

CH3

Product Innovation and Supply Chain Management

3.1 Technology R&D GRI 3-3 、 201-1

3.2 Customer Service GRI 2-6

3.3 Supply Chain Management GRI 2-6 、 2-23 、 2-24 、 3-3 、 308-1 、 308-2 、 414-1 、 414-2

Material Issue

Technology R&D, Supply Chain Management

SDGs

Corresponding Goals



Performance Highlights

- Verified Management Systems
- 1 new product under development, 3 quality improvements
- Overall customer satisfaction 96.2%
- Signing of Supplier Social Responsibility Commitment, achievement rate 100%
- Local procurement accounts for 98%
- Green procurement amount NT\$28.39 million

3.1 Technology R&D

Material Topic: Economic Performance, Corresponding Sustainability Principle: Innovative Technology GRI 2-25, 3-3

Management Approach and Elements	Management Impact	Management Approach Target Execution Performance	Evaluation of Management Approach
Importance to APC The development of sustainable materials and corporate transformation are crucial to corporate competitiveness. Therefore, continuously improving product quality and developing new products is the key to maintaining profitability and the foundation for sustainable corporate development.	Positive/Negative Impact Items - Positive actual impact - Developing new products, product diversification - Positive actual impact - Introducing automated processes, improving production efficiency - Positive potential impact - Successful development of sustainable materials, revenue growth - Positive potential impact - Introducing advanced AI technology, improving efficiency	2025 Targets - Develop new products or improve product quality, at least 1 item per year - Provide sufficient R&D resources, R&D manpower >10%	Effectiveness Evaluation "Product R&D Trial Operation Procedures" controls product development progress - Quality meetings review technology R&D directions
Management Practices and Objectives By collecting information on market development trends and satisfying customer needs, we provide directions for product quality improvement and new product development, enhancing product quality and market competitiveness.	Negative Remediation and Preventive Measures —	2025 Execution Performance - New product developed; 3 product quality improvements (✓) 1. Commercial production of V33071 begins in Q4 2025 2. Achievement rate: 95% > 80% (annual target) 3. Quality improvements for C7100, V18161, and V33121 - EVA product under development, progress description: - High VA, low MI product R&D trial is a cross-year case, the plan is ongoing - Complete trial production of V33071 in Q1 2025 - R&D manpower 12.5% (✓)	Grievance Mechanism - Customer management process - Customer objection handling procedure
Strategies - Niche product development - Product high-value		Short-term (<3 years) Targets - Develop new products or improve product quality, at least 1 item per year - New product trial production, quality achievement rate ≥ 80% - Provide sufficient R&D resources, R&D manpower >10%	Management Approach Adjustment The business department collects market information and grasps product market trends during the customer technical service process.
Targets Develop new products or improve product quality, at least 1 item per year		Mid-to-Long-term (≥ 3 years) Target Planning - Develop market-leading products, at least 2 items - Provide sufficient R&D resources, R&D manpower >15%	

Product Development and Research Plans

R&D Process



R&D History and Achievements

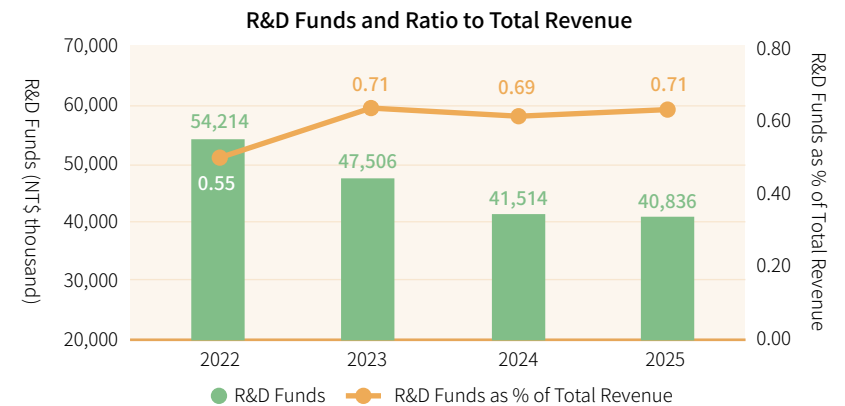
R&D History and Achievements	
2023	Trial production planning for hot melt adhesive grade EVA product (grade V19400) was completed, and the addition of the chiller was completed in December 2023.
2024	R&D trial of hot melt adhesive grade EVA product (V19400 completed trial production in March and July 2024, and completed commercial production in December)
2025	R&D trial of hot melt adhesive grade EVA product (issued the reaction condition card and FPSS for V33071, V33051 underwent R&D trial (TA1) in August)

