2 Governance and Value Chain Management

2.1 Economic Performance (GRI 201-1)

Management Policy (GRI 3-3)

Strategic Policy

Enhance product competitiveness and operational performance through product innovation, R&D, and market expansion to maintain continuous growth and corporate sustainable development.

Commitment

Implement sound corporate governance, safeguard shareholders' rights, and sustain corporate profitability.

Sustainability Principle

Governance and Value Chain Management

Impact Management: Positive/Negative Impacts

Impact Management: Negative Remediation and Preventive Measures

- Positive actual impact: Steady growth in financial performance increases investor willingness.
- Positive actual impac: Implementing automated processes and systems improves production efficiency and lowers production costs.

2025 — Target

- Ensure continuous growth and increased profitability in the ferrite core and SiC businesses.
- Sustain continuous development of new products.

2025 — Performance

- Ferrite core business revenue was **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.

2027 — Target

- Ensure continuous growth and increased profitability in the ferrite core and SiC businesses.
- Sustain continuous development of new products.

2030 — Target

- Consolidate core business foundations and advantages, and diversify into more varied products and fields.

Factors such as the Russia-Ukraine war and inflation caused global consumer power to freeze, leading to weakening demand for consumer electronics like mobile phones and laptops; despite continuous growth in demand for automotive electronics and cloud servers, overall demand in the ferrite core market remained stagnant.Rising raw material prices caused by inflation, along with factory shutdowns and supply chain disruptions from pandemic lockdowns in Mainland China, further intensified the operational pressure on the ferrite core business.In 2025, driven by a slight recovery in demand from inventory destocking across the general ferrite core market, revenue grew compared to 2024.Regarding SiC products, market demand for SiC power devices fell short of expectations due to slowing electric vehicle demand, impacting sales; however, the company has actively extended its efforts into high-purity SiC ceramic product development, achieving solid progress and aiming to turn it into a new opportunity for next-stage development.

The consolidated net loss after tax for this year was NT$94,591 thousand. Net loss after tax attributable to non-controlling interests was NT$28,209 thousand, and consolidated net loss after tax attributable to the parent company was NT$66,382 thousand, resulting in a loss per share of NT$0.31.

In terms of R&D and market development, applications in high-end automotive, data centers, AI, industrial, medical, aerospace, 5G, and IoT will continue to thrive; the company stays closely aligned with this market context, actively developing relevant products.In the automotive electronics market, the rise of electric vehicles has driven substantial growth in passive component demand: power applications include charging piles, on-board chargers, and DC-DC converters, while sensor applications comprise keyless entry antenna bars, tire pressure monitoring systems (TPMS), and internet of vehicles (IoV) products.Thanks to years of intensive efforts and dedication, the company is experiencing continuous growth currently.

In terms of production, confronting a fiercely competitive external business environment necessitates stable quality and tight cost control to satisfy customer needs and sustain profit margins.The company continues to vigorously promote lean manufacturing, Six Sigma, and TRIZ system training alongside project implementation, introducing automated and information-integrated MES production systems to render production processes rationalized, automated, and intelligentized, thereby bolstering overall quality and cost competitiveness.

Regarding new business development, market applications for SiC have gradually taken shape due to the rapid growth of electric vehicles. Countries worldwide have categorized SiC as a strategic critical material, and Taiwan has also incorporated it into its policy-driven development items.The company has achieved solid progress in developing high-purity SiC powders, with sales continuing to grow. Looking ahead, we will align with market directions—such as the development of electric vehicles and PV solar industries—to expand production and sales scales, while actively extending into high-purity SiC ceramic product application market development to layout the next milestone of development.

Inflation and geopolitical risks continue to affect economic development. As the COVID-19 pandemic has eased, operations in countries globally and Mainland China have returned to normal tracks. The electronics industry introduces new applications constantly, leaving the market full of emerging opportunities. The company expects to continue growing and progressing to create better profitability by constantly reinforcing the competitiveness of the ferrite core business and actively developing new ventures.

ACME Direct Economic Value Generated and Distributed, 2023-2025

Unit: NT$ Thousand

Item	2023	2024	2025
Consolidated Net Revenue	2,551,746	3,095,379	3,069,021
Consolidated Gross Profit	237,499	637,789	509,235
Consolidated Operating Income (Loss)	(248,196)	97,150	(66,748)
Consolidated Net Income (Loss) Before Tax	(249,465)	145,529	(91,101)
Consolidated Net Income (Loss) After Tax	(211,917)	130,197	(94,591)
Consolidated Net Income (Loss) After Tax Attributable to Parent Company	(171,224)	155,298	(66,382)
Consolidated Net Income (Loss) After Tax Attributable to Non-controlling Interests	(40,693)	(25,101)	(28,209)

To enable shareholders and investors to obtain more real-time and accurate information when making investment decisions, besides monthly revenue announcements, quarterly financial reports, and Annual Reports for the Shareholders' Meeting, relevant information can be accessed on the company website (https://www.acme-ferrite.com.tw) under the "Investor Services" section or on the Market Observation Post System (https://mops.twse.com.tw).Additionally, shareholders and investors can utilize channels such as the dedicated phone lines for the Spokesperson or Deputy Spokesperson, "Contact Us" on the company website, and "Contact Us" on the USI Stock Website (https://www.usig.com/USIGStockHome.aspx) to raise any questions or suggestions, all of which will be handled and answered by dedicated personnel.

Company Website

Market Observation Post System

USI Stock Website

2025 Annual Report for the Shareholders' Meeting

ACME Direct Economic Value Generated and Distributed, 2023-2025

Unit: NT$ Thousand

Item	Key Components	2023	2024	2025
Direct Economic Value Generated	Operating Revenue [#1]	1,188,771	1,630,367	1,430,367
Economic Value Distributed	Operating Costs [#2]	1,213,182	1,478,707	1,487,977
	Employee Wages and Benefits[#3]	230,215	255,222	266,080
	Payments to Providers of Capital[#4]	23,233	31,697	37,751
	Payments to Government[#5]	1,256	1,253	1,211
	Community Investments[#6]	0	0	0
Community Investments[#7]		(171,224)	155,298	(66,382)

* Note 1: Operating revenue refers to sales revenue.
* Note 2: Operating costs refer to cost of goods sold + operating expenses.
* Note 3: Employee wages and benefits are already included in the aforementioned operating costs.
* Note 4: The company did not distribute cash dividends; hence, this includes interest expenses only.
* Note 5: Payments to government refer to various property taxes paid to the Taiwan government.
* Note 6: The company's Taoyuan plant is located inside the Guanyin Industrial Park; aside from paying management fees, there were no other relevant community investment expenditures.
* Note 7: This does not comprise the Taiwan region alone, but also includes profits and losses recognized from overseas re-investments.

In 2025, the cost of goods sold was approximately NT$1.2 billion, accounting for about 82% of operating revenue, with raw material costs representing approximately 22% of the total manufacturing cost.The Company paid various taxes and duties in accordance with the law, with the paid tax amount totaling NT$10 million, accounting for 0.08% of the individual operating revenue.

In 2025, employee benefit expenses (including post-employment benefits, salaries, insurance, and others) were approximately NT$300 million.

Financial Assistance Received from Government (GRI 201-4)

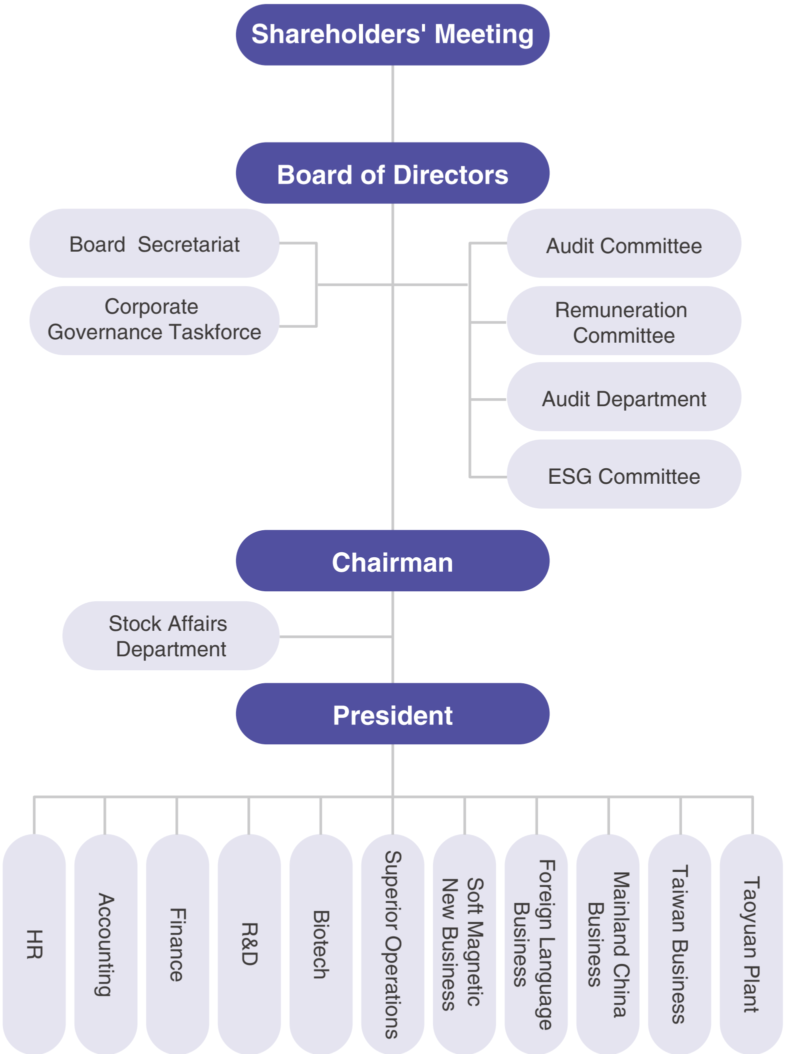
The company invests actively in innovative R&D activities every year. R&D expenditures can be leveraged to offset the profit-seeking enterprise income tax payable for the current year; however, as there was no tax payable in 2023 and 2024, no R&D investment tax credit was utilized.

In 2025, the company obtained subsidies of NT$9,255 thousand from the Industrial Development Administration, Ministry of Economic Affairs, under the Taiwan Industry Innovation Platform Program and the Low-carbon and Intelligent Upgrading and Transformation Subsidy for Manufacturing Industry (Grand Companies Leading SMEs) .

2.2 Corporate Governance

2.2.1 Governance Structure

Management Organizational Structure (GRI 2-9)



Director of Corporate Governance

To protect shareholders' rights and strengthen the functions of the Board, the Company's Board of Directors resolved on May 7, 2019, to appoint Mr. Yong-Zhi Chen, Head of Legal Affairs, as the Corporate Governance Officer. He serves as the most senior executive responsible for corporate governance matters.Mr. Chen is a licensed attorney with over 20 years of legal practice and more than 10 years of experience as a legal executive in a listed company. His primary responsibilities include organizing meetings of the Board of Directors and Shareholders in accordance with applicable laws, preparing meeting minutes, assisting directors with onboarding and continuing education, providing directors with the information necessary to carry out their duties, supporting regulatory compliance, and reporting to the Board on the qualifications of independent directors during nomination, election, and throughout their tenure. He is also responsible for handling matters related to changes in board composition.In 2025, Mr. Yong-Zhi Chen, the Corporate Governance Officer, completed 50 hours of continuing education.

