03

Sustainable Operations

Sustainable Operations

3.1 Operational Strategies and Economic Performance

Material Topics Management - Operational Strategies and Economic Performance

Description of Impact	Actual positive impact: Corporate investment in research and development and technological innovation can drive industry progress, enhance production efficiency, and introduce new products and services.		
	Potential negative impact: If the overall environmental or economic situation trends downward, it will affect the company's profitability and investor rights.		
Policy/Commitment	ESON Group's core business aims for sustained profitable development, adhering to local government tax regulations, accurately declaring and fully paying income taxes, and legally applying for tax incentives. We encourage measures for industry innovation and R&D investment, continuously develop new products, enhance competitiveness, and strive to create value for shareholders.		
Actions Taken	Strengthen the foundation of ESG, increase number of high-margin products, develop distinctive products and services, and build diverse product capabilities.		
Tracking and Evaluation Mechanism	Management meetings: Management meetings are held regularly to track and review the achievement of each department's goals and to implement management measures, ensuring goal realization and continuous improvement. Board of Directors: Board of directors meetings are convened each quarter to ensure the forward-looking nature and feasibility of business strategies. Adjustments are made based on market changes and the company's development needs to secure long-term, stable growth.		
Management Goals	**Short-term Goals (Within 3 Years)**	**Medium-term Goals (3-5 Years)**	**Long-term Goals (5 Years or More)**
	Develop new high-margin products and increase sales.	Global expansion and localized operations are conducted effectively to enhance competitiveness.	Continue to develop new products and reduce pollution to fulfill corporate social responsibility.
Annual Performance	1. Revenue in 2025: NT$12,080,401 thousand. 2. 2025 EPS: 4.40.		
Stakeholder Involvement	Shareholders and investors can gain a comprehensive understanding of the Group's operational performance and financial status through information provided in Board meetings and annual reports. Additionally, shareholders and investors can raise questions, express concerns, or offer suggestions regarding the Group's operations during shareholders' meetings, which fosters effective communication and interaction between the company and its stakeholders.		

Direct Economic Value Generated and Distributed

Economic Performance Information		2023	2024	2025
Direct Economic Value Generated	Income	11,562,007	13,094,331	12,080,401
Proportion of direct economic value generated and spent - economic value distributed	Operating costs	8,872,408	10,203,190	8,856,622
	Employee salaries and benefits (Note 1)	1,825,127	2,124,381	2,274,373
	Payments to investors	417,019	407,906	515,766
	Amount paid by government, by country (Note 2)	253,188	197,019	139,353
	Community investment	-	-	-
Economic value retained		194,265	161,835	294,287

Note 1: Including labor and health insurance, pension, and other personnel expenses.
Note 2: Income tax paid.
Note 3: The data in this table is based on consolidated figures prepared in accordance with International Financial Reporting Standards and audited by certified accountants. Detailed operational performance and financial information can be found in the company's annual report for the respective year.
Note 4: Economic value retained: "Direct economic value generated" minus "economic value distributed."

Financial Assistance Received from Government

ESON Group actively invests in research and development, and also cooperates with local government policies at each operational location to apply for relevant government financial subsidies. In China, the Group was granted NT$1,626,985 in rewards for R&D activities, carbon reduction, and employment retention. In Mexico, the Group was granted NT$9,420,969 in payroll tax relief due to local investments. The Group has no government shareholding.

China

Amount (NT$)

Kunshan City Comprehensive Reward and Subsidy Program for Industrial Enterprise Technological Upgrading	Reward	NT$282,821
Reward Program for Designated Digitalized Enterprises	Reward	NT$218,226
Kunshan Subsidiary Recognized as a High-Tech Enterprise of Jiangsu Province in 2023	Reward	NT$436,451
Subsidies for Smart Energy and Carbon Management Platforms	Subsidy	NT$8,729
Subsidies for Social Security and Employment Retention	Subsidy	NT$680,758
Grand Total		NT$1,626,985

Mexico

Amount (NT$)

Payroll Tax Relief	Tax Exemptions and Credits	NT$9,420,969
Grand Total		NT$9,420,969

Retirement Plan

The Taiwan Branch follows the retirement pension system as given in the Republic of China's Labor Pension Act, which is a government-managed defined contribution pension plan. A contribution of 6% of each employee's monthly salary is allocated to individual accounts managed by the Bureau of Labor Insurance. The pension contribution policies for employees of overseas subsidiaries are implemented in accordance with local regulations. In 2025, the global pension expense recognized, including for overseas subsidiaries, amounted to NT$100,684,000.

3.2 Tax

Tax Management

ESON Group's tax governance is overseen by the CFO as the ultimate responsible person for tax management, while daily tax administration and management are delegated to the Accounting Manager, with support from qualified and experienced tax professionals to fulfill the company's tax obligations, regularly monitor tax regulations, and conduct monthly tax strategy reviews. Additionally, ESON Group adheres to the spirit of the law and maintains long-term partnerships with external tax advising agencies, leveraging their professional services to enhance expertise. The Group is primarily subject to tax regulations in China, Mexico, Singapore, and Vietnam. To manage tax risks, the Group engages local tax advisors to review and respond to changes in local tax policies and the impact of international financial conditions on the company's interests. The Group closely monitors domestic and international policies and regulations that may affect its finances, remaining proactive in tracking tax developments and, when necessary, actively consulting with tax authorities for guidance.

