

# TAIWAN FU HSING

## Sustainability Report 2023

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# 2023 ESG Highlights

Earnings Per Share

**5.03**

Cumulative number of patents applied

**1,500**

## Corporate Governance

Accountant and architect included as independent directors

## Professional Council

The total attendance rate of the Board of Directors reached

**96.6%**

Honored in Arts and Business Award granted by Ministry of Culture

**Awarded in the Section of Enterprise Culture Award**

Golden Eagle Micro Film Award recognized

**Silver Award in the Sustainable Micro Movie Award**

TSAA recognized

**SDG 11 Silver Award of Taiwan Sustainability Action Award**

## Social

Customer Satisfaction **94%**

Recognized by Occupational Health and Safety Administration, Ministry of Labor

**"Sustainable Leading Enterprise in Healthy Workforce" Award**

Electronic materials are **100%**

RoHS compliant

Air pollutant emissions

**100% Compliance with regulations**

## Environment

Passed **ISO 14001** environmental certification

Local procurement

**92%**

Signing of Social and Environmental Responsibility Statements **100%**

## Supply Chain

# Message from the Chairman

In 2023, Taiwan amended the "Greenhouse Gas Reduction and Management Act" into the "Climate Change Response Act" to complete the foundation of the climate change legal system in order to respond to global climate change and fulfill the responsibility of protecting the global environment. The National Council for Sustainable Development of the Executive Yuan also announced the "Pathway to Net Zero Emissions in 2050" and marked out four major transition strategies of "energy transition," "industrial transition," "lifestyle transition," and "social transitions," as well as the two governance foundations of "technology R&D" and the "climate legislation," in order to realize the goal of net-zero transition.

Net-zero transition by 2050 has become a global trend. As a model in the industry, Taiwan Fu Hsing not only pursues corporate competitiveness and cares about environmental sustainability issues, but also deepens the partnership relations with all the stakeholders to lay the foundation for environmental sustainability. The company has taken the initiative to prepare the 2023 Sustainability Report, in which reveals all the actions taken in the current year, not only for self-supervision but also with the expectation to have feedback from all. Taiwan Fu Hsing are looking forward to work together with you to initiate a beautiful change.

## Solid Operational Performance and Acceptance of New Challenges Ahead

Looking back at the past year, as the epidemic came to an end and geopolitical conflicts tested the resilience of the global supply chain, even though the company's consolidated operating revenues in 2023 declined slightly by approximately 4.8% compared to 2022, our gross profit margin increased by approximately 3% and the full year EPS achieved its record high at NT\$5.03, due to the depreciation of NTD and Renminbi, recovered price of raw materials and metal prices their highs, and the well-controlled production costs. However, Taiwan Fu Hsing understands that the market is volatile and there are still many challenges ahead. Therefore, we will continue to change the existing

business model to strengthen the company's adaptability to meet with external environmental changes.

## New Plants in the Pipeline for Global Expansion

Based on the benefits of the international division of labor and the favorable investment environment in Thailand, Taiwan Fu Hsing has been planning to build a more competitive manufacturing base in Thailand. The base is planned to be completed in Q2 2025 and started trial production in Q3 2025. The production capacity of the Thailand plant is projected to be more than 50% of the Group's total production capacity and is expected to significantly increase the Group's production capacity, in order to respond to the needs of the Group. This also demonstrates the importance that Taiwan Fu Hsing attaches to market expansion and its determination to actively expand globally.

## Diversity and Equality to Create an Inclusive Workplace

Taiwan Fu Hsing understands that employees are the most important assets of an enterprise. In addition to providing comprehensive employee benefits, compensation, and talent cultivation programs, Taiwan Fu Hsing also organizes arts and cultural activities and health and sports competitions to promote a diverse, equal, healthy, and inclusive workplace culture. The company has also won the iSport Sports Enterprise Certification from the Sports Administration, Ministry of Education, the Health Group Award from the Occupational Safety and Health Administration's Workplace Employee Health Promotion Program, and the 16th Enterprise Culture Award from the Ministry of Culture's Arts and Culture Awards, as well as the various times of recognition as a happy enterprise. In the future, the company will continue to embrace diversity and integration, and create a friendly and mutual-support environment for colleagues, so that all are able to bravely express themselves and give full play to a better version of themselves at Taiwan Fu Hsing.

