

HONMYUE 2023 SUSTAINABILITY REPORT

WEAVING A BETTER WORLD.
TOGETHER.



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About this Report (GRI 2-1 & 2-3)

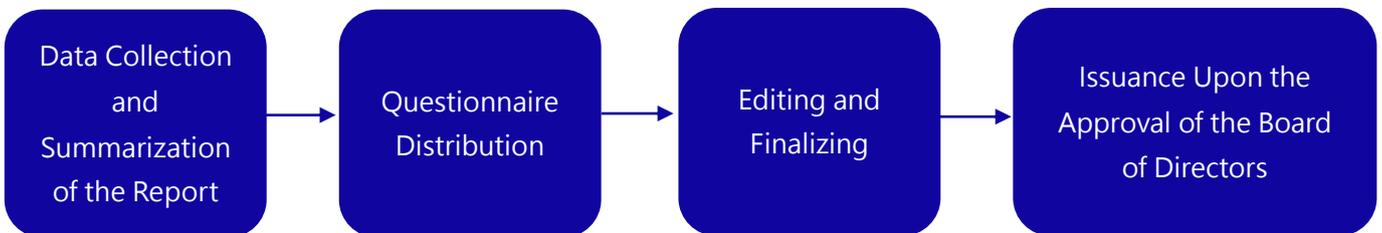
Honmyue Enterprise Co., Ltd., hereinafter referred to as Honmyue, issued its first sustainability report in August 2024, covering the reporting period from January 1st, 2023 to December 31st, 2023. Reports will be issued annually thereafter. The next issuance is expected in August 2025. This report adheres to the GRI Standards issued by the Global Reporting Initiative (GRI) in 2021, follows the structures disclosed by the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD), and aligns with the United Nations Sustainable Development Goals (SDGs).

Disclosure of Reporting Scopes (GRI 2-2)

The disclosure scope of this report is based on Honmyue’s major operating and manufacturing factories in Taiwan, covering Shengang Factory, Chuansing Factory, Hemei Factory, and Taipei Office. The figures of the financial statements disclosed herein are the public information verified by certified public accounting firms with partial statistics quoted from the Annual Report and the public information of the government and relevant websites. The contents include environmental, social, and corporate governance aspects.

Editorial Process of the Report

This report was prepared by the ESG Sustainable Development Promotion Committee, reviewed as well as proofread by first-level supervisors. The finalized edition was then submitted to the Board of Directors for approval before issuance. The editorial process of this report is as follows:



Contact Methods (GRI 2-3)

Thank you for reading this report. Please feel free to contact us should there be any doubts or suggestions regarding the contents of the report.

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Message from the Chairman

Climate change has profoundly impacted the living environment to all human beings, including food crisis, water resource depletion, and forest fire that directly threaten our lives. Additionally, ruthless wars have further intensified global energy crisis and brought significant impact to human existence. Under such background, Honmyue, as a global citizen, recognized that we must proactively engage in sustainable development and do our utmost in helping the society and the environment apart from pursuing corporate operational performance.



In the environmental aspect, Honmyue endeavors to accomplish sustainable development and actively promotes environmental protection measures. We will introduce equipment with low energy consumption year by year and continue to optimize the manufacturing process to advance the efficiency of energy usage as well as to significantly reduce greenhouse gas emissions. Not only do we focus on the improvement of the existing technology, we also encourage our research team to develop innovative environmental-friendly materials and strive to produce products that are friendlier to the earth and the environment. Through these efforts, we hope to diminish the negative impact on the environment brought by corporate operations and contribute to the green economy in the future.

In terms of social aspect, Honmyue actively participates in all sorts of charity events and highly values the work rights as well as the benefits of all employees. We cling to the belief that company success depends on the efforts and devotion of employees. Therefore, the operational performance is directly reflected on employee remunerations to prompt employee proactiveness and creativity. Simultaneously, we pay close attention to the balance between work and family life of employees and endeavor to create a working environment beneficial for the wellness of body, mind, and spirit. Sparing no effort in building an employee-friendly environment with zero occupational hazards and zero accidents, we strengthen our safety management and employee training to enhance safety awareness as well as techniques and ensure a safe and reliable workplace. We believe as solid as the ground that employees can only bring their utmost potential into full play in a secure and healthy working environment and that the Company can achieve long-term sustainable development.

As for the aspect of corporate governance, Honmyue actively aspires after excellence and persists to elevate the levels of corporate governance. We made efforts in obtaining various international certifications to ensure the superiority of product quality and operational management. Our governance principles include transparency, fairness, and accountability to ensure that the Company



operations are in line with the highest ethics and legal standards.

Looking forward to the future and further to advance sustainable development, we will be actively participating in various eco-friendly and sustainable development projects both at home and abroad. Hand in hand with all sectors worldwide, we will jointly address the challenges of climate change and environmental protection. With full speed ahead, we will create an environment where the industry and the society thrive together. By achieving a win-win situation for economic benefits as well as social values, we will be able to make greater contribution to the sustainable development in the world.



MING-ZHOU YEH
Chairman

CHENG-PEI KUO
General Manager

PO-YU YEH
Deputy General Manager



Honmyue's Sustainability Performance

<p>Environment</p>	<ol style="list-style-type: none"> The Company has obtained the following certification marks: <ol style="list-style-type: none"> Higg-Index FEM GREENGUARD GOLD Certification bluesign® Certification GRS (Global Recycled Standard) Certification Rewarded the TOP 10 and Best Product at the ISPO Textrends Award in Germany for six consecutive years. Invested a total of NT\$25,280 thousand in energy-saving and carbon-reduce equipment in 2023. Reduced greenhouse gas emissions by 10.94% (Scope I and Scope II are included comparing with 2022). Reduced wastewater production by 13.93% (Comparing with 2022). Participated in the “E.Sun Bank-ESG Sustainability Initiatives,” jointly engaged in corporate sustainable development, and promised the world a better Taiwan.
<p>Society</p>	<ol style="list-style-type: none"> Donated a total of NT\$590,400 to the winter relief charity in 2023. Donated a total of NT\$181,000 as the funds for campaigns and cultural education establishment in the neighboring community. Donated a total of 160 sets of Chinese New Year dishes to the “Love for the Elderly, Love for Reunion” event of Huashan Social Welfare Foundation, including Hemei Township, Xianxi Township, and Shengang Township. Provided scholarships in a total of NT\$502,000 for financially disadvantaged students in junior high schools, senior high schools, and vocational schools in the neighboring towns with a total of 86 benefited students, including Hemei Township, Xianxi Township, and Shengang Township. Donated to Taiwan Reading Culture Foundation's “Library of Love” project. A total of 15 schools were benefited with a total of 24,690 readings.
<p>Governance</p>	<ol style="list-style-type: none"> The Company has passed the ISO 9001 Certification. Evaluated a total of 43 suppliers in 2023. Implemented the prevention of insider trading and informed the directors as well as internal personnel during the lock-up period prior to the announcement of the financial statements to ensure compliance with the laws and regulations.





Correlation Between Sustainability Performance and SDGs

Number	Performance Contents	SDG		
1	Organized the winter relief and care event with Huide Nengren Abode in Changhua County and gave away spring festival envelopes in the squares in front of Shengang Township Office and Xianxi Township Office to 171 disadvantaged families in Shengang Township and 80 in Xianxi Township, with a total donation of NT\$590,400.	SDG 1.b		
2	Donated a total of NT\$181,000 as the funds for campaigns and cultural education establishment in the neighboring community, supported the development of community activities, and promoted harmonious relations between the Company and the neighbors.	SDG 1.b		
3	Donated a total of 160 sets of Chinese New Year dishes to the “Love for the Elderly, Love for Reunion” event of Huashan Social Welfare Foundation, benefiting Hemei Township, Xianxi Township, and Shengang Township as well as bringing festive joy to the solitary elderly.	SDG 2.1		
4	Provided scholarships in a total of NT\$502,000 for financially disadvantaged students in junior high schools, senior high schools, and vocational schools in the neighboring towns. With a total of 86 students were benefited, covering Hemei Township, Xianxi Township, and Shengang Township, we helped financially disadvantaged students to study at ease and pursue their dreams.	SDG 1.4 SDG 4.5		
5	Donated to Taiwan Reading Culture Foundation's “Library of Love” project that aims to enhance the reading culture on campus and encourage students to uplift reading abilities. A total of 15 schools were benefited with a total of 24,690 readings.	SDG 4.7		
6	To improve the efficiency of energy use and to reduce greenhouse gas emissions, a total of NT\$25,280,000 was invested in 2023 in energy-saving and carbon-reducing equipment and technical upgrades. The total amount of greenhouse gas emissions was reduced by 10.94% (including Scope I and Scope II).	SDG 13.3		
7	The Company continues to improve and invest in terms of wastewater handling. In 2023, the wastewater production was reduced by 13.93% (comparing with that in 2022), whereas the recycling rate reached 82%.	SDG 6.a		



Operational Overview and Vision for Sustainable Development

1. Company Information (GRI 2-1)

Honmyue's Basic Information		
Company Name	Honmyue Enterprise Co., Ltd.	
Stock Code	1474 (Officially listed for trading on TWSE in October 2000)	
Date of Establishment	September 1970	
Sector Type	Textile Mills	
Operating Location	Headquarters	No. 60, Gongxi 1st Rd., Chuansing Industrial Dist., Shengang Township, Changhua County 509
	Shengang Factory	Ditto
	Chuansing Factory	No. 3, Gongdong 3rd Rd., Hemei Township, Changhua County 508
	Hemei Factory	No. 401, Hetou Rd., Hemei Township, Changhua County 508
	Taipei Office	2F., No. 360, Nanjing West. Rd., Datong Dist., Taipei City 103
Chairman	Ming-Zhou Yeh	
Number of Employees	458 Persons (As of December 31 st , 2023)	
Capital	NT\$1.299 billion (December 31 st , 2023)	
Total Revenue	NT\$2.686 billion (Consolidated revenue for the year 2023)	

2. Company History (GRI 2-1)

1970~1989	
May 1970	The founder, Mr. Chao-Cheng Yeh, established Honmyue in Hemei Township, Changhua County.
1990~1999	
November 1991	Established Shengang Factory in Chuansing Industrial District, Shengang Township, Changhua County (Currently the headquarters).
October 1997	Purchased Taipei Office.
February 1998	The long-fiber products from Shengang Factory passed the ISO 9002 Quality Management Certification of TÜV Rheinland (TÜV).
November 1998	Inauguration of the newly-constructed administrative office building.
June 1999	Honmyue's stocks were officially listed for trading on the OTC.
2000~2009	
February 2000	The short-fiber products from Hemei Factory passed the ISO 9002 Quality Management Certification of TÜV Rheinland (TÜV).
October 2000	The stock had been transferred from the OTC to Taiwan Stock Exchange and was officially listed for trading.
May 2004	Established Chuansing Factory in Hemei Township, Changhua County.
June 2004	Invested and established Honmyue Textile (Zhejiang) Co., Ltd in Jiaxing City, Zhejiang Province.
May 2008	Passed the official certification of the ISO14001 Environmental Management Systems.
2010~As of Now	
November 2010	Passed the bluesign® certification which encompassed the Swiss high standards of environmental protection, health, and safety.
July 2014	Passed the Global Recycle Standard (GRS) for global recycling textiles.
January 2017	Invested in Nuwa Enterprise Co., Ltd.
July 2018	Invested in Utex Innovation Co., Ltd.
December 2018	Invested and established Jiujiang DeYu Co., Ltd in Jiujiang City, Jiangxi Province.



3. Association Participation (GRI 2-28)

To fortify the Company’s influence in the industry and to facilitate technology sharing with our peers, the Company utilizes our core competencies to sponsor various campaigns hosted by unions and associations and strives to elevate the international competitiveness of the textile industry.

Participation in the Associations and Organizations of the Textile Industry

Name of Association	Member	Super-visor
Taiwan Smart Textile Association	√	
Taiwan Man-Made Fiber Industries Association	√	√
Taiwan Bags Association	√	
Taiwan Silk & Filament Weaving Industrial Association	√	√
Taiwan Weaving Industry Association	√	√
Taiwan Technical Textiles Association	√	
Changhua County Medical Instruments Commercial Association	√	
Chinese Institute of Textile Engineers	√	
Taiwan Association of Filament Fabrics Printing Dyeing & Finishing Industries	√	

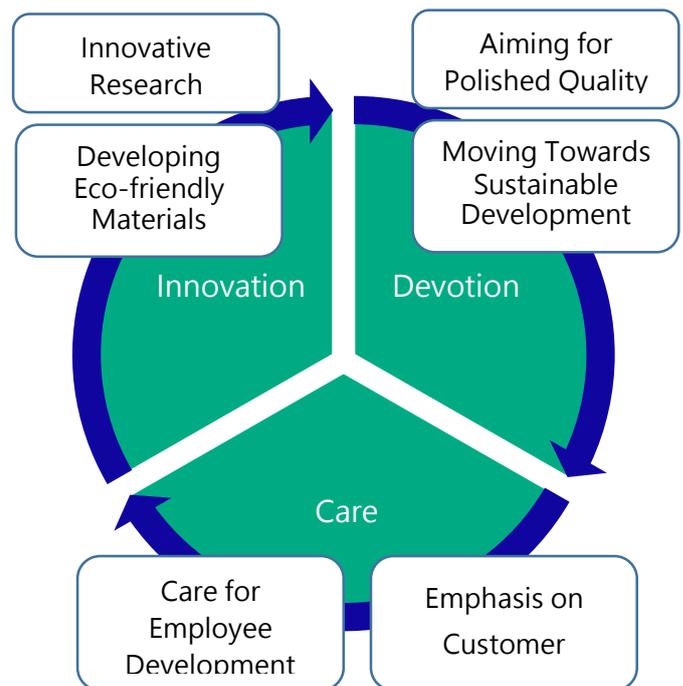
Participation in the Associations and Organizations in Promotion of Industry Cooperation

Name of Association	Member	Super-visor
Chinese Professional Management Association of Taichung	√	
Chinese Professional Management Association	√	
Changhua County Industrial Association	√	
Changhua County Industrial Relations Association	√	

4. Vision for Sustainable Development

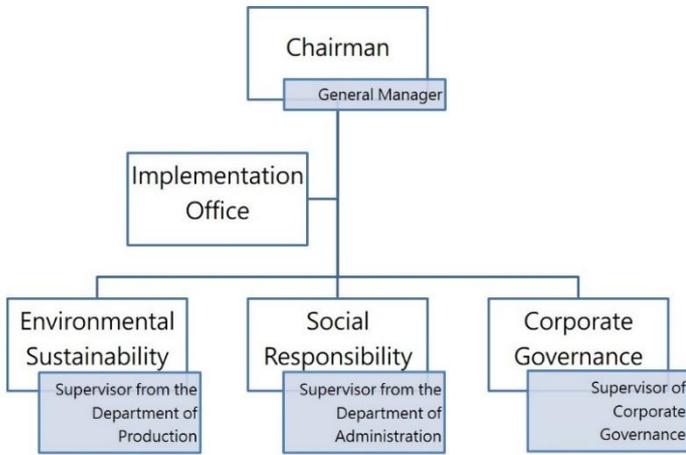
The Company was established by the founder, Mr. Chao-Cheng Yeh, with a capital of NT\$3 million in 1970 in Hemei Township, Changhua County, also known as the “Home of the Weaver Girl.” Honmyue’s operating locations have stretched out to cross-strait areas. Nonetheless, we always remind ourselves to keep the determination for innovation and discovery.

Although Honmyue is already the largest weaving factory in Taiwan, we still constantly keep our maintenance high, adhere to the business philosophy of innovative research and polished product quality, and unremittingly march towards developing more excellent and eco-friendly products. In the future, the Company will remain the core value of “innovation, devotion, and care” to fulfill corporate social responsibilities as well as sustainability goals for environmental protection, communicating the values of Taiwanese textiles to the whole world.





To fulfill corporate social responsibilities and pursue corporate sustainable development at full speed, the Company officially established the ESG Sustainable Development Promotion Committee in 2022, with the General Manager as the chairman. The organizational structure of the Committee is as follows:



The ESG Sustainable Development Promotion Committee convenes once in a quarter to project the promotion of strategic goals, action plans and to review the implementation achievements thereof, of which the results is reported by the chairman of the Committee on Board of Directors meetings. Apart from meeting minutes, all meeting results are also taken in the form of video recording to ensure further follow-up on the meeting resolutions and demonstrate the Company’s commitment to corporate sustainable development. In the future, the ESG Sustainable Development Promotion Committee will

implement the sustainable development strategies of the Company. Together with all members promoting the visions for sustainable development, we will march towards a more promising future.

