

2. Corporate Governance

Silks Hotel Group regards corporate governance as the cornerstone of sustainable business development. We have established a comprehensive and transparent governance framework aimed at enhancing governance quality, strengthening accountability mechanisms, and ensuring that all operations meet the highest ethical and regulatory standards. This approach actively mitigates potential environmental and social impacts while promoting long-term corporate resilience and stakeholder trust.

Since its founding in 1976, Silks Hotel Group has not only expanded its flagship luxury brand, Regent Hotels, but also launched several innovative sub-brands—Just Sleep, Silks Place, Silks X, and Well Spring by Silks—to meet diverse market needs. Through continuous innovation and service optimization, the Group is committed to leading the hospitality industry toward a more sustainable and responsible future.

Sustainability Strategy Blueprint

Innovation and Customer Service

Strategic Focus:

By integrating local culture and natural resources, Silks Hotel Group strengthens cultural and environmental connections to create tourism experiences with sustainable value. The Group continuously analyzes customer needs and market trends, combining local characteristics with social responsibility to drive sustainable service innovation and brand development. Our products and services are designed not only to maintain competitiveness but also to reflect society's growing expectations for environmental and social responsibility.

Food Safety and Hygiene

Strategic Focus:

The Group has established a Food Safety Risk Management and HACCP Committee to implement comprehensive standard operating procedures for food safety and hygiene. Regular internal and external audits, supplier assessments, and employee training programs are conducted to ensure every process complies with legal and quality requirements, protecting customer health from source to table.

Supply Chain Management

Strategic Focus:

Silks Hotel Group has built a structured supplier management and evaluation system that ensures food traceability, risk classification, and autonomous inspection. The Regent Taipei self-inspection laboratory serves as the last line of defense in safeguarding food safety, enforcing rigorous supplier oversight and audits. Supplier evaluations include documentation and on-site assessments, incorporating environmental and ESG criteria. The Group is progressively increasing the use of cage-free eggs and locally sourced ingredients, establishing a transparent and responsible supply network.

Information Security and Customer Privacy

Strategic Focus:

The Group is dedicated to maintaining a secure and resilient information environment to protect corporate assets and customer data from cybersecurity threats. Key initiatives include annual vulnerability scans and penetration testing, the implementation of multi-layered defense mechanisms and backup systems, and regular cybersecurity audits, employee training, and incident simulations to strengthen readiness. All data handling complies with relevant legal and regulatory standards, and third-party service providers are required to sign confidentiality and cybersecurity agreements to ensure full compliance.

2.1 Integrity Governance

Silks Hotel Group has been committed to establishing a sound and rigorous governance framework since it began operations in 1990. The Company adheres to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies," which are publicly disclosed on the Company's official website and the Market Observation Post System.

2.1.1 Corporate Governance

Silks Hotel Group's corporate governance practices are closely aligned with the United Nations Sustainable Development Goals (SDGs), particularly SDGs 16: "Peace, Justice, and Strong Institutions." Upholding a sound and rigorous governance framework, the Group has established comprehensive management systems and oversight mechanisms dedicated to achieving sustainable business operations.

The Board of Directors emphasizes diversity and independence in its operations. Member selection takes into account gender, age, nationality, cultural background, and a range of professional expertise, including law, finance, accounting, industry knowledge, marketing, and technology. Through robust management and oversight mechanisms, we strive to enhance the Board's transparency, accountability, and fairness, safeguard investor rights, strengthen corporate reputation, and achieve our sustainable development goals. (For more details, please refer to the Annual Report)

■ Board Diversity and Independence

- Board Diversity:

In accordance with the diversity policy, the 23rd Board of Directors was re-elected in 2024. Members possess extensive experience and expertise in finance, business, and management. Independent directors make up 33% of the board. Gender equality is also emphasized, with a target of over 30% female directors. Currently, among the 9 board members, 3 are female, meeting the target of over 30% female representation.

- Board Independence:

The current board consists of 9 members, including 3 independent directors (33.33%). All independent directors comply with the regulations set by the Financial Supervisory Commission regarding independence. Furthermore, the relationships between all directors and independent directors conform to

Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act. For information on board member nomination and selection qualifications, individual director profiles, and relationships among board members, please refer to pages 3 to 5 of the Annual Report (Annual Report link: Director Information-1).

The Group has established the Board Performance Evaluation Procedures, conducting annual evaluations covering the overall board, individual directors, and functional committees. The evaluation results serve as a reference for director selection or nomination and for determining individual director remuneration. The Company also performs performance evaluations of functional committees, including the Audit Committee and the Compensation Committee. The 2024 Board Performance Evaluation Report was submitted to the Board on March 10, 2025, with results rated as “significantly exceeding standards.”

Title	Name	Gender/Age	Major Education/ experience	Current Concurrent positions within the company and other companies
Chairman	Sy-Lian Pan epresentative of Ching Cheng Investment Co., Ltd.	Male 60~70 years old	University of California, Berkeley Columbia University Graduate School	Director of Nan Fung Enterprise and legal representative of Tien Hsiang Regent Hotel, Ching Cheng Investment, Silks Hotel Group, and Silks Palace (stock) company
Director	Yi-Hui Chiang Representative of Ching Cheng Investment Co., Ltd.	Female 60~70 years old	University of California,Berkeley	
Director	Rung-Wei Wang Representative of Ching Cheng Investment Co., Ltd.	Female 70~80 years old	Department of Library Science, National Taiwan University EMBA Program, National Taiwan University	General Manager of JRV Ji Rui Fan Co., Ltd.
Director	Se-Chen Lai Representative of Ching Cheng Investment Co., Ltd.	Female 70~80 years old	Department of Business Administration, Fu Jen Catholic University; Master of Management Science, National Chiao Tung University	Independent Director, AN-SHIN FOOD SERVICES CO., LTD.

Title	Name	Gender/Age	Major Education/ experience	Current Concurrent positions within the company and other companies
Director	Kong-Wen Li Representative of Silks Hotel Group:	Male 70~80 years old	Department of Accounting and Statistics, Ling Tung Commercial College Honorary Doctorate of Engineering, National Pingtung University of Science and Technology	Chairman of Delta Precision Industry (stock) company, Jiangxi Delta Precision Technology Co., Ltd. (Ganzhou, Jiangxi), Leading Edge Composites Technology (Huizhou) Co., Ltd., and Hanlong Information Technology (stock) company; Director of Hong Kong Feng Tai International Co., Ltd.
Director	Chi-Shang Kao Representative of Silks Hotel Group:	Male 70~80 years old	Master of Public University of San Francisco	Chairman of I-Mei Foods Co., Ltd.; Chairman of the Chinese International Economic Cooperation Association; Chairman of the International Chamber of Commerce, ROC; Director, Taishin International Bank
Independent Director	Kuo-Chun Chang	Male 60~70 years old	Department of Sociology, National Taiwan University; MBA, Columbia University	Chairman of Storm Media Group Media
Independent Director	Wen-Jie Wang	Male 70~80 years old	Department of Business Administration, National Taiwan University	Chairman, Lion Travel Service Co., Ltd. and Lions United International Travel Service Co., Ltd.
Independent Director	Wei Wang	Male 60~70 years old	MBA, Harvard University, USA Master of Engineering, Carnegie Mellon University, USA	Chairman and CEO, Sercomm Corporation

- In 2024, the Board of Directors convened 5 meetings (A), and the attendance status of directors is as follows:

Title	Name	Actual attendance rate (B)	Number of Proxies Represented	Actual attendance rate (%) (B/A)	Remark
Chairman	Steven Pan Representative of Ching Cheng Investment Co., Ltd.	5	0	100%	Re-elected for consecutive term of office on June 13, 2024
Director	Yi-Hui Chiang Representative of Ching Cheng Investment Co., Ltd.	5	0	100%	Re-elected for consecutive term of office on June 13, 2024
Director	Rung-Wei Wang Representative of Ching Cheng Investment Co., Ltd.	4	1	80%	Re-elected for consecutive term of office on June 13, 2024
Director	Ming-Yue Lin Representative of Ching Cheng Investment Co., Ltd.	2	0	100%	Released from duty on June 13, 2024
Director	:Se-Chen Lai Representative of Ching Cheng Investment Co., Ltd.	5	1	100%	Re-elected for consecutive term of office on June 13, 2024
Director	Kong-Wen Li Representative of Silks Hotel Group	4	1	80%	Re-elected for consecutive term of office on June 13, 2024
Director	Chi-Shang Kao Representative of Silks Hotel Group	4	1	80%	Re-elected for consecutive term of office on June 13, 2024
Independent Director	Kuo-Chun Chang	5	1	100%	Re-elected for consecutive term of office on June 13, 2024
Independent Director	Wen-Jie Wang	4	1	80%	Re-elected for consecutive term of office on June 13, 2024
Independent Director	Wei Wang	3	0	100%	New assumption of position on June 13, 2024

■ Directors and Executives Compensation

The remuneration for directors and executives follows the Board Performance Evaluation Procedures and the Performance Assessment Procedures applicable to executives and employees. These methods evaluate their level of involvement in company operations, contribution value, and achievement of work objectives. Additionally, directors' and executives' compensation is benchmarked against industry standards to maintain competitiveness in human resources, thereby ensuring operational efficiency.

Regarding directors' remuneration, the Company's Articles of Incorporation stipulate principles for director compensation, authorizing the Board to determine remuneration based on each director's level of involvement and contribution to the company's operations, while referring to typical industry standards. If the company reports a profit for the year, remuneration allocated to directors shall not exceed 0.5% of the annual profit. All decisions on directors' remuneration require attendance of at least two-thirds of directors and approval by a majority of those present, and must be reported and explained at the shareholders' meeting. Furthermore, the Compensation Committee is responsible for regularly assessing and setting the remuneration of directors and executives to ensure alignment with the company's operational performance and future risks.

The Company has established a Compensation Committee that regularly evaluates and adjusts the remuneration of directors and executives, submitting the results to the Board for review. The evaluation process considers not only financial indicators such as company profitability but also non-financial indicators including operational safety management, customer satisfaction, and assurance of product and service quality. Moreover, the Group places particular emphasis on ESG (Environmental, Social, and Governance) performance indicators, which reflect our commitment to sustainability and social responsibility. ESG factors have been incorporated into the compensation evaluation system to promote long-term, stable corporate development and create greater social value.

■ Remunerations Analysis :

Analysis of the total remunerations paid to the Company's directors, general managers, and vice general managers in the most recent two years by the Company and all companies included in the consolidated financial statements as a percentage of after-tax earnings indicated in the entity financial report:

Title	Year 2023		Year 2024	
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
Directors	0.975%	1.027%	0.976%	0.977%
General Manager and Deputy General Managers	1.82%	1.82%	2.09%	2.09%
Net Income in the Parent Company Only Financial Statements	NT\$1,415,555 thousand		NT\$1,346,033 thousand	

Functional Committee Operations

Silks Hotel Group has established a diversified corporate governance framework, comprising the Audit Committee, Remuneration Committee, and Sustainability Committee to strengthen governance and advance sustainability goals. The Audit Committee enhances financial transparency and oversees internal controls, while the Remuneration Committee ensures fair executive compensation. The Sustainability Committee coordinates cross-departmental strategies on environmental, social, and economic issues, and regularly reports on performance. Led by the Chairman, with the Chief Operating Officer and Managing Director of Regent Taipei as Deputy Convener, the committee works through seven specialized task forces to review and adjust strategies in line with stakeholder expectations. In line with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, the Group has adopted its own CSR Guidelines to encourage all employees to fulfill social responsibilities and drive sustainable development.

Audit Committee



Enhances the transparency and accuracy of financial reports and supervises internal control and regulatory compliance.