## Utilizing Corporate Influence to Realize New Sustainable Values

According to the FSC's sustainable development planning schedule for listed companies, companies are required to complete the greenhouse gas inventory investigation by 2026 and obtain a third-party verification of greenhouse gas by 2028. Taiwan Fu Hsing has been acting ahead of government regulations and has carried out greenhouse gas inventory investigation and verifications on its own since 2018. For the sake of the earth's sustainable development and

environmental friendliness, Taiwan Fu Hsing not only follows the laws and policies, but also has introduced the use of environmentally friendly packaging materials, such as GEX/ GMX Bio-Calcium particles, which are taken from discarded eggshells and are added to plastic materials according to customer needs to create durable, high quality, carbon reduction, and plastic reduction packaging linings. GMX Bio-Calcium particles, whose raw materials are obtained from discarded eggshells and are added to plastic materials according to customer needs to produce highly durable, carbon and plastic reduced packaging linings. From the selection of packaging materials, our design, manufacturing and production are all moving towards the goal of carbon reduction, and we also hope to utilize our corporate influence to lead our suppliers to realize the new value of sustainability together.

In the face of the changing market situation, Taiwan's Fu Hsing will continue to work together with benchmark companies by flexibly adjusting its business strategies based on its solid manufacturing strength and R&D foundation. It is hoped by integrating enterprise core competencies, we are able to link the sustainability goals with business strategies to create values for diverse stakeholders and thrive to be an exemplary enterprise.



A handwritten signature in black ink, appearing to read 'Jawen', written over a light blue background.

Chairman, Taiwan Fu Hsing Industrial Co. Ltd.

# Company Profile

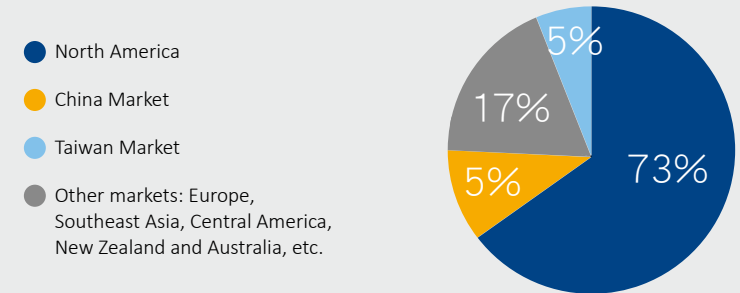
Taiwan Fu Hsing Industrial Co., Ltd. (Taiwan Fu Hsing) was founded in 1957. The headquarters of operations is located in Kaohsiung, Taiwan. While its products are sold to all the markets around the world, Taiwan Fu Hsing is one of the world's largest companies specializing in the design and manufacture of door control devices. The main brands include ARCTEK, FAULTLESS (Brand “Jia-an”), LOCWARE (Brand “Guangan”), HERITAGE, INDOOR, DURASET and so on. We are committed to providing consumers with safer and more convenient and modern lifestyle through our 11 global operation bases and 2,440 employees.

2023 was a year of geopolitical conflicts, which disrupted the rules of market operations and the globalized trade order. Despite these challenges, we are still keeping positive attitudes and solid entrepreneurial spirit, and will continue to thrive as a benchmark enterprise with internationalized vision and the strategic goal of sustainable management.

## Basic Information

Item	Table of Contents
Company name in Chinese and English	Taiwan Fu Hsing Industrial Co., Ltd.
Group employees Number of employees	About 1,872 employees in Taiwan 568 employees in overseas bases
Date of establishment	November 23, 1957
Capital	NT\$1.88 billion
Major products and technology	Products: Door locks, electronic locks, door closers, hinges, fire door locks, etc. Core technology: mold development and manufacturing, die-casting technology, stamping technology, surface treatment technology.
Headquarters location	No. 88, Yucai Road, Benzhou Village, Gangshan District, Kaohsiung City, Taiwan

## Markets Served



## Locations

● Headquarters and R&D Center   ● Subsidiaries   ● Sales and Service Offices

### Taiwan

Taiwan Fu Hsing Group & R&D Headquarters  
Techform Industrial Co., Ltd.  
Fortress Industrial Co., Ltd.  
Arktec Industrial Co., Ltd.  
Rui Sheng Industrial Co., Ltd.  
Sunion Technology Co., Ltd.