In response to the strategy of product high-valuing and changes in market demand, APC, in addition to expanding EVA production capacity, is also developing high-end applications and high VA content products. Besides the high-speed coating grade EVA product, which is APC's niche flagship product, the hot melt adhesive grade EVA product is widely used. With future capacity expansion, product portfolio flexibility can be enhanced, making it the focus of product development in recent years. **GRI 201-1**

Resource Provision

R&D Funds

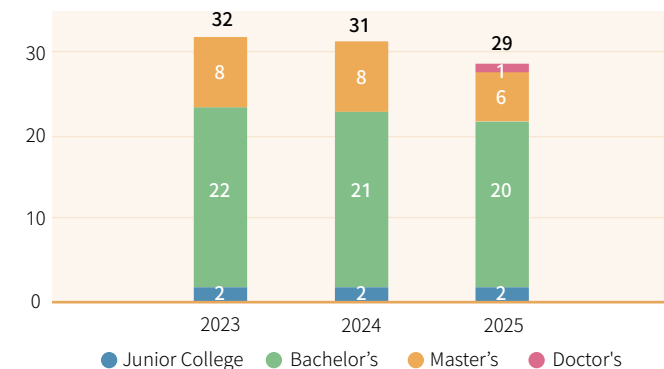
The R&D expenses in 2025 were NT\$40,836 thousand, which was the investment of R&D manpower and related resources by the Group's common R&D department, using the Group's strength to assist in achieving R&D and innovation goals.



R&D Workforces

In 2025, there were 29 R&D personnel, accounting for 12.5% of the total number of employees, mainly outstanding talents with master's and bachelor's degrees.

Distribution of R&D Personnel by Education over the Past Three Years



Green Products

Non-Toxic Products GRI 403-7 SASB RT-CH-410b.2

During the feasibility assessment stage of product development, considerations of regulatory requirements such as FDA, CNS, JIS, and the EU Restriction of Hazardous Substances Directive (RoHS) are incorporated to ensure that developed products meet regulatory standards for human health and environmental impact. At the same time, they pass the testing for Substances of Very High Concern (SVHC) and obtain REACH certification.

In 2009, we received the SONY Green Partner Certification (Environmental Quality Assurance System), establishing a corporate image of not using hazardous substances and clean production. To meet environmental quality regulatory requirements, we require suppliers to provide raw materials that meet relevant environmental quality requirements and do not contain relevant restricted substances right from the procurement stage.

In addition to committing to energy conservation and clean production during the product manufacturing process, the Company has also developed EVA products suitable for wire and cable protective layers, which can be used to produce low-smoke halogen-free wire and cable protective layers, meeting environmental protection requirements.

APC's products have been inspected by third-party certification units and have passed various regulatory standards as listed in the table:



item	Regulatory Standard	Check product model
1	US FDA Standard (Title 21, Pt 177.1520)	LDPE
2	Halogen-Free	LDPE
3	Plasticizer Determination	M5100
4	EU Standard (EU 10/2011)	C7100
5	EN 71 Part 3: 2013 (19 Migratable Heavy Metals)	LDPE/EVA
6	RoHS Directive Standard	LDPE/EVA
7	New Balance Standard	C7100、EV101、EV102、EV303
8	US FDA Standard (Title 21, Pt 177.1350)	EVA
9	Adidas Standard	EVA
10	Article 4 of the Sanitation Standard for Food Utensils, Containers and Packages of the ROC	C7100
11	Mainland China Standard for Food Contact Plastics	C7100、C4300、F2201
12	Crocs RSL Standard	EVA
13	Nike RSL Standard	C7100
14	Asics Standard	EV101
15	Brooks RSL Standard	C7100

Innovative Products

1 Progress of New Product R&D

Year	R&D Plan	Progress	R&D Investment (NT\$1,000)	Expected Mass Production Time	R&D Result Description
2025	EVA Grade: High Vinyl Acetate low Melt Index product R&D and testing	1. Issue V33071 reaction condition card and FPSS 2. Conduct V33051 product R&D and testing (TAI) in August	300-500	2025	1. V33071: The third trial production was conducted on production line 4 in March, and the Melt Index Drop problem has been solved. 2. V33051: The "existing ultimate process condition production test" was conducted on production line 4 in August. The test results did not meet the target specifications, and research is ongoing.

2 New Product R&D Plan

Year	R&D Plan	Progress	R&D Investment (NT\$1,000)	Expected Mass Production Time	R&D Result Description
2026	Development of high value-added EVA	Continue the development of high Vinyl Acetate and low Melt Index products from 2025	300-500	2026	Produce higher value-added EVA materials for wire and cable to improve material differentiation and competitiveness.