Each year, the Group's taxes are audited by certified public accountants and declared in accordance with the law. There is no involvement in unethical or illegal activities. Furthermore, the Group's tax policies have not caused any negative socioeconomic impact.

Tax Policy and Guidelines

- Comply with local tax regulations in all operating regions and file taxes in a timely manner.
- Conduct tax risk assessments and consider tax implications when making significant company decisions or facing changes in the tax regulations of the operating environment.
- Disclose tax information in financial statements as required to ensure information transparency.
- Establish a relationship of mutual trust and respect with the tax authorities, engaging in timely communication and clarification on tax issues to maintain smooth and positive interactions.
- Group-related transaction arrangements are formulated based on transfer pricing reports and arm's-length principles, in alignment with the base erosion and profit shifting (BEPS) principles published by the Organization for Economic Cooperation and Development (OECD).
- Support government tax policies that encourage corporate innovation and promote economic growth.

Unit: NT$ thousand

Income Tax Information	2024	2025
Profit/loss before tax	778,768	975,788
Income tax expense	212,341	234,520
Book effective tax rate	27.27%	24.03%
Income taxes paid	145,150	Note 2
Cash effective tax rate	18.64%	Note 2

Note 1: Book effective tax rate = Income tax expense for the current year ÷ Profit/loss before tax for the current year; Cash effective tax rate = Income taxes paid for the current year ÷ Profit/loss before tax for the current year.
Note 2: Due to the tax settlement schedule in Singapore in August, "income taxes paid" and "cash effective tax rate" have not been calculated yet.

3.3 Information Security

Material Topics Management - Information Security

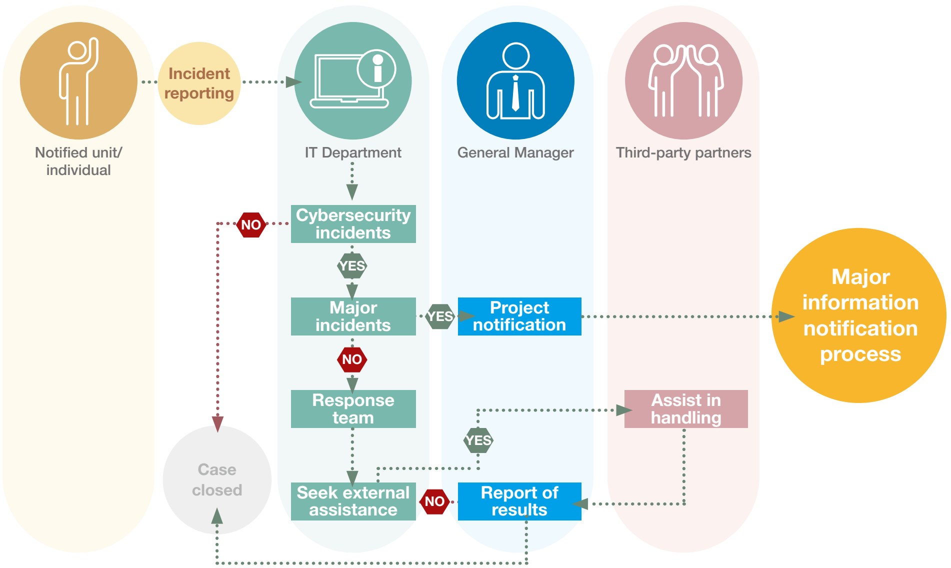
<table>
<tr><td rowspan="2">Description of Impact</td><td colspan="3">Actual positive impact: Effective information security management can significantly reduce potential financial losses and legal risks for ESON, while enhancing the confidence of stakeholders in the company's risk management and sustainable operations.</td></tr>
<tr><td colspan="3">Potential negative impact: Evolving hacking techniques may lead to leaks of confidential ESON or customer information or pose threats from ransomware attacks.</td></tr>
<tr><td>Policy/Commitment</td><td colspan="3">We are committed to information security management to ensure the confidentiality, integrity, and availability of the Group's critical information property, guaranteeing the continuity of key business operations and compliance with relevant laws and regulations, thereby earning customer trust and fulfilling commitments to shareholders.</td></tr>
<tr><td>Actions Taken</td><td colspan="3">1. Strengthen information security infrastructure by utilizing various tools and technologies for timely and effective identification, protection, detection, response, and recovery.
2. Conduct information security education and training for employees, and periodically promote knowledge of cybersecurity through methods such as emails to enhance overall employee awareness of information security.
3. Regularly conduct disaster recovery drills for critical application systems to ensure their effectiveness.</td></tr>
<tr><td>Tracking and Evaluation Mechanism</td><td colspan="3">The Audit Office and an external third party (certified public accountants) conduct information security audits every six months to evaluate the effectiveness of the internal control system and report to the Board of Directors.</td></tr>
<tr><td rowspan="2">Management Goals</td><td>Short-term Goals (Within 3 Years)</td><td>Medium-term Goals (3-5 Years)</td><td>Long-term Goals (5 Years or More)</td></tr>
<tr><td>1. Zero major information security incidents.
2. Internal network penetration testing.
3. Conduct social engineering drills.
4. Implement web application firewalls.
5. Improve local backup mechanisms and remote backup mechanisms.
6. Implement a Security Information and Event Management (SIEM) system.
7. An average of 2 hours of information security training per employee per year.</td><td>1. Zero major information security incidents.
2. Continue to optimize the information security management process.
3. An average of 3 hours of information security training per employee per year.</td><td>1. Establish a remote backup mechanism.
2. Zero major information security incidents.
3. Continue to optimize the information security management process.
4. An average of 3 hours of information security training per employee per year.</td></tr>
<tr><td>Annual Performance</td><td colspan="3">1. No major deficiencies, zero information security incidents.
2. Continuously conduct annual information security awareness training for all employees to help them understand the importance of information and communications security and ensure compliance with information security regulations. In 2025, a total of 96 training attendances were completed. Periodically promote cybersecurity knowledge through methods such as emails to enhance overall employee awareness of information security.
3. Conduct social engineering drills twice a year to improve employees' information security intelligence and response abilities. In 2025, the drills recorded a total attendance of 1,059.
4. Deployed a web application firewall (WAF) to reduce the risk of attacks on external-facing business systems.
5. Introduced a Security Information and Event Management (SIEM) system to improve the efficiency of detecting security incidents within business systems.
6. Completed two social engineering drills to test and improve employees' ability to identify and respond to social engineering attacks.
7. Renovated the main server room and replaced aged hardware to improve physical security; upgraded the core network infrastructure of the main server room to a High Availability (HA) architecture.
8. Maintained the third-party corporate information security risk assessment rating (SecurityScorecard) at 90 or above.</td></tr>
<tr><td>Stakeholder Involvement</td><td colspan="3">1. Arrange information security awareness training and advocacy sessions for employees.
2. The person in charge of information security reports information security work to senior management.</td></tr>
</table>