Gangshan  
Gangshan  
Changhua  
Changhua  
Changhua  
Taipei



### China

Artec Protection Technology Co., Ltd.  
Formflex Metal Industrial Co., Ltd.  
Ziyong Hardware Products Co., Ltd.

Shanghai  
Changshu  
Taichang



### USA

FHA

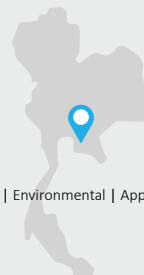
Atlanta



### Thailand

Fu Sing Industrial Co., Ltd.

Chon buri Province



## Overview of Subsidiaries' Organizations



Note 1: On July 7, 2023, the board of directors resolved to transfer 100% equity interest in Artech Security Technology (Shanghai) Co., Ltd. to Formflex Metal Industrial (Changshu) Co. Ltd., and the transfer of shares was completed in August 2023.

Note 2: On January 25, 2024, Fortune Industrial Ltd. was dissolved upon the resolution of the shareholders' meeting to terminate its operation.

Note 3: In November 2023, Changshu Fortune Packing Material Co., Ltd. completed liquidation procedures.

Note 4: In November 2023, Fortress Door Control Products (Changshu) Co. Ltd. completed liquidation procedures.

## External Organizations Involved

Name of Institution	Membership Eligibility	Membership Seats	Management Position (Supervisor)	Participation in Projects or Committees	Member Status
Taiwan Metal Industry Association	●	5 seats			
Taiwan Mold & Die Industry Association	●	4 seats			
Fire Door Association of R.O.C	●	1 seat			
Metal Industries Research & Development Centre	●			●	General Membership
Association of Locks & Hardware Taiwan	●	1 seat	1 seat		
Chinese Total Productivity Management Association	●	1 seat			
Chinese Lean Management Association	●	2 seats	1 seat		
Kaohsiung City Entrepreneurs Association	●				General Membership
Industrial Safety and Health Association of the R.O.C.	●				Organizational Membership
Benzhou Industrial Park Factory Association	●	1 seat			
Chinese Association of Industrial Technology Advancement	●				Organizational Membership
Kaohsiung Industry Association	●	3 seats			
Council for Industrial & Commercial Development	●				General Membership
Chinese Society for Quality	●				Organizational Membership
The Institute of Internal Auditors – Chinese, Kaohsiung Branch	●				Individual Membership
National Innovation and Entrepreneurship Association, R.O.C.	●				The 15th Model Entrepreneurs
Hsin Kaohsiung Nurses Association	●				Individual Membership
Taiwan Association of Occupational Health Nurses	●				Individual Membership
Gangshan Police's Friend Office, Qienfeng Branch	●	1 seat			Individual Membership
Southern District Office of the Police's Friends Association, Second Special Police Corp.	●	1 seat			Individual Membership
Manufacturers' Association of the Pingtung Technology Industrial Park	●	1 seat			

