

2024 ∞ 永續報告書

2024
SUSTAINABILITY
REPORT

 和泰興業股份有限公司
HOTAI DEVELOPMENT CO., LTD.



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Message from the Management

In 2024, Hotai Development took a significant step toward sustainable governance. The publication of our inaugural ESG Sustainability Report not only demonstrates our commitment to information transparency but also reflects our proactive responsibility toward society, the environment, and the economy.

Environment (E)

In 2024, we officially obtained ISO 14064-1:2018 greenhouse gas inventory verification and completed third-party assurance, exceeding regulatory requirements. The ESG screening rate for new suppliers reached 100%, while the ESG evaluation coverage for key suppliers also achieved 100%, underscoring our commitment to building a sustainable supply chain. In addition, we continued to promote energy conservation and carbon reduction, striving to meet the parent company's annual carbon reduction target of 1–3%. These actions mark steady progress toward our long-term goal of achieving net-zero emissions by 2050.

Social (S)

We firmly believe that people are the most valuable asset of a company. In 2024, average training hours per employee increased to 18 hours. We also established the "Hotai Academy" and implemented a comprehensive promotion framework that links career development with performance. In promoting gender equality, the evaluation rate for female employees matched that of male employees, both exceeding 98%. With respect to workplace safety, no major occupational



accidents occurred during the year, while a dedicated health manager provided personalized services to enhance employee well-being. Together, these initiatives help us foster a supportive, safe, and healthy workplace culture.

Governance (G)

We continued to strengthen our governance framework by establishing the ESG Sustainable Development Committee in 2024, coordinated by the Chief Sustainability Officer to ensure the effective execution of sustainability strategies. Integrity management training was conducted, with 96 participants and a total of 240 hours completed. Furthermore, integrity clauses were fully implemented, with 100% of contractors signing, embedding a culture of ethics and compliance across all business operations.

At Hotai Development, we regard sustainable development as central to corporate competitiveness. By implementing ESG practices, we not only respond to stakeholder expectations but also drive industry innovation and contribute to a better future. Moving forward, we will continue to advance our sustainability journey through data-driven strategies and cross-departmental collaboration, working toward our vision of a “beautiful life and harmonious society.”

About This Report

To pursue corporate sustainability and enhance information transparency, Hotai Development has issued the 2024 Sustainability Report (referred to as "this report"). Through this report, we communicate to our stakeholders the measures and performance the company has taken to strengthen corporate governance, implement environmental protection, occupational safety measures, and improve employee compensation and benefits. Hotai Development hopes that stakeholders will continue to pay attention and provide valuable suggestions to enable the company to take big strides on the path of corporate sustainability.

ESG Information Disclosure

This report takes Hotai Development Co., Ltd. as the main body, comprehensively disclosing performance data on financial, environmental, and social aspects. Financial data is consistent with the company's individual financial statements and is audited and certified by an independent accountant to ensure its accuracy. Environmental and social-related data are collected and compiled by the respective departments, reviewed and confirmed by department managers to ensure the reliability and completeness of the data. If the company discloses data that includes subsidiaries, only summarized data is listed, and individual subsidiary data is not detailed.

The disclosure boundary of this report is mainly focused on Hotai Development Co., Ltd., and some content also covers the subsidiary Hotai Service Marketing Co., Ltd., while social welfare-related information and data include the performance of the Hotai Environmental Sustainability Foundation. Overall, the report demonstrates the company's efforts and achievements in financial stability, environmental sustainability, and social responsibility through systematic and transparent data presentation.

Basis of Preparation and Information Verification

The period of this Sustainability Report is from January 1, 2024, to December 31, 2024. The structure of this report is based on the Global Reporting Initiative (GRI) Sustainability Reporting Standards 2021 (GRI Standards 2021) and aligns with the United Nations Sustainable Development Goals (SDGs). With a responsible attitude, we disclose the company's strategies and practices in economic, environmental, and social aspects, and demonstrate our commitment to social responsibility and sustainable development. To further enhance disclosure quality, Hotai Development engaged GREAT Certification, an independent third-party organization, to conduct a Type 1, moderate level of assurance in accordance with AA1000AS v3. This assurance confirmed the Report's compliance with the GRI Standards 2021, and the corresponding assurance statement is included in the appendix for reference.

Issuance Frequency

This is the first ESG report published by Hotai Development. In the future, Hotai Development will publish a report once a year. To enhance the transparency and accessibility of the report's information, the full electronic version of the report can be downloaded from the official website of Hotai Development. This release date: June 2025. Next release date: June 2026.

Feedback

If you have any comments or suggestions regarding the content of this report, please feel free to contact us.

Hotai Development Co., Ltd. ESG Sustainable Development Committee.

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E-mail: esg@hotaidev.com.tw.

Company website: <https://www.hotaidev.com.tw/web/>.



Corporate Sustainability

1.1 ESG Sustainable Development Committee

To fulfill corporate social responsibility and promote the sustainable development of the environment, society, and economy, Hotai Development has voluntarily prepared a Sustainability Report that exceeds legal requirements. In November 2024, the Board of Directors approved the establishment of the ESG Sustainable Development Committee, which reports directly to the President, and appointed a Chief Sustainability Officer (CSO) to integrate the company's Environmental Management Committee, CSR Committee, and Risk Management Committee.

The ESG Sustainable Development Committee is organized into functional working groups under the three core pillars of environmental protection, social responsibility, and corporate governance. Each group is comprised of commissioners and secretaries with relevant sustainability knowledge and experience. The CSO serves as the Chairperson of the Committee and reports directly to the President.

The Committee convenes at least once a year, with meeting notices issued in advance by the Secretariat. Each functional group formulates specific guidelines, which are then executed by the respective departments, while the Committee monitors and supervises implementation progress. The CSO chairs the Committee meetings to jointly confirm the annual Sustainability Report and ESG material topics, submits them to the President for approval, and establishes action strategies and work guidelines to be executed by the working groups. The Committee further tracks and reviews the effectiveness of these initiatives to ensure the company's sustainability policies are fully implemented.



Organizational Structure of the ESG Sustainable Development Committee



ESG Sustainable Development Committee – Functional Working Groups and Key Responsibilities	
Environmental Management Working Group	<ul style="list-style-type: none"> • Continuously reduce the company's direct and indirect greenhouse gas (GHG) emissions, with the goal of achieving net-zero carbon emissions by 2050. • Supervise subsidiaries in reducing their direct and indirect GHG emissions, with the same target of net-zero emissions by 2050. • Work with subsidiaries to reduce industrial and domestic waste year by year, while increasing rainwater recycling and reuse.
CSR Working Group	<ul style="list-style-type: none"> • Integrate resources from the company's foundation and group-wide public welfare initiatives. • Deepen engagement with schools, non-profit organizations, and disadvantaged groups through professional education and scholarship support. • Strengthen collaboration with government agencies and external stakeholders to build long-term public welfare partnerships.
Corporate Governance and Risk Management Working Group	<ul style="list-style-type: none"> • Ensure all employees comply with company policies and government regulations, maintaining the highest standards of compliance at all times. • Identify and assess potential risks in a timely manner, propose and implement mitigation strategies, and minimize losses in the event of risk occurrence. • Prevent malpractice, enhance operational efficiency, and strengthen overall governance effectiveness.

1.2 Identification of Stakeholders and Material Topics

While pursuing corporate sustainability, Hotai Development also values the voice of its stakeholders. Any individual or group that may have a significant impact on the company's operations is considered a stakeholder. Each department initially screens the types of stakeholders encountered in routine business interactions. Based on the frequency of interaction, the degree of mutual influence, and the importance to each other, and after internal meetings and referencing industry peers, we finally selected four types of key stakeholders that are important to Hotai Development: Shareholders/Investors, Suppliers, Customers, and Employees.

Major Topic Identification Process

1. Understanding the organizational context

By referencing sustainability-related industry standards and reviewing the company's operational activities, business relationships, and stakeholder identification process, we gain a comprehensive understanding of the organization's overall situation and related impacts. This serves as the foundation for identifying relevant sustainability stakeholders.



2. Identifying actual and potential impacts

Based on the organizational context and business relationships, we identify both actual and potential impacts on the economy, environment, and people—covering positive and negative, short- and long-term, as well as reversible and irreversible impacts. Through this process, we determine 18 sustainability-related topics of concern.



3. Assessing the significance of impacts

We conduct materiality analysis by distributing questionnaires to internal and external stakeholders. These surveys assess two dimensions: "stakeholder impact" and "economic, environmental, and social impact."



4. Prioritizing the most significant impacts for reporting

We rank the identified topics of concern and verify their significance against sustainability-related industry standards and with the advice of external consultants. Ultimately, seven material topics were prioritized for this year: greenhouse gas management, sustainable supply chain, talent development, occupational safety, operational performance, product innovation, and customer relationships.

1.3 Stakeholder Communication Channels and Concerns

Due to their different roles, stakeholders have varying concerns regarding Hotai Development. The Company provides sustainability-related information on its official website and has established open and direct communication channels to better understand stakeholders' demands and expectations, and to respond in a timely manner. By doing so, we aim to achieve a win-win situation with our stakeholders in realizing corporate sustainability. We also continuously review and improve our performance, and regularly report stakeholder communication outcomes to the Board of Directors as a reference for sustainability strategy planning.

1. Shareholders / Investors

- Importance to the Company: Shareholders are the Company's contributors. We are committed to protecting shareholder rights, ensuring fair treatment of all shareholders, and guaranteeing their rights to information, participation, and decision-making on major matters.
- Key Concerns: Operational performance; ethical integrity; information security protection; talent development; product responsibility/product safety.
- Communication Channels / Frequency:
Contact person: Investment Management Department
Email: petrina@hotaidev.com.tw
General meeting of shareholders: Annually

2. Suppliers

- Importance to the Company: We maintain long-term, positive interactions with our suppliers. Our products and services rely on stable supply, and we leverage our influence to collaborate with suppliers in preventing environmental pollution and upholding labor and human rights standards.
- Key Concerns: Operational performance; product innovation; customer relationships; trade secret protection and transaction security; ethical integrity; product and service labeling.
- Communication Channels / Frequency:
Contact person: Commercial Planning Department
Email: jeffchan@hotaidev.com.tw
Target: Daikin Industries, Ltd. Japan
Product development meetings: Biannually

3. Customers

- Importance to the Company: Customers are the primary source of the Company's revenue. We uphold product quality, safety, and after-sales service as our highest commitments, and high customer satisfaction enables us to build long-term recognition and trust.
- Key Concerns: Customer relationships; product innovation; operational performance; product and service labeling; product responsibility/product safety.
- Communication Channels / Frequency:
- Contact person: Customer Satisfaction Committee
Email: may@hotaidev.com.tw
Customer meetings: Quarterly
Business visits: Monthly
Satisfaction survey: Annually

4. Employees

- Importance to the Company: Employees are the cornerstone of our operations. We are dedicated to fostering a safe, healthy, and inclusive workplace, while providing diverse development opportunities to ensure employee well-being and engagement.
- Key Concerns: Compensation and benefits; labor-management communication; operational performance; employee equality and non-discrimination; customer relationships; occupational safety.
- Communication Channels / Frequency:
- Contact person: Human Resources Department
Email: hr@hotaidev.com.tw
Phone/Email: As needed
Employee welfare committee meetings: Annually
Employee complaint channels: As needed

1.4 Identification of Material Topics

1.4.1 Analysis of Material Topics

The ESG Sustainable Development Committee of Hotai Development identified 18 sustainability topics relevant to the company's operations. To assess their significance, an online stakeholder survey was conducted, yielding 57 valid responses that evaluated the impact level of each topic across environmental, social, and corporate governance dimensions.

In addition, an online questionnaire was distributed to 13 senior managers, who assessed the extent to which the company's business activities and relationships influence these same dimensions. The results from both stakeholder and management evaluations were consolidated into a materiality matrix.

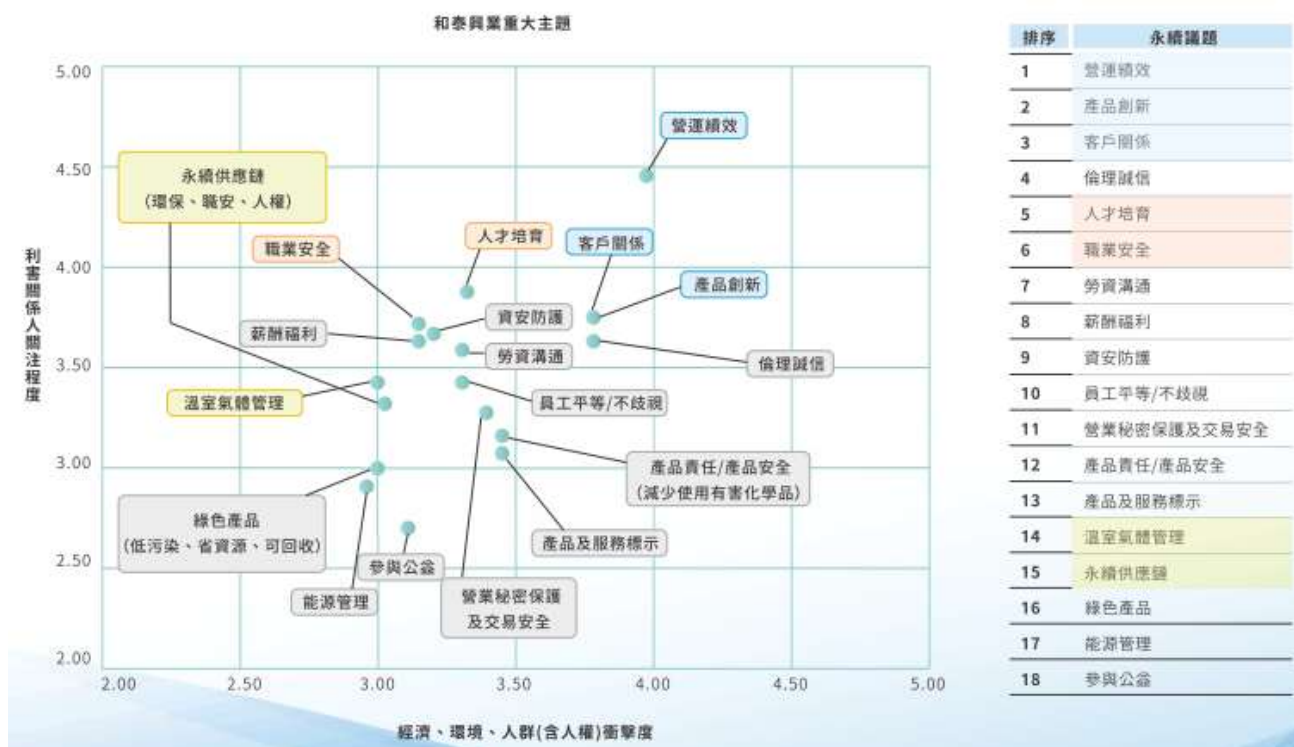


Following a comprehensive review, the ESG Sustainable Development Committee resolved to prioritize the following seven material topics for this reporting year:

- Environmental: Greenhouse Gas Management, Sustainable Supply Chain
- Human (including Human Rights): Talent Development, Occupational Safety
- Economic: Operational Performance, Product Innovation, Customer Relationships

For each of these material topics, Hotai Development has formulated management policies and identified related disclosure items, which are detailed in the subsequent sections of this report.

Note: As this is Hotai Development's first sustainability report, no changes have been made to the list of material topics compared to prior years.



1.4.2 Determination of Material Topics and Boundaries

Greenhouse Gas Management

- Importance and Impact to the Company: In light of rising energy costs and increasing regulatory requirements, the Company adheres to the parent company's commitment to achieve net-zero emissions by 2050. We oversee energy use and greenhouse gas emissions while implementing energy-saving and carbon-reduction measures, generating a positive potential impact.
- Report Disclosure Chapter: 4.2 Energy Conservation and Carbon Reduction

Sustainable Supply Chain

- Importance and Impact to the Company: By monitoring and supporting suppliers, the Company ensures adherence to responsible procurement and production practices, thereby fostering environmental protection and social responsibility across the value chain. At present, all new suppliers and key existing suppliers undergo screening and evaluation, resulting in a positive actual impact.
- Report Disclosure Chapter: 4.3 Sustainable Supply Chain

Talent Development

- Importance and Impact to the Company: The Company provides diverse training programs tailored to employees' job functions to facilitate career growth and strengthen long-term competitiveness, resulting in a positive potential impact.
- Report Disclosure Chapter: 5.3 Employee Growth and Development

Occupational Safety

- Importance and Impact to the Company: Safeguarding employee health and safety is a

cornerstone of sustainable operations, as employees represent the Company's most valuable assets. We have established occupational safety standards that exceed regulatory requirements, and no workplace injuries or illnesses occurred during the reporting year, demonstrating a positive actual impact.

- Report Disclosure Chapter: 5.4 Occupational Health and Safety

Operational Performance

- Importance and Impact to the Company: Sustained business growth creates shared value for investors, employees, suppliers, and customers. Pursuing stable growth remains a continuous strategic goal, reflecting a positive potential impact.
- Report Disclosure Chapter: 3.4 Operational Performance

Product Innovation

- Importance and Impact to the Company: Continuous innovation is central to sustainability and market competitiveness. Facing industry challenges such as enhanced energy efficiency standards, stricter environmental regulations, and evolving consumer demand, the Company introduces the latest Daikin technologies, focusing on high-efficiency, energy-saving, environmentally friendly, and smart-control solutions. These efforts strengthen our market leadership and increase the share of innovative products, resulting in a positive potential impact.
- Report Disclosure Chapter: 3.5 Product Innovation

Customer Relationships





- Importance and Impact to the Company: High-quality after-sales service is essential for customer satisfaction and brand reputation. Through professional and attentive service, Daikin users enjoy peace of mind, reinforcing loyalty and enhancing the Company's competitiveness. This approach also reflects corporate social responsibility and further elevates the brand image, generating a positive potential impact.
- Report Disclosure Chapter: 3.6 Customer Relationships




1.5 Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs), announced in 2015, outline 17 goals and 169 specific targets as guiding principles for all member states and global enterprises to pursue sustainable development by 2030.

Hotai Corporation has incorporated the SDGs into its business strategy, expanding its traditional focus on economic performance to a more comprehensive approach that also addresses environmental protection, regulatory compliance, and social responsibility. This includes improving employee compensation and retention, eliminating workplace inequality, reducing greenhouse gas emissions, and working with suppliers to enhance environmental performance and labor conditions.

Looking ahead, Hotai Corporation will continue to make greater contributions toward the SDGs and actively fulfill its corporate social responsibility.