Information Security Policy

The Group is committed to information security management for the purpose of protecting ESON's business information and effectively reducing risks of information asset theft, misuse, leakage, tampering, or destruction due to human error, intentional acts, or natural disasters. This ensures the confidentiality, integrity, and availability of the Group's critical information assets, guarantees the continuity of key business operations, and complies with relevant laws and regulations, thereby earning customer trust and fulfilling commitments to shareholders.

Information Security Incident Notification

In the event of a significant information service incident or information security incident, the Group will promptly handle incident notifications to ensure that the competent authorities and units can effectively obtain event information. The Group's internal information security incident response process is as follows:



Information Security Incidents in the Past Three Years

The Group has not experienced any major information security incidents in the past three years. There have been no incidents of information leaks, theft, or loss of customer data, nor have there been any complaints regarding violations of customer privacy.

Specific Information Security Management Practices

1. The Group's General Manager serves as the highest-ranking executive, with the Deputy General Manager acting as the management representative. A dedicated information security supervisor, dedicated information security personnel, and information security engineers are appointed to be responsible for formulating and implementing information security policies to ensure the continuous and stable operation of the information security management system.
2. The Audit Office and external third parties conduct information security audits of the internal control system every six months to assess the effectiveness of the company's information operations internal controls, and reports are submitted to the Board of Directors. In 2025, a total of 2 audits were completed.
3. Identify stakeholder groups for the information security management system and annually confirm their needs regarding the information security management system (including customer requirements for cybersecurity).
4. Continuously conduct annual information security awareness training for all employees to help them understand the importance of information and communications security and ensure compliance with information security regulations. In 2025, a total of 96 training attendances were completed. Periodically promote cybersecurity knowledge through methods such as emails to enhance overall employee awareness of information security.
5. Conduct social engineering drills twice a year to improve employees' information security intelligence and response abilities. In 2025, the drills recorded a total attendance of 1,059.
6. Establish comprehensive regulations and clear operational procedures to institutionalize the operation of the information security management system.
7. Utilize various tools and technologies to achieve timely and effective identification, protection, detection, response, and recovery.
8. Establish response and recovery procedures for information security incidents to quickly isolate and mitigate threats, minimizing the scope and impact of incidents.
9. Regularly conduct disaster recovery drills for critical application systems to ensure their effectiveness.
10. Perform regular internal and external audits annually to review the entire management system, ensuring normal operation and continuous improvement.
11. Joined the Taiwan Information Sharing and Analysis Center (TW-ISAC), a information security intelligence-sharing organization under the Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC), to obtain information security early warning intelligence, information security threats, and vulnerability information.

Information Security Infrastructure

We have established a multi-layered information security defense mechanism integrating Endpoint Detection and Response (EDR), Next-Generation Firewalls (NGFW), Web Application Firewalls (WAF), Security Information and Event Management (SIEM) systems, email filtering systems, and Multi-Factor Authentication (MFA). Through defense in depth, we manage to strengthen host, network, and information security, thereby reducing cyberattack risks.

3.4 Product Quality

ESON Group has obtained ISO 14001 certification and ensures that all products are pre-verified to comply with standards such as the EU Restriction of Hazardous Substances Directive (EU RoHS) and the EU Registration, Evaluation, Authorisation, and Restriction of Chemicals (EU REACH) before shipment. To further strengthen environmental management, ESON has established the Environmental Management Substances Control Program and continuously updates the REACH Substances of Very High Concern (SVHC) List. All raw materials used by the Group internally and by all suppliers (including subcontractors), as well as parts and materials used in the company's manufacturing, packaging, storage, and transportation processes, are managed in accordance with this program.