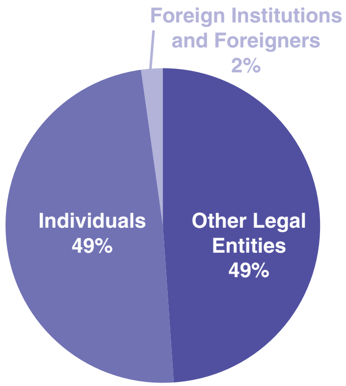
For detailed key business execution and continuing education in 2025, please refer to the company website (Corporate Governance).

Protection of Shareholders' Equity and Information Transparency

As of March 28, 2026, the Company's shareholder structure was mainly composed of individuals and other legal entities. For the shareholder structure and the list of major shareholders (Note), please refer to the company website (Shareholder Structure).

* Note: Shareholders with a shareholding ratio of 5% or more, or shareholders ranking in the top ten by shareholding ratio.

Shareholder Structure / Quantity	Financial Institutions	Other Legal Entities	Individuals	Foreign Institutions and Foreigners	Total
Shareholding Ratio	0%	49.18%	48.76%	2.06%	100%



To fulfill the protection of shareholders' equity, the Company is committed to providing shareholders with transparent and real-time company information and actively establishing excellent two-way communication channels with shareholders. These include the Annual General Shareholders' Meeting, Institutional Investor Conferences, Market Observation Post System (MOPS), Chinese and English "Investor Services" web pages, annual reports, and sustainability reports. We promptly disclose financial and non-financial information such as corporate governance status, operational status, financial statements, sustainable operations, and company updates. We also continuously collect shareholder feedback and relay it to the management team as a reference for decision-making.

Furthermore, the Company values the rights of foreign investors and the trend of corporate internationalization. Since 2018, we have strengthened the disclosure of various English information through channels such as annual reports, the Market Observation Post System (MOPS), and the company website. Through various methods, we actively establish good two-way communication channels with shareholders to realize the protection of shareholders' equity.

2.2.2 Board Composition and Operations (GRI 2-9、2-10、2-11、2-13、2~17、405-1)

Board of Directors

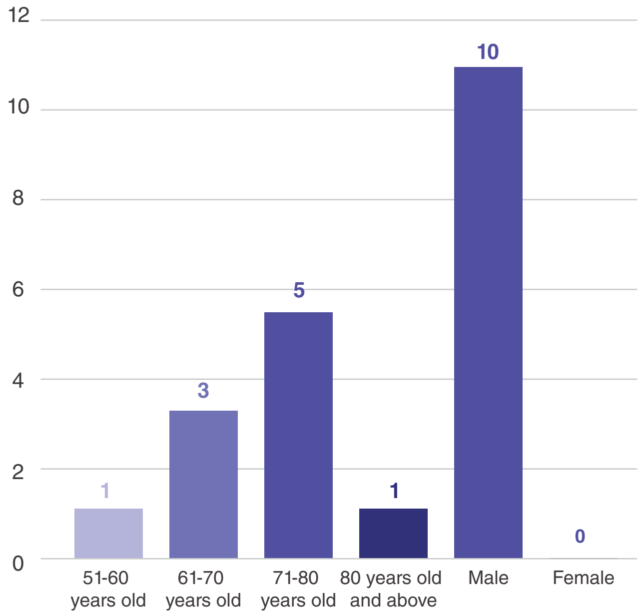
The Board of Directors is the highest governance body of the Company; the Company strictly requires board members to comply with laws and regulations, taking lawful action as the highest guideline for operations.

The election of the Company's directors (including independent directors) adopts a candidate nomination system; shareholders holding 1% or more of the total number of issued shares and the Board of Directors may submit a list of director candidates, which is proposed to the shareholders' meeting after the Board of Directors reviews and confirms that they meet the qualifications required for directors, and shareholders shall elect them from the list of director candidates.The Company's Board of Directors was fully re-elected in 2023, composed of 10 senior directors with rich experience from different professional fields, and 4 independent directors were set among the number of directors, with independent director seats accounting for 40% of the Board of Directors.The term of office for the Company's directors is 3 years, and they are eligible for re-election. (Board of Directors Election Method)

Board Composition

Current term	May 26, 2023 to May 25, 2026
Members	• Directors : Quintin Wu (Chairman), Shan-Ke Hsu, Hui-Ming Cheng, Wen-Hao Wu (President), Hsien-Tsung Wu, Chun-Hui Huang • Independent Directors : Chen,Ta-Hsiung , Piao-Chun Chen, and Shun-Tien Lin, Ting-Chang Wang
Age of Board Members	All members are male.
Gender Distribution of Board Members	• 51～60 歲 1 位 • 61～70 歲 3 位 • 71～80 歲 5 位 • 80 歲以上 1 位

Age and Gender Distribution of Board Members



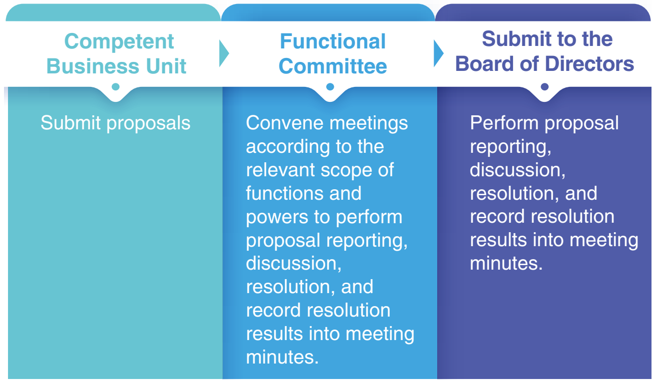
* Note: The Company bi-elected Mr. Chen,Ta-Hsiung as an independent director on May 27, 2025.

The Company held a total of 6 Board of Directors meetings in 2025, and the personal attendance rate of all directors (including independent directors) reached 94.74% (100% including attendance by proxy).The Board of Directors is led by the Chairman; please refer to page 29 of the Company's 2025 Annual Report for detailed operational conditions.

Board of Directors Agenda Submission Process GRI 2-9、2-10、2-11、2-12、2-13、2-16

Proposals are submitted by the competent business units to each functional committee for reporting, discussion, and resolution, and then submitted to the Board of Directors for reporting, discussion, and resolution; after the meetings, each functional committee and the board affairs unit record the discussion processes and resolution results into meeting minutes respectively.

For information on the proposal submission process, the responsibilities of the Board Secretariat, and key resolutions passed by the Board in 2025, please refer to the table below.



Important resolutions of the Board of Directors for the 2025, GRI 2-16, please refer to page 105 of the Company's 2025 Annual Report and the Company's official website (Important Resolutions of the Board of Directors).

In addition, the Company has established a Board Secretariat as the administrative unit for board operations, responsible for planning and handling board affairs to enhance the efficiency of Board of Directors meetings and assist in promoting the execution of resolved matters.

Functional Committees GRI 2-9、2-19、2-20、2-21

The Company has established three functional committees under the Board of Directors according to their functions—namely the Audit Committee, the Remuneration Committee, and the ESG Committee—responsible for formulating and reviewing policies related to the scope of duties of the committees to strengthen corporate governance.

Title	Name	Audit Committee	Remuneration Committee	Committee
Chairman	Quintin Wu	---	---	Member
General Manager	Wen-Hao Wu	---	---	Vice Chairman
Independent Director	Chen,Ta-Hsiung	Member	Member	---
Independent Director	Piao-Chun Chen	Convener	Convener	Member
Independent Director	Shun-Tien Lin	Member	Member	Chairman
Independent Director	Ting-Chang Wang	Member	---	Member

Implementation of Board Member Diversity Policy GRI 2-10

I. Board Member Diversity Policy

According to Article 20 of the Company's "Corporate Governance Best Practice Principles" , the composition of the Board of Directors should consider diversity, and members should possess the knowledge, skills, and literacy required to perform their duties.To achieve the ideal goal of corporate governance, the capabilities that the Board of Directors as a whole should possess are as follows:

- operational judgment capability
- accounting and financial analysis capability
- business management capability
- crisis management capability
- industry knowledge
- international market perspective
- leadership capability
- decision-making capability

In addition to possessing the above eight required capabilities, considering the increasing global emphasis on corporate governance and environmental protection related topics, the Board of Directors targets to include professional capabilities in "law" and "environmental protection" in terms of member diversity.

II. Specific Management Objectives for Board Member Diversity GRI 2-17

The seats of female directors on the Company's Board of Directors have not yet reached 1/3; the main reason is that due to the industry characteristics of the Company, women with deep industry qualifications are relatively scarce, making it temporarily impossible to reach the standard of 1/3 of the board seats in the short term.In the future, we will increase female director seats conforming to standards in accordance with laws and regulations, and multiple aspects will be considered to select suitable talents from different fields during the selection of director candidates to achieve the objective of board diversity.In addition, in response to the trend of increasing global emphasis on corporate sustainability development, the Company intends to add board members familiar with and specialized in relevant fields to enhance the Company's sustainability competitiveness and further improve the functions of the Board of Directors.

Avoidance of Conflicts of Interest by Directors GRI 2-11、GRI2-15

The Company attaches great importance to corporate governance; to ensure the independence and objectivity of board decision-making, a comprehensive conflict of interest avoidance mechanism has been established, as explained below:

1. Institutional Regulations: The Company has established rules of procedure for board meetings, code of ethical conduct for directors and managers, corporate virtues code, and operating procedures and behavior guidelines for corporate virtues code, explicitly regulating the recusal measures that directors should adopt when facing conflicts of interest.
2. Meeting Procedures: When the Board of Directors discusses proposals involving conflicts of interest with a director, recusal procedures will be strictly executed. The meeting chairman will remind relevant directors to leave the meeting, and will designate another director to act as proxy chair when the chairman themselves faces a conflict of interest.
3. Information Disclosure: The board affairs unit will record in detail the recusal of directors in each meeting and incorporate relevant information into the board meeting minutes.
4. Annual Report: The Company has completed the board conflict of interest avoidance procedures according to law; please refer to "Board Operations" in the Company's Annual Report for relevant details. For response content regarding conflicts of interest related to board members and stakeholders, please refer to "Director Profiles," "Top Ten Shareholders by Ownership Percentage" in the Annual Report, and "Related Party Transactions" in the Financial Report.
5. Continuous Improvement: The Company will continuously review and perfect the conflict of interest avoidance mechanism to ensure the transparency and fairness of corporate governance.

Implementation of Performance Evaluation for the Board of Directors and Functional Committees GRI 2-18、GRI 2-19

To continuously strengthen the operational effectiveness and functional performance of the Board of Directors, the Company revised the "Board Performance Evaluation Measures" in 2025, explicitly stipulating that the board performance evaluation shall be entrusted to an external professional independent institution or expert team every three years.The Company immediately appointed the "Taiwan Academy of Corporate Virtues" to conduct the external performance evaluation of the Board of Directors for 2025, and reported the evaluation results to the Board of Directors in November of the same year. The Company has planned improvement measures according to the evaluation recommendations to refine board decision-making quality and enhance the overall operational resilience and risk response capability of the Company, dedicating efforts to promoting long-term stable operations and sustainability development.

In addition to regular external evaluations, the Company conducts internal self-evaluations annually for the overall Board of Directors, individual board members, and functional committees.The internal performance evaluation for fiscal 2025 was completed in early 2026; after self-evaluation by board members, the results showed that the operations of the Board of Directors are in good condition, and the operational effectiveness was highly recognized.The evaluation results confirmed that board operations demonstrate high effectiveness, and we will continuously use this as a foundation to pursue a higher benchmark of corporate governance performance in the future.

The operational procedures for external board performance evaluation include: (1) Planning and Entrustment, (2) Data Preparation and Questionnaire Completion, (3) Written Review, (4) Interview and Verification, (5) Report Compilation and Feedback Refinement.