SDG	Target	Hotai Corporation Actions	Outcomes / Results
SDG 1: No Poverty 	1.4 Ensure that all men and women, especially the poor and vulnerable, have equal rights to economic resources	Provide salaries and benefits exceeding legal requirements and competitive in the market to allow employees to work with dignity	Salary adjustments based on company profitability to enhance employee engagement and loyalty
SDG 4: Quality Education 	4.5 Eliminate educational disparities and ensure access to education and vocational training for disadvantaged groups, including persons with disabilities, indigenous peoples, and underprivileged children	Provide job-specific training to all employees; offer free vocational and technical training to disadvantaged groups and facilitate employment	Average training hours per employee in 2024: 18 hours
SDG 5: Gender Equality 	5.1 Eliminate all forms of discrimination against women	Recruitment, performance evaluation, and promotion are conducted without gender bias	Male employees' evaluation rate: 98.10%, Female employees' evaluation rate: 98.02%
SDG 8: Decent Work and Economic Growth 	8.5 Achieve full productive employment and equal pay for all, including youth and persons with disabilities; 8.7 Prohibit child labor; 8.8 Protect labor rights and promote safe working environments	Adjust salaries based on company profitability; prohibit child labor and workplace discrimination; implement occupational health and safety management systems	Safe workplace: no occupational injuries or illnesses reported

SDG	Target	Hotai Corporation Actions	Outcomes / Results
SDG 9: Industry, Innovation, and Infrastructure 	9.4 Upgrade infrastructure and industries to make them sustainable, increase energy efficiency, and adopt clean and environmentally friendly technologies	Headquarters and Central Branch obtained WELL Platinum Certification; provide more energy-efficient and environmentally friendly products	Improved building sustainability and energy efficiency
SDG 10: Reduced Inequalities 	10.2 Promote social, economic, and political inclusion regardless of age, gender, disability, religion, economic status, or other identity factors; 10.3 Ensure equal opportunities and reduce discrimination	Recruitment, evaluation, and promotion without consideration of employees' physical or mental differences; maintain protected employee reporting channels	Equal opportunities for all employees; whistleblower protection in place
SDG 12: Responsible Consumption and Production 	12.6 Encourage companies to adopt sustainable practices and integrate sustainability information into operations	Conduct supplier evaluations on management, quality, pricing, delivery, and environmental practices; enforce Daikin supply chain policies, conflict minerals guidelines, CSR promotion, human rights and labor law compliance; ensure raw materials from conflict-free smelters; ensure products comply with RoHS and REACH	

About Hotai Development

2.1 Company Profile

Hotai Development Co., Ltd. (hereinafter referred to as "Hotai Development" or "the Company") was founded in 1963, with its headquarters located in Neihu District, Taipei City. In its early years, the Company focused on manufacturing stainless steel tableware for export to international markets.

As market demand evolved, Hotai Development recognized that air conditioning products were emerging as a rising star in the home appliance sector. Consequently, in 1992, the Company began representing the leading Japanese brand, Daikin air conditioners, exclusively in Taiwan.

Thanks to the outstanding performance and strong reputation of Daikin air conditioners, the products have been highly recognized by users since their launch, driving continuous growth in market demand. Today, Hotai Development, in partnership with Daikin, has become a leader in Taiwan's air conditioning industry, with core operations covering sales, engineering design, installation, and maintenance of variable-frequency air conditioning systems. Leveraging diversified business operations and a stable management strategy, the Company has established a significant position in the Taiwanese market.

Looking forward, Hotai Development will continue to introduce advanced air conditioning and low-temperature equipment to meet society's growing demand for high-performance products. At the same time, the Company actively engages in corporate social responsibility initiatives and supports various environmental sustainability programs. Through its products and services, Hotai Development is committed to enhancing energy efficiency, reducing environmental impact, and contributing to sustainable corporate development.



- Company Name: Hotai Development Co., Ltd.
- Industry: Trading and department stores
- Headquarters Location: No. 18, Lane 36, Xinhua 1st Road, Neihu District, Taipei City
- Shareholding Structure Ratio:
Domestic legal entities: 83.86%
Domestic individuals: 6.14%
Foreign institutions and foreign individuals: 10.00%
- Capital: NTD 549,028 thousand
- Revenue in 2024: NTD 11,196,948 thousand
- Operational Locations: Taipei, Taoyuan, Hsinchu, Taichung, Changhua, Tainan, Kaohsiung, and Yilan.
- Products and Services: Air conditioning equipment and peripheral equipment sales, air conditioning engineering design and after-sales service.
- Main Product Production: 200,000 sets of residential air conditioners and 18,000 sets of commercial air conditioners.



The exterior design is derived from the concept of the **Tangram**, a traditional Chinese puzzle known in English as the *Tangram*. The Tangram can be arranged into countless combinations — from seven pieces down to three — and the grouping of three colored blocks also symbolizes the idea of *“from three comes all things.”* From the number three, all things can evolve and flourish, representing vitality and resilience. This flexibility in adapting to change perfectly embodies Hotai Development’s corporate philosophy of *“Change before limits are reached”* and *“To be the best, change is a must!”*

The three colors each carry distinct meanings:

Elements of Life

- Air (Blue)
- Water (Green)
- Sunlight (Orange)

Business Philosophy

- Professionalism (Blue)
- Innovation (Green)
- Service (Orange)

投入

冷凍空調
產業發展

提昇

生活品質
環境永續

創造

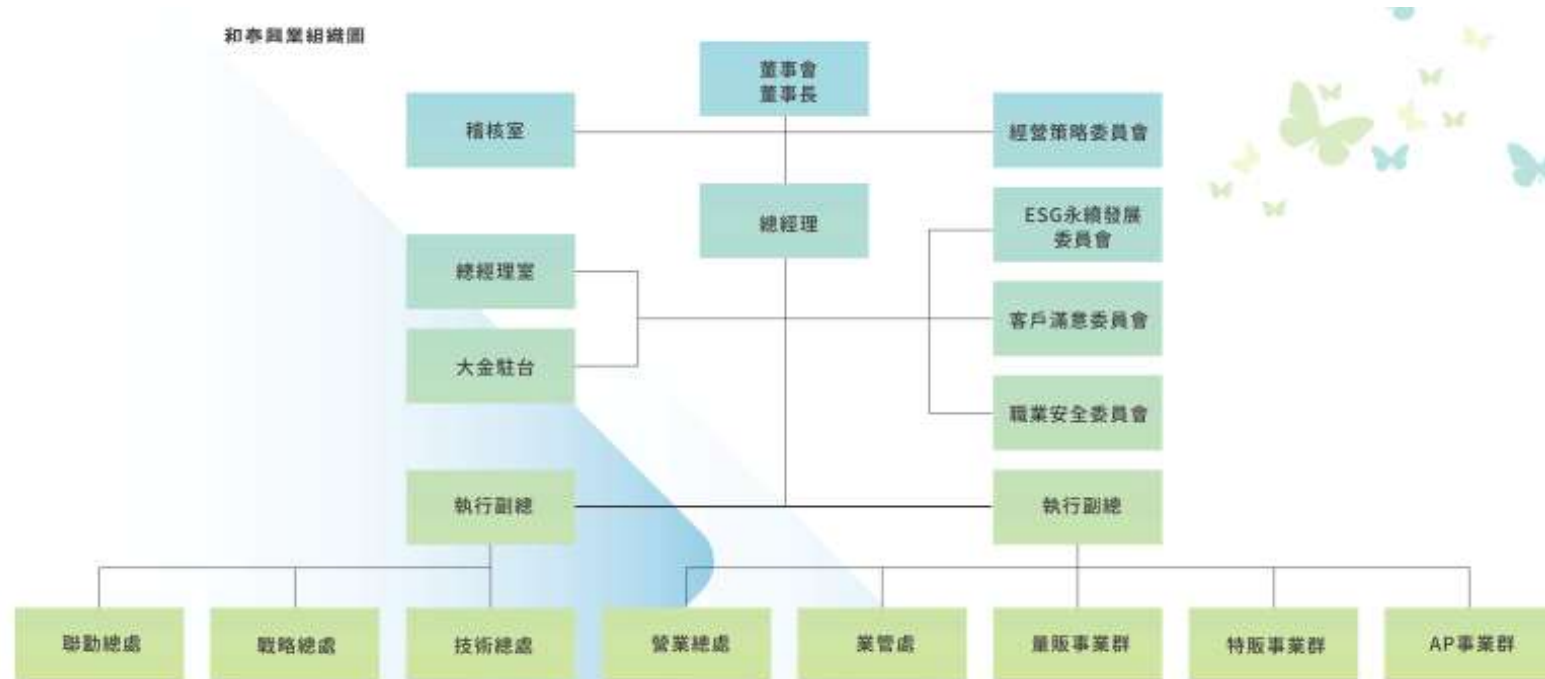
美好人生
祥和社會

Year	Description
1963	During a study trip to Japan, President Su Yen-Hui discovered that Tsubame City was world-renowned for its production of Western tableware. Inspired, he decided to establish a factory in his hometown of Changhua, founding Hotai Development and entering the stainless steel tableware industry.
1968	Became the distributor of SUNWAVE stainless steel kitchen equipment and gas stoves from Japan, focusing mainly on domestic sales.
1969	Formed a joint venture with Nitto Seiko Co., Ltd. (Japan) to establish Taiwan Nitto Seiko Co., Ltd., specializing in screws, assembly, and nailing machines, primarily serving Japanese businesses in export processing zones.
1974	Expanded the Changhua plant, fully committing to the production of kitchen equipment and stoves, and gradually established branch offices across Taiwan. Hotai's kitchen and stove products became a popular and well-known brand at the time.
1986	Began promoting and selling General Electric (GE) and Zenith products, which soon became widely available throughout Taiwan.
1988	Achieved the top overseas sales record for GE products.
1992	Signed an exclusive distribution agreement with Daikin Industries, Ltd. (Japan).
1999	Focused on strengthening organizational development and expanding Daikin's business in the Taiwan market.
2002	Became the industry leader by introducing the full range of inverter air conditioners.
2011	Invested tens of millions in collaboration with Tunghua University to establish the Refrigeration and Air Conditioning Training Center.
2013	Partnered with National Chin-Yi University of Technology to establish the Industry-Academia Cooperation Center in central Taiwan.
2015	Introduced R32 refrigerant air conditioning products.
2016	Daikin Industries, Ltd. (Japan) acquired shares in the company.
2017	Adopted R32 refrigerant across the entire home-use product line, driving other brands in the industry to follow. Launched the AP Operations Center, which became Daikin Asia's largest overseas AP hub.
2019	Established the Low-Temperature Refrigeration Business Unit, fully expanding into the low-temperature solutions sector.
2022	Completed the new Changhua factory and office building at the company's original founding site. The Neihu corporate headquarters received the highest-level WELL Platinum Certification.
2023	The new Changhua factory and office building was awarded the highest-level WELL Platinum Certification.
2024	Broke ground for the Taoyuan Shalun Logistics Center, scheduled for completion in 2026.

2.2 Management Organization

The Board of Directors of Hotai Development serves as the Company's highest governance body and the central decision-making authority for major business strategies. Upholding a prudent approach, the Board diligently performs its supervisory duties by overseeing and guiding the management team, preventing conflicts of interest, ensuring compliance with laws and regulations, and evaluating business strategies, ESG performance, and risk management.

The Company has established several committees, including the Business Strategy Committee, ESG Sustainable Development Committee, Customer Satisfaction Committee, and Occupational Safety Committee. These committees hold regular meetings to report on operational activities and resolutions, and are responsible for coordinating, tracking, and executing related initiatives.



Hotai Development Organizational Structure

2.3 Corporate Awards and External Engagement

Corporate Awards

In recent years, Hotai Development has consistently demonstrated a strong commitment to green and sustainable management as well as employee well-being, earning multiple recognitions and awards.

Looking forward, Hotai Development will continue to focus on environmental sustainability and innovative development, comprehensively promoting energy-saving and carbon-reduction technologies, and providing customers with highly efficient, green, and innovative solutions. At the same time, the Company will further enhance workplace health and employee welfare, cultivating a friendly and supportive work environment. Through these efforts, Hotai Development strives to continuously realize its corporate vision of a “Beautiful Life, Harmonious Society.”

<p>2022, Hotai Industrial Headquarters received the WELL Platinum Certification.</p> 	<p>Hotai Development values green sustainability. Its headquarters integrates eco-friendly and healthy designs through the extensive adoption of high-efficiency energy-saving air conditioning systems and PM2.5 purification technologies, along with a visualized air quality monitoring system. Complemented by abundant greenery and optimized lighting efficiency to reduce carbon emissions, the building embodies the vision of creating better air quality through architecture. In 2022, Hotai Development’s headquarters successfully received WELL Platinum Certification, demonstrating the company’s commitment to ESG and sustainable operations.</p>
<p>2022, Daikin air purifiers received the highest-level Diamond Certification from the Taiwan Air Quality Health and Safety Association.</p>	<p>Hotai Development distributes the full range of Daikin air purifiers, all of which adopt the most advanced “Streamer Discharge” technology to deliver outstanding air purification performance. Research has shown that this technology effectively suppresses the COVID-19 virus (99.97% effectiveness against the Omicron variant) as well as other variants such as Alpha, Beta, and Gamma (over 99.9% effectiveness). In recognition of its exceptional purification performance, quality</p>



assurance, and safety control, this technology **was** awarded the Diamond Certification by the Taiwan Air Quality Health and Safety Association. It significantly enhances indoor air quality and makes an important contribution to healthy living and pandemic prevention.

2022, Hotai Development Daikin Air Conditioning received the Labor Health Special Award.



Hotai Development Daikin Air Conditioning upholds the philosophy of *"Inspiring employees first, to inspire customers in turn."* Guided by this belief, the company actively promotes occupational safety and health policies. It has established the Mei Sheng Center, a dedicated health unit that provides health management services and extends health check-up subsidies to employees' spouses, demonstrating care for both staff and their families. In addition, the company voluntarily formed an Occupational Safety Committee to foster a strong culture of workplace health and safety.

In 2022, the company was honored with the "Labor Health Special Award" under the National Occupational Safety and Health Awards, marking a significant ESG milestone in the area of social responsibility. Looking ahead, Hotai Development will continue to pursue its vision of *"A Better Life and a Harmonious Society"* by building a healthy, sustainable, and people-centered workplace, underscoring its responsibility and commitment to sustainable development.

External Engagement

Hotai Development is committed to industry development. In addition to enhancing its own product competitiveness, the Company actively participates in external associations and organizations. Through these exchanges, the Company keeps abreast of domestic and international trends and regulations, interacts constructively with association members, and gains insights into the latest developments in the industry. This information serves as a consideration for the Company's sustainable management.

The following table lists the associations and organizations in which Hotai Development currently participates:

Association Name	Membership Status	Board/Director Role
Taiwan Architecture Association	Member	—
Taipei City Building Materials Commercial Association	Member	—
Taiwan Green Building Development Association	Member	Supervisor
Taiwan Happy Healthy Building Association	Member	—
Taiwan Sick Building Diagnosis Association	Member	—
Taiwan Electromechanical & Electronics Industrial Association	Member	—
Taiwan Refrigeration & Air Conditioning Society	Member	—
Alumni Association, Dept. of Energy & Refrigeration Air-Conditioning Engineering, National Taipei University of Technology	Member	Executive Director
Chinese Taipei Energy Technology Service Commercial Association	Member	—
Taichung Refrigeration & Air Conditioning Technology Strategy Association	Member	—
Taiwan Refrigeration & Air Conditioning Engineering Industrial Association	Member	Director
CAID – Chinese Taipei Interior Decoration Professional Technicians Association	Member	—
CSID – Chinese Taipei Interior Design Association	Member	—
TnAID – Taiwan Interior Design Professional Association	Member	—
TAID – Taipei City Interior Design & Decoration Commercial Association	Member	—
TIDDA – Taiwan Province Interior Design & Decoration Commercial Association Union	Member	—
NAID – Chinese Taipei National Interior Design & Decoration Commercial Association Union	Member	—
TDEA – Taiwan Design Elite Association	Member	—

Association Name	Membership Status	Board/Director Role
Taiwan Indoor Air Quality, Health & Safety Association	Member	–
Taiwan Bathroom Culture Association	Member	Director
Taiwan Housing Renovation Industry Association	Member	Supervisor
Taiwan Smart Energy Industry Association	Member	–
Taiwan Chain & Franchise Association	Member	–
Taiwan Cold Chain Association	Member	Director
Taipei Import & Export Commercial Association	Member	–
Taiwan-Japan Business Exchange Promotion Association	Member	–

Integrity and Governance

Sustainability Performance Highlights

- In 2024, a total of 96 employees participated in integrity management training, with an accumulated 240 training hours, averaging 2.5 hours per participant.
- All contractors strictly adhered to company regulations and signed the Integrity Clause upon contract execution, achieving a 100% signing rate.
- Zero major violations recorded in 2024.
- Introduced products featuring the latest energy-saving technologies, significantly reducing energy consumption and carbon emissions.
- Reduced both the volume and usage of packaging materials, thereby improving transportation efficiency.
- Enhanced dealers' professional capabilities through training programs. In 2024, the company held 215 in-person courses and 14 online courses, with a total of 4,356 participants.
- Provided professional training for mass-market retailers. In 2024, the company organized 41 in-person courses and 2 online courses, with a total of 1,020 participants.
- Organized 31 industry-academia collaboration events in 2024.
- Hosted 6 industry training sessions in 2024.

3.1 Governance Practices

Robust corporate governance encompasses a well-functioning board of directors, rigorous internal control systems, and stable financial management. Beyond reducing operational risks, strong governance enhances corporate competitiveness and builds brand value. By fostering a culture of integrity and accountability while complying with all applicable laws, a sound governance framework ensures sustainable operations and protects the rights of investors and other stakeholders.

Hotai Industrial has established its corporate governance system in accordance with the Taiwan Securities and Exchange Act and related regulations. The Company has formulated internal rules to safeguard shareholder rights, strengthen board functions, respect stakeholder interests, and enhance information transparency. In addition, diversified grievance channels and dedicated contact points are available to facilitate open communication with stakeholders, enabling the Company to understand their needs and improve satisfaction.

The shareholders' meeting, composed of all shareholders, serves as the highest decision-making body, making resolutions on significant corporate matters and receiving reports from the board of directors. The board of directors, as the highest governance body, fulfills its fiduciary duty of care in overseeing financial performance, sustainability strategies, and compliance with regulations. To enhance governance effectiveness and competitiveness, the board has established the Business Strategy Committee, ESG Sustainability Committee, Customer Satisfaction Committee, and Occupational Safety Committee. Furthermore, an independent Audit Office reports regularly to both the Audit Committee and the board of directors on audit results.

Hotai Industrial has also developed multiple communication and grievance mechanisms tailored to different categories of stakeholders. Through the Company website and internal systems, designated contact windows are provided to facilitate two-way communication, helping the Company understand stakeholder expectations and work toward fulfilling them.

The Company regards corporate governance as a cornerstone of sustainable growth, with integrity at its core. Hotai Industrial continuously strengthens its governance structure under the principles of transparency, complemented by robust internal control systems to protect stakeholder interests. The Company regularly reviews and updates internal control guidelines to adapt to changes in internal and external environments, thereby ensuring their effectiveness and enhancing operational efficiency to achieve long-term sustainability.