ESON Group has established the Hazardous Substances Management System Structure in accordance with the requirements of ISO 9001:2015 Quality Management Systems, IATF 16949:2016 Quality Management Systems - Automotive Production and Relevant Service Parts Organizations, IECQ HSPM QC080000:2017 Hazardous Substances Process Management Systems, ISO 14001:2015 Environmental Management Systems, as well as specific customer requirements for quality and other related management systems, and in combination with the Group's actual circumstances. Standard operating procedures for hazardous substances have been developed to strictly control customers, suppliers, all products, and materials. This ensures high standards of health and safety management goals, while complying with national legal regulations and standards.

ESON Group incorporates environmental management substances into project evaluation considerations, making compliance a prerequisite for approval. Suppliers of raw materials and packaging materials must be evaluated in accordance with the Supplier Control Program. For first-time deliveries from tier 1 and tier 2 controlled suppliers, the procurement department must clearly specify the requirements for environmental management substances in the order and sign the Non-Use of Environmental Management Substances Certification (for Material Evaluation) and the Environmental Protection Agreement. Additionally, suppliers are required to submit hazardous substance test reports, material composition tables, or Material Safety Data Sheets (MSDS).

ESON Group requests material test reports, material property sheets, and MSDS from suppliers. Supplier Quality Engineers (SQEs) and Incoming Quality Control (IQC) inspectors are responsible for compiling test reports and MSDS for raw materials (e.g., plastic raw materials, hardware), electroplating/electrodeposition/painting (e.g., copper, nickel, chromium, zinc plating), auxiliary materials (e.g., screws/studs, double-sided tape/mylar/conductive foam/footpads), chemicals (e.g., paints/inks/thinners/hardeners), packaging materials, consumables (e.g., alcohol, cleaning agents, degreasers, rust inhibitors, rust-proof oils, labels, ribbons, sandpaper, taps, oil-based pens, and paint pens), and auxiliary materials (e.g., die materials, tooling materials, labor protection supplies). These are included in the Environmental Management Substances Qualified List. Additionally, we review the test reports from subcontractors. For cases where test results comply with legal regulations and customer requirements but do not meet ESON's internal control standards, review records must be retained.

For instances where halogen or RoHS levels exceed standards in plastic raw materials, ESON Group implements robust control measures during production to prevent mixing of materials. Export countries place significant emphasis on compliance with hazardous substance regulations, so we specifically separate the production of automotive parts and 3C (computer, communication, and consumer electronics) parts to ensure compliance with each country's environmental requirements. Annual RoHS testing using spectrometers is conducted on plastic and metal parts, ensuring a 100% pass rate.

In 2025, ESON Group had no incidents of non-compliance with health and safety regulations related to products and services, no incidents of non-compliance with product and service information and labeling requirements, and no incidents of non-compliance with marketing communication regulations.

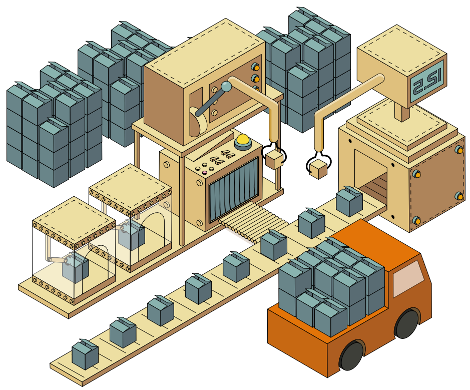
Hazardous Substance Management System Structure Diagram

- Business Department /QS — Customer GP data collection
- QS team — Customer GP data organization
- QS team — Customer Environmental Protection Data Transfer Quality Assurance Department
- QS team Quality Assurance Department Engineering Department —
  1) Amendment of level 2 and level 3 documents
  2) Revise environmental management and substance management standards
  3) Add GP requirements to relevant SIPs
  4) Added GP requirements for related diagrams, QC diagrams, and SOPs
- R&D Department — Engineering design and development, material selection, sampling, process, and process determination
- R&D Department — Sample delivery to laboratory for testing
- OK / NG
- R&D Department — Customer recognition
- OK

- Business Department — Customer order placement
- NG
- Business Department — Order review
- OK
- Business Department — Business orders
- Production Management Section — Work order for production planning
- Production Management Section — Production management raw material purchase requisition
- Procurement/ Production Management Section — Supplier evaluation process
- Procurement/ Production Management Section — Materials ordered by Procurement Department