For the board performance evaluation measures, please refer to the Company's official website (Board Performance Evaluation Measures).

For the complete operational procedures, descriptions, evaluation implementation status, and evaluation results, please refer to the Company's official website (Board Performance Evaluation).

Audit Committee

Operational conditions of the Audit Committee:

1. The Audit Committee of the Company is composed of 4 independent directors, namely Piao-Chun Chen, Shun-Tien Lin Ting-Chang Wang, and Chen,Ta-Hsiung ; 5 meetings were held in 2025 (Year 114) , and the personal attendance rate of the members reached 100%.
2. The Audit Committee held meetings 5 times (A) during the most recent fiscal year (2025/Year 114); the attendance status of independent directors is as follows:

Title	Name	Actual Attendance (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A)(#1、#2)	Remarks
Independent Director	Li-Chiu Chang	1	0	100	Re-elected (Re-elected on May 26, 2023) Resigned on March 25, 2025
Independent Director	Piao-Chun Chen	5	0	100	Re-elected (Re-elected on May 26, 2023)
Independent Director	Shun-Tien Lin	5	0	100	Re-elected (Re-elected on May 26, 2023)
Independent Director	Ting-Chang Wang	5	0	100	Newly appointed on May 28, 2024
Independent Director	Chen,Ta-Hsiung	2	0	100	Newly appointed on May 27, 2025

* Note 1: If an independent director resigns before the end of the fiscal year, the resignation date shall be indicated in the remarks column, and the actual attendance rate (%) shall be calculated based on the number of Audit Committee meetings held and their actual attendance during their tenure.

* Note 2: If independent directors are re-elected before the end of the fiscal year, both newly appointed and outgoing independent directors shall be listed, and it shall be specified in the remarks column whether the independent director is outgoing, newly appointed, or re-elected along with the election date. The actual attendance rate (%) shall be calculated based on the number of Audit Committee meetings held and their actual attendance during their tenure.

Remuneration Committee

1. The current term is from June 6, 2023 to May 25, 2026; the committee consists of 3 members in total, all of whom are independent directors.
2. The committee meets at least twice a year; a total of 3 meetings were held in fiscal 2025, and the personal attendance rate of the members reached 100%.Regarding the operational conditions of the committee, please refer to the Company's official website, Annual Report, or link to the Market Observation Post System for inquiries.
3. The committee regularly reviews (1) the policies, systems, standards, and structures of remuneration and (2) the performance evaluations of directors and senior managers; it references factors such as the median remuneration level of peers, individual time commitment, responsibilities assumed, individual objective achievement, remuneration of equivalent positions, company short-term and long-term performance target achievement, and the company's financial status to formulate and evaluate the remuneration of directors and senior managers, which is approved by the Board of Directors. (GRI 2-20)
   - Remuneration: Remuneration items for directors include remuneration, director compensation, and business execution expenses; remuneration items for senior managers include monthly salary, fixed bonuses, year-end bonus, employee compensation, annual special bonuses, and legally contributed pensions and welfare funds, among which director compensation and employee compensation are handled according to Article 34 of the Articles of Incorporation. (GRI 2-19)Annual total compensation ratio for 2025: 10.22; annual total compensation change ratio: 72% (GRI 2-21)
   - Performance Evaluation:

   (1)The dimensions of director performance evaluation cover mastery of company goals and missions, cognition of duties, degree of participation in company operations, internal relationship management and communication, professionalism and continuous professional education, and internal control, and separate performance evaluations are conducted for the ESG Committee.

   (2) Performance evaluation of senior managers covers financial aspects (revenue, operating income, and income before tax), customer aspects (customer satisfaction, service quality, key market expansion, etc.), product aspects (brand management, quality innovation, etc.), talent aspects (talent cultivation, potential development, etc.), safety aspects (zero pollution, zero emissions, zero occupational injuries, zero incidents, zero breakdowns), and project aspects (digital transformation, energy conservation and carbon reduction, circular economy, net-zero emissions, etc.).

   (3) For related indicators linked to sustainability performance, the General Manager needs to plan a weight of at least 30%, which should include at least 10% of climate-related items, and other senior managers should plan related sustainability performance indicators of no less than 5%.

Target	Performance Indicators	Execution Method (Weight)
General Manager	Financial Performance (25%)	-
	Market and Customers (25%)	-
	Market and Customers (25%)	Talent Cultivation Program (10%) Occupational Health and Safety (10%) Energy Conservation and Carbon Reduction Effectiveness (10%) Product Innovation and Production Line Expansion (20%)
Senior Managers	Sustainability Development Performance (30%)	Talent Cultivation Program (10%) Energy Conservation and Carbon Reduction Effectiveness (10%) Occupational Health and Safety (10%)

* Note 1 Annual total compensation ratio: Annual total compensation of the highest-paid individual / Median annual total compensation of all employees (excluding the highest-paid individual)

* Note 2 Annual total compensation change ratio: Percentage increase in annual total compensation of the highest-paid individual / Percentage increase in the median annual total compensation of all employees (excluding the highest-paid individual)

ESG Committee

1. The current term is from July 31, 2023 to May 25, 2026; the committee consists of 5 members.
2. The committee meets at least twice a year; a total of 2 committee meetings were held in fiscal 2025, and the personal attendance rate of the committee reached 100%.
3. The overall evaluation results of the internal performance self-evaluation for the overall Board of Directors, individual board members, and functional committees in 2025 are as follows:

Evaluation Dimension	Score
Degree of participation in company operations	4.80
Cognition of duties of the ESG Committee	4.80
Enhancing decision-making quality of the ESG Committee	4.97
Composition and member selection of the ESG Committee	4.90
The self-evaluation results of the ESG Committee show that the average scores of the four major dimensions reached above 4.8, indicating a good overall evaluation result.	

* Note: Evaluation scores are expressed in a range of 0 to 5 points, with a maximum score of 5 points; the evaluation period is from January 1, 2025 to December 31, 2025.

The performance evaluation results of the overall Board of Directors, individual board members, and functional committees will be reported to the Board of Directors in the first quarter of 2026.

Enhancing Directors' Professional Competence GRI 2-17

To strengthen the professional competence of directors (including independent directors), the Company regularly provides information on continuing education courses to directors and assists them in registration.In addition, 6 hours of internal continuing education courses were planned, including a 3-hour lecture on "Industrial Empirical Evidence of Smart Manufacturing and Digital Decision-making" on July 29, 2025, delivered by Professor Chen-Fu Chien , Vice President of Tsinghua University and General Manager of Zhen Ding Tech. Group ;and a 3-hour continuing education course on "U.S.-China Economy and Taiwan Industry Outlook After the U.S. Election" on October 16, 2025, delivered by Vice President Wang, Jiann-Chyuan of the Chung-Hua Institution for Economic Research .To enhance directors' professional competence, the Company arranges various continuing education courses and hours for directors every year; in fiscal 2025, internal continuing education courses totaled 6 hours, and the total number of internal and external course hours was 69 hours, with sustainability development related courses accounting for over 60.87% (42 hours in total).The continuing education content and hours of the newly appointed independent director, Mr. Chen,Ta-Hsiung , comply with Paragraph 3, Article 14 of the "Taipei Exchange Directions for Compliance Official Matters by TPEx Listed Companies in Establishing Board of Directors and Exercising Powers" ; furthermore, the continuing education hours of all directors comply with the provisions of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEx Listed Companies" .Please refer to page 33 of the Company's 2025 Annual Report for detailed continuing education courses and hours.

Arranged a 3-hour continuing education course on July 29, 2025, with Professor Zhen-Fu Jian, former Vice President of Tsinghua University and General Manager of Chen-Fu Chien. Group, lecturing on "Industrial Empirical Evidence of Smart Manufacturing and Digital Decision-making."

Arranged a 3-hour continuing education course on October 16, 2025, with Vice President Wang, Jiann-Chyuan of the Chung-Hua Institution for Economic Research lecturing on "U.S.-China Economy and Taiwan Industry Outlook After the U.S. Election."

2.2.3 Risk Management and Internal Control

Risk Management (GRI 2-25)

In 2022, the global economy was clouded by a slowdown in demand caused by inflation and interest rate hikes, geopolitical and economic conflicts of the Russia-Ukraine war, China's repeated dynamic zero-COVID lock-down measures, financial risks brought by climate change and energy crises, and the 2050 net-zero emissions trend, making risk management an important part of corporate governance.

To strengthen corporate governance, reduce potential operational risks, and ensure the stable operation and sustainability development of the Company, the "Risk Management Policy and SOP" was approved by the Audit Committee and the Board of Directors in December 2020;the main content includes items such as risk management policies, risk management organizations, risk management processes, and risk management categories and mechanisms, based on which risks generated by business activities are effectively controlled, and the operational status of risk management for the fiscal year is reported annually to the Audit Committee and the Board of Directors.

The Company has embedded risk management into its daily operations. All departments continuously carry out risk assessments and implement control measures to protect the interests of the Company, employees, shareholders, and stakeholders, in pursuit of long-term sustainability.

The operational conditions of each risk management unit in 2025 (Year 114) are shown in the table below:

No	Risk Category	Operational Conditions in 2025 (Year 114)
1	**Financial Risk**	1. Interest rate risk: • Responses to global inflation gradually easing and major countries expected to enter an interest rate cut cycle: (1) Short-term capital demand: Closely monitor changes in the Taiwan Central Bank's overnight call loan rate and rates of negotiable certificates of deposit of various maturities, and adjust borrowing tenors appropriately to effectively reduce costs and prepare sufficient short-term funds for operational needs. (2) Medium and long-term capital demand: Obtain medium and long-term lines of credit from financial institutions, and plan to increase the proportion of floating-rate borrowings to respond to interest rate downside risks. • Control borrowing limit levels based on demand, and adjust the proportion of short-term / medium and long-term borrowings, maintaining the short-term facility drawdown rate below 50% to make the overall financial structure more robust and reduce risks arising from interest rate fluctuations. 2. Foreign exchange risk: The U.S. Federal Reserve initiated an interest rate cut cycle; considering that global political and geopolitical risks can easily increase fluctuations in international foreign exchange markets, foreign exchange operations adopt 100% hedging of the Company's net exposure in principle; however, when exchange rate trends are clearly favorable to the Company, the hedging ratio will be adjusted appropriately within a controllable risk scope. 3. Property loss risk: Based on business and asset scale, the Company has purchased various property insurances based on replacement cost to appropriately transfer risks to insurance companies. 4. Endorsement and guarantee risk: The target of the Company's endorsements and guarantees is a 60.1% owned subsidiary; providing credit line endorsements helps reduce its funding costs and increase capital dispatch flexibility, which aligns with established business strategies, and the risks assumed are within the Company's tolerable scope. 5. Accounts receivable risk: For overdue customers, shipments are suspended first, and customers are visited immediately to clarify reasons for being overdue and inquire whether there are abnormalities in payments; if necessary, provisional attachment preservation procedures are adopted to seal customer property. Meetings are held regularly to review customer business conditions or analyze customer financial reports; if problematic customers are found, it is recommended to suspend shipments or reduce open accounts.
2	**Strategic and Operational Risk**	1. Business units report strategic topics to directors regularly to reduce strategic risks through recommendations and supervision from board members. 2. Convene weekly cross-plant video conferences to continuously review the operational conditions of each plant and adjust and formulate operational strategies. 3. Convene weekly sales and R&D meetings to closely monitor and grasp changes and dynamics among peers, markets, industries, and customers at all times, to respond and serve as a reference for production, technology, and product development directions.

