO 9001:2015" quality management system, "ISO 14001:2015" environmental management system, "ISO 45001:2018" occupational health and safety management system, and ISO 14067-1 carbon footprint verification. Certification to the ISO 14064-1:2018 greenhouse gas inventory and IATF 16949:2016 automotive quality system standard is still in progress. We expect to receive the certifications in the future.

Looking to the future, although inflation, extreme climate events, carbon reduction consensus, and the fluctuating global political and economic situation continue to have a significant impact on the sustainable operations of enterprises, in a dynamic and challenging environment, The Company actively implements the promotion of ESG and strengthens Risk Management while seeking new opportunities and sustainable competitive capabilities for the future industry.

Chairman

Lung-Tsai Yen

1. Identification and Management of Stakeholders and Material Topics

1.1 Sustainable Development Policies and Implementation Organization

1.1.1 Policy

The Company fully understands that in addition to focusing on profitability, it should actively practice corporate social responsibility. Therefore, it has specifically formulated a Corporate Social Responsibility Policy to: implement corporate governance, care for stakeholder equities, create a safe and friendly work environment, value local ecology, reduce environmental impact, and participate in public welfare activities.

1.2 Identification and Engagement of Stakeholders

The Company, in addition to striving for the greatest benefits for shareholders, also respects and safeguards the equities of other stakeholders.

The Company did not experience any significant changes in its organizational scale, structure, ownership, or supply chain this year.

The Company sells raw materials to the PTA industry for manufacturing and processing, and the sales category belongs to the B2B industry. The Company confirms and identifies the types of corporate stakeholders through various internal units, and then the "Sustainable Development Committee" discusses and defines the Company's stakeholders. Finally, six major stakeholder categories were identified based on their significance: Customers, Employees, Shareholders/Investors, Government Agencies, Suppliers, and Local Communities.

1.2.1 Identification and Engagement of Stakeholders Diagram

Personnel of each unit	->	The service targets of the personnel of each unit
Collation and identification by each unit	->	Customers, Employees, Shareholders/Investors, Local Communities, Government Agencies, Financial Institutions, Suppliers
Identification by the Sustainable Development Responsible Mineral Committee	->	Customers, Employees, Shareholders/Investors, Local Communities, Government Agencies, Suppliers

1.2.2 Stakeholder diagram

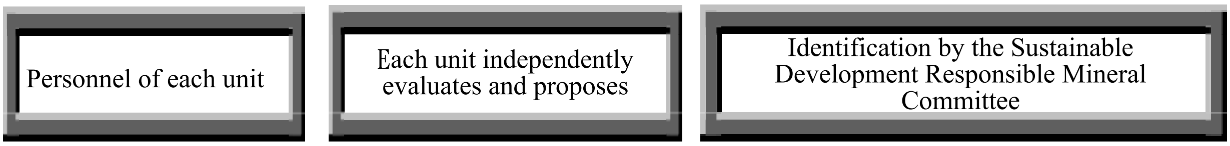
1.3 Stakeholder Engagement and Concerns

In order to maintain smooth communication channels between Stakeholders and The Company, The Company has established multiple communication channels, including:

1. Stakeholder and investor areas on the company's website; 2. Annual Shareholders' Meeting; 3. Market Observation Post System; 4. Investor hotline and email; 5. Company annual report; 6. Sustainability Report; 7. Customer satisfaction survey; 8. Visits and inspections; 9. Technical services; 10. Participation in briefings or seminars; 11. Related committee meetings; 12. Education and training. In addition, the Company has dedicated personnel within the research and development department to conduct technical services and New Product Development, providing customer-related product information services and assisting customers with the necessary technical support and problem-solving. We accept consumer product grievances to maintain consumer equities. Yearly, the business department conducts a Year customer satisfaction survey to understand customer usage and improve service quality. Meanwhile, relevant personnel are dispatched to visit customers regularly or irregularly, not only to provide technical services but also to understand customer needs for effective communication and immediate assistance.

In selecting the topics of concern, the Company, through interactions with contacts in various internal departments, enumerates the topics that stakeholders they encounter in daily work might be concerned about. In addition, The Company also references the GRI Standards to include items of interest to ensure the Completeness of the topics.

1.3.1 Diagram of Identifying Topics of Concern Process



The Company uses multiple communication channels to understand the issues that the aforementioned stakeholders are concerned about, considering their relationship with GRI standards. Through analysis and evaluation by various units, and further identification and assessment during our Business Performance review meetings, the following issues of concern have been identified: sustainable management, business performance, compliance with laws and regulations, occupational health and safety, business integrity, talent cultivation, employee benefits, products and services, environmental protection, employee remuneration, risk management, process safety, emergency response mechanisms, and service quality.

Table 1 Methods of communication with stakeholders regarding material concerns and their significance to Mechema.

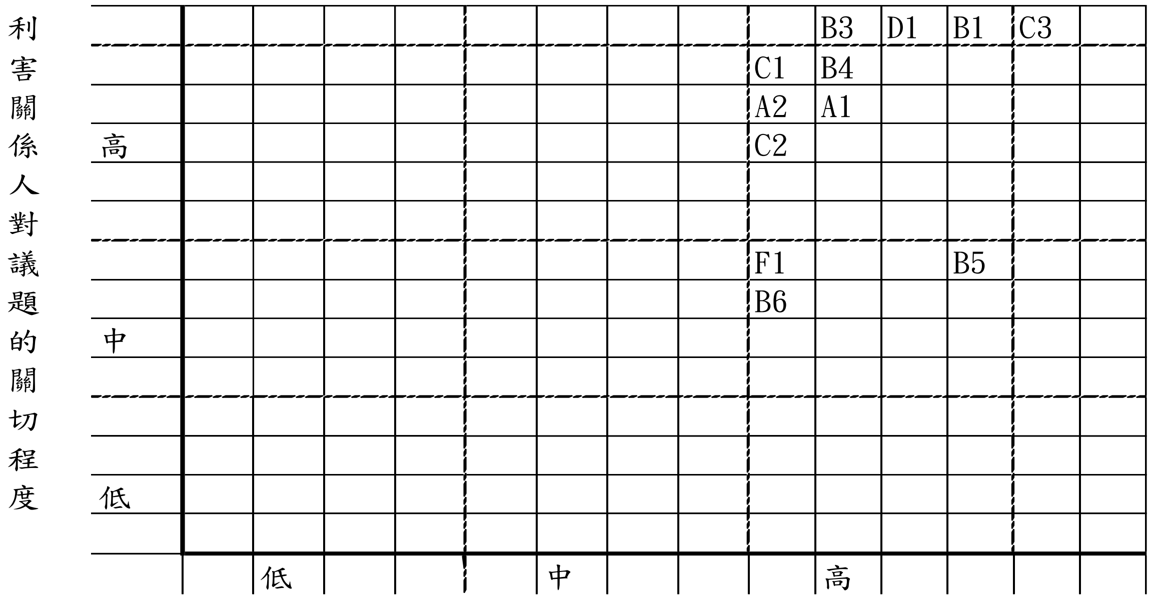
<table>
<tr><th>利害關係人</th><th>重大關心議題</th><th>代號</th><th>溝通方式</th><th>對美琪瑪的重要性</th></tr>
<tr><td rowspan="2">客戶</td><td>產品與服務</td><td>A1</td><td rowspan="2">△商務部客服專線
△客戶滿意度調查
△會議溝通討會
△技術人員專案交流
△供應鏈管理
△公司網站</td><td rowspan="2">客戶喜愛美琪瑪的產品與服務，才是美琪瑪永續的價值。</td></tr>
<tr><td>法令遵循</td><td>A2</td></tr>
<tr><td rowspan="4">股東
/
投資人</td><td>永續經營</td><td>C1</td><td rowspan="4">△股東常會
△公司網站
△財報
△年報
△永續報告書
△公開資訊觀測站
△意見箱</td><td rowspan="4">股東/投資人給予美琪瑪最大的信任與支持，所以美琪瑪必須對其負責。</td></tr>
<tr><td>經營績效</td><td>C3</td></tr>
<tr><td>誠信經營</td><td>C2</td></tr>
<tr><td>法令遵循</td><td>A2</td></tr>
<tr><td rowspan="4">員工</td><td>職業安全衛生</td><td>B1</td><td rowspan="4">△勞資會議
△福利委員會會議
△月會
△公司網站
△職業安全衛生委員會
△意見箱</td><td rowspan="4">員工是美琪瑪能夠永續經營的關鍵，也是美琪瑪持續成長的動能。</td></tr>
<tr><td>人才培育</td><td>B3</td></tr>
<tr><td>員工薪酬</td><td>B4</td></tr>
<tr><td>法令遵循</td><td>A2</td></tr>
<tr><td rowspan="3">政府機關</td><td>職業安全衛</td><td>B1</td><td rowspan="3">△申報審查及到廠查核
△污染防制
△溫室氣體管理
△減碳及氣候變遷
△官方座談會或公聽會</td><td rowspan="3">合宜的法令要求是美琪瑪持續精進的推力。</td></tr>
<tr><td>環境保護</td><td>D1</td></tr>
<tr><td>法令遵循</td><td>A2</td></tr>
<tr><td rowspan="2">當地社區</td><td>環境保護</td><td>D1</td><td rowspan="2">△專責人員溝通
△里民大會
△公司網站</td><td rowspan="2">在地社區提供環境與居民共創未來榮景。</td></tr>
<tr><td>法令遵循</td><td>A2</td></tr>
<tr><td rowspan="2">供應商</td><td>產品與服務</td><td>A1</td><td rowspan="2">△供應商評鑑
△滿意度調查
△現代奴役聲明書
△供應商暨承攬商工安教育訓練
△公司網站</td><td rowspan="2">供應商提供品質穩定的原物料是美琪瑪確保優質產品的關鍵。</td></tr>
<tr><td>法令遵循</td><td>A2</td></tr>
</table>

1.4 Analysis of Material Topics

The Company's "Sustainable Development and Responsible Minerals Committee" evaluates the level of concern stakeholders have regarding the aforementioned issues, as well as the degree of impact on the Company, summarizing and organizing the issues according to their importance, and then ranking them by importance.

Draw the matrix diagram as shown below.

議題重要性排序拒陣圖



From the diagram, it can be observed that there are nine issues falling into the category of high concern for stakeholders and having a significant impact on the company, in the following order: [C3 Business Performance] → [B1 Occupational Health and Safety] → [D1 Environmental Protection] → [B3 Talent Cultivation] → [B4 Employee Remuneration] → [C1 Sustainable Management] → [A1 Products and Services] → [A2 Compliance with Laws and Regulations] → [C2 Business Integrity].

1.5 Response to Material Topics

These nine issues are the current focuses of the Company's business and sustainable development strategy. Therefore, this report will explain the management guidelines and performance related to these issues, making them the core of this report.

1.5.1 Explanation table of material topics and consideration boundaries

Category	Material Topics	Internal Boundary	External Boundary	Impact on Stakeholders
Economic	Business Integrity	Mechema International Group	Government Agencies Supplier Mechema Shareholders/Investors Customers Local Communities	We have established a comprehensive internal control system and diligently adhere to it; all colleagues embody the spirit of "honesty, harmony, loyalty, and dedication" to achieve the long-term goal of business integrity.
	Business Performance			Business performance is the foundation of all sustainable operations of the company. Improving business performance is an important qualification for all employees' potential investment in the company.
Environmental	Sustainable operations Environmental protection	Mechema International Group	Government agencies Supplier Shareholders/Investors Customers/Local communities	Air pollution, water resource utilization, wastewater, and waste management issues directly affect the surrounding communities of our operating sites and the environment in Taiwan. These are topics of ongoing concern for experts, scholars, and environmental groups. Therefore, we adhere to regulatory standards to demand more from ourselves, actively promote energy saving and waste reduction at the source, and implement circular economy practices to minimize the potential environmental impact of operations, aiming for a win-win-win outcome.
	Compliance with Laws and Regulations			Compliance with relevant regulations is a basic qualification for smooth operations and an obligation of global citizenship.
Social	Occupational health and safety	Mechema International Group	Government agencies Local communities Shareholders/Investors	Constructing a healthy and safe workplace environment is our commitment to employees. The Company has an occupational safety and health rest area, conducts process hazard analysis, establishes standard operating procedures, and performs disaster drills to create a safe operating environment with the goal of zero occupational accidents. Indirectly create a secure living environment for local communities.
	Employee training and development		Shareholders/Investors	Talent cultivation, benefit and salary systems are indicator qualifications affecting whether employees are willing to remain; The Company uses our compliance with regulatory requirements to create a safe workplace environment worthy of long-term investment for employees.
	Employees' remuneration			
	Products and services	Mechema International Group	Customers	Although the Products of the Company are not directly for consumer use, the reminders on product packaging are clear and comprehensive. All operational activities are executed in accordance with the relevant legal requirements. Products are shipped according to the specifications and components designated by Customers at the time of sale, with great emphasis on consumer Equities. Customers are important partners of the Company; therefore, the Company has dedicated personnel to handle customer feedback and regularly conducts customer satisfaction surveys to strengthen customer relationship management in pursuit of long-term and stable cooperation relationships.

1.5.2 Management Approach and Execution Results of Material Topics

Order	Category	Material Topics	Management Approach	Performance in 2024
1	Economic	Business Performance	Execution and analysis according to budget operations.	Execution according to budget.
2	Environmental	Environmental Protection	Obtain reasonable energy consumption data, with regular inspections and anomaly detections by each Organizer; anomalies are identified by comparing regular payment amounts with operational results.	No violation.
			Through irregular inspections by the Competent Authority and the planning of regulatory-compliant emissions methods by each Organizer.	No violation.
			Wastewater is first treated within the Factory to meet the water quality discharge standards of the Guanyin Industrial District Sewage Treatment Plant and then discharged to the Guanyin Industrial District Sewage Treatment Plant for further treatment; therefore, it will not directly affect the related water bodies and habitats. Waste generated is based on the Environmental Protection Administration's classification regulations, and is entrusted to domestic licensed removal and treatment companies for proper disposal, aiming towards recycling and reuse to resource waste.	No violation.
3	Social	Occupational Health and Safety	Comply with relevant laws and regulations, utilize planning, implementation, auditing, and improvement management techniques to achieve Occupational Health and Safety management goals. By continuously auditing to identify problems, promptly take corrective and preventive measures to enhance Occupational Health and Safety management performance, effectively prevent occupational hazards, and promote worker safety and health. The system conducts internal audits and engages external audit certification.	No violation.
4	Social	Employee Training and Development	Allow employees to volunteer or have department heads assign appropriate personnel to participate in various internal and external training programs, and disclose this information in the annual report and Sustainability Development report.	Relevant training courses have been scheduled for 2024.

5	Economic	Business Integrity	Diligently adhere to the "Code of Integrity" and embody the spirit of "honesty, harmony, loyalty, and dedication" to achieve the goal of business integrity.	No abnormalities.
			Follow the "Code of Practice for Sustainable Development Responsibility".	No abnormalities.
			Employees are required to adhere to the "Code of Ethical Conduct" to prevent corruption. During the annual internal control system self-assessment, each unit enhances the awareness of professional ethics.	No abnormalities.
			The appointment of the Company's Senior Executive positions is based on professional requirements of the position and does not consider whether candidates are local residents. Establish a salary policy based on the statutory minimum wage and industry salary levels, conduct regular performance reviews, and implement a clear and effective reward and punishment system.	No labor disputes.
6	Social	Employees' remuneration	The Company establishes work rules in accordance with labor laws and regulations to protect the legal rights and interests of employees, ensuring equal protection regardless of race, class, language, ideology, religion, political affiliation, place of birth, gender, sexual orientation, disability, age, or previous union membership identity. For various benefits, employees are also equally entitled to file a grievance through labor-management meetings, internal meetings, or privately with their supervisors.	No labor disputes.
		Employees' Remuneration	All employees perform relevant operations in accordance with the "Work Rules," "Salary Payment Guidelines," "Employee Assessment Guidelines," and "Employee Promotion Guidelines." No discrimination will be made based on race, class, language, ideology, religion, political affiliation, place of birth, gender, sexual orientation, disability, age, or previous union membership identity.	No labor disputes.

7	Environmental	Sustainable Operations	Implement waste sorting, use reclaimed materials for product packaging as much as possible, and reduce environmental impact.	No abnormalities.
			Regularly record water meter readings to understand the water usage of each Unit. If any unexpected abnormal data arises, the reasons will be reviewed, and subsequent improvement measures will be examined.	No abnormalities.
			Follow the "Code of Practice for Sustainable Development Responsibility".	No abnormalities.
			Donated to neighborhood watch units and temple activities, as well as beach cleanup activities in nearby sea areas, to achieve the goal of fostering good neighborly relations.	Donations (as needed)
8	Economic	Compliance with Laws and Regulations	Utilize optimized control techniques, implement operational regulations, and conduct regular monitoring to ensure that all environmental operations meet national standards.	No violation.
			Comply with labor-related laws and Occupational Health and Safety-related laws, utilizing planning, implementation, auditing, and improvement management techniques to achieve regulatory compliance.	No abnormalities.
9	Social	Products and Services	With Green Products as the effort Goal, regulatory requirements are implemented through the establishment of a dedicated project for customer complaint handling; regular customer satisfaction surveys and Analysis are conducted.	No violation.
		Products and Services	The Company's sales are executed in accordance with ISO 9001:2015, and are additionally managed through "Customer order" computer software. Labeling and packaging comply with regulations and meet customer requirements.	No violation.
			Implement the "Information Security Policy" and "Document and Data Control Procedures," and establish dedicated projects to handle customer grievances when necessary.	No violation.

1.5.3 Stakeholder Engagement

In addition to daily operational interactions, The Company has established multiple communication channels and mechanisms, as well as designated personnel to handle related issues, in order to broadly understand the needs of stakeholders and their expectations of the Company. This is to fulfill corporate social responsibility and serve as an important basis for the Sustainable Development strategy.

