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ACME Sustainable Operations

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ACME Sustainable Operations

1.1 Sustainability Vision and Goals (GRI 2-22、2-23)

1.1.1 Sustainability Vision and Operating Strategy

Acme Electronics Corporation (ACME) (Stock Code: 8121) was mainly established through an investment by USI Corporation (USI) on September 5, 1991. The USI Group originated with the founding of USI in 1965. In 1997, it joined forces with UPC Technology Corporation to acquire a controlling interest in CGPC Group, establishing its position as a leading conglomerate in Taiwan's petrochemical and plastics industry. Leveraging the Group's strong foundation in petrochemicals and plastics, and through the effective integration of its resources, USI Group has successfully expanded its business portfolio into electronics, advanced materials, venture capital, and other strategic investment areas.

The USI Group's sustainability vision is "Creating Sustainable Value and Advancing a Sustainable Society," which reflects the Group's commitment to leveraging its core competencies to generate long-term value and contribute meaningfully to societal sustainability.

This vision is supported by three core strategies: R&D Innovation, Stable Operations, and Inclusive Society, all aimed at co-creating value with stakeholders. Based on these strategies, the Group has identified seven key sustainability topics, which are collectively advanced with integrity-driven partners as the foundation for shared development.



As a member of the Group, the Company follows the Group's vision to set three major sustainability principles: "Governance and Value Chain Management," "Resource Recycling and Eco-Friendliness," and "Happy Workplace and Social Participation." By linking to material topics, we annually review the consistency of the analysis results with the sustainability principles, and examine and discuss the achievement status of annual performance. The Company's sustainability strategy and its economic, environmental, and social promotion plans are as follows:

ACME Sustainability Strategy



Governance and Value Chain Management



Technical R&D



Product Quality



Economic Benefits



Customer Relationship Management



Supply Chain Management



Happy Workplace and Social Participation



Occupational Health and Safety



Talent Cultivation



Talent Attraction and Retention



Resource Recycling and Eco-Friendliness



Air Pollution Prevention



Raw Material Management

Sustainability Strategies and Short-Term and Mid-to-Long-Term Plans



Short-Term Plan (2025)

Mid-Term Plan (2027)

Long-Term Plan (2030)

Aspect

Action Plan

Goal



Governance

- Enhance product competitiveness and operational performance through innovative product R&D and market expansion, maintaining continuous company growth and corporate sustainable development.
- The ferrite core business drives revenue and profit growth through market development, quality improvement, and cost reduction.
- The SiC new business continues to see revenue and profit growth.
- The ferrite core and SiC businesses continue to grow and increase profitability. Continuous development of new products.
- The ferrite core and SiC businesses continue to grow and increase profitability. Continuous development of new products.



Environmental

- Actively promote waste reduction, reuse, and recycling measures. Comply with environmental protection laws, commit to pollution prevention, and meet customer environmental and quality requirements.
- Continue to implement energy-saving and carbon reduction improvement actions.
- Taoyuan, Kunshan, Guangzhou, and Malaysia plants carbon reduction target of 2,323 tons CO₂e.
- Use the Task Force on Climate-related Financial Disclosures (TCFD) methodology to identify transition risks and physical risks in operational processes, annually review response actions, and build a resilient climate change culture.
- The Taoyuan, Kunshan, Guangzhou, and Malaysia plants will follow USI Group's target of "reducing carbon emissions by 10% in 2027 compared to 2017," continuing energy saving, carbon reduction, and increasing green power usage.
- Use the Task Force on Climate-related Financial Disclosures (TCFD) methodology to identify transition risks and physical risks in operational processes, annually review response actions, and build a resilient climate change culture.
- The Taoyuan, Kunshan, Guangzhou, and Malaysia plants will follow USI Group's target of "reducing carbon emissions by 27% in 2030 compared to 2017" and the 2050 Carbon Neutrality goal, continuing energy saving, carbon reduction, and increasing green power usage.



Social

- Recruit talents widely, build brilliance together, match personnel appropriately, and share results. Continue to reduce safety and health risks, prevent and reduce occupational disasters, and promote employee health.
- Employee satisfaction: Taiwan 76%, Kunshan Plant 90%, Guangzhou Plant 84%, Malaysia Plant 70%.
- Recruitment attainment rate: Taiwan 100%, Kunshan Plant 100%, Guangzhou Plant 100%, Malaysia Plant 100%.
- Average employee training hours: Taiwan 48 hr, Kunshan Plant 48 hr, Guangzhou Plant 48 hr, Malaysia Plant 48 hr. Zero disasters, zero accidents, zero injuries and illnesses, zero violations, and zero emissions.
- Establish a scientific and complete training system along with a professional and complete technology transfer system to meet the various levels of training needs during employees' career planning periods, achieving mutual growth for the enterprise and employees.
- Continue to achieve the highest goal of zero disasters, zero accidents, zero injuries and illnesses, zero violations, and zero emissions.
- Establish a scientific and complete training system along with a professional and complete technology transfer system to meet the various levels of training needs during employees' career planning periods, achieving mutual growth for the enterprise and employees.
- Continue to achieve the highest goal of zero disasters, zero accidents, zero injuries and illnesses, zero violations, and zero emissions.

1.1.2 ESG Committee (GRI 2-14)

In order to fulfill corporate social responsibility and promote economic, environmental, and social progress to achieve sustainable development goals, the Company formulated its "Sustainable Development Best Practice Principles" for compliance, with reference to the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies." Our ESG development strategy is based on business philosophy and corporate culture. We fulfill social responsibilities to stakeholders, allowing customers and suppliers to establish a trusted cooperative relationship with us due to our integrity and sound corporate governance. We attract investors to invest long-term by identifying with our core values. Employees develop cohesion based on their identification with the Company. Driven by these internal and external aids, we achieve the goals of corporate sustainable operations and continuous growth.



The Company established the Corporate Social Responsibility Committee in 2015, which was later renamed the Sustainable Development Committee (ESG Committee). To strengthen corporate governance, ensure the effective implementation of sustainability policies, and enhance ESG performance, the Committee was elevated to a functional committee under the Board of Directors on July 31, 2023.

The ESG Committee of the Company comprises five members, including the Chairman, Independent Directors Shun-Tian Lin, Piao-Chun Chen, and Ting-Chang Wang, and the President. Independent Director Shun-Tian Lin serves as the Chairperson of the Committee, while the President serves as the Vice Chairperson. The term of office for all members is from July 31, 2023 to May 25, 2026. Dr. Shun-Tian Lin holds a Ph.D. in Materials Science from a university in the United States and is currently a professor at the National Taiwan University of Science and Technology. He possesses expertise in green energy and advanced materials, which supports the Company's ESG-related initiatives.

Overview of Professional Background and Diversity of the ESG Committee

Name		Lin, Shun-Tian	Wu, Wen-Hao	Quintin Wu	Chen, Piao-Chun	Wang, Ding-Chang
Position		Chairperson (Independent Director)	Vice Chairperson (Director & President)	Member (Chairman)	Member (Independent Director)	Member (Independent Director)
I. Strategic & Governance Competency	ESG Strategy Planning and Management	●	●	●		●
	Board of Directors/Functional Committee Governance Practices	●		●	●	●
	Internal Control and Sustainability Governance Policy Design					●
	Sustainable Supply Chain Management					●
II. Environmental Competency	Green Product Design	●		●		
	Circular Economy and Resource Efficiency	●				●
	Energy Saving & Carbon Reduction Technology and Energy Management	●	●	●	●	●
	Environmental Regulations and Pollution Prevention					●
III. Social & Human Rights Competency	Human Rights Due Diligence and Risk Management (UNGP)					
	Employee Rights and Diversity & Inclusion Policies	●	●	●	●	●
	Occupational Health and Safety Management (OHS)					●
IV. Industry-specific Sustainability	Social Participation and Charitable Practice			●		●
	Sustainable Finance/Green Finance Knowledge	●				●
	Green R&D and Innovative Product Management	●		●		
	Practical Experience in Integrating ESG into Core Business Operations*	●	●		●	●
	Smart Manufacturing and Digital Sustainability Solutions	●	●	●		●

* For example, manufacturing, information and communication technology, construction, energy, etc.