Remuneration Committee



Responsible for evaluating and setting the remuneration policies for the company's senior management, ensuring alignment with company performance and market standards.

Sustainability Development Committee



Serves as a cross-departmental coordination mechanism, responsible for promoting strategies and measures for environmental, social, and economic sustainable development, and regularly reporting on their implementation performance.

Silks Hotel Group actively implements a diversified corporate governance structure by establishing the Audit Committee, Compensation Committee, and Sustainability Committee to strengthen corporate governance and promote sustainable development goals. The Audit Committee enhances the transparency and accuracy of financial reporting and oversees internal controls and regulatory compliance. The Compensation Committee is responsible for evaluating and setting the remuneration policies for senior management, ensuring alignment with company performance and market standards. The Sustainability Committee serves as a cross-departmental coordination mechanism, responsible for promoting strategies and measures for environmental, social, and economic sustainability, and regularly reports on its implementation performance.

■ Operation of the Audit Committee:

Silks Hotel Group established the Audit Committee on August 20, 2021. Each term lasts three years, and the committee is composed of independent directors to strengthen the company's internal controls and enhance financial transparency. In 2024, the Audit Committee held a total of four meetings.

The Audit Committee held 4 meetings in 2024 (A). The attendance status of the independent directors is as follows:

Title	Name	Actual attendance (B)	Number of Proxies Represented	Actual attendance rate (%) (B/A)	Remark
Independent Director	Kuo-Chun Chang	4	0	100%	Consecutive assumption of 2nd term committee member
Independent Director	Wen-Jie Wang	3	1	75%	Consecutive assumption of 2nd term committee member
dependent Director	Se-Chen Lai	2	0	100%	1st term committee members released from duty on June 13, 2024, and required number of attendances was 2 times
Independent Director	Wei Wang	2	0	100%	2nd term committee members assumed position on June 13, 2024, and required number of attendances was 2 times

In addition, the Group's independent directors follow the following procedures in communicating with the internal audit supervisor and the certified public accountants to ensure they can effectively oversee the company's financial soundness and internal control status, thereby further enhancing the company's transparency and accountability.

■ Communication between Independent Directors and Internal Audit Supervisor

Internal audit personnel conduct monthly audits according to the annual audit plan and submit audit reports to each independent director. The audit supervisor also provides important audit business reports to independent directors quarterly. On November 11, 2024, the Audit Committee reviewed and approved the audit plan for the following year. Independent directors may discuss the operation of the company's internal control system with the internal audit supervisor at any time; if the internal audit supervisor discovers any abnormalities, they will report to the independent directors immediately.

■ Communication between Independent Directors and Certified Public Accountants

The certified public accountants communicate governance matters related to the annual audit with independent directors in writing or through meetings. Independent directors may inquire and discuss with the accountants at any time if they have questions about the company's financial condition or internal control system. The accountants attended the Audit Committee meeting on March 11, 2024, to communicate with the independent directors and report the audit results of the 2023 financial statements.

Through these mechanisms, the Audit Committee strives to strengthen corporate governance, improve the quality of financial reporting, and ensure the company complies with relevant regulations, supporting the continuous growth and sustainable development of Silks Hotel Group.

■ Compensation Committee

The Company's Compensation Committee consists of three members with extensive experience in business, legal affairs, finance, accounting, or related corporate operations. The term of office is three years, with the current members serving from June 17, 2024, to June 12, 2027. The committee's primary responsibility is to strengthen the Board's remuneration management function, overseeing the evaluation of the company's overall compensation management and welfare policies. It regularly sets and reviews the annual and long-term performance goals, as well as the compensation policies, systems, standards, and structures for directors and executives.

Committed to enhancing corporate compensation governance, the Compensation Committee operates under a series of strict principles to ensure that the company's compensation policies not only comply with legal requirements but also attract and retain outstanding talent. Furthermore, the committee performs its duties according to the standard of a prudent manager to guarantee transparency and fairness in the company's compensation policies, supporting the company's sustainable goal of fostering a diverse workforce and creating a happy workplace.

In 2024, the Compensation Committee held 2 meetings (A). The qualifications and attendance of the committee members are as follows:

Title	Nme	Actual attendance (B)	Number of Proxies Represented	Actual attendance rate (%) (B/A)	Remark
Convener	Kuo-Chun Chang	2	0	100%	
Committee member	Wen-Jie Wang	1	1	50%	
Committee member	Se-Chen Lai	1	0	100%	Released from duty on June 17, 2024
Committee member	Wei Wang	1	0	100%	Assumed position on June 17, 2024

■ Sustainability Committee

The Sustainability Committee regularly reports progress to the Board of Directors and conducts reviews and discussions to ensure the Board has full understanding and support of sustainability actions. By strengthening the integration of sustainability strategies with the Group’ s operational policies, the committee enhances the Board’ s oversight effectiveness on sustainability development and enables timely strategic adjustments or improvements in response to various challenges and opportunities.

The committee is composed of mid-to-senior level executives from various departments, including vice presidents and department heads from Public Relations, Finance, Rooms Operations, and Human Resources. It also includes a dedicated Sustainability Manager responsible for coordinating and overseeing sustainability-related affairs. The committee has multiple specialized subgroups, such as Corporate Governance, Environmental Sustainability, Labor Rights Protection, and Food Safety, each responsible for executing specific sustainability goals.

The Sustainability Committee meets at least once a month to regularly review and optimize sustainability strategies and implementation actions. It identifies and addresses sustainability issues of concern to stakeholders based on international standards, continuously adjusting strategies and action plans to strengthen the Group’ s overall sustainability performance. For more information on Silks Hotel Group’ s sustainability management, please refer to section 1.2 Sustainability Management and Structure.

2.1.2 Operational Performance

Silks Hotel Group demonstrated solid operational performance in 2024 under the backdrop of a stable return of international business and leisure travelers. At Regent Taipei, room revenue across the board exceeded pre-pandemic levels, with accommodation demand continuously growing and strong momentum in F&B and banquet services. The opening of new restaurants—Spice Market, Wellspring by Silks Beitou, and Mihan Restaurant—fueled record-high revenue for the Food & Beverage division. Stellar performance of Regent Galleria boosted rental income from the shopping mall, driving overall revenue significantly higher.

Silks Place Tainan showed resilience amid the domestic outbound travel boom by sustaining revenue through innovative services that integrate local culture, demonstrating strong market adaptability. Wellspring by Silks Beitou began trial operations in September 2024, offering the brand new growth opportunities. Silks Place Taroko reopened in mid-January 2025 following a nine-month closure due to the Hualien 4.03 earthquake, gradually stabilizing its operations and continuing to see revenue growth.

In 2024, Silks Hotel Group reported consolidated operating and non-operating income of NT\$6,535.6 million. The parent company’ s net income after tax was NT\$1,346.033 million, a decrease of NT\$69.522 million (-4.91%) compared to 2023, mainly due to the suspension of Silks Place Taroko caused by the 403 earthquake. Earnings per share stood at NT\$10.57, exceeding the Company’ s Paid-in Capital. The Board resolved an excess dividend of NT\$14.3612 per share, the second-highest on record, with a payout ratio of 135.87%, the third-highest historically.



Item	2022	2023	2024
Catering Revenue	2,829,445	3,313,245	3,176,987
Room Revenue	1,896,333	2,504,117	2,278,963
Other Revenue	871,545	947,680	1,079,650
Group Consolidated Operating Revenue	5,597,323	6,765,042	6,535,600
Group Consolidated Profit Before Tax	1,304,188	1,908,685	1,664,210
Earnings Per Share (EPS)	7.09	11.11	10.57

Unit: Thousand New Taiwan Dollars

2.1.3 Integrity Management and Regulatory Compliance

The Company upholds a sound corporate governance system, strengthens organizational transparency and decision-making accountability, and is committed to enhancing the effectiveness of the Board's operations and implementing the concept of integrity management, thereby safeguarding the rights and interests of investors and all stakeholders.

Integrity Management Policy

The Company has formulated the following integrity management guidelines based on the "Corporate Integrity Management Guidelines" and "Code of Ethical Conduct Reference Examples" for listed companies:

- Integrity Management Code
- Integrity Management Operating Procedures and Behavioral Guidelines
- Code of Ethical Conduct Management

These guidelines specify the matters all directors, executives, and employees must follow when performing their duties, including but not limited to ethical integrity, conflict of interest avoidance, business hospitality, fair trade, and confidentiality obligations.

Promotion and Implementation Mechanism

- Responsible Unit: The Human Resources Department is responsible for planning and promoting the integrity management policy to ensure business operations comply with legal, ethical, and social responsibility standards.
- Education and Training:
 - ✓ Regularly conduct integrity management education courses and assessments
 - ✓ Arrange pre-employment training for new hires and provide learning resources through the company's internal digital learning platform
 - ✓ Conduct irregular related training or assessments to reinforce employee awareness and implementation of the integrity management policy
 - ✓ Regularly promote the integrity policy and code of conduct through management meetings to strengthen awareness among all staff
 - ✓ Establish a risk assessment mechanism for dishonest behaviors
- Board Operation
 - ✓ According to the "Board Meeting Rules," a conflict of interest avoidance system is in place. Directors involved in conflicts of interest must disclose them during meetings and abstain from related discussions and voting, and may not proxy another's voting rights.

- ✓ Internal audit conducts audits according to the annual plan. If significant irregularities are found, they are promptly reported to the Chairman and submitted to the Board of Directors.
- Complaint and Whistleblowing System
 - ✓ Receiving Unit: The Human Resources Department is the dedicated unit for receiving and investigating complaints.
 - ✓ Channels: The company website's "Stakeholder Section" provides multiple whistleblowing and complaint channels, including hotline and email, offering effective communication methods for employees and external stakeholders.
 - ✓ Confidentiality: Strict confidentiality is maintained regarding whistleblower identity and complaint content, protecting whistleblowers from retaliation.
- Fairness and Transparency in Transactions
 - All business activities involving suppliers, travel agencies, customers, or other commercial partners are conducted based on the principles of fairness and transparency.
 - When selecting transaction partners, their legality and past integrity records are reviewed to avoid dealings with parties that have records of dishonesty.
 - Integrity clauses are explicitly stipulated in contracts, allowing the company to terminate the contract at any time if the counterparty engages in dishonest behavior.
- 2024 Implementation Status

During 2024, the Company did not receive any whistleblower reports involving major dishonesty or illegal conduct, nor were there any incidents of employees being improperly treated due to whistleblowing actions.

2.1.4 External Participation Organizations

Although the Company does not have a labor union, it actively participates in multiple external organizations and professional associations. Through these external platforms, the Company engages in multi-dimensional dialogue and cooperation to strengthen corporate governance, enhance social responsibility practices, and ensure business operations comply with ethical standards, legal regulations, and stakeholder expectations.

The main external organizations and associations the Group currently participates in include:

- National Association of Industry and Commerce, R.O.C.

- American Chamber of Commerce in Taiwan (AmCham Taiwan)
- British Chamber of Commerce in Taipei (BCCT)
- European Chamber of Commerce Taiwan (ECCT)
- Chamber of Commerce and Industry France Taiwan (CCIFT)

By actively participating in external organizations and professional associations, the Company can not only stay abreast of domestic and international industry trends, policy developments, and ESG-related regulatory changes, but also integrate external resources to strengthen resilience in facing market changes and regulatory evolution. These cross-sector dialogues help address stakeholder expectations and guide the Company in fulfilling responsibilities across the three ESG dimensions: Environment, Social, and Governance.