On a day-to-day basis, departments interact regularly with stakeholders through formal and informal channels. In cases where stakeholder issues or sustainability matters may potentially pose significant risks to the Company's operations—such as financial concerns, compliance records, environmental impact, or labor rights and occupational health—responsible departments conduct due diligence and report their findings to the President and Chairman. The Chairman evaluates whether the findings indicate a material impact on operations and, if necessary, presents the matter to the board for resolution. In 2024, no such potential adverse incidents with stakeholders occurred, and therefore no due diligence reports were escalated to the board.

Through these practices, Hotai Industrial has further strengthened its due diligence process and clarified the board's role in addressing potential adverse impacts, thereby reinforcing its commitment to sound corporate governance.

3.1.1 Board of Directors

The Board of Directors is responsible for formulating the company's business strategies, bearing accountability to shareholders and other stakeholders, and requiring directors to faithfully perform their duties with the care of a prudent manager and exercise their authority with caution. At Hotai Industrial, all decisions regarding business execution and governance systems are made in accordance with applicable laws and the company's Articles of Incorporation.

The selection of board members generally follows a candidate nomination system with regular re-elections, ensuring both stability and diversity in board composition. Hotai Industrial promotes a diversity policy, believing that directors with diverse backgrounds and expertise can effectively enhance corporate performance.

Board member selection adheres to the principle of merit-based appointments. Members possess cross-industry capabilities, spanning gender, age, industry experience, and management expertise. In addition, they bring professional knowledge in law, accounting, and risk management, combined with extensive practical experience to strengthen corporate governance.

The Board convenes meetings in compliance with legal requirements to oversee the

company's strategies and financial performance, ensuring that business operations adhere to regulations and address stakeholder needs. Hotai Industrial is committed to continuously improving its governance framework, enhancing board functions, and upholding fairness and transparency to safeguard stakeholder interests while supporting the company's sustainable development.

Board Member Information

Title	Name	Actual Attendance Rate (%)	Number of Other Directorships	Industry / ESG Background or Expertise
Chairman	王 ○ 郎	100.00%	5	Extensive industry experience
Director	蘇 ○ 仲	100.00%	3	Extensive industry experience
Director	黃 ○ 誠	100.00%	16	Head of a public welfare foundation
Director	蘇 ○ 邦	100.00%	1	Expertise in business management
Director	蘇 ○ 永	88.89%	17	Expertise in business management
Director	蘇 ○	100.00%	0	Certified Public Accountant
Director	柯 ○ 中	77.78%	5	Expertise in business management
Director	黃 ○ 然	44.44%	5	Expertise in business management
Director	柿 ○ 敦	77.78%	0	Extensive industry experience
Director	莊 ○ 仁	100.00%	0	Expertise in business management
Supervisor	張 ○ 駿	100.00%	0	Lawyer
Supervisor	丁 ○	100.00%	0	Head of a public welfare foundation

Board Diversity Statistics

Diversity Category / Year		2022 %		2023 %		2024 %	
Gender	Male	9	90.00%	9	90.00%	9	90.00%
	Female	1	10.00%	1	10.00%	1	10.00%
Age	Under 50	2	20.00%	2	20.00%	2	20.00%
	50–64	5	50.00%	3	30.00%	3	30.00%
	65 and above	3	30.00%	5	50.00%	5	50.00%

Note: Percentage of female directors = (Number of female directors at year-end ÷ Total number of directors at year-end) × 100%.

To establish a sound board governance system and strengthen supervisory functions, board members adhere to a high standard of self-discipline and implement conflict-of-interest avoidance. For matters in which a director or the legal entity they represent has a stake, the director must disclose the material content of such interest during the board meeting. If the matter may potentially harm the Company's interests, the director shall refrain from participating in the discussion or voting, and shall not act as a proxy for other directors in exercising voting rights.

For reasons of decision-making efficiency, strategic consistency, and resource integration, the positions of Chairman and President are held by the same individual at Hotai Trading Co., Ltd. Nevertheless, the Company continues to emphasize the importance of role segregation through initiatives such as integrity management training programs and periodic advocacy, thereby ensuring transparency and balance in corporate governance and preventing risks associated with excessive concentration of authority.

Board members of Hotai Trading Co., Ltd. primarily receive fixed and variable compensation, reflecting their responsibilities and contributions. In addition to fixed and variable compensation, senior executives may also be entitled to signing bonuses, recruitment incentives, and retirement benefit plans, designed to attract and retain top talent.

Remuneration of Directors and Managers

Item	Board of Directors	Managerial Officers
Fixed and Variable Compensation	✓	✓
Signing Bonus / Recruitment Incentives	—	—
Clawback Mechanism	—	—
Retirement Benefits	—	—

The variable compensation of Hotai Corporation's senior management is directly linked to business performance. Performance bonuses are allocated based on the achievement rate of quarterly targets for operating revenue and net income after tax. These bonuses are distributed during major holiday periods, provided that the Company records profitability.

To enhance risk management and encourage qualified professionals to serve as directors, the parent company uniformly arranges Directors' and Officers' (D&O) liability insurance. This coverage protects directors from potential liabilities arising from errors or omissions in the performance of their duties, thereby mitigating and dispersing risks of significant damages to the Company and its shareholders.

Recognizing that directors may encounter complex issues related to regulatory compliance and governance practices in the course of decision-making, Hotai actively promotes

continuing education. The Company not only encourages but also arranges relevant training programs for directors. In the reporting year, the entire Board collectively completed 15 hours of training. Going forward, the Company will prioritize sustainability-related courses in its training programs and provide directors with updated ESG learning resources on a regular basis. This ensures that Hotai's strategic planning and execution in sustainable development are consistent with its long-term ESG performance objectives.

Board Members' Training

Board Member	Training Unit	Course Title	Date	Hours
蘇 ○ 邦	HR Dept., Legal Dept.	Compliance Training: "Case Studies and Prevention of Corporate Integrity — Focus on Fraud, Embezzlement, and Breach of Trust, with a Discussion on Workplace Sexual Harassment Prevention"	2024/10/29	2.5
蘇 ○	HR Dept., Legal Dept.	Same as above	2024/10/29	2.5
柯 ○ 中	HR Dept., Legal Dept.	Same as above	2024/10/29	2.5
丁 ○	HR Dept., Legal Dept.	Same as above	2024/10/29	2.5
蘇 ○ 仲	HR Dept., Legal Dept.	Same as above	2024/10/29	2.5
莊 ○ 仁	HR Dept., Legal Dept.	Same as above	2024/10/29	2.5
Total				15

The Company's financial statements are regularly audited and certified by an external accounting firm. All disclosures required by law are completed accurately and in a timely manner, with designated personnel responsible for external information disclosure. In addition, a spokesperson system has been established to ensure that all material information is disclosed promptly and appropriately, providing shareholders and stakeholders with relevant financial and operational information.

Looking ahead, Hotai Industries remains committed to strengthening board operations, enhancing information transparency, and progressively integrating sustainability strategies into the corporate governance framework, as part of its ongoing efforts toward long-term sustainable development.

3.1.2 Functional Committees

To strengthen oversight and enhance management functions, the Board of Directors has established the Strategy Committee, ESG Sustainable Development Committee, Customer Satisfaction Committee, and Occupational Safety Committee. Except for those powers legally

required to be exercised independently, the functional committees report to the Board of Directors and submit proposals for Board approval.

Functional Committee	Members	Responsibilities	Operational Practice
Strategy Committee	1 Chairperson, 9 members, 2 secretariat staff	Responsible for formulating, monitoring, and adjusting corporate development strategies	Chairperson: Overall coordination and tracking Members & Secretariat: Implementation Meets at least once a year
ESG Sustainable Development Committee	1 Head of Sustainability, 5 members, 3 secretaries	Operates in coordination with the parent company Hotai Motors, focusing on CSR, Environmental Management, and Risk Management	Head of Sustainability: Overall coordination and tracking Members & Secretaries: Implementation Meets twice a year
Customer Satisfaction Committee	1 Chairperson, 6 members	Oversees and promotes improvements in customer satisfaction to ensure the company's products and services meet customer needs and continuously improve	Chairperson: Overall coordination and tracking Members: Implementation Meets irregularly
Occupational Safety Committee	1 Chairperson, 8 members	Promotes occupational safety; established beyond legal requirements and directly reports to the General Manager to ensure cross-unit decision-making and execution	Chairperson: Overall coordination and tracking Members: Implementation Meets monthly

3.1.3 Internal Audit

The purpose of the company's internal audit is to assist the Board of Directors and management in examining and reviewing deficiencies in the internal control system, evaluating operational effectiveness and efficiency, and providing timely recommendations for improvement. This ensures the continuous and effective implementation of the internal control system and serves as a basis for reviewing and revising the system.

Hotai Development considers the overall operational activities of the company and its subsidiaries, establishing effective internal control systems and continuously reviewing and improving them to respond to changes in both internal and external environments. This ensures that the design and execution of internal controls remain effective.

To ensure that auditors maintain an impartial and independent stance, Hotai Development has established an independent Audit Office under the Board of Directors in accordance with the law. The office is staffed with two auditors who develop an annual audit plan, conduct on-site audits of business units, verify their compliance, and provide recommendations for improvement.

In addition to conducting internal control self-assessments, the Board of Directors and management review departmental self-assessment results and audit reports from the Audit Office at least annually. The Chief Auditor attends Board meetings as required to report on audit activities, internal control operations, identified deficiencies, and corrective measures. This provides the Board and General Manager with a basis for evaluating the overall effectiveness of the internal control system and issuing the internal control system statement.

To strengthen the professional competence of auditors, Hotai Development arranges continuous training, including participation in internal audit courses organized by designated authorities. In the reporting year, auditors attended 2 training sessions totaling 60 hours to enhance and maintain audit quality and effectiveness.

Through continuous monitoring by auditors, the company ensures the proper implementation of operational systems, establishes sound governance practices, and maintains effective risk management mechanisms, contributing to a sustainable business environment. In the reporting year, the Audit Office conducted all planned audit operations without any major non-compliance issues, and all identified deficiencies were rectified within the prescribed timeframe.

Internal Audit Flow

1. Develop Annual Audit Plan
 - Prepare the annual internal audit plan.
2. Report to the Board of Directors
 - Submit the planned audit schedule and scope to the board.
3. Planning and Execution of Audit Work
 - Execute audit tasks according to the plan.
4. Communicate Audit Results with Audited Departments
 - Discuss audit findings with the relevant departments.
 - Provide improvement recommendations as appropriate.
5. Review Work Papers and Related Materials to Prepare Audit Report
 - Examine audit documentation and prepare the official audit report.
6. Submit Audit Results to Audited Departments
 - Deliver the audit report to the relevant departments.
7. Follow-up on Report Findings
 - Track the implementation of corrective actions after reporting.
8. Report to Senior Management and Board


- Periodically update senior management and the board on audit findings and execution status.


3.2 Risk Management


The ESG Sustainability Development Committee of Hotai Industrial identifies material topics related to the company's operations in the areas of environment, human rights, and governance/economy through an online survey in accordance with the principle of materiality. For each material topic, the Committee evaluates potential negative impacts on Hotai Industrial and proposes corresponding strategies to prevent potential risks.

At the same time, the company's risk management framework is centered on the responsible departments, which carry out subsequent risk control operations. At least once a year, a report on ESG risk assessment and response is submitted to the Board of Directors, enabling the corporate governance unit to further supervise the effectiveness of the internal control system and oversee the management of actual and potential risks.

2024 Risk Identification

Risk Category	Risk Description	Risk Management Strategies
Sustainability & Environment  永續環境	Excessive energy consumption of products	<ul style="list-style-type: none"> Comply with regulations by importing products from the manufacturer that meet energy efficiency standards. The manufacturer also continues to develop more efficient products.
	Water shortage, power shortage	<ul style="list-style-type: none"> <i>Water shortage</i>: Conduct regular water resource risk assessments and establish contingency plans for emergencies; install wastewater recycling and reuse systems at operational sites. <i>Power shortage</i>: Implement smart energy management systems to optimize electricity usage and reduce unnecessary consumption; maintain backup generators to ensure business continuity.
	2050 Net-Zero Building Transition Challenges	<ul style="list-style-type: none"> Promote internal energy-saving and carbon-reduction competitions; implement waste management policies. Control summer electricity usage. Propose product modular solutions to reduce carbon emissions. Collaborate with Schneider Electric to provide a comprehensive smart energy management solution that reduces energy consumption, improves data center efficiency, maintains comfort, significantly lowers operational and maintenance costs, and

Risk Category	Risk Description	Risk Management Strategies
		accelerates the company's transition toward net-zero sustainability.
Employee Care  員工照顧	Occupational accidents	<ul style="list-style-type: none"> • Develop work guidelines and an occupational safety and health management plan, including clear reporting and handling procedures for workplace accidents. • Establish incentive programs for workplace health and safety proposals. • Implement zero-accident recognition and reward programs. • Provide occupational safety and high-altitude operation training. • Establish compensation and relief measures for work-related injuries.
	Human rights violations (e.g., workplace bullying, sexual harassment)	<ul style="list-style-type: none"> • Develop and enforce measures for sexual harassment prevention, complaints and handling procedures, and unlawful conduct prevention plans. • Invite external lecturers to conduct regular training sessions.
	Employee skills lagging behind industry needs	<ul style="list-style-type: none"> • Establish the "Hotai Academy Learning Map," including four pillars: Management, Air Conditioning, Wellness, and Self-directed Learning. • Implement a Learning Passport system linking annual training credits with performance appraisal and promotion. • Provide technical certification training programs annually. • Send employees for overseas training and skill competitions, fully subsidized, with awards for outstanding performance. • Provide each employee with an annual education subsidy of NT\$20,000 for continuing education. • Encourage academic advancement with salary adjustments upon graduation.
	Labor shortage	<ul style="list-style-type: none"> • Collaborate with multiple universities to establish training centers on campuses. • Recruit students for paid internships as reserve engineers. • Offer competitive compensation packages. • Create a happy workplace with a safe, comfortable environment and comprehensive benefits. • Implement a transparent promotion system, with 90% of managers promoted internally.

Risk Category	Risk Description	Risk Management Strategies
Corporate Governance  公司治理	Financial risk	<ul style="list-style-type: none"> • No bank loans; maintain a high quick ratio. • Avoid high-risk, high-leverage investments, only executing investments after careful evaluation. • Strictly follow company procedures on asset acquisition/disposal, lending, guarantees, and derivatives trading.
	Supply chain resilience issues	<ul style="list-style-type: none"> • Diversify orders by cooperating with the manufacturer to expand production sites, reducing reliance on a single supplier.
	Customer data protection	<ul style="list-style-type: none"> • Protect customer privacy by complying with Taiwan's <i>Personal Data Protection Act</i>. • Implement internal rules on personal data collection, processing, and use. • Strengthen employee awareness by requiring all employees to attend annual personal data protection training (2 hours, with testing). • Establish personal data security management rules for outsourced vendors. • Define emergency response procedures for personal data breaches.
	Corruption risk	<ul style="list-style-type: none"> • Establish Codes of Ethical Conduct and Integrity Management Procedures/Guidelines. • Conduct annual training sessions to reinforce employee compliance and legal awareness.
	Quality control of dealers	<ul style="list-style-type: none"> • Provide certification programs for installation, direct-expansion systems, and VRV system design.
	Cybersecurity incidents	<ul style="list-style-type: none"> • Establish an Information Security Management Committee chaired by the General Manager, with quarterly reviews. • Conduct annual cybersecurity risk assessments and implement improvement plans for high-risk areas. • Define and rehearse incident reporting procedures. • Conduct social engineering drills and employee cybersecurity awareness training. • Implement technical protections (spam filters, WAF for websites, VPN checks for antivirus, endpoint security on servers). • Transfer part of cybersecurity risks through insurance.
	Low market adoption of innovative products; R&D inefficiency	<ul style="list-style-type: none"> • Conduct market research and user needs analysis to align R&D direction with market demand. • Perform concept testing with small-scale customer groups before large-scale promotion.

3.3 Ethics, Integrity, and Compliance

Concrete Outcomes

- Training hours on integrity doubled compared to the previous year (+100%).
- All contractors complied with company requirements by signing integrity clauses upon contract signing, achieving a 100% signing rate.
- No major deficiencies were identified in either internal or external audits.
- No records of ethical or integrity violations were reported during the year.

Ethics and Integrity

Hotai Industrial upholds integrity as the cornerstone of its corporate values. Guided by honesty and compliance with laws, the Company is committed to embedding ethical business practices throughout its operations. Hotai places great importance on the character of its employees. From the onboarding stage, the Human Resources Department introduces new hires to the Company's integrity policies and requires them to sign an Employee Agreement to foster awareness of ethical conduct. Management is also expected to lead by example and adhere strictly to principles of integrity, thereby shaping a strong culture of ethics across the organization.

Internally, the Legal Department serves as the dedicated unit responsible for promoting the integrity management policy. It has established the Procedures and Code of Conduct for Integrity Management, which has been approved by the Board of Directors. Employees may seek clarification on integrity-related regulations through multiple channels, including email and telephone consultations.

In addition, Hotai Industrial has implemented multiple reporting channels. Stakeholders may submit reports through the Audit Office mailbox, which are then handled by designated personnel. In principle, whistleblowers are required to provide their real names along with specific details such as the names of involved parties, the time, location, circumstances, and supporting evidence. However, if an anonymous report is accompanied by sufficient factual evidence, the Audit Office will also proceed with an investigation. Should designated personnel have any conflicts of interest with either the whistleblower or the reported party, they are required to recuse themselves, and another investigator will be assigned. All investigations must be handled impartially and confidentially to protect the whistleblower's identity. The Company further commits to protecting whistleblowers from improper treatment as a result of reporting. During the reporting year, Hotai Industrial did not receive any whistleblowing or grievance cases.

In business interactions, employees are required to communicate the Company's integrity management policy and related rules to counterparties. They must explicitly reject the direct or indirect provision, promise, solicitation, or acceptance of improper benefits in any form. Employees must also avoid transactions with agents, suppliers, customers, or other business partners engaged in dishonest conduct. If any counterparties are found to have engaged in unethical practices, the Company will assess whether to terminate business relations in

accordance with its integrity management policy. Furthermore, when entering into contracts, Hotai Industrial requires all counterparties to comply with Company regulations and to sign an Integrity Clause to ensure transparency and fairness in all transactions.

To further embed the concept of ethics and integrity into daily business practices, Hotai Industrial has gradually introduced online integrity training for employees. Senior executives also regularly emphasize the importance of corporate ethics during meetings. Management is responsible for reviewing and evaluating the effectiveness of preventive measures related to integrity and assessing compliance within business processes, with results reported annually to the Board of Directors. The Audit Office monitors and verifies the overall implementation of integrity practices and, when necessary, reports its findings to the Board.

Integrity Training

Course Title	Participants	Total Training Hours	Average Hours per Person
Corporate Integrity Case Study and Prevention	96	240	2.50

Integrity Commitment Statistics

Category	Contractors (Integrity Clause)	Employees (Employee Agreement)
Total Number	199 (based on contracts signed in the year)	360
Number Signed	199	360
Signing Rate	100% (mandatory in contract review)	100%

Regulatory Compliance

Regulatory compliance is the foundation of corporate operations. In addition to promoting integrity guidelines and requiring new employees to sign an Employee Agreement upon onboarding, the Company ensures compliance through continuous monitoring of regulatory updates. Given the wide scope of applicable laws, each department actively follows regulatory changes via government interactions and media reports, then provides relevant internal or external training to its staff. Hotai Industrial focuses on three key aspects—corporate governance, personnel management, and environmental, health, and safety (EHS)—to ensure all operations meet regulatory requirements.