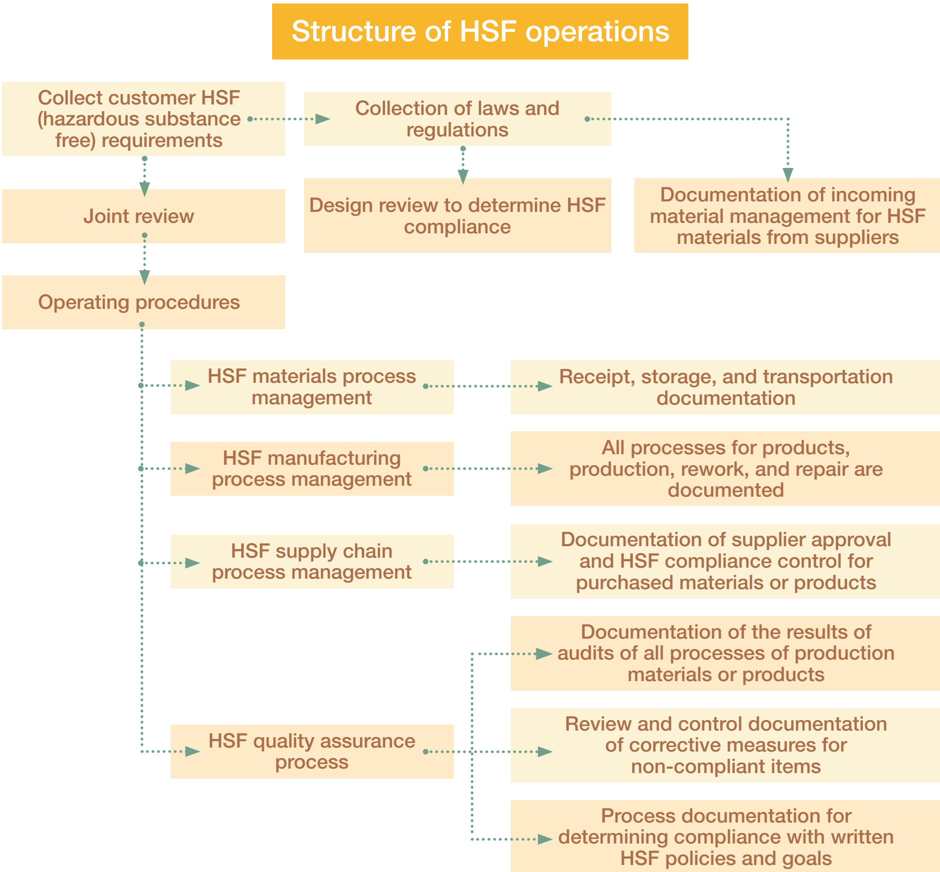
- IQC — Supplier delivery
- NG
- IQC — Incoming quality control
- OK
- Warehouse Management Section — Materials enter inventory and storage
- Warehouse Management Section — Issuing and receiving materials
- Manufacturing Unit — Manufacturing Unit production
- NG
- Manufacturing Unit — PQC inspection
- OK
- FQC — Finished product packaging

- Warehouse Management Section — Finished products enter inventory
- Production Management Section — Shipment
- NG
- OQC — OQC final inspection
- OK
- Production Management Section — Shipment to customers
- QE — Customer complaint handling



ESON Group's objectives for product quality, Hazardous Substance Free (HSF) management systems, environmental management, and occupational health and safety management systems stem from its strategic business risk planning. The Group has established corresponding goals at all organizational levels and strives to achieve these goals through the establishment of a customer-oriented process (COP), support process (SP), and management process (MP).

Product Hazardous Substance Free (HSF) Management System



The Group has established a comprehensive product quality control system covering the entire lifecycle, with the ISO 9001:2015 Quality Management Systems as its core framework, integrated with IATF 16949:2016 automotive industry standards and IECQ hazardous substances process management requirements. Based on the "process approach" and "risk-based thinking" of ISO 9001, every stage from raw material procurement to production and delivery is standardized to ensure consistent quality. For instance, key quality control points are defined through advanced product quality planning (APQP), and statistical process control (SPC) is used to monitor production stability in real-time, ensuring defect rates remain below industry benchmarks.

To meet the automotive industry's stringent safety and reliability requirements, the Group further strengthens supplier management and defect prevention mechanisms through the IATF 16949 standard, ensuring products meet the zero-defect delivery standards of original equipment manufacturers. Simultaneously, the IECQ certification system, through compliance with hazardous substance regulations such as RoHS and REACH, restricts residual hazardous substances across the entire process—from material testing and process design to waste disposal, to mitigate environmental compliance risks. Through the synergistic effect of multiple certifications, we have not only achieved quality stability and traceability but also driven continuous improvement through dual internal and external audit verification mechanisms. This has helped us provide high-quality solutions that combine compliance, safety, and market competitiveness for global customers in the automotive, electronics, and other sectors.

Product Quality Education and Training

To encourage employees to comply with quality control code of conduct requirements, ESON Group conducts monthly training sessions. In 2025, a total of 41 training sessions were completed, with 2,447 participant attendances, for a total of 211.5 hours of skill training. These sessions covered different customer operational standards and evaluation criteria, sampling plans, inspection procedures, and other quality-related requirements. All quality personnel were required to participate in training to ensure employees are familiar with and adhere to relevant standards, thereby improving product quality and reducing customer complaints.