2.2 Risk Management

Silks Hotel Group is committed to sustainable development and actively embrace the United Nations Sustainable Development Goals (SDGs), with particular emphasis on Goal 8: Decent Work and Economic Growth; Goal 12: Responsible Consumption and Production; and Goal 13: Climate Action.

In accordance with the "Practical Guidelines for Risk Management of Listed Companies," the risk management policies and operating procedures have been established, clearly defining the Board of Directors as the highest governance body responsible for supervising the establishment and implementation of the overall risk governance framework. To enhance risk identification and control effectiveness, the Group has established a complete risk management system and written principles, and has formulated individual policies and management mechanisms for specific risk areas (such as information security, financial risk, etc.).



Risk Categories and Risk Control Strategies

The Group faces three major categories of risks—Environmental (E), Social (S), and Governance & Economic (G)—covering areas such as financial, operational, food safety, information security, human rights protection, occupational safety, and climate change. Dedicated units, in line with

established policies, continuously identify, assess, and manage these risks to minimize impacts on operations and sustainability. Risk management is led by the Finance Department, with the Board of Directors setting both overarching and domain-specific risk policies to strengthen governance. As society places increasing emphasis on labor rights and human rights, improper management in these areas may adversely affect the brand and operations. Additionally, labor shortages and high turnover rates pose ongoing risks.

Risk Categories		Responsible Unit	Risk Description	Potential Impact	Risk Control Strategies
Governance and Economic Risks	Corporate Governance	Board Operations Functional Committees	If the governance structure is not sound, it may lead to internal control failures, regulatory violations, and reduced trust from stakeholders.	Regulatory violations or governance disputes may trigger public opinion and diminish stakeholder trust.	The Board of Directors is the highest risk management body, regularly reviewing internal control systems. Compliance and audit units are established to ensure legal adherence and operational transparency. Build brand trust through sustainability report disclosures and proactive communication with stakeholders. Ensure functional committees operate in compliance with laws and regulations. Maintain transparency through open information disclosure.
	Financial Risk	Finance Department	Operations are affected by multiple financial risks, including market risks (such as	Financial policy errors may trigger cash flow disruptions and credit rating downgrades.	Adopt conservative financial strategies by maintaining sufficient liquidity and capital reserves. Manage and allocate funds effectively, ensuring the collection of accounts receivable. Ensure compliance with relevant laws and regulations and conduct ongoing awareness campaigns; monitor interest rate fluctuations.

			exchange rate and price risks), credit risk, and liquidity risk.		Conduct operational performance analysis and risk control.
Governance and Economic Risks	Operational Risk	General Manager and Department Heads	Including situations such as labor shortages, service interruptions, or system failures. Performance impacts caused by geopolitical issues, extreme weather, legal changes, technological risks, and inflation.	Changes in consumer behavior leading to a decline in operational performance. Increased operating costs resulting in reduced profits.	Formulate company operational strategies and evaluate operational effectiveness. Establish a crisis management team and develop an "Emergency Incident Handling and Response Procedure Manual." Collaborate with multiple suppliers to reduce impact. Develop digital marketing strategies and diversify product development and promotion. Conduct new business investment evaluations and development to diversify operational risks. Build operational backup mechanisms and enhance employee retention and flexible scheduling capabilities. Incorporate raw material price increases and inflation risks into the annual operational plan to minimize their impact on profit and loss.
	Information Security Risk	IT Department	Risk of data breaches or system attacks that may	Hacking attacks or data breaches resulting in operational	Establish a dedicated cybersecurity department and implement computer network security controls. Conduct information security awareness training. Develop information security incident reporting procedures.

			jeopardize customer and company data	disruptions and loss of customer trust	Perform regular information security audits; conduct periodic vulnerability scans and drills. Establish customer privacy protection policies.
Governance and Economic Risks	Corporate Image	Finance Department, Public Relations Department	Reputational risk, financial risk, legal compliance risk, human rights protection risk, and supply chain risk potentially arising from corporate business practices.	Issues such as customer disputes, employee misconduct, discrimination, or sexual harassment can quickly escalate through social media, causing immeasurable negative impacts on corporate reputation.	Establish crisis response procedures to prevent sudden negative publicity events. Set up multiple complaint channels to promptly address customer and employee feedback. Establish spokespersons and crisis management teams to swiftly handle disputes.
	Food Safety Supply Chain Management	Food Safety and Hygiene Team	Failure to implement safety standards in food and beverage services may lead to customer health	Food safety incidents may cause damage to the company's image and result in liability for compensation.	The Food Safety Committee is responsible for developing standard operating procedures and conducting regular audits. Develop response measures for changes in food safety regulations. Establish food safety systems and HACCP principles to implement food safety risk hazard analysis. Strengthen procurement and supply chain management with

			risks and penalties for violating related regulations.		routine inspections.
Human Rights Protection – Social Aspect	Occupational Safety and Health	Labor Safety and Health Team	Employees may face the risk of work-related injuries within the operational premises	Improper equipment operation or inadequate implementation of workplace safety measures may lead to occupational injuries and health issues among employees. Occupational safety incidents can result in lawsuits, fines, operational disruptions, and damage to reputation.	The Occupational Safety and Health Committee and safety officers regularly review risks and supervise the implementation of SOPs. Implement labor safety and health management along with safety education and drills. Develop occupational hazard prevention plans. Strengthen epidemic prevention measures and provide protective equipment to safeguard employee health.
	Employee Care and Human Rights	Human Rights Protection Team	Operational risks arising from employee dissatisfaction,	With increased social attention to human rights and labor rights,	Competitive compensation systems and flexible benefits to attract and retain talent Establishment of employee care programs providing psychological counseling, career development, internal

	Protection		recruitment difficulties, reduced retention rates, and labor shortages.	improper handling of human resource policies, employee treatment, or human rights protection by the group may lead to risks such as brand reputation damage, lawsuits, operational disruptions, and potential social criticism or fines.	promotion opportunities, and employee communication channels Annual Human Rights Due Diligence to identify and manage risks, along with a human rights grievance mechanism Development of corporate human rights policies committing to non-discrimination and zero tolerance for harassment, promoting gender equality and diversity education to foster an inclusive culture
Human Rights Protection – Social	Talent Retention and Training	Human Resources Training Team	Facing long-term challenges of labor shortages and high turnover rates, which may lead to unstable service quality and loss of competitiveness.	With the trends of declining birth rates and aging population, the supply of human resources in the service industry is tightening. Coupled with the younger generation's changing expectations	Promote diverse hiring and local employment policies to strengthen organizational resilience. Collaborate with schools or local institutions for industry-academia cooperation to enhance talent development and recruitment channels. Enhance employee care and offer benefits superior to industry standards. Implement training programs and ensure the transfer of professional knowledge.

				regarding working hours and career development, this leads to high turnover rates and labor shortages, impacting service quality and operational stability.	
	Community Engagement and Shared Prosperity	Stakeholder Engagement Taskforce	Focus on Stakeholder Concerns Corporate social responsibility has become a top priority in sustainable development.	If a company's local operations cause disturbances, environmental damage, or fail to communicate properly, it may trigger community protests or media coverage, resulting in damage to the brand image.	Promote green tourism to drive regional development. Cooperate with the Tourism Bureau to conduct domestic and international promotional activities to enhance Taiwan's image. Strengthen community engagement and public welfare programs through park adoption, sponsorship of charitable organizations, charity Christmas markets, sales, and blood donation drives. Support disadvantaged families in remote areas and the Hualien Dawn Shelter Workshop. Promote green procurement, fostering mutual prosperity with local communities.
Environment	Environmental Protection and Energy	Sustainable Energy Management Team	The government's increasingly stringent	Rising energy and raw material costs, along with poor ESG ratings, negatively	The Environmental Sustainability Team is responsible for promoting energy-saving projects, conducting carbon inventories, and supervising execution effectiveness. Set carbon reduction targets, introduce high-efficiency

			carbon emission controls and environmental policies pose pressure on the hotel industry, which is energy-intensive and highly dependent on energy resources, impacting the company's operations and financial planning.	impact investor perception and investment opportunities. Failure to implement control measures may result in high operational costs or penalty risks.	equipment, and implement green environmental designs. Expand the use of local ingredients to reduce the carbon footprint of the supply chain. Integrate energy-saving concepts into daily operations through announcements, education, and training. Establish management of energy use efficiency and greenhouse gas reduction targets; implement energy-saving policies; strengthen supply chain integration and seek alternative raw materials.
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Environmental Risks	Climate Change	Sustainable Energy Management Team	Frequent occurrences of extreme weather events (such as typhoons, heavy rains, droughts, etc.) increase the likelihood of disasters at the company's operation sites, potentially causing equipment damage, operational disruptions, or supply chain interruptions.	Climate change may lead to an increase in the frequency and intensity of natural disasters, thereby impacting operational facilities, supply chain stability, and energy use efficiency.	Implement identification of climate change risks and opportunities, establish indicators based on the findings, and conduct target management: including waste management and reduction, wastewater discharge control, reducing ineffective electricity waste, plastic reduction programs, and purchasing environmentally certified equipment. Establish disaster response SOPs and maintain adequate natural disaster insurance to diversify loss risks. Participate in organizational sustainability initiatives to stay ahead of policy trends and plan proactively. Develop response procedures and disaster prevention plans, and build backup mechanisms.
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■ Risk Management Implementation Overview

The Group continuously reviews its risk management system and operational mechanisms dynamically in response to external environmental changes and internal operational conditions, aiming to strengthen early warning and response capabilities. When the Group encounters significant risks or abnormal events, the responsible units promptly conduct risk assessments and formulate specific countermeasures and improvement plans to minimize potential impacts on operations and stakeholders.

As of the report date, except for Silks Place Taroko which ceased operations for several months due to the 403 earthquake, no other major risks causing operational interruptions or reputational damage have occurred at the Group' s other operating locations. This indicates the current risk management mechanism is effective to a certain extent, and efforts will continue toward a more comprehensive risk governance system.

Furthermore, execution status and improvement results of major risks are reported to the Board of Directors. Through senior-level oversight, the Group continually reviews and optimizes risk response actions to enhance overall risk governance capability and operational resilience.

For details regarding food safety, supply chain, occupational safety, climate change, information security, and employee care, please refer to the respective sections.

2.3 Innovation and Customer Service

Performance Results

- Customer satisfaction averaged 86 points, with 90% positive reviews on OTA platforms.
- Invested NT\$89.64 million in culinary innovation and R&D, including the integration of AI and 5G technologies to enhance service efficiency.
- Combined wellness tourism with local experiences to continuously expand high value-added service offerings and strengthen brand recognition.

Future Goals

Short-term Goals	Medium to Long-term Goals
• Design themed itineraries based on seasons and festivals. • Develop innovative menus and collaborate with international chefs to enhance attractiveness and competitiveness.	

Future Goals

Short-term Goals	Medium to Long-term Goals
• Optimize brand positioning and operational model. • Enhance customer experience and product diversity to steadily move toward sustainable operations.	

Impact

Following the pandemic, drastic changes in travel patterns, coupled with labor shortages and the pressure of new hotel openings, have compelled the Group to accelerate product optimization and digital transformation. With consumer demands becoming increasingly diverse, service innovation and customer experience management have emerged as core challenges. Only through agile adaptation can we maintain market competitiveness and brand trust.

Policy Commitment

Silks Hotel Group is committed to providing service experiences that are both heartfelt and culturally enriched, embracing diversity and practicing the spirit of "empathy" in hospitality. By deeply cultivating local culture and natural resources, while integrating local characteristics with social responsibility, we drive sustainable service innovation and brand development. We ensure that our products and services are not only market-competitive but also aligned with contemporary societal expectations on environmental and social responsibility, thereby fulfilling our commitment to sustainable service innovation and brand promise.

