

5.1.4 Internal Audit

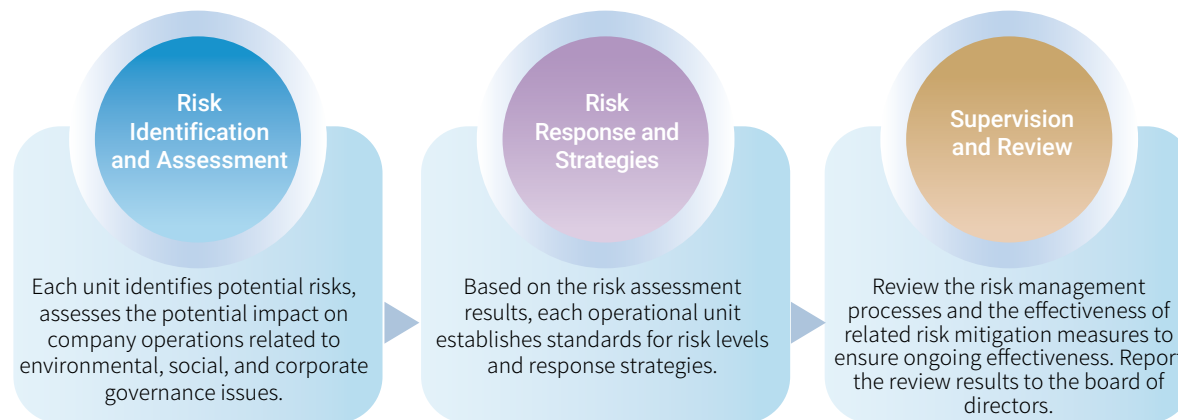
The Audit Office, under the Board of Directors, formulates annual audit plans based on risk assessments, and executes audits and improvement follow-ups. The head of audit reports regularly to the Board and incorporates suggestions from independent directors, the Audit Committee, and the Board.

In 2024, a total of 62 audit tasks were completed, with a 100% compliance rate.

5.2 Risk Management 2-24 3-3

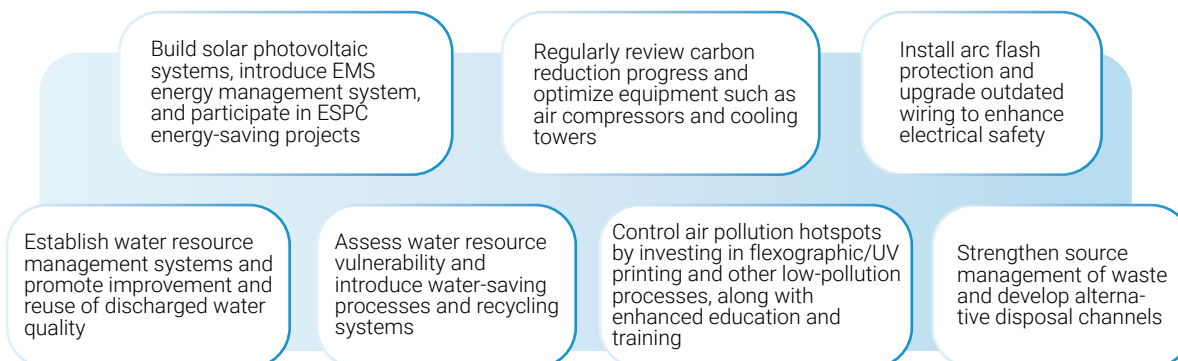
On November 10, 2022, the Board of Directors approved the "Risk Management Policy and Procedures" and "Risk Management Practice Guidelines" to identify and assess environmental, social, and governance (ESG) risks. The framework involves company-wide participation and multiple lines of defense.




The implementation status is reported to the Board at least once annually, and the 2024 Risk Management Report was submitted on May 9, 2025.



Risk Identification and assessment

In accordance with the principle of materiality, ESG risks in market, finance, operations, and environment are identified and assessed, with the following management policies formulated:



Issue	Risk categories	Risk items	Risk Management Strategy	Risk Management Unit
 Environment (环)	Environment	Climate Change	Introduce digital management tools to enhance carbon inventory efficiency and accuracy	Sustainability Development Department
		Water Resources Wastewater	1. Establish water resource management and promote water reuse 2. Introduce water recycling and reuse to reduce water shortage risks	Occupational Safety and Health Center Beverage Division
		Energy	1. Install solar power generation systems and implement energy-saving projects 2. Set up arc flash protection systems to enhance electrical safety	Engineering Department
		Air Pollution	Adopt flexographic and low-pollution printing processes and strengthen training	Occupational Safety and Health Center
		Waste Materials	Strengthen source management of waste to reduce environmental impact	Occupational Safety and Health Center
 Social (人)	Operation	Human Rights	Comply with international human rights covenants and the Labor Standards Act to protect labor rights and interests	Human Resources Department
		Talent Recruitment	Industry-academia collaboration: establish “Hon Chuan Academy” to cultivate talent	Human Resources Department
		Food Safety Risk	The food safety team conducts regular internal audits and improvements based on HACCP to enhance food safety	Food Safety Team
		Quality Risk	1. Hold monthly quality meetings to track customer complaints and improvements 2. Strengthen control through internal audits, customer feedback, and communication channels	Quality Improvement Committee / Quality Assurance Department
		Occupational Safety and Health	Establish an Occupational Safety and Health Center and Committee; implement ISO 45001 and TOSHMS occupational safety management systems	Occupational Safety and Health Center/ Committee
	Market	Industry Competition	Hold regular business meetings to grasp market trends	Sales Department
	Others	Infectious Disease Risk	Monitor epidemic updates and implement epidemic prevention in accordance with CDC announcements	Occupational Safety and Health Center
 Governance (治)	Operation	Professional ethics	Strengthen employee ethical training and evaluation to avoid trust risks	Audit Office
		Legal Compliance	Legal consultations and contract review to reduce legal risks	Legal Department
		Information Security	Establish backup mechanisms and disaster recovery measures for critical data	Information Department
		Supply Chain	Prepare supplier alternatives to reduce shortages and support green procurement	Procurement Department
	Finance	Profitability and Capital Credit Financial Decisions	Issue fixed-rate bonds to stabilize financing costs and manage interest rate risks. Strengthen credit rating review and customer management to reduce default risks, and strengthen collection monitoring and loss control for accounts receivable	Finance Department