Operational Locations	Department Receiving Training	Training Hours	Number of Participant Attendances
Kunshan ESON	Quality Assurance Department	24	600
Yantai Zhengyi	Quality Assurance Department	8	64
Vietnam Plant	Quality Assurance Department	12.5	45
Malaysia Plant	Quality Assurance Department, Engineering Department, Production Department, Warehousing Department	8	74
Mexico Plant 1	Quality Assurance Department, EHS Department	152	1,492
Mexico Plant 2	Quality Assurance Department	7	172

3.5 Customer Service

Customer Service

ESON Group invites customers to provide monthly satisfaction feedback based on metrics such as delivered product quality, disruptions caused to customers, on-time delivery, excess shipping costs, and customer portal results. In 2025, the average customer satisfaction score was 92.86 points. There were no product recalls or incidents of customer rights being harmed due to quality issues, nor were there any cases of customer privacy violations or incidents involving the leakage, theft, or loss of customer data, demonstrating our emphasis on customer service and the effectiveness of our improvements.

In 2025, the cost of defects (D-cost) (Note 1) incurred due to defects discovered after product delivery to customers accounted for 0.58% of revenue. Additionally, in 2025, a total of 194 customer complaints were recorded, all of which were categorized and analyzed using the 8D methodology (Note 2) to identify the root causes and commonalities of issues, enabling targeted improvements in product handling. The complaints were all product-related, including quality errors and improvements, appearance defects, structural dimension issues, and dimensional anomalies. All customer complaints have been properly resolved, with no unresolved cases.

Note 1: D-cost is one of the indicators for evaluating customer satisfaction when all products are delivered to customers.
Note 2: 8D refers to the 8 Disciplines (D1: Team established D2: Description of issue D3: Implement and verify temporary measures D4: Determine and verify the root cause D5: Select and verify permanent corrective measures D6: Implement permanent corrective measures D7: Prevent recurrence D8: Recognition of closure)

Customer Complaint Handling Flowchart

Responsible Department	Input	Process	Management Key Points and Reminders	Related Documents/ Forms
Sales/Delivery Management personnel/Quality Assurance Department	Unqualified products	Customer complaints	When a product is unqualified, the customer complains to the Sales/Delivery Management personnel or Quality Assurance Department.	
Sales/Delivery Management personnel	Creates a notification form	ESON Customer Complaint/ Sales Return Notification Form	The Sales/Delivery Management team reviews customer complaints regarding defective returns, rework, scrap, or related costs, and issues the ESON Customer Complaint/Sales Return Notification Form.	ESON customer complaint/ sales return notice
Sales/Delivery Management personnel/Quality Assurance Department	Confirmation of unqualified products	Confirmation (NG)	The Quality Assurance Department communicates with customers for incidents of non-conformity, and goes to customers to confirm when necessary. The Quality Assurance Department provides its response on the ESON Customer Complaint/Sales Return Notification Form.	
Quality Assurance Department	Recording of unqualified product	Record and issue corrective measures	The Quality Assurance Department (QE) completes the internal Customer Complaint Improvement Report or the 8D report requested by the customer, submits it to the relevant departments, and records it on the Customer Complaint Record Form.	Customer Complaint Record Form/8D report requested by customers
Relevant departments	Production of unqualified products	Cause analysis	Relevant departments analyze the cause of unqualified products	Corrective and preventive measures and control procedures
Relevant departments	Prevention and treatment of unqualified products	Propose countermeasures	Relevant departments take corresponding measures to reduce the causes for the generation of unqualified products	Corrective and preventive measures and control procedures
Quality Assurance Department	Improvement results	Track and confirm (OK / NG)	The Quality Assurance Department confirms the improvement measures implemented by relevant departments.	Customer Complaint Record Form or 8D report requested by customers
Sales/Delivery Management personnel	Respond to customer complaint	Customers (OK)	The Quality Assurance Department (QE) sends the internal Customer Complaint Improvement Report or the customer-requested 8D report back to the customer.	Internal Customer Complaint Improvement Report or Customer-Requested 8D Report
Quality Assurance Department	Confirm improvements for unqualified products	Weekly (re)tracking and confirmation	The Quality Assurance Department's QE tracks and confirms the condition of 3 batches of products according to the Outgoing Inspection Form	Outgoing Inspection Form
Quality Assurance Department	Standardization	Revise relevant documents	The Quality Assurance Department's QE standardizes operations when improvements are effective and require changes in standards.	

Customer Service Education and Training

To enhance customer satisfaction and improve service quality, ESON Group continuously promotes professional training for its customer service team to ensure frontline staff possess excellent communication skills, problem-solving abilities, and service awareness. In 2025, a total of 25 training sessions were completed, with 802 participant attendances, amounting to 62 training hours.

Kunshan ESON
Quality Assurance Department
Training hours 4h
Number of participant attendances 100

Yantai Zhengyi
Quality Assurance Department
Training hours 2h
Number of participant attendances 4

Vietnam Plant
Quality Assurance Department, Engineering Department, Production Department
Training hours 2h
Number of participant attendances 10

Malaysia Plant
Quality Assurance Department
Training hours 8h
Number of participant attendances 68

Mexico Plant 1
Marketing Department, Production Planning Department
Training hours 40h
Number of participant attendances 469

Mexico Plant 2
Quality Assurance Department
Training hours 6h
Number of participant attendances 151

3.6 Supply Chain Management

Local Procurement

ESON Group supports a balance between local procurement and supply chain diversification, and continuously promotes local procurement. By collaborating with local suppliers, we stimulate the local economy and reduce energy consumption due to transportation. In 2025, the proportion of procurement expenditure from local suppliers at key locations of operations was 68.75%.