The ESG Committee held 2 meetings in 2025, and the members' personal attendance rate reached 100%. For the ESG Committee's authority and operational status, please refer to the Sustainable Development Committee's operational status and committee meeting minutes on the Company's website. It explains the Company's achievements and efforts in ESG material topic management, stakeholder communication status, as well as corporate governance, environmental protection, employee care, and Social Participation. At the same time, it also reports the execution status of the greenhouse gas inventory and assurance for the Company and its consolidated subsidiaries.

Meeting Minutes

Meeting Date	March 4, 2025.	August 5, 2025.
Attending Members	Shun-Tien Lin, Wen-Hao Wu, Quintin Wu, Piao-Chun Chen, Ting-Chang Wang.	Shun-Tien Lin, Wen-Hao Wu, Quintin Wu, Piao-Chun Chen, Ting-Chang Wang...
Reporting Items	Proposal 1: Outcomes of stakeholder engagement, including stakeholder identification, material topics, communication channels, and response methods, submitted for review and reference. Proposal 2: 2024 sustainability performance and 2025 work plans, submitted for review and reference. Proposal 3: Execution progress and planning of the 2024 Sustainability Report, submitted for review and reference.	Proposal 1: The Company's sustainability performance in the first half of 2025, submitted for review and reference. Proposal 2: The Company's carbon reduction project execution status in 2024, submitted for review and reference.

The ESG Committee has established three taskforces: the Corporate Governance Taskforce, the Environmental Protection Taskforce, and the Social Relations Taskforce. The members of the three working groups are composed of a task-force team involving relevant department heads or their assigned representatives. They are responsible for issue planning, internal and external data collection, and goal-setting deliberations, and jointly compile and publish the annual sustainability report based on their responsibilities. The Project Secretary is responsible for coordinating the overall corporate sustainable development policies and strategy development plans, formulating and reviewing sustainable development policies, systems, or related management guidelines, and tracking the progress of each group's action plans and performance improvements.



Sustainable Development Implementation Results in 2025 and Work Plan for 2026

Item	2025 Execution Results	2026 Work Plan
 Environmental Sustainability	- Implement energy-saving and carbon reduction programs. - Taoyuan Plant's existing solar power generation for self-consumption was 247kW; an additional 76kW was installed this year. - Malaysia Plant used 93.2% green power.	- Operations related to International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards. - Continuously promote the Company's various energy-saving and carbon reduction programs.
 Social Sustainability	- Participated in various activities, such as: community care, charity blood donations, etc. - Conducted labor occupational safety and health education and training, and fire safety management practical training. - Listed as an Outstanding Enterprise in Occupational Health by the Occupational Safety and Health Administration, Ministry of Labor.	- Continuously participate in social welfare activities. - Continuously conduct various educational trainings.
 Governance Sustainability	- Taiwan Corporate Sustainability Awards (TCSA): Corporate Sustainability Reporting Awards - "Platinum Award" and Premier Sustainability Performance Award- "Taiwan's Excellent Sustainable Companies Award" . - Ranked in the top 5% of the Corporate Governance Evaluation. - Outstanding performance in the declared amount for green procurement. - Set goals for material topics management.	- Publish the Chinese version of the 2025 Sustainability Report in August. - Publish the English version of the 2025 Sustainability Report in September. - Update 2025 information in coordination with the Task Force on Climate-related Financial Disclosures (TCFD) framework. - Continuously introduce internal control operations related to sustainability. - Continuously participate in sustainability-related evaluation activities.

1.2 ACME's Value Chain

1.2.1 ACME Introduction

The Company's soft ferrite core products belong to inductor-type passive components, mainly applied in communication, information, consumer, and automotive electronic products.

To expand our advanced materials product portfolio, the Company is also dedicated to producing high-purity silicon carbide (SiC) powder and SiC ceramic blocks. These provide excellent mechanical strength and thermal conductivity to meet the demands of semiconductor equipment in harsh operating environments. This key material also endows next-generation components in fields like electric vehicles, aerospace, and power electronics with superior performance, enabling them to operate stably at higher voltages, frequencies, and temperatures.

ACME achieves "Achieve Customers' Mission & Expectations" by being "Always Committed to Manufacturing Excellence."



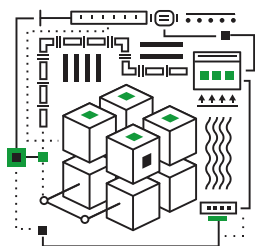
Company Profile (GRI 2-1)

Company Name	Acme Electronics Corporation (ACME)
Industry Sector	Electronic Components Industry
Headquarters Location	8F., No. 39, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan
Taoyuan Plant Address	No. 2, Guojian 2nd Rd., Guanyin Industrial Park, Guanyin Dist., Taoyuan City 328, Taiwan
Guangzhou Plant Address	No. 1, Fuqian Rd., Zengjiang St., Zengcheng Dist., Guangzhou City, Guangdong Province, China
Kunshan Plant Address	No. 533, North Huangpujiang Rd., Kunshan City, Jiangsu Province, China
Malaysia Plant Address	Plot 15, Jalan Industri 6 Kawasan Perindustrian Jelapang II(ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.
Paid-in Capital	NT\$2.129 billion (As of December 31, 2025)
Total Number of Employees	1,850 people (As of December 31, 2025, including Taipei headquarters, Taoyuan, Kunshan, Guangzhou, and Malaysia plants)
Main Products	Mn-Zn soft ferrite powder Ni-Zn soft ferrite powder Mn-Zn soft ferrite cores Ni-Zn soft ferrite cores High purity SiC powders
Taoyuan Plant Capacity	Ferrite powder monthly capacity: 1,000 tons (As of December 31, 2025) Silicon carbide (SiC) powder monthly capacity: 25tons (As of December 31, 2025)
Guangzhou Plant Capacity	Ferrite core monthly capacity: 550 tons (As of December 31, 2025)
Kunshan Plant Capacity	Ferrite core monthly capacity: 700 tons (As of December 31, 2025)
Malaysia Plant Capacity	Ferrite core monthly capacity: 200 tons (As of December 31, 2025)

1.2.2 Our Value Chain (GRI 2-6)

Passive electronic components (Passive Components) play the role of basic components in electronic circuits; they cannot operate on their own and must operate by supplementing and connecting to active components. Passive component products can be divided into resistors (Resistor), capacitors (Capacitor), and inductors (Inductor), etc., which are indispensable and important basic components for equipment such as various information, communication, consumer, and industrial electronic products. In terms of their functions, resistors are used to adjust the voltage and current in a circuit; the main uses of capacitors include charge storage, AC filtering or bypassing, cutting off or blocking DC voltage, and providing tuning and oscillation; inductors are mainly used for preventing electromagnetic interference, filtering noise in current, and power conversion, and in addition to the above functions, they can be paired with resistors and capacitors to demonstrate filtering functions.