# Sustainable Operations

Implementation of Sustainable Management **7**

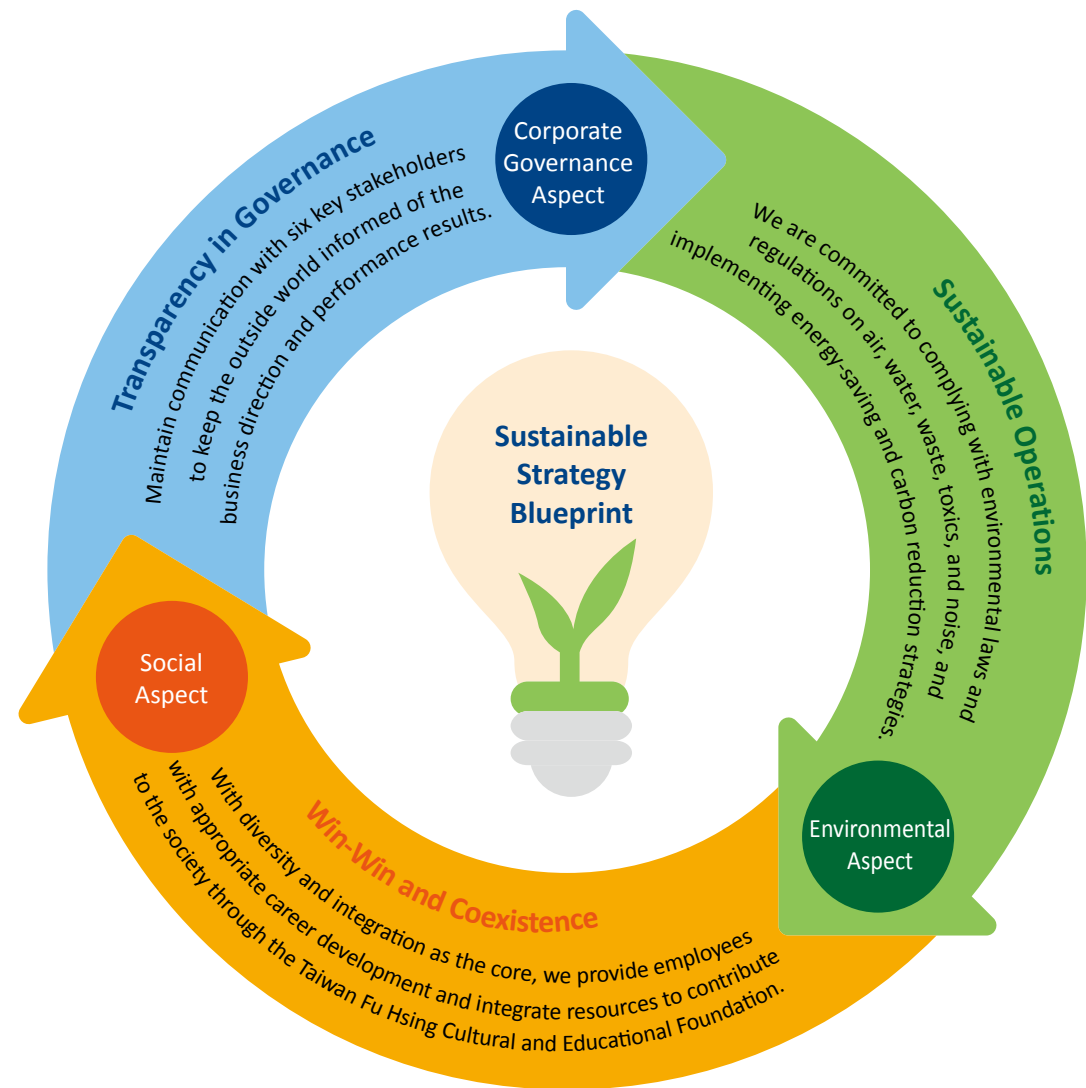
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# Implementation of Sustainable Management

The importance and significance of sustainability to Taiwan Fu Hsing lies in minimizing the negative impact of operations, creating positive influence, enabling stakeholders from all walks of life to share the value of sustainability, and aligning with domestic and international sustainability policy trends. Over the years, Taiwan Fu Hsing has invested in ESG, taking "transparent governance, win-win co-existence, and sustainable management" as its sustainable vision and development principle, and has promoted major policies and issues of high concern to stakeholders and with an impact on the company in the three areas of corporate governance, society, and the environment, in the hope that while making breakthroughs in operational achievements, it will also coexist with the company's corporate governance, society, and the environment.

## ESG Management Strategy

Taiwan Fu Hsing takes the Statement of Social and Environmental Responsibility as the highest guiding principle and has formulated a Social and Environmental Responsibility Implementation Manual, which is posted on the internal and external websites for review by relevant stakeholders. Our Sustainability Committee is the highest level of internal sustainability decision-making center, and is responsible for formulating and reviewing Taiwan Fu Hsing's ESG development strategy, as well as reflecting the views of our stakeholders and providing feedback, so that the company can move towards sustainability.



## Sustainability Committee

In December 2013, Taiwan Fu Hsing established the SER (Social & Environmental Responsibility) Implementation Committee, which was renamed to the Sustainability Committee in 2022. The Committee is directly under the President's authority, with the Chief Culture Officer as the implementation officer, and is divided into eight sub-groups, which meet quarterly to be responsible for formulating, promoting, auditing and reviewing ESG policies. In addition, a sustainability report is issued annually and posted on the website for stakeholders to download and review in order to implement the company's CSR policy.

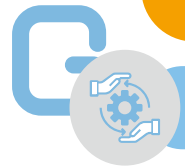
### Annual Execution Priorities



• Continuously maintain ISO 14001 and ISO 14064 certifications to achieve energy saving and carbon reduction targets.