Methods of stakeholder engagement

Stakeholder	Topics of Concern	Methods of engagement	Frequency
Shareholders/Investors	Business performance and profitability, product market share, transparency of information disclosure, corporate governance, risk management.	Shareholders' Meetings Annual report Market Observation Post System Spokesperson: Wen-Chi Yen Company website	Year Year Irregular Irregular
Customers	Product quality, service quality, Customer Privacy, supply chain management, product hazardous substance management.	On-site visits (as needed) Email and phone interviews. Customer satisfaction survey	Irregular Irregular Regular
Employees	Salaries and benefits, talent cultivation, promotion channels, work environment, occupational health and safety, communication and grievance channels, labor rights and interests, performance management.	Labor-management meetings Monthly meeting Proposal for bonus incentives Employee suggestion box & grievance hotline Employee training and various seminars	Regular Irregular Irregular Irregular Irregular
Supplier	Prohibition of Slavery and Child Labor, Occupational Health and Safety, Work Environment, Supply Chain Management Supplier Evaluation, Contractor Construction Safety Management	Modern Slavery Statement Email and phone interviews. Supplier Evaluation and Assessment Contract Regulations Supplier and contractor occupational safety education and training	Year Irregular Year Irregular Irregular
Government Agencies	Compliance with Laws and Regulations, carbon reduction and climate change adaptation response, Greenhouse Gas management, pollution prevention, industrial transformation and upgrading, Talent cultivation.	Attend promotional events, seminars, and various workshops. Correspondence and phone communication Declaration Review and On-site Audit	Irregular
Local Communities	Community care, social feedback, holistic community development, compliance with waste emissions laws, energy saving, and carbon reduction.	Local event sponsorship The responsible units are in charge of fostering good neighborly relations. Company website	Irregular

2. About Mechema International Group

2.1 Company Information

Items	Content
Company name	Mechema International Group
by market	OTC companies
Stock Code	4721
Industry category	Chemical industry
Paid-in capital	NT$749 million
Date of Establishment	June 30, 1992
Company Address	No. 1, Datong 1st Road, Guan Yin District, Taoyuan City
Main responsibilities	Oxidation catalyst, battery materials, recycling of catalytic waste.
Number of employees	121 people (Group)

2.2 Corporate culture and business philosophy

Mechema International Group, in pursuit of sustainable operations, adheres to the basic principle of being customer-oriented and we also commit to. Environmental protection and industrial safety are responsibilities of a corporation towards the national society and also safeguards for all Mechema International Group employees. Mechema International Group always prioritizes industrial safety and environmental protection work. In addition to complying with various government industrial safety and environmental protection laws and regulations, the company also refers to the standards of advanced countries to establish various management systems and related ISO management operation methods to strengthen our environmental protection and industrial safety management.

Honor Chronicle

Chronicle	Awarding Unit	Year
The "Annual Outstanding Salesperson in Issuing Uniform Invoices" by the Taipei City Tax and Contribution Inspection Office.	Taipei City Tax and Contribution Inspection Office.	2009
The Chairman was awarded an honorary doctorate from National Taipei University of Technology.	National Taipei University of Technology	2009
Awarded the "Top 500 Importers and Exporters" certification by the Ministry of Economic Affairs for 2008.	Ministry of Economic Affairs	2009
The Chairman was honored as the excellent businessman of the Republic of China in December, 2010.	National Chamber of Commerce	2010
The Chairman was awarded as the Chairman of the 13th Taoyuan County Industrial Association.	Taoyuan County Industrial Association	2012
The Chairman was awarded as the Chairman of the 14th Taoyuan City Industrial Association.	Taoyuan County Industrial Association	2015
National Taxation Bureau of the Northern Area, Ministry of Finance, Taiwan The "Annual Outstanding Salesperson in Issuing Uniform Invoices" award.	Taipei City Tax and Contribution Inspection Office.	2016
Awarded: The first award from the Environmental Protection Administration, Executive Yuan 2 stars for the best evaluation of the Recycling Economy of Waste Resources	Environmental Protection Administration, Executive Yuan	2018
The Chairman received a donation award from the Ministry of Education.	National Taipei University of Technology	2020

2.2.1 Company Certification

Mechema International Group has passed the sustainability management system and verification audit, implementing and effectively enforcing the requirements of product-related regulations and standards. In addition, the products also comply with and have obtained registration and authorization under the EU REACH chemical regulations. The Company not only produces reliable products but also complies with environmental protection regulations.

Sustainability management system and verification

Scope	Standard	Headquarters of Mechema International Group
Quality	ISO 9001:2015 quality management system	●
Environment	ISO 14001:2015 environmental management system	●
Environment	ISO 14067-1 carbon footprint verification	●
Occupational Health and Safety Management	ISO 45001:2018 Occupational Health and Safety Management System	●
Environment	ISO 14064-1:2018 greenhouse gas inventory	●
Quality	IATF 16949:2016 Automotive Quality Management System	●

2.3 Products and Services

Our main products are solid oxidation catalysts and liquid oxidation catalysts, which are sold in Northeast Asia, Southeast Asia, and the Middle East, and we are currently actively developing into a global transportation center. At present, battery materials have become one of the company's main products, with the primary sales areas being Japan, Korea, Europe, and the United States.

Products and services of the Company.

- Manufacture, trading, import and export of cobalt acetate and manganese acetate.
- Manufacture, trading, import and export of cobalt compounds and manganese compounds.
- Trading, import and export of cobalt and manganese metals.
- Production, manufacturing, trading, import and export of battery raw materials.
- Manufacture, trading, import and export of cobalt bromide and manganese bromide.
- Recycling of catalytic waste.
- Assist customers to establish high efficiency catalyst recovery system.
- Research and development of other industrial catalysts.
- Research and development of PTA intermediate product recycling system.
- Recovery of battery waste.

Main Products

Category	Main Products	Main Application
Oxidation Catalyst - Liquid	Manganese acetate, cobalt acetate, cobalt bromide, manganese bromide	Catalyst for oxidation reaction in PTA process
Oxidation Catalyst - Solid State	Cobalt acetate crystals manganese acetate crystals	Polyester coloring agent, catalyst for oxidation reaction in PTA process
Battery materials	Cobalt sulfate, nickel sulfate	Industrial magnetic materials and lithium cobalt secondary batteries
Other	Machinery and equipment, cobalt, manganese, nickel Bromic acid, antimony trioxide	Agency, sales and other business

Product images




Business weighting Unit: NT$ in thousand

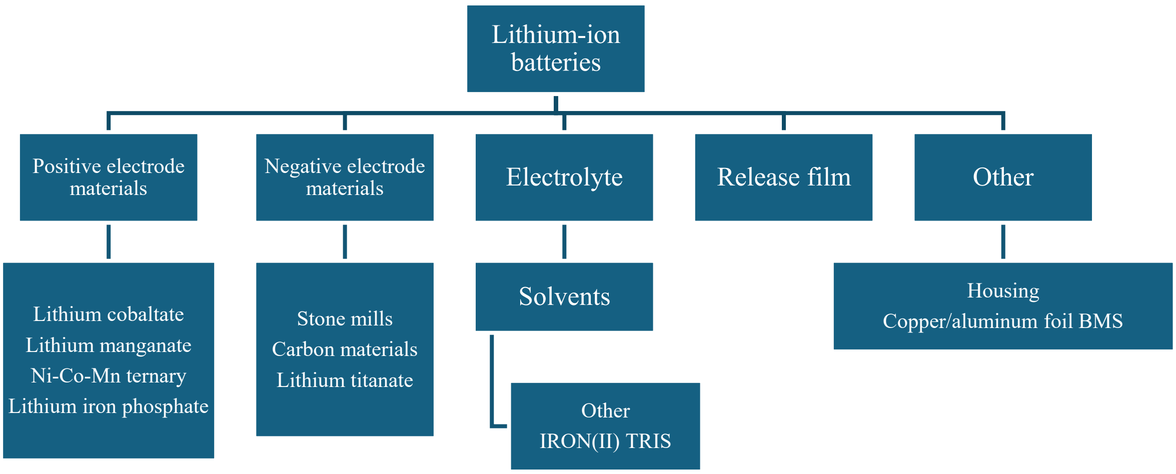
Products	2024		2023	
	Amount (NT$ in thousand)	Operating weight(%)	Amount (NT$ in thousand)	Operating weight(%)
Battery material related raw materials	602,074	28%	695,099	30%
Oxidation catalyst	1,519,580	72%	1,621,265	70%
Total	2,121,654	100%	2,316,364	100%

A. Oxidation catalyst products:

The Company's current main product, the oxidation catalyst, primarily uses four main raw materials: cobalt metal, manganese metal, bromic acid, and glacial acetic acid, which are mainly supplied to downstream pure p-phenylene dicarboxylic acid (PTA) manufacturers for production. As PTA oxidative catalyst is an essential key raw material in the PTA production process, it must be used whenever PTA is produced. Therefore, the growth of this product is closely related to the PTA market conditions.

B. Battery materials (lithium batteries - positive electrode materials)

With the continuous development of electronic technology, consumer products are gradually moving towards lightweight designs in terms of volume. Meanwhile, driven by advancements in multimedia technology, product energy consumption has been increasing year by year.



As the issue of climate change becomes a top policy priority for all countries, the trend of vehicle electrification is gradually taking shape. The four core "C.A.S.E." of future mobility - Connectivity, Autonomous, Shared and Electrified - will not only bring a century-long revolution in the traditional automotive industry, but will also create unprecedented business models for companies. Automobile majors and battery technology companies have been actively seeking ways to deal with battery waste for the past two years. In addition to responding early to the waste crisis, electric vehicles will generate 11 million tons of battery waste, and "recycling technology" represents a key research priority for the future. Lithium annual demand is expected to exceed current production from mines as early as 2022; by 2050, demand for cobalt may also exceed known global reserves. The future will be directed toward lithium battery recycling.

C. Main products and their applications:

2.4 Production and Sales Locations

Mechema International Group's production and service locations, apart from the Guanyin Plant and Taoyuan Plant in Taiwan, also include facilities in Indonesia, Thailand, Korea, Xiamen in mainland China, Shangyu in mainland China, and Malaysia.

Investing company name	Invested company name	Main business or Production Items
Mechema International Group	Mechema Chemicals (Thailand) Co.,Ltd.	Production and manufacturing of PTA oxidation catalyst
	P.T. Mechema Indonesia	Production and manufacturing of PTA oxidation catalyst
	Mechema Korea Co.,Ltd.	Production and manufacturing of PTA oxidation catalyst
	Meechma Chemical (Malaysia) Sdn Bhd	Production and manufacturing of PTA oxidation catalyst
	Mechema Toda Corporation	Production and manufacturing of positive electrode materials for batteries
	Catalyst Development Co., Ltd.	Investment Holding Company
Catalyst Development Co., Ltd.	Mechema Chemical (Xiamen) Co., Ltd.	Real estate business
	Mechema Chemical (Shangyu) Co., Ltd. in Shaoxing	Production and manufacturing of PTA cobalt acetate

Consolidated sales statistics for the last two years:

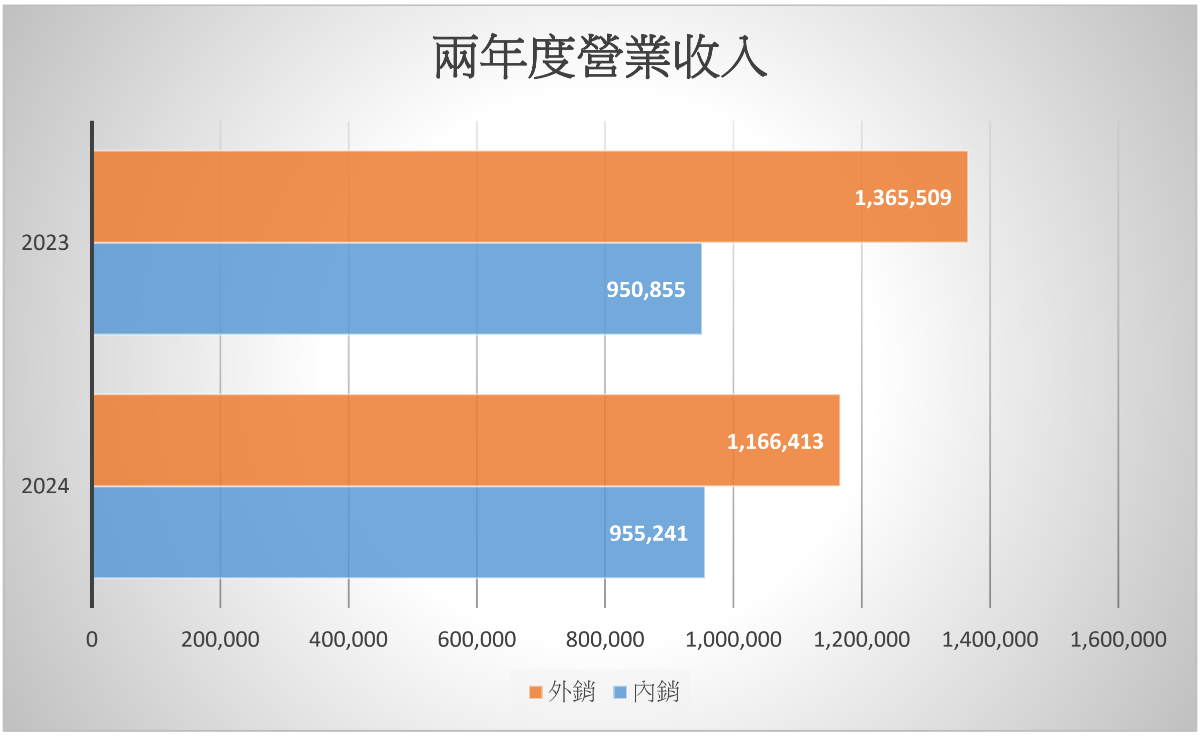
Unit: NT$ in thousand

Consolidated sales	2024	2023
Total	2,121,654	2,316,364

Distribution table of major sales areas in the last two years:

Unit: NT$ in thousand

Year		2024		2023	
Area		Amount	Ratio (%)	Amount	Ratio (%)
Domestic Sales		955,241	45%	950,855	41%
Export	Asia	792,754	37%	1,221,989	53%
	Non-Asian	373,659	18%	143,520	6%
Operating revenue		2,121,654	100%	2,316,364	100%



3. Supplier management and product services

3.1.1 Supply Chain Management

Mechema International Group values long-term, close collaboration with suppliers, adhering to principles of fairness and reasonableness to create company profits and establish a mutually trusting and prosperous coexistence with suppliers. In 2020, the company met the EcoVadis global supply chain continuous evaluation certification and external third-party supplier evaluation, aiming for a win-win outcome.

Supply Chain Overview Table

供應商種類	原料供應商	物料供應商	設備/修膳廠商	廢氣物廠商
定義	提供產品製造原料之廠商	提供產品包裝材料之廠商	購置修繕生產設備之廠商	廢氣物處理及清運之廠商
具環境衝擊之潛在風險	*為取得許可與登記文件。 *未遵照許可進行草作及記錄。	無。	無。	*違法傾倒廢氣物。 *未遵照許可進行操作及紀錄。
具勞動衝擊之潛在風險	*工作超時未休假。 *違反禁用童工。 *孕婦或未成年從事夜間工作。	*工作超時未休假。 *違反禁用童工。 *孕婦或未成年從事夜間工作。	*工作超時未休假。 *違反禁用童工。 *孕婦或未成年從事夜間工作。	*工作超時未休假。 *違反禁用童工。 *孕婦或未成年從事夜間工作。
具人權衝擊之潛在風險	*未接受充分的人權教育訓練。 *懲戒性工資扣款。	*未接受充分的人權教育訓練。 *懲戒性工資扣款。	*未接受充分的人權教育訓練。 *懲戒性工資扣款。	*未接受充分的人權教育訓練。 *懲戒性工資扣款。
具社區衝擊之潛在風險	*噪音與異味	*噪音與異味	*噪音與異味	*噪音與異味

2023 Supplier Location Ratio

Factory/Location	Taiwan	China	Other Asia	United States	Total
Supplier Location Ratio	5.50%	1.60%	82.30%	10.60%	100%

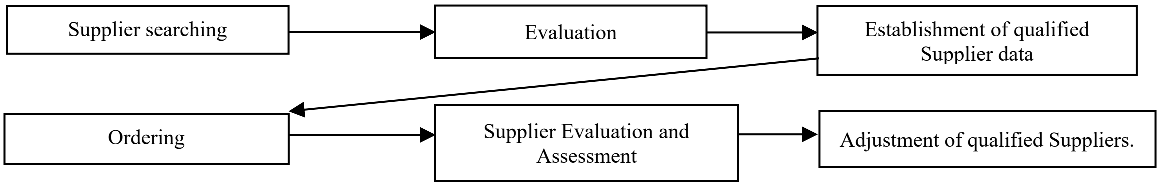
2024 Supplier Location Ratio

Factory/Location	Taiwan	China	Other Asia	United States	Total
Supplier Location Ratio	17.31%	12.77%	67.76%	2.17%	100%

3.1.2 Selection of New Suppliers

The development and qualification of Suppliers by The Company involve: market information collection and inquiries -> Supplier Evaluation -> establishment of qualified Supplier data -> ordering -> assessment -> adjustment of qualified Suppliers.

The process for the Selection of New Suppliers and evaluation is as follows:



Concrete and effective mechanisms and actions taken by the company itself to reduce negative environmental or social impacts. Being certified with the "ISO14001:2015" environmental management system, the suppliers selected need to meet the quality, reputation, delivery, sample testing, and other selection criteria set by the Company's Supplier Management Methods to be considered qualified suppliers. The Company values product quality stability and conducts yearly supplier evaluations to ensure that suppliers continuously meet our requirements.

Safety and health requirements

The Company has established the "Supplier and Contractor Delivery Management Regulations". Suppliers entering The Company's production plants and handling liquid materials must wear appropriate protective equipment, such as safety helmets, goggles, and safety shoes, in accordance with occupational safety regulations. When delivering liquid materials, tanker trucks must be grounded to prevent static sparks and comply with The Company's "Tanker Truck Receiving Control Procedures": after positioning at the unloading port, turn off the engine and apply the hand brake, wear all safety equipment, and ensure all pipeline connections are securely fastened before operating. The unloading of liquid materials must be accompanied by The Company's storage personnel, and vendors are strictly prohibited from independently handling the unloading process. The engineering contracting items require contractors to establish safety measures and other labor safety and health regulations during the construction period according to the contract regulations.

