CASTLENET

CastleNet Technology Inc.

2024 Sustainability Report

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About this Report

This Report is CastleNet Technology Inc.'s (hereinafter referred to as "CastleNet," "the Company," or "we") the second sustainability report. The Report is available in both Chinese and English versions and can be accessed on the Company's website under the "Corporate Governance - Sustainability Committee" section for stakeholders and information users to review at any time.

Editorial Principles
Compliance/Reference

- Global Reporting Initiative (GRI)：GRI Sustainability Reporting Standards, GRI Standards 2021
- Sustainability Accounting Standard Board, SASB (SICS®)：Technology & Communications/Hardware
- Taiwan Stock Exchange (TWSE): Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies
- United Nations: Sustainable Development Goals (SDGs)
- Financial Stability Board (FSB)：Task Force on Climate-related Financial Disclosures (TCFD)
- Adhering to the RBA (Responsible Business Alliance) standards and other international and industry guidelines.

This Report aims to cover major issues of concern to stakeholders as comprehensively as possible and to demonstrate the Company's sustainability practices in its operations.

Report Period
The period covered by this Report falls within the financial year 2024 (from January 1, 2024 through December 31).

Scope of the Report
The scope of this report includes CastleNet's business locations, including the Taipei Daye Office and Hsinchu Office. Subsidiaries are not included in the disclosure scope, and some projects will be traced back to 2023. The "2024 Sustainability Report" does not involve information restatements.

Management Approach
The financial data disclosed in this Report is the consolidated financial information reviewed, audited, and published by PwC Taiwan in accordance with International Financial Reporting Standards (IFRS), with amounts stated in New Taiwan dollars. Other data or content in the Report were compiled and calculated by respective departments using commonly accepted numerical descriptions and the principle of rounding, and provided to the report editing team for the preparation of the Report. The completed report is examined and confirmed by department heads before being submitted to the Chairman for review and the Board of Directors for approval to go through the internal review process. The Company's ISO 9001 Quality Management System undergoes annual external verification and internal audits to ensure data accuracy. The sustainability report assurance process will align with TWSE/TPEx-listed companies' sustainability development roadmap, targeting completion by 2027.

Publication
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Message from Chairman

With the changing global economic landscape, the market environment is facing unprecedented challenges. In 2024, due to the escalation of geopolitical conflicts and the continued impact of inflation, global economic growth is slowing down, and market confidence continues to be under pressure. In addition, frequent extreme weather events and natural disasters, coupled with insufficient investment in public administration, have led to a decrease in market stability and further increase in business risks. Under this background, the structure of the global consumer electronics market has undergone changes, with an increase in essential expenditures compressing other consumer demands, weak demand in the end market, slow inventory turnover, and immense pressure on the industrial supply chain. Entering 2025, global economic uncertainty is still on the rise, and factors such as inflation trends, interest rate policies, and tariff trade protectionism will continue to affect business operations and market stability. In this situation, how to strengthen the competitiveness of enterprises, achieve stable development, and take into account environmental sustainability has become an important issue for enterprise management.

To cope with current market changes and future challenges, CastleNet will uphold the concept of sustainable development, promote diversified market layout, diversify regional risks, and continuously optimize product strategies and supply chain management to ensure competitive advantage. At the same time, the company will actively implement environmental, social, and corporate governance (ESG) policies, strengthen the establishment of green supply chains, optimize production processes, and strive to reduce carbon emissions and enhance corporate social responsibility. In addition, the company also values talent development and work environment optimization, providing employees growth opportunities, strengthening internal training and organizational resilience to ensure long-term stable development of the enterprise.

Looking back at the past, although 2024 was full of challenges, CastleNet still responded steadily, constantly adjusted the strategies, and laid a solid foundation for future development. Looking ahead to 2025, we will continue to deepen our market layout, strengthen operational management, and promote enterprise transformation with innovative thinking. CastleNet will work together with partners and employees to achieve the goal of sustainable development and growth.

CastleNet Inc. Chairman

Ying Chang

Chapter 1 Operations and Performance

1.1 Company Profile

CastleNet was established in 1998, focusing on broadband network communications as a professional OBM/ODM manufacturer of networking equipment. The Company specializes in the development, manufacturing, and sales of products such as Broadband Cable CPE, Mesh WiFi, and xPON. As one of the leading companies in Taiwan's CPE industry, CastleNet is a major supplier of broadband modems in the nation, with its products primarily marketed in Europe, South America, Japan, and South Korea. Its quality and reliability have long been recognized by the networking industry and its customers.

CastleNet possesses expertise in the development and manufacturing of Wide Area Network (WAN), Local Area Network (LAN), and wireless technologies, offering comprehensive solutions to customers that encompass development design, production planning, marketing applications, and after-sales service. By leveraging its rapid market response in development and mass production capabilities, CastleNet effectively meets the customized demands of cable television multiple system operators (MSOs), telecom operators, and internet service providers (ISPs).

The Company is a member of the Kinpo Group, with its parent company being Kinpo Electronics, Inc. (hereinafter referred to as "Kinpo" or “Kinpo Group”).

1.2 Operating Locations

CastleNet has accumulated years of lean production technology, with its main production sites located in Southeast Asia. This allows the Company to offer customers the highest quality products and services, while strategically positioning its production sites close to markets to lower customer logistics costs and achieve supply chain carbon reduction goals. Internally, the Company uses a highly efficient ERP platform to strengthen internal management and provide customers with accurate shipping information. By leveraging an app-based data management system, CastleNet overcomes the limitations of time and space, and creates a win-win situation with real-time management applications for both the Company and its customers.

Basic Company Information

Company Name	CastleNet Inc.
Stock Code	8059
Headquarters Address	No. 14, Ln. 141, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City 222404 , Taiwan (R.O.C.)
Management Team	Ying Chang
Headcount	87
Lines of Business	To design, develop, produce, and sale the products such as Broadband Cable CPE products, Mesh Wi-Fi system products, and ONT products.
Date of Incorporation	June 26, 1998
Capitalization	NT$1.934 billion (Note)
Operating Revenue	NT 4.1 million
Company Website	https://www.castlenet.com.tw/tw

Note: The amount of common stock capital as of December 31, 2024.

1.3 Operational Overview

CastleNet currently holds approximately a 1% share of the global market, with its primary business concentrated in regions such as Turkey, South Korea, Japan, and Central and South America. Despite changes in the market environment, CastleNet remains committed to OBM

(Original Brand Manufacturing) as its main business model. Leveraging its strong R&D capabilities and years of marketing experience, the Company actively partners with system integrators across various regions. Meanwhile, CastleNet is dedicated to exploring emerging markets to expand business opportunities, boost product competitiveness, and further bolster the Company's value.

Currently, over 80% of CastleNet's shipped products feature wireless network capabilities, primarily high-end home routers. This integrated approach to R&D, manufacturing, sales, and system integration differentiates CastleNet from competitors that only engage in contract manufacturing, enabling CastleNet to interact directly with end-users and achieve direct sales. Looking ahead, CastleNet will continue to focus on product development and closely collaborate with customers to respond flexibly to market demands. The Company will continually enhance its innovation capabilities to provide more valuable services to customers while striving for higher-quality products. Going forward, CastleNet is expected to achieve significant growth.

Operating Share of Product

	2020	2021	2022	2023	2024
Consumer electronics	97.16	99.9	99.9	96.84	96.45
Other	2.84	0.1	0.1	3.16	3.55
Total	100	100	100	100	100

Products and Services

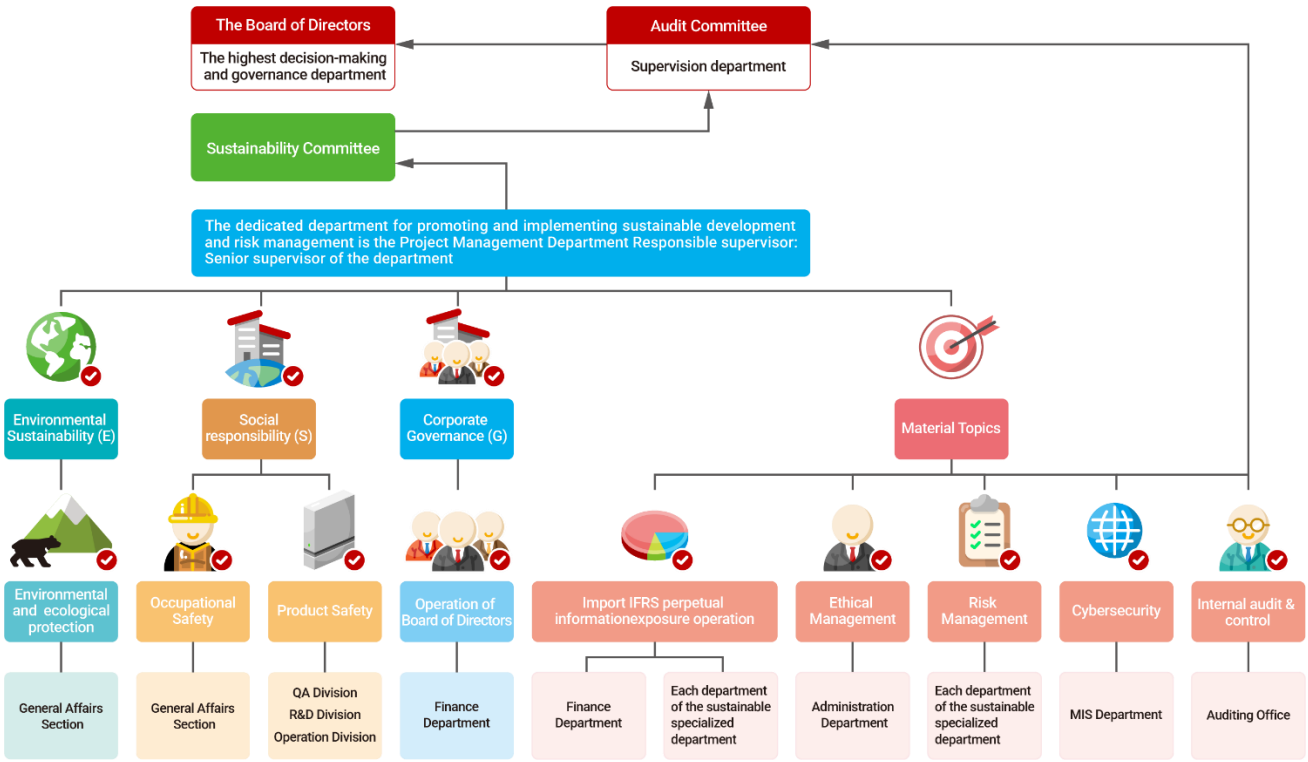
- Broadband Cable CPE product: Cable Modem, Cable Router, EMTA Gateway, Cable Modem Module.
- Mesh Wi-Fi system products: Mesh Wi-Fi Controller, Mesh Wi-Fi Extender, Wi-Fi management system and premise application.

Chapter 2 ESG Governance

2.1 ESG Governance Organization

In accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," CastleNet has established a Sustainability Committee, which is overseen and guided by the Board of Directors to ensure the implementation of the Company's sustainability initiatives. The Sustainability Committee is chaired by the President, with members including department heads and other designated personnel. The committee organizes necessary working groups based on the professional functions of each department, identifies relevant sustainability issues according to their respective responsibilities and authority, sets specific sustainability goals, promotes and ensures execution, reviews and tracks results, and reports to the Board of Directors at least once a year.

Sustainability Management Organization Chart



Suatainability Management Organization and Operations

Organization	Frequency of Meetings / Issuance	Responsibilities
Board of Directors	Annually 2024: Once	• At least once a year, review the performance report of the Sustainability Committee based on the Company's operational status and current developments, and continuously monitor the Company's sustainability status and performance.
Sustainability Committee	Annually 2024: Once	• Responsible for setting the vision, goals, policies, and strategies for sustainable development, overseeing capital expenditures required for sustainability, and supervising and guiding the implementation of sustainability efforts. • Chaired by the President, with high-level executives serving as committee members, forming the Company's highest decision-making and execution body for sustainability, the Committee maintains two-way communication with the Board of Directors to enhance implementation effectiveness. • Optimize the use of external developments (e.g., regulations, economy, market, macro-environment changes) and internal resources (e.g., corporate development and vision) to formulate specific sustainability goals for the Company.

*The Company established the Sustainability Committee in 2022, chaired by the President. The committee leads

departmental heads in developing and implementing sustainability initiatives and reports the progress to the Board of Directors at least once a year.

2.2 Sustainability Blueprint and UN Sustainable Development Goals

CastleNet's Sustainability Vision and Policies

Vision

To pursue sustainable business operations and integrate with the environment and society, becoming the most trusted partner for stakeholders.

Policies

Following the parent company Kinpo's management philosophy of "Innovation, Harmony, Transcendence," and upholding core values of environmental, economic, and social sustainability, we are committed to advancing the five key areas of corporate governance, employee care, social engagement, supply chain management, and sustainable production to achieve CastleNet's sustainability goals.

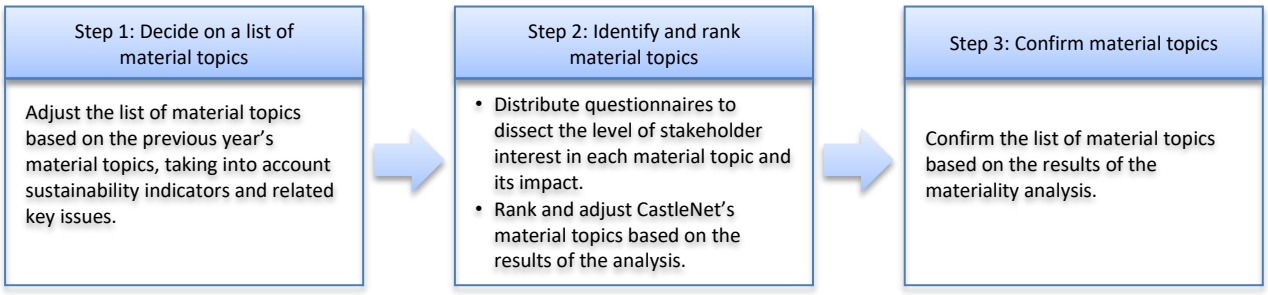
Core ESG	Five Topics	Strategy	SDGs	Corresponding GRI Topics	Corresponding Report Sections
Economic	Corporate Governance	Ethical Management Regulatory Compliance Risk Management Internal Control Economic Performance Information Security		GRI201: Economic Performance GRI205: Anti-corruption	Chapter 3 Corporate Governance Chapter 6 Partnerships
Environmental	Environmental Sustainability	Energy Management Water Resources Chemicals		GRI302: Energy GRI303: Water and Effluents GRI305: Emissions GRI306: Waste	Chapter 5 Environmental Sustainability
Social	Social Engagement	Caring for the Disadvantaged Local Care		N/A	Chapter 8 Social Engagement
	Employee Care	Respect for Human Rights Occupational Health & Safety Work-Life Balance Human Resource		GRI202: Market Presence GRI401: Employment GRI403: Occupational Health and Safety GRI404: Training and Education	Chapter 7 Employee Wellbeing

Core ESG	Five Topics	Strategy	SDGs	Corresponding GRI Topics	Corresponding Report Sections
		Cultivation		GRI405: Diversity and Equal Opportunity GRI406: Non-discrimination GRI408: Child Labor	
	Value Chain Relationships	Customer Commitment Supplier Management		GRI308: Supplier Environmental Assessment GRI414: Supplier Social Assessment	Chapter 6 Partnerships
		Innovative R&D Green Manufacturing Quality Management		GRI416: Customer Health and Safety GRI417: Marketing and Labeling GRI418: Customer Privacy	Chapter 4 R&D Innovation

2.3 Analysis of Material Topics

CastleNet's sustainability report is prepared in accordance with the GRI Sustainability Reporting Standards, using materiality as the fundamental principle for determining the content and level of disclosure in the report. Higher materiality indicates a greater risk associated with the issue; if not properly managed, it could impact the Company's operations, stakeholder decisions, and result in serious environmental and social consequences. The list of potential material issues for this year is based on factors such as institutional investors' sustainability evaluation concerns, major global sustainability trends and issues, and material topics from benchmark companies. Once the issue list is established, materiality is assessed based on three criteria: "importance to business operations," "impact on stakeholder assessment and decision-making," and "external economic, environmental, and social impacts." This analysis determines the placement of each issue on the materiality matrix, which is then adjusted and finalized before submission for approval by the Chairman. The analysis process is outlined as follows:

Material Topic Analysis Process



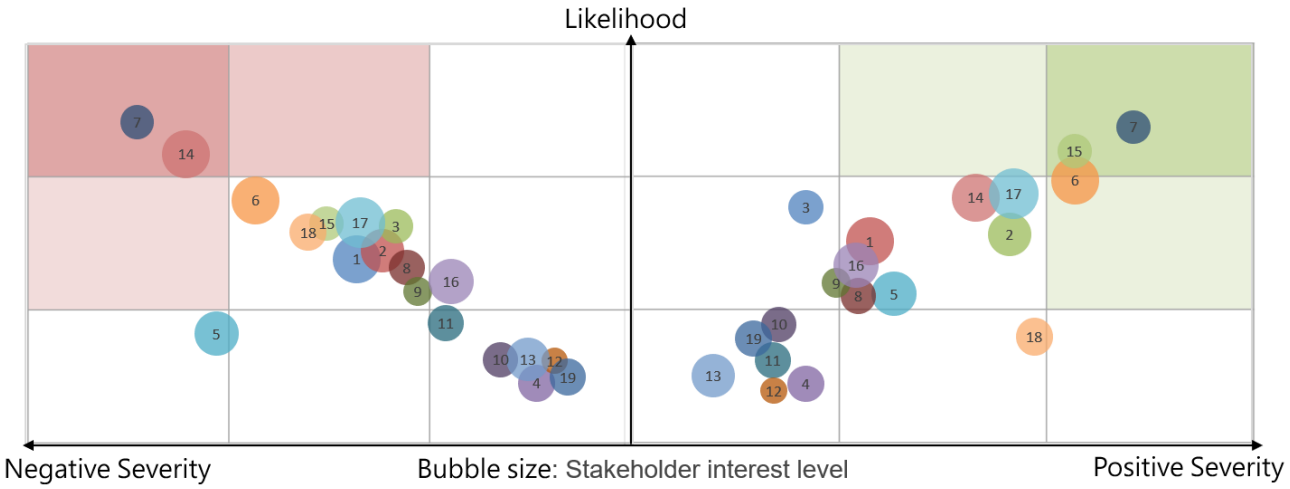
We have revamped our list of material topics based on the previous year's material topics, taking into account the SASB, the TCFD proposal, CDP, and key economic, social and environmental issues on a global scale and among peers. Following a selection process, we have narrowed down the list to 19 topics for 2024, including 6 on environmental sustainability, 6 on social inclusion and 7 on sustainable governance.

CastleNet's List of Material Topics for 2024

Environmental Sustainability (E)	Social Inclusion (S)	Sustainable Governance (G)
• Climate Strategy • Energy Management • Water Management • Waste Management • Air Pollutant Management • Biodiversity	• Product Responsibility • Talent Attraction & Retention • Diversity & Inclusion • Human Capital Development • Occupational Safety & Health • Social Impact	• Economic Impact • Ethical Management • Sustainable Supply Chain • Tax Management • Innovation Management • Information Security • Quality Management

We distributed questionnaires on sustainability issues and impact analysis to examine the level of stakeholder interest in each material topic and the positive and negative, actual and potential impacts and likelihood of occurrence. Based on the results of the analysis, we ranked CastleNet's material topics and adapted the materiality of the topics with the professional advice of external consultants. The issues outside of the red semi-circle are CastleNet's material topics as assessed.

Material Topic List Matrix



Negative/Positive		Negative/Positive		Negative/Positive	
1	Economic Impact	8	Climate Strategy	15	Talent Attraction & Retention
2	Ethical Management	9	Energy Management	16	Diversity & Inclusion
3	Sustainable Supply Chain	10	Water Management	17	Human Capital Development
4	Tax Management	11	Waste Management	18	Occupational Safety & Health
5	Innovation Management	12	Air Pollutant Management	19	Social Impact
6	Information Security	13	Biodiversity		
7	Quality Management	14	Product Responsibility		

Based on the results of the material topics analysis, our list of material topics was reviewed by the Sustainability Committee and confirmed by consensus. In 2024, CastleNet identified 5 material topics, including 3 on society and 3 on governance. However, after internal discussion by the CastleNet Sustainable Development Committee and confirmation by the Chairman and General Manager, as climate strategy, energy management, water resource management, and waste management are important issues currently promoted by the government, CastleNet hope to

contribute more to environmental sustainability. Therefore, we have added the four comprehensive issues mentioned above to the climate strategy project for environmental sustainability to demonstrate our emphasis on them. After the addition, the major themes of CastleNet in 2024 should be 5 material topics, including 1 on the environment, 3 on social, and 2 on governance.

CastleNet's List of Material Topics for 2024

Aspects	Material Topics	Corresponding GRI Topics	Significance to CastleNet and Coping Strategies	Corresponding Report Sections
Environmental Sustainability (E)	Climate Strategy	GRI 201 Economic Performance	By taking action to support international initiatives and national policies, CastleNet identified the risks and crises associated with climate change, built resilience to climate change in advance, and mitigated the risk of financial impact. We introduced a TCFD framework and energy management approach and set medium and long-term energy-saving targets and maintained a PDCA cycle to ensure that energy-saving goals were reached.	Chapter 5 Environmental Sustainability
Social Inclusion (S)	Talent Attraction & Retention Human Capital Development	GRI 202 Market Presence GRI 401 Employment GRI 404 Training and Education GRI 406 Non-discrimination GRI 408 Child Labor	Talent is the fundamental and most valuable asset of an enterprise, and we need to establish a comprehensive recruitment and retention strategy and plan to ensure that we do not lose key personnel due to their retirement, booming job markets or poaching by other companies. CastleNet has built a diverse and inclusive workplace environment through multiple and innovative recruitment channels to bring in talented people from around the world, and is dedicated to building a happy workplace and joining forces with customers for mutual sustainable growth.	Chapter 7 Employee Wellbeing
Sustainable Governance (G)	Product Responsibility	GRI 416 Customer Health and Safety	CastleNet attaches great importance to product liability, not only strictly implementing annual product liability insurance, but also complying with relevant regulations based on the national security standards of different customers. At the same time, CastleNet uses components with an emphasis on the integration of environmental awareness, such as direct recycling and reducing the amount of installation manual paper, etc..	Chapter 4 R&D and Innovation Chapter 6 Partnerships
	Quality Management	GRI 417 Marketing and Labeling	By upgrading quality in all aspects of R&D, production and management, CastleNet is able to consistently provide quality products and services to enhance the company's core competitiveness and create a win-win situation with our customers. Insisting on the quality policy of "providing products and services that	4.2 Quality Management

Aspects	Material Topics	Corresponding GRI Topics	Significance to CastleNet and Coping Strategies	Corresponding Report Sections
			satisfy our customers, doing the job right from the outset, and constantly seeking to improve quality," we have established a comprehensive and sustainable quality management system through various quality management certifications to ensure that we furnish customers with products and services of the highest caliber and boost the overall competitiveness of our industrial chain.	
	Information Security	GRI 418 Customer Privacy	CastleNet attaches great importance to information security, ensuring the stability and security of information and compliance with legal regulations through sound systems and effective monitoring. We hold ourselves to a high standard by continuously refining our internal management and obtaining ISO information security certification to protect the confidentiality, integrity, and availability of our information, and the reliability of our information equipment and network systems. Further, we raise our employees' awareness of information security and ensure that these resources are guarded against interference, destruction, intrusion, or any adverse actions and attempts that may compromise the interests of our customers and the Company.	3.4 Information Security Management

2.4 Stakeholder Communication

By referring to the GRI Standards and adopting the AA1000 Stakeholder Engagement Standard (SES) as the criteria for determination, CastleNet has identified 6 major stakeholders, including employees, customers, suppliers, government agencies, shareholders/investors, and the media, based on an analysis of the five essential principles of accountability, influence, intensity, frequency of communication, and dependency. By consistently communicating with stakeholders through various channels and responding to their needs, we make sure that the direction of the Company's operations meets the expectations of our stakeholders.