No	Risk Category	Operational Conditions in 2025 (Year 114)
3	Raw Material Prices and Supply Chain Risk	1. Changes in raw material prices: In view of the overall market remaining stable, but with raw material prices showing a slight upward trend, procurement should grasp market conditions and in-plant raw material demand in real time, and perform dynamic adjustments based on price fluctuations to ensure optimization of procurement benefits and cost control. 2. Raw material inventory and logistics management: Through a rolling demand forecasting mechanism, continuously confirm demand with user units, plan material preparation and logistics arrangements in advance, ensure raw material inventories remain at reasonable levels, and enhance supply chain operational efficiency and stability. 3. Production equipment spare parts plan: Production units should regularly review spare parts demand for major equipment and formulate annual spare parts plans. Procurement needs to proactively coordinate with suppliers according to the plan, master spare parts supply capability and lead times, and place orders timely to reduce equipment failure risks and ensure production continuity.
4	Occupational Safety Risk	1. As of the end of September 2025, through the efforts of various units, the Taoyuan Plant continuously maintained zero occupational injuries performance. 2. Accumulated zero-injury days and hours were: zero occupational injury days: 1,499 days; zero occupational injury hours: 1,740,473 hours. 3. To enhance the effectiveness of occupational health and safety management, the ISO 45001 occupational health and safety management system was introduced in April 2022 and passed verification in December 2022; the management system was continuously operated in 2025, reaching the zero occupational injury objective and demonstrating corporate social responsibility by formulating goals, identifying risks, and adopting relevant occupational health and safety measures. 4. Cooperate with the Group's Division of Equipment Preventive Maintenance and Environmental Risk Control to regularly conduct safety publicity of incidents within the Group or major domestic and foreign industrial safety and environmental protection news, serving as references and learning from others' incidents. 5. Appoint on-site health management medical personnel to perform employee health management, organize health activities, and perform related health education work, enhancing employee health awareness and reducing occupational disease risks. 6. To implement contractor management, a contractor facial recognition system was established in September 2024 to effectively manage entry and exit controls of contractor personnel, controlling over 2,000 person-times as of the end of September 2025.
5	Cybersecurity Risk	1. Appoint professional cybersecurity consulting companies to execute social engineering drills every half year, and provide cybersecurity education training and testing for colleagues who do not pass the test. Colleagues in the IT execution department undergo professional cybersecurity course training and testing twice a year to strengthen the cybersecurity awareness of corporate colleagues. 2. Periodically dispatch personnel to plants to conduct cybersecurity inspection and asset inventory for OT computers, strengthen cybersecurity control of OT computer equipment, and execute USB port locking control operations to reduce cybersecurity risks arising from external USB devices. 3. Annually appoint professional ISO cybersecurity consultants to assist the IT execution department in conducting cybersecurity audits, strengthening internal cybersecurity controls, and reviewing cybersecurity processes of various operations, executing host vulnerability scanning and subsequent vulnerability remediation twice a year. 4. The IT execution department appoints professional ISO cybersecurity consultants to conduct cybersecurity health checks on the IT environment, executing packet traffic collection and analysis for equipment such as server hosts, client computers, and core network switches. 5. The IT execution department regularly invites internationally renowned certification companies every year to perform ISO 27001 certification check, passing the ISO 27001 certification, and passed the ISO 27001:2022 version upgrade verification in June 2025. The Group's internal audit department conducts cybersecurity audits twice a year. 6. Configure anti-virus software in company-issued computers to prevent virus intrusion, and configure endpoint protection software for computer equipment of critical business and high-risk colleagues, detecting abnormal behaviors in real time and automatically executing blocking and isolation. 7. Continuously perform system version and cybersecurity protection suite updates for external network firewalls to ensure firewalls possess the latest protection and anti-hacking capabilities; regularly execute external firewall disaster recovery and backup drills every year to enhance the corporate resilience for continuous firewall operation. 8. Set network connection access control list (ACL) rules through next-generation firewall equipment to block suspicious connections from specific IP locations or ports, and use its DDoS protection function to monitor and filter abnormal network traffic, reducing the impact of external malicious attacks on company services. 9. Core system hosts of the Group regularly execute disaster recovery drills to strengthen system recovery speed and capability, aiming to rapidly restore to normal operational states when disasters occur to ensure the Group's continuous operational capability. 10. Introduce email MFA (Multi-Factor Authentication) mechanisms, enforced especially when accessing emails outside the Company's internal network or office locations, to effectively reduce unauthorized access risks and strengthen the security of remote logins. 11. Establish a dedicated cybersecurity unit based on the Financial Supervisory Commission's recommendations, appointing dedicated cybersecurity supervisors and dedicated cybersecurity personnel, etc., responsible for planning, monitoring, and executing information security management and supervision operations. 12. For critical information assets, configure two sets of mutually heterogeneous endpoint detection and response (EDR) software as complementary anti-hacking solutions. 13. For the Company's official website, introduce third-party corporate cybersecurity exposure services, adopting non-intrusive collection of public data, network honeypot mechanisms, and integrated threat intelligence, paired with vulnerability search engine operations to perform network cybersecurity risk analysis, continuous safety monitoring, and vulnerability remediation from the exterior of the enterprise.

No	Risk Category	Operational Conditions in 2025 (Year 114)
6	**Legal Risk**	1. Compliance risk: • For legal doubts raised by various requesting units in this fiscal year, the Group's Legal Department timely provided written and verbal consultation and handling recommendations to ensure that corporate activities comply with laws and regulations. • Compile, evaluate, and study relevant proposals regarding domestic and foreign policy laws and dynamics of competent authorities to timely provide references for relevant corporate personnel. • Consult competent authorities or external professional opinions when necessary to confirm the appropriateness of relevant legal insights. • Operations were normal this year. 2. Transaction risk: • The Group's Legal Department handles the drafting and review of various transaction-related legal documents, fully understanding the background facts, our position, and contracting purposes through individual discussions or meetings, and provides appropriate and feasible recommendations to promote transaction completion while ensuring company rights and avoiding default risks and responsibilities. • According to company regulations, dedicated personnel manage and apply the company seals, and the Group's Legal Department requests clarification or correction for non-compliant legal or contract documents to faithfully perform gatekeeping duties. • Operations were normal this year. 3. Litigation resolution: • The management and handling principles of litigation events managed by the Group's Legal Department are as follows: (1) Comprehensively consider factors such as the resolution procedures, required manpower, time and fee costs of each litigation case, the final certainty of litigation results, and the feasibility of subsequent compulsory execution, to evaluate and formulate suitable dispute resolution strategies. (2) Fully understand case facts, study complete defense or negotiation strategies, and present effective and complete evidence and witnesses. (3) Consult external professional opinions and entrust suitable professional agents to effectively control fee expenditures. • The Group's Legal Department did not manage any litigation events for ACME in this fiscal year (2025/Year 114). 4. Compliance awareness and behavior: • Assist relevant units in conducting internal education training, participate in education training held by competent authorities or external units, or provide opportunistic education during individual discussions or meeting discussions when providing legal assistance, timely reminding and strengthening the legal risk awareness of colleagues in various departments, internalizing it into colleagues' daily work behaviors, and thereby reducing company risks. • Operations were normal this year.

No	Risk Category	Operational Conditions in 2025 (Year 114)
7	**Human Resources Risk**	In addition to controlling risks according to last year's assessment, we also monitor relevant risk changes at all times and adjust control mechanisms flexibly to ensure the effectiveness of risk management. 1. Talent supply shortage risk (talent shortage): Diverse recruitment and industry-academia cooperation to expand talent sources: Recruit talent through channels such as campus or on-site recruitment, job banks, ESG websites, headhunting companies, and the Company's official website, and establish industry-academia cooperation relationships with domestic and foreign colleges and universities. In 2025, participated in a total of 2 on-site recruitment events for overseas Chinese and foreign students, obtaining over 20 submitted resumes. 2. Talent retention risk (talent drain) • Diverse training course design to strengthen employee skills: The Group designs various courses based on different "course types," "common domains," and "training targets"; the execution rate of physical and digital education training for new recruits was 100%. • Robust promotion systems to build a talent pipeline: To strengthen the building of a talent pipeline, the Group established an annual promotion submission system and a Talent Development Committee, reviewing promotion plans for excellent employees in July each year. In fiscal 2025, 20 people were promoted, realizing "suitable talent, suitable nature, suitable position" development and enhancing organizational vitality and competitiveness. • Implement the successor system: Designate successors when employees retire, and the Company continuously implements the successor system and related training; for plant successors, promote horizontal training to ensure key talents possess both professional field and production process experience, enhancing talent configuration flexibility. • Labor-management relationship maintenance: Convened 4 labor-management conferences, continuously performing daily communication with employees through occasional meetings to maintain good labor-management cooperation relationships. • Establish competitive remuneration systems: The Company establishes market-competitive remuneration systems, participating in external salary surveys annually (such as GET , 104 Corporations, and Jye-Baw Manufacturing), and clearly stipulates the annual employee remuneration contribution ratio in the Articles of Incorporation, enabling employees to share operational results according to the actual profitability of the Company to encourage long-term contributions and promote mutual growth. • Introduce EAP programs to strengthen employee psychological support: Introduce the Employee Assistance Program (EAP) to provide professional confidential consultation services. Employees can consult one-on-one with qualified psychologists via phone, email, or LINE to help clarify problems, relieve stress, and enhance psychological resilience. In 2025 (Year 114), 63 people across the Group utilized EAP consultation services (not broken down by company due to confidentiality), and the system won the trust of employees. 3. Regulatory compliance risk: • Strengthen corporate virtues and implement codes of conduct: The Company has established the "Corporate Virtues Code" and "Operating Procedures and Behavior Guidelines for Corporate Virtues Code," and the Group formulated regulations such as the "Code of Ethical Conduct for Directors and Managers" and "Employee Part-time Behavior Specifications"; the passing rate of the 2025 employee code of conduct test was 100%, and the Group had no illegal events. • Compliance supervision mechanism: Externally retain a legal team with expertise in labor law to serve as company legal counsel, providing compliance consultations, and designate dedicated personnel to regularly review the execution status of SOP personnel regulations, benchmarking against newly revised laws and updating them immediately. • Establish whistleblowing and grievance systems: Formulate "Measures for Handling Whistleblowing Cases of Illegal, Unethical, or Unvirtuous Behaviors." Provide diverse whistleblowing channels, encouraging employees and external stakeholders to report illegal, unethical, or unvirtuous behaviors through the company website and the Whistleblowing Hotline of the Audit Division. Reiterate the Group's zero-tolerance attitude toward illegal infringements, setting up dedicated grievance mailboxes, emails, and hotlines for sexual harassment prevention and prevention of unlawful infringements. All cases are handled by designated personnel according to confidentiality principles to protect whistleblower rights. There were no related violations or reporting of illegal events in 2025 (Year 114).