When entering the factory, manufacturers are required to sign the "Manufacturer's Entry Notice," which specifies all prohibited items within the factory. Since Mechema International Group belongs to the chemical industry, open flames are strictly prohibited, and smoking is forbidden within the factory. If welding or similar operations are required during construction, a "Hot Work Permit" must be completed in advance, and unauthorized open flames are strictly prohibited. In addition, everyone entering the site must wear safety helmets and protective equipment; for elevated work, safety belts or safety nets must be used without exception. All the above measures are to ensure the safety of various operations and are committed to jointly practicing corporate social responsibility.

3.1.3 Supplier Evaluation

The evaluation team, composed of quality control, production, and procurement, conducts assessments of new suppliers on an irregular basis according to the "Supplier Evaluation Form." The evaluation grades are as follows:

Grade A: Total score above 85 // Grade B: Total score 60~85 // Grade C: Total score below 60.

As global environmental changes occur, Supply Chain Management has become a material topic in business operations for companies. To move towards sustainable development, we are committed to maintaining long-term, close collaboration with suppliers, adhering to principles of fairness and reasonableness, to create mutually trusting and prosperous relationships among the company, customers, and suppliers, aiming to achieve a win-win goal.

Due to the small scale of The Company and limited staffing, it is unable to conduct on-site verification of all Suppliers regarding the adoption of environmental standards, labor practices guidelines, human rights standards, or social impact standards. Therefore, it is impossible to directly determine whether there is a significant actual or negative impact, and it can only be passively known after the fact.

3.1.4 Supplier Code of Conduct

In order to fulfill Supplier corporate social responsibility, The Company has established the "Mechema International Group Supplier Code of Conduct," which applies to all companies of Mechema International Group, including Mechema Chemicals International Corp, its Subsidiaries, and Affiliates. It requires Suppliers to adhere to ethical standards of practice with the "Mechema International Group Supplier Code of Conduct" as the basis for action. Since 2020, the practice of having suppliers sign the "Supplier Code of Conduct" has been promoted. The Content of these guidelines includes the following:

Labor

Suppliers must uphold labor human rights and treat workers with dignity and equal respect. This applies to all labor, temporary employees, student workers, contract employees, direct employees, migrant employees, and other types of labor.

Health and Safety Standard

A safe and healthy working environment can enhance the quality of products and services and the stability of production.

Environment

Suppliers should recognize that the responsibility for environmental protection is an essential part of producing world-class products. In the manufacturing process, reduce adverse impacts on the community, environment, and natural resources while ensuring public health and safety.

Code of Ethical Conduct

In order to fulfill social responsibility, Suppliers and their lower-tier suppliers must conduct business with integrity and ethical behavior.

Source of Conflict-Free Minerals

The policy should stipulate that the minerals used in the manufacture of its products do not directly or indirectly fund armed criminal groups that seriously violate human rights.

Standard for Management Mechanism

Suppliers should adopt or develop a management system to ensure compliance with all applicable laws and, when designing the management system, should ensure that (a) it meets our requirements and applicable laws and regulations; (b) it complies with this code; and (c) it identifies and mitigates operational risks related to cost criteria. The management system must also promote the Supplier's initiatives and continuous improvement.

3.1.5 Participate in External Associations or Organizations

In line with the pursuit of sustainable operations by various units, the following associations are participated in:

1. Taoyuan City Industrial Association
2. National Chamber of Commerce
3. Taiwan Association of Industrial Safety and Health
4. MIH Electric Vehicle Open Platform

3.1.6 Stakeholder Engagement

According to the Company's business policies, through the analysis of internal and external issues of the Company's current situation and stakeholders' topics of concern, we understand the Company's position, ensure the effective operation of various management systems, manage related processes efficiently, thereby improving business performance, establishing the Company's reputation, and achieving the purpose of sustainable operations.

3.1.7 Supply and Usage of Major Raw Materials

The Company's current main product, the oxidation catalyst, primarily uses four main raw materials: cobalt metal, manganese metal, bromic acid, and glacial acetic acid. Among these, cobalt, manganese, and bromic acid are imported from abroad due to the lack of domestic production. Considering the origin of raw materials, the avoidance of conflict metals, delivery times, and quality status, suppliers are all long-term partners, ensuring a stable and adequate supply. The purchasing prices of metals refer to the international metal market prices on the LME and LMB, while the procurement of other materials primarily relies on domestic suppliers.

Main raw materials Project	Domestic Supplier	Foreign Supplier	Production Area	Supply Status
Co	-	A	Africa / Australia	Stable and adequate
Mn	-	B	Asia / Africa	Stable and adequate
Bromic acid HBr	-	C	Asia	Stable and adequate
Glacial acetic acid HAc	D／E	-	Asia	Stable and adequate

Usage volume of major raw materials Unit: Metric tons

Main raw materials	2024	2023	Remarks
Co	215	281	Recyclable reuse
Mn	27	63	
Bromic acid HBr	1,560	1,841	
Glacial acetic acid HAc	631	863	

Cobalt ash recyclable reuse Unit: Metric tons

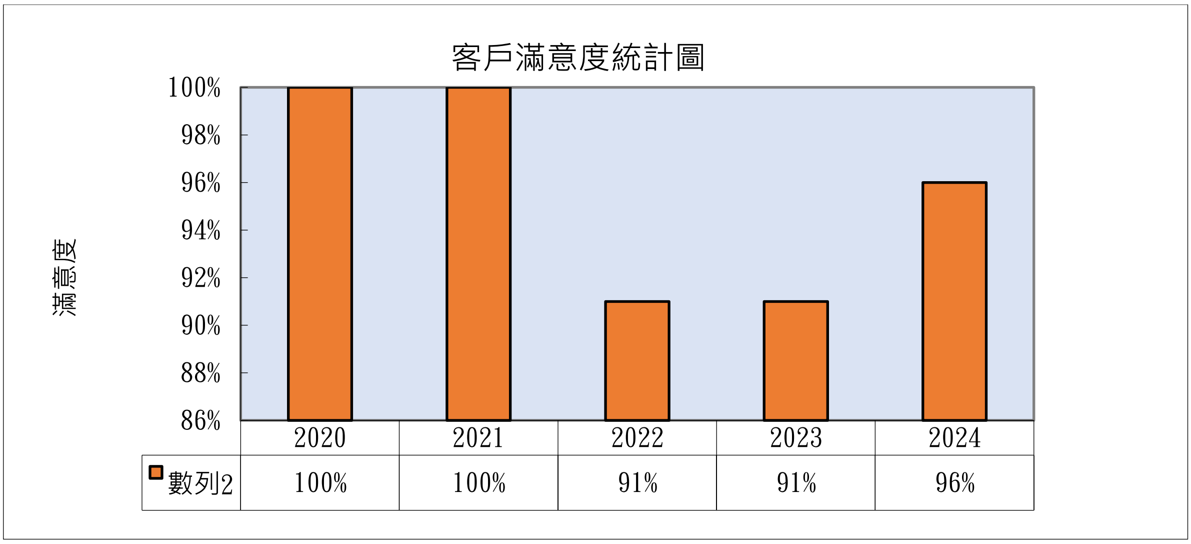
Main raw materials	2024	2023
Cobalt ash usage volume	1,035	916
Cobalt recovery	160	158
Proportion of Cobalt Recovery	15.46%	17.25%

3.2 Customer Relationships

Establishing good relationships with customers is the foundation for the company's stable development. The company's main customers are major domestic and international PTA manufacturers that have strict requirements for product quality. In addition to focusing on improving research and development product technology, the Company implements the ISO9001 Quality Management System within the plant. From raw material inspection upon entry, process operation control, finished product testing, safety, and environmental management to after-sales service, all quality control procedures are rigorously executed to provide high-quality products and emphasize service to meet customer needs. This long-term approach has earned the trust and support of customers.

In addition to on-site visits (as needed) to understand customer needs, a yearly customer satisfaction survey is conducted, covering quality, delivery time, customer complaint handling, and service. The survey results serve as a direction for service improvement to maintain customer relationships.

In the past 5 years, customer satisfaction has consistently exceeded 95.6%, demonstrating the good performance of the Company in serving customers.



The packaging of the products is labeled with the product name, Date, batch number, etc., as required. Additionally, in accordance with the Global Harmonized System (GHS) for Classification and Labeling of Chemicals, it is labeled with chemical symbols and accompanied by an SDS (Safety Data Sheet), indicating product information and safety handling measures related to hazards. The number of incidents with non-compliance concerning product and service information and labeling regulations and voluntary codes was 0.

3.2.1 Customer Satisfaction Survey

The Customer satisfaction survey is a source of information to grasp "customer perceptions." To enhance customer service and provide the best quality products, a customer satisfaction survey is issued to customers yearly. This survey covers items such as service, quality, delivery time, and customer complaint handling as a basis for continuous improvement. By responding to the satisfaction levels of major customers regarding The Company's products and services, we understand the overall needs and current service gaps of customers as a basis for quality improvement. Performance management and continuous improvement procedures are utilized to ensure execution, achieving the goal of meeting customer needs.

Table 4 2024 Mechema International Group Customers Overall Satisfaction Survey Result

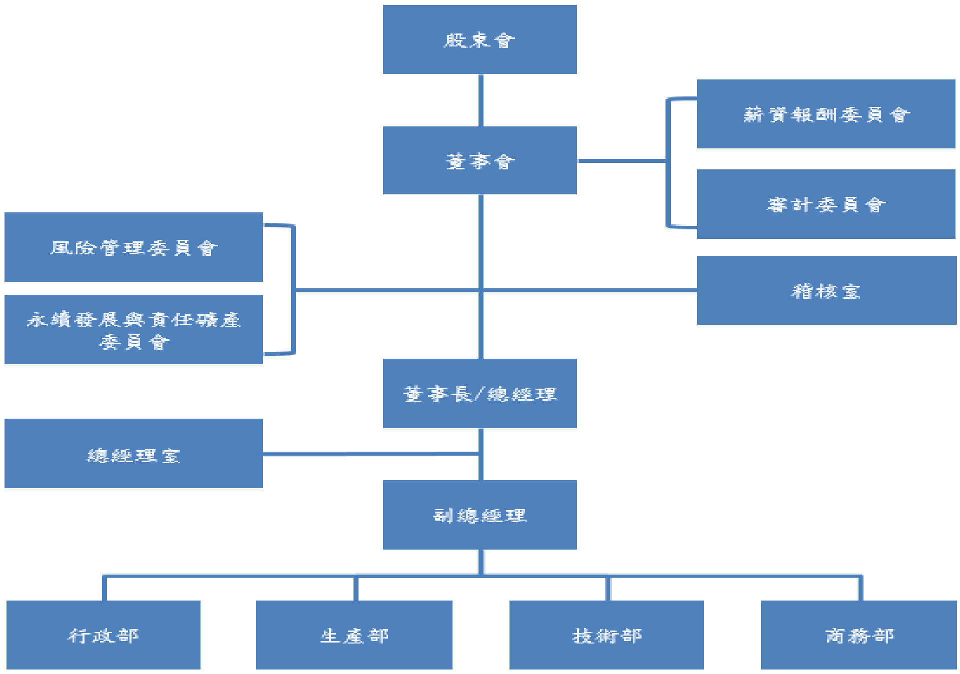
Items / Customers	Services	Quality	Delivery time	Overall impression	Total	Customer satisfaction
Average	38.00	28.00	19.00	10.00	96.00	A

At the same time, based on the current situation, we set the Goal for Customer satisfaction for the second Half of a Year as a basis for continuous improvement. Colleagues from relevant Units have proactively contacted, communicated, and interviewed Customers, filled out forms, and conducted follow-up operations.

4. Corporate Governance

4.1 Corporate Governance Structure

The overall operation of the Company follows the relevant provisions of the "Code of Corporate Governance Practices for Listed Companies". The company has also established systems or procedures such as the "Rules of Procedures for Shareholders' Meetings," "Regulations Governing the Meetings of the Board of Directors," "Compensation Committee Charter," "Internal Controls System," "Procedures for Acquisition or Disposal of Assets," "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies," and "Corporate Governance Best Practice Principles" in accordance with the law to enhance operational transparency and further protect the rights and interests of investors and other stakeholders.



4.2 Shareholders' Meetings

Other powers and functions of the shareholders' meeting shall be exercised in accordance with the Company Law or other laws and regulations.

4.3 Board of Directors

Organizational Structure of the Highest Decision-Making and Governance Body

The highest governance body of the Company is the Board of Directors, which is responsible for formulating the Company's sustainable development strategies and supervising the management level. It enhances the supervisory function and strengthens management capabilities by establishing the Board meeting norms for compliance. These norms include the agenda content, working procedures, required items in the meeting minutes, public announcements, and other compliance requirements.

Diversity and independence of the Board of Directors

The current Board of Directors of Mechema International Group consists of a total of 7 members, including 4 independent directors. All directors possess rich professional backgrounds and working experience, actively implementing diversity and independence among board members. The operations are conducted in accordance with laws, the Articles of Association, and the resolutions of the Shareholders' Meetings to exercise authority. The Board of Directors meets at least four times a year to jointly oversee the company's strategy, operations, and supervision responsibilities.

12th term Board of Directors members and academic background

Tenure: June 27, 2023 to June 26, 2026.

Title	Name	Date of election (inauguration)	Academic background
Chairman	Lung-Tsai Yen	2023.06.27	Honorary Ph.D., National Taipei University of Technology
Directors	Kuo-Kuang Yeh	2023.06.27	Department of Law, National Chung Hsing University
Directors	Wen-Zhi Yen	2023.06.27	Master of Business Administration, Long Island University New York
Independent Director	Gao-Jin Wang	2023.06.27	Master of Arts in Economics, University of North Dakota, USA
Independent Director	Meng-Xiu Lee	2023.06.27	M.S. in Accounting, National Chengchi University
Independent Director	Sheng-Yuan Chen	2023.06.27	PhD of financial management, Graduate Institute of Business Administration, National Taiwan University
Independent Director	Wei-Chun Chou	2023.06.27	Bachelor of Laws, National Taipei University

The 12th Board of Directors convened 6 times in 2024, up to the date of printing the annual report for the shareholders' meeting. The attendance of directors (as non-voting participants) is as follows:

Title	Name	Actual attendances (as non-voting participants)	Attendance by proxy	Actual attendance rate Attendance rate (%)
Chairman	Lung-Tsai Yen	5	1	83
Director	Kuo-Kuang Yeh	6	0	100
Directors	Wen-Zhi Yen	5	1	83
Independent Director	Gao-Jin Wang	6	0	100
Independent Director	Meng-Xiu Lee	6	0	100
Independent Director	Sheng-Yuan Chen	6	0	100
Independent Director	Wei-Chun Chou	6	0	100

(Overall attendance rate: 95.23%)

Board of Directors Training and Collective Intelligence

The Directors actively participate in training to enhance their professionalism and understanding of Sustainable Development and climate change issues. The total hours of Directors' training is 42 hours, with a 100% participation rate among Directors.

Continuing education of the Company's Board of Directors' members and independent directors in 2024:

Title	Name	Date of Continuing Education Course	Organizer	Course Name	Continuing Education Hours
Chairman	Lung-Tsai Yen	2024/12/3	Accounting Research and Development Foundation	Sustainable Policy and Corporate Governance	3
Directors	Wen-Zhi Yen	2024/12/3	Accounting Research and Development Foundation	Sustainable Policy and Corporate Governance	3
Independent Director	Sheng-Yuan Chen	2024/11/7	Securities and Futures Institute	Board of Directors' performance evaluation	3
Independent Director	Sheng-Yuan Chen	2024/4/10	Taiwan Academy of Banking and Finance	Corporate Governance and Corporate Sustainability Management Workshop	3
Independent Director	Meng-Xiu Lee	2024/4/25	Taiwan Corporate Governance Association	Legal Responsibilities of Insider Trading and Case Analysis	3
Independent Director	Meng-Xiu Lee	2024/4/25	Taiwan Corporate Governance Association	Operation Practices of the Board of Directors and Shareholders' Meetings	3
Independent Director	Gao-Jin Wang	2024/10/08	Accounting Research and Development Foundation	Internal auditors should possess corporate governance literacy and practical skills in financial statement risk assessment.	6
Independent Director	Wei-Chun Chou	2024/12/5	Securities and Futures Institute	Series of Courses for Directors, Supervisors, and Corporate Governance Officers - Carbon Trading Mechanisms and Carbon Management Applications	3
Independent Director	Wei-Chun Chou	2024/12/5	Securities and Futures Institute	Series of Courses for Directors, Supervisors, and Corporate Governance Officers - Discussion on Mergers and Acquisitions, Human Resources, and Employee Placement Issues	3

Board of Directors' Performance Evaluation

Mechema International Group conducts regular yearly self-assessments of the overall Board of Directors, individual members, and the Functional Committee in accordance with the "Board of Directors' Performance Evaluation" method and reports to the Board of Directors.

Evaluation Method	Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Content	Evaluation Results	Remark
Self-evaluation by the Board of Directors	Performed once a year	January 1, 2024 to December 31, 2024	Overall Board of Directors	The overall evaluation of the Board of Directors includes the following five major aspects: I. Involvement in the Company's operation II. Board's quality of decision-making III. Composition and structure of the board of directors IV. Selection and Continuing Education of Directors V. Internal Controls	Board of Directors' performance evaluation result: average score of 4 or more, self-evaluation result of "Excellent"	
Self-assessment by individual directors	Performed once a year	January 1, 2024 to December 31, 2024	Individual Directors Chairman Lung-Tsai Yen Director Yeh Kuo-Kuang Director Wen-Zhi Yen Director Yuan-Dong Hsu Independent Director Wang Gao-Jin Independent Director Meng-Xiu Lee Independent Director Chen Sheng-Yuan Independent Director Wei-Chun Chou	The self-evaluation of the performance of the board members includes the following six aspects: I. Mastery of the company's objectives and tasks II. Directors' awareness of their duties and responsibilities III. Involvement in the Company's operation IV. Internal relationship management and communication V. Directors' Professionalism and continuing training VI. Internal Controls	Performance evaluation results of board members: average score of 4 or above, self-evaluation result of "excellent" and recommendation	
Functional Committee Self-Assessment	Performed once a year	January 1, 2024 to December 31, 2024	Functional Committee: Independent Director Wang Gao-Jin Independent Director Meng-Xiu Lee Independent Director Chen Sheng-Yuan Independent Director Wei-Chun Chou	The following six aspects are included in the self-assessment of functional members: I. Involvement in the Company's operation II. Awareness of functional committee members' responsibilities III. Enhancement of the quality of functional committee decision making IV. Involvement in the Company's operation V. Composition of functional committee members and selection of members VI. Internal Controls VII. Involvement in the Company's operation	Board members' self-performance evaluation result: 4 points or higher. The self-evaluation result was "Excellent," and suggestions were given.	