Stakeholder Communication Outcomes for 2024

Stakeholder	Key Communication Issues	Communication Channels and Contact Points	Frequency	Our response and actions in 2024
Employees	• Labor-Management Relations • Understanding employee feedback and opinions	• Labor-management meetings • Staff Suggestion Box	• Organized quarterly • Processed immediately	• 4 employee Welfare Committee meetings • Held 4 labor-management meetings • Conducted performance appraisals as planned, one each in the first and second half of the year

Stakeholder	Key Communication Issues	Communication Channels and Contact Points	Frequency	Our response and actions in 2024
				• 0 employee grievance cases
Customers	• Understanding and responding to customer needs and feedback • Complaint channels • Product introduction and service	• Business visits • Company website - Customer complaints portal • Company website - Product and technical support	• As needed • As needed • Processed immediately	• Contacted customers periodically, based on their needs, through video conferences and visits to understand their requirements and explore collaboration opportunities. • Actively participated in international electronics and communications product exhibitions, as well as new product development events hosted by customers (or potential customers), to understand customer needs, engage with new customers, and explore new business opportunities.
Suppliers	• Understanding company needs • Maintaining relationships with vendors	• Phone communication and on-site visits • Procurement personnel visits	• Occasionally • Annually	• Suppliers are required to sign a procurement contract and comply with the following commitments that between Kinpo Group and the suppliers: 1. Environmental standards for "Environmental Protection Requirements and Restricted Substances in Products." 2. Intellectual Property Rights guarantees. 3. An "Ethical Commitment Letter," prohibiting the supplier from providing any improper benefits to related parties in any form. 4. The Group's "Code of Conduct" and CSR regulations, fulfilling corporate social responsibilities. 5. Obligation of

Stakeholder	Key Communication Issues	Communication Channels and Contact Points	Frequency	Our response and actions in 2024
				confidentiality for any information provided to the supplier by the Company, with a prohibition on unauthorized disclosure. 6. Conflict minerals declarations
Shareholders/ investors	• Facilitating shareholders, investors, and other stakeholders in obtaining material company operational information, and timely addressing or handling inquiries, feedback, or suggestions from shareholders, investors, and other stakeholders	• Annual general meetings • Investor conferences • MOPS material information, announcements, electronic book xbrl sections, etc. • Company website including investor, corporate governance, and stakeholder sections for reading, correspondence, and phone contact • Spokesperson system • Whistleblowing system	• Hold an AGM and organize or participate in at least one investor conference • Regularly and irregularly disclose information on the MOPS and the company website as required by law • Continuously implement the spokesperson system and whistleblowing system	• The management team, along with directors and auditors, would communicate periodically and also conduct separate meetings with management and independent directors, with a total of 3 times regular meetings in 2024. • Held 1 AGM • Held 1 investor conference • Responded promptly to multiple investor calls or emails • Kept an eye on the whistleblowing mailbox

Participation in External Organizations

By participating in associations, CastleNet gains access to the latest professional information, which supports the Company's business development and offers opportunities to build new working relationships. In 2023, CastleNet engaged with a total of three external associations, as listed below:

No.	Name of Associations and Organizations
1	Taiwan Electrical and Electronic Manufacturers' Association
2	CableLabs
3	Wi-Fi Alliance

Chapter 3 Corporate Governance

CastleNet adheres to the principles of ethical management and is committed to establishing a solid corporate governance system, practicing business ethics, observing legal regulations at all operational sites, and fostering a culture of ethics, transparency, and accountability. Our governance goals include strengthening the board structure, optimizing corporate governance, advancing

corporate sustainability, and upgrading cybersecurity protections.

3.1 Corporate Governance

CastleNet places great importance on operational transparency and corporate governance. The Company abides by the Company Act, Securities and Exchange Act, and other relevant regulations, while focusing on establishing an effective corporate governance framework, strengthening the board's functions, protecting shareholder rights, enhancing internal controls and auditing, and improving information transparency. By adhering to the ethical management principles, CastleNet has developed various systems and methods to implement the principles of corporate governance, aiming to boost operational performance and achieve sustainable business practices.

We will consistently enhance board effectiveness and improve its functions through corporate governance evaluations, fostering a culture of good governance. A comprehensive stakeholder communication platform will be set up to encourage shareholder engagement. We'll also improve non-financial information disclosure to strengthen corporate governance reporting.

CastleNet's Corporate Governance Strategy

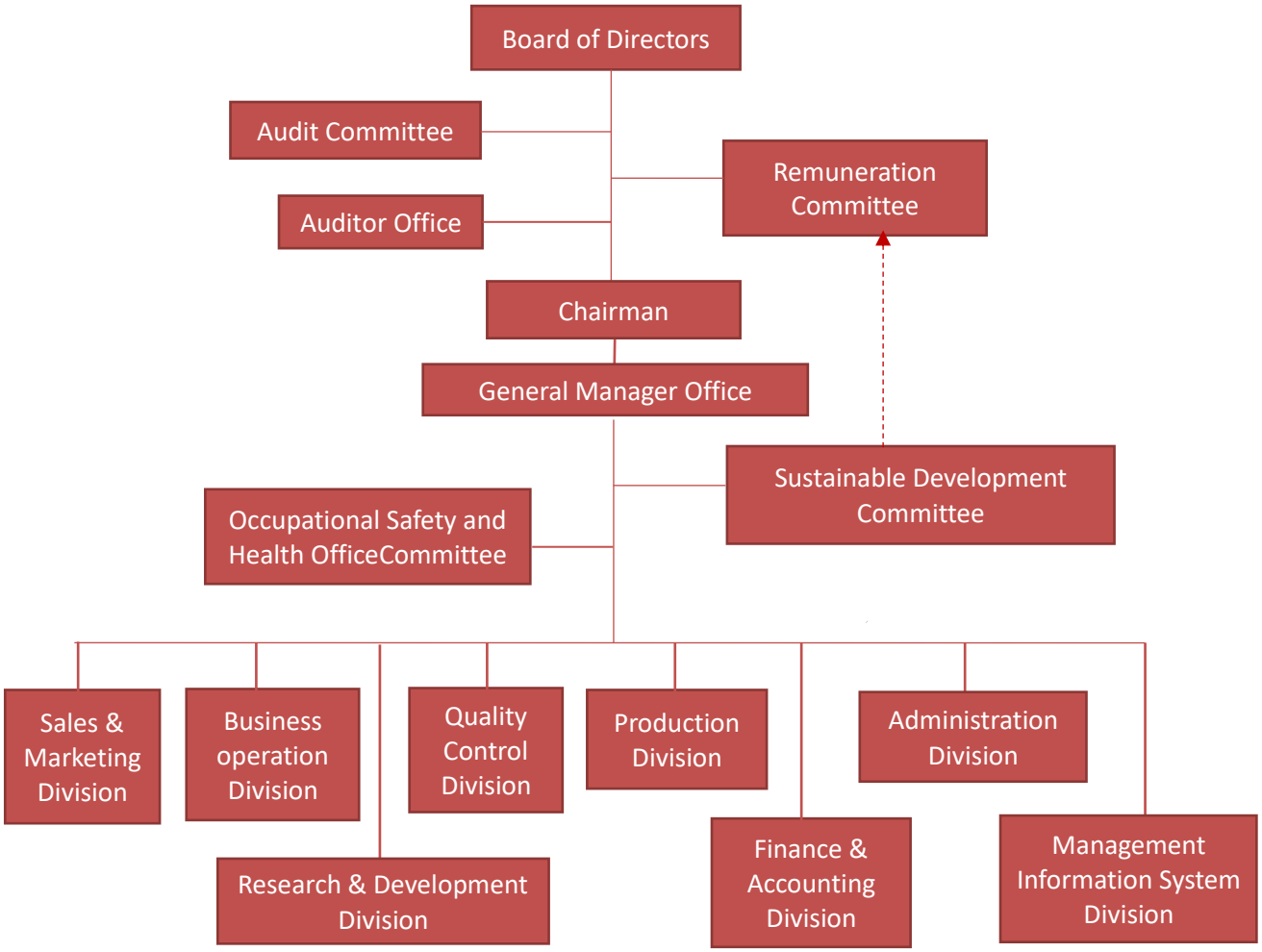
Topic	Corresponding to Corporate Governance Requirements	Content
Regulatory Compliance	Comply with international requirements	Regularly search for international sustainability guidelines and incorporate them into corporate governance planning, and developed a corporate governance charter as required by the competent authorities as a guiding principle for internal corporate governance.
Division of Competences	Strengthen Board functions Foster a sustainable corporate culture	The Board of Directors is composed of members with diverse expertise, backgrounds and experience, and a Compensation Committee and an Audit Committee are established to provide professional advice on corporate governance to the management team and to regularly keep track of operational performance.
Performance Appraisal	Upgrade Board functions Improve corporate governance	Participated in the "Evaluation of Corporate Governance of TWSE/TPEx Listed Companies" by the competent authorities, formulated strategies to strengthen corporate governance, and laid down the "Rules for Performance Evaluation of Board of Directors" to regularly evaluate the performance of the board members and functional committees every year.
Information Disclosure	Boost information transparency	Hold a board meeting at least once a quarter to review the Company's operational performance and discuss important strategies, and make important board resolutions available on the Market Observation Post System and the Company's website for investors to obtain important information about the Company in real time.
Communication	Enhance	The Company holds AGMs and investor conferences on

Topic	Corresponding to Corporate Governance Requirements	Content
& Interaction	stakeholder communication	a regular basis to communicate directly with investors and shareholders on corporate governance issues, and prepares and publishes annual reports and CSR reports on the Company's website, while announcing the "Communication and Contact Channels for Stakeholders" on the website to facilitate two-way communication between stakeholders and the Company.

Sustainable Governance Structure

The CastleNet Board of Directors is the highest governing body and major decision-making authority for the Company. Its primary responsibility is to oversee the Company's operations in accordance with laws and company regulations, ensuring compliance with various legal requirements, regulations, and shareholder resolutions. Meanwhile, the board provides professional strategies and advice to the management team to maximize shareholder value and protect the interests of all stakeholders.

The Company's management team, led by the President and comprising the highest executives from each department, fulfills its roles with dedication and expertise to achieve operational and performance goals.



The Board nominates candidates based on fundamental criteria, values, professional knowledge, and skills, with clearly defined qualifications and assessment standards. This process aligns with the Company's Articles of Incorporation, Rules for Election of Directors, Corporate Governance Best Practice Principles, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and Securities and Exchange Act Article 14-2. The Company institutes diverse policies that consider varied professional backgrounds, gender, and fields of expertise, tailored to its in-house operations, business model, and developmental requirements. CastleNet prioritizes expertise and complementarity across different domains to strengthen the integrity of its board structure.

The composition of our Board of Directors is diverse, with members possessing the necessary knowledge, skills, and qualities required to perform their duties. To achieve the ideal goals of corporate governance, the board collectively has capabilities in business judgment, accounting and financial analysis, management, crisis management, industry knowledge, international market perspective, leadership, and decision-making. We believe that a professional, diverse, and independent board composition will contribute to enhancing the board's governance performance. Our Board of Directors currently consists of 10 members, including four independent directors. At present, there is one female director, representing 10% of the board. The age distribution is as follows: 10% are under 50 years old, 20% are between 50-59 years old, 50% are between 60-69 years old , and 20% are over 70 years old. Regarding the tenure of independent directors, 75% have served for less than three years, and 25% have served for three to six years.

Membership of the Board and Committees

Title & Name	Gender	Concurrently serving as an employee or manager of the company, its parent, subsidiary, or sibling companies	Age				Main diversified businesses/areas							
			40 - 49 years old	50 - 59 years old	60 – 69 years old	70 years old above	Business management	Internet and communication industry	International trade and commerce	Consumer electronics industry	Production and manufacturing	Financial accounting	Information management	ESG
Chairman Chang, Ying	Male	√			√		√	√	√	√		√	√	
Director Hsu, Wei-Yang	Male				√		√		√	√				√
Director Huang, Yu-Hui	Male	√			√		√			√	√	√		
Director Chiang,Tai-Chang	Male	√		√				√	√	√				
Director Lin, Cheng-Hsien	Male	√			√		√					√		√
Director Chen, Pei-Yuan	Male	√			√		√	√	√	√				
Independent Director Hsu, Sheng-Haur	Male					√	√	√	√	√	√			
Independent Director Tsai, Chien-Wen	Male					√	√			√	√	√		

Independent Director Fu,Chi-Ching	Male			√			√	√	√				√	
Independent Director Chen, Yi-Ling	Female		√									√		
%	Male 90% Female 10%	50%	10%	20%	50%	20%	21%	13%	16%	18%	8%	13%	5%	5%

Notes:

1. The current Board of Directors is the ninth term, with a tenure from June 27, 2022, to June 26, 2025.
2. Complete background information on the board members, including their education, experience, training, meeting attendance, and positions held in other companies, has been disclosed in the Company's annual report, on the official website, and on the Market Observation Post System (MOPS). Please refer to the "3. Corporate Governance Report" in the 2024 annual report.
3. For details on the diverse composition of the board, please refer to the Company's official website.

CTI Shareholder Information

CTI Board of Directors

Operation of Board of Directors

The Board of Directors exercises its authority based on relevant laws, the Company's articles of incorporation, and the resolutions of the annual shareholders' meeting. The Board formulates the Company's specific business strategies, supervises the performance of the management team, and, with an independent and impartial spirit, provides specialized advice in the areas of operations, technology, and finance. The Board collectively shares responsibility for the Company’s strategy, operations, and oversight. When the Board convenes, in addition to the attendance of the audit supervisor to report on the execution of audit tasks, other responsible personnel also attend and are available to answer questions depending on the agenda items.

The Board of Directors convenes regularly to discuss various operational matters of the Company, with the content of these discussions disclosed in accordance with legal requirements. When a matter involves the interests of a board member, the internal conflict of interest avoidance system is strictly followed. In 2024, the actual attendance rate of directors exceeded 94%, and with proxy attendance included, it reached 100%. (For more details on board operations, meeting content, and conflict of interest situations, please refer to the Annual Report: "2. Corporate Governance Report – 2.3. Corporate Governance Operations – (2.3.1) Board of Directors")

Number of Meetings	• 5 Board meetings were held in 2024 to discuss topics such as the Company’s business strategy and governance operations. • Over 94% actual attendance at Board meetings in 2024 (100% including delegated attendance).

Sustainability Topics	• The Company's Sustainability Committee was established on August 5, 2022, following a resolution by the Board of Directors. The committee communicates sustainability-related issues with the Board at least once a year, covering five key areas: environment, society, corporate governance, risk management, and cyber security. The committee also provides updates on relevant plans and progress in these areas. The Sustainability Committee has reported to the Board on the Company's sustainability implementation, achievements, and future plans on May 10, 2024. • On November 11, 2024, the Board of Directors of our company approved the revision of the regulations of the Sustainability Committee and appointed the Audit Committee as the supervisory unit of the Sustainability Committee and the Risk Management Group. The Sustainable Development Task Force is responsible for regularly reporting to the Audit Committee on the relevant strategies, risks, and implementation of sustainable development/risk management.

Functional Committees

The Board of Directors is the highest governance body and the key decision-making authority of the Company. It establishes various committees to assist with the quality of the Board's supervision and decision-making. The Board's primary responsibility is to supervise the Company's operations in accordance with laws and Company regulations, ensuring compliance with legal requirements and the Company's Articles of Incorporation, as well as the execution of shareholders' resolutions. Meanwhile, the Board provides professional strategies and advice to the management team, aiming to maximize shareholder value and protect the rights and interests of all stakeholders.

Operation of Audit Committee

The Company established the Audit Committee to enhance corporate governance and strengthen the professional functions of the Board of Directors and laid down the Audit Committee Charter. The Audit Committee is composed of three independent directors, namely Hsu, Sheng-Haur, Tsai, Chien-Wen, Fu, Chi-Ching and Chen, Yi-Ling, and elected Hsu, Sheng-Haur as convenor.

The Audit Committee of the Company conducts annual meetings with the Company's certified public accountant (CPA) to discuss the review or audit results of quarterly financial statements and other matters mandated by relevant laws and regulations. The Committee also assesses the selection of the CPA and evaluates the independence of both audit and non-audit services provided. The Company's internal audit supervisor regularly presents audit summary reports and holds internal control self-assessment meetings with the Audit Committee according to the annual audit plan. Additionally, the Audit Committee regularly reviews the Company's internal control system, internal audit personnel, compliance with applicable laws and regulations, and the management of existing or potential risks. And since November 11, 2024, the board of directors has passed a resolution to appoint the Audit Committee as the supervisory unit of the Sustainability Committee and the Risk Management Group, to supervise and review the company's sustainable development and risk management strategies, procedural framework, risks, and execution status.

During the reporting period, the Company did not have any proposals that were passed by the Board of Directors with more than two-thirds approval without being reviewed and approved by the Audit Committee. Additionally, there were no proposals requiring the avoidance of conflicts of

interest by independent directors. In 2024, the Audit Committee held 5 meetings, with an actual attendance rate of 100%. (For details on the Audit Committee's operations and resolutions, please refer to the 2024 Annual Report, "2. Corporate Governance Report – 2.3. Corporate Governance Operations – (2.3.2.) The Audit Committee")

Operation of Remuneration Committee

The Company's Compensation Committee is composed of three independent directors: Hsu, Sheng-Haur, Tsai, Chien-Wen, and Fu, Chi-Ching, with Hsu, Sheng-Haur serving as the convener. The Committee's responsibilities include regularly assessing and setting the salaries and compensation for directors and managers, and periodically reviewing and updating the policies, systems, standards, and structures for performance evaluation and compensation of directors and managers. This ensures that compensation is aligned with individual and company performance to maintain fairness and attract and retain top talent. In 2024, the Compensation Committee held two meetings, with an actual attendance rate of 100%. (For details on the Compensation Committee's operations and resolutions, please refer to the 2024 Annual Report: "2. Corporate Governance Report – 2.3. Corporate Governance Operations – (2.3.4) The Remuneration committee").

Operation of Sustainability Committee

To advance sustainability initiatives, the Company resolved on August 5, 2022, to establish a Sustainability Committee, as approved by the Board of Directors, and adopted the "Sustainability Committee Organizational Regulations." The committee is chaired by the President, with Huang, Chi-Hsien, Director of the President's Office, appointed as the Executive Officer. Committee members include department heads and other designated personnel. The committee first reported on the Company's sustainability performance to the Board of Directors on November 10, 2022, and provided a third report on May 10, 2024. And on November 11, 2024, the board of directors passed the proposal to approve the 2023 perpetual report . (For details on the operation of the Sustainability Committee, please refer to the 2024 Annual Report: "2. Corporate Governance Report – 2.3. Corporate Governance Operations – (2.3.5.) Fulfillment of sustainable development and Deviations from the “Sustainable Development Best Practice Principles for TWDE/TPEx Listed Companies”")

Evaluation of the performance of the board

To implement corporate governance and enhance the effectiveness of the Board of Directors, the Company has established the "Rules for Performance Evaluation of the Board of Directors and Functional Committees." Since 2021, the Board of Directors has conducted self-assessments, performing internal performance evaluations of the Board, its members, and the functional committees each year. The results of these evaluations are published in the annual report and submit the report of the Board of Directors and Remuneration Committee for the first quarter of 2025. For the results of the 2024 internal performance evaluation, please refer to the 2024 Annual Report: "2. Corporate Governance Report – 2.3. Corporate Governance Operations – (2.3.1.) Board of Directors")

Director compensation related information, please refer to the 2024 Annual Report: "2. Corporate Governance Report – 2.2. Recent Annual Compensation for Directors, the President, and Vice Presidents – (2.2.1.) Remuneration of Directors and Independent Directors")

Operational Performance

Consolidated Financial Statements	2020	2021	2022	2023	2024

Operating Revenue	1,295,230	1,692,313	1,145,661	556,439	411,280
Net Income After Tax	(7,509)	(150,566)	16,306	6,725	(355,059)
EPS (NT$)	(0.04)	(0.80)	0.09	0.04	(1.84)
Debt Ratio (%)	21.80	32.38	32.18	32.42	46.70
Current Ratio (%)	186.71	139.67	141.26	310.75	214.57
Quick Ratio (%)	177.52	105.03	73.20	224.10	150.24

In 2024, the company's operations were affected by factors such as ongoing geopolitical conflicts, supply chain restructuring, the end of fixed line subsidy cycles, and a strong US dollar, which led to traditional customers accelerating their shift towards lower cost competitive technologies or adjusting specifications to choose more cost-effective product configurations in the second half of the year, resulting in a shrinking trend in the overall fixed line market size.

Although the revenue performance in 2024 did not meet expectations, CastleNet has made progress in expanding our business and introducing new products. We have successfully shipped broadband products for operators in Central and South America, including new specifications of Wi Fi OpenSync mesh wireless routing systems and OpenSync cable gateways. The next generation DOCSIS 3.1+/UD4 AI/ML cable gateway and fiber optic network broadband gateway are also being jointly developed and tested with customers. In addition, for existing broadband cable end user customers, the import of DOCSIS 3.1+/UD4 AI/ML cable gateway products will continue. Paired with WiFi 7-mesh wireless routing system and active maintenance cloud management function, it endows the product with the ability to support AI Mesh optimization, lifecycle management, and legal compliance of information security, enhancing the product's competitive advantage.

Key Management Team

CastleNet focuses on developing key management team by considering the organizational and human capabilities needed to achieve future development goals. The Company emphasizes not only excellent strategic planning and management skills but also commitment to and practice of its core values: innovation, harmony, and transcendence. Our senior managers possess extensive industry experience and continuously sharpen their professional skills, increasing both the breadth and depth of their practical expertise. Additionally, our Compensation Committee regularly reviews the performance and development of senior managers according to the responsibilities of functional committees, ensuring that their development aligns with the organization's direction.

AGM Operations

CastleNet values interaction and communication with investors, using annual general meetings (AGMs) to foster forward-looking operations and promote the Company's sustainable development. In 2024, the Company held one AGM and two investor conferences. To enhance the transparency of information disclosure, improve the quality of disclosures, and align with international standards, CastleNet has been uploading financial statements in English to the MOPS since the fourth quarter of 2019. Starting from 2022, the Company began publishing material information, meeting notices, and the meeting handbook in English, and from 2024, it started issuing the annual report in English for stakeholder review. (For AGM major resolutions and post-meeting execution, please refer to the 2024 Annual Report, “2. Corporate Governance Report, 2.3. Corporate Governance Operations, (2.3.9.) Important resloutions passed by shareholders meetings and board meetings during the most recent fiscal year up to the date of publication of the annual repot. For a list of major shareholders,

see “3. Fundraising Status, 3.1. Capital and Shares, (3.1.2.) List of major shareholder)

CastleNet's official website also features an investor section. For information on investor conferences and the annual general meetings (AGMs), please visit the shareholder section or scan the QR code below for quick access.

CTI Shareholder Services

CTI Shareholder Information

3.2 Ethical Management and Compliance

Ethical Management and Standards

Robust corporate governance is the foundation of the Company's sustainable operations, with ethical management being crucial for business success and sustainability. We firmly believe that ethical practice is not only a business philosophy but also the cornerstone of our culture. We uphold the principle that everyone should be treated fairly, regardless of race, gender, age, religion, or other factors. These ethical standards guide our actions, strengthen our reputation, foster internal collaboration, and create a healthy and stable workplace.

To ensure adherence to its ethical management policies and compliance with relevant laws, the Company has established corresponding internal regulations for different stakeholders, which are approved by the Board of Directors and published on the website. We periodically disclose or update our ethical management policies through internal regulations, annual reports, the corporate website, and other publications. Additionally, we conduct internal training on ethical management and regularly promote our core values to raise employee awareness and strengthen corporate governance. We believe that by conforming to ethical practices and standards, CastleNet can achieve long-term success and make a positive contribution to society.