3 Product Quality Improvement

Year	R&D Plan	Progress	R&D Investment (NT\$1,000)	Expected Mass Production Time	R&D Result Description
2025	V18161	The Vinyl Acetate range for trial production was changed to 18.5~20, and AO3 was changed to 700 ± 100 ppm and 800 ± 100 . The test results are feasible. We will continue to adjust after receiving the customer's usage feedback.	-	2026	Improve the problem of poor processing adhesion to meet customer needs.

3.2 Customer Service

The Technical Department of the APC Linyuan Plant assists the Business Department in supporting customer service, product improvement, and new product and new market development. It also assists customers in customized product development and property improvement. The cooperation has been effective in recent years and has won high recognition from customers.

Product Sales and Market GRI 2-6

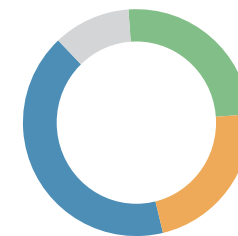
The Company's product sales market: Domestic sales are primarily LDPE, while export sales are primarily EVA.

In addition to Taiwan, the sales regions cover the globe, including mainland China, Hong Kong, Japan, Thailand, Vietnam, Malaysia, Singapore, the United States, Indonesia, Cambodia, India, Bangladesh, Pakistan, Sri Lanka, the UAE, Israel, Egypt, South Africa, and Russia. The sales targets include processing plants and traders for applications such as packaging films, food packaging materials, microfibers, plastic injection molding, foaming shoe materials, sports equipment, solar encapsulation films, and pre-coating films/laminating films. The domestic and export sales ratio and sales market distribution in 2025 are shown in the figure, based on sales volume.



**2025
Domestic and Export Sales**

- Domestic Sales 25%
- Export Sales 75%



2025 Sales Market

- Taiwan 25%
- Southeast Asia 21%
- Mainland China and Hong Kong 43%
- Other Regions 11%

Customer Privacy

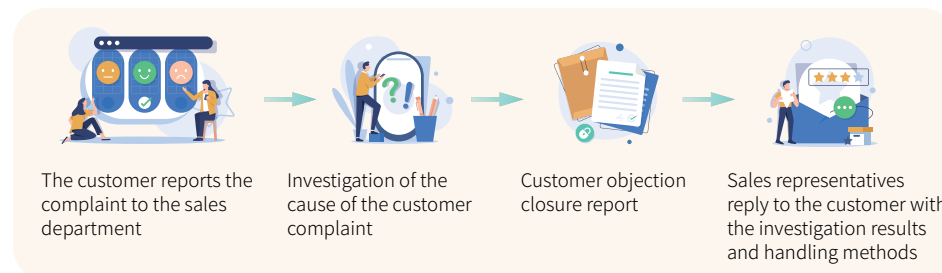
Regarding customer privacy confidentiality, the Group's Credit Department has established control procedures for customer personal data in response to the Personal Data Protection Act regulations to ensure that customer personal data complies with relevant laws such as the Personal Data Protection Act. The control operations are as follows:

- 1 Cancel system links to customer personal data in the Enterprise Resource Planning (ERP) system for all non-Group Credit Department personnel, including system and file permissions.
- 2 For the collection of documents involving customer personal data, a "Notification and Consent for Collection, Processing, and Use of Personal Data" should be obtained in advance.
- 3 When the Group's Credit Department receives customer personal data, it inputs it into the ERP system based on paper documents. The paper documents are stored and linked as media files. The text or data portions involving customer personal data are masked before archiving. If there is no necessity to retain the paper copies, they are destroyed.

No incidents of invasion of customer privacy or loss of customer data occurred in 2025.

Customer Complaint Handling Procedure

To perfect the customer complaint handling process, APC has established a customer objection management platform to digitize the customer complaint handling workflow, control and analyze the causes of customer complaints, track relevant responsible units and the progress of corrective and preventive measures, effectively execute quality improvement activities, and enhance customer service quality.