Introduction to the Passive Component Industry Chain



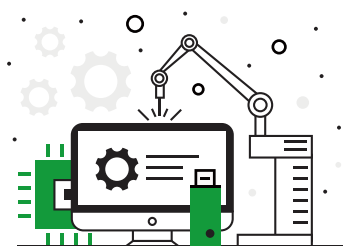
Upstream

- **Resistor Materials**
(alumina ceramic substrates, conductive paste/ink)
- **Capacitor Materials**
(such as etched/anodized aluminum foil, interface ceramic powders)
- **Inductor Materials**
(such as ferrites, conductive paste/ink)
- **Filter and Oscillator Materials**
(lithium tantalate/niobate wafers/discs, quartz substrates, metal and ceramic packaging materials)



Midstream

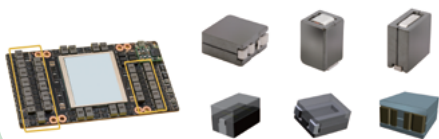
- **Resistors**
- **Capacitors**
- **Inductors**
- **Filters and oscillators**



Downstream

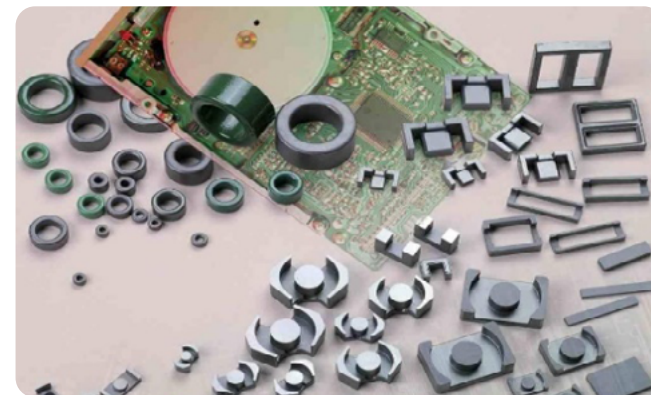
- **Electronic products**

AI Server Applications



The Mn-Zn and Ni-Zn soft ferrite cores produced by the Company fall under inductive materials within the category of passive components. They serve as upstream materials for filters, chokes, electronic ballasts, switching power supplies (SPS), and various types of transformers such as inverters, converters, inductors, and telecom transformers. Major customers include Delta Electronics, Lite-On, FSP Technology, AcBel Polytech, Sumida, Würth, as well as their subsidiaries and partner factories in Mainland China. These electronic components are further applied in common electronic products such as chargers, cloud servers, desktop computers, notebook computers, LCD monitors, LED TVs, smartphones, automotive electronics, and communication network equipment. Because inductors stabilize current, suppress noise, and reduce electromagnetic radiation, they are widely used in information technology and consumer electronics.

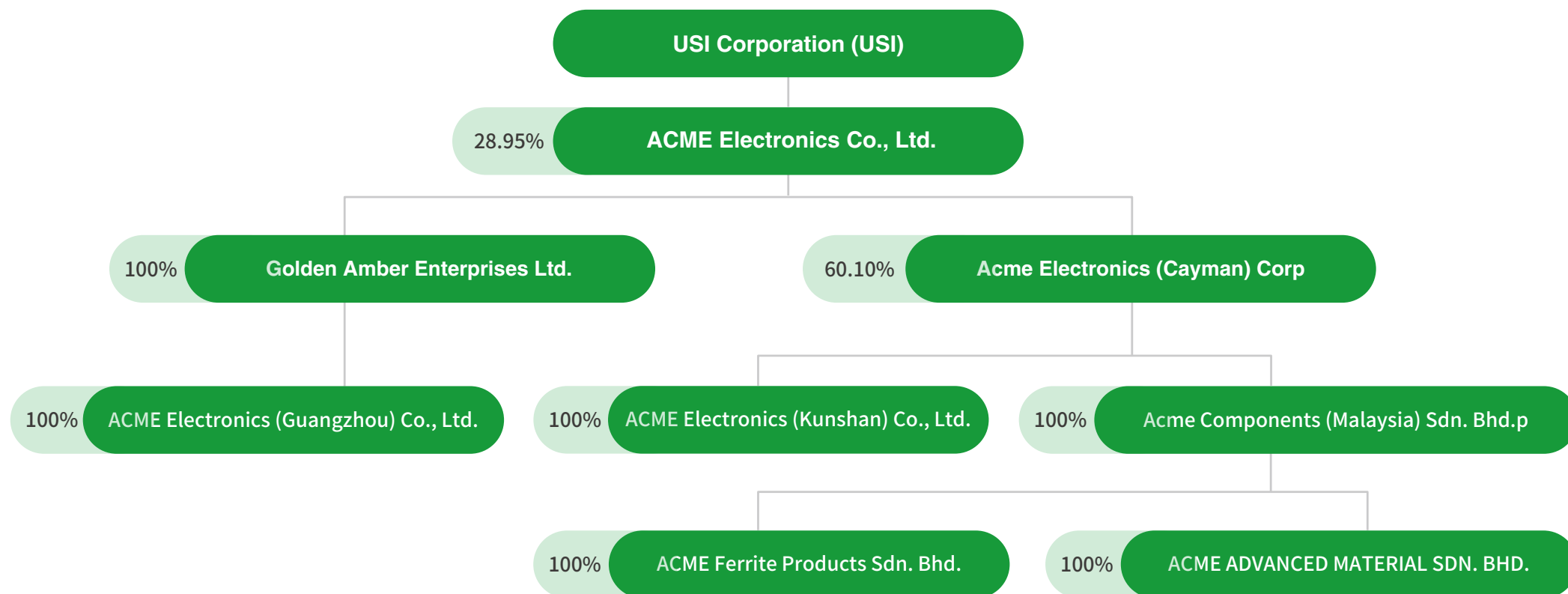
Mn-Zn and Ni-Zn soft ferrite cores of ACME



Silicon Carbide (SiC), composed of silicon (Si) and carbon (C), features excellent properties such as high temperature stability, high power density, and high electron mobility. These attributes contribute to enhanced energy efficiency and performance, making SiC a key material in electric vehicles, power conversion systems, solar power generation, and other applications in the semiconductor and energy industries. Its efficient power conversion and low energy consumption help reduce carbon emissions and support the global shift toward green energy and environmental sustainability.

1.2.3 Introduction to Affiliated Enterprises

The Company's 2025 consolidated financial report includes the Company and 8 subsidiaries (equivalent to various affiliated enterprises) controlled by the Company in total.



The production process of the Company's main product, soft ferrite cores, consists of four primary stages: powder production, forming, sintering, and grinding. The Taoyuan Plant is mainly responsible for powder production. After completion, the powder is shipped to the two plants in Mainland China, where the forming, sintering, and grinding processes are carried out. The finished cores are then supplied to domestic customers in China or exported to regions such as Europe and the Americas. The Malaysia Plant is equipped with all four production stages and mainly supplies its ferrite cores to customers in Malaysia and exports to Europe.

In general, the division of responsibilities among affiliates is aimed at maximizing operational performance by leveraging mutual support in technology, production capacity, marketing, and services to reduce production costs and meet customer needs.

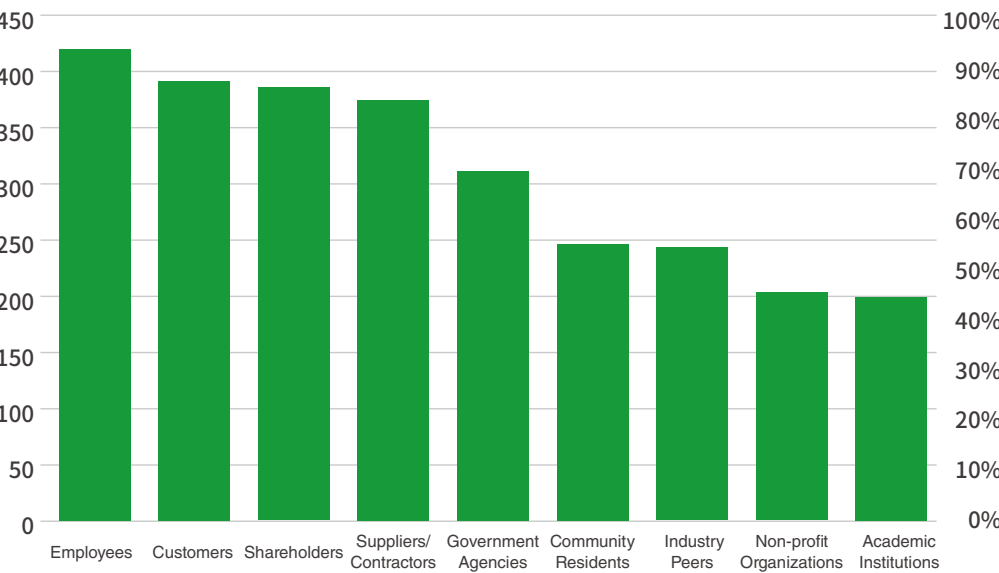
The entity of this report is primarily focused on Acme Electronics Corporation (ACME) (Taoyuan Plant), and Chapters 3 and 4 cover the subsidiaries ACME (Guangzhou) Co., Ltd., Acme (Kunshan) Co., Ltd., and ACME Ferrite Products Sdn. Bhd. in Malaysia; therefore, the scope of this report does not include information on all subsidiaries, but the scope of the report will be expanded to various subsidiaries in the future to gradually promote sustainable development strategies and implement corporate sustainability.