No	Risk Category	Operational Conditions in 2025 (Year 114)
8	R&D Risk	1. To elevate industrial status and safeguard existing technological achievements, the Company submitted the "Intellectual Property Management Plan" to the Board of Directors on August 11, 2020, which was approved to implement the Company's intellectual property management policy. 2. On November 4 of this year, reported to the Board of Directors and obtained approval for the "Execution Status of the Company's 2025 Intellectual Property Management Plan and the 2026 R&D Plan." 3. Convene weekly sales and R&D meetings to closely monitor and grasp changes and dynamics among peers, markets, industries, and customers at all times, to respond and serve as references for production, technology, and product development directions. 4. Participate in power supply technology and silicon carbide materials seminars and exhibitions annually to fully grasp market dynamics and development directions. 5. Require belonging employees to sign non-disclosure agreements to implement trade secret and intellectual property protection. ∘
9	Climate Change and Environmental Risk	1. Environmental impacts of carbon emissions during operations: • Analyze potential crises of climate change through TCFD and international research reports, search for possible opportunities and responses, perform financial impact analysis, and explain response methods. • Establish the ISO 50001 energy management system, enhance energy efficiency through energy-saving measure improvements and monitoring of energy performance indicators, and voluntarily inventory and monitor greenhouse gas emissions to comply with voluntary greenhouse gas reduction commitments and laws, analyzing climate change risks and opportunities to reduce financial losses in production operations caused by extreme weather. • The Group's routine energy conservation and carbon reduction factory visit itinerary reached the plant on October 21 for an exchange meeting, continuously promoting energy conservation and carbon reduction through a series of audit activity training courses. • The Group held the 2025 Group Plant Technical Exchange Conference on October 28, organizing case presentations and selection awards to encourage plants to continuously execute and refine industrial safety, environmental protection, equipment preventive maintenance, and energy conservation and carbon reduction. • The 2025 emissions of the Taoyuan Plant were verified by Ernst & Young, totaling 48,761 MT of CO_2e/year for Scope 1 plus Scope 2 emissions. Scope 3 emissions under ISO 14064-1 greenhouse gas inventory were 1,140 tons of CO_2e/year. • Continuously monitor changes in energy and carbon management related policies, laws, and regulations, and actively participate in public hearings on the formulation and revision of related regulations. 2. Environmental pollution during operations: • Execute the Group's safety and environmental protection audits, checking and correcting compliance with laws regarding industrial safety, environmental protection, and fire fighting. • Execute annual safety and environmental education training plans, training and enhancing the skills and new regulatory knowledge of environmental business personnel at each plant. • Continuously monitor domestic and foreign environmental protection regulation changes, actively participating in regulatory formulation and revision discussions and hearings through industry associations. • The Group's Legal Department occasionally produces publicity single-pages on major domestic and foreign industrial safety and environmental protection news for reference and learning from others' incidents.
10	Disaster and Incident Risk	1. As of September 2025, the Taoyuan Plant had zero occupational injuries. 2. For mechanical machinery maintenance and various process check, the number of maintenance and improvement cases totaled 314 items as of September 2025, with 100% completed; checking operations executed 3,489 cases as of September 2025, with 100% completed.
11	Technology Risk	1. Annually inventory accounts using SSLVPN and use "maintaining minimized privileges" as a cybersecurity control guideline. 2. Monitor various cybersecurity topics at all times (such as cybersecurity information released by the National Institute of Cyber Security) to perform Group information communication environment inspection and vulnerability correction references. 3. Continuously conduct cybersecurity management according to the three-stage (pre-event, mid-event, and post-event) principles formulated by the Group's operational practices. 4. Corporate laptops cooperate with SSLVPN connection management mechanisms to implement cybersecurity controls for colleagues during remote use. 5. Responding to changes in market customer demands and lagging production technologies: • Introduce Six Sigma and TRIZ, establishing systematic and scientific innovation and problem-solving models to make production processes rational, automated, and intelligent, enhancing overall quality and cost competitiveness. • Introduce the ISO 50001 energy management system, and plan to introduce smart factory management systems, which can systematically collect and analyze production data while simultaneously collecting energy consumption data of various production equipment to continuously implement energy conservation and carbon reduction improvements. • Optimize existing equipment process conditions to enhance production capacity, and utilize opportunities of phasing out age-reaching equipment to jointly develop equipment with lower energy consumption and higher production efficiency with suppliers, meeting customer production capacity demands while simultaneously reducing carbon emissions.

Internal Control and Internal Audit Systems

The company's Internal Audit Department is directly subordinate to the Board of Directors, assisting the Board and management in inspecting and reviewing internal control systems to achieve the three major objectives of internal control: "effectiveness and efficiency of operations," "reliability, timeliness, transparency, and compliance of financial reporting," and "compliance with applicable laws and regulations."

In accordance with the company's "Internal Control System," the Internal Audit Department formulates annual audit plans. In addition to including the company's eight major operational cycles of control activities, management operations, computerized information system management, and various regulatory compliance matters into continuous audit items, various risk assessments are performed prior to formulating the audit plan. These are linked to the company's annual strategic objectives and implemented across all relevant operational levels.All annual audit plans are submitted to the Board of Directors for approval, while various risk management and regulatory compliance actions are embedded into the daily operational management of each unit according to the internal control system.

In 2025, the Company's Audit Department issued a total of 51 audit reports and 15 improvement follow-up reports.Execution status of audit plans, audit findings, and descriptions of improvements are reported quarterly to the Audit Committee and the Board of Directors, and are filed online within statutory timeframes and delivered to the Audit Committee for review.

The company revised its internal control system for sustainability information management in November 2024, and will continue to make timely adjustments in response to relevant laws or operations going forward. Starting from 2025, the management of sustainability information has been incorporated into annual audit items, with reports issued following execution according to the annual audit plan.

Every year, the company regularly and effectively manages identified risks, simultaneously combining them with control activity objectives to examine the effectiveness of internal control design and execution at each operational level.Additionally, in February 2026, the Internal Audit Department completed the review of the 2025 internal control system self-assessment data from all units and subsidiaries and issued a review report, serving as the primary basis for the Board of Directors and the President to issue the Statement of Internal Control System.

01 Risk assessment, formulation of the annual audit plan, and approval by the Board of Directors.

02 Execution of audit operations in accordance with the annual audit plan.

03 Discussion of audit findings with audited units and proposing recommendations for improvement.

04 Audit reports are submitted to the audited units and management, and are delivered to independent directors for review.

05 Quarterly tracking of the Execution Statusof improvement plans by audited units.

06 Quarterly reporting of the annual audit plan's execution status to the Audit Committee and the Board of Directors.

Whistleblowing and Advisory Channels (GRI 2-25、2-26)

To address incidents violating company regulations and national laws, the company has established grievance, whistleblowing, and disciplinary systems, providing legitimate reporting channels and maintaining strict confidentiality regarding the whistleblower's identity and the content of the report.

Internal whistleblowing and advisory mechanisms: The company has enacted the "Regulations Governing Employee Grievance and Suggestion Box Management," "Operational Procedures for the Audit Committee Email," and "Regulations Governing the Handling of Whistleblowing Cases for Illegal, Unethical, or Dishonest Behavior" to establish reporting and grievance channels.Receipt, handling, and responses are assigned to the human resources unit, auditing unit, or the Audit Committee respectively, depending on the nature of the matter.Employees may submit complaints or reports through face-to-face meetings, telephone (+886-2-26503783), written submissions (7F, No. 37, Jihu Rd., Neihu Dist., Taipei City, Group Audit Department), or via the Audit Committee e-mail (auditcomm@usig.com).

External whistleblowing and advisory mechanisms: External stakeholders can communicate any suggestions or grievances to the company via the "Contact Us" section on the company website or the Audit Committee Email.

Adhering to the corporate code of integrity management, all employees are required to sign various job-related commitment statements or non-disclosure agreements and comply with the company's regulations and policies. In 2025, the company detected no cases of fraud or statutory violations.

Integrity Management (RT-EE-510a.1)

On December 8, 2006, the company formulated the "Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Officers," requiring directors and officers to handle company affairs with self-disciplined attitudes rooted in honesty, trustworthiness, compliance, fairness, justice, and ethics. They must avoid personal conflicts of interest, prevent opportunities for personal gain, safeguard business secrets, engage in fair trade, abide by laws and regulations, and protect and properly use corporate assets.

We maintain that integrity management is the foundation of excellent corporate governance. The Board of Directors has approved and formulated the "Ethical Corporate Management Best Practice Principles" and, based on these principles, established the "Procedures for Ethical Management and Guidelines for Conduct." These explicitly state that, in addition to complying with laws prohibiting insider trading, directors of the company shall not trade the company's shares during the blackout periods of 30 days prior to the publication of annual financial reports and 15 days prior to the publication of quarterly financial reports.

The company's integrity management policy is grounded in corporate philosophies of honesty, transparency, and accountability, establishing integrity-based policies and developing sound corporate governance and risk control mechanisms to create an operational environment for sustainable development.

The "Ethical Corporate Management Best Practice Principles" stipulate that directors, officers, employees, or material controllers of the company, during commercial activities, shall not directly or indirectly offer, promise, request, or receive any improper benefits, or commit other dishonest, unlawful, or fiduciary-breaching behaviors to obtain or maintain interests. Prohibited actions include bribery and kickbacks, illegal political contributions, improper charitable donations or sponsorships, unreasonable gifts, services, hospitality, or other abnormal benefits.

To implement integrity management, the company adopts the following measures:

1. Explicitly state policies regarding integrity management status in corporate regulations and external documents.
2. The Corporate Governance Task Force is responsible for formulating preventive programs—including operational procedures, guidelines for conduct, and educational training—and reports regularly (at least once a year) to the Board of Directors.
3. Establish and abide by effective accounting systems and internal control systems.
4. Provide legitimate whistleblowing channels and specify disciplinary and grievance systems for violations of integrity management rules.

To help directors, officers, and employees understand, publicize, and strictly follow the Group's integrity and ethical standards, the company mandates compliance with integrity management policies as a condition of employment. Newly appointed directors and senior executives must sign a statement of compliance with integrity management policies. In 2025, the signing rate for the company's directors and executives reached 100%.

Regulatory Compliance (GRI 2-27)

The company's efforts in regulatory compliance are built upon our most important core value of "integrity management." To ensure all employees comprehend regulatory compliance issues, information on latest regulatory announcements and trends is publicized via internal employee training, external training courses, and routine functional meetings, enabling employees to acquire data on new and amended regulations. Concurrently, the Legal Department of USI Group provides legal consulting recommendations.

To familiarize colleagues with professional ethical codes, besides publicizing relevant rules on the corporate website, the company continuously invites renowned scholars, experts, or attorneys to conduct educational training and awareness programs for directors, officers, employees, and material controllers. This ensures they fully understand the company's determination, policies, preventive programs for integrity management, and the consequences of violating ethical conduct.In 2025, the company organized educational training related to integrity management topics (including Fair Trade Act regulations and case analysis, prevention of unlawful workplace harassment, and labor law seminars for human resources personnel), reaching 363 person-times and totaling 426 hours.

In 2025, the company experienced no non-compliance incidents or environmental administrative fines related to customer privacy and products/services.

2.3 Product and Technology R&D

Management Policy

Strategic Policy

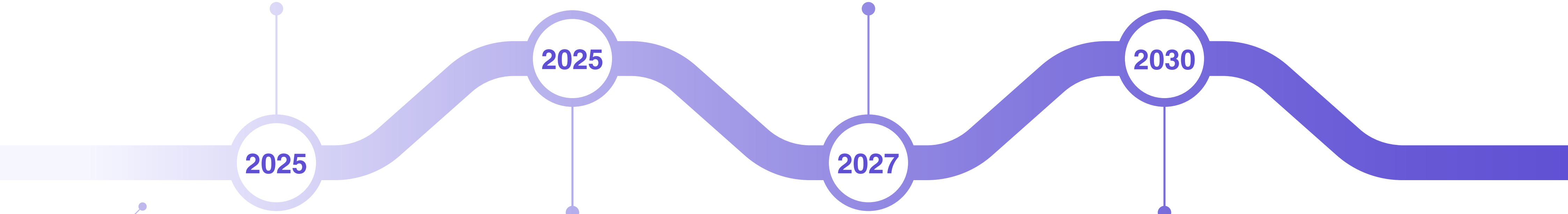
- Innovative corporate culture, accumulating innovative energy
- Develop new materials and new products to maintain competitive advantages
- Develop new businesses to pursue sustainable development

Commitment

Maintain R&D expenses as a percentage of revenue at 5%

Sustainability Principle

Governance and Value Chain Management



Target (2025)

- R&D expenses as a percentage of revenue > 5%

Performance (2025)

- R&D expenses as a percentage of revenue: 11%.