Local Procurement	2024	2025
Procurement amount from local suppliers	1,308,217,705	5,901,599,087
Total procurement amount	1,316,280,865	8,583,605,606
Percentage procured from local suppliers (%)	99.39%	68.75%

Note 1: The procurement amount is in NTD.
Note 2: Local suppliers are defined as those whose factories are registered in the same country/region in which they have operating locations.
Note 3: Key locations of operations refer to Kunshan ESON, Yantai Zhengyi, Vietnam Plant, Malaysia Plant, Mexico Plant 1, and Mexico Plant 2.
Note 4: The calculation basis for the total procurement amount includes related-party transactions.
Note 5: The reporting scope for 2024 was limited to Kunshan ESON, whereas the calculation for 2025 covers the entire Group. As other locations record a lower percentage of local procurement, this lowered the overall percentage of procurement from local suppliers.

Distribution of Production Areas of Suppliers	Amount
Taiwan	43,285,922
China	3,167,150,494
Malaysia	73,266,558
Mexico	3,535,002,222
Hong Kong	27,291,389
Czech Republic	499,204
United States	1,071,991,082
Singapore	345,123,435
Vietnam	317,432,631
Germany	676,254
South Korea	1,886,415

Note 1: Amount is in NTD.

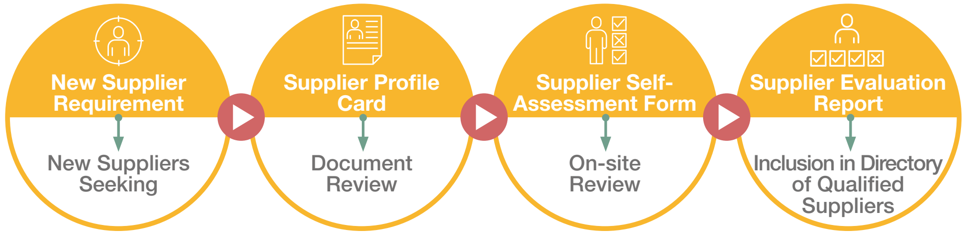
Supplier ESG Impact Assessment

ESON Group is committed to promoting the sustainable development of its supply chain and adopting comprehensive management measures, covering three key dimensions: environmental impact, social responsibility, and corporate governance.

New Supplier Screening

The Group continues to strengthen the assessment and management of environmental and social impacts within the supply chain, adopting a comprehensive supplier environmental and social impact assessment mechanism, actively taking action, and implementing specific management measures to ensure suppliers' behaviors align with environmental and social responsibility standards, mitigate potential negative impacts, and promote the sustainable development of the supply chain. Under the environmental standard assessment mechanism, existing suppliers are encouraged to obtain local environmental certifications or international accreditations such as ISO 14001, thoroughly implement 5S and clean production practices, and actively pursue energy-saving and emission-reduction measures. The social impact assessment covers suppliers' compliance with labor rights, occupational safety standards, the prohibition of forced labor, other relevant social responsibility standards, and initiatives that implement human rights and employee welfare protection, ensuring that supply chain performance meets our expectations.

In addition, corporate governance assessments are coordinated by the Procurement Department and supported by the Quality Assurance Department and the Engineering Department. Suppliers are evaluated and reviewed in accordance with the Supplier Evaluation Form. The review comprehensively covers core compliance requirements, including the Quality Management Systems (QMS), Environmental, Health and Safety (EHS), Responsible Business Alliance (RBA) Code of Conduct (including health, environment, safety, and labor ethics), and Hazardous Substance Free (HSF) management, including HSF compliance declarations and testing/verification results. This multi-dimensional review scope ensures a systematic verification of suppliers' overall capabilities and compliance. Suppliers are encouraged to obtain local environmental certifications or international accreditations (e.g., ISO 14001), implement 5S management, promote clean production practices, and pursue energy-saving and emission-reduction measures. They are also expected to uphold labor rights, occupational safety, prohibition of forced labor, and other relevant social responsibility standards, and to ensure employee rights protection. The Group will give priority for collaboration with suppliers that have taken the above measures.



▲ New Supplier Screening Process Flowchart

Item	2024	2025
Total number of new suppliers during the year	2	33
Total number of new suppliers screened using environmental standards during the year	2	33
Percentage of new suppliers screened under environmental standards	100%	100%
Total number of new suppliers screened using environmental standards during the year	2	14
Percentage of new suppliers screened under environmental standards	100%	42.42%

Note: The reporting scope for 2024 was limited to Kunshan ESON, whereas the 2025 scope covered Kunshan ESON, Yantai Zhengyi, Vietnam Plant, Malaysia Plant, Mexico Plant 1, and Mexico Plant 2.

Item	2025
Total number of new suppliers during the year	14
Total number of new suppliers screened using corporate governance standards during the year	14
Percentage of new suppliers screened under corporate governance standards	100%

Note: The reporting scope for 2025 was limited to Kunshan ESON only.