Customer Satisfaction Survey

To understand customers' opinions on the products and services provided by APC, in addition to sales representatives contacting customers by phone or in person, a satisfaction survey is conducted through questionnaires every year to ensure that customer needs are fully understood and appropriately responded to. Then, through convening the "ISO Management Review Meeting," improvement plans are proposed for customer opinions and execution results are tracked to continuously improve product and service quality. The customer satisfaction survey method involves selecting the top 25 customers in both domestic and export sales, ranked by tonnage shipped to them during the year, to conduct the customer satisfaction questionnaire survey, with a total of 10 reserve customers. The survey covers four aspects: product quality, service quality, transportation quality, and overall satisfaction of APC. Satisfaction is calculated as the total percentage of "very satisfied" and "satisfied" responses. The number of recovered samples for the 2025 customer satisfaction survey was 53, and the survey results showed an overall customer satisfaction of 96.2%, which is comparable to the levels in 2023 and 2024. We thank many customers for their affirmation of APC's product and service quality. APC will continuously improve to give back to customers for their long-term support. The customer satisfaction survey results for the past three years are shown in the figure:



Suggestions from the customer survey have been forwarded to relevant units for assistance, such as "Technical service units assisting in solving customer processing problems," "Customs Department selecting shipping companies with better punctuality and reasonable ocean freight to meet customer shipping schedule needs," and "Adding plastic steel ropes to secure goods during shipment."

2025 Summary of Customer Feedback Analysis and Review

Item	Customer Feedback Items	Analysis and Review	Satisfaction Category
1	Occasional delays in arrival; expect timely notification.	Sales representatives will notify customers in a timely manner when transportation delays occur to facilitate customer response.	Transportation Quality
2	Prices are on the high side compared to other suppliers.	This customer's procurement is conducted through bidding. We will regularly evaluate market conditions and bid with more favorable prices.	Other Suggestions
3	Unit price is much higher than competing products.	Product prices fluctuate with the market and are adjusted promptly at the beginning of each month.	Other Suggestions
4	Request to sign an annual rebate agreement and expect APC's EVA to have a pricing formula.	Product pricing is already adjusted monthly based on market conditions. Regarding the annual rebate agreement, we will reply to the customer after internal discussions.	Other Suggestions

Note: Both product quality and service quality met customer requirements in 2025; there were no customer feedback items.

Product Responsibility and Technical Support

APC pays special attention to product responsibility and services. In the "Product Information" section of the corporate website, we provide catalogs and Safety Data Sheets (SDS) containing specifications, performance, and application instructions for existing and new products, enabling customers to accurately query product-related information and meet their needs in a timely manner.

To ensure the rights and interests of customers using the Company's products, the Sales Department has a Technical Service and Marketing unit dedicated to developing new product applications, assisting customers in improving processing problems, and conducting technical cooperation and exchange.

To meet the strict product quality requirements of global customers, all APC products comply with relevant regulatory requirements and do not contain substances classified as health and environmental hazards under the GHS (Globally Harmonized System).

In 2023, EVA products further passed the inspection and test verification of major sports brands such as New Balance and NIKE, fully proving the safety of APC products.

In 2025, APC's new low-density resin recycled materials (9 types including RL0330) passed SGS testing and certification, complying with the EU Restriction of Hazardous Substances Directive (RoHS) specifications.

No incidents of violating product labeling regulations occurred in 2025. SASB RT-CH-410b.1



3.3 Supply Chain Management GRI 2-6

Material Topic: Supply Chain Management, Corresponding Sustainability Principle: Sustainable Development GRI 2-25, 3-3

Management Approach and Elements	Management Impact	Management Approach Target Execution Performance	Evaluation of Management Approach
Importance to APC Understanding the impact of suppliers on the company's operations, society, and the environment, and implementing supplier management, is crucial to sustainable corporate development. As a leading domestic enterprise, APC, in addition to pursuing profits, has the responsibility and obligation to share supply chain sustainability responsibilities with supplier partners.	Positive/Negative Impact Items - Positive actual impact - Proper supply chain management, quality improvement - Negative potential impact - International situations, pandemics, and weather affecting supply shortages	2025 Targets - Signing rate of existing supplier commitment letters: 100% - Local procurement accounts for $\geq 70\%$ - Passing rate of supplier evaluation and assessment $\geq 90\%$ - Passing rate of contractor evaluation and assessment $\geq 90\%$	Effectiveness Evaluation For details, see the table below for supply chain ESG risk management and its execution status.
Management Practices and Objectives Establish a supply chain sustainability risk assessment and prevention mechanism to build a supplier sustainability management culture.	Impact Boundaries Global raw material and engineering contractors, customers	2025 Execution Performance 2 supplier factories audited on-site (✓) 100% signing rate for newly added supplier commitment letters (✓) - Local procurement accounts for 98% (✓) - Supplier evaluation and assessment passing rates were 100% respectively (✓) - Contractor evaluation and assessment passing rates were 100% respectively (✓)	Grievance Mechanism APC has a Group Audit Department whistleblowing hotline and an official website suggestion box for complaints
strategy - Enhance procurement performance, establish partnerships - Build safety awareness, improve the working environment - Jointly bear corporate social responsibility	Negative Remediation and Preventive Measures Procure in advance, increase safety stock, and find alternative suppliers.	Short-term (<3 years) Targets - Promote the on-site audit system at supplier factories, target number: $\geq 2/\text{year}$ - Local procurement accounts for $\geq 70\%$ - Passing rate of supplier and contractor evaluation and assessment $\geq 90\%$ - Implement Supplier Code of Conduct and Quality Requirement Self-Assessment Form, achievement rate 100% 5. Suppliers with inventory data and carbon reduction targets account for $\geq 30\%$ of annual procurement amount	Management Approach Adjustment Internally, regular supplier evaluations and engineering construction assessments are conducted, and the results are discussed and adjusted; externally, irregular supplier exchange meetings are held to discuss and share on non-specific topics.
Goals We are committed to opening up communication channels with our suppliers and enhancing exchange opportunities, in order to jointly achieve sustainable business goals that comply with environmental protection, industrial safety, and human rights.		Mid-to-Long-term (≥ 3 years) Target Planning - Promote audits at supplier factories, target number: $\geq 4/\text{year}$ - Establish a supplier exchange platform, with professionals providing assistance and planning 100% signing rate of existing supplier commitment letters - Local procurement accounts for $\geq 70\%$ - Passing rate of supplier and contractor evaluation and assessment $\geq 90\%$ - Suppliers with inventory data and carbon reduction targets account for $\geq 50\%$ of annual procurement amount	