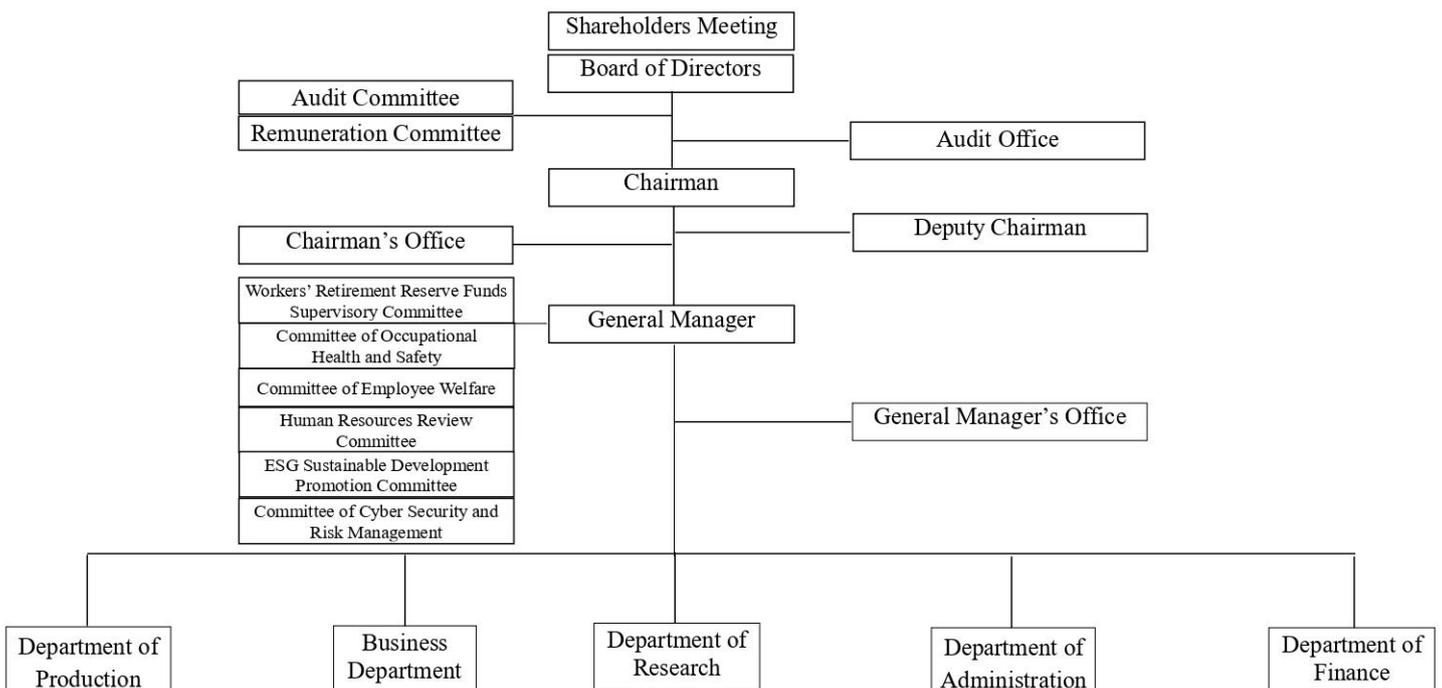
Corporate Governance

I. Governance Structure (GRI 2-9)

The Board of Directors is the highest governance unit within Honmyue with the Audit Committee, the Remuneration Committee, and the Audit Office under its purview. Following the regulations stipulated in the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies,” the Company has set up a corporate governance supervisor to assist the Board members in fulfilling the tasks of corporate governance.

HONMYUE ENTERPRISE CO., LTD.

Organizational Chart





The Board of Directors of the Company comprises 11 directors, among which three are independent directors and one is female director. The structure of the Company’s Board of Directors is as follows:

Board Member	Name
Director	Ming-Zhou Yeh (Chairman), Jin-Feng Chen (Deputy Chairman), Cheng-Pei Kuo (General Manager), Jun-Lin Yeh, Ming-Yi Lai, Chen-Hui Tsai, Ren-Xing Hsu, Mao-Lin Wang
Independent Director	Hong-Zhao Lin, Chen-Chi Hsiao, Xing-Hua Zhu

II. Implementation of Diversity Among the Board Members (GRI 2-10)

The Company complies with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” for the election of its Board of Directors and also takes the diversity of the Board members into consideration, hoping to exercise the functions of corporate governance mechanism to the best and fullest. In terms of entire composition, all Board members are elected for the collective capabilities encompassing: operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, global market perspective, leadership, and decision-making.

Name of Director	Gender	Diverse Capability of Board Members							
		Operational Judgment	Accounting and Financial Analysis	Business Management	Crisis Management	Industry Knowledge	Global Market Perspective	Leadership	Decision-making
Ming-Zhou Yeh	Male	✓		✓	✓	✓	✓	✓	✓
Jin-Feng Chen	Female	✓	✓	✓	✓	✓	✓	✓	✓
Cheng-Pei Kuo	Male	✓		✓	✓	✓	✓	✓	✓
Jun-Lin Yeh	Male	✓		✓	✓	✓	✓	✓	✓
Ming-Yi Lai	Male	✓		✓	✓	✓	✓	✓	✓
Chen-Hui Tsai	Male	✓		✓	✓		✓	✓	✓
Ren-Xing Hsu	Male	✓		✓	✓	✓	✓	✓	✓
Mao-Lin Wang	Male	✓		✓	✓	✓	✓	✓	✓
Hong-Zhao Lin	Male	✓		✓	✓		✓	✓	✓
Chen-Chi Hsiao	Male	✓	✓	✓	✓		✓	✓	✓
Xing-Hua Zhu	Male	✓		✓	✓	✓	✓	✓	✓

III. Directors’ Recusal from Conflicts of Interest and Members’ Professional Development (GRI 2-15 and GRI 2-17)

For the regulations governing the recusal of the Board of Directors due to conflicts of interests, the Company has stated the handling procedures of directors’ recusal in Article 11 of the “Procedures for ethical management and Guidelines for conduct, ” where a director, a spouse, a blood relative within the second degree of kinship of a director, and any company which has a controlling or subordinate relation with a director, and where a director or his/her legal representative who has a personal interest in the matter under discussion at a board meeting shall explain to the board meeting the essential



contents of such personal interest. Should it impair the interest of the Company, one shall not involve in the discussion and the voting, shall make recusal during the discussion and the voting, and shall not exercise the voting right on behalf of another director.

In addition, to upgrading the diversity of the Board of Directors, the Company adheres to the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies,” periodically provides directors the information on professional courses, and assists them in enrolling in training courses. The directors of the Company emphasize ESG development greatly. All directors (including independent directors) enrolled in and completed 69 hours of ESG courses in 2023. In time to come, all directors will continuously uphold the spirit of implementing internal corporate governance and supervise the Company’s business of sustainable development.

IV. Functional Committee

1. Audit Committee

The Audit Committee of the Company comprises three independent directors, among which one is the convener. 4 meetings were commenced in 2023 with 100% of member attendance rate. The primary powers of the Audit Committee are below:

- (1). Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- (2). Assessment of the effectiveness of the internal control system.
- (3). Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- (4). A matter bearing on the personal interest of a director.
- (5). A material asset or derivatives transaction.
- (6). A material monetary loan, endorsement, or provision of guarantee.
- (7). The offering, issuance, or private placement of any equity-type securities.
- (8). The hiring or dismissal of an attesting CPA, or the compensation given thereto.
- (9). The appointment or discharge of a financial, accounting, or internal auditing officer
- (10). Annual financial reports that are signed or sealed by the chairperson, managerial officer, and accounting officer.
- (11). Any other material matter so required by the company or the Competent Authority.

In addition to reviewing the financial reports attested by the CPA in 2023, the Audit Committee audited the following matters:

- (1). The loaning of funds and making of endorsement and guarantee for Jiujiang Deyu Co., Ltd.
- (2). Proposal of the cash capital increase of Utex Innovation Co., Ltd.
- (3). Proposal on the appointment and remuneration of CPA for the year 2023.
- (4). Proposal for the Company’s 2024 internal audit plan.



2. Remuneration Committee (GRI 2-19 and GRI 2-20)

The Remuneration Committee of the Company comprises three members, with more than half of whom being independent directors, among which one is the convener. 4 meetings were commenced in 2023 with 100% of member attendance rate. The primary powers of the Remuneration Committee are below:

- (1). Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors and managerial officers.
- (2). Periodically evaluate and prescribe the remuneration of directors and managerial officers.

Moreover, the Remuneration Committee of the Company primarily performs the following matters in 2023:

- (1). Proposal on the distribution of year-end bonuses and operation performance bonuses for managerial officials for the year 2022.
- (2). Proposal on the appropriation ratio of director and employee remunerations for the year 2023.
- (3). Proposal on the remuneration distribution of directors and employees for the year 2022.
- (4). Proposal on the distribution of 2023 Dragon Boat Festival (Mid-year) performance bonus to managerial officials.
- (5). Proposal on the amendments to the “Handling Procedures of Bonus for Employee Performance” and the “Handling Procedures of Salary to Managerial Officials.”
- (6). Proposal on the salary adjustment and item adjustment of salary structure for managerial officials.

V. Performance Evaluation of the Board of Directors (GRI 2-18)

To implement corporate governance and enhance the functions of the Board of Directors as well as other functional committees, the Company follows the “Procedures for Evaluating the Performance of the Board of Directors,” where the performance evaluation of the Board of Directors for the current year shall be completed after each year end by the end of the first quarter of the following year (i.e. by March 31st of the following year).

The evaluation method of the Board of Directors is conducted in the form of a self-evaluating survey, which can be categorized into the performance evaluation of the Board of Directors as a whole, the performance evaluation of individual Board members, and the performance evaluation of the functional committees. The performance evaluation of the functional committees is conducted on the Audit Committee and the Remuneration Committee, respectively.

The contents of the self-evaluating survey are presented in 5 levels to indicate the satisfaction degree to the performance achievements of the Board of Directors. Score 1 represents Very Bad (Strongly Disagree); score 2 represents Bad (Disagree); score 3 represents Neutral (Average); score 4 represents Good (Agree); and score 5 represents Very Good (Strongly Agree). The results of the performance evaluation of the Board of Directors for the year 2023 are summarized below:



Performance Evaluation of the Board of Directors as a Whole:

Evaluation Item	No. of Questions (a)	Total Scores (b=a*11 persons* 5 scores)	Self-evaluation Scores (c)	Level (c/b*5 scores)
A. Participation in the Operation of the Company	13	715	651	4.55
B. Improvement of the Quality of the Board of Directors' Decision-making	12	660	620	4.70
C. Composition and Structure of the Board of Directors	7	385	369	4.79
D. Election and Continuing Education of the Board of Directors	6	330	313	4.74
E. Internal Control	6	330	304	4.61
Subtotal	44	2,420	2,257	\bar{X} = 4.66

Performance Evaluation of Individual Board Members:

Evaluation Item	No. of Questions (a)	Total Scores (b=a*11 persons* 5 scores)	Self-evaluation Scores (c)	Level (c/b*5 scores)
A. Alignment of the Goals and Missions of the Company	3	165	156	4.73
B. Awareness of the Duties of a Director	3	165	155	4.70
C. Participation in the Operation of the Company	8	440	413	4.69
D. Management of Internal Relationship and Communication	3	165	156	4.73
E. The Director's Professionalism and Continuing Education	3	165	152	4.61
F. Internal Control	3	165	156	4.73
Subtotal	23	1,265	1,188	\bar{X} = 4.70

In terms of the performance evaluation results of the Board of Directors, each aspect scored 4.5 or above. As far as the overall self-evaluation results are concerned, the Board of Directors demonstrated an excellent performance in 2023. However, the Russia-Ukraine War and the Israel-Hamas War in recent years have led to inflation and a rising tendency in crude oil in the future, of which the downside may weaken the profitability of the Company. The Board of Directors will keep on with the variation of the international situations and timely request the responsible authority to propose corresponding strategies. On the other hand, the Board of Directors will persist in supervising the sustainable development of the Company to aim at the development of energy conservation, carbon reduction, and eco-friendly fabrics, making efforts in environmental friendliness.

Performance Evaluation of the Audit Committee

Evaluation Item	No. of Questions (a)	Total Scores (b=a*3 persons* 5 scores)	Self-evaluation Scores (c)	Level (c/b*5 scores)
A. Participation in the Operation of the Company	4	60	60	5.00
B. Awareness of the Duties of the Audit Committee	5	75	74	4.93
C. Improvement of the Quality of the Audit Committee's Decision-making	7	105	104	4.95
D. Composition and Member Election of the Audit Committee	3	45	45	5.00
E. Internal Control	3	45	43	4.78
Subtotal	22	330	326	\bar{X} = 4.94



Performance Evaluation of the Remuneration Committee

Evaluation Item	No. of Questions (a)	Total Scores (b=a*3 persons* 5 scores)	Self-evaluation Scores (c)	Level (c/b*5 scores)
A. Participation in the Operation of the Company	4	60	60	5.00
B. Awareness of the Duties of the Remuneration Committee	5	75	72	4.80
C. Improvement of the Quality of the Remuneration Committee's Decision-making	7	105	105	5.00
D. Composition and Member Election of the Remuneration Committee	3	45	45	5.00
Subtotal	19	285	282	\bar{X} = 4.95

In terms of the self-evaluation results of the functional committees, the functional committees demonstrated an exceptional performance. In addition, the members' attendance rate of the individual functional committees reached 100% in 2023, respectively. Henceforward, each functional committee will keep at strengthening the competencies of sustainable development to assist the Company in facilitating sustainability

Stakeholder Engagement (GRI 2-29)

1. Categories and Status of Stakeholders

A company will inevitably interact with stakeholders during its course of business. Honmyue advocates corporate social responsibilities and keeps a positive attitude towards the communication with stakeholders. We fully understand the needs of stakeholders and adjust the operational policies accordingly, allowing the Company to grow and thrive. The categories and status of stakeholders during the course of operations of the Company are as follows:

Category	Status
Employee	On-the-job employees of the Company
Customer	Existing customers
Supplier	Existing suppliers and contractors
Shareholder and Juristic Person	Natural person shareholders and corporate shareholders
Government Agency	Competent authorities of local government

Category	Status
Local Community	Citizens and groups in local communities
Academy	Subject of industry-academic collaboration
Media	News media such as newspaper agencies
Research Institute	Subjects who collaborate with the Company in researching raw materials or products.

2. Stakeholder Identification

Through the five principles of the AA1000 Stakeholder Engagement Standard, which are Dependency, Responsibility, Tension, Influence, and Diverse Perspectives, the Company employs questionnaires to inquire of our senior supervisors and related business supervisors. After 31 questionnaires were collected, five categories of important stakeholders were identified according to the individual level of significance, that are customer, employee, supplier, shareholder and juristic person, and government agency. The Company uses the five categories of stakeholders as the main basis for the communication with our stakeholders.



Stakeholder	Significance to the Company	Issues of Concern	Communication Status and Frequency	Communication Results
Employee	Employees are the most crucial assets of the Company and are the motivation behind Honmyue's continuing growth.	<ol style="list-style-type: none"> 1. Talent Attraction and Retention 2. Career Development Training and Education 3. Occupational Safety and Health 	<ol style="list-style-type: none"> 1. Management-labor meetings at least 4 times a year. 2. Occupational Safety and Health Committee meetings at least 4 times. 3. Performance interview once every half year. 4. Briefing sessions after health check-ups on demand. 5. Ad hoc internal and external training. 6. Ad hoc new employee orientation. 7. Ad hoc internal appeal handling. 8. Ad hoc announcements on employees' internal promotion/discipline. 9. Encouraging employees to make improvement proposals. 	<ol style="list-style-type: none"> 1. 4 times of Management-labor meetings. 2. 3 times of occupational Safety and Health Committee meetings. 3. A total of 2 performance interviews. 4. 1 briefing session after health check-ups. 5. A total of 91 internal and external training sessions. 6. 1 session of new employee orientation. 7. 20 announcements on employees' internal promotion/discipline. 8. A total of 177 improvement proposals.
Customer	Customer support is an important source of revenue for the Company and the key to Honmyue's continuing operations.	<ol style="list-style-type: none"> 1. Product Quality 2. Customer Service Quality 3. Product Research and Innovation, Information Security, and Data Protection 	<ol style="list-style-type: none"> 1. Annual customer satisfaction survey. 2. Unscheduled on-site visits to customers. 3. Regular participation in foreign and domestic exhibitions. 4. Unscheduled handling of customer complaints. 5. Unscheduled plant inspections and visits. 6. Customers' sampling fabrics. 	<ol style="list-style-type: none"> 1. 1 customer satisfaction survey. 2. Unscheduled on-site visits to customers. 3. Participation in 5 foreign and domestic exhibitions. 4. Handling of 722 customer complaint cases. 5. 20 times of plant inspections and visits. 6. 416 cases of customers' sampling fabrics.
Supplier	Our products rely on stable and high-quality raw materials provided by suppliers, which also serve as the foundation of Honmyue's innovative products.	<ol style="list-style-type: none"> 1. Supplier Management 2. Recycling of Product Materials 3. Social/Environmental Evaluation on Suppliers 4. Procurement Strategy 	<ol style="list-style-type: none"> 1. Unscheduled on-site visits to suppliers. 2. Signing of Corporate Social Responsibility Commitment. 	<ol style="list-style-type: none"> 1. Unscheduled on-site visits to suppliers 2. 13 companies have signed the Corporate Social Responsibility Commitment.
Shareholder and Juristic Person	Shareholders and juristic persons are the investors of the Company. It is Honmyue's responsibility to seek long-term interests for our investors.	<ol style="list-style-type: none"> 1. Operational Performance and Financial Information 2. Ethical Management 3. Risk Management and Corporate Governance 	<ol style="list-style-type: none"> 1. Material information announcements. 2. Information declaration in the Market Observation Post System. 3. Earnings call once every half year. 4. Investor conference (ad hoc). 5. Annual shareholders meetings 	<ol style="list-style-type: none"> 1. A total of 21 material information announcements. 2. Regular declaration in the Market Observation Post System. 3. A total of 2 earning calls. 4. A total of 3 investor conferences. 5. A total of 1 annual shareholders meeting.



Stakeholder	Significance to the Company	Issues of Concern	Communication Status and Frequency	Communication Results
<p>Government Agency</p>	<p>Government agencies are the makers of relevant policies. The operations of the Company must abide by the related laws and regulations legislated by the government.</p>	<p>1.Taxation Policy 2.Labor-management Relations 3.Greenhouse Gas Emissions 4.Wastewater Discharge</p>	<p>1. Air pollution testing at least once a year; declaration of production amount once every quarter. 2. Wastewater sample testing twice every month; declaration once every half year. 3. Unscheduled declaration on the volume of waste disposal (sludge and industrial wastes). 4. Fire prevention equipment inspection, declaration, and reexamination once a year. 5. Safety inspection and declaration on building fire prevention and evacuation facility and equipment once a year. 6. Energy audits and efficiency declaration once a year, respectively. 7. Regular tax declaration.</p>	<p>1. 2 times of air pollution testing; 8 times of declaration of production amount. 2. 48 times of wastewater sample testing; 4 times of declaration. 3. 66 declarations on the volume of waste disposal (sludge and industrial wastes). 4. 2 times of fire prevention equipment inspection, declaration, and reexamination. 5. 2 times of safety inspection and declaration on building fire prevention and evacuation facility and equipment. 6. 2 times of energy audits and efficiency declaration, respectively. 7. 10 tax declarations.</p>



Honmyue elaborates the issues of concerns from the important stakeholders in the form of a report and presents the accomplishments of the Company in promoting sustainable development. In the meanwhile, we communicate with stakeholders regarding our mutual understanding and perspective by responding to their issues of concern. The communication results with stakeholders will be reported to the Board of Directors by the chairman of the “ESG Sustainable Development Promotion Committee.”