4.4 Compensation Committee

The governance of remuneration management by the Board of Directors

The highest governance body of The Company is the Board of Directors, and a Compensation Committee has been established in accordance with the law. To improve the Company's remuneration system for Directors, Independent Directors, and Managers, the committee operates independently to review relevant details to ensure that the Managers' remuneration meets the expectations of Stakeholders; and submits its recommendations to the Board of Directors for reference. The Compensation Committee consists of three members who meet at least twice a year.

Process to Determine Remuneration as specified in the dividend policy in the Articles of Incorporation is as follows:

The Company shall first set aside 10% of the legal reserve and then set aside a special reserve in accordance with Article 41 of the Securities and Exchange Act except for the taxable income and prior years' losses, and the remainder shall be distributed in the following order as proposed by the Board of Directors:

(1) The remuneration for directors and supervisors shall not be more than 5% of the allocated amount.

(2) Employee compensation shall not be less than one percent of the allocated amount.

For a comparison of the amount of director remuneration and employee remuneration proposed by the Board of Directors for distribution between 2024 and 2023, the difference percentage between the two periods was (140%) for employee remuneration and (503%) for director remuneration. Both the director remuneration and employee remuneration will be distributed in cash. Detailed information is provided in the table below:

Distribution items	2024	2023	Difference amount between the two periods	Difference percentage between the two periods
Employees' remuneration	3,000,000	1,250,000	1,750,000	140%
Directors' remuneration	2,200,000	365,000	1,835,000	503%

The term of office of the 5th Committee's members: August 9, 2023 to June 26, 2026.

Title	Name	Academic background
Convener	Gao-Jin Wang	Master of Arts in Economics, University of North Dakota, USA
Member	Meng-Xiu Lee	M.S. in Accounting, National Chengchi University
Member	Sheng-Yuan Chen	PhD of financial management, Graduate Institute of Business Administration, National Taiwan University

The 5th Compensation Committee convened 3 times in 2024, up to the date of printing the annual report for the shareholders' meeting. The attendance of members is as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (B/A)
Convener	Gao-Jin Wang	3	0	100%
Member	Meng-Xiu Lee	3	0	100%
Member	Sheng-Yuan Chen	3	0	100%

4.5 Audit Committee

The Audit Committee was established on June 30, 2020, with the primary purpose of overseeing the following items:

1. Review financial statements and assess the effectiveness of the internal control system.
2. The selection, dismissal, independence, and performance of the Certified Public Accountant.
3. Effective implementation of the Company's Internal Controls.
4. The Company adheres to relevant laws and regulations.
5. The management of existing or potential risks of the Company.

The term of office of the members of the 2nd Audit Committee: June 27, 2023 to June 26, 2026.

Audit Committee Members and Academic Background

Title	Name	Academic background
Convener	Meng-Xiu Lee	Master of Arts in Economics, University of North Dakota, USA
Member	Gao-Jin Wang	M.S. in Accounting, National Chengchi University
Member	Sheng-Yuan Chen	PhD of financial management, Graduate Institute of Business Administration, National Taiwan University
Member	Wei-Chun Chou	Bachelor of Laws, National Taipei University

The 2nd Audit Committee convened 6 times in 2024, up to the date of printing the annual report for the shareholders' meeting. The attendance of members is as follows:

Title	Name	Actual attendances (as non-voting participants)	Attendance by proxy	Actual attendance rate Attendance rate (%)
Convener	Gao-Jin Wang	6	0	100
Member	Meng-Xiu Lee	6	0	100
Member	Sheng-Yuan Chen	6	0	100
Member	Wei-Chun Chou	6	0	100

4.6 Internal Control System

To ensure and implement corporate governance, strengthen internal controls and audit operations, the Company has established an Audit Office under the Board of Directors. Its purpose is to assist the Board of Directors and Managers in inspecting and reviewing the effectiveness of internal controls, assessing the efficiency and effectiveness of operations, the reliability of financial reporting, and compliance with relevant laws and regulations. Additionally, it provides timely improvement recommendations to ensure the continuous effective implementation of the internal control system and serves as a basis for reviewing and revising the internal control system.

In addition to executing audits based on the yearly audit plan approved by the Board of Directors, audits of special projects are conducted as needed. Each year, assistance is also provided to various units for self-inspection of internal controls. The Audit Officer attends the quarterly Board of Directors meetings to report on operations, submits monthly audit reports to the Audit Committee and Chairman for review, and immediately prepares a report to the Supervisors and Chairman if any significant violations or potential significant damages to The Company are discovered. The Company's internal audit belief emphasizes promoting benefits over merely preventing malpractices. In addition to continuously monitoring operational mechanisms and controlling various management risks, it also assists each unit in detecting areas for improvement in various processes, aiming to comprehensively enhance business management performance and create greater value for the Company.

4.7 Business Integrity/Prevention of Insider Trading

Integrity Governance and Policy Commitments

To deepen the corporate culture of Business Integrity and ensure the sound development of the company, Mechema International Group operates with integrity and in compliance with the law, establishing an upright corporate image; and adheres to domestic and international governmental regulations and international business ethics standards.

The Company has established ethical conduct guidelines such as the **"Code of Integrity,"** the **"Employee Code of Ethical Conduct,"** and the **"Code of Ethical Conduct for Directors, Supervisors, and Managers."** With a management philosophy of integrity, transparency, and responsibility, the Company formulates policies based on integrity and establishes a sound corporate governance and risk control mechanism to create a business environment for sustainable development. In 2024, four monthly meetings were held, with a total attendance of 260 participants and 780 total hours, achieving a completion rate of 100%.

Transactions with Affiliates are governed by the "**Regulations Governing Related Parties, Specified Companies, and Group Enterprises Transactions**," which regulate business dealings with related entities. These transactions should be based on principles of fairness and reasonableness, and non-standard transactions should be eliminated.

Measures for Preventing and Managing Conflicts of Interest

The Company has established relevant regulations in accordance with the law, covering processes for the highest governance body to avoid and manage conflicts of interest.

Measures for Prevention of Insider Trading and Conflicts of Interest

The Company has established the "Internal Material Information Handling and Prevention of Insider Trading Management Procedures" to protect investors and safeguard the Company's equities.

None, Anti-Competitive Behavior

The Company opposes anti-corruption and anti-bribery, has clearly established relevant regulations for Business Integrity, and regularly conducts educational promotions to employees. The electronic version of the "Code of Integrity" is disclosed on the official website for internal employees or external personnel to access. In 2024, four monthly meetings were held, with a total attendance of 260 participants and 780 total hours, achieving a completion rate of 100%.

In order to establish a sound mechanism for the handling and disclosure of the Company's internal material information, as well as to prevent insider trading, avoid improper information leakage, ensure the consistency and accuracy of the Company's external information release, and strengthen the prevention of insider trading, the Company has established the "Internal Material Information Handling and Prevention of Insider Trading Management Procedures" for compliance, in addition to complying with relevant laws, orders, and the regulations of the Taiwan Stock Exchange or the Taipei Exchange.

Information Disclosure

The Company, in accordance with relevant laws, adheres to the principle of timely, accurate, and comprehensive disclosure, handling Information Disclosure matters. The Company's financial, operational, and corporate governance information is disclosed on the Market Observation Post System, and a spokesperson and deputy spokesperson are appointed, allowing all shareholders and stakeholders to be fully informed and have easy access to relevant information about the Company at all times, in order to protect investors' equities.

Whistleblower System/Grievance Mechanism

Both internal and external websites of the Company are equipped with email and hotlines for employees and external personnel to report any improper behavior. Apart from expressing opinions anonymously during the monthly meeting, the Company will ensure the confidentiality of the whistleblower's identity and the reported content. Reports will be actively and carefully investigated and handled. If there are indeed violations of Business Integrity regulations, depending on the severity, they will be reported for disciplinary action according to relevant personnel rules. Information such as the violator’s title, name, date of violation, content of violation, and handling status will be disclosed on the Company's internal website. If the disciplined personnel from the preceding paragraph believe that the Company's handling is inappropriate, resulting in the infringement of their legal equities, they may file a grievance for redress.

Grievance Channels

Company website: http://www.mechema.com/32879320972510520497.html
General Manager's office mailbox: ceo@mechema.com
Grievance mailbox: communication@mechema.com
Stakeholders contact: press@mechema.com
Tel: +886-3-483-3788#305
Fax: +886-3-483-3799
Grievance mailbox: Physical mail can be sent to No. 1, Datong 1st Road, Guan Yin District, Taoyuan City.

4.7.1 Report to the Board of Directors on an annual basis on its operations as follows.

On November 8, 2024, a presentation was given to all Directors regarding the Code of Integrity and the whistleblowing system.

Date	Matters to be Reported	Communication Results
2024.11.8	Integrity management Year Execution.	Approved by vote of the Directors present

4.8 Risk Management Committee

4.8.1 Risk Management Policy

The Company recognizes the rapidly changing global environment and, to reduce overall operational risk and safeguard shareholder equities, has established a "Risk Management Code of Practice," which was approved by the Board of Directors in 2022 as the Company's highest guiding principle for Risk Management. The Company evaluates risks on a regular basis each year and formulates risk management policies for each individual risk, covering mechanisms such as management goals, organizational structure, attribution of authority and responsibility, and Risk Management procedures, implementing them in order to effectively identify, measure, and control the Company's various risks and keep the risks arising from business activities within acceptable limits. The Company reports its operations to the Board of Directors at least once a year.

4.8.1.1 Risk management scope

The Company is committed to integrate and manage all potential risks that may affect operations and profits in a proactive and cost-effective manner, such as strategic, operational, financial, and hazard risks, through the establishment of an enterprise risk management program. The purpose is to provide appropriate risk management to all stakeholders by using a risk matrix. We evaluate the frequency of risk occurrence and the severity of impact on the Company's operation, define the priority of risk and risk level, and adopt corresponding risk management strategies according to the risk level. The Company's risk management includes management of "strategic risk", "operational risk", "financial risk", "hazard risk", and "risk of climate change and non-compliance with environmental and climate related regulations and other international regulatory agreements".

The Company has established the "Internal Controls System," "Internal Audit System," and other related regulations and procedures in accordance with legal norms. All business operations are conducted based on legal requirements and company policies to manage risks. If any anticipated or actual risk events occur, they should be immediately reported to direct supervisors, the Audit Office, the President, the Board of Directors, or Supervisors. A Board meeting may also be convened for discussion.

4.8.1.2 Risk Management Committee members and qualifications

Title	Name	Academic background
Convener	Lung-Tsai Yen	Honorary Ph.D., National Taipei University of Technology
Member	Chong-Yi Wang	Alabama State University MBA
Member	Ming-Cheh Hsieh	Department of Chemical Engineering, National Taipei Institute of Technology(Junior College)
Member	Wen-Zhi Yen	Master of Business Administration, Long Island University New York
Member	Ren-Jie He	National Cheng Kung University
Member	Jian-Zhi Chen	Department of Chemical Engineering, Tatung University

4.8.1.3 Risk Management Committee reports meeting to independent directors

Date	Communication	Communication Results
2024.11.08	Annual Risk Report	None

4.8.2 Greenhouse gas inventory and verification schedule

In response to the risks posed by global climate change, the relevant regulations are becoming increasingly stringent. The Company, in addition to focusing on energy saving and carbon reduction, will also impose self-requirements to align with future industry trends and fulfill its corporate social responsibility.

The Company's paid-in capital was NT$749 million, and in accordance with the reference guidelines and related regulations issued by the competent authorities, the following table shows the completion of the continuous control of the greenhouse gas inventory and the completion of the verification and disclosure schedule: The Company's greenhouse gas inventory and verification schedule planning is as follows:

Item	Work Item	Estimated Completion Time
1	To establish the "Greenhouse Gas Inventory and Verification Management Regulations" in order to standardize professional/part-time units, assess the number of professional/part-time personnel and the scope of duties as well as internal verification units	By the end of December 2023
2	Internal auditors track and check whether the relevant operations are actually completed according to the plan	By the end of December 2023
3	Professional training for internal auditors and internal investigators	By the end of September 2024
4	Develop strategic objectives and control mechanisms	By the end of December 2024
5	Planning for internal and external audits	By the end of December 2024
6	Internal auditors track and check whether the relevant operations are actually completed according to the plan	By the end of December 2024
7	Each unit began in 2025 according to the actual quarterly inventory and record the amount of greenhouse gases	By the end of December 2025
8	Internal auditors track and check whether the relevant operations are actually completed according to the plan	By the end of December 2025
9	The parent company completed the greenhouse gas inventory for the year 2025.	By the end of December 2026
10	Internal auditors track and check whether the relevant operations are actually completed according to the plan	By the end of December 2026
11	Completed the greenhouse gas inventory for the year 2026	By the end of March 2027
12	Internal verification-completed in 2026 of internal verification of greenhouse gases	By the end of September 2027
13	Internal auditors track and check whether the relevant operations are actually completed according to the plan	By the end of December 2027
14	Consolidated subsidiaries complete the greenhouse gas inventory in 2026	By the end of December 2027
15	External verification-completed in 2027 of external (third-party) greenhouse gas verification operations	By the end of June 2028

16	Completed the 2027 Annual Greenhouse Gas Report	By the end of September 2028
17	Completion of related information system construction	By the end of December 2028
18	The parent company completed the consolidation of greenhouse gas confirmation for the year 2027	By the end of December 2028
19	Internal auditors track and check whether the relevant operations are actually completed according to the plan	By the end of December 2028
20	Completion of the 2028 Annual Greenhouse Gas Report of the Consolidated Subsidiaries	By the end of September 2029
21	Consolidated subsidiaries complete the greenhouse gas confirmation process for the year 2028	By the end of December 2029
22	Internal auditors track and check whether the relevant operations are actually completed according to the plan	By the end of December 2029

4.9 Sustainable Development Responsible Mineral Committee

To establish a good corporate governance structure for the Company, the Sustainable Development and Responsible Mineral Committee was set up on August 8, 2022 in order to strengthen the functions of the Board of Directors and facilitate the implementation of corporate social responsibilities related to the environment, society, and corporate governance.

4.9.1 Sustainable Development Commitment and Strategy

We identify our own strengths from the perspective of a business, focus on sustainable development, formulate strategies in line with our corporate philosophy and vision through stakeholder engagement, and launch various sustainability strategies through corporate culture formation and corporate leadership. The Company's departments create sustainable values while fulfilling their duties, moving towards performance targets. If necessary, department transformation is carried out. Finally, we review results from stakeholders' point of view; adjust strategies to ensure the achievement of performance targets, if necessary; disclose relevant actions through multiple channels; and satisfy the expectations and requirements of stakeholders to generate a driving force for the Company to promote sustainability continuously.

4.9.2 Sustainable Development and Responsible Minerals Committee members and their academic background

Title	Name	Academic background
Convener	Lung-Tsai Yen	Honorary Ph.D., National Taipei University of Technology
Member	Chong-Yi Wang	Alabama State University MBA
Member	Bo-Hui Shen	Department of Electrical Engineering, Chien Hsin University of Science and Technology
Member	Wen-Zhi Yen	Master of Business Administration, Long Island University New York
Member	Ren-Jie He	National Cheng Kung University
Member	Jian-Zhi Chen	Department of Chemical Engineering, Tatung University

4.9.3 The Reports of the Sustainable Development and Responsible Minerals Committee to the Board of Directors at the Respective Meetings Are as Follows:

Date	Communication	Communication Results
2024.3.13	Greenhouse gas inventory and verification schedule report	None of the directors present voiced any objections.
2024.5.3	Greenhouse gas inventory and verification schedule report	None of the directors present voiced any objections.
2024.8.7	Greenhouse gas inventory and verification schedule report	None of the directors present voiced any objections.
2024.11.8	Greenhouse gas inventory and verification schedule report	None of the directors present voiced any objections.
2025.3.12	Annual Execution of Sustainable Development.	None of the directors present voiced any objections.

Implementation of the units dedicated to corporate governance

1. Assisting directors in performing their duties, providing required information, and arranging continuing education for them
   - Directors were provided with required company information, and smooth communication and exchange were maintained between the directors and senior executives.
   - Independent directors regularly communicated with the internal audit officer or CPAs to understand the Company's finance and business.
   - Based on the educational background and work experience of directors and the updates of existing laws and regulations, annual training courses were regularly arranged for the directors.
2. Assisting in the procedures and legal compliance of various functional committees, board meetings and shareholders' meetings

4.10 Business Performance

Mechema International Group's consolidated revenue for 2023 was NT$2.32 billion, a decrease of 56% compared to 2022; the net loss after tax was NT$20 million, a decrease of 106% from 2022; the earnings per share after tax for 2023 was NT$(0.33).