Supplier Classification and Procurement Proportion

As issues related to sustainable business and supply chain risk management gradually gain attention, APC, in addition to actively fulfilling its social responsibilities and giving back to society, also recognizes that we must better understand the impact of suppliers on the company's operations, society, and the environment to implement supplier management.

APC's main suppliers can be classified into raw material suppliers, equipment suppliers, and engineering contractors. Other suppliers such as IT hardware/software and administrative office supplies account for a very small proportion and will not be detailed. To effectively integrate Group resources, the Company and the Group's Material Planning Department jointly execute procurement-related businesses. Through an internal electronic procurement system, the procurement process is made transparent and fair, and we uphold the principle of integrity to establish stable cooperative relationships with suppliers.

2025 APC Supplier Classification and Transaction Amount Proportion

Supplier Category	Material Suppliers	Equipment Supplier	Project Contractor
Definition	Suppliers supplying equipment or parts for product manufacturing	Supplier to which projects are outsourced	Procurement Amount Proportion (%)
Vendors providing raw materials for product manufacturing	94	4	2

Supply Chain Management Policy GRI 2-23

In addition to requiring suppliers to provide high-quality and high-efficiency raw materials and services, we are also committed to opening up communication channels with our suppliers and enhancing exchange opportunities, in order to jointly achieve goals that comply with environmental protection, industrial safety, and human rights.



Enhance Partnerships, Share Sustainable Business Opportunities
Improve Industrial Safety Environments, Strive for Environmental Protection
Assume Social Responsibilities, Enhance Competitiveness

Supply Chain Risk Management GRI 308-2, 414-2

Risk Assessment	Preventive Measures	Impact Response	Future Plans
In addition to supply chain security requirements, the special conditions for chemical suppliers are identified as follows: - Chemical process leakage and pollution risks - Industrial safety and environmental pollution risks in high-dust, high-temperature, high-noise, or high-humidity workplaces. - High-altitude operation risks. - Industrial safety risks from cutting or welding. - Fugitive emission risks of Volatile Organic Compounds (VOCs). - Labor-intensive industries. - Risks of supply chain and engineering interruptions / delayed delivery and completion. - Raw material and engineering quality risks.	- Introduce supplier sustainability self-assessment questionnaires to provide initial risk identification information. - Establish long-term cooperative relationships with suppliers, develop other suppliers and maintain cooperative relations, and coordinate long-term material preparation systems. - Establish an internal safety inventory mechanism and set purchase requisition baselines according to supply schedules to avoid material shortage risks. - Procurement personnel undergo supply chain sustainability education and training. - Contractor environmental, safety, and health education and training.	- Adjust supplier supply ratios, filling in and coordinating with other suppliers in a timely manner. - For engineering parts, the environmental, safety, and health unit will immediately convene investigations on personnel safety, equipment damage, and environmental impacts, and hand over the compiled results to relevant units for response and understanding.	- In addition to prioritizing chemical suppliers, a risk assessment mechanism will be established based on procurement amounts, engineering contract amounts, or project importance levels, incorporating the on-site audit results of the aforementioned sustainable development strategies. - Conduct statistics and develop subsequent handling methods based on the aforementioned risk assessment and identification mechanisms and their risk levels.