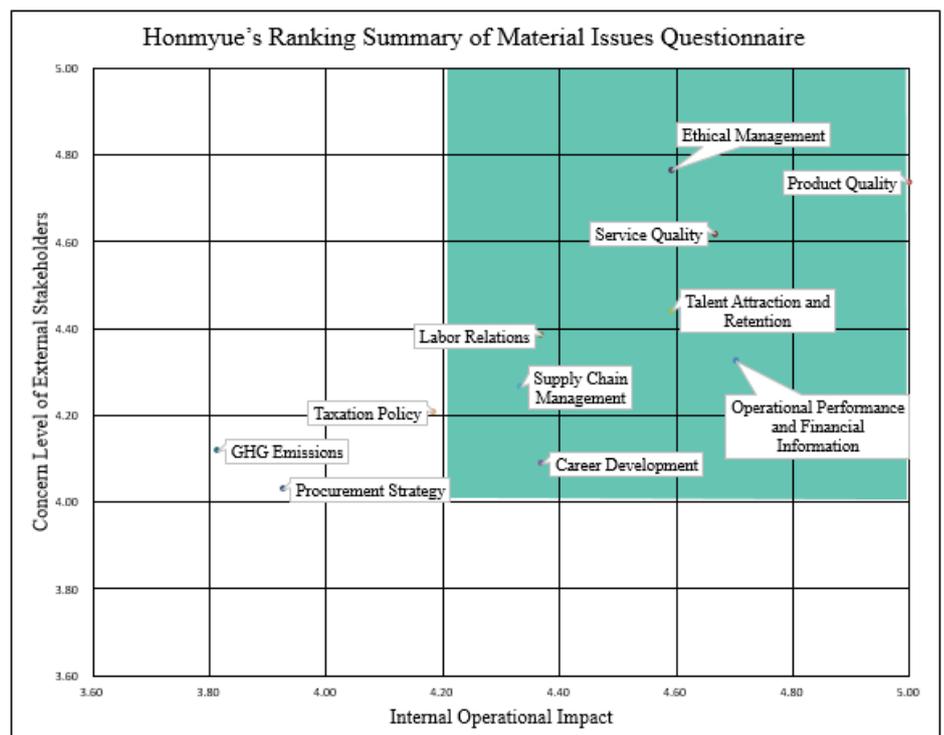
Material Topics

Analysis Process of Material Topics (GRI 3-1)

The Company’s analysis process of material topics follows the guidelines of the GRI index. The issues of concerns are collected firstly through stakeholder identification, then based on the results of stakeholder engagement, and with reference to international sustainability norms and standards (GRI Standards, SASB, SDGs, and TCFD) as well as the Company’s visions for future development. A total of 22 issues of concerns were compiled. After a survey conducted by the “ESG Sustainable Development Promotion Committee” in the form of questionnaire to the Company’s ESG Report Team, 11 issues with the highest scores were made into the material topics questionnaire. Then, the survey was conducted to the Company’s internal senior supervisors regarding the impact level on Company operations as well as external stakeholders’ concern level towards those material topics. After obviating invalid questionnaires, a total of 27 valid questionnaires were retrieved from internal senior supervisors, whereas a total of 34 valid questionnaires were retrieved from external stakeholders. The flow chart of material topics analysis is as follows:



A total of 8 material issues were selected according to the resolution of the “ESG Sustainable Development Promotion Committee,” that were product quality, ethical management, service quality, talent attraction and retention, operational performance and financial information, supply chain management, labor relations, and career development. Additionally, an analysis of positive and negative impact was carried out on these 8 material issues and thoroughly disclosed in this report after being prioritized by materiality.





List of Materiality (GRI 3-2)

Materiality	GRI Topic	Aspect of Impact	Contents of Positive/Negative Impact
Product Quality	Honmyue's Customized Topic	Positive Impact	Improving product quality can create sustainable management performance, fortify customer and market recognition, and enhance the image as well as operational performance of the Company. Elevating product competitiveness through refined production technology and process will help with expanding markets and building a favorable brand image.
		Negative Impact	Failure to implement quality assurance policy will result in defective products being released to customers' end, sabotage company image and quality recognition, and lead to abnormal loss as well as customer attrition. Problems associated with quality will also induce customer complaints and deduction, further damaging customer relationship and orders.
Operational Performance and Financial Information	GRI 201	Positive Impact	A good operational performance represents excellent achievements of a company in terms of revenue, profit, and cash flow. Not only does it guarantee the financial well-being of the enterprise, it also provides sufficient funds for future expansion and investment, laying a solid foundation for the company's success in the long run.
		Negative Impact	A significantly poor operational performance may result in an inoperative situation of the Company and may lead to layoffs or business cutback in some severe cases.
Talent Attraction and Retention	GRI 401	Positive Impact	The Company thinks highly of employee welfare and has imported diversified talents to boost corporate growth. Not only do we enhance industry competitiveness, but also create more employment opportunities.
		Negative Impact	Remuneration policies and promotion mechanisms lacking competitive edge may bring about the attrition of key technical talents. Uncompetitive benefits and work environment may also fuel the risks of brain drain.
Career Development	GRI 404	Positive Impact	Based on employee capabilities as well as development demands, we provide internal and external educational training to upgrade employees' capabilities and cultivate various competencies. We also inspire employees to keep learning so as to bring Company competitiveness to another level.
		Negative Impact	Failure to implement educational training will disable our enhancement in operating skills, lead to vulnerability of Company competitiveness, and hinder the career development of employees.



Materiality	GRI Topic	Aspect of Impact	Contents of Positive/Negative Impact
Supply Chain Management	Honmyue's Customized Topic	Positive Impact	A good supply chain management fosters the co-prosperity of a value chain and ameliorates company competitiveness. A stable partnership ensures the quality of raw materials and the sufficiency of supply and facilitates a smooth production. Simultaneously, it helps establish a supply chain relationship encompassing ESG and promotes collaboration as well as innovation.
		Negative Impact	Inferior suppliers may result in unstable supply and increase Company loss. Apart from the impact on quality, delivery date, and cost, an inappropriate supply chain management may also trigger problems involving the environment, labors, and human rights that affect Company reputation.
Service Quality	Honmyue's Customized Topic	Positive Impact	Responding promptly to customer issues helps consolidate the relationship with customers, multiply customer satisfaction and willingness to place orders, and increase the degree of customer reliance on the Company. Providing customized product development services also enhances our irreplaceability and further strengthens customer relationships.
		Negative Impact	Neglecting customer complaints and failing to handle problems in a timely manner will affect customers' rights, the source of orders, and their willingness to place orders. Accordingly, it will reduce revenues and customer retention and also adversely affect the Company's image.
Labor Relations	GRI 402	Positive Impact	An advance notice period can help employees better manage the stress and uncertainty of a career change. In the meantime, it helps maintain harmony in the Company's workplace and avoid negative repercussions caused by termination of employment.
		Negative Impact	Lack of transparency and communication may cause employees to feel neglected and to question the commitment and values of the Company, which in turn lowers employee morale and productivity, increases turnover, and has a negative impact on the stable development of the Company.
Ethical Management	Honmyue's Customized Topic	Positive Impact	Ethical management builds trust between the Company and its stakeholders and enhances investors' willingness to invest in the Company, helping to enhance Company reputation and long-term competitiveness and to gain more extensive support and recognition.
		Negative Impact	Lack of integrity can jeopardize a company's image and trust, increase the risk of corruption among employees, and in turn affect productivity and competitiveness. It has a long-term negative impact on the sustainable development and viability of the Company.



Correlation Between Corporate Sustainable Development and SDGs

ESG Aspect	Contents of Development	2023 Status of Achievements	SDGs Indicators			Corresponding Chapter
Governance	Economic Performance and Financial Information	The revenue in 2023 was NT\$1.996 billion.	SDG 8.2 SDG13.3			1.1
	Product Quality	Offering customers satisfactory products and created a sustainable cooperative business model.	SDG 12.6			2.1
	Service Quality	Providing a fast quotation process and maintaining correct shipment quantities as well as specifications.	SDG 12.7			2.2
Society	Talent Attraction and Retention	Providing reasonable wages and benefits and prohibits forced labor in any form.	SDG 8.5			3.1
	Career Development (Employee Training)	Both male and female employees are entitled to fair training opportunities and impartial performance appraisals that reflect the work effectiveness of employees with transparency.	SDG 5.C SDG8.5			3.3
Environment	Prevention of Air Pollution	The total GHG emissions in 2023 was 10,238.8 metric tons lower than that in 2022.	SDG 13.3			4.1
	Waste Disposal	Achieved “Source Reduction” and implemented “Circular Economy.”	SDG 12.5			4.2



Relevance Between Material Issues and Stakeholders

Contents of the Chapter in the Report	Material Issue	Relationship with Stakeholders					Reason for Materiality	V:Direct Impact	△:Indirect Impact
		Customer	Supplier	Shareholder and Juristic Person	Employee	Government Agency		Alignment with GRI Standards	Corresponding Chapter
Robust Governance	Economic Performance and Financial Information	△	√	√	√		The achievements of corporate management are a major factor in future development; whereas the transparent disclosure of financial information represents a responsible attitude towards investors.	GRI 201	1.1
	Ethical Management	√	√	△		△	By enhancing the moral standard of all employees, we will be able to shape a good Company image and meet the expectations of the general public.	Customized Topic	1.2
Creation of an Excellent Industry Chain	Product Quality	√	△	△		△	Improving quality and ensuring that all products meet the requirements of our customers.	Customized Topic	2.1
	Service Quality	√	△		△		Customer satisfaction can elevate the competitiveness of the Company and is the key to a sustainable operation.	Customized Topic	2.2
	Supply Chain Management	√	√		△		Together with our suppliers, we are to create environmental sustainability and make pathways to sustainable performance.	Customized Topic	2.3
Making of a Friendly Workplace	Talent Attraction and Retention			△	√	△	Manpower is an important asset of an enterprise. Only with employees' minds at ease can we build up teamwork and concentration on their work for the enterprise.	GRI 401	3.1
	Labor Relations			△	√	△	Safeguarding the rights and interests of employees and maintaining smooth communication channels are the only ways to sustain a fair and reasonable environment for employers and employees.	GRI 402	3.2
	Career Development (Employee Training)			△	√	△	Through training, we can improve the quality of employees' work and enhance operational efficiency.	GRI 404	3.3



Chapter I Robust Governance

Honmyue has upheld a responsible management philosophy since its foundation. Whether to internal employees or external stakeholders, the Company will implement corporate management responsibility and prioritize the interests of shareholders and other stakeholders. Looking ahead to the year of 2024, the Company will undoubtedly fortify corporate governance, improve operational performance, and facilitate ethical corporate management policy in order to reward all stakeholders with the best fruits of business results.

1.1 Economic Performance and Financial Information (GRI 3-3, GRI 201-1, GRI 201-2, and 201-4)

2023 Operational Achievements

Reason for Materiality	Creating good operating results is the mission of a company, which is closely related to employees, investors and suppliers, and is also one of the key indicators for promoting sustainable operation.
Scope of Impact	Direct impact on employees, investors, and suppliers; indirect impact on customers.
Management Method and Purpose:	
Management Policy	<ol style="list-style-type: none"> 1. Discovering new markets and creating new business opportunities. 2. Improving manufacturing yield and minimizing loss during the course of material production. 3. Developing new products to satisfy customer demands. 4. Enhancing customer service satisfaction and maintaining customer loyalty.
Management Goal	To continuously upgrade Company profitability and facilitate sustainable development.
Mitigation and Remedial Measures for Negative Impact	<ol style="list-style-type: none"> 1. Cost Reduction: Promoting energy-saving and carbon-reducing plans for all factories to reduce expenditures related to energy consumption. 2. Reinforcement Marketing: Assessing market strategies on a regular basis, intensifying marketing campaigns, and increasing brand awareness as well as market shares. 3. Diversification of Product and Service: Researching new products, exploring the blue ocean market, reducing the risks of failure in single business.
Assessment Method	<ol style="list-style-type: none"> 1. Monthly meetings for management guidelines. 2. Revenue achievement rate. 3. Department business review meetings.
Dedicated Channels for Stakeholder Complaints	The Business Department; and the Company website.

The operational results of Honmyue in 2023 was not at its best with the net loss after tax roughly at NT\$44 million. Following the factors of high inflationary spike, high interest rates, and the underperformed economy in post-pandemic China, the global sales in consumers' market turned stagnant quarter by quarter from the second half of 2022 to the year of 2023. Western brands were stranded in a phase of inventory digestion where the purchasing strategies were quite conservative. Moreover, the textile mills in China have not yet broken away from the recessionary dilemma. The



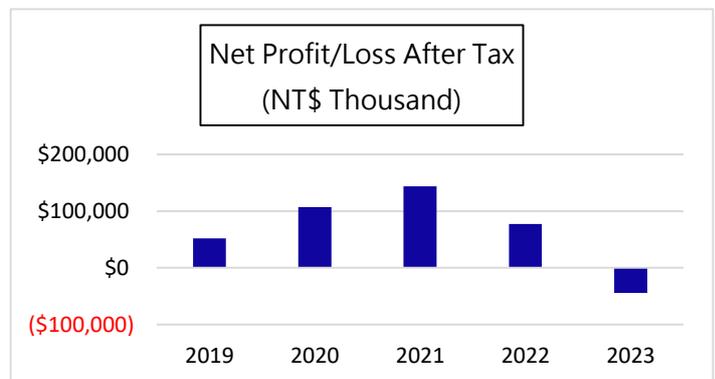
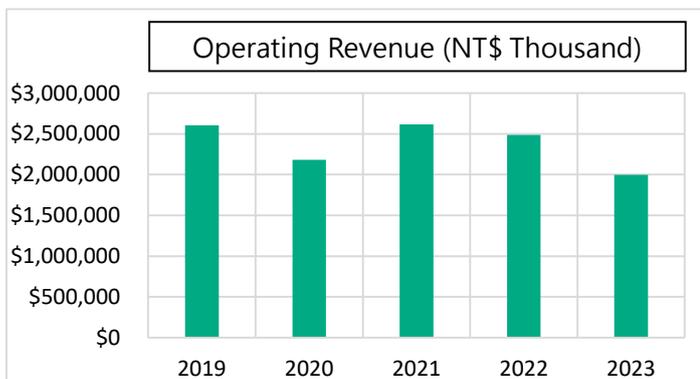
obstructed exports led to an oversupply in the Chinese domestic market, further impacting the upstream, midstream, and downstream textiles mills of our country.

Nonetheless, given that our weaving products have a certain degree of influence over the supply to downstream vendors, we are capable of maintaining a higher degree of flexibility and stability in market fluctuations. Henceforward, we will continue to integrate both internal and external resources, keep on developing new products to cope with market demands, and upgrade the competitive advantages of the Company in the industry chain.

Looking forward to 2024, the global business has shown signs of recovery. Benefiting from the demand for sportswear driven by the Olympics and the depleted inventory from brands' end, the proportion of customer orders should increase in the long run and Honmyue will be able to return better operating results to shareholders.

Unit: NT\$ Thousand

Item		2019	2020	2021	2022	2023
Direct Economic Value	Operating Revenue	2,606,016	2,180,015	2,616,558	2,484,812	1,996,611
Economic Value Distributed	Operating Cost	(2,334,915)	(1,843,157)	(2,238,098)	(2,160,099)	(1,820,859)
	Operating Expenditures	(190,962)	(207,566)	(225,634)	(214,343)	(188,558)
	Non-operating Expenses	(1,002)	(6,511)	23,835	(5,437)	(31,377)
Economic Value Retained	Net Profit Before Tax	<u>79,137</u>	<u>122,781</u>	<u>176,661</u>	<u>104,933</u>	<u>(44,183)</u>



Sustainable Climate Governance **Climate Governance (TCFD)**

Facing drastic climate change, net-zero and carbon reduction has turned into a global trend, to which Taiwan has sprung into action. Having fully cooperated the government's carbon reduction policy, Honmyue established the ESG Sustainable Development Promotion Committee in 2022 with the General Manager as the chairman. The Committee meets quarterly, may convene ad hoc meetings when necessary, and reports its implementation results as well as its targets for the new year to the Board of Directors on an annual basis. The Company practices climate risk management and trails the execution results regularly following the four core elements of the Task Force on Climate-Related Financial Disclosures (TCFD), namely, "governance," "strategy," "risk management," and "metrics and targets."



Governance

In order to implement the concept of sustainable development, the Board of Directors of the Company reviews the implementation results of the ESG Sustainable Development Promotion Committee to ensure the effective operation of the climate risk management mechanism. The Audit Committee is primarily in charge of overseeing the implementation of the Company's sustainability objectives (including the Task Force on Climate-Related Financial Disclosures) to ensure the transparency and accuracy of various measures. The General Manager is the head member of the ESG Sustainable Development Promotion Committee and is in charge of formulating strategies to address the issues of climate risk, setting the future direction for the implementation of the Company's sustainable development, regularly overseeing and coordinating the implementation results of various functional teams, and reporting to the Board of Directors on a regular basis.