Dimension	Management Measures
Corporate Governance	Each department is required to conduct self-assessments and supervise operational compliance. The Audit Office performs regular internal control reviews. Parent company Hotai Motor oversees self-assessment results annually, conducts on-site audits every two years, and provides professional compliance recommendations.
Personnel Management	<p>Internal Regulations & Auditing: Integrity and legal compliance form the Company's core values. Through policy-making, implementation, self-assessment, whistleblowing mechanisms, and whistleblower protection, management leads by example and requires all employees to ensure their business practices comply with laws, policies, and internal regulations. Employees conduct annual self-assessments on compliance and are further subject to internal audits. The Company has established operational guidelines, applicable to all employees regardless of position or location, to enhance integrity, strengthen corporate image, and ensure sustainable growth.</p> <p>Training & Awareness: To improve compliance awareness, the Legal Department regularly organizes training tailored to different departments and job levels, covering relevant business regulations. In 2024, the Company held three training sessions with 559 participants, averaging 2 hours per person. Courses were delivered through physical classes, online sessions, and internal campaigns. In addition, compliance guidelines are made available on the Company's internal portal. Parent company Hotai Motor also provides ad-hoc compliance courses aligned with legal and business needs.</p>
Environmental, Health & Safety (EHS)	All products and services comply with environmental protection laws and requirements. Waste generated from maintenance or after-sales services is managed in accordance with the "Waste Disposal Act."

Hotai Industrial defines a significant compliance incident as one where the cumulative penalty amount from a single event reaches NT\$1 million or more. In 2024, the Company recorded no major violations related to corporate governance, securities trading, environmental protection, labor and human rights, occupational safety, customer privacy breaches, marketing practices, or product responsibility.

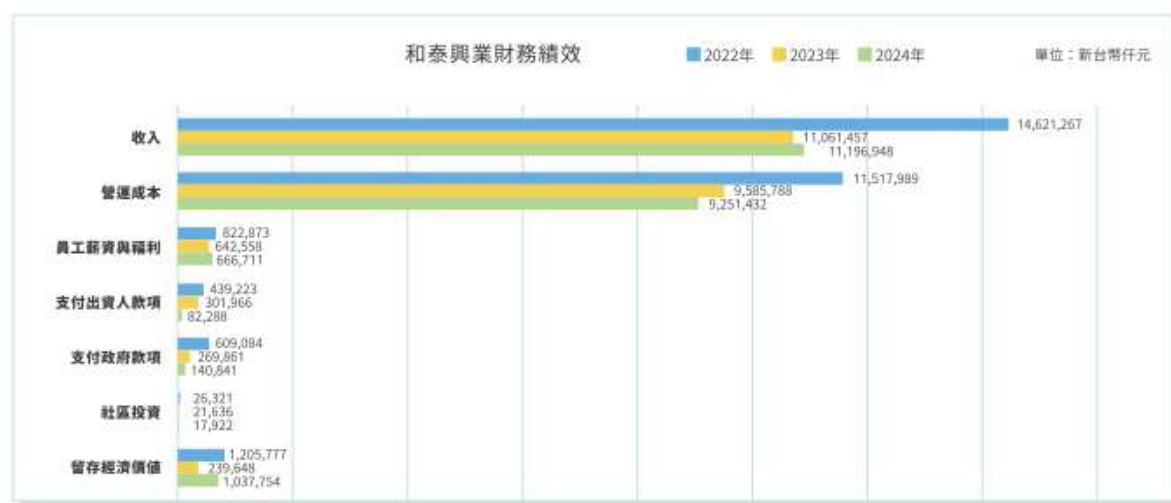


3.4 Operational Performance

Item	Disclosure
Significance to the Company	Operational performance is a core indicator of corporate sustainability. It directly impacts competitiveness, brand reputation, and stakeholder confidence. For the air-conditioning equipment distribution business, stable performance ensures the company can continue providing high-quality and efficient products, optimize supply chain management, and invest in innovation and sustainable development.
Policy / Commitment	<ul style="list-style-type: none"> • Ensure stable distribution of Daikin high-efficiency products to lead market technology development. • Enhance operational efficiency and effectiveness. • Strengthen customer relationships to maintain long-term cooperation. • Integrate environmental sustainability and ESG into business strategy by promoting energy-saving products to ensure sustainable development.
Goals	<p>Short-term:</p> <ul style="list-style-type: none"> • Optimize business processes to improve efficiency and internal management; enhance inventory accuracy. • Strengthen cost control and risk assessment; achieve revenue growth of over 3% compared with the previous year. • Deepen existing customer relationships and expand into new markets; increase market share by 1% annually. <p>Mid- to Long-term:</p> <ul style="list-style-type: none"> • Continuously improve market share and profitability to cope with industry changes and global economic fluctuations. • Strengthen cooperation with Daikin to introduce the latest eco-friendly technologies; expand Taiwan market coverage with total product sales exceeding 300,000 units. • Implement a new information management system to enhance efficiency. • Establish new warehouse facilities and integrate northern Taiwan storage systems to support business expansion.
Responsible Department / Grievance Mechanism	Strategic Planning Division
Resources Invested in the Reporting Year	<ul style="list-style-type: none"> • Established local R&D capacity by forming a joint venture with Daikin: <i>Daikin Taiwan Applied Air Conditioning Systems Co., Ltd.</i> • Expanded product portfolio with upgraded energy efficiency for residential and commercial AC products. • Introduced product lines from Daikin's India factory.

Item	Disclosure
	<ul style="list-style-type: none"> Promoted eco-friendly refrigerants for refrigeration and freezing equipment.
Evaluation Mechanism / Results	<ul style="list-style-type: none"> Revenue increased compared with the previous fiscal year. Operating profit improved compared with the previous fiscal year.

Hotai Trading is rooted in Taiwan and leverages its comprehensive product portfolio to maximize marketing advantages while providing localized customer service. Its stable operational performance not only ensures the delivery of high-quality, high-efficiency air conditioning products but also enables continuous optimization of supply chain management, enhancing resource utilization efficiency, reducing waste, and meeting diverse customer needs. By distributing Daikin's high-efficiency air conditioning products, Hotai Trading leads market technology development and actively promotes energy-saving solutions, embedding environmental sustainability and ESG principles into its business core to secure long-term corporate growth.



註：留存的經濟價值為收入-（營運成本+員工薪資福利+支付出資人款項+支付政府款項+社區投資）

Unit: NTD thousand

Note: Retained economic value is calculated as revenue minus (operating costs + employee salaries and benefits + payments to providers of capital + payments to government + community investments).

Future Business Development Plan

In response to the expectations of investors and clients, Hotai Industrial's future business development plan will focus on three key areas: strengthening core operations, expanding business scope, and enhancing service value. These initiatives aim to boost market competitiveness and promote technological innovation. The company will optimize internal resource allocation, expand its core business footprint, and actively adopt green energy and smart technologies in alignment with environmental trends. Furthermore, by deepening collaborations and exploring diversified business domains, Hotai Industrial seeks to enhance industry chain synergies, ensure stable operational growth, and achieve long-term

sustainable business objectives.

Strengthening Core Air-Conditioning Business

By diversifying product portfolios, enhancing professional expertise, integrating distribution channels, and adopting multi-faceted marketing strategies, Hotai Industrial aims to reinforce its core competencies and consolidate its professional leadership.

Delivering Exceptional Customer Service

Daikin's immersive customer experiences play a vital role at every stage. Through the 3A standard—Agility, Accuracy, and Attention—the company fosters empathy and treats customers with care, ensuring service that resonates and leaves a lasting impression.

Expanding New Business Ventures

With the increasing coverage of low-temperature refrigeration, Hotai Industrial is promoting both local development and global expansion. The company has become not only a key part of Daikin's global supply chain but also an ideal partner for Taiwan's industrial players seeking worldwide deployment.

3.5 Innovation and Sustainable Products

Material Topic	Product Innovation
Significance to the Company	Innovation and R&D are key drivers of sustainable business development and market competitiveness. Operating in the refrigeration and air-conditioning industry, the company faces challenges such as improving energy efficiency, stricter environmental regulations, and evolving consumer demands. By continuously adopting the latest R&D technologies from Daikin, Hotai Industrial is committed to promoting high-efficiency, environmentally friendly, and smart control innovations to maintain a leading market position.
Policies / Commitments	<ul style="list-style-type: none">• R&D and Product Innovation: Actively introduce energy-efficient products and drive the market toward higher efficiency standards.• Green Supply Chain and Environmental Standards: Collaborate with Daikin and suppliers to promote green manufacturing and low-carbon materials, minimizing environmental impact during both production and product use.• Technology Exchange and Industry Collaboration: Invest in industry training and education to cultivate talent, promote a shared industry vision, align with government regulations and international trends, ensure products meet domestic and international environmental requirements, and actively participate in policy development.

Material Topic	Product Innovation
Goals	<p>Short-term:</p> <ul style="list-style-type: none"> • Improve product energy efficiency and increase the market share of high-efficiency air conditioners by 1% annually. • Integrate air-conditioning and air-quality solutions, increasing related project achievements. • Enhance user satisfaction through smart control devices. • Strengthen industry collaboration and knowledge sharing by hosting three seminars and new product launch events. <p>Medium to Long-term:</p> <ul style="list-style-type: none"> • Achieve a green transformation in air-conditioning products in line with the national 2050 Net-Zero Emissions vision. • Utilize cloud and smart control technologies to advance energy management capabilities. • Expand industry collaborations, implement ESG standards, and obtain relevant certifications and awards.
Responsible Departments / Grievance Mechanism	Strategic Headquarters / Technical Headquarters
Resources Allocated During the Year	<p>Product Line Updates:</p> <ol style="list-style-type: none"> 1. Residential Air-Conditioning: Y Series “one-to-one” and “one-to-many” units upgraded for higher efficiency. 2. Commercial Store Air-Conditioning: Three new models achieving national first-class energy efficiency. 3. Commercial Air-Conditioning: Water-cooled series updated with four new models surpassing national standards; air-cooled series added two new models, achieving first-class national energy efficiency.
Assessment Mechanism / Results	Innovative product sales accounted for more than 5% of total sales.

Innovation and R&D serve as core drivers for sustainable business development and enhanced market competitiveness. In the refrigeration and air-conditioning industry, Hotai Industrial continuously faces challenges such as improving energy efficiency, tightening environmental regulations, and rapidly evolving consumer demands. Leveraging advanced technologies from Daikin as a foundation, the company develops innovative products that are energy-efficient, environmentally friendly, and equipped with smart controls, ensuring a leading position in the market. At the same time, Hotai Industrial actively promotes the market penetration of high-efficiency products and collaborates with Daikin and other suppliers to build a green supply chain, utilizing low-carbon materials to minimize environmental impacts during both production and product use. The company also continues to invest in industry training and education, cultivating new talent and promoting a shared vision for sustainable industry development.

Innovations in the Past Three Years

Product Name	Key Innovative Features	Product Benefits
Y Series Residential Air-Conditioner	Enhanced energy efficiency with integrated smart control functions	Exceeds national energy efficiency standards by over 10%
Water-Cooled Commercial Air-Conditioner	Significantly improved energy efficiency; aligned with green building certification trends	Energy efficiency increased by 50% compared to previous generation
Air-Cooled Commercial Air-Conditioner	Improved energy efficiency; expanded model lineup to meet diverse space requirements	Exceeds national energy efficiency standards by over 10%
Refrigeration and Freezer Air-Conditioner	Integrated refrigeration and freezer design; high energy-saving efficiency; low noise; maintains stable product quality in storage; high reliability (low defect and maintenance rates)	High energy efficiency and low noise levels
Commercial Refrigeration and Freezer Cabinets	High energy efficiency; uses R290 natural refrigerant; high reliability	R290 natural refrigerant reduces greenhouse gas emissions

Contributions of Innovative Products

Aspect	Contribution
Environmental	<ul style="list-style-type: none"> • Energy-Efficient Technologies: Introduced air-conditioning products with the latest energy-saving technologies, significantly reducing energy consumption and lowering carbon emissions. • Smart Control and System Integration: Integrated smart control systems to minimize unnecessary resource waste. • Extended Product Lifespan: Implemented comprehensive quality management and extended after-sales warranty services, increasing product longevity and reducing costs associated with electrical waste disposal. • Green Packaging and Transportation: Reduced packaging materials and volume, enhancing transportation efficiency.
Social	<ul style="list-style-type: none"> • Promoting Community Environmental Awareness and Energy Efficiency: Continuously advocated for the importance of product energy efficiency and eco-friendly refrigerants, fostering consumer awareness and encouraging the selection of high-efficiency products.



3.6 Customer Engagement and Satisfaction

Material Topic	Customer Relations
Significance to the Company	The quality of air-conditioning after-sales service directly impacts customer satisfaction and brand image, and is closely linked to the company's long-term sustainable development goals. By providing attentive and reliable after-sales support, Hotai Industrial ensures that Daikin users can operate their systems worry-free, building brand reputation, enhancing customer loyalty, and meeting ESG standards. This approach strengthens the company's market competitiveness while reinforcing its corporate social responsibility image.
Policies / Commitments	<ul style="list-style-type: none"> • Enhancing Service Quality and Capacity: Expand service manpower and coverage through regional distributors and reserve engineers; collaborate with third-party customer service providers to increase staffing during peak seasons. Invest in technical training to improve repair capabilities and resolve customer issues promptly. • Smart Service Implementation: Provide modern after-sales services that integrate ESG principles, covering the full process from repair reporting to completion. • Equipment Quality Assurance: Continuously monitor the market and report any equipment quality issues to the manufacturer for immediate resolution and improvement.
Goals	<p>Short-term:</p> <ul style="list-style-type: none"> • Service Efficiency: First-day repair rate > 45%, second-day repair rate > 60%, first-time completion rate > 80%; Customer service call answering rate ≥ 85%; Parts availability ≥ 95% • Customer Satisfaction: Overall satisfaction ≥ 95 points; Maintenance service satisfaction ≥ 95 points; Distributor satisfaction

Material Topic	Customer Relations
	<p>≥ 85 points</p> <p>Medium to Long-term:</p> <ul style="list-style-type: none"> • Implement smart service solutions • Achieve zero consumer protection complaints
Responsible Departments / Grievance Mechanism	<p>Sales Department / Complaint Channels; Customer Service Department</p> <ol style="list-style-type: none"> 1. Official Hotai Industrial website messages 2. Customer service hotline complaints 3. Customer satisfaction forms
Resources Allocated During the Year	<ul style="list-style-type: none"> • Established smart customer service and repair channels for 24/7 accessibility • Implemented product-to-parts conversion and parts distribution policies to reduce wait times • Digitized service system for improved interdepartmental communication and paperless operations • Introduced multiple payment options and cloud invoicing to align with consumer habits and reduce cash-handling risks • Deployed reserve engineers and third-party partners to ensure sufficient manpower • Promoted proactive services such as maintenance, mold detection, fault diagnosis, and coating maintenance • Conducted technical exchange meetings and workshops to gather customer feedback
Assessment Mechanism / Results	<p>Assessment Mechanism: Annual customer satisfaction surveys; annual internal service audits; real-time analysis of complaint handling efficiency and satisfaction; quarterly performance management against targets</p> <p>Results: Weighted average customer satisfaction over past three years exceeds 93 points; customer complaints decreased by 10% compared to the previous year; recognized as outstanding supplier by key customers</p>

Products and Services

Hotai Industrial focuses on the sales, engineering design, installation, and maintenance of air-conditioning equipment. The company is committed to delivering outstanding technology and high-quality services, responding promptly to customer needs, and creating exceptional value.

An internal dedicated project team has been established to manage customer communication, order processing, technical support, complaint handling, and after-sales service. This ensures professional service quality across all aspects, earns customer trust, and contributes to the company's long-term profitability.

Customer relationships are monitored through satisfaction surveys and complaint management systems, with continuous improvements implemented based on customer feedback. In 2024, no related customer complaints were received.

Excellence in Service

Hotai Industrial is committed to providing comprehensive support and assurance to consumers throughout the entire lifecycle of air-conditioning equipment, from selection to maintenance and repair. The company not only focuses on enhancing its own service quality but also seeks to drive sustainable development in collaboration with its distributors.

Through well-designed training programs, Hotai Industrial provides distributors with technical support and up-to-date knowledge of environmental regulations, helping them enhance their professional skills and master the installation, maintenance, and servicing of energy-efficient equipment. By supporting the continuous growth of distributors, customers benefit from high-quality, reliable services, collectively building a supply chain ecosystem that prioritizes sustainable development.

Training Overview in the Past Three Years

Training Overview in the Past Three Years	2022	2023	2024
Training Budget (NTD)	26,464,263	28,689,652	23,930,621
Participants / Delivery Method	In-Person	Online	In-Person
Distributors	4,016 (222 sessions)	0 (0 sessions)	3,915 (218 sessions)
Mass Retail	1,274 (59 sessions)	0 (0 sessions)	953 (48 sessions)
Internal Staff	821 (2 sessions)	1,977 (10 sessions)	1,026 (2 sessions)
Industry-Academia Collaboration	392 (20 sessions)	—	672 (30 sessions)
Industry Training Programs	80 (6 sessions)	—	134 (6 sessions)
Total Participants / Sessions	8,560 / 319	—	8,714 / 322
Survey Satisfaction Rate	95.65%	95.74%	96.32%

Customer Satisfaction Survey

To objectively collect and listen to customer feedback, Hotai Industrial conducts annual customer satisfaction surveys led by the Customer Service Department. Surveys are distributed via questionnaires to existing customers, maintenance service users, and distributors.

After each survey, the company consolidates the scores and feedback, sharing the results with relevant departments and senior management. Based on these findings, areas for

improvement are identified, and corrective actions are implemented responsibly to continuously enhance product and service quality. This ensures that customer needs are understood and met. Over the past three years, Hotai Industrial has maintained an average customer satisfaction score of over 95, achieving the company's established targets.



Best Partner Award

We are honored to have received industry recognition over the past several years, most notably the “Best Partner Award” from Carrefour. This award affirms Hotai Industrial's commitment to delivering outstanding quality and efficient service. We will continue to maintain a customer-centric approach, deepening partnerships through innovative products and professional support, and jointly creating business value.



Sustainable Environment

Sustainability Performance Highlights of This Chapter

- In 2024, Hotai Industrial obtained ISO 14064-1:2018 Greenhouse Gas Verification certification, successfully verified by a third-party, exceeding regulatory requirements.
- Energy-saving and carbon reduction measures are regularly formulated based on the results of greenhouse gas verifications.
- Referring to the Daikin Industrial Supply Chain CSR Promotion Guidelines, Hotai Industrial conducts annual supply chain evaluations. In 2024, 100% of new suppliers underwent ESG screening, and 100% of key existing suppliers were evaluated for ESG performance.