Ethical Management Practices and Actions in 2024

Stakeholders	Relevant Policies/ Requirements/Contracts	Management Actions
Board of Directors	1. Rules of Procedure for Board of Directors Meetings 2. Regulations concerning the Board of Directors 3. Corporate Governance Code 4. Code of Ethical Conduct 5. Code of Integrity Management 6. Operating Procedures and Behavior Guidelines for the Company’s Integrity Management	1. All directors signed the "Ethical Management Statement" in 2024. 2. Established a conflict of interest policy to ensure that individuals with vested interests in matters that could harm the Company's interests are barred from participating in discussions or voting, thereby safeguarding the interests of the Company and shareholders. 3. In 2024, Kinpo Group coordinated the purchase of director and important staff liability insurance, with a total insurance amount of 30 million US dollars, in order to protect the rights and interests of all shareholders and reduce the company's operational risks (the contract is included CastleNet Inc.).
Management/ Employees	1. Code of Ethical Conduct 2. Code of Integrity Management	1. Required all employees to sign the "Confidentiality and Ethical Statement".

Stakeholders	Relevant Policies/ Requirements/Contracts	Management Actions
	3. Operating Procedures and Behavior Guidelines for the Company's Integrity Management	2. All managers have signed the "Ethical Management Statement". 3. The company has incorporated important principles such as honest management, confidentiality, and integrity into the employee work agreement, which must be followed by all new employees, regardless of whether they are new or old staff. 4. In 2024, all employees participated in the "Striving for Excellence with Integrity and Honesty" training program, totaling 26 hours. 4. In 2024, all employees participated in the "Confidentiality and Ethical Obligations" training program, totaling 29 hours. 5. The Company continues promoting the ethical management concept to employees, reinforcing various measures in the "Operating Procedures and Behavior Guidelines for Integrity Management".
Customers	1. Following Kinpo's RBA Code of Conduct and other international and industry standards 2. Non-disclosure agreements and outsourcing contracts 3. Other business contracts	1. Before establishing relationships with other companies, the Company assessed their legality and whether they had a record of unethical behavior to ensure there were no requests for, provision of, or acceptance of bribes.
Suppliers, Contractors, and other Business Partners	1. Following Kinpo's RBA Code of Conduct and other international and industry standards 2. Non-disclosure agreements and procurement contracts 3. Other business contracts 4. Suppliers' Code of Conduct	1. Before establishing relationships with other companies, we assessed their legality and whether they had a record of unethical behavior to ensure there were no requests for, provision of, or acceptance of bribes. 2. the "Anti-Bribery Agreement" signed between Kinpo Group and its suppliers has legal effect on CastleNet, including clauses in contracts prohibiting any form of bribery towards our employees or their relatives/friends. 3. If violations of the "Anti-Bribery Agreement" or contract resulted in damages, we would pursue criminal liability as stipulated in the agreement, impose punitive breach penalties, and take immediate action to cease transactions, revoke or terminate contracts or agreements with the signatory.

Anti-Corruption and Anti-Bribery

The "Anti-Corruption Policy" of CastleNet is announced and published on our website to establish clear and uniform standards. We uphold the principle of not accepting improper gifts or special favors and expect our customers, suppliers, business partners, and other stakeholders to understand and support KINPO's core ethical values together with us. We strictly prohibit all employees from accepting any form of bribery or other improper benefits. All current and new

employees must also participate in confidentiality and ethical education programs to enhance their awareness and implementation of ethical standards. We also require all business partners to subscribe to an "Anti-Bribery Agreement". Our cooperating suppliers are forbidden from offering bribes to employees or their relatives/friends. In cases where damages occur due to breaches of ethical standards, we will seek compensation according to agreements and may take necessary legal actions, including termination of cooperation. Additionally, we have established a grievance channel to receive and investigate allegations of corruption and bribery. We handle all allegations with strict confidentiality and ensure no retaliation against whistleblowers, whether they are employees or business partners, who report contraventions of our Anti-Corruption Policies.

Regulatory Compliance and Effectiveness

With CastleNet's business spanning globally, we continuously monitor the impact of international policies and regulations on our operations and finances. Concurrently, we establish various corporate governance standards and regularly offer related educational training sessions. Our commitment is to ensure all business practices observe relevant local laws, safeguarding employees from conflicts of interest that could jeopardize company interests. We pledge to respect intellectual property rights and privacy, and refrain from engaging in business activities that violate the Fair Trade Act and antitrust laws. Should employees have concerns regarding regulations, measures, or penalties while conducting business, they may apply through their respective business units for guidance from the Legal and Intellectual Property Office.

Protection of Personal Data (Privacy)

When collecting personal data, we abide by the laws and regulations of each country to ensure legality and privacy protection. Our company is set to establish a data protection policy to express a firm commitment to respecting and safeguarding the privacy of every individual, including employees, customers, and clients. Regarding legal and ethical obligations for personal information protection, we pledge to:

1. Take all reasonable measures to protect all personal information from loss, misuse, unauthorized access, or disclosure;
2. Not retain personal information longer than necessary to fulfill the purposes for which it was collected;
3. Not sell, trade, transfer, share, or otherwise disclose personal information to any third party unless mandated by law or regulations;
4. Require strict compliance with this policy from our employees, agents, managers, directors, and other personnel.

In 2024, no significant violations related to business ethics, personal data protection, fair competition, intellectual property rights, human rights, or environmental protection were identified. To ensure effective ethical management and compliance with laws, we are stepping up employee education and training to ensure all staff understand and observe relevant policies and regulations.

Category	Description	Management	Performance 2024
Anti-Corruption, anti-bribery	Engaging in any act of providing or receiving directly or indirectly any improper benefits for the purpose of obtaining, acquiring, maintaining, or otherwise seeking business opportunities or commercial interests.	1. Following KINPO's Anti-Corruption Policy to establish a clear and consistent anti-corruption and anti-bribery code. 2. Incorporated self-restraint clauses during contract reviewed by KINPO's legal team and reminded business units to prevent legal risks and negative impacts arising from violations. 3. For queries regarding the legality of actions, consult KINPO's Legal team and Intellectual Property Office.	1. In 2024, all employees participated in the "Striving for Excellence with Integrity and Honesty" training program, totaling 26 hours. 2. In 2024, all employees participated in the "Confidentiality and Ethical Obligations" training program, totaling 29 hours. 3. No reports of corruption and bribery incidents through formal channels were received.
Anti-trust practices	Activities involving restricting competition, damaging market fairness, manipulating market prices, or controlling market share.	1. Incorporated self-restraint clauses during contract reviewed by KINPO's legal team and reminded business units to prevent legal risks and negative impacts arising from violations. 2. For issues related to regulations, submit applications through business units for advice from Kinpo's Legal team and Intellectual Property Office.	No incidents of antitrust or anti-competitive behavior.
Breach of environmental laws and regulations	Penalties for violations of environmental laws and regulations.		No incidents of violations of relevant regulations.
Breach of social and economic laws and regulations	Penalties for violations of social and economic laws and regulations.		
Violation of product and service information labeling	Penalties for violation of the law on the labeling of information on products and services.		
Prohibition of child labor and labor coercion	1. Penalties incurred for illegally employing local workers below the minimum employment age. 2. Penalties incurred for inhumane treatment of	Enhanced identity checks and verification during recruitment	No incidents of discrimination or violation of child labor.

Category	Description	Management	Performance 2024
	employees from forced labor.		
Protection of Privacy Rights	The right and measures to protect personal data and privacy information from illegal collection, use, storage, processing, or sharing.	1. Stepped up cybersecurity risk controls to prevent leakage of sensitive information belonging to employees, customers, and collaborating partners. 2. Provided education on personal data protection laws during new employee training.	No infringement of privacy rights.
Protection of Intellectual Property Rights	Protecting own intellectual property rights, legally utilizing intellectual property rights, and preventing engagement in any activities that infringe upon others' intellectual property rights.	1. Issued policies to incentivize creative inventions, enhancing the Company's intellectual property capabilities. 2. Signed licensing agreements when using others' intellectual property to ensure legal use. 3. Clearly defined responsibility for obtaining intellectual property rights when establishing contracts with clients or suppliers. 4. Issued an Anti-Piracy Statement to demonstrate KINPO's commitment to combating the use of pirated software. 5. Reinforced the prohibition against using illegal software through repeated announcements to employees. 6. Conducted regular anti-piracy software education and training courses in collaboration with the IT Center and KINPO’s Legal team.	No infringement of intellectual property rights.

Whistleblowing System and Whistleblower Protection

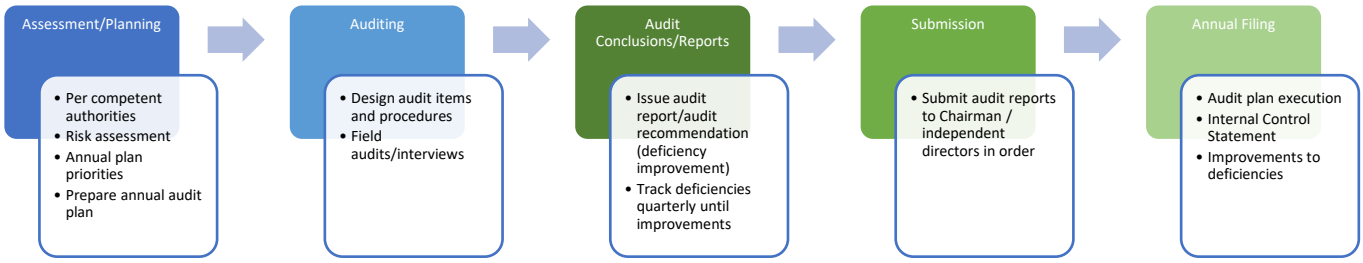
Employees who come across illegal or unethical practices in the workplace can report them through the proper channels. CastleNet has set up a whistleblowing box, and has established specific reporting channels, handling procedures, rewards and punishments in the "Code of Ethical Conduct," "Procedures for Ethical Management and Guidelines for Conduct," "Employee Grievance Handling Regulations" and "Reward and Punishment Management Regulations." The Auditing Office is taking charge of the whistleblowing mailboxes and is responsible for case acceptance and filing.

The supervisor of Auditing Office will assign a project leader or investigation team to investigate the relevant facts then submits it to the President Office. A dedicated department and staff are assigned to investigate and handle complaints in a protected and confidential manner Personnel who have a conflict of interest in the case should also recuse themselves from the investigation. The officer involved in the probe must maintain the confidentiality of the person filing the report. The rights of the person lodging the complaint should be protected and the person (s) concerned should be safeguarded against improper treatment or retaliation. No reported cases in 2024.
CastleNet Whistleblower Box: CTI_audit@castlenet.com.tw

Internal Control and Audit System

CastleNet has set up an independent auditing office under the Board of Directors to assist the Board and managers in inspecting and reviewing deficiencies in internal control systems and gauging the effectiveness and efficiency of operations. When performing internal audit duties, internal auditors should provide timely suggestions for improvement to ensure that the internal control system is applied effectively on an ongoing basis and that the efficient operations, reliable reporting and compliance with relevant laws and regulations are achieved and serve as the basis for reviewing and amending the internal control system. Upon submission of audit reports and tracking reports for approval, they are forwarded to the independent directors for review and inspection at the end of the next month following the conclusion of the audit items. In addition to reporting audit results to the independent directors on a regular basis, the internal auditing officer also attends regular Board meetings to brief Board members on the execution of audit activities. Meanwhile, the auditing office supervises and urges and assists each unit to conduct self-assessment and inspection of the internal control system annually to make sure that the Board and managers are aware of the effects of the operation. Furthermore, the appointment and dismissal of the internal auditing officer is subject to the approval of the Board of Directors and in accordance with the Corporate Governance Best Practice Principles laid down by the Company, the appointment and dismissal, appraisal and remuneration of the internal auditors shall be presented by the auditing officer to the Chairman for ratification. The auditing office prepares an audit plan based on risk assessment and regulations, turns it in to the Board of Directors for endorsement before implementation, and conducts ad hoc audits or reviews as necessary. According to the annual audit plan, the internal auditors execute the operation plan for individual audit cases and disclose the deficiencies and irregularities of the internal control system found by the audit in the audit report, providing timely suggestions for rectification, and following up after the report is filed. All audit items in the 2024 audit plan endorsed by the Board of Directors have been completed and filed. The audit supervisor is responsible for receiving reports from the reporting email and filing cases, and checking that there were no reported cases in 2024.

Internal Control and Audit Process



The audit report and tracking report are submitted to each of the independent directors for review after they have been handed over to the Chairman. The independent directors may contact the auditing officer if they need further information or instructions. The Company holds quarterly

meetings of the Audit Committee and the Board of Directors, at which the auditing officer is required to attend and present a summary report of the quarterly audits. We also convene separate meetings annually with directors, internal auditing officers and independent auditors, with the internal auditing officers reporting separately to the independent directors on auditing activities and annual planning and other matters required by law. (For the Audit Committee's report and communications, please refer to the Annual Report 2024, III. Corporate Governance Report - 4. Corporate Governance Operation - 2) Audit Committee Operation)

3.3 Risk Management

In 2022, CastleNet introduced a risk management policy approved by the Board of Directors. This policy outlines the Company's commitment to a balanced risk management strategy, considering the overall impact of adverse risks on corporate sustainability while pursuing operational growth. The Company has established proactive monitoring and improvement procedures focused on risk factors to ensure timely risk management within its business scope, thereby enhancing corporate governance. The disclosed information covers the Company’s sustainability performance at major sites for 2024. While the risk assessment primarily focuses on the Company in Taiwan, it may include overseas subsidiaries as necessary, depending on their relevance to core operations and their impact on material topics.

For details on risk management policies or strategies based on the assessed risks, please refer to pages 70-72 of the 2024 Annual Report.

Risk Management

Each business unit defines the risks within the Company's risk management scope, analyzes, identifies, and assess the potential impacts of these risks on the Company, and develops corresponding measures as the basis for risk management.

Risk Management Process

The Company manages risks according to the following procedures: risk identification, risk assessment, risk control, risk supervision, and communication management.

Risk Identification

Issues	Risk Assessment Items
Environment	Environmental protection and ecological conservation
Social	Occupational safety
	Product safety
Corporate Governance	Internal Control system and compliance with regulations
	Enhancing board functions and fulfilling board responsibilities
	Stakeholder Communication
Information security	
Operational risks and financial status	

Risk Assessment

Each business unit defines the risks within the Company's risk management scope, analyzes, identifies, and assess the potential impacts of these risks on the Company, and develops corresponding measures as the basis for risk management.

Material Issues	Risk Assessment Items	Risk management Policies or strategies	Corresponding Report Sections
Environment	Environment	The company has obtained ISO9001/TL9000 and R6.3/R5.7(H) certification and complies with	4.2 Quality

Material Issues	Risk Assessment Items	Risk management Policies or strategies	Corresponding Report Sections
	protection and Ecological Conservation	RoHS, REACH and CMRT environment protection requirements. 💎 The company continues to move towards the concept of green energy in product research and development, production, and sales, and improves the utilization efficiency of various resources to achieve optimal use of raw materials and minimize environmental impact. For example, production materials comply with RoHS, REACH and CMRT environmental protection requirements, and paper is effectively reused in the office. 💎 The company is aware of the impact of climate change on the global environment and operating activities and has formulated energy-saving and carbon-reduction policies. The management policies can be divided into: greenhouse gas management, water management, waste management, energy management, etc. We strengthen the advocacy and thoroughly implement them in daily operations., such as: office air-conditioning temperature control, and timing automatic shutdown to reduce power consumption etc. Additionally, the company has obtained grade-B total score on the CDP climate change platform, but also signed to join Science Based Targets initiative (SBTi) and became a supporter for the climate-related financial disclosures in 2023. The SBT carbon reduction target jointly submitted with Kinpo Group also passed the organizational review in September 2024 and began implementing the carbon reduction target. 💎 The Company's greenhouse gas emission reduction target is a 2% reduction from the base year for Phase I (2022-2025) and a 10% reduction from the base year for Phase II (2025-2030) with a rolling review. The combined greenhouse gas emissions of Scope 1 and Scope 2 in 2024 and 2023 are approximately 127.17 metric tons and 148.42 metric tons, the total weight of waste in 2024 and 2023 is 6.58 metric tons and 8.81 metric tons, and the water consumption in 2024 and 2023 is approximately 1,840 metric tons and 1,180 metric tons.	Management Chapter 5 Environmental Sustainability
Society	Occupational Safety	💎 The company's occupational safety and health policy follows the Occupational Safety and Health Act. The company holds occupational safety training and practical drills from time to time each year to increase employees'	Chapter 7 Employee Wellbeing

Material Issues	Risk Assessment Items	Risk management Policies or strategies	Corresponding Report Sections
		awareness of occupational safety and strengthen their occupational safety consciousness in order to build a healthy and happy workplace. In order to promote the physical and mental health of our employees and to prevent occupational disasters or accidents, the Company has established an "Occupational Safety and Health Room" for the purpose of creating a safe and comfortable working environment, the maintenance of which includes but is not limited to the following items: (1) Fire facility & Equipment safety management A. The offices are equipped with fire extinguishers, smoke detectors, and emergency exit instructions. Employees are required to receive fire protection training once every half a year or every year, including ways to use fire extinguishers and implement evacuation procedures. B. With disaster prevention and prevention as our core concept, we conduct annual fire inspections and check and replace safety facilities including fire alarms and fire extinguishers to strengthen the occupational safety environment in the workplace. C. The company holds fire safety seminars every year and receives retraining at least once every two years in accordance with the regulations for the establishment and management of professional fire prevention management agencies of the Ministry of the Interior's Fire Department. D. Establishment of fire prevention and control measures: 01. Monitoring equipment is additionally installed to intensively inspect each plant area, and smoke detectors are installed for online preservation and security, to prevent and respond to abnormalities. 02. The security personnel are required to patrol the plant areas at fixed time and fixed points to confirm whether abnormal conditions exist in the plant areas. Also, SOP for response to abnormalities have been established	

Material Issues	Risk Assessment Items	Risk management Policies or strategies	Corresponding Report Sections
		and implemented. 03. Check the equipment power sockets, and replace old and incompliant extension lines to avoid fires caused by heat generating equipment. For experimental equipment operated for 24 hours a day, a security control and verification mechanism shall be installed. In 2024, there were 0 fire incidents, with 0 casualties, and the casualty rate as a percentage of total staff was 0. Related fire prevention measures: No incidents occurred. (2) Access control security A. Our premises are provided with 24-hour security and public accident liability insurance to maintain and protect the safety of labor and business equipment. B. In order to maintain the safety of all employees, strictly protect the security of the company's intellectual property data and the peace of the workplace, the company has set up access control management measures. In addition to 24-hour security, the office is equipped with access control card machine. Employees must swipe their identification cards to open access control and outsiders must apply and register through operating procedures before entering, so as to control the personnel in and out of the company. (3) Electrical safety A. The Company implements regular patrolling of general electrical box (panel) every quarter. (4) Environmental safety A. In order to protect and provide a healthy and comfortable working environment for employees, the company performs CO2 work environment monitoring twice a year, to ensure good ventilation in the workplace and conduct necessary maintenance, which is in line with the implementation method of labor work environment monitoring by the Ministry of Labor. B. The company cleans and maintains the offices, public areas, and shared facilities. C. The company disinfects the office area	

Material Issues	Risk Assessment Items	Risk management Policies or strategies	Corresponding Report Sections
		and the periphery of the site on an irregular basis. (5) Drinking water safety A. The company tests the water quality of water dispensers every 3 months in accordance with the use and maintenance management measures of continuous drinking water supply fixtures. (6) Occupational safety and security education advocacy A. The company implements occupational safety and health education advocacy annually. B. The offices are equipped with first-aid kits which are regularly updated. Office employees shall receive training for first-aid personnel and obtain relevant licenses, to cope with possible accidental injuries. (7) Statistics of incapacitated injuries: In 2023, there were 2 accidents that were personnel commuting to and from work involving 2 people and 38 days of lost working hours; in 2024, there were 1 accident that was personnel commuting to and from work involving 1 people and 1 day of lost working hours. While the number of incidents and lost workdays decreased, failing to reach the target of 0 cases. The following improvement measures were implemented: A. Conducting occupational injury investigations. B. Providing training for new staff.	
	Product Safety	The company has obtained ISO9001/TL9000 and R6.3/R5.7(H) certification and complies with RoHS, REACH and CMRT environment protection requirements. The products of the company meet RoHS environmental protection requirements, energy efficiency, safety regulations, and electromagnetic compatibility standards. The product design uses renewable and environmentally friendly materials, and new generation design to improve energy efficiency and reduce production waste. The company continues to move towards the concept of green energy, waste reduction and energy saving in product research and development, production, and sales, and	Chapter 4 R&D and Innovation Chapter 6 Partnerships

Material Issues	Risk Assessment Items	Risk management Policies or strategies	Corresponding Report Sections
		improves the utilization efficiency of various resources to achieve optimal use of raw materials and minimize environmental impact. For example, production materials comply with RoHS environmental protection requirements, product designs meet the latest energy efficiency standards and various international regulations, recycled materials are introduced into packaging, and paper is effectively reused in the office. At the same time, renewable energy is used, and excessive packaging is avoided, to lower the impact on the environment. 💎 Customer health and safety, customer privacy, marketing and labeling of products and services of the comnpany are handled in accordance with relevant laws and regulations, and the principle of fair trade. 💎 The Company has set up a customer service team in Quality Assurance Department to assist customers in using the Company's products and services. It also receives complaints from customers and safeguards their rights and interests. The stakeholder division of the website provides a channel for customers, consumers and suppliers to complain and communicate with each other in order to protect the rights of customers. 💎 The company has established supplier management procedures and formulated a group supplier code of conduct in accordance with the Responsible Business Alliance (RBA) code of conduct, requiring suppliers to comply with all relevant local laws and regulations when operating the company's business. It also requires its suppliers to abide by relevant social responsibilities, so as to work together to enhance corporate social responsibility and create a win-win partnership.	
Corporate Governance	Internal Control system and compliance with regulations	💎 In accordance with the risk-oriented annual audit plan and through the establishment of a governance organization and the implementation of an internal control system, it is ensured that all personnel and operations of the company truly comply with relevant laws and regulations.	Chapter 3 Corporate Governance

Material Issues	Risk Assessment Items	Risk management Policies or strategies	Corresponding Report Sections
		◆ In accordance with the provisions of "Regulations Governing the Establishment of Internal Control Systems by Public Companies" and other relevant laws and regulations, the company has also established relevant management systems for its finance, business operation, and accounting.Full-time personnel have been assigned in each business unit to take charge of relevant risk management work, to control, lower, and prevent each risk of the company. ◆ The company complies with the laws and regulations, and immediately releases important information related to shareholders' rights and interests, and provides relevant information or links on the company's website to enhance investors' understanding of the company.	
	Enhancing board functions and fulfilling board responsibilityes	◆ In order to enable the directors to understand their legal responsibilities, the company plans relevant training topics for the directors. The company has already combined the resources for education and training of directors of the Group, encouraged directors to engage in continuing education, strengthened the publicity of the provisions of the competent authority and regulations, and irregularly recommended advocacy meetings of the competent authority and information regarding courses designed by external qualified education and training agencies for directors to the directors for consideration and participation. ◆ Directors' liability insurance is provided to protect directors from lawsuits or claims when they have performed their duties as good managers.	Chapter 3 Corporate Governance
	Communication with stakeholders	◆ The company attaches great importance to the corporate social responsibility towards employees, customers, investors, suppliers, and the overall environment. Therefore, the board of directors attaches great importance to promoting integrity management and supervising the implementation. The company has good communication channels and dedicated personnel who are responsible for	Chapter 3 Corporate Governance

<table>
<tr><th>Material Issues</th><th>Risk Assessment Items</th><th>Risk management Policies or strategies</th><th>Corresponding Report Sections</th></tr>
<tr><td></td><td></td><td>listening to stakesholders' requirements, and explain, reply and track and manage the feedback information collected by different communication channels.
Stakeholder communication:
<table>
<tr><th>Object</th><th>Communication channel</th><th>Frequency</th><th>Topics</th></tr>
<tr><td rowspan="3">Employee</td><td>Employer-staff meetings</td><td>Quarterly</td><td>Labor relationship</td></tr>
<tr><td>Conference of Labor Safety and Health</td><td>Quarterly</td><td>Health and work environment enhancement</td></tr>
<tr><td>Employee suggestion box</td><td>In real-time</td><td>Employees' voices and opinions insight</td></tr>
<tr><td rowspan="4">Investor</td><td>Shareholders meeting</td><td>Annually</td><td>Business performance</td></tr>
<tr><td>Market Observation Post System</td><td>Aperiodically</td><td>Information Disclosure</td></tr>
<tr><td>Company website – Stakeholder</td><td>Aperiodically</td><td>Information Disclosure</td></tr>
<tr><td>Annual report / financial statement</td><td>Annually/Quarterly</td><td>Financial status and operating performance</td></tr>
<tr><td rowspan="3">Customer</td><td>Spokesperson system</td><td>In real-time</td><td>Response Investors' opinion and question</td></tr>
<tr><td>Business visiting</td><td>Aperiodically</td><td>Know and react customers' need and opinion</td></tr>
<tr><td>Company website – Complaint</td><td>Aperiodically</td><td>Grievance procedure</td></tr>
<tr><td rowspan="2">Supplier</td><td>Company website – Supports</td><td>In real-time</td><td>Product introduction and service</td></tr>
<tr><td>Call and sit visiting</td><td>Aperiodically</td><td>To find out company needs</td></tr>
<tr><td>Purchaser survey</td><td>Annually</td><td>To get close with vendors and relationship maintenance</td></tr>
</table>

The company has established a whistle-blowing system, and has disclosed the relevant operating methods and reporting channels in the stakeholder division of the company's website, and special personnel or teams will be responsible for investigation.
If there is a case reported, the company will conduct follow-up investigation in a rigorous manner, with dedicated personnel or team, in accordance with operating procedures and in a confidential manner, to protect the whistle blower from improper disposal.
</td><td></td></tr>
<tr><td colspan="2">Information security</td><td>
In order to strengthen information security management, the company's sustainable development committee has organized a cross-departmental professional team to set up an information security group, which is responsible for the planning and implementation of information security system, formulation of regulations, regular reviews and internal control audits, and reports to the board of directors at least once a year.
CastleNet plans to improve the architecture and security protection of the core information systems in order to enhance the information security.
CastleNet's official website aims to improve online connectivity and utilize the Application Firewall (WAF) system to enhance security protection.
CastleNet collaborates with the Taiwan Computer Network Crisis Response and Coordination Center (TWCERT/CC) for information security information defense.
</td><td>3.4 Information Security Management</td></tr>
</table>

Material Issues	Risk Assessment Items	Risk management Policies or strategies	Corresponding Report Sections
		💎 Conducted information security advocacy and training, and implement social engineering exercises to prevent malicious emails.	
Operation risks and financial position		💎 Please refer to the 2024 Annual Report, Chapter 5.6: Risk Management and Analysis"	Chapter 3 Corporate Governance

Risk Control and Supervision

(1) Risks associated with daily operational activities of each unit are managed and controlled by the respective responsible units.