1.3 Stakeholder Engagement

(GRI 2-29、2-26)

Gaining the trust and support of stakeholders is the driving force for the Company's sustainable development; based on the five principles, strategic needs, and responsibility communication standards of AA1000 SES 2015 (Stakeholder Engagement Standards), and considering the daily operations and external business communications of relevant departments, the Company identified six main categories of stakeholders: employees, customers, government agencies, shareholders/ investors, suppliers/contractors, and community residents.

Stakeholder Identification



Through establishing transparent and effective multi-directional communication channels with stakeholders, we understand their needs and expectations for the Company, and obtain feedback from them to serve as an important reference for formulating sustainable development policies and related plans; at the same time, we respond to stakeholders through the ESG report to gain more of their trust and support. The communication channels and topics of concern between the Company and major stakeholder groups are shown in the table below:



Employees



Significance to the Company

Employees are ACME's vital assets. Through a sound salary structure, welfare system, and education and training, we build employee cohesion, enhance professional knowledge and skills, and coexist and prosper with the company's sustainable development.



Topics of Concern

- Economic Performance
- Talent Attraction and Retention
- Occupational Health and Safety
- Climate Change and Energy Management



Communication Channels and Frequency

- Employee Welfare Committee (4 times / year)
- Occupational Safety and Health Committee (4 times / year)
- Employee Health Examination (1 time / year)
- Education and Training (Executed according to plan)
- Labor Pension Reserve Supervisory Committee (2 times / year)
- Labor-Management Meeting (4 times / year)
- Performance Evaluation (4 times / year)
- Materiality Questionnaire Survey (1 time / 2 years)



Responses to Topics of Concern

- Annual reports and financial reports are disclosed regularly according to regulations.
- Through occupational health and safety education and training for workers and emergency response drills, we aim to achieve the goal of zero industrial safety disasters.
- Provide appropriate compensation and a sound welfare system, annual performance-based salary adjustments, and comprehensive job education and training to achieve the goals of talent cultivation and retention.



Communication Effectiveness

- Annual reports and financial reports disclosed according to regulations
- Employee Welfare Committee meetings: 4 times
- Annual performance evaluations: 4 times, and salary adjustment: 1 time
- Occupational Safety and Health Committee meetings: 4 times
- Labor Pension Reserve Supervisory Committee meetings: 2 times
- Employee Health Examination: 1 time
- Contracted physician health services: 16 hours in total
- Occupational health and safety education and training: 1,968 hours

Customers



Significance to the Company

Customers are important partners in ACME's operations and development. Through technical cooperation and product improvement, we provide satisfactory product quality and services to our customers.



Topics of Concern

- Climate Change and Energy Management
- Technology R&D
- Supply Chain Management



Communication Channels and Frequency

- Sales personnel customer visits (Irregularly every month)
- Customer Satisfaction Survey (At least 1 time / year)
- Market Survey (Irregular)
- Customer Feedback and Customer Complaint Handling (Irregular)



Responses to Topics of Concern

- Set energy-saving and carbon reduction targets, identify climate change risks and opportunities, and assess potential financial impacts.
- ACME requires that raw materials provided by suppliers must be free of relevant restricted substances to comply with sustainable material regulations.
- Complete the signing of supplier commitment letters and conduct supplier on-site audits. For suppliers failing to meet ACME's social and environmental evaluations, guidance will be provided and improvements required.



Communication Effectiveness

- Carbon reduction in ACME's powder manufacturing decreased by 17.6% in 2025 compared to the previous year
- SiC carbon emissions in 2025: 4,578 tons CO₂e
- All ACME products are free of relevant restricted substances
- Sales representatives' customer visits averaged 20 times / month
- Customer technical services provided to 10 companies throughout the year
- Overall customer satisfaction: 93%
- Customer feedback resolution rate: 100%
- Supplier social commitment signing has been incorporated into supplier evaluation items

Government Agencies



Significance to the Company

Government agencies are an important indicative direction for enterprise development and market expansion. Responding to the regulatory compliance of government agencies is the basic philosophy and principle for the survival and development of the enterprise.



Topics of Concern

- Regulatory and policy compliance
- Cooperation with laws and activities
- Transparent information disclosure
- Occupational health and safety
- Water resource management
- Air pollution prevention and control
- Climate change and energy management
- Waste management



Communication Channels and Frequency

- Official document correspondence, material information, and data reporting (Handled according to regulations)
- Regulatory advocacy meetings or public hearings (Handled according to regulations)
- Symposiums, seminars, or annual meetings (Handled according to regulations)
- On-site inspections (Handled according to regulations)
- Market Observation Post System (MOPS) (Published according to regulations)
- Ministry of Environment Waste Declaration Platform (1 time / month)



Responses to Topics of Concern

- Comply with relevant regulations of government agencies to achieve the occupational health and safety policy goal of "zero industrial safety disasters."
- Establish water-saving plans and measures to cooperate with and respond to the government's phased water rationing implementation.
- Monitoring and control of air pollutant emissions.
- Execute energy saving and carbon reduction according to the Group's 2030 carbon reduction target, which aims to reduce emissions by 27% compared to the baseline year.
- Meet the Energy Administration's target of an average annual electricity saving rate of 1%.
- Compile waste clearance and disposal manifests and make regular monthly declarations.



Communication Effectiveness

- Official government document correspondence averaged 18 pieces / month
- Regulatory advocacy meetings averaged 1 time / month
- On-site inspections: 67 times / year
- Carbon reduction in Taoyuan Plant's powder manufacturing decreased by 17.6% in 2025 compared to the previous year
- The average electricity saving rate from 2015 to 2024 was 2.02%, and the electricity saving rate in 2025 was 1.5%.
- The total amount of waste processed was 608.85 MT, a decrease of 27.10% from the previous year.

Customers



Significance to the Company

Shareholders / investors are important supporters of ACME's survival and development. Through capital investment and corporate governance oversight, they enable the enterprise to survive and develop sustainably.



Topics of Concern

- Economic performance
- Occupational health and safety
- Technology R&D
- Climate change and energy management



Communication Channels and Frequency

- Annual General Shareholders' Meeting (1 time / year)
- Market Observation Post System (MOPS) (Published according to regulations)
- Issue financial reports and annual reports (Published according to regulations)
- Spokesperson contact information (Irregular)
- "Investor Services" section on the company website (Irregular)
- "Joint Service Network" information on the company website (Irregular and immediate)
- Issue Sustainability Report (1 time / year)
- Issue TCFD Report (1 time / year)
- Audit Committee Mailbox (Irregular)
- Institutional Investor Conference (2 times / year)
- Materiality Questionnaire Survey (1 time / 2 years)



Responses to Topics of Concern

- Hold "Institutional Investor Conferences" to explain the company's operational status and future prospects. (Accounting Dept.)
- Publish quarterly financial reports and annual reports according to regulations. (Accounting Dept.)
- Real-time release of material information. (Accounting Dept.)
- The Group formulated the "USI Group Safety Incentive Measures" 【待對照公司固定用詞】 to achieve the goal of "zero industrial safety disasters." (Occupational Health and Safety Dept.)
- Market development to meet customer needs. (R&D Dept.)
- Execute carbon reduction according to the Group's 2030 carbon reduction target, which aims to reduce emissions by 27% compared to the baseline year. (Project)
- Plan and construct a solar power plant for self-generation and self-consumption.