Target (2027)

- R&D expenses as a percentage of revenue > 5%

Target (2030)

- R&D expenses as a percentage of revenue > 5%

Continuous technical refinement and innovation constitute the core value of the company and serve as the source of momentum for maintaining competitive advantage, not only securing a leading market position but also rapidly satisfying customers' diverse design requirements.

Over the past three years, the company's R&D expenditures have increased continuously, remaining at around 8% of revenue, an investment proportion on par with world-class enterprises. Driven by the increased allocation of R&D budgets, we have not only reinforced the headcount and competence of the R&D team but also added high-end laboratory equipment, actively accumulating innovative energy, fostering an innovative environment, and realizing the value of innovation.

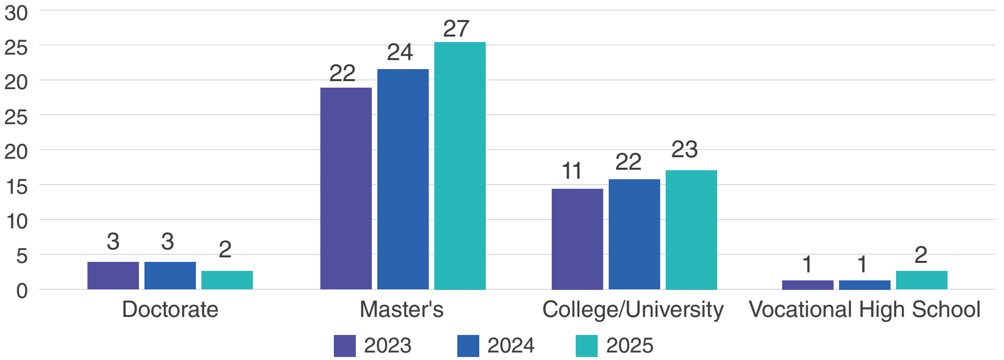
ACME R&D Expense Allocation, 2023-2025

(Unit: NT$ Thousand)

Year	2023	2024	2025
R&D Expenses	11,185	132,004	157,648
Percentage of Revenue	10.3%	8.1%	11%

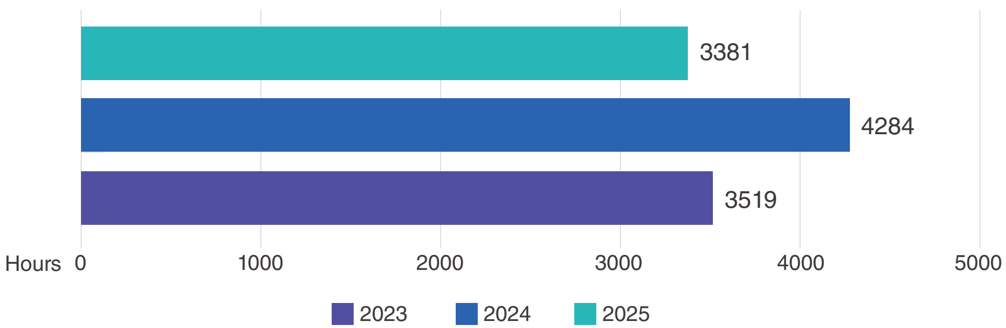
ACME Educational Background Distribution of R&D Personnel, 2023-2025

(Unit: Person)



ACME Training Hours for R&D Personnel, 2023-2025

(Unit: Hour)



In terms of material development, the company focuses on electric vehicle power applications, CAN-BUS communication applications, and high-frequency power supply product development for servers.In terms of product development, emphasis is placed on miniaturized high-frequency high-power inductor ferrite cores, power supply products for 5G communications, and low-power consumption products for EV-related applications. Concurrently, we collaborate with industry leaders to co-develop green materials characterized by high frequency, high power, and lower core loss to satisfy market demands and development trends.Furthermore, in response to green energy progress, low-power amorphous alloys and nanocrystalline alloy materials/products have also been designated as key development focus items for 2025.

Regarding new business development, Silicon Carbide (SiC) is a power semiconductor material capable of achieving low power consumption, high efficiency, and miniaturization. Compared to traditional Silicon (Si) devices, SiC can significantly reduce switching losses and maintains excellent operational characteristics even in high-temperature environments.SiC power devices have been introduced into solar inverters, electric vehicles, and railway systems; semi-insulating SiC is also anticipated to become substrate materials for power amplifiers in 5G applications. Additionally, SiC ceramic structural parts, given their superb high-temperature resistance and corrosion resistance, are widely applied in processing equipment for semiconductors and optoelectronics.

Driven by the rapid progress of electric vehicles, market applications for SiC have formed progressively. Countries worldwide designate SiC as a strategic critical material, and Taiwan has also included this material as a policy-driven development item.The company has achieved solid progress in developing high-purity SiC powders, with sales growing continuously. Looking ahead, we will align with market directions—such as the development of electric vehicle and PV solar industries—to expand production and sales scales, while actively extending into application market development for high-purity SiC ceramic products to layout next-generation business opportunities.

ACME Successfully Developed Technologies or Products, 2023-2025

Year	Successfully Developed Technology or Product	Application
2023	Development of submicron Mn-Zn ferrite materials	Improvement of high-frequency model efficiency
	Development of P453 material wide temperature, low loss power supply for automotive	Wide Temperature power for Automotive
	Development of SiC/AIN sintered ceramic powder and forming/sintering technology	SiC Sintered Powder
	Development of A051 material automotive filtering high Tc	High Tc EMI Application for Automotive
	Ni-Zn ferrite f or EMI, suppression and antenna(F32)	Controller Area Network for Automotive
	Development of P53i medium frequency 500kHz-100mT material	High Frequency DC-DC Application for On-Board Battery
	Development of Ni-Zn High Permeability and High Tc(K101) automotive EMI	Ni-Zn High Permeability and High Tc ≧ 170° C (Automotive EMI application)
	Development of P454 ultra-wide temperature (-160° C), low loss Power Ferrite for automotive	Ultra-Wide Temperature, power for Automotive (Automotive OBC power supply)
2024	Development of AIN / SiCB powder and sintered polycrystalline wafer.	SiC Sintered Powder (Silicon Carbide Semiconductor Material)
	P492 High temperature, high current resistant Mn-Zn High Bs Power Ferrite	Wide temperature, low power consumption 100 ~ 200 kHz and good +DC Bias in high Temp (Automotive electronics, Power Transformers.)
	P452i Material 300kHz, △ B =120mT	200~500kHz Wide Temperature low power loss for server
	Development of P65 material high-frequency power chokes	High-frequency DC-DC power chokes
	Development of A072 material automotive filtering high Tc	High Tc EMI Application for Automotive
	Development of NiZn ferrite for high Bs=480mT material	mini DC-DC converters and inductors
	Development of P61i broadband 500kHz-1.2MHz, △ B ≧ 100mT material	Automotive DC-DC converters, Data center power.
	Development of Ni-Zn High Permeability and High Tc(K201) automotive EMI	Ni-Zn-ferrite EMI suppression high-temperature filtering inductor
	Development of P453i material wide temperature, ultra-low loss power supply for automotive	Wide Temperature power for Automotive
	Development of Ferrite powder 10~30μm forming technology	Improvement of high-frequency power supply model efficiency
2025	Optimization of AIN / SiCB powder and development of sintered polycrystalline wafer	Meets the demands of high-end applications like EVs and 5G for power semiconductors and high heat dissipation substrates. New applications include SiC AI server power supplies and AI/AR glasses.
	Optimization of SiC / AIN sintered ceramic powder forming and sintering technology development	Applied in on-board chargers (OBC), DC-DC converters, and main traction inverters in electric vehicles to improve cruising efficiency and reduce conversion energy loss.
	Development of P455 material 300kHz, ΔB ≧ 120mT wide temperature, low loss server power supply	200~500kHz wide temperature, large field, low loss (high-performance server power supply)
	Development of P471 wide temperature, high Bs, low loss	EFD series models have excellent high current resistance characteristics at a wide temperature range of -40~150° C.
	Development of P66 material high-frequency, large-field Transformer	High Frequency DC-DC Application for AI Server or 5G Power Supply
	Development of A105 material automotive filtering high Tc	Automotive filtering high Tc, with bandwidth characteristics of 200kHz up to 9500. Saturation magnetic flux density (Bs), impedance (Z), and Curie temperature (Tc) are superior to the existing A10 material.
	Development of A103 material broadband, high impedance EMI filtering high Z	Broadband, high impedance EMI filtering high Z, with bandwidth characteristics of 200kHz up to 10500. Impedance (Z) and Curie temperature (Tc) are superior to the existing A102 material.
	Development of high-frequency 500kHz-1.2MHz, ΔB ≧ 120mT material	Development of power supply materials for new medium-high frequency applications LLC / Boost SRC with a wide temperature range of 110~120° C.
	Development of Ni-Zn High Permeability and High Tc(K152) automotive EMI	Ni-Zn Ferrite EMI Suppression high-temperature filtering inductor
	Development of P454 ultra-wide temperature, low loss automotive power supply material	DC / DC Converters, OBC for vehicles. The material is designed to have lower heat generation during operation above 100° C to prevent thermal runaway caused by a rapid temperature rise, meeting customers' high-temperature performance requirements.
	Development of high-frequency, high-temperature power inductor material with inductance drop < 10%	High temperature reliability, high frequency, and low loss to meet customers' packaging design requirements.

2.4 Supply Chain Management

Management Policy

Strategic Policy

Conflict minerals management: Conduct conflict minerals due diligence on suppliers to ensure a 100% qualified mineral utilization rate.

Supply chain risk management: Regularly evaluate suppliers based on "quality, delivery, cooperation, and pricing" to ensure they meet company requirements and maintain supply chain stability.

Commitment

The company's core production sites are based in Taiwan. Under similar alternative conditions, the company prioritizes procurement from local suppliers to establish long-term sustainable cooperative relationships.

Integrate major ESG corporate environmental and social responsibility indicators—such as RoHS, ISO 14001, ISO 45001, and ISO 50001—as supplier evaluation and management criteria.

Sustainability Principle

Governance and Value Chain Management

2025

Target

- Qualified mineral utilization rate: **100%**
- Critical supply chain risk management: **100%**

2025

Performance

- Qualified mineral utilization rate: **100%**
- Critical supply chain risk management: **100%**

2027

Target

- Qualified mineral utilization rate: **100%**
- Critical supply chain risk management: **100%**
- Increase the proportion of local procurement: **50%** (excluding raw materials)
- Increase the proportion of procurement from suppliers utilizing green energy or green processes
- Support and adopt suppliers complying with environmental responsibility indicators

2030

Target

- Qualified mineral utilization rate: **100%**
- Critical supply chain risk management: **100%**
- Increase the proportion of local procurement: **60%** (excluding raw materials)

2.4.1 Procurement Strategy

As topics such as sustainable operations and supply chain risk management gain prominent attention, the company, in addition to actively fulfilling its own social responsibilities, increasingly recognizes the necessity of deepening our understanding of suppliers' environmental, social, and governance (ESG) performance.

The company implements a strict policy of avoiding conflict minerals and has enacted environmental hazardous substances management regulations, requiring qualified raw material suppliers to complete the Conflict Minerals Report Template (CMRT) under the Conflict-Free Sourcing Initiative (CFSI), specify smelter sources, and sign an Environmental Hazardous Substances Warranty.In 2025, all raw metal materials utilized by the company complied with conflict-free criteria (DRC Conflict-Free), completely avoiding minerals from Congolese veins identified as non-conflict-compliant by the United Nations Security Council.