(2) For significant cross-departmental crises, the Risk Management Team conducts cross-departmental risk assessments, identifies feasible strategies to prevent crisis events, and develops response procedures and recovery plans based on the nature of the crisis.

Risk Communication

(1) In addition to disclosing relevant information as required by regulatory authorities, the Company also provides risk management information in the annual report and on the Company website.

(2) The highest-ranking officer of the Sustainability Committee or their designated representative reports the operations and implementation of risk management to the Board of Directors annually.

3.4 Information Security Management

Information Security Policy

To ensure the confidentiality, integrity, and availability of information, as well as the reliability of information equipment and network systems, and to raise awareness among staff regarding information security, the Company has established an Information Security Management Policy. This policy is designed to protect these resources from any disruption, destruction, intrusion, or adverse actions and intentions. The scope of the policy includes the following areas:

1. Information Security Policy
2. Information Security Organization
3. Personnel Security Management and Training
4. Information Asset Management
5. System Access Control
6. Cryptography
7. Physical and Environmental Security
8. Operational Security
9. Network Security
10. Application System Development and Maintenance Security
11. Response and Handling of Information Security Incidents
12. Outsourced Operations Management
13. Business Continuity Management
14. Information Security Compliance Audits

Information Security Promotion Goals and Plans

	Topics	Goals	Achievement in 2024	Goals to Achieve in Y2025~Y2027
Information Security	Resilience of the Information Communication System	Business Continuity Planning (BCP)	Evaluated and plan the improvement of the core information communication system architecture The company's official website adopts encrypted online connection and uses WAF protection	100%
	Internal Security Awareness and Training	Enhanced personnel security awareness Preventing social engineering attacks	Information security education and training sessions: 3 Social engineering exercise test pass rate: 98%	Information security education and training sessions: 4 Social engineering exercise test pass rate: 99%
	Information Security	Enhanced security protection to ensure that enterprises comply with international security standards	Formulated relevant measures in accordance with the Cyberspace Security Control Guidelines	Formulated relevant measures in accordance with the Cyberspace Security Control Guidelines Import ISO-27001 and obtain a license

Specific Management Measures

1. Centralized firewall information and threat visualization
2. An improvement plan for the architecture of the core information system, including email advanced persistent threat (APT) protection against attacks
3. Information security awareness and training
4. Email social engineering drills
5. The company's official website has switched to HTTPS encrypted online mode and implemented an Application Firewall (WAF) system to enhance security protection.
6. Collaborated with the Taiwan Computer Emergency Response Team / Coordination Center (TWCERT/CC) for integrated information security defense

Information Security Execution Results

1. Conducted email social engineering drills using phishing email templates for all employees. Achieved a pass rate of 95.34%, exceeding the target, and continued information security awareness campaigns.
2. Advanced Persistent Threat (APT) protection for emails, blocking 14011 malicious archive emails and 214630 malicious URL emails.
3. Performed regular vulnerability scans on critical servers and occasional major threat/ vulnerability scans, with timely patches and strengthened protection measures.

4. New employees completed information security and confidential information handling training. To raise overall information security awareness, provided 18 EDMs and security videos, offered 2 security training sessions, 30 award-winning cybersecurity creative works were selected, and 550 colleagues provided feedback on the cybersecurity questionnaire.
5. Firewall incident and log analysis platform. Integrated information from multiple devices, centralized message analysis, improved real-time incident reporting, and reduced information security risks.

Significant Cyber Security Incidents

No significant cyber security incidents affecting the Group's operations occurred in 2024.

3.5 Tax Policy

Tax Policy

CastleNet designates the Finance and Accounting Department as the tax management unit, responsible for the review, identification, and execution of various tax matters. During tax filings, the department follows a tiered authorization process to secure appropriate approvals, assesses the tax implications of major transactions and decisions, and, as needed, seeks advice from external professional tax consulting firms. The tax policy is proposed by the department, with each operational site adhering to the tax regulations of its respective country or region. The department regularly discusses and tracks tax law updates with external tax consulting firms to develop responsive strategies. To enhance the capabilities of tax professionals, relevant personnel participate in various tax seminars annually to stay informed about the latest policies and anticipate future regulatory changes.

To pursue sustainable development and fulfill corporate social responsibility, while upholding professional ethics and principles of ethical management, CastleNet's tax policy is as follows, and is implemented to ensure effective tax governance:

1. Compliance Principle: Adhere to the tax regulations and legislative spirit of the operating location, and honestly report and pay taxes, fulfilling tax obligations responsibly.
2. Transparency Principle: Disclose tax information in financial statements as required, ensuring transparency of information.
3. Arm's Length Principle: Transactions between affiliates follow the arm's length principle and observe the internationally recognized transfer pricing guidelines published by the Organisation for Economic Co-operation and Development (OECD).
4. Active Communication Principle: Establish a relationship of mutual trust and respect with tax authorities.
5. Comprehensive Decision-Making Principle: Consider the tax impact in all major company decisions.
6. Legal Tax Optimization Principle: Utilize legal and transparent tax incentives and avoid tax havens or low-tax jurisdictions for tax planning purposes.
7. Risk Management Principle: Assess related risks and implement appropriate measures when formulating and executing tax policies.

Company Names, Main Operating Locations, Nominal Tax Rates, and Principal Activities

Tax Jurisdiction	Nominal Tax Rate	Group Members	Principal Activities
Taiwan	20%	CastleNet Technology Inc.	Product Design, Manufacturing, and Sales

Tax Jurisdiction	Nominal Tax Rate	Group Members	Principal Activities
British Virgin Islands	0%	CastleNet Technology (BVI) Inc.	Investment Holding
China	25%	CastleNet Technology Inc (Kunshan).	Manufacturing and Sales

Tax Payment Status

CastleNet's operations at each location comply with local tax laws. Tax information in financial reports is disclosed in accordance with relevant regulations and standards to enhance transparency.

No tax payable in 2019-2024 Tax Payment History

Chapter 4 R&D and Innovation

CastleNet's primary product is Cable CPE, which combines VoIP and wireless network technologies to offer telecommunications and cable TV operators integrated solutions for fixed broadband networks. With its advanced DOCSIS 3.1 technology, the Company provides ultra-high-speed bandwidth through both wired and wireless interfaces, supporting cloud services and home network device connections. This capability enables operator customers to offer competitive, high-quality services to end consumers. Additionally, CastleNet has expanded its product line to include WiFi 6/6E/7 mesh wireless routers and extenders, giving operators the flexibility to offer diverse interface solutions based on various home network configurations. This approach helps customers more effectively manage and maintain their network devices, enhancing user satisfaction with their network experience.

Product Responsibility Promotion Goals and Plans

	Topics	Goals	Achievement in 2024	Goals to Achieve in Y2025~Y2027
Product Responsibility	Material	Plastic materials are fully processed without painting or electroplating (can be directly recycled after disassembly without additional decomposition treatment)	100%	100%
		The installation manual does not have a smooth protective film on the material surface	100%	100%
		Replacing foam with cardboard structured packaging	100%	100%
		Imported QR code printing for some products to obtain installation instructions (reducing installation instruction paper)	80%[1]	100%

*1: 20% of the failure was mainly due to the customer's request to retain the paper version.

4.1 R&D and Green Design

CastleNet, a multinational corporation in the network communication sector, is dedicated to social responsibility and environmental protection. The Company consistently applies green principles across all stages of its product lifecycle—design, production, packaging, sales, and service—while ensuring regulatory compliance and customer satisfaction. Its policies focus on energy conservation, green design, pollution prevention, and resource recycling. In 2024, CastleNet invested NT$128,086 K in research and development, representing 31.14% of the year's revenue.

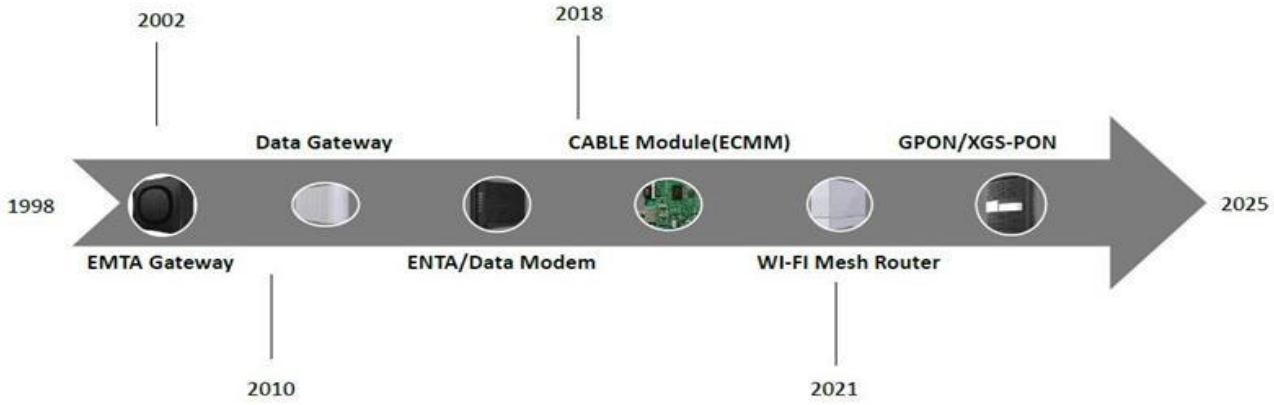
2019-2023 R&D Expenses over the Years and as a Percentage of Revenue

Year	2020	2021	2022	2023	2024
Expenses (NT$ K)	70,679	93,665	117,989	131,876	128,086
Percentage of Revenue (%)	5.46	5.53	10.30	23.70	31.14

CastleNet's main products include cable modems and home networking equipment. With technological advancements and the growing use of artificial intelligence (such as ChatGPT), network bandwidth demand has surged, expanding the need and application for network products. As a result, the Company is developing short-term, mid-term, and long-term strategies for both wired (cable/GPON) and wireless (WiFi) communications to address various bandwidth requirements.

Short-, Medium-, and Long-term Goals for Innovation in Network Product Development

Short-term	• Strengthen the competitiveness of existing products to maximize their usage in response to market demands. • Review current R&D achievements, incorporate innovative thinking, and transform them into new proposals.
Medium-term	• Network products benefit from the evolution of existing communication technologies and the increasing demand for external bandwidth, leading to the development of DOCSIS 3.1+ and XGSPON. • Develop Wi-Fi 7 to meet the demands of multimedia and AI cloud computing. • Stay attuned to market trends and plan relevant product lines and conduct related technical research and product development to meet new market demands.
Long-term	• Resource Renewability • Green materials use • Process intelligence / digitalization • Green energy collaboration in industry



CastleNet is committed to environmental sustainability, continuously advancing eco-friendly principles such as energy conservation across product design, production, packaging, sales, and services. In response to the trend toward sustainable development, the Company has set a mid- to long-term goal for green product design: "Introducing low-carbon products and moving toward a circular economy." In 2024, the green design outcomes were reflected in three areas: sustainable materials and green packaging.

1. **Sustainable Materials - Using Low-Environmental-Impact Materials**
   - Plastic materials are entirely processed without painting or electroplating, allowing for direct recycling after disassembly without the need for additional decomposition.

2. **Green Packaging**
   - Instruction manuals are made without a glossy protective film, facilitating recycling and reuse.
   - Styrofoam is replaced with cardboard structures in packaging.
   - Some products incorporate QR code printing for accessing installation instructions, cutting the amount of paper used for instruction manuals. (The imported model in 2024 is EBM552-X18)

Green Design Case

Partial Replacement of Virgin Materials with Recycled Plastics

CastleNet is dedicated to cutting plastic usage in its products. For instance, the Company reduces the amount of plastic in clamshell packaging, and also features paper-based packaging to secure the products, and plastic tags have been largely replaced with paper-based designs or QR code printing. The R&D team notes that incorporating recycled materials during manufacturing can lead to brittleness, cracking, or surface imperfections in plastic casings. To find the optimal proportion of recycled materials, continuous experimentation is necessary. Consequently, CastleNet carefully integrates 2~5% proportion of recycled materials in plastic casing production, ensuring that product appearance, durability, and quality are maintained. This approach lessens the reliance on virgin plastic while also decreasing the product's carbon footprint and the environmental impact of plastics.

ErP "Directive of Eco-design Requirements of Energy-using Products"

Starting from goals to increase energy efficiency and protect the environment, the EuP directive became another regulation under the CE marking in Europe. The EuP Directive 2005/32/EC requires manufacturers and importers to assess the environmental factors throughout the entire life cycle of their products and to optimize design based on the assessment results. To further regulate energy-consuming products, the European Council issued the Energy-related Products Directive (ErP Directive) 2009/125/EC on October 21, 2009, replacing the previous EuP directive to alleviate the environmental impact of products. In response to customer requirements, CastleNet ensured that 52.94% of the models mass-produced or currently being tested by customers in 2024 complied with ErP standards.

4.2 Quality Management

Excellence in quality and customer satisfaction are the foundations and principles of CastleNet's operations and management. We have established the following quality policies to ensure that our quality management system meets customer and regulatory requirements.

CastleNet Quality Policies

- Provide products and services that satisfy customers
- Do the job right the first time
- Continuously pursue improvement and excellence in quality

Quality Management Promotion Goals and Plans

	Topics	Goals	Achievement in 2024	Goals to Achieve in Y2025~Y2027
Quality Management	Product design	The product design complies with the latest energy efficiency and regulations of various countries, as well as the introduction of recycled materials for institutional packaging and the effective reuse of office paper. Simultaneously introducing the use of renewable energy and avoiding excessive packaging to reduce the impact on the environment.	100%	100%
		CastleNet do not use harmful substances in product design and establish green product process management to reduce the use of harmful substances and implement product green policies and environmental protection. Regularly check the compliance of Hazardous Substance (HS) program documents, continuously maintain the effectiveness of management mechanisms, identify high and low risks of materials, publish a list of restricted substances, advocate quality and hazardous substance reduction policies and requirements, to ensure that suppliers continue to comply with the group's code of conduct.	100%	100%

Product Responsibility Promotion Goals and Plans

	Topics	Goals	Achievement in 2024	Goals to Achieve in Y2025~Y2027
Product Responsibility	Customer Health and Safety	Product Installation and User Manual, and Warning	100%	100%
		Executed according to the security regulations of the country where the customer is located. According to the following regulations, indicate the total number of incidents in which the organization violated health and safety regulations and voluntary agreements related to products and services during the reporting period: i. Violation events that result in fines; Ii. Violation events that result in warnings; Iii. Events that violate voluntary agreements.	0 Case	0 Case
		Product liability insurance	100%	100%

Quality Management

To ensure that CastleNet follows clear guidelines in product design, sales, and customer service activities, we implement a quality management policy aimed at achieving quality assurance, customer satisfaction, and regulatory compliance. We ensure that all operations, from material approval, procurement, product design, to manufacturing and shipping, meet quality management standards. Additionally, we verify the effectiveness of our quality management system through regular internal audits and external third-party assessments, continually improving our review and management processes at every stage.

Quality Control Strategy

CastleNet establishes a quality policy and plans the Company’s short, mid, and long-term quality processes and systems to ensure control over the quality of design, processes, personnel,

materials, and equipment. This approach guarantees that our products and services meet specification requirements and instills confidence in our customers. We regularly perform comprehensive reviews of both the Company's and individual units' performance and improvements.

Quality Education Training Outcomes 2024

Quality Education Training Course	Trainees	No. of trainees (person)
ESD Operating Instructions	Materials and Quality Assurance Personnel	20
CMRT and EMRT Introduction	Materials and Quality Assurance Personnel	20

Management System Operation

CastleNet builds on the ISO 9001 Quality Management System framework to ensure that products fulfill TL 9000 quality control certification requirements at every stage of production and shipment. We conduct two internal audits and one third-party external audit each year, verifying that our quality management system complies with ISO 9001 standards. In 2024, we did not face any fines or warnings due to violations of product or service regulations, nor did we encounter any incidents of non-compliance with voluntary codes or significant quality defects leading to large-scale product recalls.

New Supplier Evaluation

All new suppliers to CastleNet are required to enter into a procurement contract which contains basic supplier information (e.g. company profile, existing customer base) and accompanying documents Environmental Protection Guarantee, Intellectual Property Rights Guarantee, Conflict of Minerals Policy Statement, ISO Quality Management System Certificate, etc. to ensure that new suppliers adhere to our quality standards. New suppliers are expected to conduct a prior self-assessment based on CastleNet's new supplier audit checklist, which covers quality management systems, process quality control, product green design requirements such as the EU RoHS Directive, and product design and development process control. In 2024, new suppliers were evaluated with a 100% pass rate after rectification.

Regular Supplier Delivery Quality Rating

CastleNet Quality Assurance Center collects and compiles the quarterly report of the previous quarter's supplier's delivery quality ratings. The rating items are divided into three categories: incoming material quality, process material quality abnormalities, and whether the improvement/prevention measures for material quality abnormalities are answered in a timely manner (8D response), etc., with the total rating score being 100 points. No weighting is set for each evaluation item and deduction of points are adopted for all items. The evaluation results are classified into four levels: A (Excellent), B (Pass), C (Observation) and D (Counseling). For suppliers that got a fail with a C or D rating, our incoming quality control (IQC) unit at the factory will request the submission of improvement measures or improvement plans, and if necessary, the IQC unit will refer the case to our headquarter to urge them to improve.

We will continue to keep a close watch on the quality of our suppliers' deliveries. CastleNet's QA Center, Purchasing units and the IQC units are working together to upgrade suppliers with C and D grades to A and B grades, with the goal of continued amelioration in product quality.

Supplier Rating Grades and Scoring Ranges

Grade	Scoring Range	Description
A (Excellent)	Score ≧ 90	For good responsiveness to improvement measures for delivery quality and material quality abnormalities, they are recommended as first choice when new orders are available.
B (Pass)	90 > Score ≧ 80	For fair responsiveness to improvement measures for delivery quality and material quality abnormalities, current procurement can be maintained.
C (Observation)	80 > Score ≧ 70	For a supplier placed on the list of warning, the IQC unit at the factory will ask the supplier to submit an improvement report.
D (Counseling)	70 > Score	For a supplier placed high on the list of concerns, the IQC unit at the factory will ask the supplier to submit an improvement plan and will also request the procuring unit together to urge the supplier to cooperate with continual improvement.

Chapter 5 Environmental Sustainability

As sustainability issues evolve, stakeholders' focus on environmental sustainability now extends beyond just pollution prevention and management. With rapid industrialization and excessive resource consumption, global resource scarcity and the impacts of climate change affect everyone.

CastleNet adopts the strategy of "Innovative Production, Eco-friendliness" to drive environmental sustainability. We actively address issues related to environmental sustainability management, climate change, and net-zero emissions. Our main initiatives, such as "Towards Carbon Neutrality," aim to achieve our environmental sustainability goals.

2023-2033 Environmental Sustainability Promotion Goals

Topics	Short-term	Medium-term	Long-term
	Goals in 2023-2024	Goals in 2025-2027	Goals in 2028-2033
GHG Management	• Participating Kinpo Group 50th Anniversary Climate Declaration • Propose a carbon-neutral pathway • Submit SBT targets • CDP Leadership with Kinpo Group	• Achieve SBT interim targets • Commit to SBT NET ZERO goals • Propose NET ZERO roadmap	• Carbon-neutral at headquarters • Hold SBT temperature rise below 1.5°C
Energy Management	• Establish energy baseline and targets	• Save 5% on electricity	• Save 10% on electricity • 100% use of electric company cars

2024 Environmental Sustainability Current Status and Future Goals

Topics	Goals	Achievement in 2024	Goals to Achieve in Y2025~Y2027
Energy Management	The goal is to reduce carbon emissions by 2% annually and by 5% from 2025 to 2027.	Reduced by 1.16%	Reduce by 5% -> Achieve a 100% success rate
	Improving equipment efficiency, replaced	Replace to LED: 44%	1. 100%

Topics	Goals	Achievement in 2024	Goals to Achieve in Y2025~Y2027
	high energy consuming equipment, and switched to energy-saving equipment: 1. LED lighting replacement 2. Improving air conditioning efficiency 3. Indoor insulation and cooling, etc.	Cleaning and maintenance: 100% Evaluated that the insulation room temperature in office has decreased by 2 degrees.	2. 100% 3. Reduced by 2 kWh -> Achieve a 100% success rate
Water Management	Replaced water-saving equipment: reduced the flow rate of the water tap, replaced the water tap with a new one, and used a two-stage flushing switch.	100%	100%
Waste Management	Set an annual waste reduction target, reducing the total waste volume by 10% in 2024 compared to 2023, and reducing the total waste volume by 30% from 2025 to 2027 compared to 2024.	100% -> 10% down from Y2023	100% -> 30 % down from Y2024
	Implemented garbage classification management, such as general waste and resource recycling.	100%	100%
	Ensured compliance with regulations, government environmental standards, zero pollution, and fines.	100%	100%
Air Pollution Management	The introduction of pure electrification in official vehicles reduces emissions from diesel and gasoline vehicles.	Using hybrid electric power so far	100% pure electric vehicle
	Promoted green procurement of consumables, chose low emission and environmental certification	100%	100%
	Paperless office and waste paper recycling and reuse	100%	100%

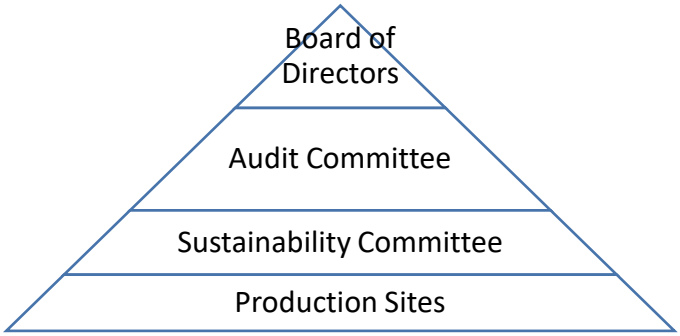
5.1 Climate Change Risk & Management

To address the uncertainties arising from climate change and the rapid shifts in international markets and policies, the Company established the Risk Management Regulations in 2022 and formed a Sustainability Committee the same year. The President chairs the committee, with a senior director from the Quality Assurance Department appointed by the Chair to lead the organization. The committee oversees seven working groups focused on ESG issues, consisting of department heads and other designated personnel. It develops, promotes, and strengthens the Company's key sustainability policies and action plans, conducts regular reviews, tracks progress, and updates sustainability performance. The committee reports to the Board of Directors at least once a year, enabling the Board to oversee goals and monitor progress.