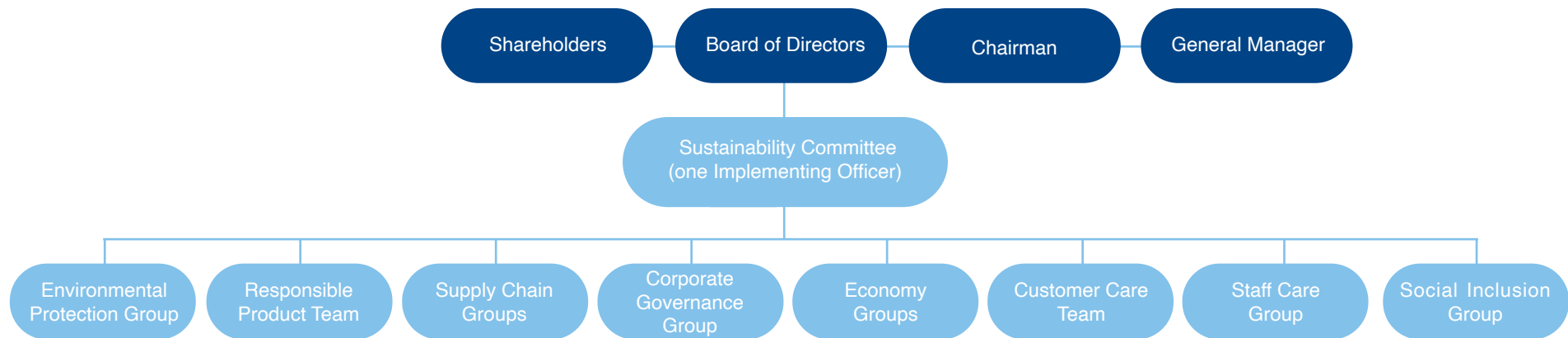


• In terms of employee care, we aim to be a happy enterprise with "diversity and inclusion" and optimize various employee benefits, such as organizing health exam and providing subsidies for sports clubs.  
 • In the area of manpower training, we have strengthened the creation of learning organizations in response to the demand for talents and deepened our cooperation with technical colleges and universities in manpower training.  
 • In terms of social integration, the Taiwan Fu Hsing Cultural and Educational Foundation continues to support arts and culture, education, and sports, and pay attention to local integration to create a positive social cycle.



• Rooted in a culture of corporate governance that emphasizes shareholders' interests and enhances stakeholder communication.

### Organizational Structure of the Sustainability Committee



# Identification of Stakeholders and Key Issues

Each year, the company's Sustainability Committee identifies the parties to be communicated with in the annual sustainability report based on the AA 1000 SES Stakeholder Engagement Criteria. The Committee also makes reference to international standards such as the GRI Standards, the United Nations' SDGs, and the SASB Standards, and develops a materiality analysis framework for the report based on the three principles of collection, evaluation, and confirmation, in order to provide stakeholders with a comprehensive, qualitative, and quantitative disclosure standard for sustainability information.

## Identification of Key Issues

In 2023, the Sustainability Committee identified a total of 11 material issues that are significantly material to the operations of Taiwan Fu Hsing, and prioritized the collection and disclosure of internal information, data, and management policies in accordance with the reporting requirements of the Guidelines.

### Key Issues Identification Process



#### Collection

17 ESG issues were collected from major sustainability standards (GRI Standards, SDGs, SASB), AEO certification, ISO management system, internal and external auditing requirements, etc., and finally compiled through discussions among colleagues cross different departments and their high-level management.