Communication Effectiveness

- Convened the Annual General Shareholders' Meeting in May 2025
- Published quarterly financial reports and annual reports according to regulations.
- Held Institutional Investor Conferences 4 times
- As of 2025, disabling-injury-free work hours without disabling injuries reached 1.868 million hours.
- 100 new products developed and 19 improvement proposals made.
- In 2025, the newly built 75.9kW solar power plant for self-generation and self-consumption at the Taoyuan Plant began generating power in November, reaching 322.7 kW of self-generation and self-consumption.

Suppliers / Contractors



Significance to the Company

Suppliers are important partners providing raw materials and equipment for ACME's manufacturing, impacting production operations and product quality.



Topics of Concern

- Supply chain management
- Process safety management
- Occupational health and safety
- Raw material management



Communication Channels and Frequency

- Procurement procedures (Executed upon request)
- Supplier questionnaire survey (When there are new suppliers)
- Contract performance review meetings (Held upon request)
- Face-to-face review meetings (Held by product category)
- Procurement personnel visits (Irregular)
- Market survey (1 time / week)
- Raw material supply stability confirmation (Irregular)
- Contractor joint operation agreement organization meetings (Irregular)



Responses to Topics of Concern

- Complete the signing of supplier commitment letters and conduct supplier on-site audits. For suppliers failing to meet ACME's social and environmental evaluations, guidance will be provided for improvement.
- Reduce process risks through Group audits.
- Establishment of the "USI Group Safety Incentive Program" to achieve zero workplace accidents.
- FIBC (bulk bag) recycling rate target $\geq 10\%$.



Communication Effectiveness

- Procurement secondary materials planning meetings: 2 times
- Market survey reports: 1 time per week
- Process safety incidents: 0
- As of 2025, disabling-injury-free work hours reached 1.868 million hours.

Community Residents



Significance to the Company

Customers are important partners in ACME's operations and development. Through technical cooperation and product improvement, we provide satisfactory product quality and services to our customers.



Topics of Concern

- Climate Change and Energy Management
- Technology R&D
- Supply Chain Management



Communication Channels and Frequency

- Sales personnel customer visits (Irregularly every month)
- Customer Satisfaction Survey (At least 1 time / year)
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Responses to Topics of Concern

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1.4. Materiality Management

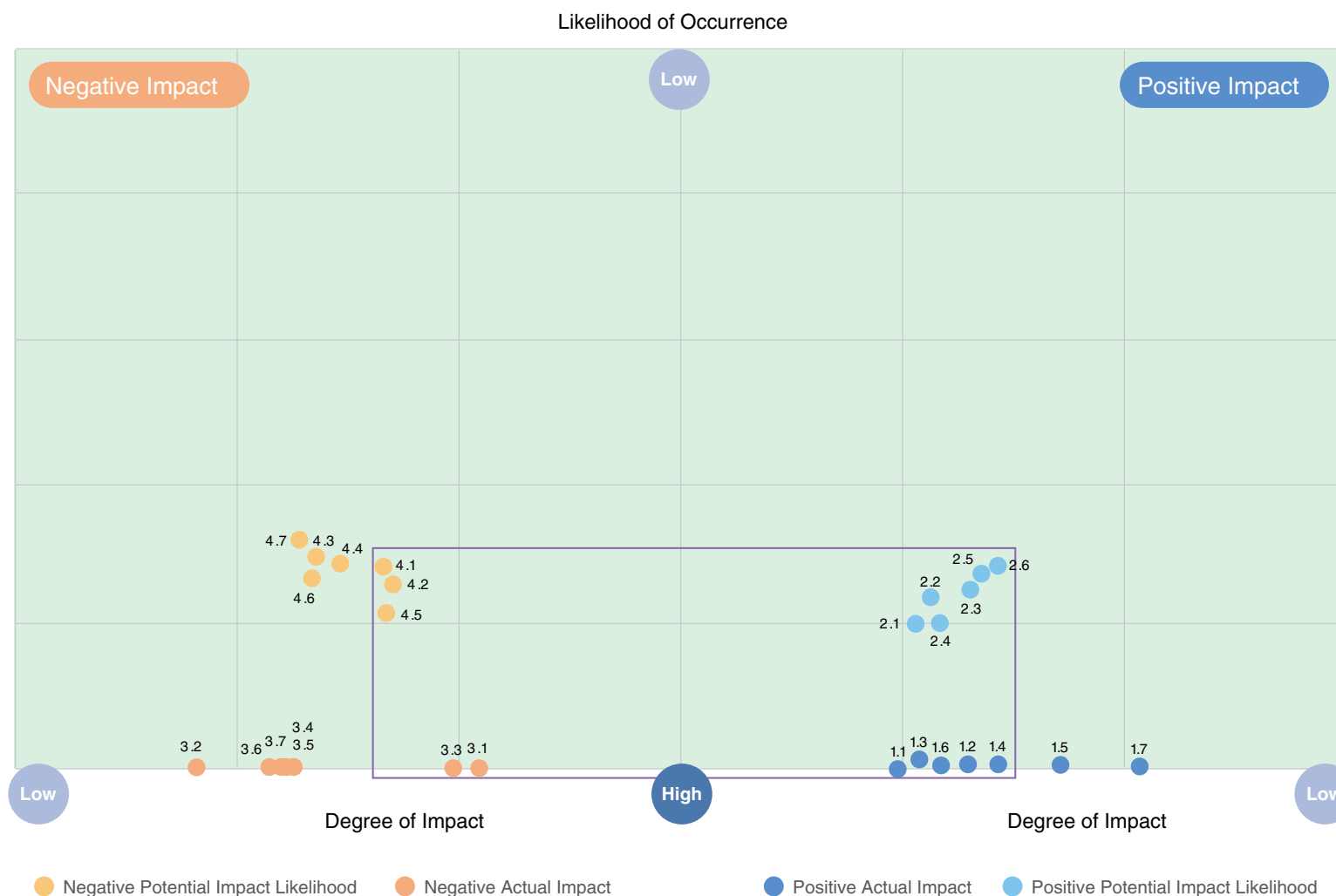
The Company follows the materiality identification process of the GRI Universal Standards, establishing three major steps: identification, analysis, and confirmation. We regularly conduct materiality analysis and incorporate double materiality thinking to analyze sustainability issues in terms of their "impact on company operations" and "impact on the economy, environment, and people (including human rights)." The materiality identification process and results are discussed by the Group's ESG experts, reported to the ESG Committee, and finally submitted to the Board of Directors for approval to ensure that the direction of sustainable operations and the reported content meet the concerns and expectations of internal and external stakeholders.