Actions Taken

- **Promotion of Sustainable and Responsible Tourism:**
Silks Hotel Group leverages hospitality services as its core platform to actively develop distinctive travel experiences that integrate local culture, thereby realizing the concept of sustainable and responsible tourism.
- **Multilingual Customer Service and Real-Time Response Mechanism:**
We have established customer service mailboxes in five languages, dedicated service hotlines, online chat support, and social media interaction, supported by dedicated staff to ensure real-time responses to customer needs within 24 hours.
- **Enhancing Customer Communication and Service Quality:**
Each hotel continues to strengthen customer communication processes, improving service transparency and customer trust through response mechanisms and a designated person-in-charge system.
- **Balancing Customer Satisfaction and Employee Training:**
We regularly analyze customer satisfaction and market trends, combining these insights with employee training programs to strengthen service quality and problem-solving capabilities, thereby enhancing the overall customer experience.

Evaluation Mechanisms

- Service effectiveness is comprehensively reviewed through operational performance tracking, customer satisfaction surveys, and OTA platform ratings.
- Innovation and R&D investments, along with feedback data, are continuously monitored to dynamically optimize business strategies, ensuring that products and services remain closely aligned with market trends and customer needs.

Stakeholder Engagement

Silks Hotel Group strengthens customer participation through CRM, internal training, and local activities, addressing community and employee needs while implementing sustainability principles. Each hotel integrates local culture into accommodation and dining projects, such as in the Zhongshan District, where in-depth exploration experiences are designed to support the local economy. Operational strategies focus on SDGs 11, 12, and 13, creating environmentally friendly and high-quality hospitality experiences that enhance both market competitiveness and social responsibility.

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2.3.1 Local Engagement and Promotion of Responsible Tourism

Innovative Products and Services

Silks Hotel Group continues to cultivate local culture and natural resources, strengthening connections with regional cultural landscapes to create tourism experiences with both depth and sustainable value. By integrating local characteristics, the Group enhances the cultural significance of hospitality services, fulfilling its commitment to community inclusion and cultural preservation (see the Sustainable Tourism section for details).

For example, Taipei's Zhongshan District was recognized by the British cultural magazine Time Out as one of the "40 Coolest Neighborhoods in the World" in 2023, celebrated for its traditional customs, historic architecture, and vibrant entertainment culture that attract international travelers. Regent Taipei, located in this district, actively collaborates with nearby cultural and commercial areas to promote urban exploration and arts and cultural activities, fostering cultural sharing and local connections.

In Tainan, Silks Place Tainan curates educational and experiential journeys that feature heritage tours, local cuisine, and folk activities, thereby promoting cultural preservation and community engagement. Meanwhile, Silks Place Taroko, located within the majestic Taroko National Park, embraces the philosophy of low-impact tourism, balancing ecological protection with tourism quality to realize environmental sustainability goals.

Additionally, situated in the east with the magnificent natural scenery of Taroko National Park, Silks Place Taroko embraces the concept of Low-impact Tourism, providing visitors close encounters with nature while prioritizing environmental protection, achieving a win-win situation for tourism development and ecological sustainability.

Innovative Products for Economic Sustainability

Silks Hotel Group continuously integrates innovative thinking with local resources, promoting cultural experience products and immersive travel services to enhance guests' understanding of local culture, while simultaneously supporting local economic development and practicing sustainability from an economic perspective.



Cultural Experience Activities

Provide a variety of cultural activities to enhance guests' understanding of local culture and encourage cultural exchange.

- Collaborate with local culture and diverse industries through project design and integration with accommodation packages, enhancing product uniqueness and attracting different traveler segments; examples include "Greater Taipei Lunar New Year Shopping Circle – Dragon Leaps Across Taipei," "2024 Taipei Lantern Festival," "Dadaocheng Summer Festival," "Taipei Grand Trail," and "Nature & Cultural Ecotour" events.
- Promote product and itinerary design centered on "local storytelling," adding greater social value to travel experiences.
- Partner with local artists and the Anping Rehabilitative & Educational Center to hold experiential activities, encouraging youth creativity and integrating cultural revitalization with public welfare.
- Local cultural tours: The "Spring Blessings Walk" immersive experience guides guests to temples for worship, enhancing understanding of local beliefs and humanities, and deepening the value of cultural tourism.



Sustainable Development

- Promoting Sustainability: Develop energy-efficient and high-performance accommodations; encourage guests to participate in environmental actions, reducing food waste and unnecessary resource consumption.

- Sustainable Dining Experience: Promote the use of local ingredients to lower carbon footprint, and collaborate with brands to host low-carbon dining events, realizing a sustainable business model.
- Innovative Technology Services: In the era of AI, the Group implements AI-powered service systems to enhance service quality and convenience, strengthening the guest experience.
- At the "5G Integrated Innovation Application Project" results presentation, the Group partnered with multiple technology companies to apply 5G technology combined with 3D modeling and panoramic projection, establishing a key milestone for digital transformation in the hospitality industry.

Innovative Products for Environmental Sustainability

Emphasizing environmental responsibility, the Group continuously leverages innovative technologies, green facilities, and sustainable dining to reduce environmental impact, implement eco-friendly operations, and strengthen the development and application of sustainable products.



Sustainable Green Tourism

- Guestroom bath amenities are fully provided in large refillable containers, promoting reusable items to enhance eco-friendliness.
- Improving efficiency and cost-effectiveness: Through energy management systems and resource recycling programs, energy use efficiency and cost-effectiveness are effectively increased.
- Actively replace high-efficiency, energy-saving equipment and use building materials and supplies with environmental labels.
- Implement renewable energy solutions to gradually reduce reliance on conventional energy sources.
- Encourage staying guests to forgo daily linen, towel, and bedding changes, reducing laundry frequency and minimizing water and detergent discharge.



Healthy and Sustainable Travel

Launch hot spring healing programs certified by Japanese authorities, emphasizing natural therapy and low-carbon travel. Integrating guided experiences with wellness and health concepts, these programs provide travel options that are both sustainable and supportive of physical and mental well-being.



Sustainable Dining Experience

- Introduce AI-powered food waste processors to reduce food loss, implementing kitchen-level source control and waste reduction. Apply digital tools for operational monitoring and promotion of eco-friendly actions, achieving smart management alongside sustainable operations.
- Launch the "Surplus-to-Savor" program, transforming surplus ingredients into delicious dishes, integrating sustainable dining with innovative table concepts.
- Promote the "Sustainable Table" initiative by using locally sourced sustainable ingredients to reduce food carbon footprints.
- Incorporate environmental concepts into the guest experience, advocating a low-carbon dining culture.

2.3.2 Achievements and Local Engagement

Through cross-sector collaboration and urban participation, Silks Hotels Group demonstrates proactive efforts in ESG areas such as energy conservation and carbon reduction, cultural promotion, and community connection, creating a tourism model with greater sustainable value.

Over the years, we have invited nearly 50 renowned chefs from five continents with over 50 Michelin stars and hosted numerous high-end events including international luxury brand annual Galas, private chef banquets and catering, and VIP wine tasting events. With 30 years of culinary excellence, we lead Taiwanese cuisine onto the international stage through outstanding service and innovative spirit.

Regent Taipei continues to support the United Daily News Group's 2024 Fourth Annual "500 Dishes" event. The event featured 50 celebrity judges from various professional backgrounds jointly promoting the concept of "Evaluating Food from a Taiwanese Perspective." Regent Taipei's restaurant, Jin Xuan, earned 17 awards with 12 dishes in a single restaurant category, maintaining first place and setting the highest record in the event's history. This marks the fourth consecutive year the restaurant has received the award, concretely demonstrating its commitment to promoting culinary culture.

In conjunction with the Tainan Art Museum's annual special exhibition "Millennial Southern Encounters – National Palace Museum Treasures in Tainan," the culinary team at Silks Place Tainan creatively extended the theme of cultural relics into their dishes. They crafted exquisitely detailed walnut pastries

modeled after early Qing dynasty carved walnut basket designs and replicated six exquisite à la carte dishes based on classic works by Song dynasty painters, allowing gourmets to appreciate the timeless cultural ethos of “food as the primary necessity” with elegant culinary aesthetics from 800 years ago.

In partnership with the Taipei City Government’ s “Taipei Water Dance Carnival” at Xikou Pier Rainbow Bridge, Regent Taipei launched a lodging package combining local culture and sustainability concepts, fulfilling the company’ s commitment to environmental friendliness and social inclusion. The package included shuttle services to the event site to reduce individual carbon emissions and encouraged guests to explore nearby cultural attractions, thus promoting local tourism and economic development.

Regarded worldwide, the Haute Grandeur Global Awards aim to recognize outstanding hotels and spas with exceptional service and experiences. The judging panel gathers guest feedback from major online travel platforms such as TripAdvisor, Booking.com, Hotels.com, and Expedia as scoring criteria. Regent Taipei’ s Mulian Spa once again won two prestigious awards, reflecting the hotel’ s dedicated efforts in facility maintenance and consumers’ appreciation of the comfortable lodging, dining, shopping, and spa leisure experiences provided.

■ Innovative Products Enriching Local Diverse Food Culture

Mountain, Land, and Sea – Sustainable Island Table

Silks Place Tainan hosted five grand feasts under the theme “Mountain, Land, and Sea – Sustainable Island Table,” integrating sustainability concepts with top-tier cuisine to actively practice ESG principles in sustainable dining. The event invited two chefs—one from AKAME restaurant in the Wutai Tribe of Pingtung and the other from Sinasera 24, a French cuisine restaurant in Changbin, Taitung—to collaborate. Utilizing locally sourced, eco-friendly ingredients from 10 cooperative agricultural, forestry, and fishery teams, they presented eight dishes that combine deliciousness with ecological awareness, showcasing a sustainable value chain from farm to table. This initiative substantively supports multiple United Nations Sustainable Development Goals (SDGs), including zero hunger, responsible consumption, and biodiversity conservation.

Lemongrass Lime Ale

To promote local collaboration and green consumption, Regent Taipei again partnered with local brand Taihu Brewing to co-develop a “Lemongrass Lime Ale” that fuses Thai-style flavors with sustainability concepts. By brewing locally and using eco-friendly agricultural ingredients, the product reduces transportation carbon footprint and supports local agricultural development, reflecting the brand’ s commitment to environmental friendliness and ingredient traceability. This cross-sector collaboration enhances mutual benefits among local enterprises and provides guests with a dining experience that blends great taste with sustainable value, jointly advancing social responsibility and green dining.

Kurt Perschke’ s “Red Ball Project”

Silks Place Tainan responded to American artist Kurt Perschke’ s “Red Ball Project,” promoting art and urban integration under ESG shared-value principles. The hotel exclusively created an immersive themed guest room featuring red ball towels made from recycled fabric, interactive games, and red creative decorations, inviting guests to explore Tainan’ s attractions and inspire creative participation. Collaborations with local bars for co-branded cocktails and social media filters foster local culture and community engagement, promoting the value of public art. This exhibition not only enhances the travel experience but also embodies environmental sustainability, cultural inclusion, and community connection.

Three-Star Restaurant “MOSU Seoul”

To elevate the high-end dining experience and international visibility, Regent Taipei invited Sung-jae Ahn, chef of the 2023 Michelin three-star restaurant “MOSU Seoul,” to guest-serve at Robin’ s Teppanyaki in 2024. The “Regent x MOSU Seoul” exclusive feast showcased deep cross-cultural creative cuisine. This guest event highlights Regent’ s focus on local ingredients and strengthens collaboration with top international culinary brands, reflecting the hotel’ s ongoing commitment to innovative services and sustainable dining.