Consolidated sales statistics for the last two years: Revenues and Earnings: as detailed below

Unit: NT$ in thousand

Items	2023	2024
Operating revenue	2,316,364	2,121,654
Profit for the year (loss)	(24,543)	251,917
Total assets	1,646,918	1,900,604
Shareholders' equity	1,121,738	589,205
Earnings per share (NT$)	(0.33)	3.36

4.11 Compliance with Laws and Regulations

Mechema International Group has always complied with various relevant laws and regulations, and the following incidents did not occur in 2024:

- Received any environmental-related penalties or encountered related disputes.
- Subjected to significant amount fines or non-monetary sanctions for violating laws and regulations.
- Products or services violating consumer health and safety-related laws or self-regulations
- Products or services violating information or labeling-related laws or self-regulations
- Marketing activities (including advertising, promotion, and sponsorship) violating relevant laws or self-regulations
- Received grievances or incidents of customer data loss concerning the violation of customer information.
- Subjected to significant amount fines for violating laws and regulations related to providing or using products and services.
- Cases of violating anti-bribery policy, or legal actions involving anti-competitive behavior, anti-trust, and monopoly practices.

5. Sustainable Environment

5.1 Environmental Management

With the aim to cherish the earth's ecological resources and reduce the environmental impact caused by the manufacturing process of our products, we have set up an occupational safety unit in the general manager's office and assigned staff to supervise and manage environmental and safety issues, and scheduled internal training while having staff to attend government courses on environmental safety and pollution prevention to enhance the concept of environmental safety so as to promote daily environmental protection and energy saving in monthly meetings:

Energy saving and carbon reduction	Promoting energy conservation by turning off water and electricity at will The office is fully equipped with LED energy-saving light fixtures. Air conditioning temperature control in summer Reduce emissions by turning off the engines of all vehicles in the plant when they are in standby mode Recycled paper printing or duplex printing to reduce paper usage Reduce paper usage by promoting electronic documents across the board Use of natural gas instead of heavy oil consumption Purchase of energy-saving equipment Full online forms
Waste Reduction	Set up resource recycling bins for waste separation and recycling In the process control, the effort to shorten the production process while reducing the use of solvents, dust, waste water and waste generation. Create a safe and healthy working environment with no waste, less waste and clean process production. Promoting self-carrying garbage has reduced the amount of domestic waste

We have obtained ISO 14001 environmental management system certification to strengthen our responsibility for environmental protection and to introduce the concept of greenhouse gas inventory and carbon footprint. In the process of product development and design, manufacturing, transportation and waste disposal, we consider the possible impact on the environment and therefore set the following environmental standards as our highest principles in environmental protection work.

1. Follow environmental regulations to promote environmental protection.
2. Pollution prevention, regular review and review of the environment.
3. Continuous improvement, full implementation, and construction of a safe operating environment.

5.2 Energy Resources Management

The Company's main energy resource are purchased power and naturel gas. in order to effectively reduce the impact of the greenhouse effect on the environment, we are dedicated to continuing to promote energy-saving operations. In addition to implementing the ISO14001:2015 environmental management system, we are working towards lowering energy consumption and reducing CO2 emissions in order to achieve a win-win situation in terms of reducing global warming greenery and operating costs.

5.2.1 Energy Use

Policy Commitments

The Company recognizes the limitations of water resources and is committed to improving the water recovery rate (R2); it also continuously enhances wastewater treatment efficiency to reduce environmental impact.

Electricity Usage in the Last 3 Years

Year	2024	2023	2022
Annual consumption (kWh)	4,563,540	4,439,380	5,199,787
Individual production capacity (tons) of oxidation catalyst	7,980	9,403	12,635
Electricity consumption per ton of product (kWh)	571.87	472.12	411.54
Individual revenue (NT$ thousands)	1,614,266	1,833,738	5,110,732
Electricity consumption intensity degree/NT$ thousands	2.82701	2.42095	1.01743

Recent Annual Natural gas Usage Status

Year	2024	2023	2022
Yearly usage (tons)	262,356	323,143	114,199
Individual production capacity (tons) of oxidation catalyst	7,980	9,403	12,635
Electricity of natural gas per ton of product (tons)	32.88	34.37	9.04

Remark: The usage of natural gas started in October 2022.

5.2.2 Total Energy Consumption

The main energy sources used by the Company are purchased natural gas and purchased electricity in the production process, and the total energy consumption for the past two years is as follows:

Items	Unit	As a percentage of total energy consumption	2024	2023	2022
Purchased electricity	GJ	62%	16,429	15,982	18,719
Purchased heavy oil	GJ	0%	0.00	0.00	4,317
Purchased natural gas	GJ	38%	9,880	12,169	4,300
Total energy consumption	GJ		26,308	28,150	27,337
Individual revenue	NT$ in thousand		1,614,266	1,833,738	5,110,732
Energy intensity	GJ/ NT$ in thousand		0.0163	0.0154	0.0053

Purchased electricity as a percentage of the Company's total energy consumption: 62%.

The Company's renewable energy utilization rate and total self-consumption of energy were both 0%

5.2.3 Water Resources

The water usage for the past 3 years is as follows:

Year	2024	2023	2022
Annual consumption (kWh)	121,145	104,175	117,119
Individual production capacity (tons) of oxidation catalyst	7,980	9,403	12,635
Water consumption per ton of product (m³)	15.18	11.08	9.27

5.2.4 The Company's water intensity is as follows:

Items	2024	2023	2022	Comparison between 2024 and 2023
Water withdrawal	121,145	104,175	117,119	16%
Water discharge	97,451	84,463	93,765	15%
Water consumption	23,694	19,712	23,354	20%
Total revenue (NT$ in thousand)	1,614,266	1,833,738	5,110,732	-12%
Water intensity (Water withdrawal / Individual revenue)	0.07505	0.05681	0.02292	

Unit conversion: 1 unit of water = 1 cubic meter = 1,000 liters. Water Consumption = Water Withdrawal - Water Discharge.
Water withdrawal data: From the Company water bills at Dayuan Factory, Taipei Headquarters, and Taichung Liaison Office.
Water discharge data: Dayuan Factory wastewater treatment volume + Taipei Headquarters water withdrawal + Taichung Liaison Office water withdrawal.

Water Stewardship Management

The total water withdrawal in 2024 was 121,145 metric tons; total water consumption was 23,694 metric tons.

Compared to 2023, the total water withdrawal increased by 16%, and the total water consumption increased by 20%.

The catalyst itself is composed of cobalt and manganese bromine, both of which are metals and cannot be vaporized. Therefore, Mechema opts for water for production operations and cleaning in the production process.

We recognize that water resources are limited and have implemented a number of water recycling and conservation measures in our manufacturing process to cherish water resources. A condensate buffer collection tank is added to recover all the condensate from the original boiler when the steam condensate tank overflows.

(1) A steam separator and a condensate recovery pipe are added at the end of the steam line to recover all the condensate in the steam line.

Unit: Metric tons	2024	2023	2022
Annual Total Water Withdrawal	121,145	104,175	117,119
Volume of boiler natural gas condensate recycling usage	11,560	9,897	11,126
Percentage of water recycling usage in total water withdrawal	9.5%	9.5%	9.50%
Change in Yearly Water Consumption	16,970	(12,944)	12,515
Percentage of Yearly Water Saving in Total Water Withdrawal	(14.39%)	(12.42%)	10.69%

(2) The cooling water temperature is controlled and the tower fan is stopped with a low cooling water temperature reducing splash loss.

Quantitative Management of Energy Saving and Carbon Reduction in the Future

Quantitative management of energy saving and carbon reduction: The Company's future quantitative measures for energy saving and carbon reduction: Since heavy oil is a highly polluting fuel, we have applied to CNPC to use natural gas to replace the consumption of heavy oil.

In order to reduce the environmental impact caused by production activities, the Company has implemented a series of control measures in order to make full use of products or raw materials and even recycle them.

In addition to source control as well as to maximize the effectiveness of our products and raw materials, we hold regular meetings to instruct the relevant units to speed up the processing or reuse of poor materials or defective products generated during production.

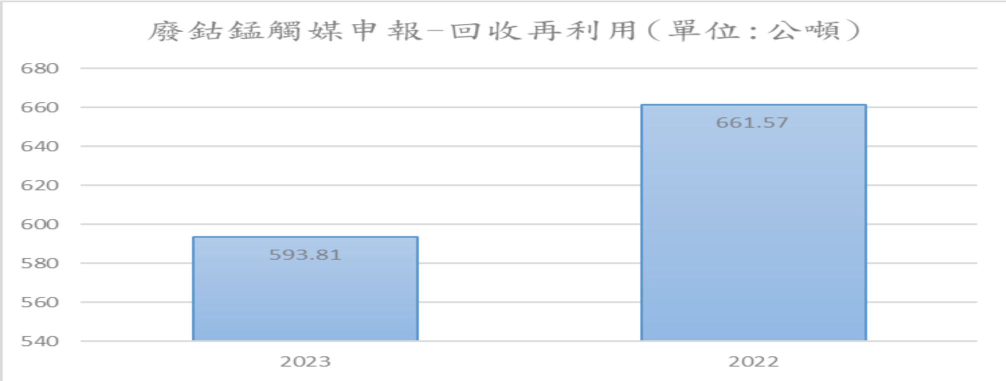
In addition to improving the efficiency of energy and resources in production, the Company also employs tanker trucks in the delivery of products to reduce the use of barrel packaging materials. Moreover, the wooden pallets used for export are not easily recyclable due to the high loss of wood pallets and a large amount of deforestation, which leads to the reduction of forest land and destruction of forests, resulting in the greenhouse effect of the earth and the environmental burden caused by the need for smoky treatment of drugs. The company is committed to energy saving and waste reduction in all aspects and planting greenery in the factory to do our part in environmental protection.

Statistics on the use of packaging materials and unit consumption for the past two years:

Package Statistics	2024	2023
Amount of package materials (NT$)	1,290,327	1,653,458
Production weight (ton)	39,932	46,890
Average amount (NT$)/metric ton	32	35

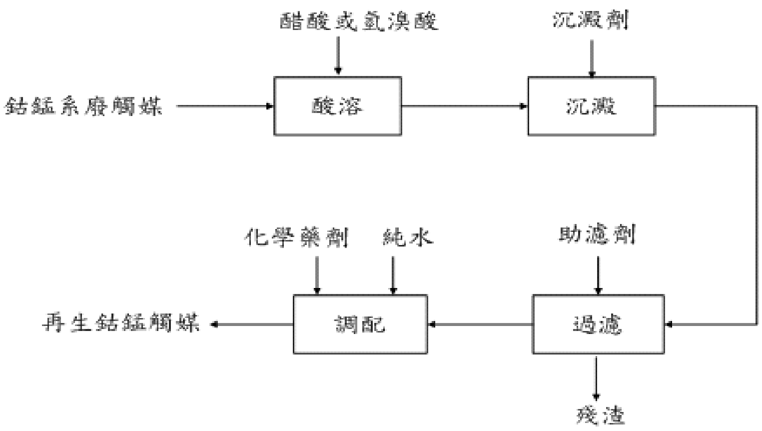
5.3 Green Products

Catalyst recycling



The slurry (cobalt ash) of crude paraben dicarboxylic acid (CTA) residue of cobalt and manganese catalyst contains about 0.3~0.4% of valuable recoverable metal elements such as cobalt and manganese, which are left in the liquid phase aqueous solution. The slurry also contains some organic condensate of about 10~20%, and the rest is mostly water accounting for about 70%. In the past, the above CTA residue slurry was mostly treated by high-temperature heat treatment of waste liquid, after the high-temperature heat treatment, valuable metals such as cobalt and manganese formed high-value oxidation ashes, which are difficult to recover and cause waste. As a result, a lot of heavy oil energy is applied to vaporize the water in the slurry during the heat treatment process, which not only causes invisible waste of valuable metals such as cobalt and manganese but also consumes a lot of energy and causes a lot of greenhouse gas emissions in the environment. In the CTA residue slurry, the valuable recoverable elements such as cobalt and manganese, which contain about 0.3~0.4% of residual cobalt and manganese, are removed through a series of organic coagulation and metal precipitation filtration and dewatering to increase the valuable metal content of cobalt and manganese in the filtered sludge cake to more than 5% for the subsequent recycling process.

Recycling Process:



The recycled products can be used as oxidation catalyst for CTA process, which can save the cost of cobalt and manganese catalysts and indirectly reduce the operation cost of customers as well as the landfill of waste, achieving a win-win situation for the company, customers, and the environment.

Production process technology
Highly efficient recycling process with an excellent recovery rate in the industry.

5.4 Greenhouse Gas and Air Pollution Emissions

The Company's paid-in capital was NT$749 million, and in accordance with the reference guidelines and related regulations issued by the competent authorities.

5.5 Water Pollution Prevention and Control

Each of our plants is properly planned for wastewater treatment according to the characteristics of wastewater, so as to effectively manage and treat the produced wastewater. The Taoyuan and Guanyin plants in Taiwan are discharged to the Guanyin Industrial District Sewage System Operation Center for treatment after the wastewater is treated by the plant's wastewater system and confirmed to meet the standards of the Guanyin Industrial District Sewage System Operation Center. Daily wastewater quality testing is conducted every shift, and once the effluent standards are verified, it is uniformly discharged via the sewage system to the Guanyin Industrial District Sewage System Operation Center for treatment.

The wastewater treatment volume and costs for the past 3 years are as follows:

Year	Yearly handling cost (tons)	Yearly processing cost (NT$)	Individual production capacity (tons) of oxidation catalyst
2024	97,451	1,304,746	7,890
2023	84,463	1,110,886	9,403
2022	93,765	1,088,318	12,635

5.6 Waste Management

The Company cherishes natural resources and actively promotes Waste Reduction and resource recycling and reuse. Among the waste generated, general business waste is predominant, with inorganic sludge being the main component. Waste management is based on the Environmental Protection Administration's classification regulations, and is entrusted to a domestic licensed removal and treatment company for proper disposal, with the goal of waste resourceization. There was no significant leakage in year 2023 in the cleaning process of the operation and disposal.

The statistical chart of business waste declaration for the past three years is as follows

Year	Non-hazardous waste				Hazardous Waste	Unit: Metric tons
	Domestic waste	Organic Sludge	Inorganic sludge	Waste plastic	Waste liquid	Total
2022	27.53	33.03	119.95	-	10.46	190.97
2023	36.14	62.46	107.85	1.94	6.74	215.13
2024	28.62	99.16	123.09	-	32.97	283.84

32%

The total industrial waste output in 2024 was 283.84 metric tons, with a total amount of hazardous waste generated during the product production process at 32.97 metric tons and a recycling percentage of 0%. The general industrial waste was 283.84 metric tons, an increase of 44% compared to the total industrial waste output of 215.13 metric tons in 2023. The volume of resource-recovered Waste such as Recycled Waste is 0 tons, and the Waste Recovery rate is 0.

5.7 Environmental Investment and Expenditure

Environmental investment: Unit: NT$ in thousand

Investment Equipment Type	Content	Amount of expenses
Energy saving, waste reduction and reuse	Recycling Equipment	12,043
Total		12,043

Environmental Protection Expenses: Unit: NT$ in thousand

Waste disposal costs	2024	2023
Wastewater treatment costs	840	541
Sludge treatment cost	5,674	2,358
Domestic waste cost	2,805	493
Total	9,139	3,392

Awarded: The first award from the Environmental Protection Administration, Executive Yuan

(2 stars for the best evaluation of the Recycling Economy of Waste Resources)

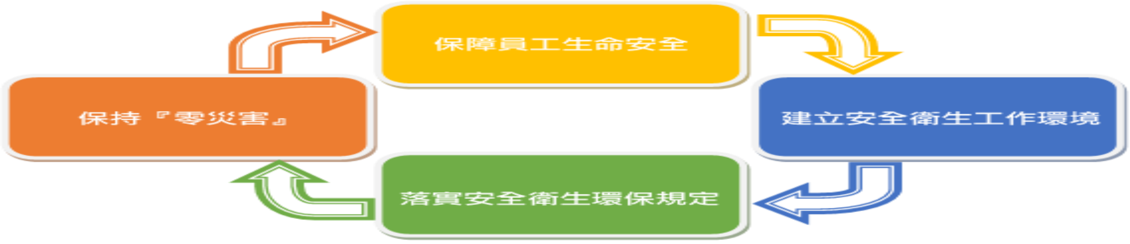
5.8 Safety, Health, and Disaster Prevention Control

Respect for life is a universal value, and workplace safety is a guarantee of workers' right to live and work, as well as the stability of human resources, social security, and economic development. The unfortunate occurrence of an occupational disaster that damages the safety of life and property is a major loss to workers, employers and society.

With the goal of "protecting the lives and safety of employees and zero disasters in operation", Mechima has adopted the following measures in its safety and health policy:

1. Implement education and training to raise employees' awareness of safety and health.
2. Promote substantive participation and integration into daily operations.
3. Implement the supervision and improvement system to continuously improve safety and health performance.
4. Comply with safety and health-related laws and regulations, and pay attention to environmental safety and labor health.

[Fire Safety Promotion and Drill]



Operating Environment Inspection

Regularly implement various operating environment tests to reduce operating hazards and effectively prevent the possibility of occupational diseases in the plant. Furthermore, there are no cases of occupational diseases among our employees.

Items	Frequency
Operating environment measurements (sulfuric acid, manganese)	Half of a year
E. coli and heavy metal testing for drinking water dispensers	Quarterly
Health checkups for in-service personnel and special operations	Yearly
Sulfur oxides, nitrogen oxides	5 years

Emergency response mechanisms

In order to minimize the damage and environmental impact during emergencies, The Company has established a set of "Emergency Response Mechanism" procedures and "Factory Emergency Response Plan Management Methods" to regulate emergency contact, handling, and disposal in the event of an accident, serving as action guidelines during emergencies.

Scope and responsible units of each emergency response area

Scope of emergency response area	Responsible units
Production plant	Production Department
Raw material storage area	Production Department/Warehouse Management Section
Boilers, water, electricity, air compressors, and other public facilities of production equipment	Production Department/Engineering Section
1st Floor of the Administration Building	Administration Department
2nd Floor of the Administration Building	Technical Department
Fire and emergency evacuation infrastructure	Administration Department

Emergency response plans

To effectively manage disaster control and establish efficient coordination and reporting, the factory may set up an emergency command center in the guardroom. However, its location should be adjusted at any time according to the current situation and safety.
The guardroom should ordinarily be equipped with the following facilities and information:

A. Emergency response plan management methods.
B. Factory layout diagram.
C. Diagram of fire equipment placement inside the factory.
D. List of on-site staff and contact phone numbers.
E. Contact phone numbers for outside communities, nearby factories, and government agencies.
F. Protective equipment.
G. First aid equipment.
H. List of various hazardous substances and Safety Data Sheets.