Supply Chain ESG Risk Management Implementation Status GRI 2-24

Risk Item and Attribute	Suppliers (Chemicals)	Engineering Contractors
	Environmental (E), Social (S), Governance (G) Evaluation Aspects	
Potential Risks	- Chemical process (E) - High-dust, high-temperature, high-noise, or high-humidity workplaces (E) - Fugitive emission risks of Volatile Organic Compounds (VOCs) (E) - Labor-intensive industries (S) - Supply chain interruption / delay risks (G) - Quality risks (G)	- High-dust, high-temperature, high-noise, or high-humidity workplaces (E) - High-altitude operation risks. (E, S) - Labor-intensive (S) - Industrial safety risks from cutting or welding (S) - Engineering interruption / delayed completion risks (G) - Engineering quality risks (G)
Number of Audits and Visits	In 2025, pilot on-site audits were conducted at 2 companies, with a 100% pass rate.	In 2025, pilot on-site audits were conducted at 2 companies, with a 100% pass rate.
Audit Details	Environmental (E): Whether actions such as the manufacturing and storage of environmentally restricted substances are implemented in accordance with regulations. Governance (G): Quality, production and order management, customer complaint and satisfaction tracking, employee education and training, and external processing management.	Handled together with the engineering construction assessment of contractors.

Supplier Human Rights Due Diligence

The company's supplier human rights due diligence process is as follows:

Human Rights Issue Identification and Risk Assessment

Identify human rights issues by referencing international human rights standards and benchmarks of leading domestic and international peers. Conduct assessments through supplier and contractor questionnaires.

Preventive and Mitigating Measures

Focus on preventive and mitigating measures. If an incident has already occurred, execute effective remediation.

Grievance Mechanism

Provide open and accessible communication channels for grievances and counseling

Information Disclosure

Periodically disclose performance and progress in the ESG Report.

By referencing international human rights standards and benchmarks of leading domestic and international peers, the company has identified key supplier human rights issues. For tier-1 suppliers, the company has identified three major human rights issues as follows:

1. Occupational Health and Safety Management
2. Working Hours and Leave Management
3. Workplace Unlawful Infringement Prevention Management

Based on the human rights issues identified above, the company will distribute questionnaires to tier-1 suppliers in 2026 to conduct risk investigations and assessments. The corresponding mitigation measures are outlined below:

Risk Mitigation	
Occupational Health and Safety Management	Require suppliers and contractors to establish an occupational health and safety management system or relevant policies. Require suppliers and contractors to regularly perform hazard identification, education and training, and safety audits. Regularly review whether suppliers and contractors have been penalized by competent authorities due to violations of working hours or overtime management regulations.
Working Hours and Leave Management	Require suppliers and contractors to manage regular working hours in accordance with local labor laws. Require suppliers and contractors to establish working hours and overtime management systems, and regularly review their implementation. Regularly check whether suppliers and contractors have experienced major occupational accidents or have been penalized by competent authorities as a result.
Workplace Unlawful Infringement Prevention Management	Require suppliers and contractors to establish policies or management systems to prevent workplace unlawful infringements (including workplace bullying and violence). Require suppliers and contractors to provide employee grievance, investigation, and protection measures, and conduct regular awareness campaigns. Regularly review whether suppliers and contractors have experienced major workplace unlawful infringement incidents.

To track the implementation of due diligence, the company will regularly review the effectiveness of mitigation and remediation measures, and report the findings to the Sustainability Development Committee. The company has established a comprehensive grievance mechanism and channels for contractors and suppliers to report illegal actions or human rights violations.

Supplier and Contractor Dedicated Hotline: (02)-8751-6888 ext. 3771

Supplier Grievance Email: troychen@usig.com

Promotion of Supplier Code of Conduct (Supplier Social Responsibility Commitment Letter) GRI 308-1、403-7、414-1

In recent years, sustainable development indicators such as environment, labor, human rights, and social impacts have been valued by the public; in addition to APC, the codes of conduct of collaborating suppliers will also be examined for completeness. APC completed the revision of its internal standards in 2022, incorporating the signing of the commitment letter as one of the documents for new suppliers and listing it as a priority item for evaluating qualified vendors. Currently, sustainable development indicators such as labor and human rights, health and safety, environment, information security and privacy protection, and business ethics are considered as one of the factors for screening new suppliers and evaluating suppliers, and new suppliers are required to sign relevant commitment letters to comply with the following items:

Indicator Categories for Screening New Suppliers

Labor and Human

No forced labor, prohibition of child labor, provision of proper wages and benefits, protection of labor working hours and rest time, elimination of workplace sexual harassment, bullying, and workplace discrimination, and non-use of conflict minerals, etc.