1.4.1 Process to Determine Material Topics (GRI3-1)

 Identification	Communication Targets	Following the five dimensions of the AA1000 SES Stakeholder Engagement Standard, stakeholder identification questionnaires were sent to the heads of the ESG Working Group. The distribution frequency is once every two years, conducted in the same year as the materiality analysis. After the statistical results were approved by the project secretary and team leaders of the ESG Committee, 6 categories of core stakeholder groups were determined based on the identification scores: employees, customers, government agencies, shareholders/investors, suppliers/contractors, and community residents.	6 Categories of Core Stakeholders
	Issue Collection	Referring to international sustainability norms and standards (GRI Universal Standards: 2021, SASB, SDGs, TCFD), as well as the company's operational goals and vision, the working group compiled 28 positive/negative actual and potential sustainability issues.	28 Sustainability Issues
 Analysis	External Impact Survey	In 2024, a questionnaire survey was conducted among core stakeholders, scoring issues based on the degree of positive and negative impact. A total of 89 valid responses were received, including: employees (35), customers (25), shareholders/investors (5), suppliers/contractors (18), government agencies (0), correspondent financial institutions (5), and others (1).	89 Valid External Questionnaires
	Internal Impact Survey	In 2024, a questionnaire survey was conducted among the Company's internal unit heads and directors, scoring issues based on the degree of positive and negative impact and the likelihood of occurrence. A total of 25 valid responses were received. The weightings were adjusted based on the questionnaire results of the highest governance body level, and statistical analysis was performed.	25 Valid Internal Questionnaires
	Materiality Analysis	The materiality analysis methodology incorporates sustainable development impact items regarding the economy, environment, and people (human rights), and combines the EU's Double Materiality concept to conduct material issue analysis. The frequency of material issue analysis is once every two years. Based on the questionnaire analysis results, material topics were ranked, and 16 significant ESG issues were selected. These were classified by environmental, social, and governance aspects and subjected to double materiality analysis, converging into 6 material issues.	16 Significant Issues
 Confirmation	Material Issues	To continue the management and tracking of material issues for 2024, the working group merged [Air Pollution Prevention and Control], [Occupational Health and Safety], [Talent Cultivation and Development], [Product Quality], and [Customer Relationship Management] into the 2024 material issues, resulting in a total of 11 items. The results were submitted to the ESG Committee for approval and reported to the Board of Directors.	11 Material Issues

Materiality Analysis

To ensure comprehensive coverage of ESG topics, the Company referenced the GRI Standards, SASB topics for the Electronic Components industry, the SDGs, and key sustainability trends in both domestic and international industries. A total of 28 stakeholder concerns were collected through various communication channels. Based on the level of impact and the likelihood of occurrence, the Company plotted the results onto a sustainability matrix. In consultation with the ESG task forces, stakeholders, and internal and external experts, the Company established a significance threshold: an impact score of 3.5 or above and a likelihood score of 3.7 or above. A total of 16 ESG topics that met these criteria were identified as significant topics.



Negative Potential Impact Likelihood

- 4.1 R&D technology failing to meet end-consumer needs
- 4.2 Incomplete supply chain management leading to increased raw material procurement costs and chain breaks
- 4.5 Carbon fee imposition leading to increased production costs

Negative Actual Impact

- 3.1 Poor market conditions leading to oversupply
- 3.3 Soaring energy expenses leading to electricity rate hikes

Positive Potential Impact Likelihood

- 2.1 Successful development of sustainable materials leading to revenue expansion
- 2.2 Actively seeking alternative raw materials
- 2.3 Introducing advanced AI technologies to improve efficiency
- 2.4 Investing in renewable energy to achieve green power targets
- 2.5 Carbon capture and storage technology development to achieve carbon neutrality targets
- 2.6 Promoting a female-equal workplace environment to increase the company's talent retention rate

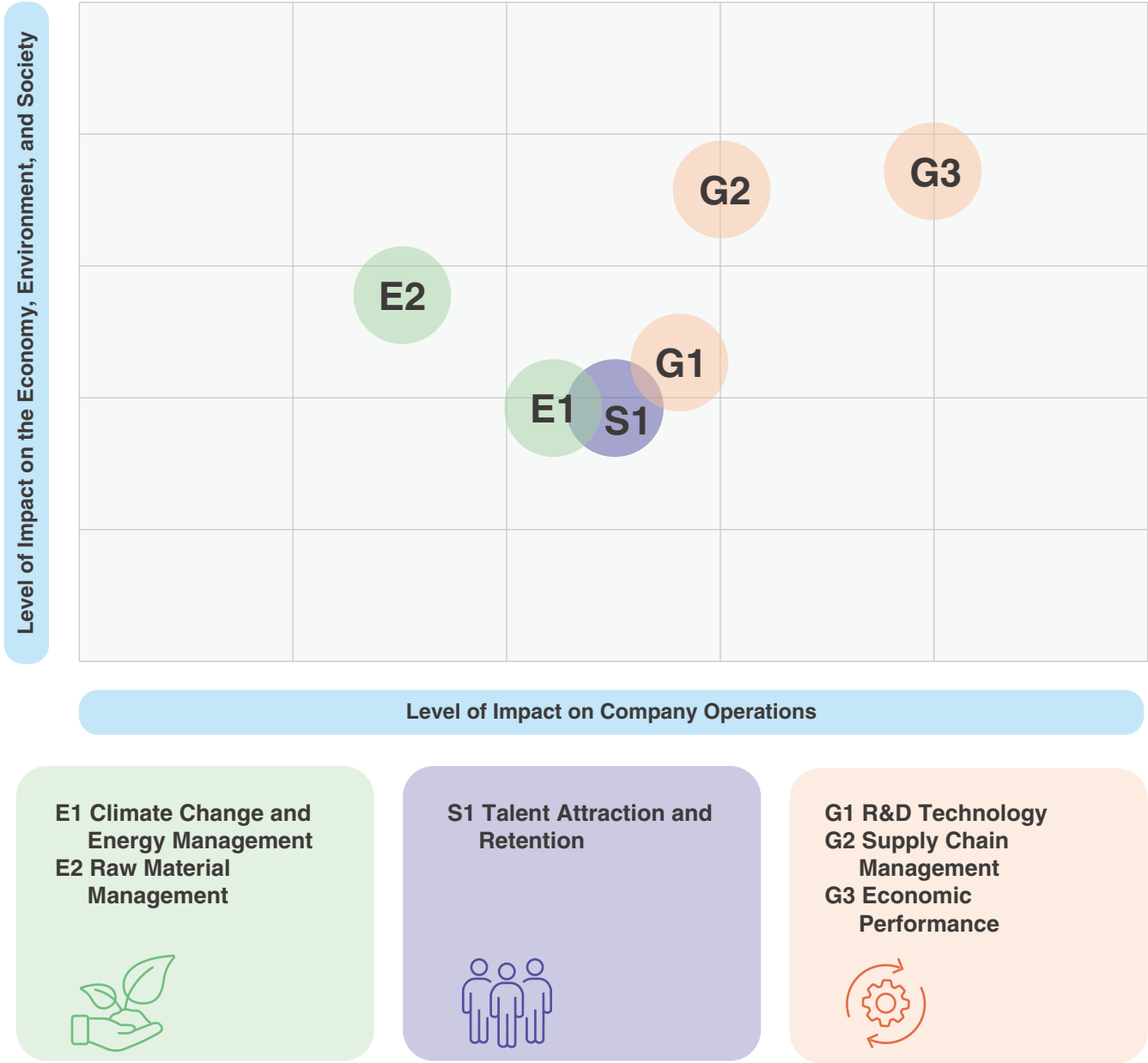
Positive Actual Impact

- 1.1 Developing new products and product diversification
- 1.2 Introducing automated processes to enhance production efficiency
- 1.3 Proper supply chain management leading to quality improvement
- 1.4 Investing in renewable energy to comply with regulatory requirements
- 1.6 Creating a friendly workplace environment to reduce turnover rates

Selection of Material Topics

The Company classified the 16 significant topics into environmental, social, and governance dimensions, and performed double materiality analysis based on the "degree of impact on company operations" and the "degree of impact on the economy, environment, and people (including human rights)," converging them into 6 material topics.