Emergency response organization responsibilities

Emergency response organization	Responsibilities
Chief Commander (Vice President) Deputy Commander (Manager)	1. Responsible for the overall command of emergency response actions during an incident, understanding the disaster situation, and taking necessary rescue measures. 2. Report the current status of disaster rescue operations to upper management and execute disaster relief efforts as directed. 3. Command the post-disaster reconstruction work and supervise the matters related to property insurance claims investigations. 4. Convene a discussion to review the causes of the incident and preventive measures. 5. Announce and lift the alert status.
Regional Commander (Highest Supervisor of Each Unit) On-Site Commander	1. Command the disaster site to prevent the situation from escalating, carry out necessary evacuation procedures, and facilitate the rescue of personnel, equipment, documents, and hazardous materials. Report the disaster to the Chief Incident Commander. 2. Responsible for the allocation and scheduling of tasks for supporting disaster relief personnel. 3. Manage and control the use of disaster relief materials, equipment, and personnel, as well as their supply and support status. 4. Investigate the causes of the incident, review preventive and improvement measures, and submit a concrete improvement plan. 5. Assistance with and provision of information for the Competent Authority's on-site investigation operations.
Rescue Team	1. Prevent the disaster from escalating. 2. Removal of on-site hazards. 3. Assist the fire brigade in disaster response. 4. Use appropriate fire extinguishing equipment and tools to put out the fire.

Notification Team	1. Establish a temporary notification center. 2. Conduct announcements within the premises appropriately. 3. Assist in conveying the instructions of the commander and liaise with the emergency response team and support units.
Evacuation Guidance Group	1. Set up on-site isolation and safety warning signs, and implement vigilance. 2. Personnel without permission are not allowed to enter the controlled area. 3. Guide and control personnel in each area and floor to evacuate according to the designated evacuation routes. 4. Personnel inspection.
Safety Protection Team	1. Ensure the emergency power supply and stop the use of fire and electrical facilities such as boilers. 2. Shut down the operating equipment. 3. Assist the commander in disaster assessment and command.
Rescue Team	1. Establishment of an emergency medical station. 2. Emergency treatment for injured personnel. 3. Contact the fire personnel and provide information.

Response handling steps:

1. Fire
   A. The person who discovers the incident should immediately use fire extinguishing equipment and contact support by any means possible to reach Other.
   B. When others hear the support alarm, they should immediately and properly stop their current work and quickly proceed to extinguish the fire.
   C. Once the assisting personnel arrive and begin firefighting measures, the person who discovered the incident should immediately report to the Unit supervisor.
   D. After being informed, the on-site leader should instruct equipment personnel to shut down the power and engage in firefighting, while the Unit supervisor separately notifies the guards and the manager.
   E. After being notified, the guards carry out access control.
   F. If the fire cannot be controlled and continues to spread, it enters the second stage, where guards should broadcast evacuation to the entire plant and contact the fire brigade via phone for support.
   G. Upon hearing the evacuation broadcast, non-fire site leaders in each Unit should immediately guide their Employees to evacuate according to the evacuation routes, and assist non-disaster area supervisors in sealing off the disaster area and controlling traffic.
   H. The manager must immediately report the current situation and handling status to the Environmental Protection Bureau of the Management Center and inform the Company's supervisors and the safety officer.
   I. The personnel assisting in extinguishing the fire before the fire brigade arrives must use a water curtain to isolate the disaster area to prevent the situation from worsening. Once the fire brigade arrives, they will take over the rescue mission in the disaster area, and all unit personnel must follow instructions.

2. Leakage

   A. The person who discovers the incident should immediately close the valves and quickly check if there is any hot work being conducted nearby. If there is, they should immediately order the construction Unit to stop work.
   B. Call the responsible personnel to assist in notifying the guards and the Unit supervisor. The person who discovered the incident should remain on-site to maintain vigilance and control personnel access.
   C. The guard should broadcast an explanation of the situation throughout the entire plant and notify the manager and the safety officer.
   D. Upon receiving notification, the Unit supervisor should instruct Other operational personnel and promptly engage in cleaning up the disaster area.
   E. If there is an ignition source, the response handling steps for a fire should be taken.

3. Explosion

   A. After the explosion, it is likely to ignite a fire source and face the dangers of the second and third phases.
   B. Personnel who feel the explosion near the explosion site should notify the guards and take evacuation measures.
   C. The guard should immediately notify the fire brigade, the manager, and the safety officer, and broadcast the evacuation throughout the entire plant.
   D. Before the fire brigade arrives, the steps D~I of the "Response handling steps for a fire" should be implemented.

4. Earthquake

   A. During an Earthquake, if there is a noticeable and continuous strong shaking, all Unit personnel should immediately stop their current work, turn off heat sources, power sources, and all valves, and then quickly move away from Areas that may cause harm or take protective measures.
   B. After the Earthquake, all Unit personnel should immediately return to their original work positions and check for any disasters, such as equipment displacement, pipeline rupture, broken wires, and oxygen pipes.
   C. If there is a fire, leakage, or explosion, the response should be implemented according to the respective handling steps for fire, leakage, or explosion.

5. Typhoon

   A. The guardroom should ordinarily be equipped with flashlights and batteries to prevent inconvenience during a power outage.
   B. Clean the drainage channels to keep them clear and prevent water accumulation.
   C. Close the office and plant windows and doors to prevent strong winds and heavy rain from affecting the equipment and items inside the plant.
   D. Close the inlet and outlet valves and level valves of each storage tank.
   E. Use heavy objects (such as HBr stacks) to protect the liquid level tubes of tanks TM-04, TM-05, TM-06, and TM-07 from damage caused by collisions.
   F. PE empty barrels and other lighter items should be secured and grouped together to prevent them from being blown away or rolling, causing damage.
   G. On site, refer to the equipment inspection and attention items when parking (resuming operations).

H. After the typhoon, employees should inspect the plant. If there are any unexpected situations, refer to the emergency response plan management methods for handling.
I. During typhoon periods that coincide with holidays, guards are requested to patrol the plant to check for any unexpected situations. If any occur, quickly notify employees residing nearby and those in adjacent factories to address the issue. If the situation cannot be managed or leads to other disasters, then handle it according to the emergency response plan management methods.

6. Prevention of equipment failure.

A. Operators should immediately inform the on-site leader and the Unit supervisor.
B. After being informed, the unit supervisor and the on-site leader should notify equipment operators to reduce production speed and temperature, and notify the manager and environmental safety personnel.

Evacuation and Dispersal

When Employees in each Unit hear the evacuation alarm, they must immediately follow the evacuation routes and proceed to assemble at the factory's front plaza for personnel headcount.

Training and Education

In order to enhance the crisis management capabilities of our colleagues, The Company actively implements various Equipment inspections at all operation sites, regularly conducts relevant Training and Education for personnel, participates in emergency response drills, and fire extinguishing training, and strengthens the professional skills of each operations supervisor. Through these activities and training, we aim to prevent the occurrence of various disasters and reduce potential risks and impact losses.

The training and education for emergency response are planned when drafting the emergency response plans for the following year. This includes self-defense fire training, and when conducting the training, it should be reported to the local fire authority. The results should be immediately reported to the local fire authority and the information should be documented.

The implementation of fire extinguishing, reporting, and evacuation guidance training should be conducted at least twice a year, each session lasting at least two hours to confirm the effectiveness of this system, and records should be kept for reference.

Execute emergency response training based on the "Emergency response organization." Due to the excellent implementation results, there were "zero incidents" in 2023.

[Fire Safety Training and Drills: Command, Reporting, Firefighting, Evacuation Guidance, Safety Protection, First Aid Drills]

5.9 Toxic and Chemical Raw Material Control and Usage

＊ Explanation of Toxic Chemical Substance Use

The Company currently uses toxic chemicals such as KCN (potassium cyanide) and $K_2Cr_2O_7$ (potassium dichromate), primarily as reagents for laboratory testing and analysis. These toxic chemicals are not used or handled during mass production. After the analysis, the toxic substances decompose into N_2 and Cr^{3+}, which are harmless to the environment and have no impact on the ecosystem. However, to reduce the risks of employees potentially coming into harmful contact with toxic chemicals during experiments, which could impact their health, efforts are actively being made to find more environmentally friendly agents to replace or partially replace them.

＊ Management of Toxic Chemical Substances

The Company has set up special staff to manage the raw materials and toxic chemical products listed as toxic chemical substances in accordance with relevant government policies. We also follow the "Toxic Chemical Substances Control Procedures" established by the Company. When the R&D department determines that a raw material or product is a toxic chemical, it immediately notifies the toxic control staff, production office, and sales office of the relevant measures. Toxic control personnel are set up in the computer system and are required to report to the Environmental Protection Bureau and toxic chemical substances-related reports on a monthly basis. In the production office, there is a special storage area for toxic chemicals, with employees educated to pay attention to safety and conduct disaster prevention drills for toxic chemicals every six months. In addition, we also take personal protection measures against toxic chemicals during production and directly input packaging materials to reduce the chance of contact with humans. The packaging of the products conforms to the Global Harmonized System (GHS) and the GHS label for hazardous chemicals is posted in accordance with the regulations of the Ministry of Labor, Executive Yuan. Once the toxic products are produced, we notify the sales unit and coordinate with the customer to ship the products, require the customer to obtain the relevant use license and permit, and then comply with the regulations on sales and transportation quantity control, all in conformity with government regulations.

5.10 Information Security Policy

In order to strengthen information security management, establish information security risk management, ensure the security of data, systems and information, as well as protect the rights and interests of customers in accordance with CE-101, CE-107, CE-110 and CE-111, the Company has established this policy as the basis for implementing various information security measures in accordance with the guidelines for handling internal control systems of public companies.

1. Division of functions and responsibilities of CE-101 information processing department
   (1) The Information Unit shall perform its duties from a position of supreme independence and shall not overstep the limits of unauthorized matters.
   (2) Whether the information unit and the user unit are when the division of authority.
2. CE-107, safety control of files and equipment
   (1) Regularly check the security and protection equipment of the computer room
   (2) Conduct regular safety drills to familiarize information unit personnel with the operation of various safety equipment
3. CE-110, system recovery plan system
   (1) The system recovery plan is clearly defined and documented. Whether the audit department is involved in the development process. Is the recovery process tested periodically?
   (2) Periodic backups of important program files.
4. CE-111, the control operation of information security inspection
   (1) The mail server is equipped with a firewall and anti-virus software to isolate external infringement.
   (2) The information personnel regularly review the mail receiving and sending situation on the server, and if there is any abnormal condition, they should report to the responsible supervisor for handling.
5. Report to the Board of Directors on an annual basis on its operations as follows.

Date	Communication	Communication Results
2023.11.3	Information security report	None
2023.11.3	Appointment of the Company's new information security officer	Approved by vote of the Directors present
2024.3.13	Information processing and hacker intrusion handling report	Approved by vote of the Directors present

5.11 Occupational Safety and Health Protection

1. The Company discloses the categories of employee injuries related to occupational safety and health, and calculates the injury rate, occupational disease rate, number of lost work days, absence rate, and deaths on duty. The annual situation is as follows:

Year	Actual number of hours invested	Injury Rate	Occupational disease rate	Number of lost work days	Absence rate	Deaths on duty
2024	110,899	-	-	-	0.71%	-
2023	101,921	-	-	-	0.80%	-
2022	105,517	-	-	-	0.12%	-

Description:

1. Mechema International Group had no work-related injuries in 2024, resulting in an injury rate of 0%.
2. Mechema International Group had no occupational disease incidents in 2024, resulting in an occupational disease rate of 0%.
3. There was no incident where a worker became unable to work due to an occupational disease or a work-related incident at Mechema International Group in 2024, with a lost day rate of 0%.
4. Absence rate = 0.71% (personal leave hours + sick leave hours + vaccination leave hours) / Actual number of hours invested * 100%.

5.12 Items of Violation of Environmental Laws and Regulations

5.12.1 Penalty

	2024	2023
Unit of penalties	None	None
Content of violations	None	None
Amount of penalties	None	None
Total	None	None

6. Corporate Commitments

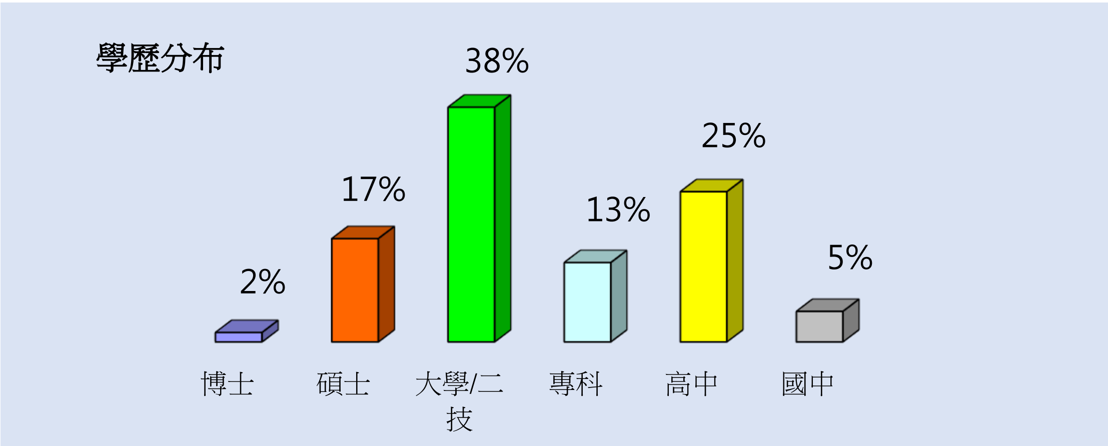
6.1 Employee Overview

Talent determines organizational performance, and outstanding talent will be the main source of tomorrow's competitive advantage for enterprises. In order to ensure that employees can enjoy their work without worries, the Company is committed to creating harmonious labor relations and a safe, friendly workplace. Through employee satisfaction surveys, we continuously improve the working environment, protect employees' legal rights and labor conditions, and offer a variety of employee benefits and training and education. All employees are required to adhere to corporate ethical standards, such as group discipline and the employee code of integrity. We treat each employee with fairness and equality, establish multiple communication channels for labor relations to strengthen employee identification and enhance talent retention, enabling Mechema International Group and its employees to grow and thrive together, thus creating better operational performance for the Company.

Employee satisfaction: The percentile rank of the Company's overall employee satisfaction score is 65, which indicates our employee satisfaction is higher than that of industry peers.

Worker information for the last two years (Taiwan Area)

Year		2024	2023
Number of employees	Direct Staff	24	22
	Indirect Staff	41	35
	Total	65	57
Average Age		43	42
Average Length of Service		8	8
Education Distribution Ratio(%)	PhD	1	1
	Master	11	7
	University	25	23
	Junior college	9	8
	High School	16	15
	Below high school	3	3



6.2 Employee Hiring

Mechema International Group uses Taiwan as its main Production Base and decision-making center. To align with the Company's operational Strategy needs, the Taiwan Area continues to recruit new talent Yearly. Salaries are determined according to the "Salary Management Measures" based on their Academic background, work experience, seniority, and positions, and are paid at levels above the basic wage stipulated by the Labor Standards Act with equal pay for women and men. In 2024, a total of 21 people were recruited to meet the manpower needs for the Company's overall business long-term development.

The Company employs staff in compliance with government labor and employment-related regulations, valuing human rights without distinction based on gender, age, race, nationality, language, ideology, religion, or appearance. Through multiple recruitment channels and in consultation with the opinions of unit supervisors and HR managers, the most suitable candidates are selected. In order to better protect employees' work equities and ensure a more secure working environment, the company does not employ dispatched personnel and minimizes the employment of contract employees.

According to the Labor Standards Act, employers are prohibited from employing Child Labor under the age of 15. Mechema International Group has adhered to government labor laws and has never employed Child Labor since its establishment, and will continue to do so in the future.

All employees of the Company are protected by the Labor Standards Act. To clearly define the rights and obligations of both parties, establish a sound modern business management system, and foster cooperation between employers and employees, employee work rules and the Employee Code of Ethical Conduct are formulated and adhered to in accordance with the Labor Standards Act and relevant laws and regulations.

2024 New Employee Admission Rate Analysis (Taiwan Area)				
Year	2024			
Gender	Male		Female	
Items	Number of people	Percentage (%)	Number of people	Percentage (%)
Below 29 years old	4	0%	0	0%
30 - 50 years old	10	9%	2	0%
≧ 51 years old	2	2%	3	2%
TOTAL	16	11%	5	2%

In 2024, the total number of employees in the Taiwan Area is 65, with an average tenure of 8 years and an average age of 42 years. In terms of workforce structure, due to the characteristics of the manufacturing industry and process operation limitations, the proportion of male employees is higher (female employees account for 27% of the total workforce). However, there is still a considerable proportion of female managers (4% of managerial positions and above). The Company's hiring, promotion, performance review, and salaries are not influenced by gender.

202-1 Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage

<table>
<tr><th colspan="4">2024</th><th colspan="4">2023</th></tr>
<tr><td colspan="2" rowspan="2">Factory</td><td colspan="2">The ratio of standard wages for grassroots personnel to the local minimum wage.</td><td colspan="2" rowspan="2">Factory</td><td colspan="2">The ratio of standard wages for grassroots personnel to the local minimum wage.</td></tr>
<tr><td>Minimum Standard Wage</td><td>Local statutory minimum wage</td><td>Minimum Standard Wage</td><td>Local statutory minimum wage</td></tr>
<tr><td rowspan="2">Taiwan</td><td>Male</td><td>1.109</td><td>1</td><td rowspan="2">Taiwan</td><td>Male</td><td>1.114</td><td>1</td></tr>
<tr><td>Female</td><td>1.109</td><td>1</td><td>Female</td><td>1.114</td><td>1</td></tr>
</table>

Note: "Local residents" refers to Senior Executives whose domicile is in Taoyuan City.