Health and Safety

Including obtaining relevant certifications (such as ISO 45001), or specifically proposing necessary measures for occupational safety, emergency response, industrial hygiene, machine safeguarding, public health and accommodation, and health and safety information.

Environment

Including obtaining relevant certifications (such as ISO 14001), or proposing specific practices for relevant environmental operation permits, pollution prevention and resource conservation, hazardous substances, wastewater, non-hazardous solid waste, noise, air emissions, and reduction of energy/resource consumption and greenhouse gas emissions.

Code of Ethics

Including ethical corporate management, respecting intellectual property rights, complying with relevant confidentiality agreements, protecting privacy, avoiding conflicts of interest, etc.

Information Security and Privacy Protection

Including obtaining relevant certifications (such as ISO 27001), or specifically proposing practices including establishing information security management policies, strengthening verification, information security promotion, and access control monitoring; and implementing personal privacy data processing in accordance with relevant laws and regulations.

The signing of the commitment letter by APC's existing suppliers is an encouragement system, and they have been gradually required to sign and comply with the commitment letter.

The internal standards have been revised, and the signing of the commitment letter has been included as one of the documents for new suppliers; the signing of the commitment letter by existing suppliers was completed in 2025, with an achievement rate of 100%.

Currently, our main raw material and contractor Taiwan CPC Corporation, Dairen Chemical Corporation, and partner CTCI Corporation have all obtained ISO 14001 and ISO 45001 related certifications, meeting the Company's requirements for main suppliers in environmental management and occupational health and safety management, and are good sustainable development corporate partners of the Company.

Regarding the practice of investigating suppliers with potential negative impacts, APC conducts "proactive risk management," promoting sustainability issues and conducting due diligence through occasional supplier exchange meetings and on-site supplier plant audits, while also occasionally checking the Thumbing Footprint website to inquire whether suppliers have any major violations of the above clauses or news events, evaluating whether they will cause negative or potential impacts to the Company (such as being fined or suspended by competent authorities), and tracking, counseling, or proposing improvement suggestions for their violations or impacts, in order to make relevant risk control and response measures for potential raw material supply crises.

Supply Chain Management Mechanism GRI 403-7

Conditioned on quality, capability, and environmental policies, APC collaborates with high-quality suppliers for long-term cooperation to fulfill corporate social responsibility, communicates environmental policies to contractors and carriers, complies with the EU RoHS directive simultaneously, strengthens education and training on environmental protection, values the safety of construction vendors in the plant area, ensures the safety of various operations, protects the life safety and health of workers, and jointly manages risks well. We establish long-term strategic cooperative relationships with major raw material suppliers and build safe inventory based on the material preparation schedule to ensure a smooth supply chain. Furthermore, the Group's Material Division conducts regular supplier evaluation operations every year based on items such as quality, delivery time, environmental protection and industrial safety (ISO 14001 & ISO 45001 verification), packaging, quality certification (ISO 9001 verification), and service; In 2025, a total of 48 raw material suppliers were evaluated, with Grade A suppliers accounting for 100%; Additionally, 23 engineering construction assessments were completed, with a pass rate of 100%.

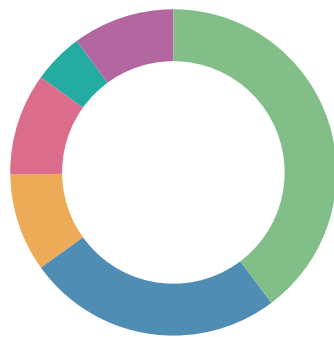
In addition to ensuring that the vendors adopted by the Company comply with the sustainable business philosophy of being friendly to the environment through the annual supplier evaluation operation, to maintain long-term cooperative exchanges, the Company holds occasional meetings with suppliers to open a two-way dialogue mechanism. The meeting content includes not only new product promotion but also new technology exchanges, market information, etc., to ensure a stable supply of major raw materials.

Moreover, during the process of contractors entering the plant for construction, construction quality relies on the supervision and management of on-site plant personnel, while environmental safety, occupational safety, human rights, and labor practices rely on engineering and industrial safety units to monitor quality, and regular reports are made to the headquarters to understand the situation.



Evaluation of Raw Material Suppliers and Engineering Assessment of Contractors

Annual Evaluation Items and Weightings for Raw Material Suppliers



- Quality (G) 40%
- Delivery Time (G) 25%
- Environmental Protection & Industrial Safety (E, S) 10%
- Packaging Quality (G) 10%
- Quality Certification (G) 5%
- Service (G) 10%

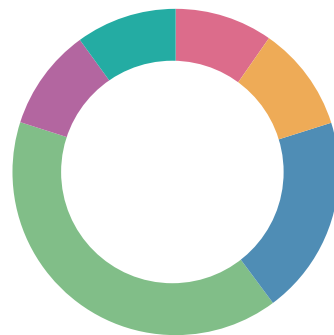
E, S, and G represent Environmental, Social, and Governance evaluation aspects respectively.