#### Evaluation

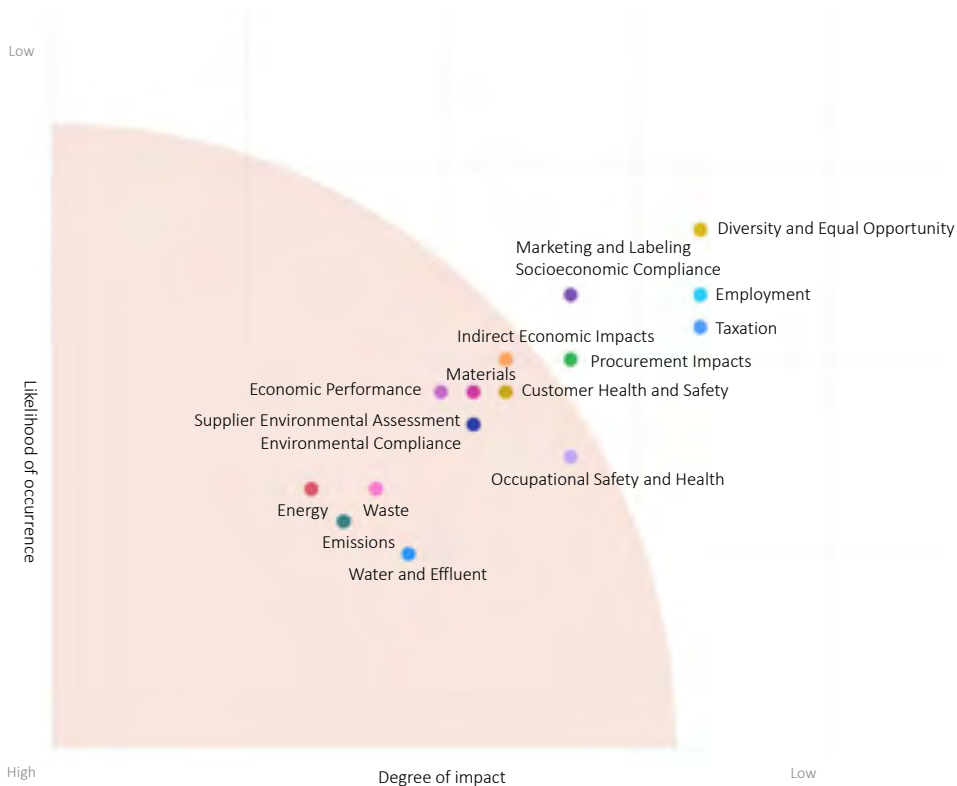
11 key issues with significant importance to Taiwan Fu Hsing's well-being were further categorized according to the level of "economic, environmental, and social impact" and "impact on stakeholders" of each issue.



#### Confirmation

The top Chairman of the Sustainable Development Commission will review the report again and make recommendations to confirm the scope of the identification of the significant issues in this report.

## Materiality Matrix for Taiwan Fu Hsing



**Note:**

- "Environmental compliance" and "Socioeconomic compliance" were consolidated into "Regulatory compliance"; "Energy" and "Emissions" were covered under "Climate change and energy management" and "Air pollution control"; "Employment" and "Diversity and equal opportunity" were covered under "Talent training and development" and "Talent attraction and retention"; "Customer health and safety" were covered under "Product quality" and "Customer relations management"; "Economic performance" was covered under "Operating performance." Meanwhile, "Water and effluent," "Waste," "Supplier environmental assessment" and "Procurement practices," and "Occupational health and safety" were consolidated into "Water management," "Waste management," "Supplier management," and "Occupational health and safety."
- Issues such as human rights, local communities, directors' authority, information transparency, and integrity are covered in general disclosures and results, and therefore are not reflected in the materiality matrix. Nevertheless, all relevant information is being disclosed over the Company's annual report, website, and the sustainability report.


## The Boundary of the Impact of Major Issues on the Value Chain

● Direct impact ○ Indirect impact

ESG Topics	Major Issues	Value Chain Impact Boundaries		
		Upstream	Taiwan Fu Hsing	Downstream
Environment	Climate change and energy management	○	●	○
	Water management		●	●
	Air pollution prevention		●	●
	Waste Management		●	●
	Materials	●	●	○
Social	Talent attraction and retention		●	
	Occupational health and safety	○	●	○
	Talent training and development		●	○
	Human rights		●	○
	Supplier management	●	●	
	Product Quality		●	●
	Customer relations management		●	●
Social engagement	○	●	○	
Corporate governance	Operating performance		●	
	Regulatory Compliance	○	●	

Note: The core of the value chain encompasses Taiwan Fu Hsing along with its employees and contract workers; the upstream of the value chain is represented by suppliers from which Taiwan Fu Hsing purchases raw materials, equipment, and services, whereas the downstream comprises customers that Taiwan Fu Hsing sells products to.