202-2 Proportion of Senior Management Hired from the Local Community

Items	2024		2023	
	Number of people	Percentage (%)	Number of people	Percentage (%)
Taoyuan City	2	14%	1	14%
Other counties and cities	6	86%	6	86%
TOTAL	8	100%	7	100%

Note: "Local residents" refers to Senior Executives whose domicile is in Taoyuan City.

405-2 Ratio of Basic Salary and Remuneration of Women to Men

2024				
Items	Average annual remuneration (NT$ in thousand)		Compensation Ratio	
	Female	Male	Female	Male
Supervisor	1,372.44	1,629.11	0.84	1
Non-supervisory roles	648.36	37.31	17.38	1
2023				
Items	Average annual remuneration (NT$ in thousand)		Compensation Ratio	
	Female	Male	Female	Male
Supervisor	1,400.08	2,066.79	0.68	1
Non-supervisory roles	742.44	716.56	1.04	1

Note: Employees with less than 6 months of service are not included in the statistics.

Age Analysis of Employees at Manager Level and Above in 2024 (Taiwan Area)				
Age	Male		Female	
	Number of people	Percentage (%)	Number of people	Percentage (%)
Below 30 years old	0	0%	0	0%
30 - 50 years old	7	12%	1	2%
≧ 50 years old	4	7%	1	2%

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Employee Workforce Hiring Analysis (Taiwan Area)					
Year		2024		2023	
Total number of employees		65		56	
Domestic employees	Male	34	52%	33	59%
	Female	18	28%	15	27%
Foreign employees	Male	12	18%	7	13%
	Female	1	2%	1	2%
Management personnel	Male	11	17%	11	20%
	Female	3	5%	3	5%
Administrative employees	Male	12	18%	11	20%
	Female	15	23%	12	21%
Production technical staff	Male	23	35%	18	32%
	Female	1	2%	1	2%
Fixed-term contract staff	Male	0	0%	0	0%
	Female	0	0%	0	0%

Employee Benefits Statistics (Taiwan Area) Unit: NT$ in thousand

Year	Total in 2024	Total in 2023
Salary expenses	55,119	42,919
Employee insurance fees	5,055	4,709
Post-employment benefits	2,234	1,952
Other employee benefits expenses	2,666	2,553
Total	65,074	52,133
Year	Total in 2023	Total in 2022
Salary expenses	42,919	58,422
Employee insurance fees	4,709	4,363
Post-employment benefits	1,952	1,730
Other employee benefits expenses	2,553	4,165
Total	52,133	68,680

Employee Turnover Rate Analysis

Year	2024				2023			
Number of employees	65				56			
Gender	Male		Female		Male		Female	
Items	Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)
Below 30 years old	2	3%	0	0%	6	11%	0	0%
30 - 50 years old	8	12%	1	1.5%	4	7%	0	0%
≧ 50 years old	0	0%	1	1.5%	2	4%	0	0%
TOTAL	10	15%	2	3%	12	21%	0	0%

The number of full-time employees not serving in supervisory positions, the average and median salaries of full-time employees not serving in supervisory positions, and the differences of the aforementioned three compared to the previous year are shown in the table below:

Unit: NT$ in thousand

2024			2023			Differences compared to the previous year		
The number of full-time employees not serving in supervisory positions	Average salary of employees	Median	The number of full-time employees not serving in supervisory positions	Average salary of employees	Median	The number of full-time employees not serving in supervisory positions	Average salary of employees	Median
51	735	631	46	816	694	5	-81	-63

6.3 Employee Training and Development

Employees are the most important assets of the company and the cornerstone of the company's sustainable operation. In order to improve the quality of our employees and to enrich their work skills and knowledge of safety and hygiene, we have established internal staff education and training programs to implement various functional trainings for employees. Each unit plans internal or external training courses that would adjust accordingly to its business needs every year, allowing employees to combine personal development with their responsibilities to maximize learning effectiveness.

Mechema International Group employees' total training hours for the year 2024 is 240.5 hours, with a total training cost of NT$88 thousand. The total training hours for employees in 2023 was 94.5 hours, with a total training cost of NT$26 thousand. In 2024, four monthly meetings were held to promote the Code of Integrity, with a total attendance of 260 participants and 780 total hours, achieving a completion rate of 100%.

The statistics and expenses of the Company's employees' training and education in 2024 are as follows:

Items	Number of shifts	Toal People	Total hours	Total fees (NT$ in thousand)
Newcomer Training	12	12	48	0
Professional Training	29	29	168.5	78
Supervisory Training	1	1	18	10
General Training	4	16	6	0

The statistics and expenses of the Company's employees' training and education in 2023 are as follows:

Items	Number of shifts	Toal People	Total hours	Total fees (NT$ in thousand)
Newcomer Training	9	9	22.5	0
Professional Training	12	36	60	18
Supervisory Training	7	3	12	8
General Training	0	0	0	0

6.4 Employee Communication Channels

Mechema International Group values the communication of employees' opinions. To maintain effective two-way communication and uphold good labor relations, the Company has established an internal email system for employees to express opinions or report other improper items such as sexual harassment. Additionally, regular labor-management meetings are held to discuss relevant items. In 2023, meetings were held a total of 4 times, granting employees the right to be informed and express opinions on the Company's business management activities and decisions. As stipulated by the Labor Standards Act, labor-management meetings are convened quarterly, with two labor representatives publicly elected according to the procedures of the labor-management meeting implementation guidelines. In addition, regular monthly meetings are held for all employees, encouraging each employee to speak up and offer opinions or suggestions to the Company. The management can promptly understand the issues and concerns of colleagues, responding in real-time. This facilitates thorough communication and problem-solving, serving as a reference for future work goals to enhance the Company's management efficiency.

Grievance channels: Express employees' views through anonymous grievances at monthly meetings.

During the reporting period, Mechema International Group did not have any incidents of Human Rights violations or Discrimination.

[Monthly meeting & gift exchange silhouette]

6.5 Employee Care and Benefits

The Company has always valued employee welfare, providing labor insurance, health insurance, and group insurance for employees. Year-end bonuses and employees' remuneration are awarded based on annual business performance. The Company also offers employee dormitories, shuttle buses, and well-equipped parking facilities. Special benefits such as mid-shift snacks, summer beverages, high-temperature allowance, vehicle allowance, interest-free loans for employees to purchase homes, speech bonuses, full-cover helmets for employees who ride to and from work, and cold-weather protection devices during cold weather.

[On-site office and dining environment & employee fitness equipment]

Staff Welfare Committee

In order to meet the welfare needs of employees and provide good labor conditions to promote labor harmony, the Company has established an employee welfare committee in accordance with the law, with members from various departments of the Company, which holds regular meetings to establish various welfare policies and handle employee welfare business.

Staff Welfare Committee provides welfare programs	
1. Marriage subsidy	6. Employee travel subsidy
2. Fertility subsidy	7. Education subsidy for employees and children (childcare to university)
3. Three festivals gift (Labor Day, Dragon Boat Festival, Mid-Autumn Festival)	8. Employee gathering
4. Birthday gift	9. Senior supplement
5. Death payment	10. Consolation money for hospitalization

The Welfare Committee organizes domestic trips irregularly every year and overseas trips every two years for employees to relax and unwind, providing subsidies to encourage employees to bring their family members along. Through participation in these activities, the distance between employees and their families is shortened, and the employees' recognition and cohesion with the Company are enhanced.

Promoting Gender Equality.

In accordance with the Gender Equality Act and work rules, employees are granted physiological leave, maternity leave, maternity examination leave, paternity leave and family care leave. In order to allow employees to take care of both personal and family care needs, when employees need to take a longer leave in case of military service, childcare, major injuries or illnesses, they can also apply for leave without pay and return to work at the end of the period, with the aim to take into consideration the employees' special conditions.

Employee childcare leave

Children only grow up once, so no matter how busy you are, don't miss it. The government's purpose in explicitly stipulating parental leave and providing parental leave allowances is to ensure that workers can maintain their jobs and stable employment during the parental leave period, receive allowances to secure their basic living needs, and smoothly return to work after childbirth. Mechema International Group had a total of 0 employees qualified to apply for parental leave in 2023, with 0 employees actually applying for unpaid parental leave and 0 returning to work following the leave. The analysis is as follows:

Year	2024			2023		
Gender/Total	Male	Female	Total	Male	Female	Total
Items	Number of people	Number of people	Number of people	Number of people	Number of people	Number of people
Number of those qualified to apply for unpaid parental leave for the year	0	0	0	0	0	0
Actual number of people who applied for unpaid parental leave for the year	0	0	0	0	0	0
Number of people expected to return to work after unpaid parental leave for the year	0	0	0	0	0	0
Number of people returning to work after unpaid parental leave for the year	0	0	0	0	0	0
Number of people who returned to work after unpaid parental leave in the previous year and continued working for one year	0	0	0	0	0	0
Application rate for unpaid parental leave for the year	0	0	0	0	0	0
Return-to-work rate after unpaid parental leave for the year	0	0	0	0	0	0

Retirement and Pension Implementation

In accordance with the Labor Standards Law, the Company established the "Labor Pension Fund Supervisory Committee" to make monthly contributions to employees' pension funds under the old system and the new system applicable to employees who started working after July 1, 2005. The old system pension fund is transferred to the retirement reserve account of the Bank of Taiwan, while the new system pension fund is transferred to the personal account of the employees of the Labor Insurance Bureau. In addition to those employees who meet the retirement requirements under the Labor Standards Law, employees who meet the requirements for preferential retirement under the Labor Retirement Law may apply for preferential retirement after approval. In the event of injury or death in the line of duty, the employees and their families will be given a pension in accordance with the "Regulations of Employees Pension".

Other Benefits

With the goal of sustainable management and development, the Company encourages its employees to identify with the Company's management philosophy and maintain their employment on a long-term basis. Therefore, at the end of each year, the Company honors its long-tenured employees, top employees, and best supervisors by publicly presenting them with commemorative plaques in recognition of their hard work and achievements for the Company.

In addition, the 2024 domestic travel arrangements for employees include a one-day tour to Ma Wu Du Explorer Forest & Jin Yong Tomato Farm, and two trips to Shimen hiking + Window on China, allowing employees to rest and rejuvenate.

[Ma Wu Du Explorer Forest & Jin Yong Tomato Farm]

6.6 Employee Health and Safety

According to the Labor Health Protection Regulations, employers should conduct regular general health examinations for employed labor according to the following regulations:

1. For those who are 65 years old or older, the examination should be performed once a year.
2. For those who are over 40 years old but under 65 years old, the examination should be performed once every three years.
3. For those who are under 40 years old, the examination should be performed once every five years.

The health check-up to be implemented on November 21, 2024, is as follows:

Target	Current Employees (Performed once a year)	
Category	General health examinations	Special health
Number of people	70	36

The Company cares about the health of its colleagues. The Company cooperates with regional hospitals to provide health checkups for general and special workers every year so that medical conditions can be detected and treated as early as possible.

Implementing on-site health services	Headquarters of Mechema International Group
Number of on-site services by doctors	1
Number of on-site services by nurses	12
Total number of employees receiving interview guidance	24

In order to maintain the work environment and the safety of employees, the Company has established the "Safety and Health Code of Practice", "Hazard Awareness Plan" and "Factory Emergency Response Plan Management Regulations" in accordance with the Occupational Health and Safety Act and provided safety protection measures at the workplace, such as safety shoes, helmets, goggles, protective masks, activated carbon masks, acid alkali resistant gloves, aprons, overalls, and full-face helmets for commuting employees. Safety and health training are also offered to new and existing employees, including training on abnormal causes, special operation safety, chemical awareness, fire drills, emergency disaster response, etc. to raise employees' awareness of safety and disaster response in order to prevent the occurrence of disasters.

In addition to meeting the needs of the current regulations and enhancing the safety awareness of employees, for the insurance of the safety of all personnel entering the operation area, manufacturers are required to fill out a manufacturer's application form for entering the factory, which regulates that they should comply with the various safety regulations in the factory, and that they are strictly prohibited from starting fire-related matter on their own. In addition, they must apply for a hot work permit during construction. To control and reduce the risk effectively, to ensure the safety of personnel and equipment with social and community commitment in the neighborhood.

6.7 Foreign Employees

1. Based on the labor contract, in addition to adjustments according to the Minimum wage, bonuses and allowances are also provided.
2. For those who renew their contract after three years of service, an experience allowance is granted upon approval.
3. Foreign labor is entitled to Domestic travel benefits.
4. A Chinese New Year bonus is given to those who are employed during the Lunar New Year period.
5. The leave regulations are uniformly the same as those for domestic employees.
6. Provide Chinese language instruction.
7. Seniority bonus incentives for foreign employees.
8. Provide comfortable accommodation for foreign employees.

6.8 Modern Slavery Policy

Mechema International Group Co,. ("The Company", together with its invested subsidiaries and joint ventures referred to as "The Group") is a manufacturer of PTA oxidative catalysts and cathode materials for batteries, with a long-standing history of over 28 years. The Group adheres to its traditional Values, committed to conducting business responsibly, honestly, and in accordance with ethical standards, while complying with the laws of each country in which we operate.

This statement is drafted in accordance with Section 54 of the UK Modern Day Slavery Act of 2015 and the California Transparency in Supply Chains Act of 2010 (SB 657), and constitutes the modern slavery statement for the Group for the Accounting Year ending March 13, 2024.

6.9 Conflict Minerals Statement

Conflict minerals (as specified by the EICC, Electronic Industry Code of Conduct) primarily originate from the Democratic Republic of Congo or its neighboring illegal military conflict areas, where they are extracted through means of armed conflict, plundering, human rights violations, and oppression of civilians in harsh working environments. These minerals are processed by multiple suppliers and eventually manufactured into essential 3C products for daily life.

In response to the United States signing of Bill H.R. 4173, the "Dodd-Frank Wall Street Reform and Consumer Protection Act," in July 2010, MECHEMA declares the prohibition of the use of "conflict minerals." We commit to not purchasing conflict metals produced in conflict areas of the Democratic Republic of Congo and its surrounding countries. To avoid using metals sourced from illegal mining in product materials, Mechema International Group requires suppliers to reject "conflict minerals" from conflict regions, fulfilling social responsibility together.

6.10 Child Labor Statement

Mechema International Group prioritizes the interests of children, defining Child Labor as persons aged 15 to under 16, below the age of completing compulsory education, or below the minimum employment age as defined by national/area standards. The policy of prohibiting Child Labor complies with the minimum working age as stipulated in Taiwan's labor laws. We hereby declare

Child Labor Prevention Plan:

1. Before hiring any job applicant, the Company will require the candidate to provide relevant documentation that can sufficiently verify the applicant's Age. The hiring process can proceed only after this information has been accurately confirmed.
2. When hiring a candidate, the HR Unit should verify the Age once again.
3. The Company conducts irregular child labor prevention education for the HR Unit, strengthening the recruitment staff's understanding of the "Prohibition of Child Labor Policy and regulations."

Child Labor Remediation Plan:

1. If child labor is discovered, the child will be immediately removed from the workplace.
2. Immediately contact the child's parents or legal guardians and arrange to send the child back to their original place of residence as soon as possible, to be handed over to their parents or legal guardians.
3. Fully understand their situation and, if necessary, refer them to the Social Affairs Bureau of Government Agencies for assistance.

6.11 Environmental Policy

- Comply with environmental regulations; respond to green environmental protection.
- Prioritize pollution prevention; save on treatment costs.
- Make the best use of limited resources; practice resource recovery.
- Encourage full participation; take action to protect the environment.
- Commitment to continuous improvement; ensuring sustainable operations.

6.12 Corporate Social Responsibility Policy

Since its establishment in 1992, Mechema International Group has endured increasingly challenging external industrial and economic conditions. With a business philosophy of integrity, transparency, sincerity, and pragmatism, we sincerely thank our customers, suppliers, investors, and all stakeholders for their long-term support and the tireless efforts of employees at all levels, which have enabled the Company to grow steadily and robustly.

In recent years, due to global warming, climate change, and frequent food safety and industrial safety incidents, the public's attention to corporate social responsibility issues has intensified. The Company's management deeply understands that business concepts have evolved from focusing solely on profit maximization to demanding that companies adhere more strictly to corporate ethics. This approach starts with generating positive benefits for society, while also caring for employees, society, and the environment. The Company, having passed the ISO9001 Quality System Certification, produces reliable products and complies with environmental protection regulations. Regular industrial safety and health training is provided to employees, along with the promotion of various environmental protection and energy-saving activities to ensure operational safety for employees and the preservation of resources.

For 30 years since its establishment, the Company has consistently focused on the area of core chemical materials and their development and application. We firmly believe that good corporate governance, which safeguards shareholders' equity and fulfills corporate social responsibilities, is a duty of corporate citizenship and a cornerstone of sustainable development. This is the Sustainability Report issued by the Company, and while the content may not be perfect, it aims to provide investors, employees, upstream and downstream business partners, community neighbors, and competent authorities as stakeholders with an understanding of the Company's efforts in the economic, environmental, and social aspects. Additionally, through the issuance of this report, we regularly self-assess the strategic direction and execution effectiveness in Corporate Governance, environmental protection, and social justice.

In the future, The Company will continue to enhance research and development technology and expand distribution channels to increase product market share and maintain traditional harmonious labor relations. It will also embody the spirit of taking from society and giving back to society by properly implementing employee care, social concern, and environmental protection. The Company will continuously strive for excellence and gradually fulfill the essence of corporate social responsibility. We also welcome suggestions and guidance from all experts, hoping to achieve sustainable and enduring business as well as a beautiful, sustainable environment for the Earth.

6.13 Human Rights Policies

Mechema International Group

Human Rights Policies

To protect and promote human rights, Mechema International Group supports and respects the "Universal Declaration of Human Rights," the first and second principles of the "UN Global Compact," the "UN Guiding Principles on Business and Human Rights," the International Labor Organization's "Declaration on Fundamental Principles and Rights at Work," and local laws and regulations. Based on this, Mechema International Group has established human rights protection management principles to safeguard employees and expects our suppliers to adhere to these principles to uphold human rights.