■ Muslim Friendly Restaurant (MFT) Hospitality Certification

To meet the growing and diverse needs of international travelers, since 2014, our group has annually received the "MFT Muslim Friendly Tourism Certification" and the "MFT Muslim Friendly Restaurant Certification." We continuously participate in professional training courses and enhance both hardware and software facilities to ensure that kitchen management, room service, and ingredient usage comply with the standards and regulations of the Muslim Friendly Tourism certification. Our goal is to provide Muslim guests with a safe and comfortable travel experience with the utmost friendliness.

In 2024, the group invested NT\$8,964,000 in the research and development of innovative dining products, continuously optimizing operational performance and enhancing market competitiveness. We remain committed to sustainable development and strive to meet and exceed the ever-evolving expectations of customers and the market through ongoing innovation and service quality upgrades.

2.3.3. Excellence in Customer Service"

SHG is dedicated to enhancing customer satisfaction through high-quality products and attentive service. To comprehensively gather customer opinions and suggestions, we have established diverse and convenient communication channels, including a customer relationship management (CRM) system supporting five languages with dedicated email support, exclusive service phone lines for each hotel (detailed on the official website), real-time online chat

support, and interactions on social media platforms. Each hotel assigns dedicated personnel to ensure responses to customer inquiries within 24 hours, demonstrating our strong commitment to valuing customer feedback.

We are always grateful for customers’ recognition and positive feedback, sincerely inviting them to visit us again. Beyond immediate responses, the group continuously collects and integrates diverse voices through customer satisfaction surveys, social media monitoring, and feedback forms. All feedback is regularly compiled and analyzed by dedicated units, producing satisfaction reports that form the basis for improvement plans, which are then implemented in our products and service processes to achieve continuous optimization and excellence in operation.



In 2024, the average guest satisfaction score reached 86 points, reflecting strong recognition and high appraisal of the hotel's service quality. Reputable international travel OTA review platforms, including Agoda, Booking.com, Expedia, and Tripadvisor, show that up to 90% of guests acknowledge the high quality of our services.

Innovative and excellent customer service is the driving force behind our hotel operations. Through continuous optimization of service workflows, deepening employee professionalism, and strengthening customer interaction, we not only meet customer expectations but strive to exceed them, creating memorable lodging and dining experiences. This effort solidifies our brand value and propels the company steadily toward sustainable business goals, achieving a win-win for both customer value and corporate development.



2.4 Food Safety and Health

Performance Results • In 2024, none of the Group's hotels were fined for violations of food safety and hygiene regulations. • In August 2024, the banquet halls of Regent Taipei completed the latest annual audit of the HACCP Food Safety Management System issued by TQSCI. • In 2024, Regent Taipei and Silks Place Tainan conducted a total of 86 voluntary microbiological tests, 36 internal audits of food safety and hygiene, and 76 inspections of premises cleanliness and sanitation.	Future Goals Short-term GoalsMedium to Long-term Goals • Enhance a food safety culture and focus on improving supply chain transparency and response effectiveness, creating stakeholder trust and sustainable value.	Future Goals Short-term GoalsMedium to Long-term Goals • Strictly comply with food safety regulations, provide employee training, and monitor raw materials to ensure frontline operations are safe and secure.
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Impact	Failure to implement food safety standards in food and beverage services may seriously jeopardize customer health and damage brand reputation, potentially leading to operational disruptions and regulatory penalties. With increasingly stringent food safety regulations and heightened consumer attention, the Group must strengthen risk management and real time response capabilities to ensure operational stability and maintain customer trust.
Policy Commitment	Silks Hotel Group is committed to implementing high-standard food safety and hygiene management systems, enhancing employee and supplier training, and enforcing comprehensive food safety management systems to ensure compliance with food safety regulations as well as GHP and HACCP standards. This approach safeguards every step of the food journey from farm to table. In line with the United Nations SDGs 3 and 12, the Group fulfills its corporate responsibility by protecting consumer health and well-being while maintaining corporate reputation and brand image.

Actions Taken	The Group has established a Food Safety Risk Management and HACCP Team to comprehensively implement the "Food Safety and Hygiene Standard Operating Procedures." Regular internal and external audits, supplier evaluations, and employee training are conducted simultaneously to ensure that every process complies with regulations and quality requirements, safeguarding customer health from source to table.
Evaluation Mechanisms	• The Group conducts annual internal and external audits, food testing, and supplier evaluations to comprehensively review the implementation of food safety measures. • Simultaneously, training hours, records of food safety violations, and results of voluntary testing are compiled to serve as a basis for risk alerts and continuous policy improvement.
Stakeholder Engagement	The Group proactively collaborates with employees, suppliers, and regulatory authorities to enhance training and supply chain communication, strengthening upstream oversight and information transparency. Through cross-departmental coordination and real-time reporting mechanisms, the Group effectively improves overall risk response capabilities and stakeholder trust.

Silks Hotel Group continues to deepen its commitment and take concrete actions in the field of food safety and health management. We actively respond to the United Nations Sustainable Development Goals (SDGs), specifically SDGs 3: Good Health and Well-being, and SDGs 12: Responsible Consumption and Production. We comprehensively strengthen food safety systems and promote education and training for employees and suppliers to ensure all staff adhere to the strictest hygiene standards and operating procedures.

To safeguard consumer health, the Group has established a comprehensive food safety management system and maintains an independent testing laboratory. Through ongoing internal and external audits, we thoroughly inspect every stage of the food production process to ensure compliance with

domestic and international regulations and standards. In the event of any food safety concerns, an immediate response mechanism is activated to swiftly implement corrective and preventive measures, minimizing risks and damages.

In supply chain management, the Group strictly reviews supplier qualifications and procurement conditions to ensure the quality, safety, and stable supply of raw materials. We have fully implemented ingredient traceability management to enhance supply chain transparency and accountability, fulfilling the responsibility of control "from farm to table."

2.4.1 Food Hygiene and Safety Management

■ Food Safety Risk Management

Silks Hotel Group insists on promoting all food safety operations through scientific and systematic methods, fully implementing standardized management processes. To strengthen risk control and organizational responsiveness, a Food Safety Risk Management Task Force has been specially established, led personally by the General Managers of each hotel, and composed of cross-departmental members including the Sustainability Vice President or dedicated personnel, hygiene managers, F&B supervisors, and executive chefs. This team is responsible for comprehensive supervision and execution of the food safety management mechanism.

The Group fully complies with international standards such as Good Hygiene Practices (GHP) and Hazard Analysis and Critical Control Points (HACCP), formulating the "Food Safety and Sanitary Environment Standard Operating Procedures" as the basis for self-management and internal audits, ensuring all food preparation and service processes meet high hygiene and quality standards, protecting consumer health from farm to table.

The Group also establishes a "Food Safety Control System" procedure manual covering nine major areas, based on the Food Safety and Hygiene Management Act, Good Hygiene Practice Guidelines, Food and Related Product Recall and Destruction Regulations, and other relevant food hygiene laws, ensuring each operational process has clear standards and supervisory mechanisms.

01 Incoming Goods and Inspection

Monitor the transportation process of ingredients and raw materials, truck temperature, quality of delivery and acceptance, and inventory quantity.

02 Waste and Pest Control Management

The Food and Beverage Department and the Function Dining Department are responsible for supervising the cleaning company and ensuring the legal disposal of food waste and other waste; carefully select professional pest control companies to regularly disinfect kitchens, restaurants, and work areas to effectively implement pest control.

06 Production Workplace Hygiene and Environmental Maintenance

The HACCP control team is responsible for the daily routine audit of environmental hygiene and cleanliness in each business unit, providing improvement methods for deficiencies and conducting follow-up inspections.

Food Hygiene, Safety, and Inventory Control

Obtain qualified inspection certificates for ingredients and raw materials, supervise warehouse personnel to follow the first-in, first-out principle for delivery, and implement inventory management.

Food Safety and Hygiene Environmental Standard Operating Procedures

03 Employee Food Safety and Hygiene Education

Conduct internal and external training courses to enhance personnel's professional skills.

04 Food Preparation and Process Control

Control procedures from ingredient preparation to finished product serving (including manufacturing, temperature control, preparation procedures, cross-contamination prevention, operator hygiene, and record maintenance), and conduct random inspections of semi-finished products' physical and chemical properties.

05 Self-inspection and External Testing

Conduct irregular self-inspections or external testing of pesticide residues in raw materials, and physical and chemical properties of semi-finished and finished products.



Food Safety Supervision and Implementation

To effectively oversee food safety and hygiene standard operating procedures, Silks Hotel Group has established an HACCP Control Team that holds regular meetings. These meetings review deficiencies identified in food safety and hygiene audits and the corresponding corrective actions, discuss newly enacted food safety regulations, and develop standard operating procedures. Meeting contents are documented and retained electronically.

Functions and Implementation of the HACCP Control Team

To ensure the effective execution of the food safety management system, the Group has established a Food Safety Control Team in accordance with the HACCP system framework, implementing the following core functions:

- **Organizational Structure and Role Division:** The control team consists of hygiene management supervisors, hygiene specialists, food and beverage supervisors, and executive chefs, responsible for drafting, revising, and abolishing the food safety management plans, comprehensively supervising and ensuring that daily operational hygiene meets the highest standards.
- **Training and Certification:** All team members must complete more than 60 hours of HACCP-related training courses and obtain relevant certificates. All HACCP and GHP related documents and record forms must be properly organized and preserved for auditing and traceability.
- **Continuous Professional Development:** To maintain and improve professional standards, team members participate in at least 12 hours every three years of HACCP professional courses, seminars, or training sessions approved by the central competent authority, with proof of training hours obtained.
- **Food Safety Document Management Mechanism:** Drafting, revising, and approving all food safety documents are conducted through a clear workflow — drafted by hygiene management personnel, reviewed by the banquet deputy chef, and approved and signed by the banquet operations director, ensuring institutionalized management and clear accountability in decision-making.
- **Implementation of HACCP Principles and Real-time Monitoring:** By systematically applying the seven HACCP principles, risks and critical control points (CCPs) in food and beverage processes are identified and controlled. Real-time monitoring and corrective actions are core to safeguarding food hygiene and customer health.



To enhance the effectiveness of the food safety management system, the Group simultaneously plans and implements internal audit processes, covering all stages from ingredient procurement, storage, and preparation to dining environment inspections. Regular cleaning and corrective action mechanisms ensure the continuous optimization of the food hygiene management system. The main focus areas are as follows:

01	Internal Audit Implementation Mechanism Based on the annual audit plan, the Group regularly reviews and evaluates the effectiveness of the Food Safety Control System, ensuring that all operations comply with HACCP risk control standards and verifying the implementation of established objectives and improvement outcomes.	
02	Auditor Professional Qualifications Audits are conducted by hygiene management personnel who have received HACCP and relevant food safety professional training, ensuring that audit work is impartial, professional, and consistent.	
03	Audit Frequency All food and beverage units undergo at least one comprehensive internal audit per year. Enhanced or ad hoc audits may be conducted depending on actual operational risks.	
04	On-site Audit Process During audits, the audited unit may designate representatives to accompany the process for real time communication and follow-up improvements. Audit results are recorded in the "Food Safety and Hygiene Internal Audit Report" and evaluated using standardized scoring tables.	

05

Corrective Action and Follow-up Mechanism

For any anomalies or deficiencies identified during audits, the responsible unit must submit a concrete improvement plan within the specified timeframe. The plan is reviewed and approved by the supervisory unit and executed, with progress continuously tracked until full resolution.



06

Equipment Inspection and Replacement

Facilities and equipment that may affect hygiene and quality are periodically assessed for functionality and safety. Necessary updates and replacements are planned annually according to the budget to maintain a stable and reliable hygiene operating environment.