## Description of Key Issues and Target Performance

<div style="display: flex; align-items: center; justify-content: space-between;"> <div style="text-align: center;">  <p>ESG topic <b>Environment</b></p> </div> <div> <p>Significance to Taiwan Fu Hsing</p> <p>In the face of the increasingly severe extreme climate and energy crises, Taiwan Fu Hsing believes that while pursuing appropriate profits, we should strive to promote green products and actions to protect the global environment and welcome a win-win situation.</p> </div> </div>									
Key Issues	Corresponding to SDGs	Corresponding to GRI	SASB Criteria	2023 Target	2023 Performance	Achievement Status	Short-term Targets (-2024)	Medium-term Targets (-2026)	Long-term Targets (-2030)
Climate Change and Energy Management	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="background-color: #0070c0; color: white; border-radius: 5px; padding: 2px 5px; text-align: center;">SDG 6</div> <div style="background-color: #ffc107; color: white; border-radius: 5px; padding: 2px 5px; text-align: center;">SDG 7</div> <div style="background-color: #ffc107; color: white; border-radius: 5px; padding: 2px 5px; text-align: center;">SDG 12</div> <div style="background-color: #6c757d; color: white; border-radius: 5px; padding: 2px 5px; text-align: center;">SDG 13</div> </div>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="background-color: #28a745; color: white; border-radius: 5px; padding: 2px 5px; text-align: center;">GRI 302</div> <div style="background-color: #28a745; color: white; border-radius: 5px; padding: 2px 5px; text-align: center;">GRI 305</div> </div>	RT-IG-130a.1	<ul style="list-style-type: none"> <li>The power saving rate of the plant is more than 1%.</li> <li>Natural gas consumption is in line with the approved volume of 91,800m<sup>3</sup></li> <li>Completion and maintenance of ISO 14001 and ISO 14064 certifications.</li> </ul>	<ul style="list-style-type: none"> <li>1.05% energy saving</li> <li>Natural gas consumption 56,078 m<sup>3</sup></li> <li>ISO 14001 and ISO 14064 certified.</li> </ul>	<div style="text-align: center;">✓</div> <div style="text-align: center;">✓</div> <div style="text-align: center;">✓</div>	<ul style="list-style-type: none"> <li>Electricity unit product density decreased by 3% compared to the previous year</li> <li>Assessing the demand for renewable energy installations</li> <li>Training talents for Corporation Greenhouse Gas Inventory investigation</li> <li>Carbon emission reduction of 1% (Categories I, III and IV)</li> <li>Obtained ISO 50001 energy management certification</li> </ul>	<ul style="list-style-type: none"> <li>Electricity unit product density decreased by 5% compared to the previous year</li> <li>Stage-by-stage construction of renewable energy</li> <li>Completed greenhouse gas inventory of 8 subsidiaries in the consolidated financial statements in accordance with FSC regulations.</li> <li>Carbon emission reduction of 3% (Categories I, III and IV)</li> <li>ISO 14067 Carbon Footprint Certification</li> </ul>	<ul style="list-style-type: none"> <li>Reduce total electricity usage by 8% per year</li> <li>5% of total renewable energy use</li> <li>2027 Completion of Consolidated Statement of 8 Subsidiaries Greenhouse Gas Verification</li> <li>Carbon emission reductions of 5% (Categories I, III and IV)</li> <li>Maintaining the validity of the two management certifications</li> </ul>
Water Management		<div style="background-color: #28a745; color: white; border-radius: 5px; padding: 2px 5px; text-align: center;">GRI 303</div>		<ul style="list-style-type: none"> <li>Total water intake meets the approved capacity of 73,000 metric tons.</li> <li>Discharge and Consumption meet permit targets, Discharge: 13,870 metric tons, Consumption (1,300 per capita water use): 56.15 metric tons</li> </ul>	<ul style="list-style-type: none"> <li>Total water intake is 45,180 tons.</li> <li>Discharge: 6,618 metric tons, water consumption (1,300 per capita): 35 metric tons</li> </ul>	<div style="text-align: center;">✓</div> <div style="text-align: center;">✓</div>	<ul style="list-style-type: none"> <li>Density of tap water per unit of product decreased by 5% compared with the previous year</li> <li>Increase in water reuse rate by 2%</li> </ul>	<ul style="list-style-type: none"> <li>Density of tap water per unit of product decreased by 5% compared with the previous year</li> <li>Increase in water reuse rate by 5 per cent</li> </ul>	<ul style="list-style-type: none"> <li>Density of tap water per unit of product decreased by 5% compared with the previous year</li> <li>Water reuse rate increased by 8 per cent</li> </ul>
Air Pollution Prevention		<div style="background-color: #28a745; color: white; border-radius: 5px; padding: 2px 5px; text-align: center;">GRI 305</div>		<ul style="list-style-type: none"> <li>Continuous control of air pollutant emissions and compliance with statutory emission requirements</li> </ul>	<ul style="list-style-type: none"> <li>in compliance</li> </ul>	<div style="text-align: center;">✓</div>	<ul style="list-style-type: none"> <li>Continuous control of air pollutant emissions and compliance with statutory emission requirements</li> </ul>	<ul style="list-style-type: none"> <li>Continuous control of air pollutant emissions and compliance with statutory emission requirements</li> </ul>	<ul style="list-style-type: none"> <li>Continuous control of air pollutant emissions and compliance with statutory emission requirements</li> </ul>
Waste Management		<div style="background-color: #28a745; color: white; border-radius: 5px; padding: 2px 5px; text-align: center;">GRI 306</div>		<ul style="list-style-type: none"> <li>Waste output meets the permitted target value of 1,000 metric tons.</li> <li>Environmentally friendly Clearance</li> </ul>	<ul style="list-style-type: none"> <li>Total Waste Production 180.41 metric tons</li> <li>Consign all to legal vendors for removal</li> </ul>	<div style="text-align: center;">✓</div> <div style="text-align: center;">✓</div>	<ul style="list-style-type: none"> <li>Reduction of domestic waste, unit product density decreased by 10% compared to the previous year</li> </ul>	<ul style="list-style-type: none"> <li>Maintained a 10% reduction in unit product density from the previous year</li> </ul>	<ul style="list-style-type: none"> <li>Maintained a 10% reduction in unit product density from the previous year</li> </ul>
Materials		<div style="background-color: #28a745; color: white; border-radius: 5px; padding: 2px 5px; text-align: center;">GRI 301</div>	RT-IG-440a.1	<ul style="list-style-type: none"> <li>Conversion of PVC to PET, an environmentally friendly packaging material</li> </ul>	<ul style="list-style-type: none"> <li>Completed testing with package conversion in Q2 2023</li> </ul>	<div style="text-align: center;">✓</div>	<ul style="list-style-type: none"> <li>Conversion of PVC into environmentally friendly packaging material PET reaches 50% usage</li> <li>Evaluate the use of recycled materials in product packaging</li> </ul>	<ul style="list-style-type: none"> <li>Conversion of PVC into environmentally friendly packaging material PET reaches 70% of use</li> <li>Packaging plastics with 25% recycled material to reach 10% usage</li> </ul>	<ul style="list-style-type: none"> <li>Conversion of PVC into environmentally friendly packaging material PET reaches 90% of use</li> <li>Packaging plastics with 30% recycled materials, up to 70% usage</li> </ul>