4.1 Environmental Management Policy

Hotai Industrial, in pursuit of balanced development and sustainable operations, has established its Environmental, Health, and Safety (EHS) policy, signed by the General Manager. Externally, this demonstrates the company's commitment to environmental protection and workplace safety. Internally, it requires employees to continuously enhance their professional expertise, contributing to society through environmentally friendly and energy-efficient innovative products, with environmental sustainability and a healthy workplace serving as fundamental considerations for the company's long-term operations.

As of 2024, any deficiencies identified through EHS audits have been prioritized for improvement. Utilizing the PDCA (Plan-Do-Check-Act) cycle, Hotai Industrial continuously enhances its EHS management system to ensure compliance with regulations and uphold the principle of continual improvement.

Environmental, Health, and Safety (EHS) Policy

- Comply with governmental regulations and align with international EHS and energy-related trends, as well as legislation and requirements for green products.
- Conduct annual audits to implement reduction and energy substitution measures, saving energy and reducing greenhouse gas emissions to achieve staged carbon reduction targets.
- Encourage the use of eco-friendly packaging and promote resource recycling to minimize resource consumption.
- Provide a safe and healthy working environment to reduce risks faced by personnel during workplace operations.
- Maintain ongoing communication and consultation with employees, suppliers, contractors, and the public to ensure effective implementation of EHS, energy, and green product management policies.

Hotai Industrial's Specific Measures

Category	Specific Measures
Energy Saving and Carbon Reduction	<ul style="list-style-type: none"> - In response to the parent company's carbon reduction policy, Hotai Industrial targets a 1–3% annual reduction. - Through energy-saving projects, we maximize energy efficiency, reduce carbon emissions, and incorporate this into management objectives to steadily lower emissions each year, fulfilling our corporate social responsibility.
Business Waste Management	<ul style="list-style-type: none"> - Waste generated from maintenance or after-sales services is managed in accordance with the Waste Disposal Management Regulations. - Business waste is legally handled and entrusted to government-approved contractors for proper disposal.
Green Procurement	<ul style="list-style-type: none"> - All products provided comply with REACH Substances of Very High Concern (SVHC). - We adhere to the EU RoHS environmental regulations and promote green procurement management, requiring suppliers' raw materials and products to be free of hazardous substances.
Green Products	<ul style="list-style-type: none"> - Established a comprehensive environmental substance control process, including: <ul style="list-style-type: none"> • Suppliers sign environmental protection declarations to ensure compliance with RoHS, REACH, and "halogen-free" requirements. • Regular review of substance inspection reports via the RoHS management system (ICP Report), with annual supplier updates required. • Conducted supplier audits for green product management. • In 2024, no violations of green product regulations or customer agreements occurred.
Emergency Response	<ul style="list-style-type: none"> - Maintains an Emergency Response Plan, with a Command Center and designated response teams. - New employees undergo semi-annual emergency training and fire drills. - Practical simulations enhance staff's emergency response and safety management capabilities, enabling timely action before disasters escalate, reducing impacts and injuries.

4.2 Energy Conservation and Carbon Reduction

Energy Management

Against the backdrop of global climate change, energy conservation and carbon reduction are no longer optional, but essential actions. With the rapid advancement of the economy and technology, energy and greenhouse gas management have become major challenges for all enterprises and key issues that Hotai Industrial must address. Hotai Industrial enhances energy efficiency to reduce waste, adopts more advanced energy utilization methods as technology progresses, and reduces reliance on specific energy sources.

In addition, the Company conducts comprehensive energy consumption inventories to fully understand its energy usage and ensure continuous improvement and effective resource utilization. Going beyond regulatory compliance, Hotai Industrial launched ISO 14064-1 greenhouse gas inventory operations in 2023, including internal inventories and third-party verification, to accurately track emissions. Based on these results, the Company identifies and implements feasible greenhouse gas reduction programs and executes reduction plans to achieve sustainable development goals.

Energy Consumption

In terms of overall energy structure, Hotai Industrial currently relies entirely on non-renewable energy sources, with no renewable energy adoption at this stage. Internal energy use primarily consists of electricity and gasoline for company vehicles, with electricity conservation being the current focus.

In 2024, total electricity consumption reached 1,578,068 kWh, representing a reduction of 37,770 kWh compared to 2023. Hotai Industrial conducts annual energy consumption inventories to monitor overall usage and ensure efficient management throughout the year.

Energy Consumption Statistics

Internal Consumption

Item	Unit	2023	2024
Electricity	kWh	1,615,838.0000	1,578,068.0000
Electricity	GJ	5,817.0168	5,681.0448
Gasoline	L	183,634.9490	206,247.0000
Gasoline	GJ	5,996.9739	6,735.4165
Diesel	L	8,395.0500	9,194.8500
Diesel	GJ	295.2465	323.3748

Energy Intensity

Item	Unit	2023	2024
Total Energy Consumption	GJ	12,109.2372	12,739.8361
Revenue	Million NTD	11,061	11,197
Energy Intensity	GJ / Million NTD	1.0948	1.1378

Footnotes:

- Diesel consumption includes both generator diesel and official vehicle diesel.
- Calorific values are based on the "A4-02 Energy Product Unit Heat Value Table" published by the Energy Administration, Ministry of Economic Affairs.
- Conversion factors: 1 kWh = 3.6 MJ; 1 GJ = 10^9 J; Gasoline calorific value = 7,800 Kcal/L; Diesel calorific value = 8,400 Kcal/L; 1 Kcal = 4,186.8 J.
- Data coverage includes subsidiaries.

Greenhouse Gas (GHG) Management

Material Topic	Greenhouse Gas (GHG) Management
Significance to the Company	<ul style="list-style-type: none"> • Enhances corporate reputation and strengthens competitiveness. • Identifies risks and opportunities. • Provides consistent reference benchmarks for internal tracking and monitoring.
Policy / Commitment	<ul style="list-style-type: none"> • Improve energy efficiency through energy management. • Conduct annual GHG inventories and adopt reduction and energy substitution measures to achieve phased targets.
Targets	<p>Short-term:</p> <ul style="list-style-type: none"> • In line with parent company policy, reduce carbon emissions by 1–3% annually using 2023 as the base year. <p>Mid- to Long-term:</p> <ul style="list-style-type: none"> • Continue to develop carbon reduction strategies and concrete action plans and ensure effective implementation. • Achieve net-zero emissions by 2050.
Responsible Department / Grievance Mechanism	<ul style="list-style-type: none"> • General Affairs Department
Resources Invested in the Reporting Year	<ul style="list-style-type: none"> • Obtained ISO 14064-1:2018 certification in 2024 and will maintain its validity.
Evaluation Mechanism / Performance	<ul style="list-style-type: none"> • Established an energy monitoring system. • Regularly review electricity usage and conduct meetings for evaluation and improvement.

Greenhouse Gas (GHG) Statement

Greenhouse gas emissions, which contribute to extreme climate events, are a critical environmental challenge faced globally. Although Hotai Trading is not a major energy consumer, we recognize our shared responsibility as a member of the global community. Reducing greenhouse gas emissions is a collective corporate goal.

In 2023, the Company voluntarily adopted the ISO 14064-1:2018 GHG Inventory Standard and successfully obtained third-party verification, going beyond regulatory requirements. Through inventories, we aim to better understand the current status and trends, enabling early responses. By continuously monitoring GHG emissions from our energy use, we establish a solid reference basis for future energy-saving and carbon-reduction performance.

Scope of Emissions:

- Scope 1 (Direct GHG Emissions): Primarily from gasoline and diesel consumption.
- Scope 2 (Energy Indirect GHG Emissions): Indirect emissions from purchased electricity.
- Scope 3 (Other Indirect GHG Emissions): Not yet included in the current GHG inventory.

To measure emission intensity, the Company adopts revenue per million NTD as the intensity metric.

Reduction Targets

Using 2023 as the base year, the Company focuses on action plans targeting major emission sources, with ongoing monitoring to ensure progress aligns with reduction goals. In parallel, we are actively formulating a carbon-reduction roadmap to implement sustainable, low-carbon operations, minimize environmental impact, and foster shared prosperity between the enterprise and society. Looking forward, the Company will continue to enhance emission management mechanisms, integrate innovative technologies, and remain committed to becoming a responsible and environmentally friendly corporate model.

Greenhouse Gas (GHG) Emissions Statistics

Scope / Boundary	Unit	2023	2024
Scope 1 (Direct GHG Emissions)	tCO ₂ e	550.3347	608.0318
Scope 2 (Indirect GHG Emissions)	tCO ₂ e	798.2240	748.0043
Total	tCO ₂ e	1,348.5587	1,356.0361
Revenue	Million NTD	11,061	11,197
GHG Emission Intensity	tCO ₂ e / Million NTD	0.1219	0.1211

Footnotes:

- The GWP (Global Warming Potential) values were calculated using the emission factor method, primarily based on the GWP values of various GHGs reported in IPCC AR6 (2021).
- Data coverage includes subsidiaries.

Energy Saving & Carbon Reduction

Hotai Trading's carbon reduction plan is implemented in phased stages, focusing on gradually lowering emissions. The Company plans to implement specific measures in 2025 to achieve an annual carbon reduction target of 1–3%. In parallel, employee education and awareness programs are continuously carried out to promote energy conservation and fulfill corporate social responsibility.

2025 Action Plan:

- Gradually replace existing leased official vehicles with hybrid vehicles.
- Optimize air-conditioning temperature settings and automatic shutdown frequency.
- Install timers on bidet toilets to switch off power during nighttime.
- Shorten copier start-up and sleep modes.
- Implement energy-saving controls for elevators, including nighttime shutdown.
- Turn off electric water heaters in rooftop bathrooms.

- Reduce the number of starts for basement air intake and exhaust fans.
- Install energy monitoring systems in spaces with more than 80 occupants.

4.3 Sustainable Supply Chain

Material Topic	Sustainable Supply Chain
Significance to the Company	<ul style="list-style-type: none"> • Concerns regarding human rights, labor issues, and environmental impact in the supply chain are increasing globally. • Engaging with suppliers through dialogue and CSR initiatives helps minimize risks and build a resilient, robust supply chain.
Policy / Commitment	<ul style="list-style-type: none"> • Implement green procurement to reduce carbon emissions and environmental impact across the supply chain. • Strengthen supply chain governance to enhance fair trade and information transparency.
Targets	<p>Short-term:</p> <ul style="list-style-type: none"> • Establish localized green procurement assessment indicators for suppliers based on Daikin global supply chain standards, and implement tracking and audits. <p>Mid- to Long-term:</p> <ul style="list-style-type: none"> • Ensure both local and global supply chains comply with Daikin's supply chain policies.
Responsible Department / Grievance Mechanism	<ul style="list-style-type: none"> • Strategic Office
Resources Invested in the Reporting Year	<ul style="list-style-type: none"> • Conduct ESG self-assessments for the company's top five suppliers.
Evaluation Mechanism / Performance	<ul style="list-style-type: none"> • No significant incidents affecting the environment or society occurred during transactions or cooperation with suppliers.

Hotai Trading conducts supplier evaluations focusing on the top five air-conditioning equipment suppliers. Assessments are based on standards set by Daikin Industries, covering management, quality, pricing, delivery lead time, environmental performance, and social responsibility. A continuous performance evaluation system is implemented to ensure that suppliers meet the required standards. Over the past three years, all Hotai Trading suppliers have complied with ESG evaluation requirements. For suppliers who fail to meet the standards or are identified as high-risk, Hotai Trading requires corrective action plans and provides necessary support, working alongside Daikin Industries to enhance sustainability and responsibility across the supply chain.

Looking ahead, Hotai Trading will continue to follow Daikin Industries' supply chain management policies, develop and implement localized supply chain strategies, maintain open and fair cooperation with local suppliers, and align with Daikin's global ESG objectives. The company is committed to promoting the environmental, social, and governance performance of its supply chain partners, fostering sustainable growth across the entire network.

Response to Conflict Minerals

Hotai Trading follows Daikin Industries' supply chain management policies, including conflict minerals guidelines and the CSR promotion guide, to uphold human rights, promote diversity, and comply with labor-related regulations. All suppliers provide raw materials from smelters certified as conflict-free. By fully adhering to Daikin's supply chain policies, Hotai Trading continuously strengthens supply chain management, promotes ethical procurement, and enhances sustainability.

Compliance with Hazardous Substance Regulations

Hotai Trading's products comply with legal requirements including the Daikin-compliant Industrial RoHS Directive and REACH regulations. Suppliers are strictly required to follow these rules, ensuring that all materials and components meet environmental and safety standards.

Supplier Management Implementation

New Supplier Screening

New Suppliers	Number in 2024	ESG Screening Rate
New Suppliers	1	100%

Existing Supplier Evaluation

Item	2022	2023	2024
Number of Suppliers	5	5	5
Number of Suppliers Completing ESG Self-Assessment	5	5	5
ESG Self-Assessment Rate	100.00%	100.00%	100.00%

Note: The scope of suppliers is defined as the top five air-conditioning equipment suppliers.

Social Care

Sustainability Performance Highlights

- Established the Hotai Academy Learning Map, setting annual credit requirements based on training plans. Employee achievement rates are linked to performance evaluations and promotion opportunities, creating tailored career development plans.
- Continuously enhanced employees' professional skills and work capabilities. In 2024, the average training hours per employee reached 18 hours, an increase of 1 hour compared to the previous year.
- Recruitment, performance evaluation, and promotion mechanisms are implemented

without consideration of employees' physiological or psychological differences. In 2024, the evaluation rate was 98.10% for male employees and 98.02% for female employees.

- Established a whistleblowing channel with a comprehensive process to protect whistleblowers. No related complaints were received in 2024.
- Implemented Occupational Safety and Health (OSH) management mechanisms, effectively enhancing workplace safety. No occupational injuries or diseases occurred in 2024.
- In accordance with labor health protection regulations, the company arranges three annual health service sessions (2 hours each) conducted by contracted occupational health physicians.
- Since 2020, an Occupational Safety Committee has been established, meeting monthly to actively promote OSH policies and continuously improve occupational safety management effectiveness.

5.1 Employee Well-being

Hotai Industrial regards its employees as the company's most valuable asset and is committed to protecting labor rights and fostering a safe and happy workplace. The company provides friendly and equitable employment opportunities, implements gender equality policies, and cultivates an inclusive organizational culture.

Competitive compensation and comprehensive training programs are offered to enhance employee expertise and engagement, reduce turnover, and ensure stable business operations. Hotai Industrial has established a complete learning and development system, regularly providing training courses to strengthen professional skills and improve workplace competitiveness. Transparent promotion channels allow employees to anticipate potential career growth opportunities.

Healthy labor-management interaction is encouraged through regular meetings, providing employees a platform to voice opinions while ensuring company responses foster mutual understanding and consensus.

Additionally, the company continuously enhances occupational safety and health management, safeguarding employees' physical and mental well-being. In line with the principle of "giving back to society," Hotai Industrial actively participates in corporate social responsibility initiatives, supports underprivileged groups, and contributes to sustainable social development.

Hotai Industrial Human Resource Development Policy

	Description
Labor Rights & Happy Workplace	<ul style="list-style-type: none"> - Provide friendly and equitable employment opportunities. - Implement gender equality policies to foster a respectful and inclusive atmosphere. - Offer competitive compensation to enhance employee engagement, reduce turnover, and support stable business development. - Promote employee-friendly measures and benefits, focusing on work-life balance and well-being.

	Description
Education, Training & Career Development	<ul style="list-style-type: none"> - Maintain a comprehensive training system with regular courses to strengthen employees' professional competencies. - Ensure transparent promotion channels to provide predictable career development opportunities. - Establish "Mei Sheng Center" to enhance workplace health support and cultivate a "happy enterprise." - Strengthen occupational safety and health management to protect employees' fundamental rights and workplace safety. - Age-based health check subsidies: <ul style="list-style-type: none"> • Under 30: NT\$4,300/year • 30–39: NT\$8,000/year • 40+: NT\$12,000/year
Occupational Safety & Health Management	<ul style="list-style-type: none"> - Employ dedicated health managers to provide personalized health services, improve awareness, and prevent risks. - Promote health education and lifestyle balance through regular health lectures and subsidized sports clubs to encourage exercise and cultivate a healthy corporate culture.
Corporate Social Responsibility & Public Welfare	<ul style="list-style-type: none"> - Participate in group-level industry-academia collaborations and public welfare initiatives to support underprivileged groups and fulfill social responsibility.

Secondly, Hota Industrial supports employees' well-being and professional development through comprehensive welfare programs. By offering diverse financial allowances and thoughtfully designed benefits, the company enables employees to alleviate living burdens while maintaining a healthy work-life balance.

Furthermore, to safeguard long-term financial security, Hota Industrial fully complies with the Labor Standards Act and the Labor Pension Act. For employees under the new retirement pension system, the company contributes no less than 6% of monthly wages to individual retirement accounts established with the Bureau of Labor Insurance, following the contribution schedule approved by the Executive Yuan, thereby ensuring sustainable retirement planning for all employees.

Employee Welfare Committee Benefits

Welfare Item	Subsidy Amount	Eligibility Criteria
Marriage Gift	NT\$5,200	Membership of at least 1 year
Childbirth Subsidy	NT\$10,000	Membership of at least 1 year; employed for at least 1 year; current-year monthly welfare contributions; still employed
Funeral Condolence	Parents/Spouse: NT\$5,000 Children: NT\$3,000 Self: NT\$11,000	Submission of household registration or relevant supporting documents

Welfare Item	Subsidy Amount	Eligibility Criteria
Children's Education Scholarship	Kindergarten/Elementary/Middle School: NT\$3,000 High School: NT\$4,000 University: NT\$5,000	Submission of student ID, transcripts, or relevant documents
Travel Subsidy	Up to NT\$20,000 per year	Membership of at least 1 year; at least 1 year of monthly welfare contributions in the current year
Emergency Relief Fund	Up to NT\$50,000	Applicable for urgent or accidental situations; supporting documents required
Club Subsidy	NT\$1,000 per activity (maximum 2 times/year, total NT\$2,000)	Club must have at least 5 participants; at least one activity per month

5.2 Workforce Statistics

Employee Overview

As a leading distributor of Daikin air-conditioning systems, Hotai Industrial has placed significant emphasis on human capital development in recent years, alongside increased production efficiency and revenue growth. By offering competitive compensation, comprehensive benefits, and structured training and development programs, the company attracts and retains talented professionals.

Specifically, Hotai Industrial operates within the trading and department store industry, with the majority of its workforce employed under indefinite-term contracts (i.e., full-time employees). The company provides stable and long-term employment, enabling employees to focus on their work without financial concerns, thereby safeguarding their economic well-being. Additionally, the company regularly recruits students through industry-academic cooperation programs, offering practical work experience and career opportunities. Diversity and inclusion are also prioritized, with regular hires including white-collar expatriates, persons with disabilities, and indigenous community members, reflecting the company's commitment to social responsibility.