■ Ingredient Traceability and Food Labeling Management

In response to increasingly stringent food safety regulations and to protect consumer health, Silks Hotel Group actively strengthens raw material source management and transparency mechanisms. All procurement processes for raw materials, semi-finished products, and finished products have established traceability systems, ensuring strict control from ordering, receiving, to daily kitchen operations. All ingredients must indicate expiration dates and follow the “First In, First Out (FIFO)” principle for inventory management; various seasonings are also clearly labeled with purchase dates for timely tracking of suppliers and ingredient batch sources. Some product information has been uploaded to the Food Traceability Management Information System platform under the Ministry of Health and Welfare’s Food and Drug Administration, further ensuring complete transparency and information security from farm to table.

The Group’s buffet-style restaurants, including Belle Étage and Thai Market, also comply with the Taipei City Government’s “Hotel Buffet Zone” ingredient registration policy by proactively disclosing main ingredient sources. Customers can query ingredient origins and supplier information through the platform, enhancing customer trust in food safety.

Additionally, for customized packaged retail products, we strictly follow the “Food Safety and Sanitation Management Act” regulations on food labeling and advertising management, ensuring clear labeling and complete information. The content covers product name, manufacturer, contact information,

and address for traceability purposes, or proactively reports information to competent authorities, fulfilling procurement traceability and information disclosure responsibilities.

2.4.2 Operational Site Certification and Personnel Management

■ Workplace Certification

Silks Hotel Group recognizes the complexity and scale of the food and beverage business, which presents significant challenges for food safety management. In particular, banquet operations—covering weddings, feasts, product launches, year-end parties, and corporate meetings—involve large-scale catering, complex menus, and substantial on-site manpower, all of which increase food safety risks. Therefore, we conduct comprehensive hazard analyses for each type of banquet and establish strict Critical Control Points (CCPs) based on HACCP principles, ensuring that food preparation, production, and service meet the highest safety standards.

Obtained TQSCI HACCP certification
since 2014

HACCP

Food safety management fully complies
with ISO19011

ISO19011

Since 2014, the banquet halls of Regent Taipei have obtained HACCP food safety certification issued by TQSCI, establishing a supervised and traceable management system. The halls successfully passed the latest three-year recertification audit in September 2023 and completed the annual audit in August 2024 in accordance with ISO 19011 internal audit standards, demonstrating our commitment to continuous food safety improvement and adherence to international standards.

■ Personnel Hygiene Management

To maintain the highest food hygiene standards, we fully implement a personnel health management system in accordance with the Food Safety and Hygiene Management Act and related regulations, strictly controlling daily checks and annual examinations to effectively prevent potential risks.

All on-site food and beverage staff must pass rigorous hygiene screening procedures. New employees are required to undergo comprehensive health examinations conducted by accredited medical institutions before officially starting work, ensuring no



Education, Training, and Development

Training System and Curriculum Design: The annual training plan covers onboarding for new employees, on-the-job hygiene reinforcement courses, and incident review exercises. The curriculum includes:

- Basic knowledge of food hygiene
- HACCP and GHP operational principles
- Prevention of food cross-contamination
- Identification of food allergens and labeling standards
- Epidemic prevention measures
- Personal hygiene and self-management of health

diseases or infections that could compromise food safety.

For kitchen and frontline catering staff, specific health checks are conducted annually. Supervisors also verify employees' health status at the start of each workday. Any abnormalities result in immediate reassignment to prevent contact with food. In addition, food service and kitchen staff undergo regular health examinations related to workplace environmental factors such as high temperature and noise, safeguarding overall workplace safety and employee well-being.

■ Supplier Personnel Hygiene Requirements

To reduce the risk posed by external personnel in food preparation areas, the Group has established the following hygiene management guidelines:

- Health Screening: Body temperature must be measured and a health questionnaire completed before entry. Individuals with fever, cough, skin diseases, or other symptoms are prohibited from entering.
- Attire Requirements: Personnel must wear hairnets, masks, shoe covers, and protective clothing, and pass on-site inspection.
- Hand Hygiene: Hands must be washed and disinfected at designated areas before entering operational zones.
- Access Control: Entry is allowed only via designated routes and times; extended access requires prior approval.
- Transportation Requirements: Containers and packaging must be clean, sealed, odor-free, and are subject to random inspection.
- Violation Handling: Non-compliance will result in measures such as reminders, corrective actions within a specified period, or termination of cooperation, depending on the severity.



■ Food Safety Incident Response Mechanism

- To mitigate the impact of food safety incidents on customer health and brand reputation, the Group has established clear standard operating procedures. Once on-site personnel detect an anomaly or receive a relevant customer report, they must immediately notify management or the Food Safety and Hygiene Supervisor. Designated personnel will then verify the incident and assess its authenticity and severity.
- Depending on the situation, the response mechanism is promptly activated to ensure the incident is effectively controlled at the earliest stage, minimizing potential impact on customer health and safeguarding hotel operations and reputation.
- After the incident, a review meeting is convened to comprehensively examine the root causes and any deficiencies identified during the response. Management procedures are subsequently revised, including optimizing food safety operational processes, enhancing employee training, and improving overall staff risk awareness and response capabilities, to prevent recurrence of similar incidents.

2.4.3 Independent Testing Laboratory

To strengthen food safety management, the Group established its in-house testing laboratory in 2016 and developed an internal control system that comprehensively reinforces food safety standards across all stages—from raw material to finished dish delivery. The laboratory's operations comply with the Food Safety and Hygiene Management Act and the Principles of Good Hygiene Practice (GHP), and reference corporate guidelines for food industry laboratory setup. We have thus established the "In-house Testing Laboratory Standard Operating Procedures" to ensure that all operations are conducted legally, compliantly, and to high standards.

In addition to internal testing, Silks Hotel Group collaborates with certified third-party laboratories for external testing on specific items, providing dual assurance of food safety.

Quality Control and Hygiene Standards

The self-conducted testing focuses on microbiological indicators, specifically total bacterial count and coliform group, which not only comply with national standards but also serve as key metrics for assessing the hygiene conditions in our food processing procedures. By monitoring these indicators, we can promptly identify potential hygiene issues during the manufacturing process and take immediate corrective actions.



Laboratory Operations and Monitoring Mechanism

The laboratory's scope of work covers raw material sampling, microbiological testing, data analysis, and record management:

- **Testing Procedures:** Every testing step—including sample handling, testing frequency, data verification, and result entry—is carried out in accordance with SOPs.
- **Record Retention:** All data must remain unaltered and be retained for a minimum of five years to facilitate future traceability and audits.
- **Personnel Allocation:** A dedicated team is responsible for conducting tests and managing data to ensure operational accuracy and traceability.

2024 Achievements and Practices:

Regent Taipei conducted 80 microbiological self-inspections, among which 4 tests for pesticide residues and 1 test for sulfur dioxide were non-compliant and immediately returned; the remaining 75 tests met the standards. Silks Place Tainan conducted 6 microbiological self-inspections, all meeting the standards, and 732 oil test strip inspections, with the results used as a reference to determine whether oil replacement was necessary.

Microbiological self-inspection of Regent Taipei	Pesticide residue non-compliance at Regent Taipei	Sulfur dioxide test non-compliance at Regent Taipei	Microbiological self-inspection at Regent Taipei meets the standards	Microbiological self-inspection of Regent Taipei	Pesticide residue non-compliance at Regent Taipei	Sulfur dioxide test non-compliance at Regent Taipei	Microbiological self-inspection at Regent Taipei meets the standards
80 times	4 times	1 time	75 times	80 times	4 times	1 time	75 times
Microbiological self-inspection at Silks Place Tainan	Oil quality test strips at Silks Place Tainan	In 2024, the total related expenses of Regent Taipei's laboratory amounted to NT\$370,785, including NT\$37,217 for testing materials and instrument calibration, NT\$90,390 for personnel salaries, and NT\$243,178 for external testing fees. These expenses accounted for 0.015% of net food and beverage revenue.		Microbiological self-inspection at Silks Place Tainan	Oil quality test strips at Silks Place Tainan	Laboratory-related expenses in 2024 NTD	Laboratory expenses as a percentage of net food and beverage revenue
6 times	732 times			6 times	732 times	370,785	0.015 %

Regent Taipei				Just Sleep			
In 2024, Regent Taipei, which accounts for over half of the food and beverage revenue, conducted a total of 12 internal audits on food safety and hygiene, and 40 inspections on site cleaning and sanitation. The audits and inspections covered supplier evaluations, food preparation, food storage, hygiene and work environment, as well as cleaning and disinfection. The food and beverage revenue affected by these 12 internal audits on food safety and hygiene accounted for 93.44% of Regent Taipei's net food and beverage revenue and 46.98% of Regent Taipei's net operating revenue. The banquet operations of Regent Taipei, which hold HACCP food safety certification, accounted for 23.63% of Regent Taipei's net food and beverage revenue.				Just Sleep, with a focus on room revenue, also held three external hygiene training sessions for chefs, totaling 11 participants and 120 hours, comprehensively enhancing employees' food safety awareness and professional capabilities.			
Internal food safety and hygiene audit	Revenue affected by the audit as a percentage of Regent Taipei's net food and beverage revenue	Revenue affected by the audit as a percentage of Regent Taipei's net operating revenue	Banquet revenue as a percentage of Regent Taipei's F&B net revenue	External hygiene training for chefs	External hygiene training for chefs	External hygiene training for chefs	External hygiene training for chefs
12 times	93.44 %	46.98 %	23.63 %	11 participants	11 participants	120 hours	120 hours

Regent Taipei

In 2024, Regent Taipei conducted a total of 406.75 hours of internal training on food hygiene and safety. Chef hygiene training reached 552 participants, totaling 1,065 hours, and HACCP team members completed 40 hours of external professional training.

Internal Food Safety and Hygiene Training

406.75 hours

Chef Hygiene Training

552 Person times

Chef hygiene training

1,065 hours

HACCP external professional training

40 hours

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Internal Food Safety and Hygiene Training

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Chef Hygiene Training

552 Person times

Chef hygiene training

1,065 hours

HACCP external professional training

40 hours

Silks Place Tainan

Silks Place Tainan carried out 26 hours of internal food hygiene training and 16 hours of chef internal and external hygiene training.

Internal food hygiene training

26 hours

Internal and external hygiene training for chefs

16 hours

Silks Place Tainan

Silks Place Tainan carried out 26 hours of internal food hygiene training and 16 hours of chef internal and external hygiene training.

Internal food hygiene training

26 hours

Internal and external hygiene training for chefs

16 hours

Silks Place Tainan

Silks Place Tainan has not obtained any food safety management system certification, it implements food safety management in accordance with the Group's "Food Safety and Hygiene Environment Standard Operating Procedures." In 2024, Silks Place Tainan conducted a total of 24 internal audits on food safety and hygiene and 36 inspections on site cleaning and sanitation across all its restaurants.

Food Safety and Sanitation Internal Audit

24 times

Facility Cleaning, Maintenance, and Sanitation Inspection

36 times

2.5 Sustainable Supply Chain

Performance Results

- In 2024, Regent Taipei and Silks Place Tainan completed 174 document-based audits and 21 on-site audits, with no non-compliant suppliers identified.
- The proportion of tea and coffee purchased with international certifications accounted for 23.99% and 56.69%, respectively.
- 100% of purchased tissues and hand towels carry Forest Stewardship Council (FSC) international certification.
- 100% of Double A copy paper purchased carries Forest Stewardship Council (FSC) international certification.