Upholding the values of building long-term cooperative partnerships of mutual trust, assistance, and shared prosperity with suppliers, the company has maintained stable vendor relationships for many years. Long-term commercial suppliers are categorized into raw materials, production materials, maintenance parts, machinery/equipment, and miscellaneous/clerical supplies. In 2025, the company had a total of 344 qualified suppliers, whose categories and distribution are detailed below:

Category	Raw Materials	Production Materials	Maintenance Parts	Machinery & Equipment	Miscellaneous & Clerical Supplies
Definition	Provide raw materials and additives for manufacturing	Auxiliary materials required for product manufacturing	Spare parts for maintenance and repairs	Machinery, equipment, instruments, and corresponding engineering for manufacturing	Plant engineering, components, and office supplies, etc.
Proportion of Qualified Suppliers	6%	10%	22%	17%	45%
Proportion of Procurement Value	66%	5%	4%	19%	6%

In 2025, the procurement value of the company's main raw materials (including iron oxide, manganese oxide, zinc oxide, and calcined pellets, as well as carbon and silicon materials for the new Silicon Carbide venture) accounted for 66% of the annual total procurement expenditure. To address potential raw material supply risks, the following countermeasures have been implemented:

Category	Potential Risk	Strategy	Action
Raw Material Risk	Insufficient supply or disruption	Diversified sourcing	Maintain two or more suppliers for major raw materials like iron oxide, manganese oxide, and zinc oxide
		Geographical diversification	Distribute the geographical location of suppliers for identical material items across different countries
		Procurement strategy	Periodically analyze market dynamics and establish safety stocks based on factors like supplier locations and production processes
		Friendly exchange	Arrange regular and ad-hoc technical exchanges and courtesy visits with suppliers to reinforce bilateral cooperative relationships

2.4.2 Supply Chain Management

Supporting Local Procurement

The company's core production sites are based in Taiwan. Under similar alternative conditions, the company prioritizes procurement from local suppliers to establish long-term sustainable cooperative relationships.

In 2025, approximately 39% of the company's raw material procurement value was derived from local sourcing, whereas 61% of procurement values for office supplies and mechanical parts was focused on local small-and-medium enterprises in the Taoyuan region, aiming to boost local economic dynamics and minimize transportation steps to lower carbon footprints.

The structural shift in comparative data between 2024 and 2025 was primarily due to the company's vigorous promotion of green procurement guidelines in 2025, expanding local raw material procurement agreements and item counts substantially. This synergistic effect resulted in a noticeable growth rate, and the company will continue to maintain this normalized scale of local procurement in the future.

Localized Procurement Proportion of Raw Materials, 2023-2025

Year	Proportion of Local Procurement (Taiwan)	Proportion of Non-local Procurement (Imported)
2023	56%	44%
2024	27%	73%
2025	39%	61%

Localized Procurement Value Proportion of Miscellaneous Supplies and Components, 2023-2025

Year	Proportion of Localized Procurement (Taoyuan Area)	Proportion of Non-localized Procurement (Non-Taoyuan Area)
2023	75%	25%
2024	62%	38%
2025	61%	39%

Supply Chain Management Mechanism

Based on conditions such as quality, capability, environmental safety, and occupational health and safety (OHS) policies, the company collaborates with top-tier suppliers for long-term cooperation to fulfill corporate social responsibility. In accordance with ISO 14001, ISO 45001, and ISO 50001, we convey environmental and OHS policies and data to suppliers and contractors. Meanwhile, by adhering to RoHS criteria, we reinforce suppliers' environmental and OHS management performance and bolster environmental education for engineering contractors to ensure construction safety across plant sites and jointly refine risk management.

In conjunction with the ISO 50001 certification at the Taoyuan plant, we introduced energy design procurement criteria and supplier energy performance evaluation reporting forms. When procuring energy-using equipment, systems, or installations, preference is given to specifications matching energy-saving designs, in addition to the functional requirements of user units.Suppliers' energy efficiency performance (such as green factory classification or implementation of energy management systems) is also integrated into supplier selection criteria.

To coordinate with the ISO 45001 certification at the Taoyuan plant, when requisitioning equipment or awarding engineering contracts, user units must inform suppliers of specific occupational health and safety specifications, verify that bidding vendors understand the content, and collect counter-signed receipts.

Through regular evaluations and audits, the company gains insight into suppliers' human rights management and publicizes ESG concepts, planning to further integrate these into routine evaluation items in the future.

The company establishes long-term strategic cooperative relationships with primary raw material suppliers and maintains safety stocks derived from supplier bases and production processes to ensure an unhindered supply chain.

To encourage continuous improvement among suppliers and ensure the Company obtains excellent raw materials and services at the right time, right quantity, and right price, we evaluate supplier quality, delivery time, and degree of cooperation every month, and conduct regular annual audits. According to the Company's Supplier Evaluation Management Regulations, the supplier evaluation mechanism is as follows:

Supplier Assessment

Investigation of newly developed suppliers

Evaluation methods are:
- Sample approval
- Market inquiry and price comparison
- Rate a potential supplier based on the evaluation items in the "Supplier Evaluation Report" and inspection items in the "Regular Environmental and HSF System Evaluation Checklist" and occupational safety and Occupational Health and Safety Audit – "Occupational Health and Safety System Audit: Regular Evaluation Checklist."

Suppliers scoring 70~80 points can submit an improvement report for re-evaluation.
Suppliers with a score of 80 or above and possessing ISO 9001 certification are registered as qualified suppliers. All qualified suppliers are required to sign a "Letter of Ethical Commitment.

Supplier Evaluation

Monthly abnormality management for qualified suppliers

- To avoid risks arising from accidents or changes in the supply chain, the procurement department shall submit the "Supplier Monthly Evaluation Form" based on anomalies observed during the month. These may include quality issues (quality inspection defects), delays in delivery (actual delivery date later than the P/O delivery date), cooperation level, and HSF management performance.
- The "Supplier Monthly Assessment Form" allocates 50, 30, and 20 points for quality, delivery time, and degree of cooperation (including HSF management capability), respectively. In 2025, monthly assessments were completed for 29 key suppliers, and the overall compliance status was good. For a very small number of minor defects assessed as low risk, a special concession mechanism has been initiated, and the supplier's improvement progress is continuously tracked to maintain 100% stability in material supply quality.
- The evaluation results will serve as a reference for selecting suppliers, and as a basis for rewards and punishments such as priority procurement, reduced procurement, or non-procurement for existing suppliers.
- Suppliers are required to regularly provide HSF reports issued by impartial third-party organizations every year.
- When necessary, propose quality goals to suppliers and require them to conduct quality control and improvement activities.

Supplier Audit

Annual regular evaluation of qualified suppliers

- Regular evaluations are divided into raw materials, secondary materials (excluding coatings), coatings, molds and fixtures, and outsourced processing. Corresponding audit checklists are formulated based on the importance of the products delivered by the supplier. The evaluation items are divided into:
  1. System Audit - "System Evaluation - Regular Evaluation Checklist"
  2. Environmental Audit - "Environment and HSF System Audit - Regular Evaluation Checklist"
  3. Occupational Health and Safety Audit - "OHS System Audit - Regular Evaluation Checklist"
- The company forms an evaluation team to conduct on-site evaluations of suppliers.
- Before February of the following year, the procurement unit formulates the "Regular Evaluation Plan" for the next year based on the previous year's qualified supplier evaluation report and the supplier development status and plan. Suppliers whose transaction amount in the previous year was less than NT$200,000 or RMB 40,000, parent/subsidiary companies, suppliers with no quality abnormalities in the previous year, and suppliers with no direct impact on product quality may be exempted from the annual regular evaluation.
- Excellent suppliers scoring 90 points or above (Grade A) in regular evaluations can continue normal delivery; qualified suppliers scoring 80~89 points (Grade B) can maintain the status quo; suppliers requiring improvement within a time limit scoring 70~79 points (Grade C) will face reduced procurement; unqualified suppliers scoring below 70 points will have procurement stopped immediately.
- In 2025, it was originally planned to conduct annual supplier audits for 6 suppliers, but audit operations were actually completed for 3 suppliers.
- During 2025, one supplier decided to stop accepting relevant products because the assessed cooperation benefits did not meet their expectations. The Company has completed the evaluation and transfer of supply sources to ensure production operations are not affected, and adjusted the annual audit list accordingly. Visits to the other 2 suppliers were cancelled temporarily due to no transactions.
- In 2026, 11 suppliers are scheduled for annual regular audits, and main raw material suppliers will undergo product and process audits as needed.

ACME 2023 to 2025 Annual Regular Supplier Audit Results

Year	Number of Qualified Suppliers	Number of Key Suppliers Assessed Monthly	Number of Audited Suppliers	Grade A 90 points or above	80~89 分 Grade B 80~89 points	70~79 分 Grade C 70~79 points
2023	288	22	1	100-	-	-
2024	322	29	6	50%	50%	-
2025	344	29	6	100%	-	-

In 2025, 3 new suppliers of raw and secondary materials (pallets, hydrochloric acid, fuming nitric acid) were introduced. The number of suppliers meeting the environmental screening of the supplier evaluation mechanism was 3, achieving a qualification rate of 100%.

2.5 Customer Service and Product Quality

2.5.1 High-Quality Customer Service

The Company's R&D center is mainly dedicated to developing new materials to serve Taiwanese customers locally and coordinate with their new product development.The Company also has subsidiaries in Kunshan, Jiangsu Province, China; Zengcheng, Guangzhou, China; and Ipoh, Malaysia, to serve nearby customer production bases. The Company has formulated the "Customer Service Management Measures" to visit customers irregularly and interact effectively with them through the ERP information management system and customer trading platform to understand and meet their needs.

Management Policy (GRI 3-3)

Strategic Policy

Regularly understand and respond to customers' needs and voices through meetings/questionnaires to provide the best customer service.

Commitment

Based on customer satisfaction analysis, enhance product functions and refine services to increase customers' trust in the Acme Electronics Corporation (ACME) brand.

Sustainability Principle

Governance and Value Chain Management

Impact Management: Positive/Negative Impacts

Impact Management: Negative Impact Remediation and Preventive Measures

- Continuous management tracking since 2022

2025 Goal

- Customer satisfaction ≥ **92 points**

2025 Performance

- Customer satisfaction of **93 points**

2027 Goal

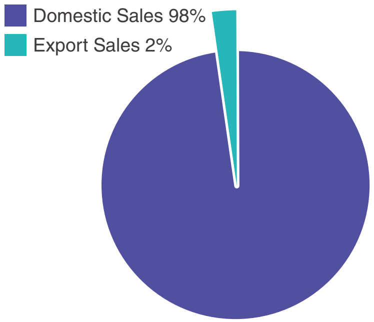
- Customer satisfaction ≥ **93 points**

2030 Goal

- Customer satisfaction ≥ **93 points**

Sales Market

The Company's main products are sold to Taiwan, China, Japan, South Korea, Singapore, the Philippines, Malaysia, Thailand, Indonesia, India, the United States, Mexico, Germany, France, Spain, and other regions.In 2025, the Company's domestic sales accounted for 98% and export sales accounted for 2%, both based on sales value.



Technical Support

The Company is customer-oriented. Each subsidiary has an R&D center to cooperate with customers in developing new applications and products, providing customized product services. R&D personnel are also irregularly arranged to visit customers for material introductions and technical cooperation and exchanges, while sales personnel attend overseas exhibitions to develop new market customers.

The Company prints complete product catalogs providing detailed material characteristics and product specifications for customers' reference and selection.Electronic product catalogs are available in the "Product Display" section on the Company's website, allowing customers to inquire about product-related information in a timely manner.