In addition, to continue the management and follow-up of material topics identified in 2024, the task forces incorporated Air Pollution Control, Occupational Health and Safety, Talent Cultivation and Development, Product Quality, and Customer Relationship Management into the list of material topics for 2025, bringing the total to 11. The results were submitted to the ESG Committee for approval and subsequently reported to the Board of Directors



2024 Material Topic Identification Results (GRI 3-2)

16 Significant Topics



E Environmental

- 1 Positive, Actual • Regulatory Compliance Through Renewable Energy Investment
- 2 Positive, Potential • Investment in Renewable Energy – Achieving Green Power Goals
- 3 Negative, Actual • Increased Electricity Expenses Driven by Rising Energy Prices
- 4 Negative, Potential • Increased Production Costs Resulting from Carbon Fee Imposition
- 5 Positive, Potential • Development of Carbon Capture and Storage Technologies – Achieving Carbon Neutrality Goals
- 6 Positive, Potential • Actively Seeking Alternative Raw Materials
- 7 Negative, Actual • Supply Chain Disruptions Due to Poor Management and Rising Procurement Costs

Continue the management and follow-up of material topics identified in 2024



S Social

- 8 Positive, Actual Turnover Reduction Through a Friendly Workplace Environment
- 9 Positive, Potential Promoting a Gender-Equal Workplace – Increasing Talent Retention Rate

Continue the management and follow-up of material topics identified in 2024



G Governance

- 10 Positive, Actual Product Innovation and Diversification
- 11 Positive, Actual Productivity Enhancement Through Process Automation
- 12 Positive, Potential Revenue Growth Through Sustainable Material Development
- 13 Positive, Potential Adoption of Advanced AI Technologies – Improved Efficiency
- 14 Negative, Potential Insufficient R&D Capability to Meet End-User Needs
- 15 Positive, Actual Product Quality Improvement Through Effective Supply Chain Management
- 16 Negative, Potential Market Oversupply Due to Weak Economic Conditions

Continue the management and follow-up of material topics identified in 2024

11 Material Topics

Climate Change and Energy Management (GRI 302 Energy 2016)

Raw Material Management (GRI 301 Materials 2016) (GRI 306 Waste 2020)

Air Pollution Control (GRI 305 Emissions 2016)

Talent Attraction and Retention (GRI 401 Employment 2016)

Occupational Health and Safety (GRI 403 Occupational Health and Safety 2018)

Talent Cultivation and Development (GRI 404 Training and Education 2016)

R&D Technology

Supply Chain Management (GRI 308-2 Supplier Environmental Assessment 2016) (GRI 414-2 Supplier Social Assessment 2016)

Economic Performance (GRI 201 Economic Performance 2016)

Product Quality

Customer Relationship

1.4.2 Boundaries of Material Topics (GRI3-2)

● : Direct Impact ◎ : Indirect Impact

Dimension	Material Topic	Rationale for Materiality	Corresponding Topic-Specific GRI Standard	Value Chain				Corresponding Chapter
				Supply Chain	Operations	Product	Society	
 Governance	Economic Performance	Sustained profitable growth is a prerequisite for ensuring corporate sustainability and safeguarding stakeholder interests.	GRI 201: Economic Performance 2016	◎	●	●	◎	2.1 Economic Performance
	R&D and Innovation	New product and business development, combined with product quality improvement, can enhance market competitiveness and serve as the foremost driver of corporate growth and sustainable development.	Company-defined Material Topic	◎	●	●		2.3 Product and R&D Innovation
	Product Quality	Implementing an efficient quality system and systematic management to stabilize quality, reduce defect rates, and enhance customer satisfaction	Company-defined Material Topic	●	●	●		2.5 Customer Service and Product Quality
	Customer Relationship Management	Customer requirements and expectations drive the company's continuous growth.	Company-defined Material Topic	◎	●	●		2.5 Customer Service and Product Quality
	Sustainable Supply Chain Management	Suppliers are vital partners providing raw materials and equipment for manufacturing, directly influencing production operations and product quality.	GRI 308-2: Supplier Environmental Assessment 2016 GRI 414-2: Supplier Social Assessment 2016	●	●	●		2.4 Supply Chain Management
 Environmental	Materials Management	Enhancing raw material production efficiency and resource recycling directly impacts production costs.	GRI 301: Materials 2016 GRI 306: Waste 2020	◎	●	●		3.1 Resources, Materials, and Recycling Management
	Climate Change and Energy Management	Extreme weather issues caused by climate change are challenges that enterprises must confront; improving energy efficiency and reducing greenhouse gas emissions are imperative tasks.	GRI 302: Energy 2016 GRI 305: Emissions 2016	◎	●		●	3.2 Climate Change and Energy Management
	Air Pollution Control	Air pollutant emissions not only pose regulatory compliance challenges but also affect the air quality of the living environment, making it a critical global issue currently.	GRI 305: Emissions 2016	◎	●		●	3.3.1 Air Pollution Control and Management
 Social	Talent Attraction and Retention	High-quality human capital is a cornerstone of corporate success. Employing individuals based on merit and placing them in the right roles enables employees to work with peace of mind, fully showcase their expertise, and maximize their potential.	GRI 401: Employment 2016		●	◎	●	4.1 Talent Attraction and Retention
	Talent Cultivation and Development	Employees' professional and managerial skills, along with their overall competitiveness, shape their career development and form the bedrock of corporate sustainable development.	GRI 404: Training and Education 2016		●	◎	●	4.2 Talent Cultivation and Development
	Occupational Health and Safety	A healthy and safe working environment is the primary requirement for workers' labor conditions.	GRI 403: Occupational Health and Safety 2018	◎	●	◎	●	4.3 Occupational Health and Safety

1.4.3 Management Policy for Material Topics (GRI3-2 、GRI3-3)

Dimension	Material Topic	Management Purpose	Management Policy and Targets	Mechanism for Evaluating the Effectiveness of the Management Policy	Grievance Mechanism
 Governance	Economic Performance	Pursue stable growth and maintain corporate sustainable development.	- Short-term target (2025): Reduce production costs and increase the sales of high-profit products. - Medium-term target (2027): Ensure continuous growth and increased profitability in the ferrite core and SiC businesses. - Long-term target (2030): Consolidate the core business foundation and advantages, and diversify into more varied products and fields.	- Revenue growth rate - Gross profit margin - Revenue growth rate of new business	
	R&D and Innovation	Continuous technical refinement and innovation constitute the core value of the company and serve as the source of momentum for maintaining competitive advantage.	- Short-term target (2025): Jointly develop new materials and new products with customers to maintain competitive advantage. - Long-term target (2030): Develop new businesses to pursue sustainable development.	R&D expenses as a percentage of revenue > 5%	
	Product Quality	Stabilize quality, reduce defect rates, and enhance customer satisfaction.	Achieve Six Sigma quality levels with zero customer complaints, and continuously enhance process capabilities to achieve maximum customer satisfaction.	- Number of established customer complaints: 0 - RoHS compliance rate for finished products: 100% - Zero incidents regarding EHS regulations - Six Sigma certification rate: 100%	- Shareholders' Meeting - Dedicated line for Spokesperson or Deputy Spokesperson "Contact Us" on the company website
	Customer Relationship Management	Enhance product functions and refine services to improve customer trust in the corporate brand.	Periodically understand and respond to customer needs and feedback via meetings/questionnaires to provide the best customer service.	- Number of process improvements: 8 - Customer satisfaction score ≥ 92	- Audit Committee Email on the company website - Customer Satisfaction Survey - Annual regular evaluation of suppliers
	Supply Chain Management	Establish long-term stable cooperative relationships with suppliers characterized by mutual trust, assistance, and shared prosperity.	- Prioritize procurement from local suppliers. - Conduct conflict minerals due diligence on suppliers. - Conduct regular evaluation of suppliers regarding "quality, delivery, cooperation, and pricing".	- Short-term target (2025): - Qualified mineral utilization rate: 100% - Critical supply chain risk management: 100% *Medium-term target (2027): - Qualified mineral utilization rate: 100% - Critical supply chain risk management: 100% - Increase the proportion of local procurement: 50% (excluding raw materials) - Long-term target (2030): - Qualified mineral utilization rate: 100% - Critical supply chain risk management: 100% - Increase the proportion of local procurement: 60% (excluding raw materials)	