The Company’s Sustainability Committee oversees working groups (WGs), including the Product Safety WG and the Environmental and Ecological Protection WG. These groups manage environmental issues, ensure compliance with environmental regulations and international standards, evaluate sustainability plans, improve resource utilization, and address climate change. The Company also has a Risk Management WG, led by the President, who serves as the highest authority. The group consists of personnel selected by the President from various departments, each bringing different expertise. The Risk Management WG is responsible for the Company's risk management policies, identifying risks as outlined in the Company’s Risk Management Regulations, encompassing environmental risk, social risk (including occupational safety and product safety), corporate governance risk, cybersecurity risk, and operational and financial risk. The WG defines all risks within acceptable levels, prevents potential losses, creates value for investors and stakeholders,

and achieves optimal resource allocation to ensure the Company's sustainable development goals are met.

Climate Change Governance & Framework



- Board of Directors：The highest decision-making body for climate change risk management, responsible for overseeing and approving risk management policies and key risk management systems, tracking the implementation of risk management and the achievement of performance targets.
- Audit Committee: The supervisory unit of the Sustainability Committee, responsible for supervising and reviewing management reports on sustainable development policies, procedures and structures, major risk issues, and implementation status, and submitting them to the Board of Directors at least once a year.
- Sustainability Committee: Responsible for setting the vision, goals, policies, and strategies for sustainability. The committee oversees the capital expenditures required for sustainability and supervises and guides the implementation of sustainability initiatives. Established in 2022, the committee is chaired by the President, with senior executives from various units and divisions serving as members. The committee monitors climate change issues, identifies and regularly reviews climate-related risks and opportunities, and reviews and integrates climate change risk management reports.
- Production Sites：In 2024, CastleNet's production sites are operated by affiliated companies under the Group, utilizing an outsourcing model. Under the guidance of the parent company, Kinpo Group members implement the Group's climate change strategies and actions.

Climate Change Strategy

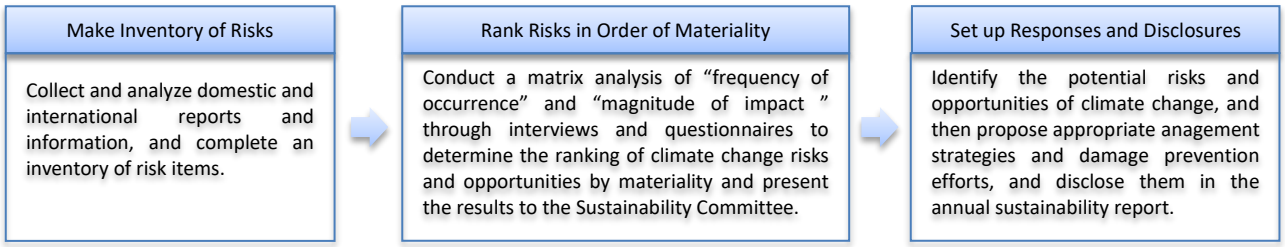
Through the TCFD framework, we identify the risks and opportunities associated with climate change, analyze the potential impact on our operations and finances, and grasp the opportunities for transformation, thus formulating coping strategies for moving towards carbon neutrality, practicing energy management, strengthening green product design, and promoting sustainable supply chain management, and reaching out to our operating locations worldwide.

Climate Change Risk Management

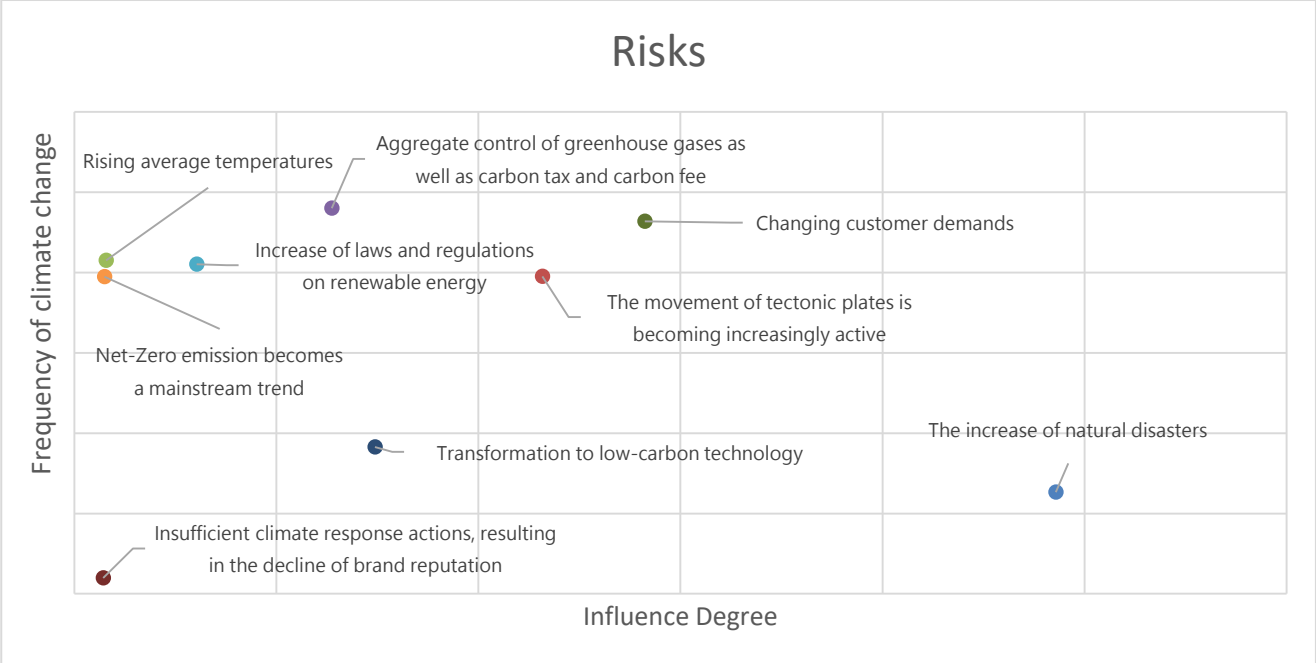
The Sustainability Committee is the highest authority for risk management in the Company, while the President serves as the highest supervisor of the Risk Management Team. The President selects team members from various departments based on their professional expertise. To enhance risk assessment and strengthen management functions, the Board of Directors approved the Risk Management Regulations in 2022. The Risk Management Team is responsible for the Company's risk management policies, identifying risks as outlined in the Company's Risk Management Regulations, encompassing environmental risk, social risk (including occupational safety and

product safety), corporate governance risk, cybersecurity risk, and operational and financial risk. The team defines each risk within acceptable limits, prevents potential losses, creates value for investors and stakeholders, and achieves optimal resource allocation. It also reports to the Board annually on operations and performance to strengthen the Company's resilience and achieve its sustainability goals.

Risk Identification Process



Climate Change Risk Matrix



Climate Change Risk Statement

Type of risk	Type of term	Potential risk items
Physical risks Risks resulting from climate change due to incident driving (acute physical risks) or long-term climate change (long-term physical risks) Acute physical risks are resulting from weather-related incidents, e.g., rainstorm, flood, draught, or heat wave, with severity and frequency gradually increased. Long-term physical risks are resulting from the long-term changes in climate models, including changes in precipitation and temperature,	Short term	• Extreme climate changes lead to the increased frequency of flood damage. If the overseas OEMs are damaged, the corporate operation may be affected.
	Medium term	• The increase of natural disasters results in the interruption of the supply chain. • The movement of tectonic plates is becoming increasingly active, leading to a higher frequency of

which may result in the rising of sea levels, the reduction of availability of water resources, the loss of biodiversity, and the change in soil productivity.		large-scale earthquakes. The corporate operation will be affected if such damage is suffered.
	Long term	Decline of average temperatures.
Transition risks Risks generated during the transformation of the company to low-carbon economy, including risks of policies, laws, technologies, markets, and reputation.	Short term	Aggregate control of greenhouse gases as well as carbon tax and carbon fee.
	Medium term	• Changes in customer requirements and preferences. • Transformation to low-carbon technology. • Increase of laws and regulations on renewable energy. • Insufficient climate response actions, resulting in the decline of brand reputation.
	Long term	Net-Zero emission becomes a mainstream trend.

Corresponding opportunities	Type of term	Potential opportunity items
Potentially positive impact of climate change on individuals; the efforts made regarding climate change mitigation and adaptation may create climate-related opportunities for individuals.	Short term	R&D and innovation of new low-carbon products and services.
	Medium term	Improvement of resource utilization efficiency.
	Long term	Improvement of corporate reputation.

Climate Change Risk Statement – Physical Risk

Physical risks/Climate opportunities		
R (risk) / O (opportunity)	Financial impact - /+	Response strategies
R: The increase of natural disasters results in the interruption of the supply chain. For example, extreme climate changes lead to the increased frequency of flood damage or heat wave. If the overseas OEMs are damaged, the corporate operation may be affected.	- The shutdown of operating sites results in the decline of operating revenue. - The damage of machinery quipment results in the property losses. - The rising prices of raw materials lead to the increase in operating cost. - The decrease in product output results in the decline of operating revenue.	• Give consideration to the risk of flood before new operating sites are established. • Evaluate the risk of flood in the operating sites, and execute risk mitigation measures. • Develop alternative raw materials. • Search suppliers in other regions.
R: The movement of tectonic plates is becoming	- The toppling of plant buildings, the damage of materials and	• In addition to the purchasing of earthquake insurance just

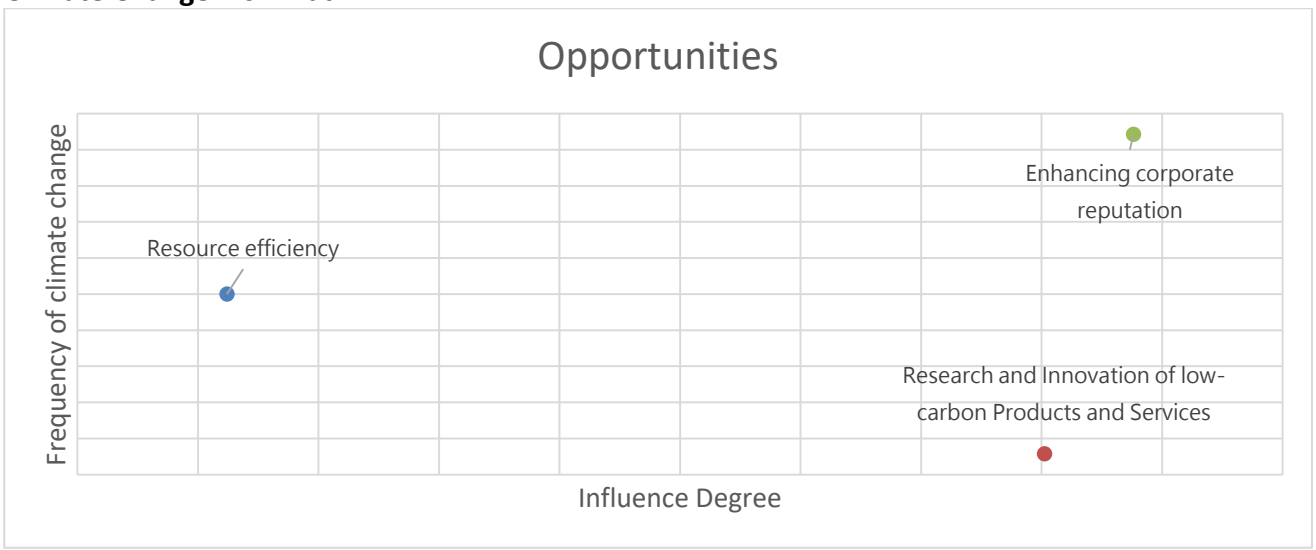
increasingly active, leading to a higher frequency of largescale earthquakes. The corporate operation will be affected if such damage is suffered.	inventories, the damage of machinery equipment, the injuries of employees, etc. result in property losses, decline of operating revenue, and increase in operating cost due to restoration expenses.	in case, actively search suitable places for plant construction in non-seismic regions to spread the supply chain risks and prevent the breakage of the supply chain. • Pay close attention to the building safety, and immediately evaluate the hazard level in case of any amage.
R: Rising average temperatures O: Improvement of resource utilization efficiency.	- The increase in power consumption results in the increase in operating expenses. - The shortage of raw materials results in the rising price. - The increase in cost, or decrease in production output results in the decrease in operating revenue. + Decrease in cost of power consumption.	• Construct green buildings. • Use renewable energy. • Develop alternative raw materials. • Purchase energy-saving equipment. • Adopt environmental management system and track the energy use status. • Establish relevant energy-saving and carbon reduction policies and promote their implementation in the company.

Climate Change Risk Statement – Transition Risk

Transition risks/Climate opportunities		
R (risk) / O (opportunity)	R (risk) / O (opportunity)	R (risk) / O (opportunity)
R: Aggregate control of greenhouse gases as well as carbon tax and carbon fee. R: Increase of laws and regulations on renewable energy.	- The paying of carbon fee results in the increase in operating cost. - The purchasing of RECs results in the increase in operating cost. - The paying of penalties for violation of regulatory requirements results in the increase in operating expenses.	• Strengthen green R&D and innovation. • Improve energy utilization efficiency, and seek opportunities to invest in green energy equipment. • Search suitable renewable energy utilization solutions.
R: Changes in customer requirements and preferences. O: R&D and innovation of new low-carbon products and services.	- The reduction of market sales results in the decline of operating revenue. + The improvement of sales ratio of low-carbon products increases the operating risk.	• Continually invest in the R&D of low-carbon products. • Search raw materials with lowcarbon footprints and reallocate product ingredients.

		• Research, develop, and make innovations in green products.
R: Transformation to low-carbon technology.	- The development of new lowcarbon processes will increase the R&D cost. Financial losses will be caused in case of development failure.	Establish a project R&D team and develop most suitable, low-carbon technology that benefits management.
R: Insufficient climate response actions, resulting in the decline of brand reputation.	- The stakeholder's expectations cannot be satisfied, to harm the corporate reputation and lower the market sales.	Actively pay attention and respond to climate-related issues, strengthen the public welfare image of the enterprise, and enhance customers' sense of identity.
R: Net-Zero emission becomes a mainstream trend.	- The setting and operation of carbon reduction equipment result in the increase in cost.	• Continually implement greenhouse gas reduction actions. • Encourage suppliers to take climate mitigation and adaption actions.
O: Improvement of corporate reputation.	+ Improvement of financing availability and reduction of capital cost.	• Improve the enterprise's green image through transparent disclosure. • Strengthen corporate governance, and establish a corporate culture of emphasis on climate-related issues and engagement in concrete actions. • Improve the performance in sustainability appraisal and establish a favorable image.

Climate Change Risk Matrix



Description of Climate Change Opportunities

Item	Description	Response Strategies
Enhancing corporate reputation	Proactively proposing climate change measures to reduce risk impacts and help improve sustainability performance domestically and internationally, increasing stakeholders' trust in CastleNet.	• Accelerate the following measures to enhance climate change adaptation and mitigation: 1. Actively invest in green product design, energy-efficient plant management (ISO 50001), and increased use of renewable energy. 2. Strengthen plant infrastructure and introduce Business Continuity Plans (BCP). • Actively participate in external sustainability organizations such as RBA and CDP with Kinpo Group, and make stakeholders more aware of relevant actions through our sustainability website, sustainability reports, etc.
Resource efficiency	1. Improved energy efficiency to save operating costs. 2. Reduced water consumption and water consumption mechanisms.	1. Set energy-saving targets to achieve long-term carbon reduction and energy-saving goals by achieving each short-term goal. 2. Improved process production efficiency, establish a recycling mechanism to extend product lifecycle.
Research and Innovation of low-carbon Products and Services	Products that meet energy-saving regulations, meet more energy-efficient features, and bring down overall costs can increase customer willingness to place orders and create revenue growth.	1. Increase investment in product R&D to develop innovative low-carbon products to match customer needs. 2. Organize regular seminars on technical innovation to enhance the knowledge and capability of our staff.

Climate Change Metrics and Targets

1. Conduct Regular Flood Risk Assessments: Evaluate the potential for flooding and establish preventive measures.
2. Monitor GHG Emission Baselines: Ensure the Daye office obtains ISO 14064 certification in line with the Group's standards.
3. Set GHG Reduction Targets: Establish short-term science-based carbon reduction targets and aim for carbon neutrality in the mid to long term.
4. Promote Energy Efficiency and Innovation: Save energy and continue to advance energy improvement projects.
5. Enhance Supply Chain Sustainability and Resilience: Complete risk assessments for critical suppliers in 2024 with the Group's standards.

5.2 GHG Management

At the 26th UN Climate Summit (COP26), countries agreed to the Glasgow Climate Pact, which aims to limit global warming to 1.5°C. We aim to achieve the establishment of SBTs in the following ways:

1. Following the establishing baseline of Kinpo Group GHG emissions

We are promoting a GHG inventory of our factories worldwide, raising the coverage of GHG emissions from 64% to 100%, and ensuring the credibility of our data through third party verification of ISO 14064.

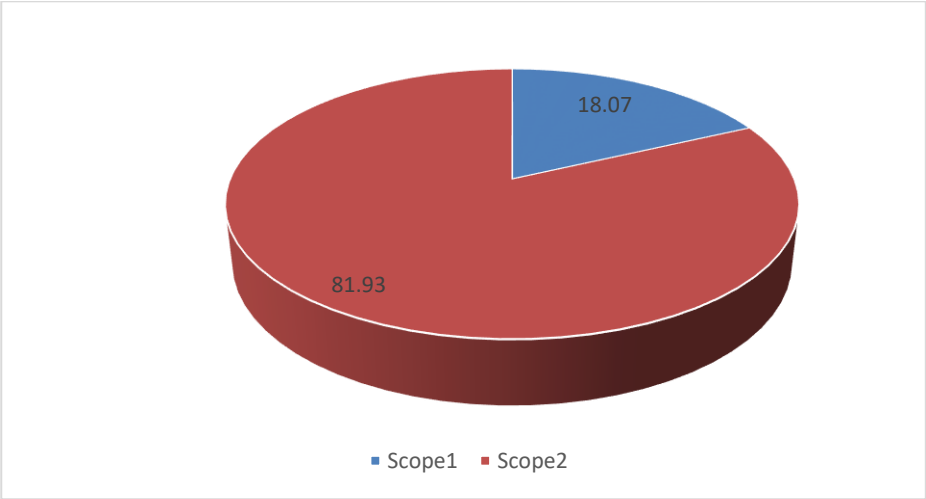
GHG Emissions by Plant 2021-2024

In 2024, verified GHG emissions showed that Scope 1 emissions amounted to 22.97 tonnes CO2e, representing 18.07% of total emissions, while Scope 2 emissions reached 104.2 tonnes

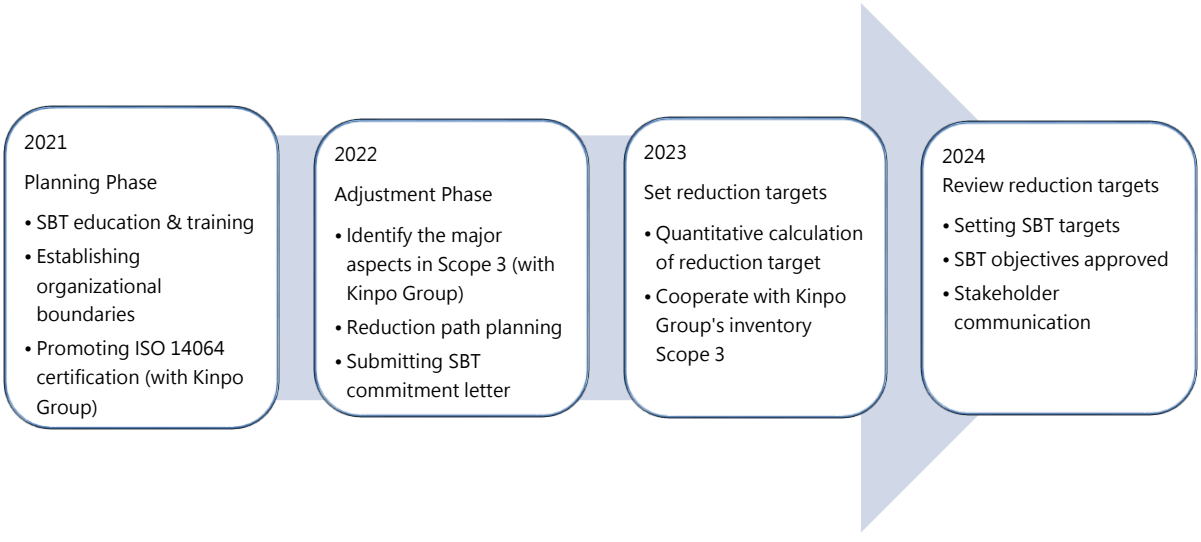
CO2e, accounting for 81.93%. Compared to 2021(baseline year), total GHG emissions (Scopes 1 and 2) decreased by 1.16% in 2024. CastleNet remains dedicated to implementing energy-saving measures to enhance energy efficiency.

Year/ Scope	2021 (baseline year)			2023			2024		
	Scope 1	Scope 2	Total	Scope 1	Scope 2	Total	Scope 1	Scope 2	Total
Beitou Daye	37.65	91.01	128.66	15.68	132.72	148.4	22.97	104.2	127.17
Per Capita Emissions	-		2.38	-		2.07	-		1.70

Share of GHG Emission in Scope 1 and Scope 2 in 2024 (Unit：%)



2. Adoption of Scientific Methods



3. Development of Carbon Reduction Initiatives

Amid the ever-changing industrial structure and technological trends, companies must continuously innovate to ensure sustainable operations. As a corporate citizen, CastleNet actively promotes GHG reduction through the following methods:

(1) Implementing Energy-Saving and Carbon Reduction Measures: We continually introduce

energy-saving and carbon reduction initiatives in the office environment, contributing to carbon reduction goals through process optimization and the improvement or replacement of high-energy-consuming equipment.

(2) SBT Carbon Reduction Targets: In alignment with Kinpo Group, we committed to reduce Scope 1 and Scope 2 emissions by 55% by 2033, as well as to reduce Scope 3 emissions intensity by 62% per million NT Dollars of operating gross profit, this target has been approved for the purchase of goods and services and the sale of products by SBT Compliance review assignment in September 2024. CastleNet and the group will conduct inspections at a fixed time every year SBT The achievement status of the target, and the set targets have been achieved in 2023 and 2024 SBT.

5.3 Energy Management

Energy Management

CastleNet's Energy Policy

We are committed to managing and improving energy efficiency to achieve sustainability goals. To this end, we pledge to provide the necessary resources to implement this energy policy.

- **Regulatory Compliance**
  Comply with government energy regulations and other relevant requirements, and honor voluntary energy-related commitments.
- **Reduction of Energy Consumption**
  Commit to energy conservation and energy efficiency, support the procurement of energy-efficient products and services, and the use of renewable energy.
- **Continual Improvement**
  Review and enhance energy efficiency on a regular basis to ensure that targets are met by setting and tracking indicators.
- **Enhanced Communication**
  Promote energy-saving education and training to raise awareness of energy saving among staff and establish good communication channels to consistently convey the Group's energy policy to stakeholders.

CastleNet will regularly review and update its energy policy to ensure its continued effectiveness and alignment with the Group's sustainability goals.

CastleNet is continue to be committed to the sustainable development of environmentally inclusive enterprises. Our management policy for energy conservation aims to reduce energy consumption and improve energy efficiency. In terms of implementation, we will improve related energy conservation improvements in three major directions: lighting, air conditioning, and energy management.