Audit of Existing Suppliers

Supplier Tiers and Audit Methodology

The Group's Supplier Quality Engineering (SQE) unit plans and implements annual supplier audits in accordance with the Directory of Qualified Suppliers. Some suppliers are subject to on-site audits or remote audits. In the event of major customer complaints, quality abnormalities, special processes, or specific customer requirements, on-site audits are strengthened. For suppliers with lower delivery volumes and stable quality performance, self-assessments are conducted instead. Backup suppliers and those with no transactions over a long time are excluded from annual audits in principle. However, project-based audits may be arranged as needed when transactions are resumed. Suppliers that seek new cooperation after their qualification is revoked must be reassessed according to the new supplier qualification process. Suppliers designated by customers are monitored through a regular evaluation mechanism.

Annual supplier audits are conducted either on-site or through documentation review. The scope covers quality management, environment, occupational safety and health, Responsible Business Alliance (RBA) requirements, and hazardous substance management. The audits are conducted by qualified auditors with relevant professional credentials.

Tiered Management based on Supplier Audit Results

Supplier ratings and continuous improvement: The Procurement Department determines supplier ratings and corresponding actions based on overall supplier performance scores as outlined in the following table, with 163 suppliers receiving Grade A in 2025; 48 suppliers received Grade B; 8 suppliers receiving Grade C; and 0 suppliers receiving Grade D and Grade E:

Grade	Plant	Actions Taken
A	Kunshan ESON, Yantai Zhengyi, Malaysia Plant	Rated as qualified suppliers.
	Mexico Plant 1, Mexico Plant 2	Rated as preferred suppliers (score: 100%–99%), meeting expectations.
	Vietnam Plant	Rated as "Excellent," prioritized for payment and procurement.
B	Kunshan ESON, Yantai Zhengyi	Rated as qualified suppliers with conditions, subject to procurement volume restrictions. If rated Grade A in routine assessments for 3 consecutive months, Grade B suppliers will be granted unconditional "qualified supplier" status.
	Mexico Plant 1, Mexico Plant 2	Rated as qualified suppliers (score: 98%–95%); evaluation results are sent back to the suppliers, and corrective action plans are required.
	Vietnam Plant	Prioritized for consideration during procurement.
	Malaysia Plant	Rated as qualified suppliers.
C	Kunshan ESON, Yantai Zhengyi	Rated as unqualified suppliers. The Procurement Department provides the suppliers with three coaching opportunities, requiring improvement within 2 months. Failure to improve will result in the revocation of qualified supplier status.
	Mexico Plant 1, Mexico Plant 2	Rated as acceptable suppliers (score: 94%–90%); evaluation results are sent back to the suppliers, and corrective action plans are required.
	Vietnam Plant	Required to take corrective actions within a specified timeframe, with their products subject to strengthened inspection and re-audits.
	Malaysia Plant	Required to undergo supplier audits for 3 consecutive months.
D	Mexico Plant 1, Mexico Plant 2	Rated as unqualified suppliers (score: 89%–75%); corrective actions required.
	Vietnam Plant	Supplier qualification revoked and removed from the Directory of Qualified Suppliers; no further partnership.
E	Mexico Plant 1, Mexico Plant 2	Supplier qualification revoked (score: 74%–0%). Supplier performance is analyzed to determine whether restrictions apply to new business collaborations or projects, which could potentially lead to the cancellation of all existing business engagement.

Supplier Audit Results

The Group's Procurement, Quality Assurance, and Engineering Departments conduct document or on-site assessments of suppliers to ensure compliance with the Group's environmental and social responsibility requirements. In 2025, a total of 219 supplier audits were completed. The Supplier Quality Evaluation (SQE) unit has formulated the Annual Supplier Audit Plan each year based on the Directory of Qualified Suppliers. Supported by the Procurement and Engineering Departments, the SQE unit conducts comprehensive internal evaluations annually, with the evaluation results serving as the basis for determining whether to continue cooperation with suppliers in the following year.

In 2025, ESON Group prioritized suppliers that thoroughly implement human rights and equality, prohibit child labor and forced labor, and comply with major social responsibility regulations. A total of 219 suppliers were rated qualified. Specifically, 48 suppliers adopted the Responsible Business Alliance (RBA) Code of Conduct, ensuring a safe working environment, responsible and ethical business practices, and respect for human rights and the environment. Among the qualified suppliers, 167 have obtained ISO 14001 certification. For those who have not yet been certified, the Group continues to encourage them to make improvements. ESON will continue to take actions to reduce potential negative impacts in the supply chain and promote continuous improvement of the supply chain in environmental protection and social responsibility, advancing toward the realization of fully sustainable management.

Item	2025
Total number of suppliers audited during the year (number of suppliers assessed for environmental and social impacts)	219
Total number of suppliers passing audits based on environmental standards during the year	219
Percentage of suppliers passing audits based on environmental standards during the year	100%
Total number of suppliers passing audits based on social standards during the year	65
Percentage of suppliers passing audits based on social standards during the year	29.68%
Number of suppliers identified as having significant actual or potential negative environmental and social impacts	0
Number of (*) suppliers that have improved	0
Percentage of suppliers agreeing to make improvements	0
Number of (*) suppliers with whom partnerships were terminated	0
Percentage of suppliers with terminated partnerships	0

Supplier Management Education and Training

To enhance the sustainability of the supply chain, ESON Group continuously promotes supply chain management education and training to improve suppliers' awareness and practical capabilities regarding environmental, social, and governance (ESG) issues. In 2025, a total of 11 training sessions were completed, with 403 participant attendances, amounting to 33 training hours.