Strategy and Risk Management

Under the leadership of our senior management, we have identified climate-related risks and opportunities based on the core elements of the TCFD, formulated feasible solutions to reduce carbon emissions, adapted the daily operations of the Company and its employees to cope with the operational and financial impacts brought by climate change, and enhanced the adaptability of the Company. The types, the potential negative financial impacts, and the corresponding measures of physical risks and transitional risks identified by Honmyue are listed below:



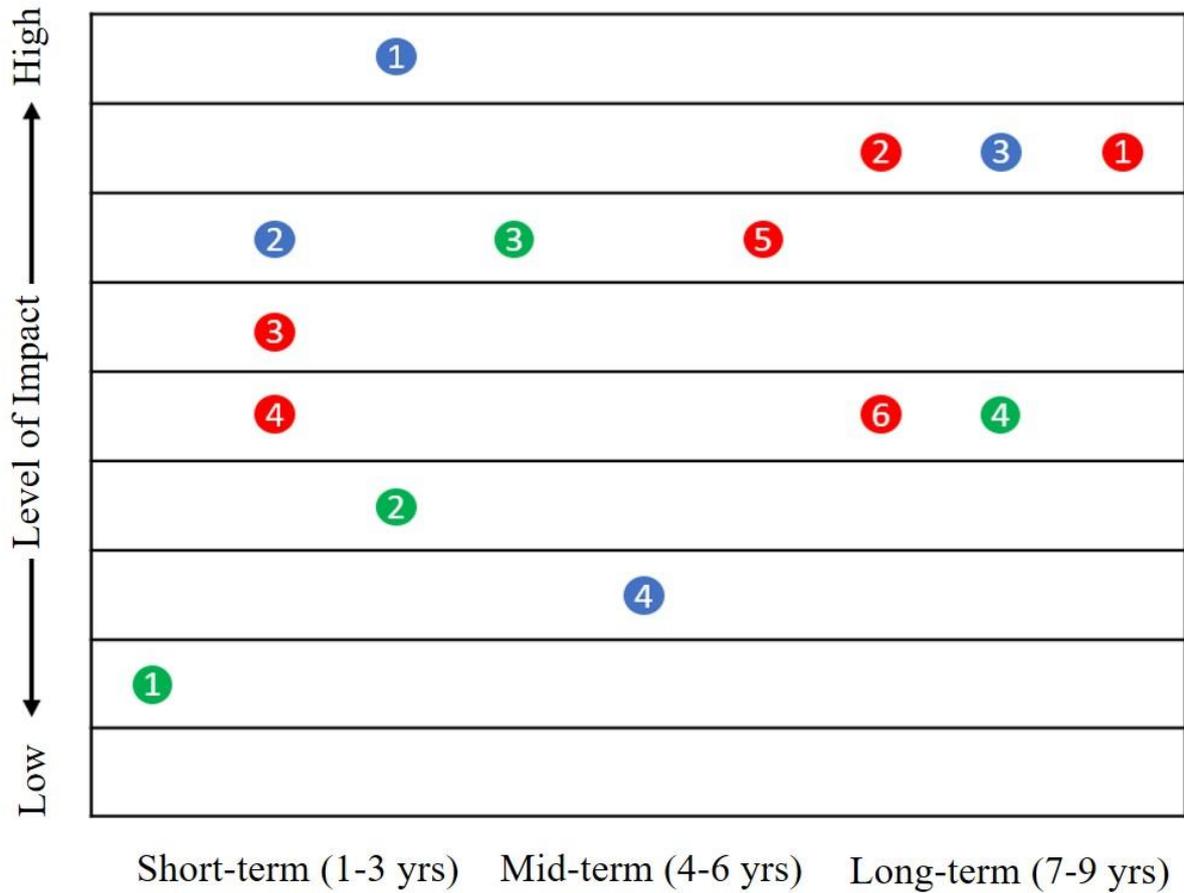
Physical Risk (Incl. supplier)		Period of Impact	Impact on Operation	Financial Negative Impact	Corresponding Strategy
Name	Contents				
Windstorm	Although typhoons have been rare on the island in recent years, the possibility of typhoons cannot be precluded. In the event of a typhoon, there is a possibility of flash floods, inundation, seawater intrusion, landslides, and other disasters.	Short	Low	In the event of extreme weather conditions, the Company or its suppliers may not be able to supply goods normally. Even, there may be a shortage of raw materials in the upstream, directly affecting the operation of the Company. Additionally, it may result in an increase in the Company's insurance premiums, leading to an increase in the operating costs.	<ol style="list-style-type: none"> 1. To establish risk prevention mechanism and practice continuing operation plans. 2. To establish supplier risk assessment mechanism and avoid purchase from high-risk regions. 3. To develop multi-suppliers to avoid chain rupture crisis. 4. To regularly review insurance requirements and assess the adequacy of various insurance coverage and amounts. 5. To continuously reduce greenhouse gas emissions and encourage employees to save energy and reduce carbon emissions. 6. To establish a remote-working system to avoid operational disruptions due to severe weather.
Flood	The frequency of short-duration intense rainfall in Taiwan has increased, which can lead to flooding if the drainage system is unable to cope with it.	Short	Medium		
Drought	Insufficient rainfall during the rainy season may results in water shortage in the following year. This will lead to different degrees of water supply pressure reduction, water rationing, and shutdowns in different regions.	Short	High		
Rising Average Temperature	Global warming is inevitable if global greenhouse gas emissions cannot be reduced. High temperatures above 40°C may continue to occur every year in the future.	Long	Medium		



Transitional Risk			Period of Impact	Impact on Operation	Financial Negative Impact	Corresponding Strategy
Type	Name	Contents				
Government Policy and Regulations	Tighter Energy Regulations	With the rising environmental awareness, governments will enact more stringent environmental regulations.	Long	High	Companies will need to invest in technology and equipment that meets new regulations for energy efficiency or emissions standards, which will increase capital expenses.	<ol style="list-style-type: none"> To formulate carbon emissions reduction plans and targets. To invest in low-carbon technology and high-efficiency equipment to improve energy efficiency and reduce carbon emissions as well as carbon bills.
	Carbon Fees Expropriation System	A policy of levying tax on corporate greenhouse gas emissions to promote emission reduction and lower carbon footprints.	Medium	High		
Technology	Research of Low-carbon Processing	The development of low-carbon processing includes equipment upgrading, technology development, and professional training.	Short	Medium	Uncertainty exists in the research and development of new technologies and raw materials. There may be risks of failure in R&D or substandard quality testing, resulting in non-recovery of capital investment.	<ol style="list-style-type: none"> To set up long-term R&D plans and ensure effective allocation of funds and resources. To encourage internal innovation and provide favorable R&D incentives. To collaborate with research organizations and utilize external expertise as well as resources to enhance R&D efficiency and success rate.
	Development of Eco-friendly Materials	Research and development of environmentally-friendly raw materials, including material science research, experimentation, and testing.	Short	Medium		
Market	Shifting of Consumer Preferences	As consumers become more conscious of environmental protection, the demand for traditional non-environmentally-friendly textiles will decline year after year.	Medium	High	If the Company fails to timely adapt to the changes in consumer preferences, demands for its existing products may decline, leading to a decrease in sales revenue.	<ol style="list-style-type: none"> To actively develop new products to meet new consumer demands. To conduct regular market research, understand the changing tendency of consumer preferences, and adjust product strategies promptly.
Reputation	Industry Stigmatization	With increased awareness of environmental protection and social responsibility, consumers are likely to resist textile products that are perceived to be environmentally unfriendly or have negative social impacts.	Long	Medium	The Company needs to inject a great deal of funds in rebranding and image repair to combat the effects of stigmatization.	<ol style="list-style-type: none"> To conduct a rebranding exercise, emphasizing the Company's efforts in environmental protection, social responsibility, and ethics, and to enhance the brand image. To maintain a transparent communication with consumers and investors and regularly publicize the Company's sustainability and social responsibility achievements.



Opportunity		Period of Impact	Impact on Operation	Financial Positive Impact	Corresponding Strategy
Name	Contents				
Research of Eco-friendly Products	Developing and using renewable and biodegradable materials, such as recycled polyester and recycled nylon, to meet consumer demand for environmentally-friendly products.	Short	High	1. Environmentally-friendly products usually attain a higher market premium because consumers are willing to pay a higher price for products with environmental labels. 2. Despite higher initial R&D and transition costs, efficient production processes and energy-saving technologies can reduce operating costs and increase profits in the long run.	1. To collaborate with material suppliers and technology partners for the development of environmentally-friendly materials and processes. 2. To conduct regular market surveys and demand analysis to pinpoint consumer needs and preferences for environmentally-friendly products.
Research of Low-carbon Processing	Investing in energy-saving technology and equipment, such as high-efficiency motors and advanced heat recovery systems.	Short	Medium		
New Market Expansion	Obtaining various environmental certificates, enhancing the competitiveness of our products, and increasing our customers' recognition of environmentally-friendly products.	Long	High	1. Consumers' demands for environmentally-friendly products are increasing. Low-carbon products can attract more environmentally-conscious consumers and expand market share.	1. To actively apply for environmental certifications to enhance product credibility as well as market competitiveness. 2. To cooperate with environmental protection organizations, non-government organizations, and government departments, participate in environmental activities and initiatives, and enhance the Company's image and visibility.
Implementation of Energy-saving Plans	Encouraging energy-saving behaviors through internal energy-saving programs and employee energy-saving awareness training.	Medium	Low	1. By implementing energy conservation programs, the Company can utilize resources more efficiently, reduce waste, and increase the efficiency of resource usage.	1. To participate in energy-saving and emission-reducing programs and subsidized projects promoted by the government, and to obtain government support and resources. 2. To elevate staff awareness of energy saving and train employees in energy saving methods and techniques.



- 1. Winstorm
- 2. Flood
- 3. Drought
- 4. Rising Average Temperature



- 1. Tighter Energy Regulations
- 2. Carbon Fees Expropriation System
- 3. Research of Low-carbon Processing
- 4. Development of Eco-friendly Materials
- 5. Shifting of Consumer Preferences
- 6. Industry Stigmatization



- 1. Research of Eco-friendly Products
- 2. Research of Low-carbon Processing
- 3. New Market Expansion
- 4. Implementation of Energy-saving Plans

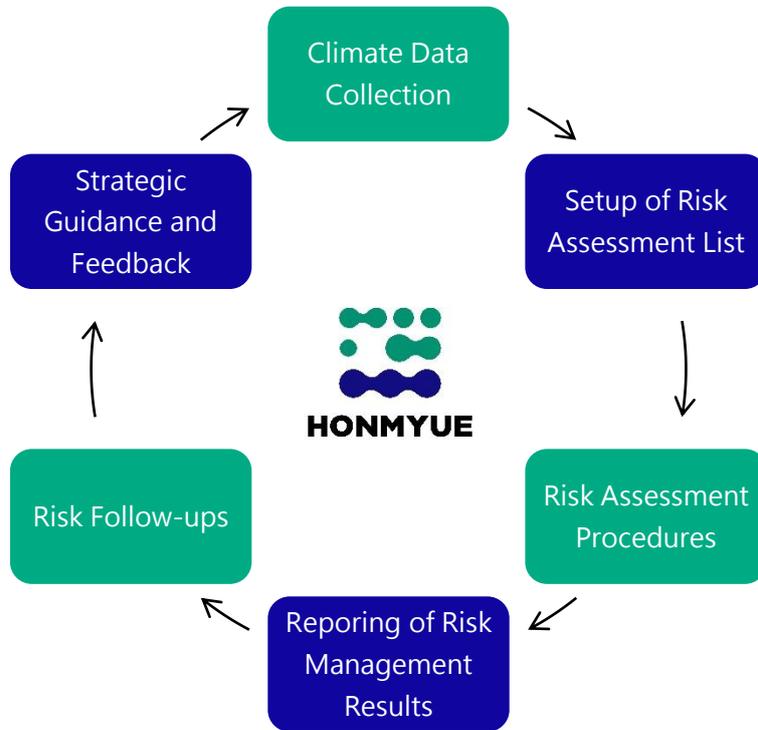
Risk Identification, Assessment, and Management Process

The Company evaluates the possible climate risk scenarios at least once a year. During the climate risk assessment, the Company firstly issues a risk list for the senior management to fill in and requests all supervisors to describe the possible climate risks in detail. Then, a risk score is assigned through the quantitative process. Afterwards, the risks that may pose a threat to the Company are prioritized from high to low. The Company's risk identification and assessment process are as follows:





In terms of the climate risk management process, the ESG Sustainable Development Promotion Committee of the Company regularly follows up on the risks, that have been avoided and eliminated, and records the actual and potential impacts of each risk, as well as the avoidance and elimination strategies implemented by the Company. The implementation results of the strategies are tracked on a regular basis and submitted to the Audit Committee annually, where the implementation results of the strategies are monitored and guidance as well as revisions to the management strategies are provided.



Indicators and Goals

Since 2017, the Company has exercised the GHG inventory within Scope I and Scope II. In 2022, the inventory scope was expanded to Scope III to VI. Henceforth, the Company will strengthen its efficiency in energy use during the developmental process of low-carbon products and further require its suppliers to fulfill energy conservation and carbon reduction. Together we will confront the environmental impact caused by climate change. With 2022 as the baseline year, the Company has formulated the implementation targets for 2024 and 2025.

Item	2024 Expected Target	2025 Expected Target
Target for GHG Emissions Reduction (Scope I + Scope II)	To reduce carbon emissions by 4%	To reduce carbon emissions by 6%

2024 Improvement Plans for Energy-saving Equipment:

Improved Item	Estimated Effect	Premises
Replacement of 100 looms	Enhancing production capacity, efficiency, and quality.	Chuansang Factory
Replacement of roots blowers with turbo blowers	Saving energy by 94,608 kWh/year.	
Replacement of returned air motors with IE3 energy-saving motors	Increasing efficiency from 90.2% to 93% and saving energy by 46,713 kWh/year.	Shengang Factory



Improved Item	Estimated Effect	Premises	
Partition construction of weaving areas (Curtain partitions and supply/return air duct closing modifications)	Decreasing the room temperature of air conditioner host in summer from 400 RT to 120 RT and saving energy by 453,600 kWh/year.	Chuansing Factory	
Removal construction of waste threads from waste water tank	Improving motor jamming, malfunction, and energy-consuming issues.		
Rectification construction of the clogged aeration pipeline in concentration tanks	Ameliorating effective aeration of sludge, enhancing sludge dehydration, decreasing water contents in sludge, and improving resting odor problems.		
Renovation construction of soft water tanks	Lowering water hardness and suspended solids; improving the water quality being used in looms.		
Cleaning construction of the water pipe walls for looms	Reducing suspended substance peeling and improving water quality for looms.		
Modification of waste recycled water pipeline running through soft water tanks	Lowering water hardness for looms and upgrading their production efficiency.		
Installation of ozone generator equipment	Providing sterilization of recycled water and minimizing problems moss and mold on grieger.		Shengang Factory
Setup of steam flowmeter for sizing/drying sections	Enhancing energy management mechanism.		
Replacement of coke in groundwater aeration towers	Reducing the ferrous iron in water.		
Replacement of consumables for boilers and soakers.	Lowering water hardness.		
Evaluation on the replacement of filter cloth used in sludge machines.	Reducing the water contents in sludge and enhancing the efficacy of sludge machines.		
Replacement of the consumables for UV light equipment	Minimizing the bacterial count in recycled water and avoiding problems of mold and moss when dyeing light-colored grieger.		

Financial Subsidy from Government

Honmyue obtained a total of NT\$11.59 million from the government of the Republic of China in 2023. The subsidies were derived from the following four projects:

Subsidy Project	Subsidying Authority	Subsidy Contents
Middle-aged and Elderly Employment Project	Ministry of Labor Workforce Development Agency	More than 15% of Honmyue's employees are middle-aged and elderly. Through redesigned job functions, we retain the experience and technology of middle-aged and elderly employees and pass them on to new employees, allowing sustainable operations for the Company.
Conventional Industry Technology Development	Ministry of Economic Affairs Industrial Development Administration	With the concept of circular economy, we grant a new life to wastes by transforming wasted PVB materials. Having developed core-spun fiber products with brand new recycling materials, we have popularized our products to the outdoor furniture market in the western countries.
5G Private Network Expansion Project	Ministry of Digital Affairs Administration for Digital Industries	To enhance the operational efficiency and quality management of the entire product capacity during the warping process, we established the "5G Premises MR Smart Inspection System." Combining the IoT platforms, MR collaboration equipment, and data analysis, the inspection process becomes more intelligent and automated for the purpose of minimizing human errors and increasing production speed.
Taiwan Industry Innovation Platform Program	Ministry of Economic Affairs Industrial Development Administration	Working with the major companies to lead the way for smaller companies, Honmyue deploys technologies and orders to connect low-carbon industry chains and to further broaden the overall achievement of carbon reduction in the textiles industry.



1.2 Ethical Management (Customized Topic)

Reason for Materiality	Ethics represent the attitude of being responsible to all stakeholders, without which the business operation will not sustain. Honmyue’s business philosophy is based on “ethical management”, which is our corporate culture and the standard all employees must follow.
Scope of Impact	Direct impact on customers, suppliers; indirect impact on shareholders, juristic persons, and government agencies.
Management Method and Purpose:	
Management Policy	<ol style="list-style-type: none"> 1. Regular audits are conducted by the Audit Office. Errors are corrected and reported to the Board of Directors. 2. Laws and policies are regularly publicized and the “Whistleblower Mechanism” is implemented. 3. The Company shall uphold ethical principles and appropriately handle matters where the legal rights of stakeholders are infringed upon. 4. All employees shall receive annual training on ethical management. 5. New employees shall be educated and shall sign the code of professional ethics and behavior.
Management Target	To promote corporate transparency in policy, administration, and integrity.
Assessment Method	<ol style="list-style-type: none"> 1. Unscheduled internal audits. 2. Internal/external whistleblowing channels and mechanism.
Dedicated Channels for Stakeholder Complaints	The Management and Administration Center of the General Manager’s Office; and the Audit Office

Implementation of Ethical Management

Honmyue has been upholding the business philosophy of “Integrity, Proactivity, Initiative, and Innovation” over the past 50 years and has exerted stringent requirements on all employees. All newly-onboarded employees are required to participate in ethical corporate management education and training, and must abide by the principles of ethical management.

Moreover, the Company has designated the “Management and Administration Center of the General Manager’s Office” as the dedicated unit for ethical corporate management since 2017, taking charge of promoting the Company’s policy of ethical management. In March of the same year, the Company formulated the “Procedures for Ethical Management and Guidelines for Conduct,” which was approved





by the Board of Directors and have been explicitly disclosed on the Company website.

The Board of Directors is annually informed of the implementation of the ethical management policy. On March 28th, 2023, the Board of Directors was informed of the implementation of the policy for the fiscal year of 2022, and on February 2nd, 2024, the Board of Directors was informed of the implementation of the policy for the fiscal year of 2023.

Education and Training for Ethical Management

The Company values each employee’s belief in ethical management and expects all directors as well as employees to implement the concept of ethical management to their daily business operations. Apart from the official website of the Company, the code of conducts is also periodically advocated in the form of posters and Company emails. In 2023, there were no legal proceedings from incidents in violation of ethical management.

Additionally, the following training courses were arranged in 2023 in order to implement our compliance with ethical management.

Training Course	Trainees	Total Training Hours	Number of Trainees
Directors’ fiduciary duties and liability for false financial statements	Directors	4.5	1
Operating Procedures for Handling Inside Material Information and Prevention of Insider Trading & Ethical Management	Internal Employees		117
Ethical Corporate Management Best Practice Principles and Advocate for Insider Trading	New Employees		14

Internal/External Appeals Mechanism (GRI 2-26)

In addition to the promotion of ethical management, the Company take disciplinary actions towards any employee who has committed dishonest behavior internally (or externally) pursuant to the penalties stipulated in the employee code of conduct. The Company shall declare in written statement that it maintains strict confidentiality regarding the identity of the whistleblower as well as the contents of the report. The Company is committed to protecting the whistleblowers from improper treatment as a result of their whistleblowing.