Cutting Energy Consumption	Boosting Energy Efficiency	Heightening Staff Awareness of Energy Savings
• Newly procured equipment with high energy efficiency as a priority • Energy management in office space (automatic switching of lighting sensors, air-conditioning set above 26°C)	• Equipment automation • Upgrading equipment performance • Raising production yields	• Environmental education courses • Energy saving and carbon reduction presentation sessions

In 2024, CastleNet primarily used electricity, which accounted for 85.15% of the Company's energy consumption, while vehicle gasoline usage was minimal at 14.85%.

CastleNet Energy Efficiency Policy:

1. Replace traditional lighting with LED fixtures: Improve lighting efficiency standards by eliminating low-efficiency sources and adopting LEDs. To date, 62 sets (decreasing 7.5w*4*8(hr)*22d*12*62) estimating a savings of 3,928 kWh.
2. Implement paperless processes: Utilize the Group's EIP and materials systems to digitize documents, forms, and approval processes, thereby cutting paper usage, and implement the recycling and reuse of waste paper.
3. Use eco-friendly office supplies: During the transition to full digitalization, some processes will still require physical paper documents. In such cases, we choose paper certified by the Forest Stewardship Council (FSC). By using FSC-certified paper, we ensure that the paper is sourced from responsibly managed forests that are protected, support biodiversity, and uphold workers' and local communities' rights, thereby minimizing environmental impact.
4. Turn off lights during lunchtime to implement energy-saving measures.

Water Management

The Company's Water Consumption in the Last Two Years (Tonne): (All Sites and Subsidiaries)

Year	Total Water Consumption (Tonne)	Tonne / Million NTD Revenue
2023	1,180	2.1206
2024	1,840	4.4738

Compared to 2023, the water consumption in 2024 has increased, and the main department has leased an additional office floor, resulting in an increase in water usage for the ice water main unit and personnel.

Establishing a Water Conservation Policy:

1. Post water conservation slogans to encourage everyone to develop the habit of turning off the water promptly.
2. Immediately report any water leaks to prevent water waste.
3. Adjust water usage in public areas, such as pantries and restrooms, by reducing water flow.

Consolidated total water consumption and group data have been verified by a third party.

Waste Management

The Company's Waste Generation in the Last Two Years (Tonne): (All Sites and Subsidiaries)

Year	Total Waste Generation (Tonne)	Waste / Million NTD Revenue
2023	8.81	0.0158
2024	6.58	0.016

The company focuses on source management for waste reduction operations, treating the source area as employee household waste. Among them, employee household waste management aims to improve lunch quality, reduce kitchen waste, and promote reduction and classification management to enhance resource utilization and its value; At present, the company has no process waste. The centralized treatment of industrial waste is aimed at classification and safety and is carried out by legitimate waste disposal operators. At the same time, we also cooperate with resource recycling operators to improve the value of resource utilization and reduce waste.

Waste Management Policy:

1. Sort and recycle resources such as used batteries, toner cartridges, and paper.
2. Manage and dispose of the Company's waste in accordance with legal regulations and comply with zero pollution and no fines in 2024.
3. Company waste primarily consists of general refuse, kitchen scraps, and a small number of used batteries. In 2024, all waste was managed and disposed of by a licensed cleaning company contracted through the Liancheng Office Building Management Center.

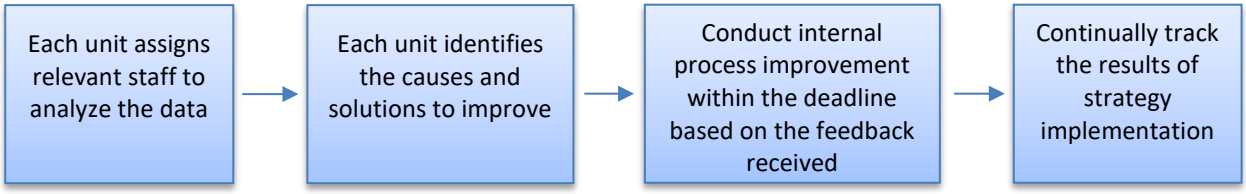
Chapter 6 Partnerships

6.1 Customer Service

CastleNet remains dedicated to a customer-centric approach, delivering high-quality products and services while upholding ethical standards and pursuing continuous improvement. We actively seek innovative solutions, strive for alignment, and aim to exceed expectations, offering exceptional and professional services to enhance customer satisfaction.

Each year, we conduct regular customer satisfaction surveys focusing on three key areas: "Products Quality Satisfaction," "Engineering Technique Satisfaction," and "Interaction Satisfaction." We discuss and incorporate customer expectations into our practices. We have established effective communication channels to promptly, accurately, and efficiently address customer feedback using technological innovation, enhanced professional training, and feedback mechanisms. Additionally, senior management reviews and internal audits are conducted to track and evaluate improvement measures and their outcomes. Through continuous improvement, we steadily boost customer satisfaction.

CastleNet's Customer Satisfaction Survey Process

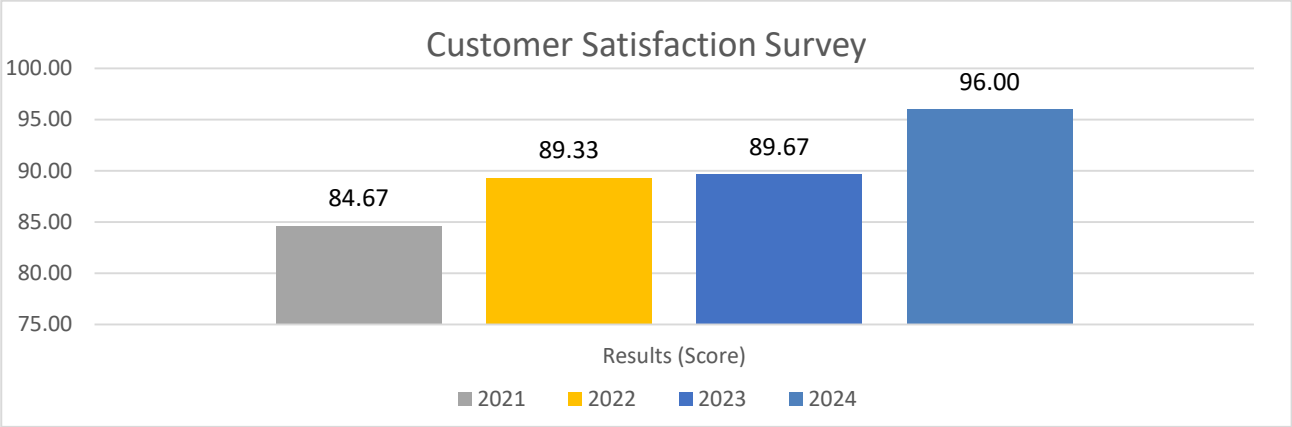


Customer Satisfaction Survey Results

We maintain close partnerships with our customers and accurately measure their satisfaction. From 2021 to 2024, our customer satisfaction survey response rate consistently exceeded 80%. In

2024, the average satisfaction level of the questionnaire survey has significantly increased to 96 points, which is significantly better than the set Excellent score of 81 points and in previous 3 years. We will continue to engage with our customers, addressing their needs and feedback to progressively improve satisfaction.

Grade	Excellent	Good	Fair	Poor	Bad
Score	81-100	61-80	41-60	21-40	0-20

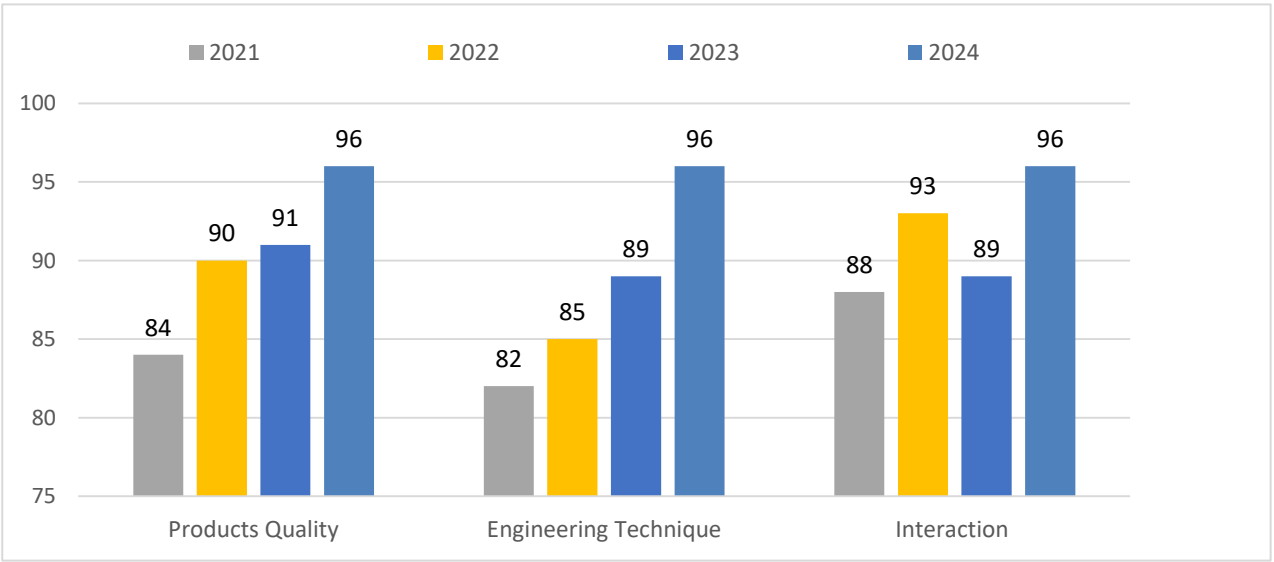


Average Scores of the Three Capability Indicators in Recent Years

Compared to 2023, three capability indicators showed an uptick: engineering technique capabilities grew notably by 7.87% and quality satisfaction rose by 5.49%. We will continuously improve and strive towards a customer satisfaction score of 100.

Year	2021	2022	2023	2024
Product Quality	84	90	91	96
Engineering Technique	82	85	89	96
Interaction	88	93	89	96

Year	2021	2022	2023	2024
Score	84.67	89.33	89.67	96.00



6.2 Restricted Substance Management

CastleNet is in full compliance with the restrictions and bans on hazardous substances and responsible mineral sourcing and keeps its customers informed. All of our products conform to international safety standards and international environmental regulations, with compliance information marked on the product or packaging as required by environmental regulations in the region of shipment (e.g. EU RoHS Directive, EU REACH, Chinese Measures for the Control of Pollution from Electronic Information Products, CE Certification, FCC Certification, BSMI Certification, etc.). We did not commit any breaches of information and labeling requirements or voluntary agreements for products and services in 2024.

Establishment of the IECQ QC 080000 Hazardous Substance Process Management System

We introduced the IECQ QC 080000 Hazardous Substances Process Management System to ensure that all processes from design to production abide by quality and hazardous substances regulations. According to the IECQ QC 080000 standard, we regularly collect and disseminate the latest international green laws and regulations as well as customers' requirements on the management of hazardous substances, and adopt green product design (product design that does not use hazardous substances) at the design and development stage and establish green product process management to minimize the use of hazardous substances and implement product green policies and environmental protection. We regularly review compliance with our Hazardous Substance (HS) procedures, maintain the effectiveness of our management mechanism, identify high and low risk materials, publish a list of restricted substances, and hold supplier conferences periodically to publicize our quality and HS reduction policies and requirements to ensure suppliers continue to adhere to the KINPO GROUP's Code of Conduct. We also perform annual audits of QC080000 compliance through an external third-party certification body to make sure that the Group's business units are effectively managing hazardous substances.

Education and Training

CastleNet regularly collects and identifies international hazardous substances regulations and responsible mineral initiative (RMI) standards and conducts compliance checks to verify status. Through internal training courses, staff are able to access international regulatory information in real time to enhance organizational knowledge and effectiveness, regardless of location or pandemic. A total of 1 training sessions were held in 2024.

6.3 Responsible Mineral Management

Kinpo is a member of the RBA, as a part of Kinpo Group, CastleNet also adheres to the five principles of the RBA Code of Conduct, including Labor, Health and Safety, Environment, Ethics and Management Systems. We also abide by the RBA's Responsible Sourcing Code and are committed to transparent disclosure of conflict minerals included in our products and components in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Mineral from Conflict-Affected and High-Risk Areas, requiring suppliers to disclose information on the smelters of gold, tungsten, tin, tantalum, cobalt and other minerals used in the supply chain using the Conflict Minerals Reporting Format as part of our corporate citizenship and social responsibility.

To enable responsible sourcing of minerals, suppliers are expected to sign up to the Responsible Minerals Policy Statement for their first partnership with us. We perform responsible minerals probes on an ongoing annual basis across our supply chain using the management tools published in the RMI – Responsible Minerals Reporting Template, including Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT). In addition, we check whether minerals such as tin, tantalum, tungsten, gold, cobalt and mica are used as raw materials for our products, disclose information on the source of minerals and identify whether smelters come from

Conflict-Affected and High-Risk Areas (CAHRAs) to ensure that their minerals and metals are supplied from legitimate sources in order to meet our commitment to corporate citizenship and comply with the RBA Code of Conduct. In 2024, we achieved a 100% completion rate of due diligence, all of which satisfied the Conflict Free Minerals requirement, and all of our new suppliers subscribed to the Conflict Minerals Policy Statement.

6.4 Sustainable Supply Chain

2024-2028 Sustainable Supply Chain Goals

Strategies	Actions	2024	2026	2028
Enhance Sustainability Risk Management Require suppliers to adhere to the Group's Supplier Code of Conduct, focusing on improving labor rights, health and safety, environmental protection, business ethics, and management system performance. Actively support suppliers in strengthening core capabilities and reducing operational disruption risks.	Identify suppliers' social and environmental responsibility risks	• Sustainability risk assessments of critical suppliers are based on the actual completion rate of Kinpo.	• Achieve a 50% completion rate.	• Achieve a 75% completion rate.
	Assess and verify suppliers' social and environmental responsibility performance, providing guidance and support for continuous improvement.	• Effective corrective actions for high-risk critical suppliers are based on the actual completion rate of Kinpo.	• Effective corrective actions: Based on the annual evaluation of high-risk vendors.	• Effective corrective actions: Based on the annual evaluation of high-risk vendors.
	Evaluate the ESG potential or risks of new suppliers and provide information for negotiations and supplier selection.	• New supplier evaluations: no new supplier in 2024.	• Reach a 50% completion rate for evaluations.	• Reach a 100% completion rate for evaluations.
Promote a Low-Carbon Supply Chain Lead suppliers in conducting carbon footprint assessments and developing their GHG management capabilities.	Strengthen supply chain communication and enhance responsiveness to address evolving sustainability trends.	• Implementation of Supplier Code of Conduct and GHG management: According to Kinpo's policies and implementation	• Topic: Biodiversity.	• Topic: Talent-related disclosure requirements.
	Promote the development of local suppliers to reduce transportation-related carbon emissions.	• Establish methodology for upstream transportation carbon emissions, including calculation and verification: According to Kinpo's policies and implementation	• Set carbon reduction targets for upstream transportation.	• Promote local procurement to meet annual carbon reduction targets.
	Assist suppliers in establishing carbon footprint assessment capabilities and set joint carbon reduction targets. Develop a supplier carbon emissions database to inform procurement decisions.	• Form a supply chain alliance: According to Kinpo's policies and implementation	• Push alliance members to establish credible GHG emissions data.	• Support alliance members in achieving carbon reduction goals.

Supplier Sustainability Management Strategy

Kinpo Group is an RBA member, and CastleNet is a subsidiary of Kinpo. We developed the "Supplier Code of Conduct" based on the RBA Code of Conduct and the Company's sustainability requirements to build suppliers' sustainability capabilities. In managing and selecting suppliers, we consider four dimensions: Quality, Delivery, Cost, and Service (QDCS). Since 2022, we have integrated sustainability issues into supplier management. New suppliers are mandated to sign procurement contracts (including the Supplier Code of Conduct), Conflict Minerals Declarations, and Environmental Protection Guarantees to ensure compliance with Kinpo's sustainability standards. Existing suppliers undergo sustainable supply chain management processes so that the Company can identify sustainability risks among critical suppliers, adopting support mechanisms to boost their performance.

The Company continues to implement its sustainable supply chain program under the ongoing supervision and guidance of the Board of Directors. We communicate our commitment to sustainability and our requirements to suppliers, working together with them to achieve high-quality supplies that meet sustainability goals. Each year, in addition to conducting sustainability risk assessments of critical suppliers to ensure compliance with CastleNet's Supplier Code of Conduct, we audit and guide high-risk suppliers and track their improvements. If a supplier fails to make improvements within the specified timeframe, we report to the procurement department and recommend replacing the supplier.

Supplier Code of Conduct

Supplier Selection Criteria

In 2024, CastleNet will select critical suppliers from the top 70% by transaction value in 2023 relative to the total procurement amount. We will introduce a new supplier sustainability risk assessment in 2024, proactively evaluating suppliers based on their environmental, social, governance, and business-related factors.

Sustainable Supply Chain Management Process

Carried out through a PDCA cycle, our supply chain sustainability management aims to establish core strategies to manage the sustainability risks in the supply chain, ensure suppliers meet CastleNet's standards and improve the sustainability performance of suppliers.

Plan - Sustainable Supply Chain Management Strategy

As a part of Kinpo Group, Kinpo is a member of the Responsible Business Alliance (RBA) and has developed a Suppliers' Code of Conduct in accordance with the RBA Code of Conduct as the overarching principle of sustainable supply chain management to identify and manage supply chain sustainability risks and enhance the sustainability of the supply chain.

Do - Supplier Risk Assessment

We conduct a Sustainability Assessment Questionnaire (SAQ) audit for key suppliers (excluding agents, RBA members, affiliates, etc.) whose purchase amount constitutes over 70% of our total procurement spend. The items assessed include labor rights, health and safety, environmental protection, corporate sustainability performance and management systems, and through analysis, we identify high-risk suppliers and issues of particular concern. The assessment results are categorized into three levels: Level A (low risk): ≥81 points; Level B (medium risk): 61-80 points; and Level C (high risk): <60 points.

Check - Audit Confirmation

For high-risk suppliers, we undertake on-site audits and request for improvement, and within one week of the audit, we will issue a Corrective Action Request for the supplier to make rectifications and reply within one month, and follow up until the case is closed.

Action - Improvement Plan

By identifying high risk issues through risk analysis, we create educational materials based on our own experience to share with our supplier partners.

▲ Supply Chain Sustainability Management P.D.C.A. Cycle

Supplier Audits

In 2025, we will adopt the SAQ questionnaire to identify potential risks in our supply chain. Suppliers scoring below 60 points will be classified as high-risk. To effectively manage sustainability risks, we will conduct audits on these high-risk suppliers to further evaluate and understand their risk status.

For high-risk suppliers whose audit results do not meet the Supplier Code of Conduct, we will require them to propose and take corrective actions within two months and provide supporting documentation of the improvements. Suppliers who fail to address the issues within the given timeframe will be reported to the procurement department with a recommendation for replacement.

Chapter 7 Employee Wellbeing

Employees are a vital asset to the Company and are key to maintaining our competitive edge. Caring for our employees is a fundamental aspect of our human resource development. We recruit talented individuals to build a supportive workplace and work together towards serving our customers and achieving sustainable growth.

We are committed to creating the best and safest work environment by carefully listening to our employees, understanding their needs, and achieving the following results:

1. The headquarters with Kinpo Group won the 1111 Job Bank's Happy Enterprise Award for the second consecutive year.
2. Since 2020, we have provided childbirth subsidies to employees, offering NT$66,000 for each newborn, with a total subsidy amounting to NT$396,000.
3. 2024 Employee Satisfaction Survey, with an average score of 8 or above (out of 10).

7.1 Human Resource Management Policy

With the belief that employees are the fundamental and most valuable asset of a company, CastleNet respects the uniqueness of each employee and sees "people" as a strategic resource that can create advantages for the organization. In human resources management, we treat all employees fairly, humanely and systematically, and establish appropriate communication channels to give employees the opportunity to express their views. Additionally, we continue to strive for a balance between work and quality of life for our employees, creating an equal and harmonious working environment where they can excel in the right positions. The functional human resources policies are as follows:

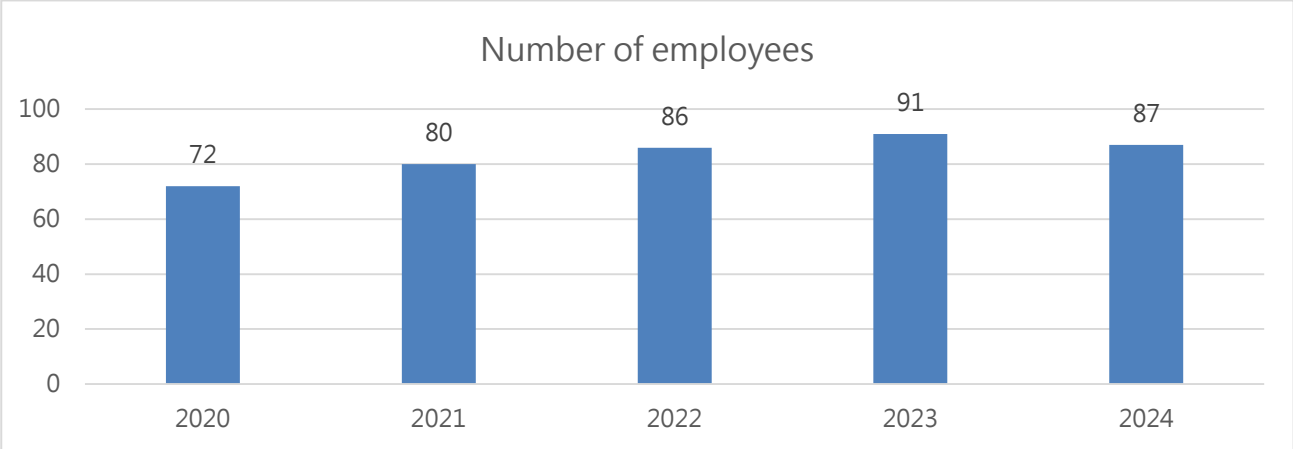
- Employment Policy: We correctly assess the human resource needs of the organization and conduct internal and external selection in an open, fair and equitable manner to select like-minded people to join the Company and realize the concept of "the right person for the right position".
- Training and Development Policy: Through a wide range of learning tools and a robust training and development system, we strengthen employees' willingness and ability to work, enhance their personal performance to achieve corporate goals.
- Compensation and Benefits Policy: We offer compensation and benefits that are fair externally, internally and personally based on market trends and operational considerations.
- Employee Relations: We provide quality labor conditions, working environment, communication channels, employee assistance and foster a quality corporate culture to align employee goals with organizational goals, enhance employee happiness and create maximum benefits for employees and employers.

Human Resource Management Promotion Goals and Plans

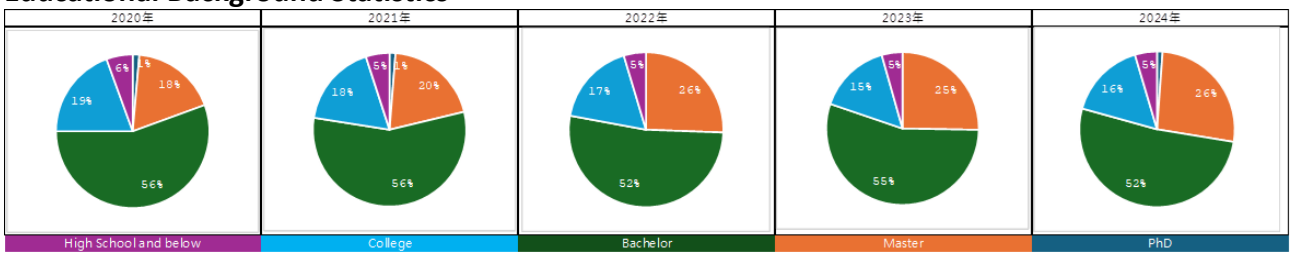
	Topics	Goals	Achievement in 2024	Goals to Achieve in Y2025~Y2027
Talent Attraction & Retention	Talent is the foundation of everything. Establish diverse recruitment channels, construct a diverse and inclusive workplace environment and welfare system, and attract and recruit outstanding talents to join.	Annual employee satisfaction survey, with an average score of 8 or above (out of 10)	100%	100%
		Annual employee turnover rate below 15%	100%	100%
Human Capital Development	Sustainability and cultivation of talents are the goals of enterprises. We provide a comprehensive education, training, and development system, establish a culture of continuous learning, promote individual and organizational development, and ensure that colleagues have sufficient training resources and development opportunities.	Providing employee education, training, and development training, with an average annual training hours of over 12 hours per person	100%	100%

Human Resource Analysis

Headcount



Educational Background Statistics



Employment for People with Disabilities

As regards the employment of the physically and mentally challenged, in line with the efforts of various governments to facilitate the employment of people with physical and mental disabilities, our headquarters has collaborated with social welfare organization Eden Social Welfare Foundation to recruit visually impaired persons to give massage to our staff, so as to help them relieve their tense muscles and achieve the effect of relaxation and elimination of fatigue.