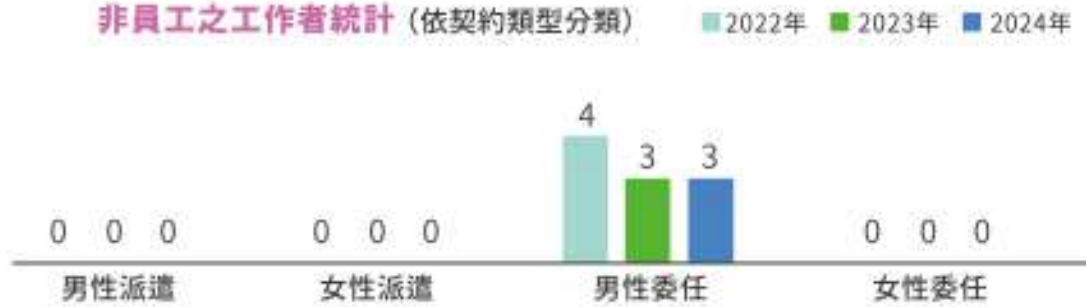
Non-employee workers primarily consist of consultants engaged on a contractual basis. These consultants contribute their specialized knowledge and skills to support various company operations. This collaboration allows Hotai Industrial to access external expertise flexibly, complement internal resources, and receive comprehensive support in project planning, strategic decision-making, and problem-solving.



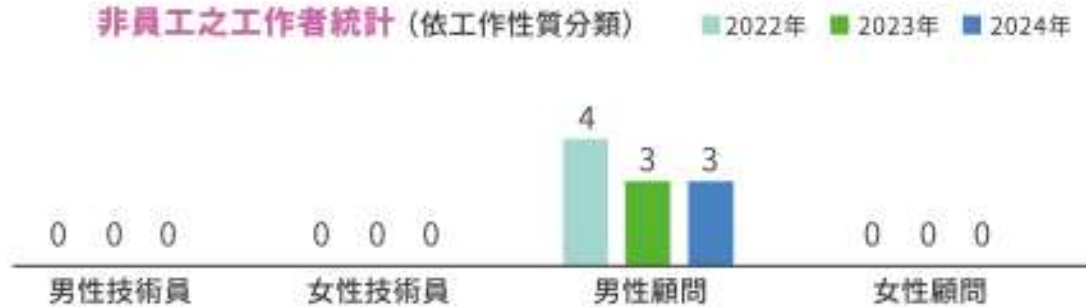
Footnotes:

- The total number of employees for the year is defined as the total headcount as of the end of the year (December 31).
- Employment contracts are categorized into indefinite-term employees (full-time) and fixed-term employees (short-term, seasonal, or specific project duration; additionally, if an employee is on maternity or parental leave, the company may hire another employee to temporarily fill the position. The returning employee is counted as part of the original contract type).
- Employment types are classified as full-time (weekly working hours meet the statutory maximum) and part-time (weekly working hours below the statutory maximum, including student workers, hourly staff, and company-employed healthcare personnel).

非員工之工作者統計 (依契約類型分類)



非員工之工作者統計 (依工作性質分類)

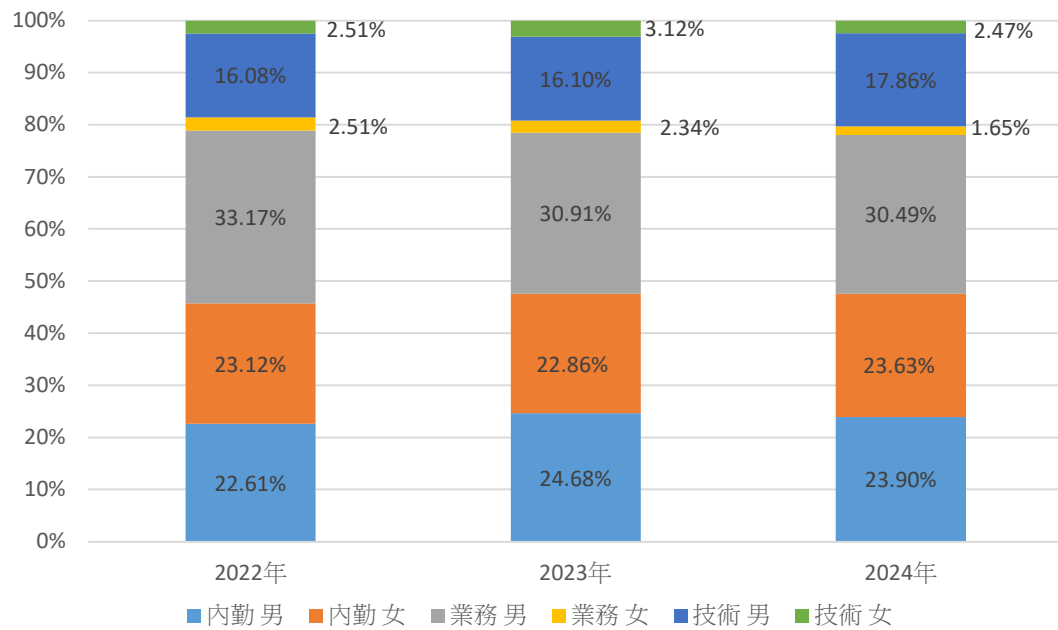


Employee Diversity

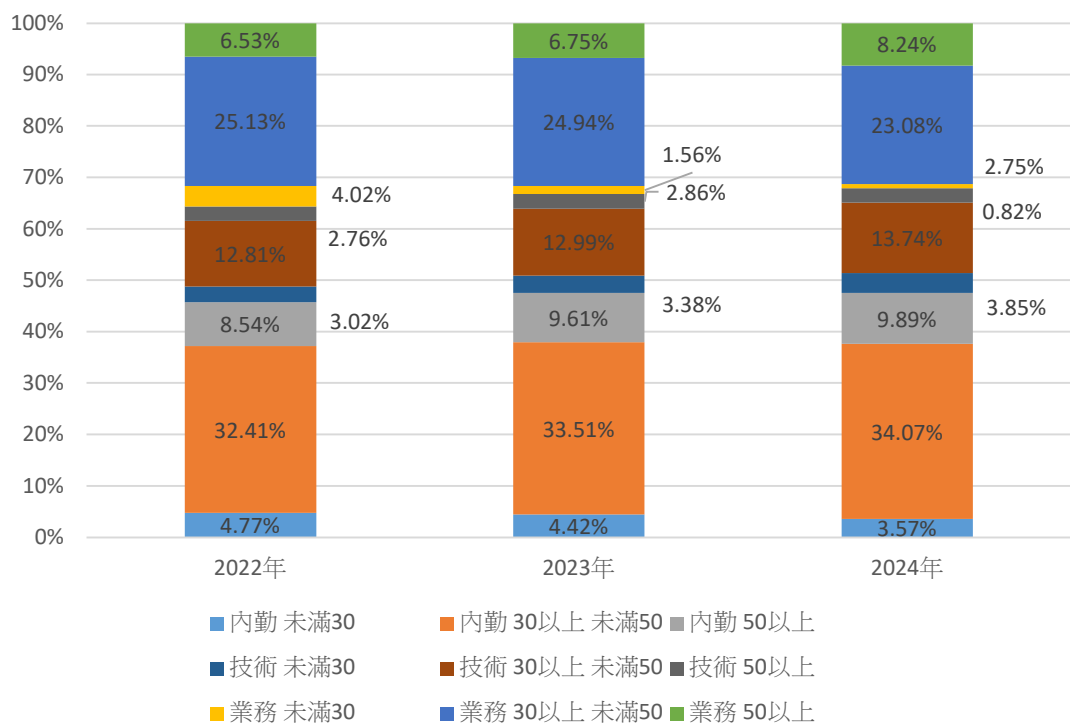
Over the past three years, the proportion of female employees at Hotai Industrial has steadily increased. Employees are primarily categorized as administrative staff, sales personnel, and technical staff. Due to the operational nature of technical roles, these positions are predominantly held by male employees. Administrative staff are mainly responsible for tasks such as office management, data processing, and internal coordination, while sales personnel focus on client development, maintaining customer relationships, and promoting the company's products or services.

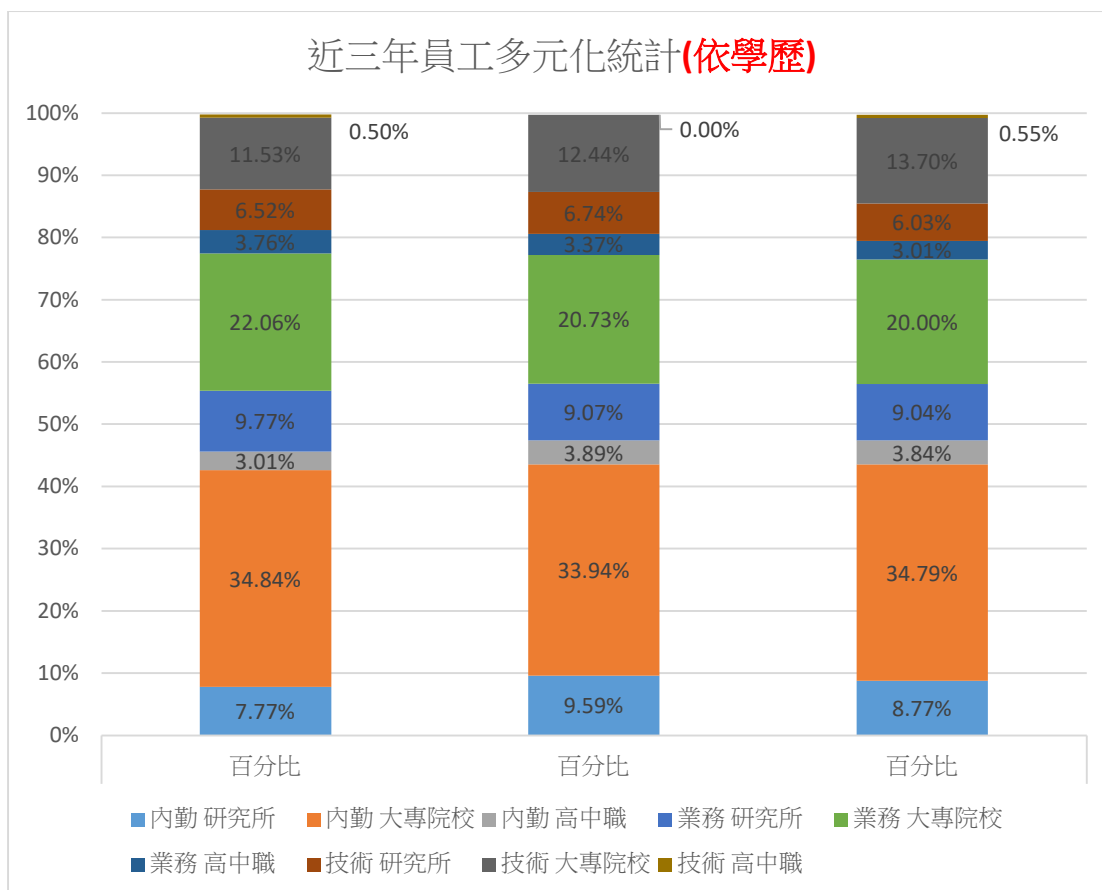
Regarding age distribution, over 65% of employees are under 50 years old, indicating that Hotai Industrial's workforce is currently dominated by mid-career professionals. Experienced supervisors lead younger teams, ensuring a stable workforce structure with no anticipated labor shortages.

近三年員工多元化統計(依性別)



近三年員工多元化統計(依年齡)





Note: Calculation methods are as follows:

- Percentage of employees under 30 in a specific category = (Number of employees under 30 in that category at year-end ÷ Total number of employees in that category at year-end) × 100%.
- Percentage of employees with a graduate degree in a specific category = (Number of employees with a graduate degree in that category during the year ÷ Total number of employees in that category at year-end) × 100%.

5.3 Employee Growth and Development

Material Topic	Talent Development
Significance to the Company	<ul style="list-style-type: none"> The company's sustainable growth and long-term success rely on employees fully leveraging their professional expertise and managerial skills. Multi-level training and development mechanisms continuously enhance employees' and supervisors' competencies, driving overall organizational excellence.
Policy / Commitment	<ul style="list-style-type: none"> Dedicated teams design tailored career development plans for employees and supervisors at different levels. Carefully structured training and development programs provide appropriate learning resources to improve job competencies and support long-term career growth.
Targets	<p>Short-term:</p> <ul style="list-style-type: none"> Achieve 100% participation in core competency training for new

Material Topic	Talent Development
Responsible Department / Grievance Mechanism	<p>employees.</p> <ul style="list-style-type: none"> • Maintain an average of 20 training hours per employee annually. • Reassess and optimize supervisors' learning and development roadmap. <p>Mid- to Long-term:</p> <ul style="list-style-type: none"> • Conduct competency-driven supervisory training annually. • Continuously improve employees' and supervisors' technical or managerial competencies. • Host advanced technical forums and professional courses to stimulate innovation. <ul style="list-style-type: none"> • Human Resources Department • Email: hr@hotaidev.com.tw
Resources Invested in the Reporting Year	<ul style="list-style-type: none"> • Review management competencies and align supervisors' development directions. • Implement new learning and performance management platforms. • Provide diverse learning modalities (online English courses, Business Weekly Co-learning Circles, Hota Academy). • Continue high-potential talent training to expand the talent pool.
Evaluation Mechanism / Performance	<ul style="list-style-type: none"> • Average training hours per employee in 2024: 18 hours • Post-training satisfaction surveys • Learning application sharing sessions • Technical professional assessments • High-potential talent performance presentations

Robust human resources are fundamental to Hotai's sustainable growth. To attract and retain top talent, the company provides competitive compensation and benefits, rewarding employees for both performance and long-term contributions. Upholding principles of equality, Hotai implements transparent performance evaluation and reward systems, fostering a fair and motivating workplace culture. This approach not only encourages employees to invest effort beyond their core responsibilities but also strengthens organizational culture, employee engagement, and active participation in company initiatives.

Regarding career advancement, transparent promotion information ensures high-performing employees have clear opportunities for advancement, promoting a culture of learning by example. Hotai also designs and implements structured training programs, enabling employees to develop continuously within their professional fields and achieve personal growth. Multiple communication channels allow employees to voice opinions, which the company addresses in good faith, maintaining harmonious labor-management relations based on trust.

Sustainable business operations rely on continuous employee learning and development.

Hotai prioritizes employee training as a critical mechanism for ensuring the ongoing enhancement of human capital. The company's learning and development strategy is anchored in on-the-job training and supplemented by new hire orientation, role-specific training, and managerial development programs. Training plans are aligned with annual targets and departmental needs, creating a comprehensive education and training system.

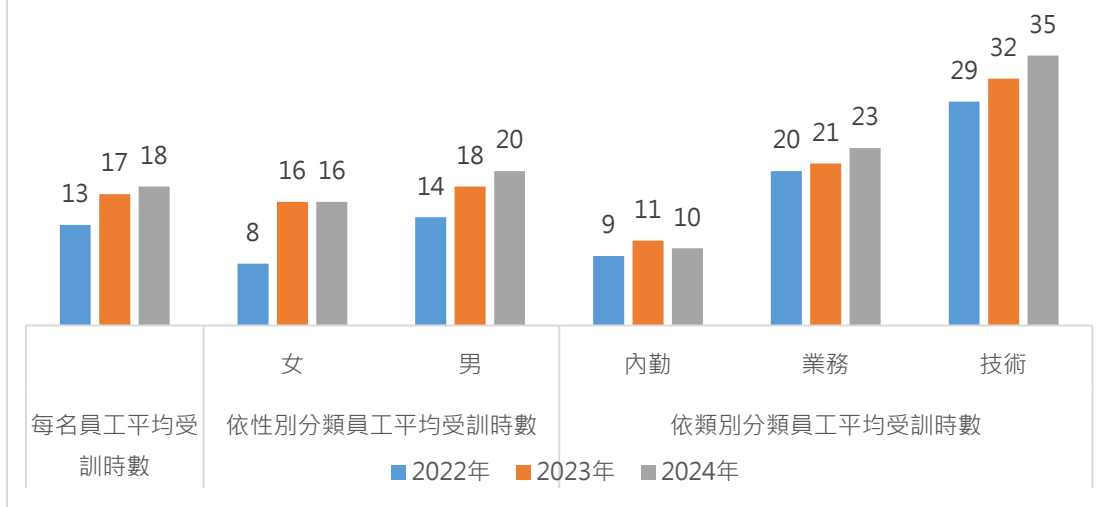
Each year, Hotai establishes training plans based on company development requirements, ensuring employees can pursue long-term career growth while the company benefits from their professional advancement. Internal training programs facilitate the transfer of skills and experience to relevant departments, guiding employees in planning their personal development paths.

New employees receive orientation on internal regulations and occupational safety, followed by role-specific departmental training. The company actively encourages participation in professional courses related to employees' work, providing diverse learning channels to foster continuous growth and self-fulfillment. Departments develop and implement training plans based on operational needs, with internal training conducted by department personnel and external training organized through approved external institutions. Employees who attend external courses are expected to share knowledge and insights with their teams, ensuring practical application and organizational learning.

Hotai also supports departing employees in entrepreneurial endeavors, potentially as distributors or partners, and engages retired employees as consultants to continue contributing their expertise.

Overall, average training hours per employee have increased year by year. Among employee categories, administrative staff receive fewer training hours due to simpler job responsibilities, whereas technical staff, primarily engaged in design and development, require ongoing specialized training. Consequently, technical staff have higher average training hours compared to other employee categories. As technical roles are predominantly male, male employees tend to have higher average training hours than their female counterparts.

近三年員工平均受訓時數



Note:

- Average training hours per employee = (Total training hours of all employees during the year ÷ Total number of employees at year-end).
- Average training hours per female employee = (Total training hours of female employees during the year ÷ Total number of female employees at year-end).
- Average training hours per employee category = (Total training hours of employees in that category during the year ÷ Total number of employees in that category at year-end).

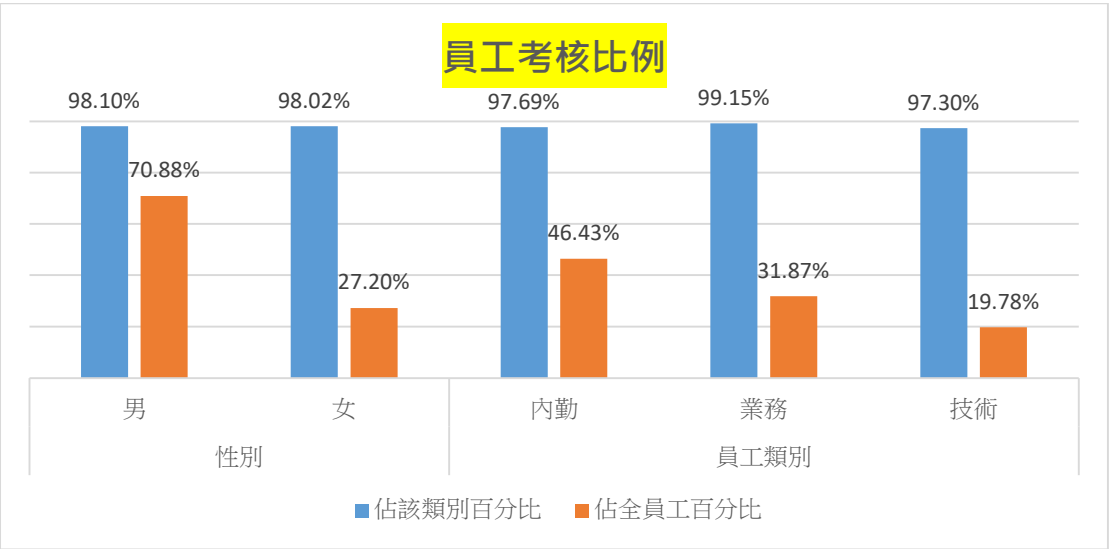
和泰學院 4D學習地圖



《學習激勵制度》學習護照連結晉升、大金技術培訓獎勵、技能競賽得獎獎勵、證照津貼學歷加薪

Performance Appraisal

Hotai employees undergo annual performance evaluations. Through regular assessment and feedback, the company ensures that employee work outcomes meet organizational expectations while encouraging personal growth and goal achievement. Continuous support and guidance are provided to help each employee realize their full potential, aligning individual performance with the company’s overarching objectives.