Mechema International Group is committed to implementing human rights protection in accordance with the following principles:

1. Protection Principle: Strictly adhere to labor and Gender equality-related regulations in the location of operation, and provide workers with a safe and healthy working environment.
2. Principle of Respect: No forced or compulsory labor, prohibition of child labor, non-discrimination, prohibition of harassment, respect for freedom of association, respect for privacy rights, implementation of work time limits, and provision of appropriate wages and benefits.
3. Remediation Principles: Keep the Grievance Mechanism open. If there is any violation of Human Rights, immediate remedial and improvement measures should be taken.
4. Management Principle: Continuously promote Human Rights training and education, regularly assess Human Rights risks, report the results to senior supervisors, and publicly disclose them.

7. Local Communities

Mechema International Group, having operated locally for over 20 years, has deeply rooted itself in Taiwan, timely expanded production, and created job opportunities to prosper the economy of the local communities. The Company actively establishes good relationships with local communities by sponsoring festival and folk event expenses or making in-kind donations to neighborhoods near the factory. During the year-end banquet, it does not forget to invite sponsored disadvantaged groups to perform, encouraging employees to participate in social welfare activities. By integrating corporate and employee efforts into the community, it contributes to society, conveying the Company's dedication and care for the local area. In 2023, Mechema International Group had no business activities with actual or potential significant negative impact on the local community.

7.1 Support for Domestic Cultural Development

The Company invited Bird and Water Dance Ensemble to perform at the Company's year-end party to support the development of domestic cultural performances.

7.2 Support for the persons with disabilities in Guanyin Kindgarden Bakery

The Company's Occupational Welfare Society purchases related products from the Guanyin Kindgarden Bakery. The best help for persons with disabilities is not to show mercy, but to give them dignity and confidence for self-reliance.

7.3 Community Engagement

The Company actively participates in celebrations held near the factory. In 2024, we made donations to the Fude Temple in the Guanyin Industrial Park, Taoyuan City, the Taoyuan Caota Fire Brigade, and the Shulin Community.

7.4 2024 Maple Green Walk for Net Zero Living

To implement the carbon neutrality corporate sustainable development policy, the Company participated in the "2024 Maple Green Walk for Net Zero Living," organized by the Taoyuan City Environmental Protection Bureau in conjunction with the Taoyuan City Industrial Association, to jointly promote environmental protection and net zero green living concepts, and to **love the Earth through green consumption.**

Business activities that may impact the local community involve the following aspects:

- Factories' water withdrawal.
- Pollutant emission management.
- Waste management.

The Company did not perform activities with actual or potential significant negative impact on the local community as described above.

Appendix 1: GRI Standards Disclosure Index

GRI Standards	GRI Disclosure		Page	Explanation
GRI Disclosure Item				
GRI 2: General Disclosures 2021	1.	The organization and Its Reporting Practices	2.13	
	2-1	Organization Details	27	
	2-2	Entities Included in the Organization's Sustainability Reporting	18	
	2-3	Reporting Period, Frequency and Contact Point	2	
	2-4	Restatements of Information	-	
	2-5	External Assurance	83	
	2-6	Activities, Value Chain and Other Business Relationships	15	
	2-7	Employees	63	
	2-8	Workers Who are Not Employees	73	
	2-9	Governance Structure and Composition	27	
	2-10	Nomination and Selection of the Highest Governance Body	27	
	2-11	Chair of the Highest Governance Body	27	
	2-12	Role of the Highest Governance Body in Overseeing the Management of Impacts	27	
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	2-14	Role of the Highest Governance Body in Sustainability Reporting	27.28	
	2-15	Conflicts of Interest	36	
	2-16	Communication of Critical Concerns	41	
	2-17	Collective Knowledge of the Highest Governance Body	27	
	2-18	Evaluation of the Performance of the Highest Governance Body	31	
	2-19	Remuneration Policies	32	
	2-20	Process to Determine Remuneration	32	
	2-21	Annual Total Compensation Ratio	32	
	2-22	Statement on Sustainable Development Strategy	40	
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	2-27	Compliance with Laws and Regulations	41	
	2-28	Membership Associations	23	
	2-29	Approach to Stakeholder Engagement	5	
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GRI Content Index - Material Topics Index

GRI Standards	GRI Disclosure		Page	Explanation
Material Topics				
GRI 3: Disclosures on Material Topics 2021	3-1	Process to Determine Material Topics	8	
	3-2	List of Material Topics	8	
GRI 201: Economic Performance				
GRI 3: Disclosures on Material Topics 2021	3-3	Management of Material Topics	9	
GRI 201: Economic Performance 2016				
GRI 201: Economic Performance	201-1	Direct Economic Value Generated and Distributed	41	
	201-2	Financial Implications and Other Risks and Opportunities Due to Climate Change	49.50.51	
	201-3	Defined Benefit Plan Obligations and Other Retirement Plans	67.71	
GRI 301: Materials				
GRI 3: Disclosures on Material Topics 2021	3-3	Management of Material Topics	9	
GRI 301: Materials 2016	301-3	Reclaimed Products and Their Packaging Materials	45.46	
GRI 302: Energy				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	9	
GRI 302: Energy 2016				
GRI 302: Energy 2016	302-1	Energy Consumption Within the Organization	43	
	302-2	Energy Consumption Outside of the Organization	43	
	302-3	Energy Intensity	43	
	302-4	Reduction of Energy Consumption	43	
GRI 305: Emissions				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	9	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG Emissions	52	
	305-2	Energy Indirect (Scope 2) GHG Emissions	52	
	305-3	Other Indirect (Scope 3) GHG Emissions	52	
	305-4	GHG Emissions Intensity	52	
	305-5	Reduction of Greenhouse Gas Emissions	52	

GRI 306: Effluents and Waste			
GRI 3: Material Topics 2021	3-3 Management of Material Topics		
GRI 306: Effluents and Waste 2020	306-1 Waste Generation and Significant Waste-Related Impacts	53	
	306-2 Management of Significant Waste-Related Impacts	53	
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GRI 401: Employment			
GRI 3: Material Topics 2021	3-3 Management of Material Topics		
GRI 401: Employment 2016	401-1 New Employee Hires and Employee Turnover	63	
	401-2 Benefits Provided to Full-Time Employees that are Not Provided to Temporary or Part-Time Employees	70	
	401-3 Parental Leave 129	71	

GRI Content Index - Non-Material Topics Index

GRI Standards	GRI Disclosure	Page	Explanation
GRI 202: Market Presence 2016	202-1 Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage	65	
	202-2 Proportion of Senior Management Hired from the Local Community	65	
GRI 204 Procurement Practices 2016	204-1 Proportion of Spending on Local Suppliers	20	
GRI 205: Anti-corruption 2016	205-1 Operations Assessed for Risks Related to Corruption	36	
	205-2 Communication and Training on Anti-Corruption Policies and Procedures	36	
	205-3 Confirmed Incidents of Corruption and Action Taken	36	
GRI 206 Anti-competitive Behavior 2016	206-1 Legal Actions for Anti-Competitive Behavior, Anti-Trust, and Monopoly Practices	36	
GRI 303: Water and Effluents 2018	303-3 Water Withdrawal	44	
GRI 308: Supplier Environmental Assessment 2016	308-1 New Suppliers that Were Screened Using Environmental Criteria	20	
GRI 402: Labor/Management Relations 2016	402-1 Minimum Notice Periods Regarding Operational Changes	69	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational Health and Safety Management System	62	
	403-2 Hazard Identification, Risk Assessment, and Incident Investigation	62	
	403-3 Occupational Health Service	72	
	403-4 Worker Participation, Consultation, and Communication on Occupational Health and Safety	72	
	403-5 Worker Training on Occupational Health and Safety	68	
	403-6 Promotion of Worker Health	72	
	403-7 Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by	62	
	403-8 Workers Covered by an Occupational Health and Safety Management System	62	
	403-9 Work-Related Injuries	62	

	403-10 Work-Related Ill Health	62	
GRI 404: Training and Education 2016	404-1 Average Hours of Training per Year per Employee	68	
	404-3 Percentage of Employees Receiving Regular Performance and Career Development Reviews	68	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of Governance Bodies and Employees	69	
	405-2 Ratio of Basic Salary and Remuneration of Women to Men	65	
GRI 406: Non-Discrimination 2016	406-1 Incidents of Discrimination and Corrective Actions Taken	64	
GRI 408: Child Labor 2016	408-1 Operations and Suppliers at Significant Risk for Incidents of Child Labor	73	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and Suppliers at Significant Risk for Incidents of forced or Compulsory Labor	73	
GRI 414: Supplier Social Assessment 2016	414-1 New Suppliers that Were Screened Using Social Criteria	20	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the Health and Safety Impacts of Product and Service Categories	20	
	416-2 Incidents of Non-Compliance with Regulations Concerning the Health and Safety of Products and Services	20	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for Product and Service Information and Labeling	41	
	417-2 Incidents with Non-Compliance Concerning Product and Service Information and Labeling	41	
	417-3 Incidents with Non-Compliance Concerning Marketing Communications	41	
GRI 418: Customer Privacy 2016	418-1 Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data	25	

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Appendix 2: Independent Limited Assurance Report

English Translation of a Report Originally Issued in Chinese

CPA's Limited Assurance Report

To MECHEMA CHEMICALS INTERNATIONAL CORP.

Assurance Scope

The CPA was engaged by MECHEMA CHEMICALS INTERNATIONAL CORP. (hereinafter referred to as the Company) to perform assurance procedures on the selected sustainability performance information identified by the Company and reported in 2024 sustainability report and to issue a limited assurance report based on the criteria for "limited assurance cases" published by Accounting Research and Development Foundation.

Information and applicable standards

The information and applicable standards selected by the Company are provided in Attachment 1.

Responsibility of the Management

It is the responsibility of the management of he Company to reference suitable standards, including the GRI Standards 2021 published by the Global Reporting Initiative, to prepare the information. The management of he Company shall be responsible for the baseline it selected and the appropriateness of the subject information in all major respects. This responsibility includes establishing and maintaining internal controls relevant to the compilation of the subject information, maintaining adequate records, and making relevant estimates to ensure that the subject information is free from material misstatement, whether due to fraud or error.

Responsibility of the CPA

The responsibility of the CPA is to form conclusions regarding the subject information based the evidence obtained by the CPA.

The CPA planned and conducted assurance tasks on the information in this report in accordance with the TWSAE3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the Accounting Research and Development Foundation, and issued a limited assurance report on whether the subject information needs to be revised in any material aspect because it was not prepared in accordance with the standard. The CPA determines the nature, time, and scope of the assurance procedures based on professional judgments, including the assessment of the risks of material misstatement due to fraud or error.

The CPA believes that sufficient and appropriate evidence has been obtained to provide a basis for the conclusions of the limited assurance.

Independence and Quality Management of the CPA

The CPA and CPA firm have followed the Code of Ethics for Professional Accountants regarding the independence and other ethical requirements. The basic principles of the regulations are to maintain intergrity, fairness, objectivity, expertise and comply with requirements for professional attention, confidentiality and professional conduct.

The CPA firm complies with TWSQC1 "Quality Control for Public Accounting Firms" which outlines the organizational design, implementation and quality management system including policies and procedures to ensure compliance with professional ethics, professional regulations, and applicable laws.

Description of Implementation Procedures

The nature and timing of implementation procedures in limited assurance cases are different from and less extensive than those applicable to reasonable assurance cases. Therefore, the degree of certainty obtained in limited assurance cases are significantly lower than that obtained in reasonable assurance cases. The CPA designed the procedures to obtain limited assurance and to reach conclusions based on the assurance without providing all of the evidence necessary for reasonable assurance.

Although the CPA considered the effectiveness of the internal control of the Company when deciding the nature and scope of assurance procedures, the assurance is not an opinion on the effectiveness of he Company's internal control system. The procedures implemented by the CPA do not include tests on the control or implementation or the review of the compilation or calculation procedures of data in the information technology (IT) system.

Limited assurance cases included inquiries which mainly consisted of interviews of personnel responsible for preparing the subject information and related information, and the use of analyses and other suitable procedures.

The procedures implemented by the CPA include:

- The CPA conducts interviews of the management and employees of the Company to learn about the overall conditions of the Company's performance of corporate social responsibility, and the reporting procedures;
- The CPA uses interviews and document reviews to learn about the expectations and needs of the main stakeholders of the Company, the communication channels between the Company and stakeholders, and how the Company responds to such expectations and needs;
- The CPA conducts analysis procedures for the sustainability performance information selected in the Report. The CPA collects and evaluates other supporting evidence and the management statements obtained. Where necessary, the CPA conducts sampling tests;
- The CPA reads the Sustainability Report of the Company to verify its consistency with the information on the overall corporate social responsibility performance obtained by the CPA firm.

Inherent Limitations

As non-financial information contained in the Sustainability Report is subject to uncertainties in measurement, the selection of different measurement methods could result in material differences in the performance measurement. As the assurance process is conducted based on sampling and as there are inherent limitations in any internal control, it may not be possible to identify all existing material misstatements, whether due to fraud or error.

Conclusion

According to the procedures implemented and evidence obtained, the CPA has not found any matter in the subject information that is not prepared based on applicable standards and requires material correction.

KuoShuai Chen

KuoShuai Chen

Ernst & Young, Taiwan
August 8, 2025

Appendix A

Number	Article title	Remarks	Applicable benchmarking
1	5.2.2 Total energy consumption	In 2024, the total energy consumption was 26,308 GJ, with purchased electricity accounting for 62%.	Company information
2	5.2.3 Water resource	Total water withdrawal was 121,145 tons, wastewater discharge was 97,451 tons, and total water consumption was 23,694 tons in 2024.	Company information
3	5.6 Waste management	The production of hazardous waste material was 32.97 tons in 2024.	Company information
4	5.11 Occupational safety and health	In 2024, there was no occupational accident. The rates of injury, occupational disease and loss of working days were all 0%.	Company information
5	7. Local community	Operational activities that impact local communities: • water intake management • pollutant emission management • waste management There were no practical or potential negative impacts on the local communities.	Company information
6	3.1.2 Selection of new suppliers	Specific and effective mechanisms and actions were taken by the Company to reduce the negative impact on the environment or society. The company has passed the "IS014001:2015" environmental management system certification. The selected suppliers must meet the quality, reputation, delivery time, sample testing and other selection conditions stipulated in the Company's supplier control measures before they can be listed as qualified suppliers.	Company information
7	5.2.1 Energy use	The production of Catalyst was 7,980 tons in 2024.	Company information

Table 1 Sustainability Disclosure Indicators - Chemical Industry

GRI Index	Indicator	Indicator	Disclosure in 2024	Disclosure in 2023	Unit	Remarks
1	Total energy consumption, percentage of purchased electricity, renewable energy utilization rate, and total self-consumption of energy.	Quantitative	• Total energy consumption: 26,308 GJ. • Percentage of purchased electricity: 62%. • Renewable energy utilization rate and total self-consumption of energy: 0.	• Total energy consumption: 28,150 GJ. • Percentage of purchased electricity: 57%. • Renewable energy utilization rate and total self-consumption of energy: 0.	Gigajoules (GJ), percentage (%)	
2	Total water withdrawal, total water consumption, and wastewater (sewage) discharge, disclosed as required by law or voluntarily disclosed.	Quantitative	• Total water withdrawal: 121,145 metric tons. • Total water consumption: 23,923 metric tons. • Wastewater and sewage discharge: 97,451 metric tons.	• Total water withdrawal: 104,175 metric tons. • Total water consumption: 19,715 metric tons. • Wastewater and sewage discharge: 84,463 metric tons.	Metric tons Percentage (%)	
3	The total amount of hazardous waste generated during the product production process and the percentage of recycled waste, disclosed as required by law or voluntarily disclosed.	Quantitative	• Total amount of hazardous waste: 32.97 t. • Percentage of hazardous waste recycled: 0%	• Total amount of hazardous waste: 6.74 t. • Percentage of hazardous waste recycled: 0%	Metric tons (t), percentage (%)	

4	Number and rate of occupational accident injuries	Quantitative	• There were no work-related injuries in 2024, with an injury rate of 0%. • There were no occupational disease incidents in 2024, with an occupational disease rate of 0%. • There was no incident where a worker became unable to work due to an occupational disease or an occupational accident in 2024, with a lost day rate of 0%. • The absence rate in 2024 was 0.71%.	• There were no work-related injuries in 2023, with an injury rate of 0%. • There were no occupational disease incidents in 2023, with an occupational disease rate of 0%. • There was no incident where a worker became unable to work due to an occupational disease or an occupational accident in 2023, with a lost day rate of 0%. • The absence rate in 2023 was 0.8%.	Percentage (%), number	
5	Business activities with actual or potential significant negative impact on the local community.	Qualitative description	Business activities that may impact the local community involve the following aspects: • Factories' water withdrawal. • Pollutant emission management. • Waste management. The Company did not perform activities with actual or potential significant negative impact on the local community as described above.	Business activities that may impact the local community involve the following aspects: • Factories' water withdrawal aspects. • Pollutant emission management. • Waste management. The Company did not perform activities with actual or potential significant negative impact on the local community as described above.	Not applicable	Chapter 5 Sustainable Environment
6	Concrete and effective mechanisms and actions taken by the company itself and its suppliers to reduce negative environmental or social impacts.	Qualitative description	The concrete and effective mechanisms and actions taken by the Company to reduce the negative impact on the environment. Certified with ISO 14001:2015 environmental management system. The selected suppliers need to meet the quality, reputation, delivery, sample testing, and other selection criteria set out in the Company's Supplier Management System to be considered qualified suppliers.	The concrete and effective mechanisms and actions taken by the Company to reduce the negative impact on the environment. Certified with ISO 14001:2015 environmental management system. The selected suppliers need to meet the quality, reputation, delivery, sample testing, and other selection criteria set out in the Company's Supplier Management System to be considered qualified suppliers.	Not applicable	Chapter 3 Supplier Management Chapter 5 Sustainable Environment
7	Output by product	Quantitative	The output of oxidation catalysts in 2024 was 7,980 t.	The output of oxidation catalysts in 2023 was 9,403 t.	Kilogram	Priced in kilograms.

MECHEMA
INTERNATIONAL GROUP