Currently, we employ one person with disability, meeting the employment standards.

Human Resource Mobility

The Company sets its recruitment targets according to the current year's industrial situation, business strategy, and employment needs. In 2024, our headquarters responded to job seekers' questions openly, transparently and immediately through our external recruitment website, while our overseas factories scouted for the best talent by profiling their own recruitment needs.

Newcomers are given an orientation session on the day they report for work, and are introduced to the internal and external environment and hardware and software of the Company to help them adapt to the unfamiliar environment and to provide them with guidance and assistance in their duties. For those who wish to leave the Company, our human resources staff will meet with them to understand their needs and reasons for departure, If needed, we provide coaching or internal transfer assistance for career development opportunities. In 2024, there were 9 new employees and 14 resignations, with an annual retention rate of 82%. (Note: Annual retention rate=(number of new hires at the end of the period)/number of new hires at the beginning of the period)

Significance to the Company/ Management Policy	Founded on the idea that talent is the fundamental and most valuable asset of acompany, CastleNet has built a diverse and inclusive workplace through diverse and innovative recruitment channels to bring in talented people from all over the world, and is committed to building a happy workplace and contributing to the sustainable growth of our customers and the Company together.
Policies and Commitments	The Company has set up a responsible unit to take charge of relevant matters, adhering to the relevant labor laws and regulations and international human rights conventions in the places where the Group's factories are based, and striving to protect the rights of employees. Through a fair and open selection mechanism, our employment policy does not differentiate nor discriminate in any form under any circumstances, and we provide reasonable remuneration packages, comprehensive welfare programs, a sound talent cultivation system and staff wellbeing scheme to effectively enhance work efficiency and team cohesion.
Goals	1. Short-term goals • Create an equal and harmonious workplace to enable employees to give full play to their talents in suitable positions and promote retention of talents, with a retention rate of over 70%. • Implement employee care and provide various benefit packages. 2. Medium and long-term goals. • Set up a better performance appraisal system to motivate staff by awarding them more competitive rewards. • Comply with the relevant labor laws and international human rights conventions in each of the Group's operating locations to remain free from human rights violations and discrimination. • Take care of the physical and mental health of our employees and design a more flexible benefit package based on their needs.

Performance Appraisal and Job Rotation

To understand the performance of our staff and to provide a basis for promotion, training and development, salary adjustment, staff remuneration and performance improvement, we have established the "Staff Performance Management Regulations" and conduct half-yearly appraisals of our staff. We also have an internal transfer mechanism in place, which allows staff to be transferred to other units if they meet the following criteria:

1. In the event of a change in the organization of a department, the staff of the department may be transferred to other units of the same department based on their professional qualifications and wishes.
2. Where a department intends to downsize, the staff chosen for redundancy may be transferred to other units in different departments according to their qualifications and wishes.
3. To nurture outstanding talents, the department head will select and arrange for them to be transferred to different units for training, so as to cultivate them into all-round personnel.

Performance Appraisal Process (Excluding Newcomers)

Promotion Mechanism

To make the most of human resources and their capabilities, and to motivate employees to deliver excellent performance, the Company has created a comprehensive internal promotion mechanism to ensure a smooth promotion mechanism across all positions and to cater for the development needs of the Company and its employees, so as to enhance the core competitiveness of the Company and its employees, thereby boosting the Company's operational performance.

Human Rights Management

As a part of Kinpo Group, Kinpo abides by the labor-related laws and regulations in all of the locations where it operates worldwide, and makes reference to the spirit and basic principles of human rights protection enshrined in international human rights conventions such as the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the UN Global Compact, and the International Labour Organization Conventions, and strictly implements the Responsible Business Alliance Code of Conduct to protect the human rights of all its employees, including regular employees, contract and temporary workers, and interns.

The Company's human rights policy applies to the Company and its domestic and foreign subsidiaries and other enterprise organizations affiliated with the Group over which it exercises substantial control, and is applied as follows:

1. Prohibition of Discrimination: We eliminate unlawful discrimination on the grounds of race, color, age, gender, sexual orientation, religion, disability, trade union membership or political affiliation and to ensure equal opportunities in employment.
2. Prohibition of Child Labor: We do not use child labor and do not accept any suppliers or outsourcers who use child labor.
3. Prohibition of human trafficking: The use of forced, bonded (including debt) or contractually bound labor, involuntary or exploitative prison labor, and enslaved or trafficked persons is prohibited.
4. Prohibition of forced labor: Respect employees' freedom, and workers have the right to freely resign or terminate their employment relationship at any time.
5. Reasonable Pay and Benefits: We provide employees with basic pay and benefits that meet or exceed the requirements of local laws and regulations.
6. Protecting employees' freedom of association and collective bargaining rights: Employees can freely form associations in accordance with the local laws and regulations of the

country where they operate, and have the freedom to choose whether to join or not to join trade unions or employee organizations they form. And respect the collective bargaining rights of employees, ensuring communication with employers or management regarding working conditions without fear, retaliation, threats, or harassment.

7. Diverse and Inclusive Workplace: We protect the labor rights of disadvantaged groups such as indigenous people, women, migrant workers, contract workers and people with disabilities.
8. Healthy, Safe and Friendly Workplace: We provide a safe, healthy and harassment-free workplace.
9. Maintain the Physical and Mental Health of Employees: We support and assist our employees in maintaining their physical and mental health and work-life balance.
10. Keep Communication Channels Open: We have established an open management style and communication environment that encourages frank expression of opinions.
11. Respect for Privacy: We make sure that the collection and use of personal information conforms to regulatory requirements.
12. Continued Improvement: We regularly review and evaluate relevant risks and effectiveness and optimize management measures.

We are committed to creating a harmonious working environment and eliminating illegal discrimination and harassment. We respect the uniqueness of each individual and comply with the relevant labor laws and international human rights conventions in each of the Group's factories. We are committed to protecting the human rights of our employees and have instituted reasonable remuneration packages, comprehensive welfare programs, a sound talent cultivation system and appropriate communication channels. Therefore, during the reporting period, we did not commit any human rights offenses such as child labor, forced labor, labor disputes, breach of gender equality and sexual harassment.

7.2 Salaries & Benefits

Descent Salary

The Company has established a remuneration management regulation that combines the employee performance appraisal system with bonus payment standards, and provides year-end bonuses based on operational conditions and individual performance, and shares the Company's profits with employees. On top of providing social, medical and retirement benefits as required by the government, we also offer a wide range of benefits in order to win the hearts and minds of our staff, so that they can contribute to their work. In addition, we abide by government regulations and operate with ethical principles in order to attain our goal of sustainable business and prosperity.

According to the Taiwan Stock Exchange, listed companies are required to disclose the number of full-time employees who do not hold executive positions, average salary, median salary and the difference between the first three items and those in the previous year.

Full-Year Average and Median Salary

Company	Item	2023	2024	Difference
CastleNet	Full-time employees (person)	90	89	-1
	Average salary (NT$)	1,186,000	1,040,000	-146,000
	Median (NT$)	1036,000	944,000	-92,000

*Correct the table in last year's 2023 sustainability report to reflect the correct average and median salaries for the year 2023.

Better-than-Statutory Benefits

Item	Content
Flexible Working Hours	Employees may arrange their own commuting time within their time slots.
Employee Remuneration/ Bonus	Payments are based on the Company's annual operating status and individual performance.
Employee Stock Option Certificates	Benefits based on individual performance.
Marriage leave	Employees can apply for engagement leave when they hold an engagement ceremony before getting married.
Breather break	Unrestricted breastfeeding period, employees can go to the breastfeeding room as long as they need.
Maternity Allowance	Maternity allowance of NT$1,000.
Maternity Bonus	Apart from the employee himself/herself, the employee's children are also entitled to a maternity bonus of NT$66,000 per newborn baby.
Club Grants	Application for club grants.
Scholarships	Employees and their direct descendants who are enrolled at senior grades in elementary schools, junior high schools, senior high schools, vocational high schools and tertiary institutions at home or abroad, and whose academic results meet the required standards, are eligible to apply for scholarships.
Volunteer Leave	Volunteers can apply for volunteer leave during the working hours if they participate in volunteer activities organized by the Company.
Epidemic Childcare Leave	In response to an upsurge in COVID-19 cases and the closure of schools, staff were granted epidemic care leave to take care of children at home.
Typhoon day-off	If the government announces a day-off due to a typhoon, paid leave will be granted
Staff Transport	The Company provides shuttle bus service for staff to and from work and overtime.
Staff Meals	Staff lunch is provided on working days.
Stress Relief Massage	The Company employs visually impaired masseurs to provide stress relief massage services.
Travel Allowance	Travel allowance for staff.
Vacation leave	Paid travel leave for employees and value their life balance.
Year-End Bonus	Based on individual salary ratio/performance/annual employment ratio.
Lunar New Year and Birthday Bonus	Birthday and Lunar New Year bonus / gifts for staff.
Staff Gathering / Raffle	Spring party, year-end banquet, raffle.
Annual Health Check	Free staff health check.
Staff Referral Bonus	Referral bonus for newcomers.
Medical Benefits	Medical benefits for staff.

Retirement System

CastleNet has established the "Employee Retirement Rules" in accordance with the Labor Standards Act and the Labor Pension Act. We ensure that employees' pension contributions and benefits comply with these regulations, and we engage an actuary to provider regular actuarial reports to safeguard employees' future pension rights. For employees hired on or after July 1, 2005,

we apply the new labor pension system as mandated by the Labor Pension Act.

Maternity Allowance

Starting from 2020, all regular employees or children of employees at the headquarters received a subsidy of NT$66,000 for each newborn child, a total of 6 employees in CastleNet received maternity bonus and the total amount of the maternity bonus amounted to NT$396,000.

Year	2020	2021	2022	2023	2024
Number of Recipients (Person)	1	2	2	1	0
Amount of Benefit (NT$)	66,000	132,000	132,000	66,000	0

Employee Welfare Committee

As required by law, the Company allocates 0.05% to 0.15% of its monthly turnover to the Employee Welfare Committee, which uses the funds to provide various benefits to its employees. We have also set up an "Employee Welfare Committee," which is comprised of both employers and employees, with members of the committee being elected by and from among the departments. The committee holds regular meetings to discuss and implement matters and activities related to staff welfare and to design staff welfare activities, including the provision of benefits such as Labor Day cash gifts, birthday cash gifts, wedding and funeral allowances, education grants and scholarships for children, company tours and annual yearend banquets to cater for the daily needs of staff.

Staff Welfare Programs and Input Costs

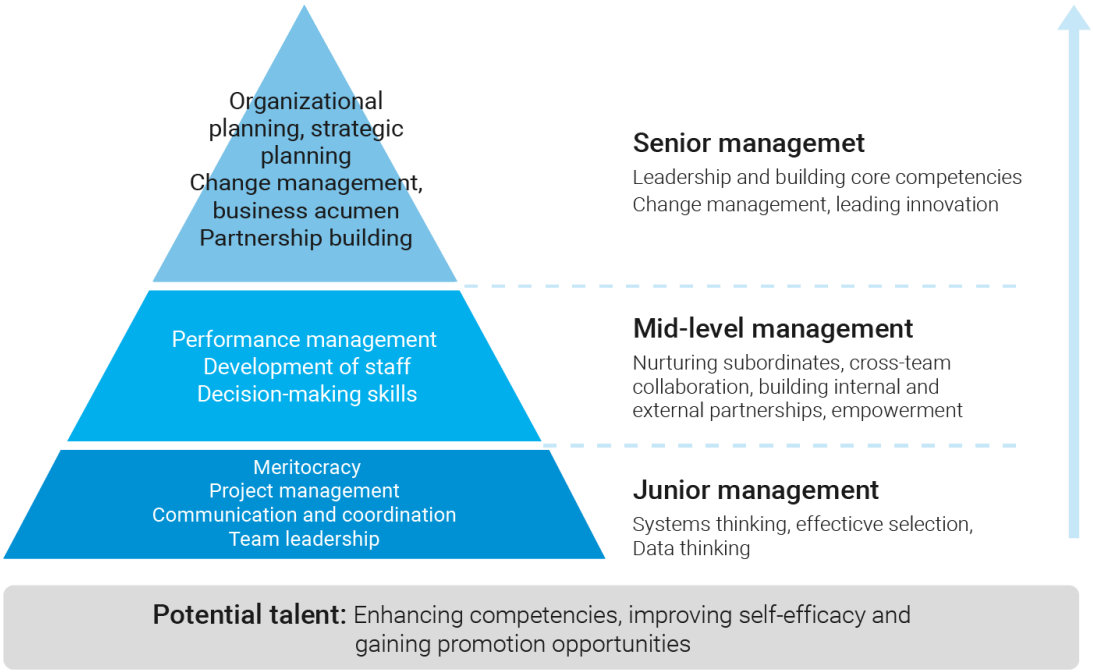
Item	2021	2022	2023	2024	Remarks
Benefits (Marriage, Funeral, Maternity and Hospitalization)	20,000	20,500	16,600	18,000	Paid by Employee Welfare Committee
Travel Allowance	124,030	-	237,000	223,732	
Festival and Birthday Bonus	284,920	394,241	335,825	348,000	
Scholarships for Employees' Children	52,500	48,500	23,500	29,000	
Club Grants	900	0	0	0	
Departmental Social Events and Lunar New Year Gifts	90,460	241,757	67,000	6,000	
Year-end Party consolation prize	2,000	128,183	110,840	262,270	
Event expenses	92,864	108,345	323,512	226,556	
Year-end Party	36,000	386,000	1,063,600	584,728	Paid by Company
Total	703,674	1,327,526	2,177,877	1,698,286	

7.3 Staff Development

Complete Training Plan

Guided by the belief that "Employees are the fundamental and most valuable asset of a company," CastleNet is committed to providing quality nurturing and development opportunities to help our employees grow stronger. From the first day of employment, we provide our employees with a comprehensive learning plan, continuously exploring new knowledge through flexible

learning methods, and creating a growth environment full of innovation and progress. In the face of constantly changing environments, we establish a more diverse and happy workplace, cultivate a sense of diversity, equality, and inclusiveness, so that every member can feel their own value in the organization, and work together towards an inclusive future.



We offer a wide range of programs and resources to help employees realize their self-worth, thereby fostering their identification with the organization and enabling them to grow, thrive and excel together. To fine-tune our staff training programs and to keep them attuned to the needs of the workplace, we design a training needs questionnaire each year to serve as a reference for the direction of training in alternate years, with the goal of helping the organization to continuously improve the value of their people and their competitive edge, as well as helping employees to achieve high levels of productivity and effectiveness.

In the meantime, through the Company's internal basic training (including but not limited to: newcomer training, Group quality-based training, fire drills, legal and information security related courses, etc.), internal training courses for each function (including without limitation: core functions, management functions courses, tool skills training, language training, etc.), external training, and on-the-job training in the department, we have embedded mandatory training courses and credits in the promotion criteria for each job rank, in a bid to strengthen the professional knowledge, skills and expertise and learning motivation of our employees and enhance their performance and continued growth. We include compulsory education and training courses and scores in the promotion criteria for various job levels to strengthen the professional knowledge, skills, expertise, and learning motivation of employees, enhance their work performance, and promote their continuous growth. The average training hours per person for education and training in 2024 are about 23 hours.

Kinpo Group Online Library

Kinpo has partnered with HyRead ebook in building the Group's online library, providing staff (including CastleNet staff) with more access to ebooks. The Kinpo Group Online Library offers a wide range of magazines and books for self-study and further study. Not only are their specialist knowledge reinforced, but through the use of technology and mobile apps, staff can study anytime and anywhere, utilizing fragmented time to enhance their learning output.

Kinpo Group Online Academy

With the ever-changing environment, digital transformation has become an integral part of business. Kinpo's headquarters has also introduced an online learning platform, Kinpo Group Online Academy, which features convenient, flexible, diverse learning resources, including language training, tools and skills series (e.g. Excel and PowerPoint), soft-skills seminars (e.g. emotional management, workplace stress relief, etc.) and industry trend seminars to cater to the different needs and learning styles of employees, and furnishing employees with more diverse learning channels to enrich their skills and knowledge.

7.4 Employee Communication

Promoting Harmonious Labor Relations

Harmonious labor relations and a friendly working environment are the strength driving a company's constant growth. Dedicated to the management philosophy of "Innovation, Harmony and Excellence," Kinpo Group has attached special significance on labor relations since established. On top of its management philosophy revealing the idea of "harmony," the Company also seeks to understand the voices and thoughts of its employees at all levels through various communication channels in its daily operations. To enhance two-way communication between management and employees and to foster good labor relations, we have built up various channels of communication within the Company, through which employees can express their views and suggestions to senior management, thus eliminating misunderstandings and barriers, and enabling employees' ideas and opinions to be responded to and dealt with immediately.

Channel	Content
Kinpo Group EIP	Set up the Company's intranet site to publish important corporate news, regulations and activities.
CastleNet Portal System	Publish announcements, file center and resource center, portal website integration applications.
TV Wall	A TV wall was set up at each major entrance of the Shenkeng plant to broadcast the Company's initiatives and activities and invite staff to join.
Staff Computer Desktop	Set up the group's media promotion icon and monthly slogan in the bottom right corner of the computer desktop to promote relevant content.

Create Diverse Communication Channels

The Company provides a wide range of channels for reporting and filing complaints to prevent unlawful, unethical and other violations of government regulations and corporate rules, and has set up an employee mailbox as a way for employees to voice their problems and receive suggestions. Alternatively, employees can lodge a complaint or report to their BU head, local auditing officer, human resources officer, legal officer, local report box, or suggestion box, and the relevant officer will respond and handle the matter appropriately. We are committed to safeguarding the rights and interests of our employees, and we have instituted various policies that take into consideration the rights and interests of our employees so that they are fully protected. The Company expects its employees to live up to its corporate culture of "Innovation, Harmony and Excellence." The Company has maintained harmonious labor relations with each of its plants, and the work rules are governed by the relevant laws and regulations, and the notice period for the departure of employees is regulated under the Labor Standards Act. In 2024, we did not suffer any losses due to labor disputes.

Communication Channels	Description

Physical Mailbox	Physical mailboxes at Daye office.
Online Complaints	A mailbox on the Company's intranet site for staff to fill in forms and express their views directly online.
E-mail	A dedicated e-mail address at CTI audit@castlenet.com.tw for employees to send their opinions.

Labor Organization / Employee Welfare Committee

We have a well-established Employee Welfare Committee, which is composed of elected representatives from each department and holds irregular meetings to discuss relevant topics. The committees conduct relevant employee welfare measures and activities from time to time to create a work-life balance for employees through various events. In 2024, the Employee Welfare Committee met 2 times.

7.5 Employee Health

Environmental Safety and Health Policy

- Comply with the relevant national and governmental environmental and safety and health laws and regulations.
- Promote environmental and safety and health management-related education and training activities to enhance employees' awareness of environmental and safety and health issues and facilitate their participation and implementation.
- Consistently improve environmental and health and safety performance through pollution prevention, accident prevention, energy conservation and responsible care.
- Establish good communication channels to communicate our environmental, safety and health policies to employees, suppliers, related organizations and the public.

Risk Identification and Assessment

We identify potential safety and health risks in the workplace and develop appropriate control measures to reduce the incidence of occupational hazards and diseases. Risk identification and assessment includes routine and non-routine operations, such as the office is equipped with fresh air ventilation devices to reduce the hazards of carbon dioxide concentration and conducts carbon dioxide concentration testing every six months.

Occupational Safety and Health Education and Training

We are devoted to protecting the health and safety of our employees. We provide a safe and suitable workplace and take an active role in disseminating safety and health information to heighten employees' safety awareness. We have made safety and health education and training courses compulsory for new recruits, teaching them how to avoid possible injuries and emergency response techniques at work, so that they can have a proper and professional consciousness of safety and lower the chance of hazards when they start working.

We educate our staff on occupational safety and health through workplace safety promotion campaigns and internal training, by engaging experts to give lectures at our factory, as well as through our intranet site, e-mails and bulletin boards. In addition, we have set up a comprehensive emergency response procedure and notification mechanism to protect the health and safety of our employees.

Occupational Safety Education and Training at Headquarters 2024

Category	Course Title	Target Audience	No. of people
Safety and Health Training	Occupational Safety and Health Education Training for Newly Employed Workers	New staff	4
	On-the-job Training for Occupational Safety and Health Personnel	Occupational safety and health staff	1
Fire Training	Fire Safety Training	New and current emplyees	20

Safety Management Measures

We are committed to providing a safe and comfortable working environment for our staff and to ensuring their safety and health. To safeguard the safety of the factory grounds, we do so by the following means:

- Employees are required to swipe their cards to enter the factory and wear identification cards for identification purposes.
- Public areas are equipped with surveillance cameras.
- The first-floor gate is patrolled by security personnel 24 hours a day. The office has electronic security measures that will be set up after work to prevent potential safety hazards.
- Installation of surveillance cameras at office entrances and laboratories to ensure the safety of our personnel and assets.

Contractor Safety and Health Management

We continue to practice contractor safety and health management. In accordance with the Occupational Safety and Health Act, we communicate the construction safety and health requirements to our contractors prior to their operations at the plant, and undertake pre-, mid-, and post-construction inspections to prevent occupational hazards at workplaces. In addition, the contractor can communicate with our Occupational Safety and Health Office at any time on matters pertaining to construction safety and health, in order to safely complete all contracted tasks.

Occupational Injury Information

To gain knowledge of the causes and effects of accidents, we have laid down the Accident Investigation and Occupational Injury Handling Procedures to probe into and analyze the source of hazards and keep them in check so as to prevent them from occurring and mitigate the risk of injury to personnel, loss of property and increased costs. For near-miss events that do not result in casualties, property loss or process interruptions, but do cause alarm, we encourage our staff to react promptly while immediately developing preventive measures to pre-empt accidents.

	2022	2023	2024
Hours Worked in a Year (Hours)	167,064	180,248	177,952
Number of Occupational Injury Mortalities (Person)	0	0	0
Number of Serious Occupational Injuries (Person)[*1]	0	0	0
Number of Labor Occupational Accident (Person)	3	2	1
Number of Lost Time Injuries (Cases)	3[*2]	2[*3]	1[*4]
Number of Restricted or Transferred Days without Days away from Work (Cases)	0	0	0
Number of Near Miss Incidents (Cases)	0	0	0
Number of Workdays Lost (Days)	108	38	1
Number of Recordable Occupational Injuries (Cases)[*5]	3	2	1

Notes:*:

1. Serious occupational injury is an injury that causes workers to be unable and unable to recover to their pre injury health status within six months.
2. In 2022, the number of occupational injuries caused lost working hour was as follows: 1 case occurred on the office top floor when an employee slipped while running to avoid the rain; 2 cases were due to traffic accidents during commuting.
3. In 2023, the number of occupational injuries caused lost working hour included 2 cases resulting from traffic accidents during commuting.
4. In 2024, the number of occupational injuries caused lost working hour included 1 cases resulting from traffic accidents during commuting.
5. The number of occupational injuries that can be recorded is defined according to GRI 403-9.