Furthermore, in order to facilitate the convenience for internal employees or external stakeholders to report dishonest behaviors of the Company’s employees, the Company has set up a clear complaint channel and will respond to all complaints as necessary:

1. Written Whistleblowing: Employee Care Mailbox at the Security Office in Shengang Factory.
2. Dedicated Hotline for Complaint: Legal 04-7994888 Extension at 691
3. Whistleblowing Mailbox: MNG-4@honmyue.com.tw



Chapter II Creation of an Excellent Industry Chain

Supply Chain Management is the lifeline of a sustainable business. After the Covid-19 turmoil, we have recognized with depth the importance of supply chain management. Especially in the selection of suppliers, we will always prioritize good suppliers as our partners. In addition to the soundness of the Company, we also consider whether the suppliers operate their businesses in a responsible manner. Aside from providing quality products, whether the suppliers emphasize environmental conservation, employee rights, and proper corporate governance are taken into consideration. We hope to cooperate with our supply chain partners in the long run to provide the best quality products to our customers.

2.1 Product Quality (Customized Topic)

Reason for Materiality	Quality is a commitment to customers. An excellent quality is also the foundation of a company's reputation. Only with innovative research and adherence to product standards can we meet customers' demand and maintain the Company's competitive edges.
Scope of Impact	Direct impact on customers; indirect impact on suppliers, shareholders and juristic persons, and government agencies.
Management Method and Purpose:	
Management Policy	<ol style="list-style-type: none"> 1. Researching and developing new products. 2. Enhancing production standards. 3. Reinforcing quality control.
Management Target	To provide customers with satisfactory products and build a business mode of sustainable collaboration.
Assessment Method	<ol style="list-style-type: none"> 1. Customer satisfaction survey. 2. Implementing standardized procedures and complying with production steps. 3. Regularly conducting audits on production cycles. 4. Internal laboratory quality testing.
Dedicated Channels for Customer Complaints	The Business Department; the Department of Production; the Department of Research and Technology; and the Company website.

Major Products and Sales Regions

As the largest woven fabrics manufacturer in Taiwan, Honmyue has its own consistent production process system across the strait. The fabrics we produce include industrial fabrics, apparel fabrics, home furnishing fabrics, and medical fabrics, etc. The core of the new fabrics we develop is to focus on the four main elements of “**environmental sustainability, safety and protection, functional comfort, and technological fashion**” as the direction of our product development.



APPAREL FABRIC
成衣用布

HOME & CONTRACT FABRIC
家居及商業空間用布

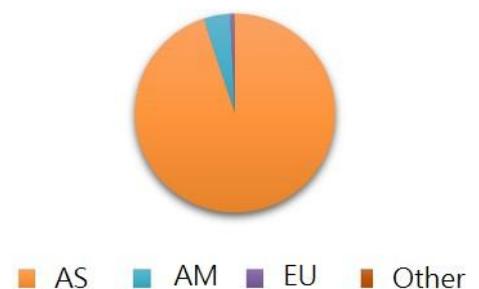
PACK 'N BAG & SOFT EQUIPMENT FABRIC
袋材及裝備類用布

MEDICAL TEXTILE
醫療紡織品

Type of Major Products		Important Purpose	Sales Ratio
Short-fiber Fabrics	Industrial Fabrics	Fabrics for leather goods such as leather bags and shoes.	3%
	Apparel Fabrics	Shirts, materials for dresses and trousers, and casual wear.	
Long-fiber Fabrics	Industrial Fabrics	Different types of bags, baby strollers, tea bags, horse rugs, shoe materials, running belts, and base fabric.	97%
	Apparel Fabrics	Mainly windbreakers and fabric for jackets; surgical gowns, and cleanroom suits	
	Home Furnishing Fabrics	Indoor fabric: Tablecloths, shower curtains, curtains, sofas, pillows, placemats, sunshades (roller blinds). Outdoor fabric: Outdoor seat cushions, lounge chairs, sunshades, rocking chairs, parasols, tents, hurricane curtains, furniture, outdoor leisure, and automotive applications.	
	Medical Fabrics	Surgical gowns, surgical drapes, isolation gowns, patient gowns, bed sheets, bedding, restraint belts, and other medical garments	

Asia is the primary market of the Company's products. The largest domestic sales are in Taiwan (74%), followed by China. In the future, we will continue to focus on the development of high-end products, which includes not only the innovation in technology but also upgrades in product design and artistic quality. With the research and introduction of value-added products, we will satisfy the diversified customer demands and further elevate product competitiveness. In the meantime, international political and economic situations are closely monitored, as well as trade conditions in different terminal markets. Different marketing strategies are also formulated for different regions and global sales channels are established by close integration of the sales and production teams.

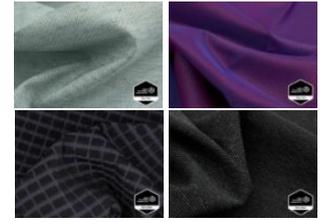
Pie Chart of Honmyue's Sales Ratio in 2023





Innovative Product Research and Improvement

Since 2016, the Company has consecutively participated in the “ISPO Textrends Award” in Germany, which is known as the Oscars of textiles, and has won a total of 1 Best Product, 23 Top Ten products, and 29 Selection products. Our innovative ability has been recognized internationally.



	2016	2017	2018	2019	2020	2021	2022	2023
BEST PRODUCT				1				
TOP 10	3	4	3	2	5	1	3	2
SELECTION	3	1	4	10	3	5	1	2

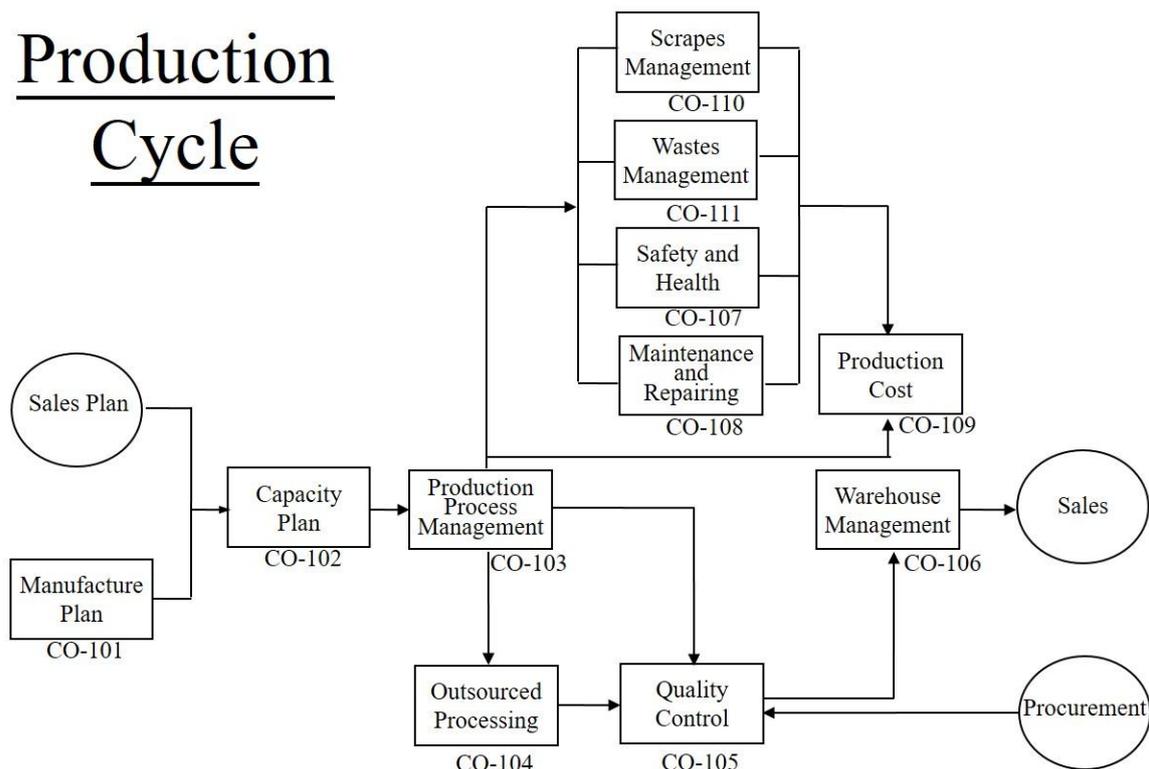
Since 2019, the Company has consecutively submitted to the image section of “PERFORMANCE DAYS Functional Fabric Fair” in Munich, Germany. A total of 15 products have been nominated, demonstrating that our research and development capability has been internationally recognized.

	2019	2020	2021	2022	2023
SELECTION	1	-	2	5	7

We believe that only with continuous innovation and improvement can we maintain our leading position in the highly-competitive market, create higher product value for our customers, and make Taiwan's functional fabrics shine in the international arena.

To ensure excellent product quality, the Company conducts production cycle audits annually. Complying with the standard operating procedures, the auditing process implements the audits of control points to prevent the release of defective products from sabotaging Company reputation.

Production Cycle





Strict Quality Management

Furthermore, in order to ensure the quality and performance of our fabrics, the Company has a laboratory of constant temperature and humidity in place that specializes in the quality tests on various fabrics. The testing includes but not limits to wear resistance, color fastness, water resistance, and tensile strength to ensure the compliance with international standards and alignment with the specific requirements of our customers.



Testing Item	Testing Standards	Testing Item	Testing Standards	Testing Item	Testing Standards
Tensile Strength	ASTM D5034	Hydrostatic Pressure	AATCC 127	Colorfastness to Light	AATCC 16.3
	ASTM D5035		ISO 811		ISO 105 B02
	ISO 13934-2	Wear Resistance	ASTM D1424	Colorfastness to Laundering	AATCC 107
ASTM D2261	ISO 13937-2		ISO 105 E01		
ASTM D4704	Colorfastness to Rubbing/Crocking		ASTM D3884	Colorfastness to Perspiration	AATCC 15
ASTM D1424		AATCC 8	ISO 105 E04		
Tearing Strength	ISO 13937-2	Impact Penetration	ISO 105 X12	Colorfastness to Sea Water	ISO 105 E02
	ISO 13937-3		AATCC 42		AATCC 106
	ISO 13937-4	Water Resistance	AATCC 22	Colorfastness to Saliva	DIN 53160-1
Yarns Slippage Resistance	ASTM D434		ISO 4920		Colorfastness to Machine-washing
Flexibility Resistance	ASTM D6182	Washing Shrinkage	AATCC 135	PH	ISO 3071

2.2 Service Quality (Customized Topic)

Reason for Materiality	Offering a satisfaction service to customers is the basic principle of respecting customers. Whether it is quotation, shipment, or after-sales service, either highlights the Company's professional and responsible attitude. Only by providing quality service can we maintain a good customer relationship.
Scope of Impact	Direct impact on customers; indirect impact on suppliers and employees.
Management Method and Purpose:	
Management Policy	<ol style="list-style-type: none"> 1. Providing a fast quotation process. 2. Maintaining correct quantity and specifications of shipments. 3. Responding quickly to customer feedback and improve deficiencies. 4. Offering prompt and excellent after-sales services.
Management Target	To minimize cases of customer complaints and enhance customer satisfaction towards the Company's services.
Assessment Method	Customer satisfaction survey.
Dedicated Channels for Customer Complaints	The Business Department; and the Company website.



Establishment of Smooth Communication Channels

Honmyue values our customers' opinions and consider customer satisfaction as our primary goal. The Company conducts customer satisfaction survey every year. The result of the survey in the fiscal year of 2023 shows that the satisfaction rate is approximately 70%, which indicates that there is still a lot of room for improvement in our services.

We attach great importance to all suggestions for improvement made by our customers. Through the results of the satisfaction survey, the Company will review the operational procedures in areas where our customers are not fully contented, so as to avoid the recurrence of the same deficiencies. Enhancing customer satisfaction is also the most important service purpose of the Company.

Prompt Handling for Customer Complaints

In terms of customer complaints, the Company adheres to the principle of accountability in accordance with the "Sales Management Procedures." We humbly accept corrections from our customers regardless of the quality of our products or any flaws in the service process. When a customer complaint occurs, we will always respond to the customer's needs and opinions with a prompt response and a positive attitude towards the problem.

In the event of a complaint, the Company will review the complaint, analyze its cause, and keep a complete record of the case handling process. One dedicated channel will be assigned to take care of each customer complaint case. When a customer complaint occurs, we will immediately make sense of the cause of the complaint, fill out a complaint handling form to commence an internal investigation, and fully communicate with the competent departments to thoroughly analyze the roots of the problem. We shall respond to the customer as soon as possible in order to achieve customer satisfaction. At the same time, the Company carries out internal rectifying and preventive measures for major problems in order to prevent the recurrence of similar issues.

2.3 Supply Chain Management (Customized Topic and SASB)

Chemicals Management

The Company has set up the "Handling Procedures for Chemicals Management" and the "Response Procedures for Chemical Leakage" to govern our chemicals management. All chemicals are managed in our factory premises and provided with the necessary protective equipment. All staffs who come into contact with chemicals must comply with the regulations of the procedures and wear protective equipment.

In order to avoid harm caused by chemicals to our employees, new employees onboarding the Company are required to receive education and training on chemical hazards. We also organize courses on "Chemical Hazards" and "Hazards Education and Training" on an annual basis for other colleagues, as well as drills on "Chemical Spattering and Chemical Leakage" in order to guard the safety of our employees as well as the community at large.



Additionally, in order to further ensure that chemical wastewater discharges comply with national laws and regulations, the Company also regularly arranges external training courses for seeded employees to ensure that it fulfills its responsibility in the management of chemicals.

Local Procurement (GRI 204-1)

Through localized procurement, transportation costs and carbon dioxide emissions can be reduced. In the spirit of enhancing Taiwan's local industry, we prioritize local suppliers in Taiwan when the product quality and procurement conditions are similar. By establishing a good cooperative relationship, we are able to advance a stable development of the economy in Taiwan. In 2022, the proportion of local procurement in the Taiwan factories to the total procurement amount was 98.5%. Moreover, the commodity required by the Company's production are nylon yarn, polyester textured yarn, and long-fiber comprehensive pulp. Nine of the commodity suppliers are local manufacturers in Taiwan.

Supplier Management and Audits

In order to select qualified suppliers that meet the Company's needs, to stabilize the quality of incoming materials, and to regulate the issues regarding environmental protection, safety, and hygiene, we have established the "Procedures for Suppliers Management" as a basis for compliance. We regularly conduct evaluation and management on our suppliers, so that those who are determined qualified by the Company may be our long-term partners. In the meanwhile, qualified suppliers are required to deliver goods on time and in good quality to ensure that the Company maintains normal operation and can provide products in alignment with customers' requirements.

Internal Evaluation Standards for Suppliers												
New Suppliers	<p>Each competent unit conducts on-site familiarization and evaluation of the vendor's manufacturing capability and quality management and determines whether to register it as a qualified supplier or not. If the supplier is a trader without a factory, its registration will depend on the results of the product trial report. This evaluation also applies on foreign suppliers.</p> <p>The ranking of supplier evaluation is based on the "Supplier Evaluation Rating Standards." Only those who have received an excellence or level A in the evaluation can be selected as qualified suppliers of the Company. Those who are not selected will be notified for improvement, whom shall apply for evaluation again after improvement. If they still don't pass the evaluation, they will be disqualified.</p>	<p>(1) Evaluated by each competent unit. (2) Primarily valuated by each competent unit according to quality at delivery (30%), cooperation (20%), delivery date (30%), and costs (20%). (3) Suppliers are categorized into four levels based on their evaluation results, as shown below:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Supplier Scores</th> <th>Supplier Level</th> </tr> </thead> <tbody> <tr> <td>90~100</td> <td>Excellent</td> </tr> <tr> <td>75~89</td> <td>Level A</td> </tr> <tr> <td>74~60</td> <td>Level B</td> </tr> <tr> <td>59 and Below</td> <td>Level C (Substandard)</td> </tr> </tbody> </table>	Supplier Scores	Supplier Level	90~100	Excellent	75~89	Level A	74~60	Level B	59 and Below	Level C (Substandard)
Supplier Scores	Supplier Level											
90~100	Excellent											
75~89	Level A											
74~60	Level B											
59 and Below	Level C (Substandard)											
Existing Suppliers	<p>In accordance with the "Procedures for Suppliers Management," suppliers shall be evaluated once a year. Should there be poor quality or cooperation during the actual supply process, each responsible unit should immediately request the supplier to make improvements.</p>											



Results of Suppliers Evaluation in 2023:

Type of Suppliers	No. of Evaluated Suppliers	Average Score	Result of Evaluation Level	Handling Method
Outsourced Weaving Factory	5	86.8	A total of 5 Level A suppliers.	Maintaining normal amount of procurement
Raw Material Factory	18	85.4	A total of 1 Excellence supplier; a total of 17 Level-A suppliers.	
Dressing Factory	3	87.6	A total of 3 Level A suppliers.	
Outsourced Dressing Factory	1	89.0	A total of 1 Level A supplier.	
PVC Factory	4	83.8	A total of 4 Level A suppliers.	
PU Factory	6	83.5	A total of 4 Level A suppliers.	
Heat Compression Factory	2	84.5	A total of 2 Level A suppliers.	
Dyeing and Finishing Factory	5	82.0	A total of 5 Level A suppliers.	
TPU Factory	3	83.6	A total of 3 Level A suppliers.	
Packaging Material Factory	4	90.3	A total of 3 Excellence suppliers; a total of 1 Level-A supplier.	
Components Factory	3	89.0	A total of 1 Excellence supplier; a total of 2 Level-A suppliers.	
Others	3	88.7	A total of 1 Excellence supplier; a total of 2 Level-A suppliers.	
Total	57	85.7	A total of 6 Excellence suppliers; a total of 51 Level-A suppliers.	