2024 Performance Evaluation Statistics

Category	Actual Evaluated	Total Employees	Evaluation Rate (%)
Gender			
Male	258	263	98.10%
Female	99	101	98.02%
Employee Type			
Administrative	169	173	97.69%
Sales	116	117	99.15%
Technical	72	74	97.30%

5.4 Occupational Health and Safety

Material Topic	Occupational Safety & Health
Significance to the Company	<ul style="list-style-type: none">• Enhancing employee health and safety is a fundamental pillar of sustainable business. Healthy employees are the company’s most valuable asset.• By reducing workplace injuries and accidents, the company minimizes absenteeism and additional costs, ensures business continuity, and improves operational efficiency.• A safe working environment allows employees to deliver high-

Material Topic	Occupational Safety & Health
	<p>quality services, increasing customer satisfaction.</p> <ul style="list-style-type: none"> • Strengthening safety awareness enhances brand image and market competitiveness. • Compliance with occupational safety laws and requiring contractors to follow them reduces legal risks and demonstrates the company's commitment to health, safety, and sustainable operations.
Policy / Commitment	<ul style="list-style-type: none"> • Policy: Compliance with laws, risk prevention, full participation, continuous improvement. • Commitment: The company leads all employees in implementing health and safety promotion programs, building a support network for occupational health and safety, aligned with the vision of "A Better Life, Harmonious Society."
Targets	<p>Short-term:</p> <ul style="list-style-type: none"> • Maintain zero occupational accidents. • Strengthen safety awareness and training. • Regular inspection and maintenance of equipment to ensure safe operation. <p>Mid- to Long-term:</p> <ul style="list-style-type: none"> • Continuously improve occupational safety management systems. • Deepen the "Safety First, Zero Occupational Accidents" corporate culture.
Responsible Department / Grievance Mechanism	<ul style="list-style-type: none"> • Department: Occupational Safety Committee • Email: lian@Hotai.com.tw • Phone: 02-25148887#238
Resources Invested in the Reporting Year	<ul style="list-style-type: none"> • Annual budget: NT\$1,000,000 • Implemented projects: <ul style="list-style-type: none"> (1) Occupational safety education and training (2) Self-inspection mechanism for work environment and equipment (3) Workplace health & safety proposal reward program (4) Zero-accident recognition reward program
Evaluation Mechanism / Performance	<ul style="list-style-type: none"> • Evaluation Mechanisms: <ul style="list-style-type: none"> (1) Safety audits and inspections (2) Analysis of incidents and occupational accidents (3) Employee safety awareness and feedback (4) Emergency response drills • 2024 Performance: <ul style="list-style-type: none"> (1) Zero-accident recognition: 65 departments received awards (2) No major occupational accidents occurred in 2024

Hotai is committed to maintaining a zero-occupational-accident record and safeguarding employee health and safety through comprehensive occupational safety management

measures. To strengthen safety awareness, the company continuously conducts occupational safety and health training, including fire prevention, disaster response, and first aid drills, while promoting correct usage of personal protective equipment (PPE). Additionally, the company implements a Health & Safety Proposal Reward Program, encouraging employees to proactively identify potential risks and propose improvements, fostering a safer work environment.

To reduce workplace injuries and accidents, Hotai regularly conducts risk assessments to identify high-risk areas and implement corrective measures, ensuring employees adhere to safety protocols. Safety signage and warning notices are installed to enhance situational awareness, and traffic safety campaigns are conducted to minimize commuting accidents.

In terms of improving the work environment, the company routinely inspects and maintains equipment to ensure safe operation, optimizes lighting, ventilation, and noise control to enhance comfort and safety, and establishes emergency evacuation and escape routes to strengthen preparedness for unexpected events. Moreover, Hotai has implemented robust occupational safety management systems, including incident reporting and response mechanisms, scheduled safety inspections, and leadership-driven enforcement of safety measures, comprehensively protecting employee health and well-being.

Occupational Health & Safety (OHS) Policy

- **Compliance with Regulations:** Adhere to occupational safety regulations to enhance workplace safety.
- **Risk Prevention:** Identify hazards and prevent occupational injuries and illnesses.
- **Full Participation:** Engage all employees in safety; aim for zero occupational accidents.
- **Continuous Improvement:** Strive for ongoing improvement; there is no “best,” only “better” in health and safety.

OHS Promotion Philosophy

- **Promote a Safety Culture:** Foster a people-centered safety culture, manage safety risks, and build inherently safe work environments.
- **Collaborate with Business Partners:** Work with partners to establish safe workplaces across the industry.
- **Implement Health Promotion:** Prevent occupational diseases and promote holistic employee health.

OHS Implementation Strategies

- **Create Inherently Safe Work Environments & Equipment:** Ensure workplaces and equipment are designed and maintained for inherent safety.
- **Enhance Hazard Identification Capability:** Improve employees’ ability to recognize and assess workplace hazards.
- **Enhance Hazard Response Capability:** Strengthen employees’ skills and readiness to respond to potential risks and emergencies.

Occupational Health and Safety Management System

Hotai has established a comprehensive occupational health and safety (OHS) management policy in accordance with the Occupational Safety and Health Act, actively implementing measures to ensure the safety and health of all work environments. The policy applies not only to all company employees but also to non-employee personnel assigned by the company and working under the direction or supervision of workplace managers, ensuring consistent safety protections for all workers.

Within the workplace, all personnel are required to follow guidance from assigned supervisors and complete all activities related to their job tasks, including behavior, operations, and all steps involved in task execution. The term “workplace” refers to locations designated by the company where supervisors assign and oversee work tasks, encompassing all areas that meet the definition of a labor site.

Through well-defined policies, clear division of responsibilities, and standardized operational guidance, Hotai strives to provide a safe, healthy, and efficient working environment, safeguarding the physical and mental well-being of all workers while maintaining stable and effective operational performance.

2024 Occupational Safety and Health Management System Covered Workers

Management System / Regulation	Inspection Type	Number of Workers	Coverage Rate	Notes
Occupational Safety and Health Act	Internal Check	369	100%	Employees: 364 (98.6%); Non-employees: 5 (1.4%)
Occupational Safety and Health Act	Labor Inspection	369	100%	Employees: 364 (98.6%); Non-employees: 5 (1.4%)

Hazard Identification, Risk Assessment, and Incident Investigation

Hotai is committed to ensuring a safe and healthy working environment through a diversified approach to hazard identification and occupational safety management. The company systematically identifies potential hazards and implements corrective measures via safety observations, on-site inspections, review of past incidents, self-inspection mechanisms, and guidance from occupational safety consultants.

For self-inspection mechanisms, personnel carry out daily, monthly, quarterly, semi-annual, and annual checks in accordance with occupational safety and health regulations. Unit supervisors and occupational safety managers audit the execution, and all inspection results are submitted semi-annually to the Occupational Safety and Health Committee for record-keeping.

To further reduce the frequency and severity of hazards, Hotai enhances employees’ hazard awareness and response capabilities through training and regular drills. The company

requires employees to immediately halt operations and retreat to a safe location if an imminent danger arises and to report the situation to the workplace supervisor. Employees may also independently stop work and move to a safe area without endangering others, immediately notifying the responsible supervisor.

Hotai implements incentive programs such as the “Zero-Accident Recognition Program” and the “Workplace Health & Safety Proposal Reward Program” to encourage employees to proactively monitor workplace risks and propose improvements. Additionally, the company has established an incident investigation procedure to strengthen disaster prevention, enabling prompt rescue and response when accidents occur, and to investigate root causes and develop corrective measures to prevent recurrence, ensuring employee safety.

By fostering a safe, healthy, and efficient work environment through comprehensive occupational safety measures, Hotai demonstrates its commitment to occupational health and safety management while fully safeguarding employee welfare and well-being.

Regular Workplace Safety Self-Inspection Execution Process



Accident Investigation Flowchart



Occupational Health Services and Health Promotion

Hotai places high importance on the physical and mental well-being of its employees, providing health services and promotion programs that go beyond regulatory requirements. The company offers comprehensive annual health check-ups and, since 2011, has independently appointed full-time nurses to enhance the professionalism of healthcare services.

In accordance with labor health protection regulations, Hotai arranges for occupational health physicians with specialist qualifications in occupational medicine to provide three health service sessions annually, each lasting two hours, ensuring employees receive professional and thorough health care.

Hotai appointed its first health manager in 2011 and established a dedicated health management unit, the “Mei-Sheng Center,” in 2013. To further enhance health management, a second health manager was appointed in 2021, focusing on the well-being and health promotion of employees.

Additionally, the company promotes health initiatives through diverse activities such as lectures, competitions, exhibitions, and informational campaigns. These programs cover key topics including weight management, chronic disease prevention, mental health, and infectious disease prevention, actively fostering a healthy and happy work environment for all employees.

Measure	Description
Health Check-ups	Provide comprehensive annual health check-ups.
Appointment of Professional Nurses	Independently appointed full-time nurses since 2011.
Labor Health Services	Arrange three health service sessions annually (2 hours each), led by physicians with occupational medicine specialization.
Dedicated Health Management Unit	Established the “Mei-Sheng Center” in 2013 with a health manager; a second health manager appointed in 2021 to strengthen health care.
Health Promotion Programs	Promote health through diverse activities, covering weight management, chronic disease prevention, mental health, and infectious disease prevention.

Worker Participation, Consultation, and Communication

Since 2020, Hotai has independently established the Occupational Safety Committee, reporting directly to the General Manager to ensure that occupational safety policies and strategies are timely and effective. The committee meets monthly to actively promote occupational safety and health policies, continuously enhancing the effectiveness of safety management. To ensure professional leadership, the committee chair is a certified occupational safety professional with qualifications in labor health services. Additionally,

department heads from higher-risk work areas are appointed as committee members to ensure that safety policies and related measures are practical, feasible, and effectively implemented.

Occupational Safety and Health Training

Hotai is committed to promoting occupational safety and health (OSH) training to fully support and safeguard employees in the workplace. The company covers all costs associated with OSH training, helping employees obtain professional certifications such as Occupational Safety Supervisors, Roof Work Supervisors, and Forklift Operators. External instructors are engaged to provide training that exceeds legal requirements, ensuring employees acquire comprehensive knowledge and skills in safety.

Moreover, the company enhances safety awareness through diverse communication channels, including educational materials related to air conditioning operations safety, distributed via printed posters, emails, and messaging platforms. The content is practical and easy to understand, emphasizing hands-on practices and risk prevention to integrate safety knowledge into daily work.

To evaluate the effectiveness of training and awareness programs, Hotai implements mechanisms such as regular safety inspections, supervisor assessments, and comparisons of incident rates before and after training. Additionally, the company has established the “Zero Incident Recognition Program” and the “Workplace Health and Safety Improvement Proposal Reward Program” to encourage active employee participation, enhance safety awareness, and reduce the likelihood of potential hazards.

Measures	Description
Full Support for Training Costs	Assist employees in obtaining professional OSH certifications, such as Occupational Safety Supervisors, Roof Work Supervisors, and Forklift Operators.
Internal Training	Engage external instructors to provide OSH training exceeding legal requirements (over 3 hours annually), strengthening employees’ safety knowledge and skills.
Diversified Safety Promotion	Develop air-conditioning operation safety materials, disseminated via printed materials, email, and messaging platforms, emphasizing practical operations and risk prevention.
Effectiveness Evaluation	Conduct regular inspections, supervisor assessments, and pre- and post-training incident comparisons to evaluate training outcomes and promotion effectiveness.
Incentive Programs	Establish the “Zero Incident Recognition Program” and “Health and Safety Proposal Reward Program” to encourage employee participation and enhance safety awareness.

Impact of Occupational Safety and Health

Hotai is committed to creating a safer work and collaboration environment, proactively addressing critical issues to ensure the safety of all workplaces and operational processes. Through the “Workplace Health and Safety Proposal Reward Program,” employees who are most familiar with their tasks, processes, and environment are encouraged to identify and analyze potential hazards and risks, proposing feasible improvements to actively participate in safety management. The Occupational Safety Committee focuses on preventive measures for risks specific to the air-conditioning industry, including falls, electric shocks, safe stacking of goods, forklift operations, and fire safety. Preventive measures are formulated and implemented during regular meetings. Leveraging the recognition from the Ministry of Labor’s National Safety Award, Hotai further advocates safe operations, emphasizing that air-conditioning equipment must be installed safely with adequate maintenance space to ensure the safety of personnel during subsequent operations.

Hotai also leverages its business relationships to minimize occupational safety risks posed by partners. Through educating professional personnel responsible for Daikin air-conditioning installations, the company emphasizes adherence to safety installation standards to prevent hazardous setups. For instance, when installing outdoor units, employees are instructed to explain to customers that sufficient space must be reserved to ensure maintenance personnel can safely access and perform repairs. These measures aim to enhance risk prevention and partner safety management, creating a safer workplace for employees.

Occupational Injury and Illness Statistics

Over the past three years, Hotai has recorded zero occupational accidents, reflecting the company’s outstanding achievements in occupational safety and health management and its commitment to employee well-being. This success is attributed to comprehensive safety policies, including regular training, risk assessments, and rapid response to potential hazards. The company continuously reviews existing safety systems and actively seeks areas for improvement, such as enhancing work environments and adopting equipment that meets international safety standards. Employees are also encouraged to provide feedback, collaboratively improving safety policies to maintain the record of zero occupational accidents and further enhance workplace safety and comfort.

員工/非員工之工作者 職業傷害及職業病統計

統計/年度		2022		2023		2024	
		員工	非員工之工作者	員工	非員工之工作者	員工	非員工之工作者
總經歷工時		771,141	7,968	733,902	5,976	697,093	5,976
職業傷害造成的死亡	人數	0	0	0	0	0	0
	比率	0	0	0	0	0	0
嚴重的職業傷害	人數	0	0	0	0	0	0
	比率	0	0	0	0	0	0
可紀錄之職業傷害	人數	0	0	0	0	0	0
	比率	0	0	0	0	0	0
職業病造成的死亡	人數	0	0	0	0	0	0
	比率	0	0	0	0	0	0
可紀錄之職業病	人數	0	0	0	0	0	0
	比率	0	0	0	0	0	0

5.5 Community Engagement

As an integral member of society, Hotai recognizes its interdependence with investors, employees, local communities, and other stakeholders. Leveraging its influence to fulfill corporate social responsibility, Hotai actively engages with local organizations at its operational sites to ensure that resources are directed to those who truly need assistance. Beyond its own philanthropic initiatives, Hotai also responds to group-wide calls to action by donating to the charitable foundations established by the corporate group. By pooling collective goodwill, these resources are utilized effectively, reflecting Hotai's commitment to making society a better place.

Hotai Environmental Sustainability Foundation – Four Key Service Areas

Industry Development & Technology Education

- Industry Development: Introduce the latest refrigeration and air-conditioning technologies, leveraging technology to contribute to energy conservation and carbon reduction.
- Technology Education: Cultivate talent for the refrigeration and air-conditioning industry, integrating environmental protection concepts into education.

Energy-Saving Knowledge & Knowledge Sharing

- Energy Standards: Assist in setting environmental and energy-saving standards and promote green consumption through energy-saving certifications.
- Knowledge Transmission: Foster proper understanding of equipment use and maintenance, cultivating habits that support energy conservation and carbon reduction.

Academic Awards & Talent Development

- Academic Awards: Recognize students with outstanding academic performance, encouraging youth to pursue excellence.
- Talent Development: Deepen the cultivation of environmental and energy-related talents, enabling them to contribute their expertise back to society in the future.

Public Welfare & Social Well-Being

- Social Initiatives: Promote the proper use of social resources to prevent waste.
- Other Philanthropy: Enhance air quality in medical institutions, support green building initiatives, and promote environmental and energy-saving legislation.