	2022	2023	2024
Occupational Injury Mortality Rate*1	0	0	0
Serious Occupational Injury Rate*2	0	0	0
Total Recordable Incident Rate (TRIR) or Lost Time Incident Rate (LTIR)*3	3.59	2.22	1.12
Days Away/Restricted or Job Transfer Rate (DART) *4	3.59	2.22	1.12
Near Miss Frequency Rate (NMFR) *5	0	0	0
Lost Workday Rate (LWD) *6	129.29	42.16	1.12
Occupational Injury Rate*7	0.036	0.022	0.0112

Notes:*:

1. Occupational injury mortality rate = (number of occupational injury mortalities x 200,000) / hours worked in a year.
2. Serious occupational injury rate = (number of serious occupational injuries) x 200,000/hours worked in a year. (Excluding the number of deaths)
3. Total Recordable Incident Rate (TRIR) or Lost Time Incident Rate (LTIR) = ((number of recordable occupational injuries x 200,000) / total hours worked in a year. (including the number of deaths caused by occupational injuries)
4. Days Away/Restricted or Job Transfer Rate (DART) = ((number of lost time injuries + number of restricted or transferred days without days away from work) x 200,000)/hours worked in a year.
5. Near Miss Frequency Rate (NMFR) = (number of near miss incidents x 200,000) / hours worked in a year.
6. Lost Workday Rate (LWD) = (number of workdays lost x 200,000)/hours worked in a year.
7. Occupational injury rate = number of recordable occupational injuries/average number over the year.

Occupational Injury Improvement Measures:

1. Conduct occupational injury investigations.
2. Provide training for new staff.
3. Improve unsafe and unsanitary working conditions.
4. Promote traffic safety awareness.

Employee Health Screening and Follow-Up

We are concerned about the physical and mental health of our employees. CastleNet provides free personal health check-ups for all employees every year to track their health status. In addition to the health check items stipulated by laws and regulations in 2024, CastleNet actively adds multiple cancer screening items for employees, such as liver cancer, oral cancer, and male and female cancer screening, and allows colleagues to choose between two ultrasound examinations, to allow them to understand their own health status. In 2024, a total of 81 employees participated in the health examination.

Care for Female Employees

CastleNet is concerned with the issue of female employees, emphasizing diversity and inclusion, echoing gender equality, and enhancing the welfare and rights of women in the workplace through various means.

- A breastfeeding room and unlimited breastfeeding leave during working hours are available for female employees.
- We provide maternity leave, pregnancy check-up leave, paternity leave and leave without pay for childcare as required by law.

Unlawful Assault

CastleNet has declared zero tolerance for workplace violence to ensure the physical and mental health of all employees, to prevent internal and external workplace violence against all employees in the performance of their duties, and to build a work culture of safety, dignity, non-discrimination, mutual respect and tolerance, and equal opportunity. All employees can report cases of workplace abuse through the complaint hotline and mailbox, and there were no workplace abuse cases at KINPO in 2024.

Hike Together for Health

We are dedicated to maintaining a balance between work and life for our employees. By organizing outdoor activities, employees can unwind and relieve work-related stress. In 2024, we participated in the “Go Biking, Go Healthy” hosted by the Group headquarters and invited colleagues to embark on a low-carbon and joyful journey together. To enjoy the fun of parent-child riding together, timely set aside the busy pace of life, support the green earth with actions, and create a better environment for future generations. A total of 9 employees signed up for this event in 2024.

7.6 Employee Participation

1. Green Kinpo Lecture Series

The Group regularly organizes relevant lectures are assessed and recorded on-site, then converted into online courses for Kinpo Group's online academy. This allows employees who cannot attend in person to view the lectures online.

Topics	Speakers	Attendance
Analysis of the Application Scope of Enterprise Carbon Sink	Qir-ong Qiu	10
Analysis of the Development of Net Zero Technology	En-hao Huang	7
Carbon Credits Strategy Series	Ching-hui Liao	7
How to plan an mini green trip	Zhao-ting Wei	4

2. Earth Hour - Lights Out One Hour

The World Wide Fund for Nature initiated Earth Hour in 2007, encouraging people to turn off "non-essential lights" for one hour at 8:30 PM local time on the last Saturday of March every year. It has become the world's largest voluntary public carbon reduction campaign. Over 192 countries, including more than 18,000 landmarks such as Taipei 101, participate in this international environmental movement.

CastleNet followed Kinpo Group’s Shenkeng headquarters on the evening of March 22 by switching off exterior signs and non-essential lighting. The managers and employees held signs to promote the "lights-off" action, emphasizing that under global climate change, everyone, regardless of age or status, has the power and responsibility to make a difference in the world. Also demonstrated a commitment to environmental sustainability.

3. Mother's Day Activities

May is the month to celebrate Mother's Day, which varies in date worldwide but is mostly observed on the second Sunday of May. On this special day, we prepared chocolates and flowers for all employees, wishing a "Happy Mother's Day" to all mothers.

4. Father's Day Activities

On the eve of Father's Day, the Welfare Committee honored each family pillar, expressing heartfelt gratitude for their hard work and dedication. To express gratitude and love to father with the purest heart. And gave Hualien Fuli rice as Father’s day gift to all colleagues. It is not only a gift of ingredients, but also a recognition and gratitude for all father's hard work.

5. Stair Climbing Competition

To encourage staff to ascend the stairs more and take the elevator less, the Group organized a stair climbing activity, which not only saved electricity but also prevented them from sitting in office for long hours and urged them to exercise more to keep themselves fit. Stair Climbing Competition is an event since 2022, a series of promotional activities were carried out to provide good air quality in stairwells, we relocated the smoking area to a zone that did not affect the air quality in stairwells, in accordance with the LEED standard for green buildings, which stipulates that smoking areas should be 8 meters away from building openings. Secondly, in order to give our staff a suitable brightness and a good mood when climbing the stairs, the WELL Healthy Building Standard recommends that the stairwell should be adorned with beautiful pictures to add to the aesthetic appeal. The addition of scenic images in the stairwell, combined with explanatory text of the SDGs, slogans to promote stair climbing and the Company's sustainable ESG policy.

The event in 2024 was the same as before, using NFC sensors and the Group's internal app – Kinpo Group eFrom to collect points, with each floor climbed being recorded with a swipe of a card. Achieving 450 points within 3 months of the event can earn the 'Healthy Living Award'.The staff responded enthusiastically and could be seen on the staircases before and after work and during lunch break. A total of 34 colleagues from CastleNet participated in this event, with a cumulative total of over 20,000 stairs.

Chapter 8 Social Engagement

For the Chinese characters “ 企業” (enterprise), if you take away radical “ 人” (people) out of “ 企,” you get “ 止”(stop). As such, it is clear that people are the most important asset of a business. We are therefore convinced that social inclusion and community involvement are an integral part of corporate development. As a part of Kinpo, we are not only committed to promoting a diverse and inclusive workplace culture, but also actively participates in activities organized by the Hsu Chao Ying Foundation and pushes for various charity services. These services include caring for the vulnerable seniors and families in the community, education programs (e.g. the Dreams Come True project), support for the local community, volunteer services, etc. Moreover, we also encourage our staff to spend their time outside work to engage in social service work, so as to realize the spirit of "all employees for charity" and the concept of corporate and social integration. “All employees for charity” will be an essential direction for our Company going forward, and we will continue to dedicate ourselves to making more contributions to the progress and development of society.

We have long supported social welfare, cared for vulnerable groups, and invested in rural education through the Hsu Chauing Social Welfare Charity Foundation. The kindness of CastleNet employees has been pooled into a warm current, spreading like ripples to reach more people in need, so that love can soar and land in every corner of the world.

8.1 Caring for the Underprivileged

Dream Fulfillment Project - Children's Day Activity

Vulnerable children frequently lack adequate support due to their family environments. The Hsu Chauing Social Welfare Charity Foundation aims to raise awareness of their needs by inviting employees to partake in Children's Day caring activities. Through this initiative, employees joined hands to support vulnerable children, offering care and encouragement to boost their confidence and courage on their educational journey. In 2024, the Group, including CastleNet, assisted 25 underprivileged children through this program.

8.2 Education Programs

“Dreams Come True Project” - Living the Dream with Children

Many factors, such as rural location, family background and financial situation, should not stand in the way of a child's happy growth and learning. We are there for these children with a positive and loving heart! The foundation hopes to build children's self-confidence through encouragement and companionship, while nurturing their skills and talents, developing their interests and abilities for future development, and helping them take on the challenges of life with courage.

In 2024, the foundation's Dreams Come True program raised NT$42,000 from 7 staff members of CastleNet to help make children's dreams come true.

Dreams Come True Project

8.3 Caring for the Local Community and Volunteer Services

1. “Jingmei River Charity Care Project” - Adopting a Riverbank

KINPO has initiated the "Jingmei River Charity Care Project" in 2022, which was held regularly every other week, including litter picking and flower maintenance, inviting staff to do their part for

a sustainable environment and raising awareness and action for environmental protection and beautification. This activity not only improved the working environment and quality of work for the staff, but also enhanced their job satisfaction and engagement, and helped to preserve the environment in the long run.

We believe that the riverbank clean-up campaign would spread the concept of caring for the earth to every one of our employees and neighbors. These efforts would not only improve the quality of life and living experience of the people in the local community, but also help to stimulate social participation and responsibility, and indirectly build up a good social image of Kinpo and facilitate the establishment and development of a harmonious relationship between the Company and the community. Residents in the neighborhood applauded Kinpo's dedication and left messages of appreciation on the local Shenkeng Facebook group, further enhancing the Company's image, cohesiveness and solidarity.

In 2024, 11 sessions were staged, with 203 participants and about 30.28 kg of refuse cleared out with the whole Kinpo Group. We will continue to contribute to Jingmei River and follow the SDGs agenda, believing that the power of goodness can continue to have a positive impact. Moving forward, we also intend to bring in neighboring primary schools to volunteer and participate in environmental protection to heighten public awareness of the importance of environmental issues.

2. "Bag Recycling" - Paper Bag Reuse Project

Disposable plastic bags are commonly used in daily life. To cut down on overuse, our Taipei headquarters launched the "Bag Recycling" paper bag reuse project by inviting employees to collect unused paper bags from their homes and turn them in to the Company's "Paper Bag Bank for time to time," so that instead of using plastic bags when needed, they can choose to take the paper bags from the bank and then put them back when not in use. Reuse every paper bag utill it goes back to the Earth.

3. Small Appliance Repair Clinic

The Group is actively involved in the repair movement, beginning with the "Small Appliance Repair Clinic" initiative to combat electronic waste by promoting resource reuse over disposal. In 2024, the Group collaborated with NanjiFix and Shenkeng District's Wanshun Borough warden Yang, Wen-te. In the morning, they offered educational training sessions for volunteer staff, imparting basic repair skills and insights on forming local repair communities. In the afternoon, they provided free diagnostics and repairs to residents at the Wanshun Civic Center in Shenkeng District. Through knowledge sharing and practical actions, the Group is dedicated to mainstreaming the concepts of "repair" and "repair instead of buying," advocating them as sustainable living choices. This initiative seeks to minimize carbon emissions associated with new products, promote a circular economy, and support environmental restoration efforts.

22 employees from the Group, including CastleNet, along with their families, volunteered for this event and successfully mending 15 items. Appliances that couldn't be fixed often required parts that could be sourced for future repairs. Even as the event extended from day into night, the employees' enthusiasm never waned. Witnessing the smiles and gratitude of borough residents as they received their repaired appliances transformed fatigue into a sense of accomplishment. This initiative not only honed repair skills but also highlighted the importance of designing products with easy repairability in mind. As environmental challenges intensify, we hope that everyone will embrace repair as a starting point, transform waste into value, bridge the gap to net-zero, and actively create multiple sustainable, circular living possibilities.

Appendix

GRI Standards Indicator Comparison Table

Statement of Use	CastleNet published its Sustainability Report 2024 against the GRI Standards for the period from January 1, 2024 through December 31.
GRI 1 Version in Use	GRI 1: Foundation 2021
GRI Sector Standards	No applicable GRI Sector Standards

Disclosure	Corresponding Report Sections	Omission	Page
GRI 2: General Disclosures 2021			
The Organization and its Reporting Practices			
2-1 Organizational details	1.1 Company Profile		P. 6
2-2 Entities included in the organization's sustainability reporting	About this Report		P. 3
2-3 Reporting period, frequency and contact point	About this Report		P. 4
2-4 Restatements of information	About this Report		P. 3
2-5 External assurance	About this Report	CastleNet doesn't need external assurance yet.	
Activities and Workers			
2-6 Activities, value chain and other business relationships	1.3 Operational Overview 6.4 Sustainable Supply Chain		P. 6 P. 59
2-7 Employees	7.1 Human Resource Management Policy		P. 62
2-8 Workers who are not employees	Omission	CastleNet doesn't have non-employee workers currently.	
Governance			
2-9 Governance structure and composition	2.1 ESG Governance Organization 3.1 Corporate Governance		P. 7 P. 17
2-10 Nomination and selection of the highest governance body	3.1 Corporate Governance		P. 17
2-11 Chair of the highest governance body	3.1 Corporate Governance		P. 17
2-12 Role of the highest governance body in overseeing the management of impacts	2.1 ESG Governance Organization 3.1 Corporate Governance		P. 8 P. 20
2-13 Delegation of responsibility for managing impacts	2.1 ESG Governance Organization 3.1 Corporate Governance		P. 8 P. 17
2-14 Role of the highest governance body in sustainability reporting	About this Report 2.1 ESG Governance Organization 3.1 Corporate Governance		P. 3 P. 8 P. 17
2-15 Conflicts of interest	3.2 Ethical Management and Compliance		P. 23
2-16 Communication of critical concerns	3.1 Corporate Governance 3.2 Ethical Management and Compliance		P. 16 P. 23
2-17 Collective knowledge of the highest governance body	2.2 Sustainability Blueprint and UN Sustainable Development Goals 3.1 Corporate Governance		P. 9 P. 16
2-18 Evaluation of the performance of the highest governance body	3.1 Corporate Governance		P. 21
2-19 Remuneration policies	3.1 Corporate Governance 7.2 Salaries & Benefits		P. 21 P. 66

Disclosure	Corresponding Report Sections	Omission	Page
2-20 Process to determine remuneration	3.1 Corporate Governance 7.1 Human Resource Management Policy		P. 21 P. 64
2-21 Annual total compensation ratio	Omission	CastleNet is not disclosing its maximum annual total remuneration for the time being due to pay confidentiality rules.	
Strategy, Policies and Practices			
2-22 Statement on sustainable development strategy	Message from Management 2.2 Sustainability Blueprint and UN Sustainable Development Goals		P. 5 P. 9
2-23 Policy commitments	3.1 Corporate Governance 3.3 Risk Management 6.4 Sustainable Supply Chain 7.1 Human Resource Management Policy		P. 16 P. 29 P. 59 P. 62
2-24 Embedding policy commitments	2.2 Sustainability Blueprint and UN Sustainable Development Goals 3.3 Risk Management 6.4 Sustainable Supply Chain 7.1 Human Resource Management Policy		P. 9 P. 29 P. 59 P. 62
2-25 Processes to remediate negative impacts	3.2 Ethical Management and Compliance 4.1 R&D and Green Design 5.1 Climate Change Risk & Management 6.4 Sustainable Supply Chain 7.3 Staff Developmentt Chapter 8 Social Engagement		P. 26 P. 40 P. 47 P. 59 P. 69 P. 76
2-26 Mechanisms for seeking advice and raising concerns	3.2 Ethical Management and Compliance		P. 27
2-27 Compliance with laws and regulations	3.2 Ethical Management and Compliance		P. 25
2-28 Membership associations	2.4 Stakeholder Communication		P. 15
Stakeholder Engagement			
2-29 Approach to stakeholder engagement	2.4 Stakeholder Communication		P. 13
2-30 Collective bargaining agreements	CastleNet did not established any union or enter into any collective bargaining agreement.		
GRI 3: Material Topics 2021			
3-1 Process to determine material topics	2.3 Analysis of Material Topics		P. 10
3-2 List of material topics	2.3 Analysis of Material Topics		P. 10
3-3 Management of material topics	2.3 Analysis of Material Topics		P. 10

Material Topics

GRI Standards	Disclosure	Corresponding Report Sections	Page
Climate Strategy			
3-3 Management of material topics		Chapter 5 Environmental Sustainability	P. 45
201 Economic Performance	201-2 Financial implications and other risks and opportunities due to climate change	5.1 Climate Change Risk & Management	P. 48
	201-1 Direct economic value generated and distributed	3.1 Corporate Governance - Operational Performance	P.22

GRI Standards	Disclosure	Corresponding Report Sections	Page
	201-4 Financial assistance received from government		
305 Emissions	305-1 Direct (Scope 1) GHG emissions	5.2 GHG Management	P. 53
	305-2 Energy indirect (Scope 2) GHG emissions	5.2 GHG Management	P. 53
	305-3 Other indirect (Scope 3) GHG emissions	CastleNet does not need to dislose other indirect (Scope 3) GHG emissions in 2024.	
	305-5 Reduction of GHG emissions	5.2 GHG Management	P. 53
Talent Attraction & Retention			
3-3 Management of material topics		Chapter 7 Employee Wellbeing	P. 61
202 Market Presence	202-2 Proportion of senior management hired from the local community	7.1 Human Resource Management Policy	P. 63
401 Employment	401-1 New employee hires and employee turnover	7.1 Human Resource Management Policy	P. 64
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	7.2 Salaries & Benefits	P. 67
	401-3 Parental leave	7.2 Salaries & Benefits 7.5 Employee Health	P. 67 P. 73
Human Capital Development			
3-3 Management of material topics		Chapter 7 Employee Wellbeing	P. 61
201 Economic Performance	201-3 Defined benefit plan obligations and other retirement plans	7.2 Salaries & Benefits	P. 67
404 Training and Education	404-1 Average hours of training per year per employee	7.3 Staff Development	P. 69
406 Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	7.1 Human Resource Management Policy 7.5 Employee Health	P. 64 P. 74
GRI 408 Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	7.1 Human Resource Management Policy	P. 65
Product Responsibility			
3-3 Management of material topics		4.2 Quality Management 6.2 Restricted Substance Management	P. 42 P. 58
301 Materials	301-3 Reclaimed products and their packaging materials	4.1 R&D and Green Design	P. 42
416 Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	4.2 Quality Management 6.2 Restricted Substance Management	P. 42 P. 58
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	4.2 Quality Management No violations in 2024.	P. 43
Quality Management			
3-3 Management of material topics		4.2 Quality Management	P. 43
417 Marketing and Labeling	417-1 Requirements for product and service information and labeling	4.2 Quality Management 6.2Restricted Substance Management	P. 43 P. 58
	417-2 Incidents of non-compliance concerning product and service information and labeling	4.2 Quality Management No violations in 2024.	P. 43
Information Security			
3-3 Management of material topics		3.4 Information security management	P. 37
418 Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of	3.4 Information security Management	P. 39

GRI Standards	Disclosure	Corresponding Report Sections	Page
	customer data	No violations in 2024.	

Topics of Ongoing Interest

GRI Standards	Disclosure	Corresponding Report Sections	Page
Water Management			
303 Water and Effluents	303-3 Water withdrawal	Appendix - Sustainability Disclosure Indicators - Communications and Internet Industry	P. 85
	303-5 Water consumption	Appendix - Sustainability Disclosure Indicators - Communications and Internet Industry	P. 85
Waste Management			
306 Waste	306-3 Waste generated	5.3 Energy Management Appendix - Sustainability Disclosure Indicators - Communications and Internet Industry No hazardous waste in 2024.	P. 56 P. 85
Energy Management			
302 Energy	302-1 Energy consumption within the organization	5.3 Energy Management	P. 56
	302-4 Reduction of energy consumption	5.3 Energy Management	P. 56
Diversity & Inclusion			
405 Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	7.1 Human Resource Management Policy	P. 62
Sustainable Supply Chain			
308 Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	6.4 Sustainable Supply Chain	P. 59
	308-2 Negative environmental impacts in the supply chain and actions taken	6.4 Sustainable Supply Chain	P. 59
414 Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	4.2 Quality Management	P. 44
	414-2 Negative social impacts in the supply chain and actions taken	4.2 Quality Management	P. 44
Occupational Safety & Health			
403 Occupational Health and Safety	403-1 Occupational health and safety management system	7.5 Employee Health	P. 71
	403-2 Hazard identification, risk assessment, and incident investigation	7.5 Employee Health	P. 71
	403-3 Occupational health services	7.5 Employee Health	P. 71
	403-4 Worker participation, consultation, and communication on occupational health and safety	7.5 Employee Health	P. 71
	403-5 Worker training on occupational health and safety	7.5 Employee Health	P. 72
	403-6 Promotion of worker health	7.5 Employee Health	P. 72
	403-7 Prevention and mitigation of occupational health and safety impacts directly	7.5 Employee Health	P. 71

GRI Standards	Disclosure	Corresponding Report Sections	Page
	linked by business relationships		
	403-9 Work-related injuries	7.5 Employee Health	P. 72
Ethical Management			
205 Anti-corruption	205-1 Operations assessed for risks related to corruption	3.2 Ethical Management & Compliance No violations in 2024.	P. 24
	205-2 Communication and training about anti-corruption policies and procedures		
	205-3 Confirmed incidents of corruption and actions taken		
206 Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	3.2 Ethical Management & Compliance	P. 26
Tax Administration			
207 Tax	207-1 Approach to tax	3.5 Tax Policy	P. 39

SASB Standards Comparison Table – Technology & Communications/Hardware

Topic	Metric	Code	Corresponding Report Sections
Product Security	Description of approach to identifying and addressing data security risks in products	TC-HW-230a.1	All employees must complete the mandatory online training course on confidentiality agreements and may choose to take courses related to product safety management. The company implements strict information security measures, including the file system adopting an encrypted hierarchical access function, information system backup, antivirus and vulnerability analysis mechanisms, and product development strictly adhering to relevant regulations to ensure legality and compliance.
Employee Diversity & Inclusion	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) technical employees and (d) all other employees	TC-HW-330a.1	7.1 Human Resource Management Policy
Product Lifecycle Management	Percentage of products by revenue that contain IEC 62474 declarable substances	TC-HW-410a.1	6.2 Restricted Substance Management (Currently, customers use RoHS and REACH as management standards for prohibited and restricted substances, and the sales percentage of products that comply with RoHS and REACH is 100%.)
	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	TC-HW-410a.2	The products manufactured by CastleNet are not EPEAT-compliant products.
	Percentage of eligible products, by revenue, certified to an energy efficiency certification	TC-HW-410a.3	CastleNet's products sold in Europe are all CE-certified.
	Weight of end-of-life products and e-waste recovered; percentage recycled	TC-HW-410a.4	CastleNet operates under a B-to-B model without any related product waste recycling procedures.
Supply Chain Management	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	TC-ES-320a.2	CastleNet has not yet conducted the first phase supplier RBA VAP or equivalent audit in 2024.
	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority nonconformances and (b) other nonconformances	TC-ES-320a.3	CastleNet has not yet conducted the first phase supplier RBA VAP or equivalent audit in 2024.
Materials Sourcing	Description of the management of risks associated with the use of critical materials	TC-ES-440a.1	6.3 Responsible Mineral Management

Sustainability Disclosure Indicators - Communications and Internet Industry

No.	Indicator	Indicator Type	2024 Disclosure	Unit	Remarks
1	Total energy consumption	Quantitative	872.88	Gigajoules (GJ)	5.3 Energy Management
	Percentage of purchased electricity	Quantitative	100	Percentage (%)	
	Utilization rate (renewable energy)	Quantitative	0	Percentage (%)	
2	Total water withdrawn	Quantitative	1840	Thousand cubic meters (m3)	--
	Total water consumption	Quantitative	1840	Thousand cubic meters (m3)	
3	Total hazardous waste generated	Quantitative	0	Metric tons (t)	--
	Total hazardous waste percentage recycled	Quantitative	0	Percentage (%)	
4	Types of, number of employees in occupational accidents	Quantitative	1	Number (person)	7.5 Employee Health
	Rate of occupational accidents	Quantitative	0	Percentage (%)	
5	Product Lifecycle Management Disclosure: including weights of scraps and electronic waste and percentage recycled	Quantitative	-	Metric tons (t) Percentage (%)	-
6	Description of the management of risks associated with the use of critical materials	Qualitative description	CastleNet fully complies with regulations on the restriction and prohibition of harmful substances and responsible minerals, and incorporates relevant issues into supplier management, requiring suppliers to sign procurement contracts.	-	6.2 Responsible Mineral Management 6.3 Sustainable Supply Chain 6.4 Sustainable Supply Chain
7	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantitative	0	NT dollar	3.2 Ethical Management and Compliance
8	Production by product category	Quantitative	-	Varies by product category	-