Future Goals

Short-term Goals	Medium to Long-term Goals
• Ensure stable supply of all items, encourage suppliers to provide low-carbon products, and expand the use of seasonal local ingredients.	

Future Goals

Short-term Goals	Medium to Long-term Goals
• By the end of 2026, all restaurants at Silks Taipei will fully use cage-free eggs, increase the proportion of purchases from animal-friendly farms, and expand the share of low-carbon products, realizing a responsible supply chain.	

Impact	Extreme weather and geopolitical risks may cause logistics disruptions and raw material shortages, threatening supply chain stability and food safety. The Group actively addresses these global challenges by strengthening supply chain management, promoting sustainable procurement, and implementing risk early-warning mechanisms, thereby advancing ESG objectives across environmental, social, and governance dimensions while maintaining robust operational strategies.
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Policy Commitment	Silks Hotels Group is committed to promoting a green supply chain by integrating sustainable technologies and partnering with stakeholders to implement fair trade, human rights protection, and environmental conservation. Following HACCP and ISO standards, the Group adopts responsible procurement principles and green operational practices, leading the hospitality industry toward a more equitable and sustainable development model.
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Actions Taken	The Group has established a systematic supplier management and evaluation system, implementing food traceability, risk classification, and independent testing. The Regent Taipei's in-house testing laboratory serves as the final safeguard for food safety, ensuring proper management and auditing of raw material suppliers. In addition to document and on-site audits, supplier evaluations incorporate environmental and ESG criteria, progressively increasing the proportion of cage-free eggs and local sourcing to build a transparent and responsible supply network.
Evaluation Mechanisms	• Through supplier evaluation forms, audit systems, and KPI tracking, the Group monitors quality, delivery reliability, and regulatory compliance, incorporating sustainability indicators. • The annual proportion of internationally certified products purchased is tracked as a basis for policy refinement and performance feedback, ensuring a compliant, safe, and responsible supply chain.
Stakeholder Engagement	The Group regularly communicates and collaborates with suppliers through meetings, training sessions, and performance feedback. Anonymous reporting channels are established to uphold integrity and protect labor rights. Together with suppliers, the Group promotes animal welfare, social inclusion, and industry transformation, co-creating a sustainable value chain.

The Group regularly communicates and collaborates with suppliers, holding forums, training, and performance feedback sessions. An anonymous whistleblowing channel is established to uphold integrity principles and labor rights protection. Together with suppliers, the Group promotes animal welfare, social inclusion, and industry transformation to create a sustainable value chain.

Management Policy

To ensure food safety and supply chain transparency, the Group has established a systematic supplier evaluation and procurement management mechanism, strengthening risk control and accountability for raw material suppliers. The policy follows food safety regulations and international standards, such as HACCP and ISO 22000, and incorporates ESG sustainability principles through cross-departmental collaboration to maintain high-quality and compliant food supplies.

The Group is committed to safeguarding food safety and product quality through rigorous supply chain management, while promoting energy conservation, low-carbon practices, and environmentally friendly procurement, fully implementing ESG across environmental, social, and governance dimensions.



■ Supply Chain Management and Sustainability Practices

The Group's sustainability strategies cover every stage from source to table, including strict supplier evaluation mechanisms, promoting ingredient traceability, adopting local procurement and fair trade principles, reducing operational environmental impacts, and enhancing animal welfare. These efforts closely align with the United Nations Sustainable Development Goals (SDGs), particularly Goal 12 "Responsible Consumption and Production," Goal 15 "Life on Land," and Goal 17 "Partnerships for the Goals."

The Group also commits that by the end of 2026, all restaurants under the Group will use exclusively cage-free eggs, further demonstrating our dedication to animal welfare and sustainable agriculture. This decision not only raises the ethical standards of our food sources but also reflects our responsible approach to environmental and social stewardship.

■ Building a Safe and Transparent Food Supply Chain

The Group upholds a strong commitment to food safety and sustainable governance, establishing a comprehensive supplier management system to promote transparency and resilience across the entire food supply chain through institutionalized and risk-oriented approaches. We enforce stringent controls from the very source, covering all stages—supplier selection, evaluation, contract signing, raw material inspection, and monitoring audits—to ensure that all partners comply with regulatory requirements and corporate social responsibility standards. All raw material suppliers must sign the "Supplier Delivery Guidelines", which include provisions on supply specifications, integrity in business conduct, human rights protection, and corporate social responsibility. Only suppliers with valid business registration, a registered food-industry business number, and certifications such as TQF, CAS, TAP, HACCP, or ISO may be included in our long-term cooperation list. For new suppliers, we also require a compliant product inspection report and conduct annual qualification reviews to ensure compliance and food safety.

In terms of supplier governance, we conduct periodic and ad-hoc evaluations based on the "Process and Quality Control Standard Operating Procedures" and the "Supplier Evaluation Record Form", carried out jointly by the Procurement Department, Food Safety Department, and Food & Beverage Department. The evaluation criteria include not only product quality, supply capability, and regulatory compliance, but also ESG indicators such as environmental sustainability and human rights protection, guiding suppliers and the Group to advance toward shared sustainability goals. Suppliers that fail evaluations twice consecutively, or are involved in major violations, will have their cooperation terminated immediately and be removed from the approved supplier list.

In addition, our in-house testing laboratory serves as the final safeguard for food safety governance. Through regular sampling inspections and ingredient traceability, we strengthen risk early-warning and incident traceability mechanisms, fundamentally enhancing the safety and credibility of the entire supply chain.

The Group aspires to harness a robust supplier governance mechanism to drive industry-wide influence, encourage stakeholders to prioritize compliance and corporate responsibility, and collaborate to build a sustainable, transparent, and resilient food supply chain—thus laying a solid foundation for sustainable development in the hospitality industry.

■ Supplier Evaluation and Procurement Mechanism

The Group is committed to establishing a transparent and risk-controlled supply chain management system. In accordance with internal food safety management standards, including the Process and Quality Control Standard Operating Procedures and the Supplier Evaluation Record Form, we implement rigorous supplier audits and evaluations, jointly managed by the Purchasing, Food Safety, and F&B departments. Beyond ensuring food safety and quality, the evaluation framework incorporates ESG indicators such as corporate sustainability and human rights, fully implementing responsible procurement practices.

The supplier evaluation process consists of two stages: document review and on-site assessment. The document review covers supplier basic information and the validity and compliance of food safety system certifications (e.g., TQF, HACCP, ISO). The on-site assessment evaluates five key dimensions, comprehensively monitoring suppliers' food hygiene, quality management, and regulatory compliance.

Evaluation Process and Implementation Effectiveness

Evaluation Aspects	Weight (%)	Key Assessment Points
Document Review	25%	Includes assessment of company documents, certification documents, inspection reports, and origin certificates.
On-site Hygiene Audit	35%	Covers operational procedures, personnel hygiene management, storage and transport temperature, and overall environmental conditions.
Supply Stability	20%	Assesses on-time delivery rates, return rates, and item consistency.
Service Quality	16%	Evaluates complaint handling efficiency and cooperation level.
Sustainability Indicators	4%	Considers ESG practices, human rights policies, and carbon reduction initiatives.

Excellent suppliers (score 80 or above)

→ Listed as stable long-term partners

General suppliers (score 60–79)

→ Included in monitoring and improvement lists

Non-compliant suppliers (score below 60)

→ Required to implement corrective actions within a set deadline or face termination of cooperation



■ Supplier Evaluation and Audit KPIs (Regent Taipei & Silks Place Tainan)

Overview

To ensure responsible sourcing and uphold food safety, Regent Taipei and Silks Hotel Tainan conduct annual supplier evaluations, document reviews, inspections. The following table presents key quantitative indicators and performance results for supplier management in the reporting year.

Table: Summary of Supplier Evaluation Results and KPIs

Indicator	Regent Taipei	Silks Place Tainan	Performance (%)
Number of Key Suppliers Included in Annual Evaluation	72 suppliers	102 suppliers	
Document Review	72 suppliers	102 suppliers	Regent 100% / Silks: 100%
On-site Inspection	12 suppliers	9 suppliers	Silks: 16.67% / Silks: 8.8%
Purchase Amount from On-site Audited Suppliers as a Percentage of Total Food & Beverage Transaction Value (including fresh produce)	NT\$9,486,255 (10.51%)	NT\$59,334,339 (33.88%)	Regent: 10.51% / Silks: 33.88%
Number of Suppliers with Food Safety & Hygiene Management System Certification (HACCP, ISO 22000, FSSC, TQF, CAS, etc.)	47 suppliers	45 suppliers	–
Percentage of Suppliers Rated as “Excellent” in Evaluations	–	–	100%
Number of Suppliers Removed Due to Non-compliance	–	–	0%

In 2024, Taipei Silks and Tainan Silks completed 174 document reviews and 21 on-site audits, with no suppliers failing evaluations.

Both Taipei Silks and Tainan Silks maintain full compliance in supplier evaluations, ensuring a transparent and rigorous process aligned with ESG standards and corporate sustainability goals.

To continuously strengthen supply chain governance and promote sustainable development, the Group will focus on the following key actions:

- **Raising ESG Qualification Requirements for Suppliers:** Incorporating sustainability criteria such as carbon footprint management, environmental protection, and human rights protection to enhance suppliers' awareness and execution of environmental and social responsibilities.
- **Promoting Supplier Education and Guidance Mechanisms:** Regularly conducting sustainability and compliance training sessions to strengthen suppliers' understanding and implementation of food safety, business ethics, and ESG issues.
- **Establishing Reporting and Complaint Channels:** Providing an anonymous reporting hotline and email address so that suppliers or stakeholders can promptly report any violations of ethics, integrity, or regulations, thereby upholding principles of fairness and integrity.
- **Unscheduled Audits and Food Safety Incident Investigations:** In the event of food anomalies or consumer complaints, immediately initiating emergency audits and ingredient sealing procedures, as well as carrying out urgent handling and follow-up investigations of the suppliers involved.
- **Performance Feedback and Relationship Building:** Through annual supplier forums and performance feedback reports, helping suppliers understand their cooperation performance and areas for improvement, while jointly enhancing quality stability and risk prevention capabilities.

Through institutionalized audit and management processes, the Group ensures that suppliers consistently meet the high standards of food safety and sustainable procurement, fostering partnerships for mutual growth and further enhancing overall dining quality and customer trust.

■ **Environment: Green and Sustainable Supply Chain Risk Management**

Silks Hotel Group is committed to advancing green transformation through the establishment of a sustainable procurement policy to systematically reduce environmental risks within the supply chain. From partner selection to product sourcing, we prioritize energy conservation, carbon reduction, and resource sustainability. We encourage suppliers to adopt environmental innovations and provide low-carbon products, working together to implement an environmentally friendly supply chain management model.

In procurement practices, we have established clear priorities to source products with eco-certifications and energy-saving benefits, including:

- **Cleaning and Laundry Supplies:** Procuring cleaning agents and laundry detergents certified with the Environmental Protection Label to reduce water resource pollution.
- **Energy-Saving Equipment:** Utilizing LED lighting, energy-efficient air conditioning systems, water-saving toilets, and pressure-reducing valves to effectively lower energy and water consumption.
- **Eco-Friendly Building Materials:** Selecting reusable or recycled materials for construction, carpeting, and other applications to reduce waste.
- **Transportation Management:** Encouraging employees to use public transportation or shared mobility solutions for commuting and business trips to reduce carbon emissions.
- **Local Ingredient Procurement:** Supporting local agriculture while effectively reducing the carbon footprint from food transportation and minimizing kitchen waste.
- **Plastic Reduction Initiatives:** Using reusable tableware and eco-friendly packaging; all guest room bath amenities are provided in refillable pump bottles; prioritizing the purchase of organic and low-additive foods.