2024 Volunteer Service Hours

Activity	Participants	Volunteer Hours per Person (4h / 8h)	Total Volunteer Hours
Group Beach Cleanup	82	4	328
Love Delivery to Yilan Toucheng Dali Elementary School	20	4	80
Workplace Health Promotion Visit	3	4	12
Blood Donation for Charity	100	4	400
Second-hand Charity Sale	15	4	60
TSMC & Daikin Technical Training Program	15	8	120
Military Retirement & Training Center – Refrigeration & Air-conditioning Guidance Class	40	8	320
Orphan Welfare Foundation & Daikin Practical Training Program	36	8	288
Workplace Walkthrough – Corporate ESG Visit	17	4	68
Hotai Group Tree Planting	5	4	20
Total Service Hours	–	–	1,696
Average Volunteer Hours per Person	–	–	3.09

2024 Donations

Recipient	Description	Donation Amount
Hotai Life & Health Promotion Foundation	Fulfilling corporate responsibility and implementing ESG sustainable development	TWD 7,050,000
Hotai Environmental Sustainability Foundation	Fulfilling corporate responsibility and implementing ESG sustainable development	TWD 6,500,000
Total	–	TWD 13,550,000

Industry–Academia Collaboration

Activity	Description	Photo
Industry Development & Technology Education	Daikin Hope Seed Practical Training Program, integrating on-site career exploration	
Industry Development & Technology Education	Sponsored the 2024 University & College “Public Welfare Dreamer” Scholarship	
Industry Development & Technology Education	Partnered with the Orphan Welfare Foundation to provide air-conditioning professional training, cultivating practical skills for children	
Industry Development & Technology Education	Collaborated with the TSMC Charity Foundation to launch the Rapid Technical Training Camp, focusing on air-conditioning skills to help youth gain practical expertise and create future career opportunities	

Community & Public Welfare Activities

Activity

Description

Photo

Environmental
Sustainability – Tree
Planting & Carbon
Reduction

Partnered with the Hotai Group to plant trees along the Yilan Toucheng coastline, protecting the environment from pollution, preserving ecosystems, and contributing to carbon reduction efforts to combat global warming and promote a sustainable future



Public Welfare – Social
Contribution

Chairman Su Yizhong led employees and their families in a coastal cleanup activity to care for the Earth



Public Welfare – Social
Contribution

Taipei special education students visited Disney, enjoying a full-school movie experience and creating unforgettable memories



Appendix

附錄一：GRI 準則內容索引

使用聲明	和泰興業股份有限公司已參考 GRI 準則報導 2024 年 1 月 1 日至 12 月 31 日期間的内容				
使用的 GRI 1	GRI 1：基礎 2021				
適用的 GRI 行業準則	本公司屬於非上市上櫃公司之貿易百貨業，尚無 GRI 行業準則				
註	於主題前標示*者為重大主題				
主題	揭露項目	項目說明	章節	頁碼	省略理由/必要解釋
GRI2：一般揭露 2021					
組織及報導實務	2-1	組織詳細資訊	2.1 公司簡介		
	2-2	組織永續報導中包含的實體	關於本報告書		
	2-3	報導期間、頻率及聯絡人	關於本報告書		
	2-4	資訊重編	關於本報告書		
	2-5	外部保證/確信	關於本報告書		
活動與工作者	2-6	活動、價值鏈和其他商業關係	2.1 公司簡介		
	2-7	員工	5.2 人力資源統計		
	2-8	非員工的工作者	5.2 人力資源統計		
治理	2-9	治理結構及組成	3.1 治理實務		
	2-10	最高治理單位的提名與遴選	3.1 治理實務		

	2-11	最高治理單位的主席	3.1 治理實務		
	2-12	最高治理單位於監督衝擊管理的角色	3.1 治理實務 3.2 風險管理		
	2-13	衝擊管理的負責人	1.1 ESG 永續發展委員會 3.1 治理實務 3.2 風險管理		
	2-14	最高治理單位於永續報導的角色	1.1 ESG 永續發展委員會		
	2-15	利益衝突	3.1 治理實務		
	2-16	溝通關鍵重大事件	3.1 治理實務		
	2-17	最高治理單位的群體智識	3.1 治理實務		
	2-18	最高治理單位的績效評估	3.1 治理實務		
	2-19	薪酬政策	3.1 治理實務		資訊無法取得/不完整，目前公司薪酬政策尚未連結 ESG 績效。
	2-20	薪酬決定流程	3.1 治理實務		
	2-21	年度總薪酬比例	-	-	保密/公司基於薪資保密規定限制不予揭露
策略、政策與實務	2-22	永續發展策略的聲明	經營者的話		
	2-23	政策承諾	4.3 永續供應鏈		
	2-24	納入政策承諾	4.3 永續供應鏈		
	2-25	補救負面衝擊的程序	3.2 風險管理		
	2-26	尋求建議和提出疑慮的機制	3.1 治理實務		
	2-27	法規遵循	3.3 倫理誠信與法規遵循		

	2-28	公協會的會員資格	2.3 企業榮耀與參與外部組織		
利害關係人議合	2-29	利害關係人議合方針	1.3 利害關係人溝通管道與關注議題		
	2-30	團體協約	-		不適用/本公司未成立工會亦未與員工簽署團協，而係透過不定期會議與員工雙向互動。
GRI3：重大主題 2021					
重大主題	3-1	決定重大主題的流程	1.4 鑑別重大主題		
	3-2	重大主題列表	1.4 鑑別重大主題		
經濟面					
*營運績效					
GRI 3：重大主題 2021	3-3	重大主題管理	3.4 營運績效		
GRI 201：經濟績效 2016	201-1	組織所產生及分配的直接經濟價值	3.4 營運績效		
	201-2	氣候變遷所產生的財務影響及其它風險與機會	-	-	不適用/本公司未評估相關風險
	201-3	確定給付制義務与其它退休計畫	5.1 幸福職場		
	201-4	取自政府之財務援助	-	-	不適用/本公司未有取自政府之財務援助
間接經濟衝擊					

GRI 203：間接經濟衝擊 2016	203-1	基礎設施的投資與支援服務的 發展及衝擊	5.5 社會參與		
*產品創新					
GRI 3：重大主題 2021	3-3	重大主題管理	3.5 產品創新		
*客戶關係					
GRI 3：重大主題 2021	3-3	重大主題管理	3.6 客戶關係		
環境面					
GRI 302：能源 2016	302-1	組織内部的能源消耗量	4.2 節能減碳		
	302-3	能源密集度	4.2 節能減碳		
*溫室氣體管理					
GRI 3：重大主題 2021	3-3	重大主題管理	4.2 節能減碳		
GRI 305：排放 2016	305-1	直接（範疇一）溫室氣體排放	4.2 節能減碳		
	305-2	能源間接（範疇二）溫室氣體 排放	4.2 節能減碳		
	305-3	其它間接（範疇三）溫室氣體 排放	-	-	資訊取得不完整/目前尚未實施範疇三溫室 氣體盤查
	305-4	溫室氣體排放強度	4.2 節能減碳		
	305-5	溫室氣體排放減量	4.2 節能減碳		
	305-6	臭氧層破壞物質（ODS）的排 放	-	-	不適用/本公司無破壞臭氧層之物質排放
	305-7	氮氧化物（NOx）、硫氧化物 （SOx）、及其它顯著的氣體排 放	-	-	不適用/本公司無此類氣體排放

*永續供應鏈					
GRI 3：重大主題 2021	3-3	重大主題管理	4.3 永續供應鏈		
GRI 308：供應商環境評估 2016	308-1	採用環境標準篩選新供應商	4.3 永續供應鏈		
	308-2	供應鏈中負面的環境衝擊以及所採取的行動	4.3 永續供應鏈		
GRI 414：供應商社會評估 2016	414-1	使用社會準則篩選新供應商	4.3 永續供應鏈		
	414-2	供應鏈中負面的社會衝擊以及所採取的行動	4.3 永續供應鏈		
社會面					
*職業安全					
GRI 3：重大主題 2021	3-3	重大主題管理	5.4 工作健康與安全		
GRI 403：職業安全衛生 2018 管理方針	403-1	職業安全衛生管理系統	5.4 工作健康與安全		
	403-2	危害辨識、風險評估、及事故調查	5.4 工作健康與安全		
	403-3	職業健康服務	5.4 工作健康與安全		
	403-4	有關職業安全衛生之工作者參與、諮商與溝通	5.4 工作健康與安全		
	403-5	有關職業安全衛生之工作者訓練	5.4 工作健康與安全		
	403-6	工作者健康促進	5.4 工作健康與安全		
	403-7	預防和減輕與業務關係直接相關聯之職業安全衛生的衝擊	5.4 工作健康與安全		

GRI 403：職業安全衛生 2018	403-8	職業安全衛生管理系統所涵蓋 之工作者	5.4 工作健康與安全		
	403-9	職業傷害	5.4 工作健康與安全		
	403-10	職業病	5.4 工作健康與安全		
*人才培育					
GRI 3：重大主題 2021	3-3	重大主題管理	5.3 員工成長與發展		
GRI 404：訓練與教育 2016	404-1	每名員工每年接受訓練的平均 時數	5.3 員工成長與發展		
	404-2	提升員工職能及過渡協助方案	5.3 員工成長與發展		
	404-3	定期接受績效及職業發展檢核 的員工百分比	5.3 員工成長與發展		
員工多元化與平等機會					
GRI 405：員工多元化與平 等機會 2016	405-1	治理單位與員工的多元化	3.1.1 董事會 5.2 人力資源統計		

附錄二：第三方查證聲明書



和泰興業股份有限公司
2024 年永續報告書之獨立保證意見聲明書

聲明書編號: 2509018

和泰興業股份有限公司(以下簡稱和泰興業)與格瑞國際驗證有限公司(以下簡稱格瑞驗證)為相互獨立的公司及組織,格瑞驗證除了針對該公司 2024 年永續報告書進行評估和查證外,與和泰興業並無任何財務上的關係。

本獨立保證意見聲明書(以下簡稱聲明書)的目的,僅作為對下列有關和泰興業之永續報告書所界定範圍內的相關事項進行保證之結論,而不作為其他之用途。除對查證事實提出聲明書外,對於其他目的之使用,或閱讀此聲明書的任何人,格瑞驗證並不負有或承擔任何相關法律或其他之責任。

本聲明書係基於和泰興業提供予格瑞驗證之相關資訊所作查證之結論,因此審查範圍乃基於並局限在這些提供的資訊內容之內,格瑞驗證認為這些信息內容都是完整且準確的。對於這份聲明書所載內容或相關事項之任何疑問,請全部向和泰興業查證。

保證範圍

和泰興業與格瑞驗證協議的查證範圍包括:

1. 整份永續報告書內容及和泰興業在 2024 年 1 月 1 日至 2024 年 12 月 31 日的所有營運績效。
2. 依照 AA1000 保證標準 v3 的第三層類型評估和泰興業遵循 AA1000 當責性原則標準(2018)的真實和程度,不包括對於報告書涵蓋的資訊/數據之可信賴度的查證。
3. 本聲明書以中文作成,並翻譯成英文以供參考。

意見聲明

我們總結和泰興業之永續報告書內容,對於和泰興業的相關運作與披露則提供一個公平的觀點。我們相信有關和泰興業 2024 年的環境、社會及公司治理等詳實數據是誠實且正確地披露。報告書所披露的數據也展現了和泰興業對環境及社會利害關係人的期望與努力。

我們的查證工作是由一組具有依據 AA1000 保證標準 v3 查證能力之團隊執行,以及規劃和執行這部分的工作,以獲得必要的資訊數據及說明。我們認為和泰興業所提供的證據足夠以表明其遵循 AA1000 保證標準 v3 及其 2018 年附錄的報告方法與自我聲明符合 GRI 永續性標準準則。

查證方法

為了收集與作成結論有關的證據,我們執行了以下工作:

- 對象在外部團體相關和泰興業之公司政策的議題,進行高階管理層審查,以確認本報告書中聲明書的合適性;
- 與和泰興業之主管討論有關利害關係人參與的方式,並並未直接接觸外部利害關係人;
- 討論與永續報告書編制及資訊提供有關的議題;
- 在抽樣基礎上確認和泰興業之績效數據;
- 審查報告中所作宣告的支持性證據;
- 針對和泰興業之報告及其相關 AA1000 當責性原則(2018)中涵蓋有關包容性、重大性、回應性、及衡量性原則的流程管理進行審查。

結論

針對 AA1000 當責性原則(2018)之包容性、重大性、回應性、衡量性與 GRI 永續性標準準則的詳細審查結果如下:

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包容性

和泰興業已建立與主要利害關係人合作的過程,包含員工、客戶、供應商及股東/投資人等,於 2024 年展開一系列利害關係人活動,涉及環境、社會和經濟等一系重大主題,以我們的專業意見而言,這份報告書涵蓋了和泰興業的包容性議題。

重大性

報告書已說明和泰興業所關注環境、社會和經濟面向等主題,並識別出了項重大主題包括溫室氣體管理、永續供應鏈、人材培育、職業安全、營運績效、產品創新及客戶關係等,以我們的專業意見而言,這份報告書適切地涵蓋了和泰興業的重大性議題。

回應性

和泰興業執行來自利害關係人的要求與看法之回應,實行方法包括成立專案/專案服務部門、供應商商品開發會議、客戶會議/業務研討/滿意度調查、編委會議、員工中研管理這等眾多的內部和外部利害關係人的溝通機制,作為提供進一步回應利害關係人的機會,並針對利害關係人所關切議題及時回應,以我們的專業意見而言,這份報告書涵蓋了和泰興業的回應性議題。

衡量性

和泰興業已識別,並以平衡且有效之量測及揭露方式公正地展現其衡量,和泰興業已建立監督、量測、評估及管理衡量的流程,有助於組織內實現更有效之決策與成果管理,就我們的專業意見而言,本報告涵蓋了和泰興業的衡量性議題。

GRI 永續性標準準則

和泰興業提供有關依據 GRI 永續性標準準則之自我宣告與相關資料,基於審查的結果,我們確認報告書依照 GRI 永續性標準準則的社會責任與永續發展的相關揭露項目已披露,部分揭露或省略,以我們的專業意見而言,此自我宣告涵蓋了和泰興業的社會責任與永續性主題。

保證等級

依據 AA1000 保證標準 v3 及其 2018 年附錄,我們的查證與本聲明書為中度保證等級,如同本聲明書中所描述的範圍與方法。

資訊

本聲明書的意見聲明供和泰興業使用,我們的責任僅基於所描述的範圍與方法,提供專業意見並提供利害關係人一個獨立的聲明書。

能力與獨立性

格瑞驗證為由各管理系統領域的專家組成,本查證團隊係由具專業背景,且接受過如 AA1000 v3、ISO 9001、ISO 14001 與 ISO 45001 之一系列永續發展、環境及社會管理標準的訓練,具有主導稽核員資格之成員組成。

基於保證團隊之查證行為,並由

格瑞國際驗證有限公司(中華民國,台灣)於 2025 年 05 月 22 日簽署發行


查證 陳文豐 總經理



第二頁(共二頁)

附錄二：第三方查證聲明書



Independent Assurance Statement Based on 2024 Sustainability Report of HOTAI DEVELOPMENT CO., LTD.

Statement No.: 22050310

HOTAI DEVELOPMENT CO., LTD. (hereinafter referred to as HOTAI DEVELOPMENT) and GREAT International Certification Co., Ltd. (hereinafter referred to as GREAT) are independent companies and organizations. Except for the evaluation and verification of the company's 2024 sustainability report, GREAT has no financial relationship with HOTAI DEVELOPMENT.

The purpose of this independent assurance statement (hereinafter referred to as the Statement) is only to serve as the conclusion of guaranteeing the relevant matters within the scope defined in the following relevant HOTAI DEVELOPMENT's Sustainability Report, and not for other purposes. Except for the Statement for fact verification, GREAT does not bear any relevant legal or other responsibilities for the use of other purposes, or anyone who reads this Statement.

This Statement is based on the conclusions made by the relevant information verification provided by HOTAI DEVELOPMENT to GREAT. Therefore, the scope of the review is based on and limited to the content of the information provided. GREAT believes that the information content is complete, accurate and precise. Any questions about the content of this Statement or related matters will be answered by HOTAI DEVELOPMENT.

The Scope of Assurance

The verification scope of HOTAI DEVELOPMENT and GREAT agreement includes:

- The contents of the entire sustainability report and all operating performance of HOTAI DEVELOPMENT from January 1, 2024 to December 31, 2024;
- According to the type 3 of AA1000 Assurance Standard v3, evaluate the nature and degree of HOTAI DEVELOPMENT's compliance with the AA1000 Accountability Principles (2018), excluding the verification of the reliability of the information/data disclosed in the report;
- This Statement is made in Chinese and translated into English for reference.

Verification Opinion

We summarize the content of HOTAI DEVELOPMENT's sustainability report, and provide a fair standpoint of HOTAI DEVELOPMENT's related operations and performance. We believe that the specific performance indicators of HOTAI DEVELOPMENT in 2024, such as environment, society and corporate governance, are presented correctly. The performance indicators disclosed in the report demonstrate HOTAI DEVELOPMENT's expectations and efforts to identify and satisfy stakeholders.

Our verification work is carried out by a group of teams with verification capabilities according to the AA1000 Assurance Standard v3, as well as the planning and execution of this part of the work to obtain the necessary information data and instructions. We believe that the evidence provided by HOTAI DEVELOPMENT is sufficient to show that its reporting method and self-declaration in accordance with the AA1000 Assurance Standard v3 and its 2018 appendix are in line with the GRI Sustainability Reporting Guidelines.

Verification method

To gather the evidence relevant to the conclusions, we performed the following:

- To conduct a senior management review of issues from external parties related to HOTAI DEVELOPMENT's corporate policies to confirm the appropriateness of the statement in this report;
- To discuss with the managers of HOTAI DEVELOPMENT about the way of stakeholder participations, and have no direct contact with external stakeholders;
- To interview with employees related to the preparation of the sustainability report and information provision;
- To audit the performance data of HOTAI DEVELOPMENT on a sampling basis;
- To evidence supporting the claims made in the review report;
- To Review the management process of the principles of inclusivity, materiality, responsiveness, and impact described in the company report and its related AA1000 Accountability Principles (2018).

Conclusion

The results of a detailed review of the AA1000 Accountability Principles (2018) including inclusivity, materiality, responsiveness, impact and GRI sustainability reporting standards are as follows:

Inclusivity

HOTAI DEVELOPMENT has established a process of cooperation with major stakeholders, including employees, customers,



Suppliers and shareholders/investors, etc., and will launch a series of stakeholder activities in 2024, involving environment, society, economy and a series of major themes. In terms of our professional opinion, this report covers the inclusivity issues of HOTAI DEVELOPMENT.

Materiality

The report has stated that HOTAI DEVELOPMENT focuses on environment, society and economy topics, and identified 7 major topics including greenhouse gas management, sustainable supply chain, talent cultivation, occupational safety, operational performance, product innovation and customer relations, etc. In terms of our professional opinion, this report appropriately covers the materiality issues of HOTAI DEVELOPMENT.

Responsiveness

HOTAI DEVELOPMENT responds to requests and opinions from stakeholders. Implementation methods include shareholders' meeting/dedicated service department, supplier product development meeting, customer meetings/business visit/satisfaction survey, welfare committee meeting and employee complaint channels, those numerous internal and external stakeholder communication mechanisms, as an opportunity to provide further responses to stakeholders, and to promptly respond to stakeholder concerns. In terms of our professional opinion, this report covers the responsiveness issues of HOTAI DEVELOPMENT.

Impact

HOTAI DEVELOPMENT has identified and fairly demonstrated its impact with balanced and effective measurement and disclosure. HOTAI DEVELOPMENT has established a process for monitoring, measuring, evaluating and managing impacts, which helps to achieve more effective decision-making and results management within the organization. In terms of our professional opinion, this report covers the impact issues of HOTAI DEVELOPMENT.

GRI Guidelines

HOTAI DEVELOPMENT provides the self-declaration of compliance with the GRI Sustainability Reporting Standards and relevant information. Based on the results of the review, we confirm that the report refers to the social responsibility and sustainability of the GRI Sustainability Reporting Standards. Relevant disclosure items for developments have been disclosed, partially disclosed, or omitted. In terms of our professional opinion, this self-declaration covers HOTAI DEVELOPMENT's social responsibility and sustainability themes.

Assurance level

According to the AA1000 Assurance Standard v3 and its 2018 Appendix, we have verified that this Statement is a moderate level of assurance, as described in the scope and methods of this Statement.

Responsibility

The responsibility of the sustainability report, as stated in this Statement, is owned by the person in charge of HOTAI DEVELOPMENT. The responsibility of GREAT is solely to provide professional opinions based on the scope and methods described, and to provide a Statement for the stakeholders.

Ability and Independence

GREAT is composed of experts in various management system fields. The verification team is composed of members with professional background, who have received training in a series of sustainable development, environmental and social management standards such as AA1000 AS v3, ISO 9001, ISO 14001 and ISO 45001, and are qualified as lead auditors.

On behalf of the assurance team MAY 22, 2025

GREAT International Certification Co., Ltd.

Taiwan, Republic of China


Signed by General Manager: W. J. Chen





2024 SUSTAINABILITY REPORT

 和泰興業股份有限公司
HOTAI DEVELOPMENT CO., LTD.