Besides, the Company encourages all suppliers to proactively pass the ISO 9001 Quality Management Certification, the OHSAS 18001 Occupational Health and Safety Assessment Series, and the ISO 14001 Environmental Management Certification, and to fulfill their social responsibility obligations. We also encourage suppliers to sign the “Supplier Social Responsibility Commitment,” guaranteeing that the work, the environmental safety, and the employees of all manufacturers in the supply chain are respected, and that they will be environmentally responsible in the manufacturing process. Also, by signing the Commitment, suppliers agree to be visited their business premises on an unscheduled basis for inspections, recordings, and picture-taking as well as discussions about environmental issues affected by non-production research and development technologies. In the event of violation, the Company reserves the right to request continuous improvement from the supplier. If the said supplier fails to comply after our repeated suggestions, the Company will reject the cooperation agreement with the supplier. As of the end of 2023, a total of 13 suppliers have signed the “Supplier Social Responsibility Commitment.”

As for crucial suppliers, based on our statistic results, there were 10 tier 1 crucial suppliers in the fiscal year of 2023. The Company classified the yarn mills with the purchasing amount exceeding NT\$40 million as “crucial suppliers” and requested them to fill in the supplier evaluation questionnaire. The results of the supplier evaluation questionnaire are summarized as follows:



Issue	Questions	Results	Achievement Rate
Sustainable Development	Does the company establish a specialized unit and/or personnel for sustainable development?	8 suppliers do; 2 suppliers don't.	80%
	Does the company formulate any relevant procedures for sustainable development?	9 suppliers do; 1 supplier don't.	90%
	Does the company prepare its 2023 sustainability report?	10 suppliers do.	100%
	Does the company formulate ESG management policies for suppliers?	9 suppliers do; 1 supplier don't.	90%
Corporate Governance	Does the company establish internal and external channels for appeals?	9 suppliers do; 1 supplier don't.	90%
	Does the company conduct supplier audits in 2023?	9 suppliers do; 1 supplier don't.	90%
	Does the company stipulate systems of ethical conduct or ethical corporate management practices?	9 suppliers do; 1 supplier don't.	90%

Issue	Questions	Results	Achievement Rate
Social Responsibility	Does the operation related to labor safety in 2023 comply with the labor safety and health regulations?	10 suppliers do.	100%
	Does the company establish policies and management measures for occupational safety and health?	10 suppliers do.	100%
	Does the company formulate policies and management measures for human rights and labor force?	10 suppliers do.	100%
	Does the company propagandize and educate employees regarding human rights and labor issues in 2023?	10 suppliers do.	100%
Environmental Protection	Does the company establish policies and procedures for greenhouse gas management?	9 suppliers do; 1 supplier don't.	90%
	Does the company make an inventory on the greenhouse gas emissions in 2023?	9 suppliers do; 1 supplier don't.	90%
	Does the company obtain the GRS certification?	10 suppliers do.	100%
	Does the company obtain the bluesign® certification?	2 suppliers do; 8 suppliers don't.	20%
	Does the company complete the Environment Module Assessment of Higg FEM?	3 suppliers do; 7 suppliers don't.	30%
	Does the company in possession of permit for wastewater discharge?	10 suppliers do.	100%
	Does the wastewater discharge in 2023 comply with statutory requirements?	10 suppliers do.	100%

The results of the evaluation questionnaire show that there is still room for improvement in the environmental impacts from the supply chain of our crucial suppliers. Although all suppliers have established their own management procedures for environmental protection, only a few of them possess the bluesign® and Higg FEM certifications. In terms of labor conditions and raw material procurement, almost all of the crucial suppliers are aligned with the requirements for sustainable development. Companies that do not meet the requirements will be counseled as necessary on a regular basis. Should there be any who continually fail to improve, partnership will not be established henceforward.



Chapter III Making of a Friendly Workplace

For companies to recruit and retain good talent, they must offer generous compensation and benefits. Without them, employees are less motivated and dedicated. Honmyue is fully aware that good employees not only enhance the competitiveness of the Company, but also pass on abundant work experience, which is one of the important factors in the sustainable development of the Company.

Aside from providing good wages and welfare, the Company emphasizes the basic rights of our employees. Both the employment and the dismissal of employees follows the regulations of the Labor Standards Act. Additionally, any incidents of discrimination and bullying are strictly prohibited within the Company. Moreover, the Company respects gender equality. Both men and women are entitled for equal opportunities for promotion as long as they are part of the Company. To pave the way of well career development for employees, the Company also provides internal and external training. By upgrading the job skills of every employee, we are also elevating Company values in the best way.

3.1 Talent Attraction and Retention (GRI 2-7, GRI 3-3, GRI 401-1, 401-2, and 401-3)

Reason for Materiality	Employees are an important asset of the Company. Retaining outstanding employees will create good business performance for the Company. With our emphasis on the physical and mental development, our employees are able to balance between work and family and be free from worries while at work, thus creating a labor-management workplace with harmony.
Scope of Impact	Direct impact on employees; indirect impact on investors and government agencies.
Management Method and Purpose:	
Management Policy	<ol style="list-style-type: none"> 1. Providing reasonable salaries and benefits. 2. Respecting freedom in employees and prohibiting forced labor in any form. 3. Offering a safe and sanitary workplace to ensure the safety and health of all employees. 4. Honoring the basic rights of employees and forbidding any form of humiliating behaviors.
Management Target	To reduce the employee turnover rate in 2024 by 5%.
Mitigation and Remedial Measures for Negative Impact	<ol style="list-style-type: none"> 1. Providing employees with car purchase subsidies for the purpose of their transportation safety to and from work. 2. Popularizing employees' obligations on safety and health at new employee orientation training; and simultaneously stressing the importance of self-protection at the workplace. 3. Strengthening the supervision as well as the promotion of wearing assistive device for on-site employees; and conducting occupational safety inspections for the compliance thereof.
Assessment Method	<ol style="list-style-type: none"> 1. Employee turnover rate. 2. Employee satisfaction. 3. Labor-management meetings.
Dedicated Channels for Employee Complaints	The Human Resources Office; and the Company website.



Manpower Structure

As of December 31st, 2023, the Company had a total of 458 (full-time) employees with non-fixed term contract, with a 50/50 ratio of male to female employees. In this diversified team, male employees are mainly concentrated in the production and business units, while female employees are mostly distributed in

	All Employees		Management	
	Male (%)	Female (%)	Male (%)	Female (%)
30 Years Old And Below	57 (12%)	35 (8%)	39 (59%)	27 (41%)
40 to 50 Years Old	99 (22%)	118 (26%)		
50 Years Old And Above	73 (16%)	76 (17%)		
Total	458		66	

the administrative and clerical units. At the management level, female supervisors account for 41%, which is slightly lower than that of male supervisors. Honmyue actively promotes gender equality, and encourages female employees to participate in leadership and career development training programs. We also inspire female employees to actively participate in the corporate decision-making process. In addition, the Company is making every effort to eliminated all discrimination against women and striving for the creation of a gender-equal work environment.

Premises \ Gender	Shengang Factory + Administrative Building	Chuansing Factory	Hemei Factory	Taipei Office	Total Within the Company
Male	79	121	28	1	229
Female	90	127	10	2	229
Total	458				

In compliance with the “People with Disabilities Rights Protection Act,” our employment percentage on hiring employees with disabilities reached 180%, exceeding the statutory requirement. What’s more, the Company respects the culture and customs of indigenous people and foreign employees, and has specially planned and set up a Muslim prayer room to protect the faith of Indonesian employees. The Company advocates the coexistence of multiple cultures. Even for non-nationals, no discrimination or bullying behaviors should exist due to differences in ethnicity, languages, and beliefs. The Company provides multilingual translations of documents, such as labor safety manuals, in order to promote the development of multicultural coexistence and co-prosperity.

Employee Ethnicity	% of Total Employees
R.O.C. Nationals	70%
Foreign Nationals	29%
Indigenous People	1%

Honmyue embraces the idea of appointment of the right caliber and values employees’ characters. In addition to the training for new recruits, we also have senior staff to lead and take care of the new recruits. That way, they can adapt to the Company’s workplace culture through guidance. A total of 1 new employee orientation was held in 2023, with a total of 14 participants.

Furthermore, the Company organizes recruitment through multiple channels such as manpower websites and campus recruitment in order to recruit excellent talents. In addition to filling the vacancies of departed employees, we also are also preparing and training for business expansion. The numbers of new and departed employees in 2023 are summarized in the following table¹.

¹ The turnover rate of the Company has been adjusted to exclude the departed employees, who resigned within three months from onboarding and who retired at a mandated age, and foreign labors, who leaves the country upon expiration.



Distribution of New Employees and Departed Employees	New Employees		Departed Employees	
	Male	Female	Male	Female
30 Years Old and Below	14	6	3	6
30 to 50 Years Old	14	11	1	9
50 Years Old and Above	5	11	7	11
Total Number of Employees / Annual Percentage	61 individuals / 13%		37 individuals / 8%	

Employee Welfare

Honmyue pays close attention to the health and safety of our employees. Aside from taking out labor insurance and health insurance pursuant to the Labor Standards Act, we also provide employees and their family dependents with additional group accident insurance. On top of that, the Company also insures employees' travel safety insurance for business trips.

As for employee benefits for leaves, the Company provides subsidies to employees for wedding, funeral, and holidays apart from the statutory holidays granted in accordance with the Labor Standards Act. Besides, we encourage employees to pursue further in-service education. In addition to education subsidies, we also provide scholarships for employees with outstanding academic performance. Meanwhile, to take care of the education of our employees' children and encourage them to be diligent in their studies, we provide scholarships for our employees' children with outstanding academic performance, so as to recognize their assiduity.

In light of employees' effort, the Company organizes domestic and overseas trips every year for our employees. Social gatherings with employees' families are also held on a regular basis to express our gratitude towards their understanding of our employees' busy careers. All benefits of our Company can be found in the following table:

Insurance Benefits	Medical Insurance: Labor insurance, health insurance, occupational accident insurance, employees and dependents group accident insurance, and travel safety insurance for employees on business trips.
Employee Shareholding ²	Employees who have completed 2 years of service at or above the third level according to the Job Position and Level Comparison Table of the Company.
Bonuses	Holiday bonus, year-end bonus, outstanding employee reward, long-service employee reward, performance bonus, and improvement proposals reward.
Leave Benefits	Complete paid annual leave, pregnancy checkup leave and accompanying maternity leave, parental leave, menstrual leave, family care leave, maternity leave, marital leave, funeral leave, etc.
Catering Benefits	Employee meal allowance, employee missed-meal allowance, and afternoon/night shift meal allowance.
Facility	Employee dormitory, nursery room, prayer room, and complimentary charging for electric vehicles.
Recreation Benefits	Employee clubs, service activities, domestic travel, overseas travel, and family day
Subsidy Benefits	Subsidy in the event of a marriage, celebration, or funeral services, maternity bonus, employee in-service education subsidy and outstanding academic performance scholarship, child education subsidy and outstanding academic performance scholarship, funeral grant for employees and dependents, subsidy for car purchase, gratuity for retirement from long service, and hospitalization grants.

² Employees of the Company at or above the third job level and with 2 years of service are eligible to participate in the program. Depending on the job level, a fixed amount of money will be allocated to a dedicated employee account for stock purchases. In principle, stock purchases are below the net worth and are made by a designated person based on the market price.



2023 Outdoor Excursions

Mountain-climbing and hiking help to improve cardiorespiratory fitness and muscle strength, giving employees a healthier body. In the meantime, getting away from the hustle and bustle of the city and reconnecting with nature help to reduce stress, relax, and improve mental health.



The outdoor excursion club organized a total of three outing activities in 2023. To encourage employees to actively participate in Company activities, establish good exercise habits, and enhance the cohesion of the Company's team, the Company held an activity of mountain-climbing on Mount Jade, with the cost of the whole event fully covered by the Colleagues Health Fund sponsored by the Chairman. Together with a total of 20 supervisors and colleagues divided into three batches, we set out to Mount Jade and marched forward to a healthier future!

Parental Leave

The Company has a nursery room in place, that is available for female employees any time at work. In addition, the Company also attaches great importance to the balance between work and family life of our employees. We also fully understand the loving feelings of new parents for their children. In order to take care of our employees' infants, we offer parental leave for both male and female employees. Those who are qualified for the requirements of the Labor Standards Act shall be granted the parental leave pursuant to the laws the regulations.

Item / Gender for Parental Leave	Male	Female
Number of Employees Eligible for Parental Leave	7	3
Number of Employees Who Actually Utilized Parental Leave	1	1
Number of Employees Who Are Reinstated After Parental Leave	1	-
Employee Reinstatement Rate	100%	-
Total Number of Employees Who Have Worked for 12 Months Since the Reinstatement After Parental Leave	-	-
Employee Retention Rate	-	-



Image / Nursery room with a mini refrigerator.

In 2023, one male employee of the Company resumed his position after the parental leave. Given that the employee does not complete one year of service until September 2024, the retention rate in 2023 was zero in the calculation of the retention rate for male employees. In addition, one female employee applied for parental leave in 2022, after which she resumed her position upon expiration of the leave. The same employee applied for parental leave again at the beginning of 2023, to which the



Company approved the application again out of its concern for the welfare of the employee. Therefore, the reinstatement rate and retention rate of female employees in 2023 were both zero.

Maternal Health and Protection

Honmyue absolutely respects the equal rights of men and women and do not discriminate against pregnant women. In order to safeguard the health of our pregnant colleagues, the Company has established the Maternal Health Protection Program. For pregnant women, a registered nurse will discuss with them about their health condition, assess their fitness for work based on the risk assessment results of their current job, and follow up on as well as care for them on a regular basis. If the risk assessment results indicate a transfer to a suitable position, the Company will adjust the working hours and the job contents to protect the health of the pregnant woman as well as her fetus.

In addition to women during gestation, the Maternal Health Protection Program also includes those who have a miscarriage at 24 weeks of pregnancy, those who are less than one year post-delivery, and those who still breast-feed one year post-delivery, under the protective umbrella.

Retirement Scheme

To ensure a stable retirement life for employees, the Company has formulated a labor retirement scheme in accordance with the law and established the Supervisory Committee of Labor Retirement Reserve. Every month, 2% of the total salary expenses are allocated to the retirement reserve fund, which is held in a trust account at the CTC, in order to safeguard the rights and interests of the labor force. Starting from July 1st, 2005, the new labor pension scheme is applied, under which a monthly contribution of 6% of the total salary amount is deposited into the employee personal pension account. For those who would like voluntary contribution to their pensions, an amount based on the voluntary contribution rate will be deducted from the employees' salaries and deposited to their individual pension accounts at the Bureau of Labor Insurance. In 2023, a total of 19 employees retired from the Company.

Moreover, the Resigned and Retired Employees Association was established in 2012 to care for our former employees. As of 2023, 312 individuals have joined the association. Should any resigned or retired employee encounter a major accident or emergency, appropriate financial assistance shall be provided immediately.

Retirement Conditions:

- (I) Voluntary Retirement: Employees may voluntarily retire if they meet one of the following conditions.
 - (1). Worked for fifteen years or above and reached the age of fifty-five or above.
 - (2). Worked for twenty-five years or above.
 - (3). Worked for ten years or above and reached the age of sixty or above.
- (II) Special Retirement: In cooperation with the operational requirement of the organization, employees of the Company with more than ten years of service whose age, year of service, and job level



have reached a total of “66” (inclusive) and above and are approved by the Company, may be eligible for retirement.

Retirement Scheme and the Implementation Status Thereof:

Pension Scheme	Old Scheme	New Scheme
Applicable Laws	Labor Standards Act	Labor Pension Act
Appropriation	Appropriating 2% of employees’ monthly salaries to the dedicated account (Formerly the Central Trust of China)	Appropriating 6% according to employees’ insurance level to the dedicated individual account at the Bureau of Labor Insurance.
Appropriation Amount	The amount of pension accumulated to NT\$29,481 thousand.	NT\$11,883 thousand was appropriated in the fiscal year of 2023.

3.2 Labor Relations (GRI 3-3 and GRI 402)

Reason for Materiality	Defending labor rights represents a responsible attitude towards employees, which is also the key to avoid increasing employee turnover. Maintaining harmony between labor and management not only enhances operational performance, but also has a bearing on how the Company is perceived by the community at large. Emphasizing labor rights is not only the Company’s commitment to the employees, but also Honmyue’s.
Scope of Impact	Direct impact on employees; indirect impact on investors and government agencies.
Management Method and Purpose:	
Management Policy	<ol style="list-style-type: none"> 1. Satisfying labor-management communication. 2. Respecting employees and thoroughly conveying the future direction of the Company. 3. Implementing the shortest notice period and protecting employees’ rights.
Management Target	To maintain desirable labor relations and achieve positive labor-management communication. The target for 2024 is zero employee complaint.
Mitigation and Remedial Measures for Negative Impact	<ol style="list-style-type: none"> 1. Employee complaints resulting from unfulfilled communication: The Company will carry out collective bargaining to prevent labor rights in jeopardy. 2. Incidents of discrimination resulted by inappropriate management approaches: The Company will facilitate employee education to avoid the occurrence of discrimination and bullying in any form.
Assessment Method	<ol style="list-style-type: none"> 1. Cases of employee complaints. 2. Cases of labor-management disputes.
Dedicated Channels for Employee Complaints	The Human Resources Office; the Occupational Safety and Health Committee; and the Company website.

To create a harmonious work environment for both labors and the management, the Company hopes to improve our operational performance through positive communication. We have set up an employee complaint mechanism, where employees may directly file complaints in the event of internal mismanagement or improvement issues and the handling units shall make proper responses.



Additionally, employees may convene labor-management conferences quarterly. Approaching with collective bargaining, labors may make suggestions for improvement to the employer and achieve mutual benefits for both employers and employees through positive communication. Moreover, the minimum period of advance notice between the Company and our employees for the termination and severance of a labor contract or in the event of a major change in operations, complies with the Labor Standards Act.

- (1) Where a worker has been on duty for more than 3 months but less than 1 year:
10 days of advance notice period.
- (2) Where a worker has been on duty for more than 1 year but less than 3 years:
20 days of advance notice period.
- (3) Where a worker has been on duty for more than 3 years:
30 days of advance notice period.

Human Rights Management Policies and Specific Actions

Adhering to the internationally-recognized human rights standards such as the “The United Nations Universal Declaration of Human Rights,” the “International Bill of Human Rights”, the core standards of the “ILO Convention,” and the Social Accountability, the Company treats all employees, including current staff, contract workers, temporary personnel, and interns with respect. The Company also explicitly announces its objective regarding human rights protection in the internal documents and procedures in order for employees to understand their rights and the Company’s policies as well as practices in the area of social responsibility. The examples include: compliance with the laws and regulations, protection of freedom in employment, fair employment, prohibition against child labors, forbiddance of employment discrimination and sexual harassment, and provision of diverse communication channels.