Dimension	Material Topic	Management Purpose	Management Policy and Targets	Mechanism for Evaluating the Effectiveness of the Management Policy	Grievance Mechanism
 Environmental	Materials Management	Enhance raw material production efficiency and resource recycling to reduce operating costs and strengthen corporate competitiveness.	Actively promote waste reduction and recycling measures to enhance resource efficiency.	Waste recycling rate > 99%	Internal grievance handling: EHS-related grievances are raised through "Labor-Management Meetings," "Safety and Health Meetings," and other channels. If communication or responses are required, the responsible department reviews the matter, and it is publicized upon approval by the highest plant supervisor. External grievance handling: External entities submit EHS grievances via phone, verbal, or written formats. Upon receipt by any unit at the Taoyuan plant, the grievance is forwarded to the responsible department for verification. Once confirmed as a valid case, it is addressed with an appropriate response.
	Climate Change and Energy Management	Fulfill voluntary greenhouse gas reduction commitments and ensure regulatory compliance; analyze climate change risks and opportunities to reduce financial losses in production operations caused by extreme weather.	Establish an ISO 50001 Energy Management System to enhance energy efficiency through energy-saving improvements and the monitoring of energy performance indicators.	- Short-term (2025) and medium-term (2027) targets: Sustain energy conservation, carbon reduction, and increase green electricity usage. - Long-term target (2030): Achieve a 27% reduction in carbon emissions by 2030 compared to 2017, equivalent to 15,302 tonnes CO₂e.	
	Air Pollution Control	Comply with environmental protection regulations and improve ambient air quality.	Devote efforts to pollution prevention and control to satisfy environmental regulations.	Zero non-compliance	
 Social	Talent Attraction and Retention	Attract top talents to build a brilliant future and share achievements together.	Increase employee satisfaction, talent readiness rates, and recruitment achievement rates. Decrease employee turnover rates.	- Short-term target (2025): - Employee satisfaction: 75% - Recruitment achievement rate: 100% - Medium-term target (2027): - Employee satisfaction: 76% - Recruitment achievement rate: 100% - Long-term target (2030): - Employee satisfaction: 78% - Recruitment achievement rate: 100%	- All Hands Meeting - Labor-Management Meeting - Welfare Committee Meeting - Occupational Health and Safety Committee Meeting - Employee Grievance and Suggestion Box Management - Audit Committee Email
	Talent Cultivation and Development	Provide a well-developed training and evaluation system to ensure employees are placed in matching roles and can maximize their talents.	- Build a scientific and sound training system. - Construct a comprehensive and efficient talent echelon system. - Establish a professional and complete technical inheritance system.	Average training hours per employee: 48 hours	
	Occupational Health and Safety	Properly safeguard employee health, improve safety and health, emphasize workplace safety, and collectively pursue the highest goal of zero injury, zero accident, and zero occupational illness.	Achieve the "Five Zeros": zero injury, zero accident, zero illness, zero regulatory non-compliance, and zero emission.	Zero injury, zero accident, zero illness, zero regulatory non-compliance, and zero emission	

1.5 The United Nations Sustainable Development Goals (SDGs) (GRI 2-24)

As a global citizen, we believe that sustainable development must stem from core values and align with the United Nations Sustainable Development Goals. We conduct SDG correlation identification across three phases and integrate relevant targets into our operational plans.

SDG Identification Process

Phase 1: SDG Understanding and Operational Development Discussion 01

- Conduct SDG educational training to discuss impacts on corporate operations.
- Consider the prioritization of sustainable development goals.

Phase 2: Identifying Impacts and Opportunities 02

- Link sustainable development goals with material topics.
- Identify key opportunities and allocate resources accordingly.

Phase 3: Responding to SDGs with Targets and Actions 03

- Discuss the feasibility of target setting.
- Formulate short-, medium-, and long-term plans, and discuss their integration into corporate operational plans.

Linking Material Topics with SDGs

Dimension	Material Topic	SDG Target
 Governance	Economic Performance	SDG 8 Decent Work and Economic Growth
	R&D and Innovation	SDG 8 Decent Work and Economic Growth
	Product Quality	SDG 9 Industry, Innovation and Infrastructure
	Customer Relationship Management	SDG 8 Decent Work and Economic Growth
	Supply Chain Management	SDG 17 Partnerships for the Goals
 Environmental	Materials Management	SDG 12 Responsible Consumption and Production
	Climate Change and Energy Management	SDG 7 Affordable and Clean Energy SDGs 13 Climate Action
	Air Pollution Control	SDGs 11 Sustainable Cities and Communities
 Social	Talent Attraction and Retention	SDG 8 Decent Work and Economic Growth
	Talent Cultivation and Development	SDG 4 Quality Education
	Occupational Health and Safety	SDG 3 Good Health and Well-being

Linking SDGs with Corporate Sustainability Goals

SDGs	Target	2025 Actual Performance	Corresponding Chapter
	Maintain a safe factory working environment and employee health.	Work-related injury categories at the Guangzhou plant: 2 persons, a rate of 15%; at the Malaysia plant: 1 person, a rate of 17%; Taoyuan plant and Kunshan plant reported zero incidents this year, resulting in a combined occupational injury rate of 11%.	4.3 Occupational Health and Safety
	Provide a sound training and evaluation system to ensure talent suitability.	- Average training hours per employee met the target. - Six Sigma Green Belt training project courses. - TRIZ training project courses.	4.2 Talent Cultivation and Development
	Expand operational scope, reduce costs, and steadily increase revenue and profitability.	- Ferrite core business revenue reached NT\$2,652,850 thousand, an increase of 7% compared to 2024. - New SiC business revenue was NT\$416,171 thousand, a decrease of 33% compared to 2024.	2.1 Economic Performance 2.3 Product and R&D Innovation 2.5 Customer Service and Product Quality 4.1 Talent Attraction and Retention
	Continuously refine technology and innovate to maintain competitive advantages.	- R&D expenditures accounted for 11% of revenue. - Number of customer complaints: 1. - RoHS compliance rate for finished products: 100% - Zero incidents regarding EHS regulations. - Six Sigma certification rate: 0% (for newly recruited engineers). - CIP project improvements: 20 cases (CIP: Continuous Improvement Process). - Target number of process improvements: 9 cases.	2.3 Product and R&D Innovation 2.5 Customer Service and Product Quality
	Comply with environmental regulations, dedicate efforts to pollution prevention, and satisfy customer requirements for environment and quality.	Zero environmental law violations.	3.3 Air Pollution Control and Management
 	Fulfill voluntary greenhouse gas reduction commitments and ensure regulatory compliance; analyze climate change risks and opportunities to reduce financial losses in production operations caused by extreme weather.	- Utilize TCFD methodology to identify transition risks and physical risks in operational processes, annually review response actions, and foster a resilient culture towards climate change. - Implemented various energy-saving and carbon-reduction initiatives, reducing a total of 3,211.67 tonnes of CO₂e emissions.	3.2 Climate Change and Energy Management 3.2 Climate Change and Energy Management
	Enhance raw material production efficiency and resource recycling.	Excluding municipal solid waste treated via incineration, the overall waste recycling rate reached 99.03% in 2025, successfully achieving the target.	3.1 Resources, Materials, and Recycling Management
	Establish long-term stable cooperative relationships with suppliers characterized by mutual trust, assistance, and shared prosperity.	- Scheduled process audits and system audits for main raw material suppliers in 2025. Maintained 100% compliance in avoiding minerals from the Democratic Republic of the Congo veins designated as non-conflict-free by the United Nations Security Council. - Conducted "Monthly Supplier Evaluations" for approximately 29 key raw and auxiliary material suppliers, showing zero non-conformities.	2.4 Supply Chain Management