To ensure effective implementation, the Group has adopted multiple Key Performance Indicators (KPIs) for tracking and evaluation, such as:

■ Performance Results

- ✓ In 2024, Taipei Silks and Tainan Silks completed 174 document reviews and 21 on-site audits, with no suppliers failing evaluations.
 - ✓ The procurement ratios of internationally certified tea and coffee were 23.99% and 56.69%, respectively.
 - ✓ Procurement of hygiene and paper towel products with Forest Stewardship Council (FSC) certification reached 100%.
 - ✓ Procurement of Double A copy paper with FSC certification reached 100%.
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- **FSC-Certified Paper Products:** 100% of toilet paper and hand towels purchased are certified by the Forest Stewardship Council (FSC).
 - **FSC-Certified Copy Paper:** 100% of Double A copy paper purchased is FSC certified.
 - **Eco-Label Office Equipment:** 100% of photocopiers purchased have energy-saving and eco-label certifications.
 - **Procurement of Internationally Certified Products:**
 - In 2024, the purchase amount of tea bags and coffee/capsules with at least one international certification or label accounted for
-
- ✓ The procurement ratios of internationally certified tea and coffee were 23.99% and 56.69%, respectively.

- ✓ Procurement of hygiene and paper towel products with Forest Stewardship Council (FSC) certification reached 100%.
- ✓ Procurement of Double A copy paper with FSC certification reached 100%.

■ Social: Sustainable and Ethical Procurement

The Group places strong emphasis on corporate social responsibility, embedding human rights protection and social value into supply chain management. We uphold strict responsibility standards for our upstream partners, driving positive industry transformation and enhancing brand reputation.

Since April 2024, several of our restaurants have taken the lead in switching to cage-free eggs. For example, in Taipei Silks Hotel, cage-free eggs accounted for 16.05% of total egg procurement expenditure in 2024. This initiative demonstrates our commitment to supporting animal welfare and environmental sustainability through concrete actions. In collaboration with the Taiwan Society for the Prevention of Cruelty to Animals (TSPCA) and Hualien Liming Developmental Center, we jointly promote livestock industry transformation and social care. These efforts not only improve the living conditions of laying hens but also support local disadvantaged communities in participating in agricultural production. By doing so, we fulfill our commitment to social responsibility, create positive impacts for both environmental protection and social well-being, and work hand-in-hand with suppliers towards shared prosperity and sustainability.

2.6 Information Security and Privacy Protection



Impact

Information security and personal data protection are among the core risks in the hospitality industry. Any data breach or system outage could severely affect brand reputation and customer trust, and may result in substantial fines and legal liabilities. Silks Hotel Group establishes cybersecurity policies and protective measures to maintain operational stability and safeguard customer data.

Policy Commitment

In accordance with the "Cybersecurity Management Act" and the Financial Supervisory Commission's cybersecurity guidelines, the Group establishes information security policies and management systems, which are regularly reviewed and reported to the Board of Directors. The Group is committed to enhancing cybersecurity protection, safeguarding customer data privacy, and ensuring operational continuity, in alignment with SDGs Goals 9 and 16.

Actions Taken

- **Continuous monitoring and auditing**
Conduct annual system vulnerability scans and penetration tests, and establish multi-layered defense mechanisms and backup plans.
- **Employee training**
Carry out cybersecurity audits, employee training, and security incident drills to strengthen response capabilities.
- **Emergency response plan**
All data interactions follow legal and regulatory compliance principles, and outsourced partners sign confidentiality and cybersecurity agreements.

Evaluation Mechanisms

Establish a cybersecurity management framework and audit procedures in accordance with regulations. The Chief Information Security Officer, IT Department, and Audit Office jointly implement policy enforcement and internal audits, and regularly report cybersecurity performance to the Board of Directors to ensure policy compliance and timely risk adjustments.

Stakeholder Engagement

The Group addresses customer expectations for privacy through diversified communication channels and data protection management systems. By leveraging big data analytics to optimize service quality and participating in cybersecurity information-sharing organizations, we strengthen stakeholder trust and data security, jointly promoting sustainable information governance.

Silks Hotel Group is committed to establishing a secure and stable information environment, strengthening cybersecurity protection and management mechanisms to safeguard corporate assets, customer data, and business continuity. Information security strategies and practices are formulated in accordance with the “Cybersecurity Management Act and its sub-regulations” and the FSC’s “Guidelines for Cybersecurity Management of Listed and OTC Companies,” with regular reviews and reports submitted to the Board of Directors.

■ Link to Sustainable Development Goals (SDGs)

The cybersecurity governance practices of Silks Hotel Group correspond to the following United Nations Sustainable Development Goals: Goal 9 – Build resilient infrastructure, promote innovation and industrialization; and Goal 16 – Promote peaceful, just, and responsible institutions, strengthening compliance and data governance transparency.

These goals encourage us to establish more transparent and accountable governance structures, enhance regulatory compliance and fairness, and protect data and privacy through innovation and strengthened infrastructure.

■ Information Security Policies and Regulations

The Information Security Policy was most recently updated on March 2, 2023, approved by the Group Chief Financial Officer, covering aspects such as information system construction, user management, backup and contingency, equipment and network protection.

- Establish information system classification and protection standards.
- Prevent hacker intrusions, malware, and internal misuse.
- Prevent leakage of confidential information.
- Implement appropriate backup mechanisms and contingency plans.
- Ensure business continuity and disaster recovery capability.
- Strengthen information security management of outsourced services and supply chain monitoring.
- Enhance overall employee information security awareness and professional competence.

ICT Security Governance Structure



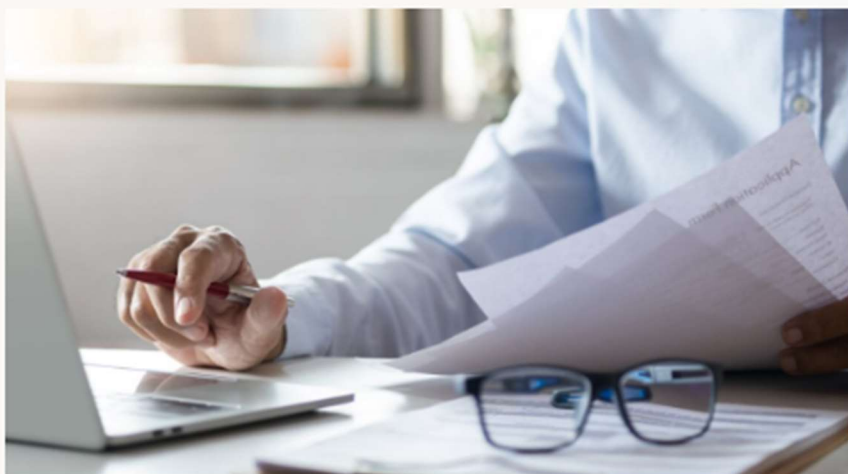
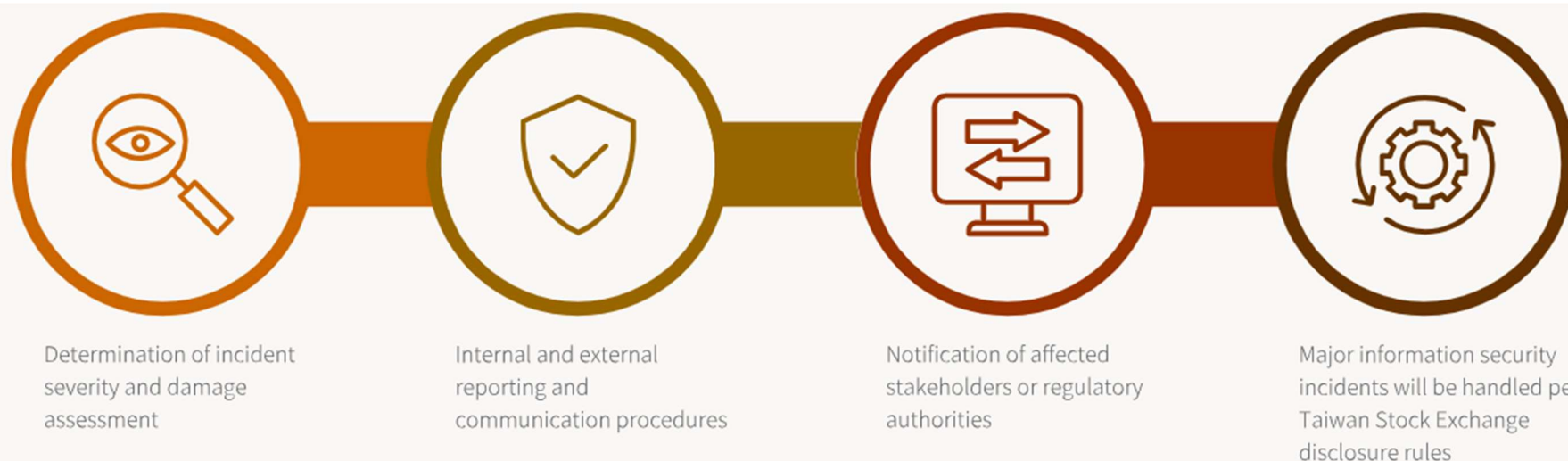
ICT Security Governance Structure

- **Information Office:** Responsible for the formulation and implementation of information security policies, risk management, technical controls, system operation and maintenance, and training.
- **Chief Information Security Officer (CISO) and Dedicated Personnel:** One CISO and one dedicated information security officer are assigned to manage information security affairs.
- **Audit Office:** Acts as the supervisory unit for information security, conducts internal audits, and oversees the rectification and follow-up of deficiencies.
- **Board of Directors:** Regularly receives ICT security reports to ensure alignment with strategic direction and governance requirements.

■ Information Security Protection and Control Measures

Conduct annual vulnerability scanning and penetration testing on core systems, and engage third-party professional institutions for assessments; Implement a multi-layered defense architecture, including antivirus software, APT protection, firewalls, intrusion detection systems, and email filtering; Establish off-site backups, daily backups, and annual disaster recovery drills; Apply multi-factor authentication, account and password policies, and regular permission audits for critical systems; Place computers and servers in dedicated data centers equipped with uninterruptible power supply, voltage stabilization, and automated monitoring systems; Implement network entry control and internet usage management devices to prevent unauthorized connections and bandwidth abuse.

Silks Hotel Group has established a comprehensive information security incident response and reporting mechanism, including:



Personal Data Protection

Silks Hotel Group has established an Information Management Team to promote personal data management policies and related training. In accordance with the Personal Data Protection Act, the Group implements data encryption, masking, access control, and physical isolation, and publishes a transparent privacy statement to ensure customers' rights to access, delete, or correct their personal data at any time. All data analysis and customer interactions comply with legal and regulatory requirements, and clear information security and confidentiality clauses are included in agreements with outsourced vendors, ensuring proper handling of data upon termination of cooperation.

Information Security Communication and Awareness

Silks Hotel Group provides monthly information security training for new employees. General staff receive at least one hour of basic information security education annually, while information security personnel participate in no less than eight hours of advanced professional training each year. Additionally, the Group periodically disseminates information security cases and actively participates in domestic information security intelligence-sharing organizations to stay informed of the latest threat trends and response strategies.

In 2024, Silks Hotel Group conducted internal training on major information processing for a total of 366 participants, accumulating 61 training hours.



2024 Performance and Implementation:

Silks Hotel Group conducted a total of 366 instances of training for internal personnel on handling critical information, amounting to 61 total training hours.

As of the publication date of this report, Silks Hotel Group has not experienced any major cybersecurity incidents resulting in losses, nor has it received any complaints regarding customer privacy violations or loss of customer data.