Customer Privacy

To safeguard the security of customer data, the IT Department of USI Group has established several internal regulations, including the "General Principles for Information Security Management Policies," "System Development and Maintenance Specifications," "Guidelines for Launching Applications," "Guidelines for Database Management," and other specifications. Measures to enhance personal data protection and prevent data breaches include reinforced firewall management, strict access controls, segregation between testing and production environments, and the de-identification of data containing personally identifiable information.

In addition, the Company has established the "Customer Property Management Regulations" to properly keep items provided by customers. If such items involve the customer's intellectual property rights, a non-disclosure agreement is signed with the customer;The Company understands and shall take necessary measures to maintain the trade secrets known or held during the cooperation period and keep them confidential. Except for normal use within the scope of duties, without the prior written consent of the customer, the Company shall not arbitrarily leak, inform, deliver, or transfer them to a third party, publish them externally, or use the trade secrets for itself or a third party;Only when the customer or the owner of the trade secret publicly discloses it or releases its confidentiality shall the Company simultaneously be relieved of its confidentiality responsibility for the trade secret.

To implement personal data protection awareness, the Company has incorporated relevant education and training into its annual plans.This year's courses related to personal data protection strengthened colleagues' concept of the rule of law through case sharing and regulatory lectures by prosecutors and lawyers. The total number of participants in the courses reached 63, with cumulative training hours totaling 126 hours, effectively enhancing employees' awareness and practical application capabilities regarding personal data protection.

The Company abides by its commitments to customers and ensures that customers' intellectual property rights and privacy are respected while conducting business activities. Therefore, no complaints regarding the violation of customer privacy or damage to customer property occurred in 2025.

Customer Complaint Handling

The Company has established the "Customer Quality Complaint Management Regulations." Customers can file complaints with the sales department verbally, by phone, or in writing. After receiving the message, the sales department immediately confirms the situation and reports it to the quality department and other relevant units.The quality department first conducts a preliminary analysis of the cause of the problem, reviews it with relevant units, and responds to the customer in a timely manner. If necessary, personnel are dispatched to handle the customer complaint issue, and both parties communicate and review the problem. After the problem is clarified, a formal reply is given to the customer. If the quality department confirms that it is a major customer complaint case, the quality department heads, plant managers, and president of each plant are notified by email in a timely manner, and it is included in the quality department's daily work report for tracking and reporting progress to maintain long-term and good cooperative relationships with customers.

The Company has a complete customer complaint problem-handling process. Through the electronic sign-off system operation process for customer complaints, we analyze the causes of customer complaints, track the relevant responsible units and the processing progress of corrective and preventive measures, and use the 8D (Eight Disciplines) Problem Solving Report to analyze and solve customer complaint problems step by step with a team. We discuss them in the weekly routine meetings of the quality department to ensure the execution of quality improvement activities, thereby improving product quality.

Customer Quality Complaint Handling Process

* Note: The 8D report includes Improvement Team (D1) → Problem Description (D2) → Emergency Action (D3) → Root Cause Verification (D4) → Corrective Action for Failure Cause (D5) → Long-Term Countermeasures (D6) → Mistake-proofing, Horizontal Deployment, and Standardization (D7) → Affirmation of Improvement Results (D8).

Deadline for Handling Customer Quality Complaints

General complaints **4** working days

Major complaints **3** working days

Customer specifies otherwise

According to customer's requested time

Customer Satisfaction

To fully understand customers' opinions on the products and services provided by the Company, in addition to feedback messages through the Company's website, occasional telephone interviews, or personal visits by sales colleagues, the Company conducts a customer satisfaction survey every six months via questionnaires. This helps us understand customer needs and problem feedback for improvement reference. Through management review meetings, we propose improvement plans based on customer opinions and track the execution results to continuously improve product and service quality.

The sampling method for the customer satisfaction survey is to conduct questionnaire surveys on the top 30 customers by transaction volume in the first and second half of the year in the Taiwan region, as well as newly developed Taiwanese customers with potential. The evaluation items include five categories: quality, delivery time, improvement status of quality complaints, sample delivery efficiency, and Hazardous Substances Free (HSF) management.

In the 2025 customer satisfaction survey, quality, sample delivery service, and HSF management were recognized by most customers. Customers still gave the Company an overall average score of 93 points, indicating they are very satisfied. This helps us stabilize and deepen our presence in existing markets and customer bases, and is conducive to developing potential customers.

Customer Satisfaction Survey Results of ACME, 2023–2025

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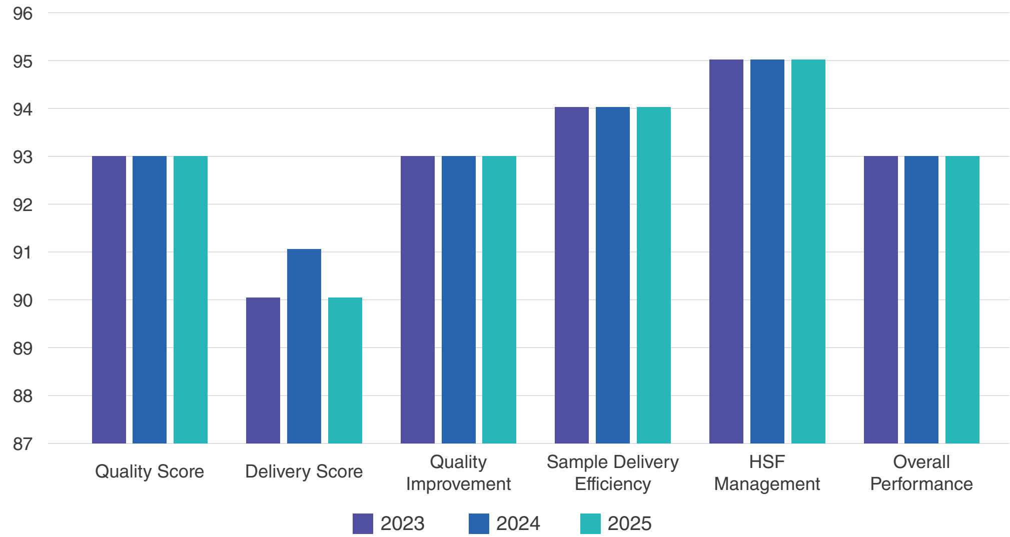

Year	Quality Score	Delivery Score	Quality Improvement	Sample Delivery Efficiency	HSF Management	Overall Performance
2023	93	90	93	94	95	93
2024	93	91	93	94	95	93
2025	93	90	93	94	95	93

* Note 1: The score for each evaluation item is the average of the first and second half of the year.
* Note 2: 86-100 points indicates very satisfied, 70-85 points indicates acceptable, 55-69 points indicates needs improvement, and below 54 points indicates dissatisfied.

Participation in Organizations and Associations

As a formal member of the Taiwan Electrical and Electronic Manufacturers' Association (TEEMA), the Company collaborates with industry peers through TEEMA to enhance its influence and leverages the association's resources to strengthen product development and customer service.

To meet customers' quality requirements, all of the Company's products comply with regulations such as RoHS, REACH (SVHC - Substances of Very High Concern), and the non-use of conflict metals. Therefore, the shipping packaging bears RoHS-related labels, and we have passed the verifications for Quality, Energy, and EHS management systems including ISO 9001, IATF 16949, ISO 14001, Energy Management Systems (ISO 50001), Occupational Health and Safety Management Systems (ISO 45001), and ISO 14064-1.

2.5.2 Excellent Product Quality

Management Policy (GRI 3-3)

Strategic Policy

Quality services that amaze customers

Commitment

Achieve six sigma quality and zero customer complaints by continuously improving process capabilities to ensure the highest level of customer satisfaction.

Sustainability Principle

Governance and Value Chain Management

Impact Management: Positive/Negative Impacts

Impact Management: Negative Impact Remediation and Preventive Measures

- Actual positive impact - Proper supply chain management - Quality improvement.
- Potential positive impact - Introduction of AI and other advanced technologies - Efficiency and quality improvement.

2025 Performance

- Number of customer complaints: 1 cases (Black powder: 1 case)
- Finished product RoHS testing passing rate: 100%
- Zero accidents regarding EHS regulations
- Six Sigma: 0% (New engineers)
- CIP (Continuous Improvement Process) Project improvements: 20 cases
- Process improvement target: 9 cases (Black powder: 7 cases, SiC: 2 cases)

2025 Goal

- Number of customer complaints: 0 cases
- Finished product RoHS testing passing rate: 100%
- Zero accidents regarding EHS regulations
- Six Sigma: 100% (New engineers)
- CIP (Continuous Improvement Process) Project improvements: 25 cases
- Process improvement target: 8 cases (Black powder: 6 cases, SiC: 2 cases)

2026 Goal

- Number of customer complaints: 0 cases
- Finished product RoHS testing passing rate: 100%
- Zero accidents regarding EHS regulations
- Six Sigma: 100% (New engineers)
- CIP (Continuous Improvement Process) Project improvements: 30 cases
- Process improvement target: 8 cases (Black powder: 6 cases, SiC: 2 cases)

2028 Goal

- Number of customer complaints: 0 cases
- Finished product RoHS testing passing rate: 100%
- Zero accidents regarding EHS regulations
- Six Sigma: 100% (New engineers)
- CIP (Continuous Improvement Process) Project improvements: 20 cases
- Process improvement target: 8 cases (Black powder: 6 cases, SiC: 2 cases)

2030 Goal

- Number of customer complaints: 0 cases
- Finished product RoHS testing passing rate: 100%
- Zero accidents regarding EHS regulations
- Six Sigma: 100% (New engineers)
- CIP (Continuous Improvement Process) Project improvements: 40 cases
- Process improvement target: 8 cases (Black powder: 6 cases, SiC: 2 cases)

Upon the arrival of raw materials and packaging materials at the Company's Taoyuan Plant, inspections are conducted in accordance with raw/auxiliary material specifications and operational standards. This includes confirming supplier inspection reports, conducting loss-on-ignition tests, moisture content tests, and restricted substance XRF (X-ray fluorescence) independent testing. During the process, on-site personnel continuously perform independent checks. Every completed batch of soft ferrite powder undergoes physical and electrical testing, as well as XRF independent testing for composition ratios, RoHS compliance, and halogens.

The Company has established a product identification and traceability management system. Products of various materials are coded based on the batch number structure of the soft ferrite powder to facilitate product traceability.In addition, all Engineering Change Requests (ECR) and Engineering Change Notices (ECN) of the Company are managed and jointly reviewed via an online electronic system, making product change information transparent so that all operating locations can synchronously understand the product change history.

To implement the operation of the internal quality audit system, the Company conducts weekly production process audits, product audits, and cross-plant soft ferrite powder quality meetings.In 2025, the R&D and engineering units executed a total of 100 quality R&D project plan improvements and process technology improvements, along with 19 employee improvement proposals.Two management review meetings are held annually for review. Furthermore, two process audits for ISO 9001 and IATF 16949 management systems, and one audit each for the ISO 14001 environmental management system, Energy Management Systems (ISO 50001), and Occupational Health and Safety Management Systems (ISO 45001) are executed annually to ensure the effective operation of all management systems.

In 2025, the unit promoting Six Sigma certification experienced personnel changes and, additionally, due to the ongoing development of new businesses, the certification schedule was postponed, hence the target was not met.

To further ensure that the Company's products comply with international regulations and customer environmental specification requirements, samples of products of various materials are randomly tested annually and sent to independent third-party certification units. Moreover, all testing instruments undergo secondary laboratory instrument calibration.Therefore, the Company had no violations related to product information and labeling regulations in 2025.