Item of Objectives	Specific Actions
Forbiddance of Employment Discrimination and Sexual Harassment; and Provision of Diverse Communication Channels.	<p>The Company has formulated “Honmyue’s Appeals and Handling Procedures for Sexual Harassment,” that have been translated into four languages due to its racial diversity. The Human Resources Office is the handling unit for cases of sexual harassment appeals.</p> <p>A dedicated electronic mailbox is available at HR@honmyue.com.tw and a mailbox is located in the security room.</p> <p>【 There were no appeals received in 2023. 】</p>
Fair Employment and Prohibition Against Child Labors	<p>Priority is given to local citizens prior to introducing foreign migrant workers in order to protect the employment opportunities of the local people. The Company values all sorts of professional talents and treats all labor force with honesty and integrity without any employment discrimination. Our recruitment is also available for applicants with second career, middle-aged and senior citizens, the indigenous, and young students, etc.</p> <p>【 There were no cases of child labor employment in 2023. 】</p>



Item of Objectives	Specific Actions
Assurance of Freedom in Employment and Care for Employees	<p>The fingerprint identification is adapted by the Company to record the daily attendance of employees without forced or compulsory labor. Nursing staff and doctors with contract are hired in accordance with the law to handle labor inspection and protection matters. The Company conducts annual health checkups that are superior to those required by law, and arranges interviews as well as follow-ups for employees with abnormal health checkup results.</p> <p>【 The participation rate of the health checkups in 2023 was 98%; a total of 141 consultations were conducted by doctors and nurses in the factory premises. 】</p>
Provision of a Safe and Healthy Work Environment	<p>Other than providing a safe and healthy working environment in compliance with the laws and regulations, the Company also establishes the Occupational Safety and Health Committees, employs professional physicians and nursing staff, and conducts regular education and training on safety and health, fire prevention, and other relevant topics. We take necessary precautions to prevent the occurrence of occupational accidents and to reduce the hazards of the work environment.</p>
Assistance for Employees in Physical and Mental Health as well as the Work-Life Balance	<p>By providing places and financial sponsorship, the Company encourages employees to participate in healthy activities. Employees set up clubs (such as outdoor excursion club, badminton club, physical fitness club, etc.) to unite the relationship of colleagues with these club activities.</p> <p>【 There was a total of 5 club activities and 22 club-organized course in 2023. 】</p>

3.3 Career Development (GRI 3-3, GRI 404-1, and 404-3)

Reason for Materiality	Educational training is an important approach to improve the job skills of employees. Only through solid training can employees acquire good job skills. Regular performance evaluations and interviews not only function as a problem detector of employees, but also pinpoint outstanding employees as key talents for the Company to cultivate in the future.
Scope of Impact	Direct impact on employees; indirect impact on investors and government agencies.
Management Method and Purpose:	
Management Policy	<ol style="list-style-type: none"> 1. Arranging education and training courses for employees regularly. 2. Assessing the post-training results regularly. 3. Employee performance is reflected in the performance review.
Management Target	<ol style="list-style-type: none"> 1. Both male and female employees are entitled with equal training opportunities. 2. Conducting fair and just performance reviews and reflecting employees' work performance with transparency.
Mitigation and Remedial Measures for Negative Impact	<ol style="list-style-type: none"> 1. Failure to respect gender equality and deprivation of rights of receiving training for female employees: Implementing the promotion of gender equality and avoiding the occurrence of discrimination against female rights. 2. Failure to implement transparent performance reviews and sabotage on labor-management harmony: Implementing performance assessment systems.
Assessment Method	<ol style="list-style-type: none"> 1. Cases of employee complaints. 2. Results of performance reviews.
Dedicated Channels for Employee Complaints	The Human Resources Office; and the Company website.



A good basis of training can enhance the work efficiency of an employee and the competitive edges of a company. Honmyue inspires employees to make self-improvements and provides them an excellent learning environment. New employees are led by senior staff to achieve the leadership model of “Learning by Doing.” Besides, the Company provides scholarships to encourage employees to pursue on-the-job training. We hope that the professional knowledge acquired can contribute to their work and improve their work quality. The statistics of the Company’s education and training hours are as the following table:

Participation Status of Education and Training		Male	Female	Total
Managerial ³	Total Hours	255	259.5	514.5
	Number of People	39	27	66
	Average Hours	6.5	9.6	7.8
Non-managerial	Total Hours	688.5	603.5	1292
	Number of People	190	202	392
	Average Hours	3.6	3.0	3.3
Entire Company	Total Hours	943.5	863	1806.5
	Number of All Employees	229	229	458
	Average Hours	4.1	3.8	3.9

Looking at the overall training participation structure, the percentage of training hours for male and female supervisors was 50.4% and 49.6%, respectively, while the percentage of training hours for male and female non-supervisors was 53.3% and 46.7%, respectively. The Company encourages employees to proactively participate in training, regardless of their gender.

The Company inspires employees to upgrade their performance through continuous training and learning, and has planned several key directions in training:

1. **New Employee Orientation:** In order to provide new employees with a quick understanding of the corporate culture, personnel regulations, and safety education, the Company provides basic induction training. These trainings help new employees to familiarize themselves with the Company’s history, basic rules, and safety awareness, ensuring that they are able to work care-free and return home safely. The frequency of the training is at least once a quarter.
2. **On-the-job Training:** Each department provides professional and technical training to assist employees in improving their skills and achieve their work targets. Counselors and supervisors will conduct professional training for new employees with additional training provided as necessary. Continuous learning can strengthen abilities, broaden the horizons, and facilitate talent growth as well as the Company’s sustainable development.
3. **Project-based Courses:** In order to promote sustainable development and the related issues, the Company assigns personnel to participate in various professional training, such as the greenhouse gas inventory verification, ISO 45001, QMS, ESG, etc., to assist in enhancing the awareness and

³ The managerial level is categorized by the position of a supervisor and above.



capabilities of internal supervisors and colleagues, and expanding the effectiveness of learning.

4. General Courses: Apart from professional and technical growth, the Company organizes soft courses such as book clubs and health seminars to take care of the physical and mental growth of employees while working on their professional and technical improvement.

Average Training Hours of Each Unit						
Unit Gender	Business Unit	Production Unit	R&D Unit	Financial Unit	Management Unit	Administrative Unit ⁴
Male	7	3.1	13.9	6.5	4.1	3.9
Female	4.4	0.9	16.3	12.5	16.6	12.3
Total	5.5	2.0	14.8	11.2	10.1	7.4

Employee performance has a profound impact on the operating results of a company. Performance assessment is an important indicator for evaluating the performance of employees, the results of which are used for employee training, promotion, salary adjustment, and career transfer. With a talent system established, the company is able to retain and deploy talents, accomplishing sustainable development.

In order to objectively and specifically evaluate the efforts of employees, the Company conducts regular performance reviews on employees from each unit. For direct employees, monthly performance evaluation is carried out to determine the performance based on product quality and production efficiency, ensuring an objective evaluation. For indirect employees, self-assessment and evaluation from supervisors are conducted every six months. The self-assessment encourages employees to reflect on their performance, while the evaluation from supervisors and the performance interviews assess the employee's contribution and development potential from a macro perspective. The Company is dedicated to maintaining fairness and comprehensiveness in performance evaluation through transparent and two-way communication.

Number of People Inspected in Performance Evaluation					
Male and Female Employees/Premises	Shengang Factory + Administrative Building	Chuansing Factory	Hemei Factory	Taipei Office	Entire Company
Number of Males Accepting Evaluation	79	121	28	1	229
Number of Females Accepting Evaluation	90	127	10	2	229
Number of Employees in the Entire Company	458				
Number of Employees in the Entire Company Accepting Evaluation	458				
Percentage of Evaluation	100%				

⁴ The administrative units of the Company include the Chairman's Office, the General Manager's Office, and the Audit Office.



Chapter IV A Green Environment with Love for the Earth

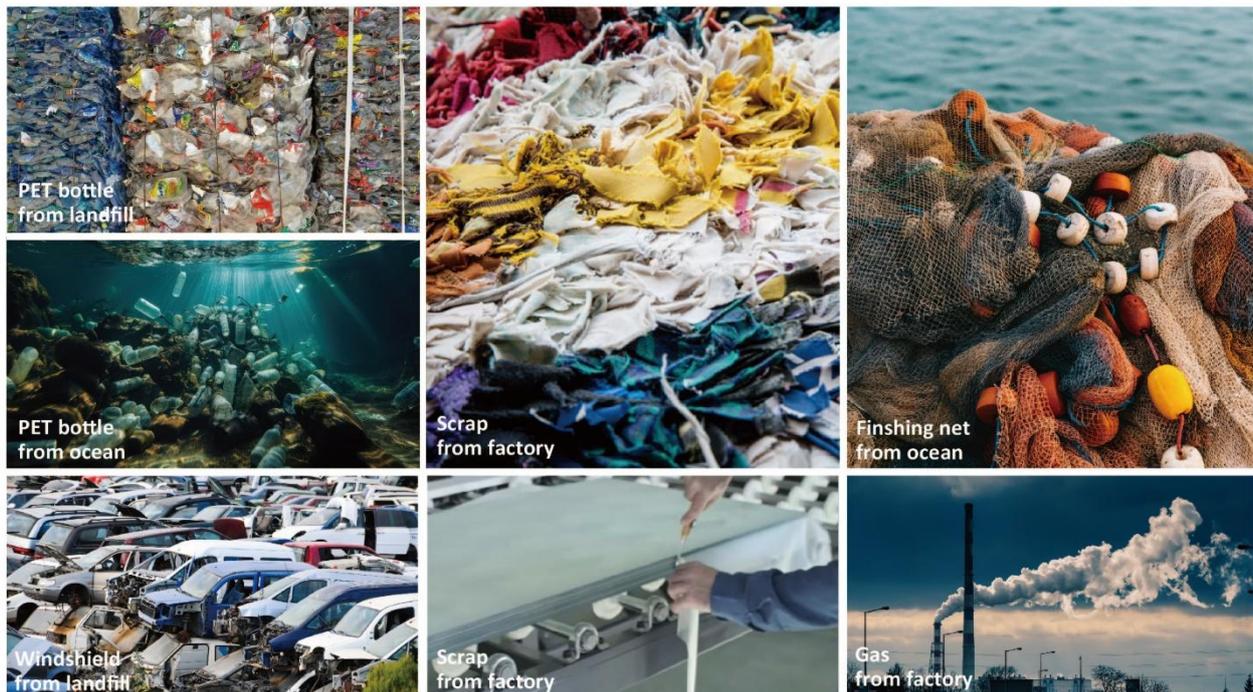
With the global climate changing rapidly, it hasn't been new for many places to suffer from high temperatures and rainstorms. Saving the earth has become a mission of great urgency. As a citizen of the earth village who takes environmental friendliness as a duty of our own, Honmyue spares no efforts in researching and developing eco-friendly materials and pushes our limit in launching new and environmentally-friendly fabrics in hope of contributing our part to the protection for earth.

In terms of GHG emissions, the Company practices energy conservation and carbon reduction diligently and purchases a considerable quantity of energy-saving equipment to reduce the carbon emissions in the course of operations. Also, the ISO 14064 Greenhouse Gas Inventory (inventory and verification for the fiscal year of 2022) was introduced by the Company in 2023. We hope to use the carbon emission data as the carbon reduction baseline year.

The wastes generated during the course of Honmyue's business are all harmless industrial wastes. To ensure that the waste handling does not cause harm to the environment, the Company employs professional and qualified waste handling companies for waste disposal. The incinerated wastes are carefully handled for landfill or recycling to minimize damage to the environment.

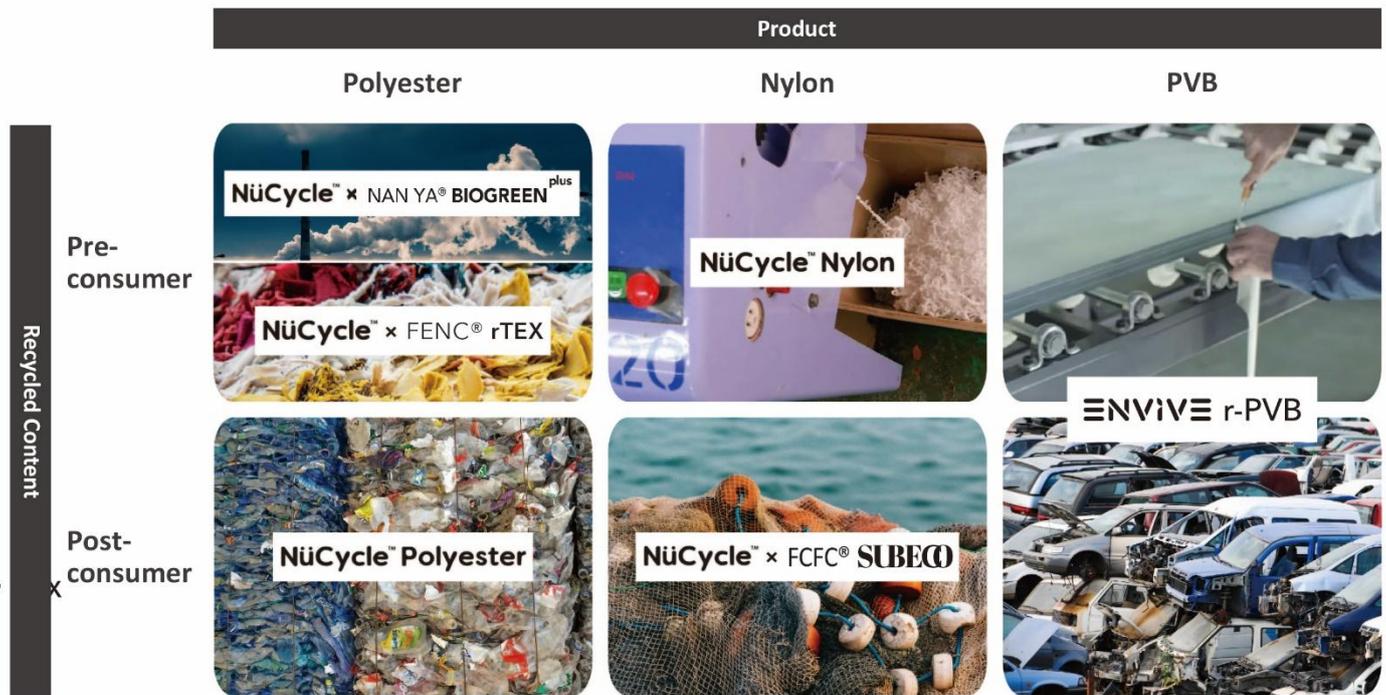
4.1 Environmentally-friendly Material Application

Facing the low-carbon transition of global industries and the goal of net-zero carbon reduction, many major brands have announced their strategic direction towards promoting green sustainability. Honmyue has also steered its focus on the research and development of environmentally-friendly and sustainable materials. We aim to develop materials and new products with the concept of circular economy and increase the sales ratio of environmentally-friendly and low-carbon products year by year. In 2023, the Company's development sample percentage of environmentally-friendly raw materials or processing reached 54%, and the sales proportion of environmentally-friendly and low-carbon products accounted for 23.5%.





In textile industry, Honmyue is a professional supplier of international environmentally-friendly and functional textiles. Through the research and development of new materials and the technical improvement of environmentally-friendly process, we continue to develop sustainable and innovative textiles. With the goals of low carbon, recycling, and regeneration, building exclusive brand identity for various eco-friendly materials helps demonstrate Honmyue’s spirit in pioneering research and development of materials for environmental protection in the market.



4.2 Air Pollution Prevention (GRI 305-1~GRI 305-3 and GRI 305-7)

In response to domestic and foreign greenhouse gas issues and the development trends thereof, many major manufacturers worldwide have taken the carbon emissions in the supply chains into consideration. Honmyue established an inventory system in 2022 in accordance with the ISO 14064-1 Greenhouse Gas Inventory Standards, under which the annual inventory and third-party verification for 2022 was conducted to track the use and emission status of greenhouse gases. A fixed budget is also allocated every year to renew energy-saving equipment. In order to effectively disclose the results of the Company’s energy conservation and carbon reduction with transparency, the Company uses 2022 as the baseline year for total carbon emissions. In the future, the carbon emissions of each year will be compared with that of 2022 to understand the results of carbon reduction efforts in each year.

Premises	2022 Actual Amount of Emissions After Third-party Verification	2023 Target Amount of Emissions	2023 Actual Amount of Emissions by Self-inventory	Emission Reduction Rate	2024 Target Amount of Emissions
Factories in Taiwan (Scope I + Scope II)	16,511	16,181	14,730	10.8%	15,851



Premises GHG Scope	2022 (Baseline Year)					2023				
	Shengang Factory	Chuansing Factory	Hemei Factory	Taipei Office	Total	Shengang Factory	Chuansing Factory	Hemei Factory	Taipei Office	Total
Scope I	852.4	594.2	9.9	0.2	1,456.7	890.4	539.1	10.4	0.1	1,440.0
Scope II	4,304.5	10,261.3	485.5	3.0	15,054.3	3,189.6	9,606.3	493.4	1.1	13,290.4
Scope III to VI	5,680.5	20,550.8	522.4	0.7	26,754.4	3,021.5	14,829.9	443.0	1.8	18,296.2
Total Carbon Emissions	43,265.4					33,026.6				

Unit : mt CO₂ e/year

As shown in the table above, the Company's emissions of Scope I in Shengang Factory and Hemei Factory in 2023 and the emissions of Scope III to Scope VI in Taipei Office slightly increased, comparing with that in 2022. Other than that, our total amount of GHG emissions in 2023 was reduced compared with that in 2022. In Hemei Factory, the production had been extended due to an increasing number of orders in 2023, resulting in an increase of emissions of Scope I. In Shengang Factory, the outsourced steam had been replaced with self-generated steam within the factory. Therefore, the usage of boilers fueled with natural gas increased, resulting in an increase in the emissions of Scope I. As for Taipei Office, the reason for the emission increase was that the office lease had been due and the office was relocated, making the commuting distance for employees farther. Despite of the fact that these factors led to an increase of emissions under some of the categories, the Company's total amount of GHG emissions indeed showed a decrease, fully demonstrating our efforts and achievements in energy conservation as well as carbon reduction.