Annual Evaluation Results of Raw Material Suppliers for the Past Three Years

Item	2023	2024	2025
Number of Suppliers Evaluated	20	23	48
Pass Rate	100%	100%	100%

- Source: APC Supplier Evaluation
- Overall grading standard: Grade A 85-100 points, Grade B 75-84 points, Grade C 60-74 points, Grade D 59 points and below; Grade B and above are qualified suppliers.
- Those rated Grade A are given priority in obtaining transaction opportunities or increasing procurement volume from them.
- Those rated Grade C are given improvement suggestions, and their transaction relationship is reduced or suspended until the improvement is completed and recognized through re-evaluation.
- For those rated Grade D, the transaction relationship with them is terminated, and their qualified supplier status is revoked.
- Suppliers rated Grade A for 3 consecutive years can be exempt from evaluation for 3 years.

Engineering Acceptance Assessment Items and Weightings for Contractors



- On-site Person-in-Charge (G) 10%
- Construction Coordination (G) 10%
- Safety, Health, and Environmental Measures (E, S) 20%
- Engineering Quality (G) 40%
- Engineering Progress (G) 10%
- Environmental Maintenance (E) 10%

E, S, and G represent Environmental, Social, and Governance evaluation aspects respectively.

Engineering Assessment Results of Contractors for the Past Three Years

Item	2023	2024	2025
Number of Suppliers Evaluated	20	16	23
Pass Rate	100%	100%	100%

- Source: APC Contractor Construction Assessment
- Contractors with an assessment score of 70 or above are qualified contractors.
- For scores of 60-69, inquiries are suspended for 6 months.
- For scores of 50-59, inquiries are suspended for 1 year.
- For scores of 49 and below, bidding eligibility is canceled, and all dealings cease.

Supporting for Local Procurement

In 2025, the procurement amount of major raw materials accounted for 94% of the total annual procurement amount. To ensure a sustainable supply of raw material sources and stimulate market vitality, we are actively developing new suppliers. The Company upholds the spirit of implementing localized procurement. Under the premise of equivalent quality and supply conditions, we prioritize supporting local suppliers in Taiwan to shorten transportation routes, reduce supply risks, and decrease transportation carbon footprints. Influenced by industry operations in 2025, the local procurement ratio for raw materials, equipment, and engineering contracting increased significantly, with the overall amount ratio reaching 98%. Among them, the major raw materials ethylene and VAM nearly reached 100% local supply, and their domestic procurement ratios increased by 39% and 16% respectively compared to last year. This not only demonstrates the Company's concrete support for local industries but also effectively enhances resilience in responding to international logistics fluctuations, fulfilling the commitment to sustainable operations and local mutual prosperity.

APC's Local Procurement Amount Ratio for Raw Materials, Equipment, and Engineering Contracting in the Past Three Years (%)

Year	2023		2024		2025	
Location/ Materials	VAM	Ethylene	VAM	Ethylene	VAM	Ethylene
Taiwan	100	51	84	61	100	100
Foreign	0	49	16	39	0	0

Source: 2025 APC Amount Statistics

APC's Local Procurement Amount Ratio for Major Raw Materials in the Past Three Years (%)

Location	Ratio for Major Raw Materials (%)		
	2023	2024	2025
Taiwan	70	73	98
Foreign	30	27	2

Source: 2025 APC Amount Statistics

Procurement of Energy-Saving and Environmental Protection Equipment

In recent years, APC has continued to promote energy-saving and carbon reduction plans, and the procurement unit also prioritizes supporting environmentally friendly materials. Among them, a standard operating procedure document has been established. If a product obtains the Green Mark recognized by the Ministry of Environment, or is determined by the Ministry of Environment to meet the conditions of recycled material, recyclability, low pollution, or energy savings, or is determined by the relevant competent authority to meet the conditions of increasing social benefits or reducing social costs, it can be given priority for inquiry. APC's declared total green procurement amount in 2025 was NT\$ 28.39 million. The procurement items include lighting and equipment with Green Marks and Energy Labels, as well as energy-saving equipment renewal projects at the Linyuan Plant, which can reduce energy consumption to achieve energy-saving and carbon-reducing effects. The overall green procurement amount accounts for about 8% of the total equipment engineering amount, an increase of 7% compared to 2024. We will continue to carry out equipment energy-saving improvements to implement environmental sustainability and continue to move towards the corporate sustainable development goals.