2023 Improvement on Energy-saving and Carbon-reducing Equipment

Item	Efficacy	Amount of Carbon Reduced ⁵	Premises
Replacement of chillers	Replaced a 600RT chiller with a new 200RT chiller and saved energy by 600,134 kWh/year.	296.47	Chuansing Factory
Replacement of cooling towers	Replaced the existing six 600RT cooling towers with three new ones and saved energy by 102,816 kWh/year.	50.79	
Replacement of returned air motors with IE3 energy-saving motors	Completed the renewal of eight returned air motors and saved energy by 32,648 kWh/year.	16.13	Chuansing Factory and Shengang Factory
Replacement of roots blowers with turbo blowers	Replaced 40HP roots blowers with 20HP turbo blowers and saved energy by 140,335 kWh/year.	69.33	

⁵ The Emission Factor of Taipower was 0.494 Kg CO₂e/kWh in 2023; whereas the conversion factor for diesel fuel was 2.614 Kg CO₂e/kWh.



Item	Efficacy	Amount of Carbon Reduced ⁵	Premises
Replacing fabric dryer motors with frequency-converting motors	Completed the modification of seven fabric dryers to frequency-converting motors and saved energy by 147,299 kWh/year.	72.77	
Replacement of office equipment	Virtualized the computer host (reducing from 70 pieces to 15 pieces) and saved energy by 332,640 kWh/year.	164.32	All Factories
	Replacing user PC to Thin Client and saved energy by 144,000 kWh/year.	71.14	
Improvement of production line	Moved sectional warping machines in the premises and reduced loads by 456.2 tons and diesel fuel consumption by 1,464 liters/year.	3.83	Hemei Factory
Total		744.78	MT CO2e



The air pollutants emitted by Honmyue include NO_x (nitrogen oxides), VOCs (volatile organic compounds), and PM (particulate matter). The emission results of each factory premises in 2022 and 2023 are shown in the table below, all of which have complied with the requirements of the environmental protection authorities in Taiwan. In the future, the Company will continually optimize the gas emission equipment in all factories and adopt more stringent emission control measures. Meanwhile, with our efforts in improving the level of environmental protection, we shall actively fulfill the Company's environmental protection responsibilities.

Fiscal Year/Premises Type of Significant Air	2022 (Baseline Year)			2023		
	Shengang Factory	Chuansing Factory	Hemei Factory	Shengang Factory	Chuansing Factory	Hemei Factory
Nitrogen Oxides (NO _x)	0.54	0.36	-	0.58	0.40	-
Volatile Organic Compounds (VOC)	0.14	0.54	0.07	0.09	0.41	0.36
Particulate Matter (PM)	0.02	0.01	-	0.02	0.01	-

Unit : Metric Tons



4.3 Waste Management (GRI 306-3, GRI 306-4, and GRI 306-5)

The wastes generated during the course of Honmyue’s business are all harmless wastes and can be divided into three types, namely, general industrial wastes, sludge, and scrapes.

Fiscal Year / Type Method of Handling	Non-hazardous Wastes					
	2022 (Baseline Year)			2023		
	Sludge	General Industrial Wastes	Scrapes	Sludge	General Industrial Wastes	Scrapes
Incineration	-	72	-	-	121	-
Drying	575	-	-	593	-	-
Reuse	-	-	2,739	-	-	2,499
Total Amount	3,386			3,213		

Unit : Metric Tons

All sludge and waste treatment factories are certified by the Department of Environmental Protection. Sludge is dried and recycled by outsourced companies to be used as corporate fuel in replacement of heavy oil and natural gas, reducing the pollution of waste to the environment. Simultaneously, it achieves “source reduction” and realizes the concept of “circular economy.” After follow-ups, we confirm that the dried sludge has been provided to the companies in the North, Central, and South of Taiwan to be used as fuel for boiler combustion, thus reducing the harm brought by environmental pollution.

Distribution the Incineration Sites of General Industrial Wastes



General business wastes are transported to incinerators in Renwu and Gangshan in Kaohsiung City and Xizhou in Changhua County by waste treatment companies for incineration, while parts of wastes are transported to the Changhua County waste temporary storage site for subsequent incineration.

Based on the Company’s follow-up and observation on the post-incineration waste treatment, the waste treatment companies have been burying their waste properly and recycling some of the waste materials after incineration. The following table summarizes the Company’s tracking and observation of the landfill and reuse of general business waste after incineration in 2023:

Premises Type of Wastes	2023 General Industrial Wastes Disposal				
	Chuansing Factory		Shengang Factory		Hemei Factory
Total Amount of Incineration	81.90		35.34		3.40
Final Disposal	Landfill	Reuse	Landfill	Reuse	Landfill
General Garbage Generated from Business Activities	29.12	0.56	18.72	0.38	3.40
Waste Fabrics	27.04	0.12	8.53	0.15	-
Waste Paper Mixtures	3.73	0.08	-	-	-
Waste Cotton Dust	21.13	0.12	7.43	0.14	-
Total Amount	81.02	0.88	34.68	0.67	3.40

Unit: Metric Tons



Moreover, scrapes refer to the excess materials and trimmings generated during the production process, including waste paper, yarn remnants from beam warping, bits of fabrics, yarns on the bottom of tubes, side yarns of cloths, etc. The Company collects and sells them to recycling manufacturers, who will then reuse and dispose of them. In this way, not only do we align our commitment with environmental protection, we also maximize the efficiency of resource utilization.

Type of Scrapes \ Premises	2023 Handling of Scrapes		
	Chuansing Factory	Shengang Factory	Hemei Factory
Waste Paper (incl. cartons)	742.56	122.37	21.07
Yarn Remnants from Beam Warping	144.55	16.33	-
Bits of Fabrics	140.59	31.20	-
Yarns (dyed) on the Bottom of Tubes	118.95	29.80	-
Side Yarns of Cloths	932.47	118.7	-
Others	61.43	18.59	-
Total Reused Amount	2,140.55	336.99	21.07

Unit: Metric Tons

In 2023, the Company was dedicated to energy conservation and carbon reduction by upgrading old equipment and optimizing manufacturing process in order to reduce greenhouse gas emissions. Although the process generated a large amount of general waste and results in an increase in waste volume, we believe it is an important step towards a greener future. We will focus on reducing waste from our production processes and implementing recycling and reusing programs to achieve our sustainability goals. The Company has set 2022 as the baseline year and planned our implementation targets for 2024 and 2025 in hope of effectively lighten environmental burdens.

Item	2024 Expected Target	2025 Expected Target
Wastes Management Goals	1. To reduce the disposal volume of general industrial wastes by 12%. 2. To reduce the disposal volume of sludge by 5%.	1. To reduce the disposal volume of general industrial wastes by 17%. 2. To reduce the disposal volume of sludge by 8%.

Dedication to Social Welfare and Connection with the SDGs

The Company's dedication towards social welfare is closely aligned with the United Nations' Sustainable Development Goals (SDGs) that covers a wide range of programs facilitating health and well-being, enhancing social inclusion, and supporting environmental protection. These initiatives demonstrate our commitment to social responsibility, which simultaneously contribute to the implementation of the SDGs.



<p>Employment Seminar of Enhancing the Returning to Work for Women of Second Career (SDG 1.b)</p>	
<p>Women resign from their jobs to take care of their families and children. However, there are always many setbacks getting in the way when they want to return to the workplace after their children grow up. In response to Changhua County Sorority's efforts to help women return to the workplace in 2023, the Company assisted in organizing a seminar for women's re-employment. The seminar provided women with workplace experience and helped them with a smooth return.</p>	
<p>Encouraging Employees in the Participation of Marathons (SDG 3.d)</p>	
<p>Employees' health is the welfare of the family and the company. In order to avoid damage to employees' body due to years of work, the Company encourages employees to exercise more to maintain their physical and mental health. Led by the General Manager of the Company, we participated in the Taichung City Half Marathon, RUN FOR OUR PLANET 2023. Through physical action, we encouraged all employees to move forward towards a healthier tomorrow.</p>	<p>Charity Carnival (SDG 1.b)</p> <p>Honmyue is highly concerned for the underprivileged in the local community. In the spirit of love for all kinds, we participated in the charity sale held by the local organizations. We donated all the earnings of NT\$13,720 from the Charity Carnival hosted by Changhua County in 2023 to the underprivileged organizations for public welfare purposes.</p>
<p>Islamic Prayer Room (SDG 10.2)</p>	
<p>As of December 31st, 2023, there are a total of 49 Indonesian employees in the Company. Due to differences in religious beliefs, Islam requires worship several times a day. Respecting the rights of employees with different religions, the Company established an Islamic prayer room to provide a private and undisturbed worship environment.</p>	<p>Beach Cleaning (SDG 14.1)</p> <p>To support the action of environmental protection and love for the earth, the Company encourages employees and their families to participate in beach cleaning activities. We participated in the "2023 BIG BLUE International Cleanup Day" by visiting Daan Wenliao Fishing Harbor in Taichung for beach cleaning activities. A total of 4,703 kilograms of beach debris was picked up. Through this activity, we hope to influence more friends around us to jointly devote ourselves in environmental protection.</p>



Appendix

Appendix I GRI Standards Index

Statement	Honmyue Enterprise Co., Ltd. has reported contents within the period from “January 1 st , 2023 to December 31 st , 2023” in accordance with the GRI Standards.
GRI Applied	GRI 1: Foundation2021

GRI 2: General Disclosure 2021			
GRI Standards	Disclosed Items	Chapter	Page No.
2-1	Organizational details	Disclosure of Reporting Scopes	P.2, P.7
2-2	Entities includes in the organization's sustainability reporting	Disclosure of Reporting Scopes	P.2
2-3	Reporting period, frequency and contact point	Disclosure of Reporting Scopes; Contact Methods	P.2
2-6	Activities, value chain and other business relationships	Major Products and Sales Regions	P.33
2-7	Employees	Manpower Structure	P.42
2-9	Governance structure and composition	Implementation of Diversity Among the Board Members	P.10
2-10	Nomination and selection of the highest governance body	Implementation of Diversity Among the Board Members	P.10
2-11	Chair of the highest governance body	Governance Structure	P.10
2-15	Conflicts of interest	Directors' Recusal from Conflicts of Interest and Members' Professional Development	P.10
2-17	Collective knowledge of the highest governance body	Directors' Recusal from Conflicts of Interest and Members' Professional Development	P.10
2-18	Evaluation of the performance of the highest governance body	Performance Evaluation of the Board of Directors	P.12
2-19	Remuneration policies	Functional Committees	P.12
2-20	Process to determine remuneration	Functional Committees	P.12
2-22	Statement on sustainable development strategy	Message from the Chairman	P.3
2-23	Policy commitments	Human Rights Management Policies and Specific Actions	P.47
2-26	Mechanisms for seeking advice and raising concerns	Internal/External Appeals Mechanism	P.32
2-28	Membership associations	Association Participation	P.8
2-29	Approach to stakeholder engagement	Stakeholder Engagement	P.14

GRI 3: Material Topics 2021			
GRI Standards	Disclosed Items	Chapter	Page No.
3-1	Process to determine material topics	Analysis Process of Material Topics	P.17
3-2	List of material topics	List of Materiality	P.18
3-3	Management of material topics	List of Materiality	P.18



Standard Disclosure of Specific Topics					
Material Topics	Management Policy and Disclosed Items				Page No.
Category: Corporate Sustainable Governance					
Economic Performance and Financial Information	Specific Topic	GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	P.23
			201-2	Financial implications and other risks and opportunities due to climate change	P.25
			201-3	Defined benefit plan obligations and other retirement plans	P.45
			201-4	Financial assistance received from government	P.30
Ethical Management	Customized Topic				P.31
Category: Creation of an Excellent Industry Chain					
Product Quality	Customized Topic				P.33
Service Quality	Customized Topic				P.36
Supply Chain Management	Specific Topic	GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	P.37
Category: Making of a Friendly Workplace					
Talent Attraction and Retention	Specific Topic	GRI 401: Employment 2016	401-1	New employee hires and employee and turnover	P.41
			401-2	Benefits provided to full-time employees that are not provided to temporary or part time employees	P.43
			401-3	Parental Leave	P.44
Labor Relations	Specific Topic	GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	P.46
Career Development	Specific Topic	GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	P.48
			404-3	Percentage of employees receiving regular performance and career development reviews	P.50
Category: Green Environment with Love for the Earth					
Environmentally-friendly Material Application	Customized Topic				P.51
Air Pollution Prevention	Specific Topic	GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	P.52
			305-2	Energy indirect (Scope 2) GHG emissions	P.52
			305-3	Other indirect (Scope 3) GHG emissions	P.52
			305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	P.54
Waste Management	Specific Topic	GRI 306: Waste 2020	306-3	Waste Generated	P.55
			306-4	Waste diverted from disposal	P.55
			306-5	Waste directed to disposal	P.55



Appendix II Implementation of Climate-related Information (TCFD)

No.	Item	Corresponding Chapter	Page No.
1	Description on the Board and Management's oversight and governance on climate-related risks and opportunities.	Sustainable Climate Governance	P.23
2	Description on how the identified climate risks and opportunities impact the company's business, strategies, and finance (short, mid, long-term).		P.25
3	Description on the impact extreme climate events and transitional actions have on finance.		P.25
4	Description on how the climate risk identification, assessment, and management process is integrated in the overall risk management system.		P.28
5	Should scenario analysis be used to assess the Company's resilience in face of climate change risks, explanations on the scenario, parameters, hypothesis, analysis factors and major financial impacts should be provided.		-
6	Should there be transitional programs in response to managing climate-related risks, please explain the program's content and metrics and targets used to identify and manage physical and transitional risks.		-
7	Should the internal carbon pricing be used as the planning tool, the pricing mechanism should be explained.		-
8	Should climate-related targets be in place, information such as their scope of action, GHG emissions, planned timeline, and yearly achieved progress should be stated; for targets achieved through carbon offset and RECs, the source of offset amount and number of RECs should be stated.		P.29
9	Carbon inventory and assurance efforts.		P.52

Appendix III SASB Organizational Comparison Table

Name of Specific Topic	Code	Contents of SASB Standards	Corresponding Chapter	Page No.
Management of Chemicals in Products	CG-AA-250a.1.	Discussion of processes to maintain compliance with restricted substances regulations	Supply Chain Management	P.37
	CG-AA-250a.2.	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products		P.37
Environmental Impacts in the Supply Chain	CG-AA-430a.1.	Percentage of: (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with waste water discharge permits and/or contractual agreements		P.40
	CG-AA-430a.2.	Percentage of: (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment		P.40
Labour Conditions in the Supply Chain	CG-AA-430b.1.	Percentage of: (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to labour code of conduct (3) percentage of total audits conducted by a third-party auditor.		P.39
	CG-AA-430b.2.	Priority non-conformance rate and associated corrective action rate for suppliers' labour code of conduct audits		P.40
	CG-AA-430b.3.	Description of the greatest (1) Labour and (2) Environmental, health, and safety risks in the supply chain		P.40
Raw Materials Sourcing	CG-AA-440a.1.	Description of environmental and social risks associated with sourcing priority raw materials		P.40
	CG-AA-440a.2.	Percentage of raw materials third-party certified to an environmental and/or social sustainability standard, by standard		P.40
Activity Metric	CG-AA-000.A	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1.	P.39	



Appendix IV Comparison Table for the United Nations Sustainable Development Goals (SDGs)

SDGs	Sub-targets	Honmyue's Action	Page No.
SDG 1 No Poverty	 <p>1.b Create sound policy frameworks at the regional level to support accelerated investment in poverty eradication actions 1.4 Equal rights to education for the poor</p>	<p>(S)Collaborated in the winter relief held by Huide Nengren Abode. (S)Held seminars and assisted women in second-career employment. (S)Provided scholarships for financially disadvantaged students in junior high schools, senior high schools, and vocational schools. (S)Donated funds for campaigns and cultural education establishment in the neighboring community. (S)Donated the earnings made in Honmyue's charity sale.</p>	P.5, P.56
SDG Zero Hunger	 <p>2.1 End hunger for poor people</p>	<p>(S)Donated Chinese New Year dishes to the "Love for the Elderly, Love for Reunion" event of Huashan Social Welfare Foundation.</p>	P.5
SDG 3 Good Health and Well-being	 <p>3.d Reduce health risks</p>	<p>(S)Provided complimentary health checkups for employees. (S)Encouraged employees to participate in marathons. (S)Inspired employees to mountain-climbing and hiking.</p>	P.43, P.47, P.56
SDG 4 Quality Education	 <p>4.5 Ensure access to education for the vulnerable 4.7 Ensure that all learners acquire the knowledge needed</p>	<p>(S) Provided scholarships for financially disadvantaged students in junior high schools, senior high schools, and vocational schools. (S) Donated to Taiwan Reading Culture Foundation's "Library of Love" project.</p>	P.5
SDG 6 Clean Water and Sanitation	 <p>6.a Expand wastewater treatment and recycling</p>	<p>(E)Reduced wastewater generation and increased recycling and reuse.</p>	P.5
SDG 8 Decent Work and Economic Growth	 <p>8.2 Achieve higher levels of economic productivity 8.5 Achieve full and productive employment</p>	<p>(G)Provided reasonable wages and benefits. (G)Equal training opportunities for both male and female employees.</p>	P.43, P.48
SDG 10 Reduced Inequalities	 <p>10.2 Promote social inclusion</p>	<p>(S)Established the Islamic prayer room. (S)Translated the employee safety handbook into four languages (English, Indonesian, Vietnamese, and Thai).</p>	P.42, P.56
SDG 12 Responsible Consumption and Production	 <p>12.5 Reduce waste 12.6 Adopt sustainable practices 12.7 Promote public procurement practices that are sustainable.</p>	<p>(E)Reduced waste generation during our production process and recycled them for reuse. (G)Offered satisfying products to customers. (G)Offered a quick process of quotation.</p>	P.35, P.36 P.51, P.55
SDG13 Climate Action	 <p>13.3 Improve the capacity of early warning in human and institutions on climate change.</p>	<p>(E)Enhanced the efficiency in energy usage and reduced GHG emissions.</p>	P.53
SDG 14 Life Below Water	 <p>14.1 Prevent and reduce marine pollution.</p>	<p>(E)Encouraged employees and their dependents to jointly participate in beach-cleaning activities.</p>	P.56



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