ESG topic

## Social

### Significance to Taiwan Fu Hsing- Employee Relations

Taiwan Fu Hsing's business is the research and development of door locks, which is an industry with high demand for human resources. We attach importance to labor-employee relations and aim to create a happy workplace with diversity and equality, providing a competitive overall salary and benefit system, and a competitive overall salary system. to labor-employee relations and aim to create a happy workplace with diversity and equality, providing a competitive overall salary and benefit system, paying attention to the education and training of employees and development opportunities, and constructing a complete career.

Key Issues	Corresponding to SDGs	Corresponding to GRI	SASB Criteria	2023 Target	2023 Performance	Achievement Status	Short-term Targets (-2024)	Medium-term Targets (-2026)	Long-term Targets (-2030)
Talent Attraction and Retention	<ul style="list-style-type: none"> <li>SDG 3</li> <li>SDG 4</li> <li>SDG 5</li> <li>SDG 8</li> <li>SDG 10</li> <li>SDG 16</li> </ul>	<ul style="list-style-type: none"> <li>GRI 201</li> <li>GRI 401</li> <li>GRI 405</li> </ul>		<ul style="list-style-type: none"> <li>Increase of 5% in the ratio of female supervisors up to the managerial level</li> <li>70% renewal rate for migrant workers</li> </ul>	<ul style="list-style-type: none"> <li>Increase in the ratio of female executives below the rank of manager by 7.69%</li> <li>63% renewal rate for migrant workers</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✗</li> </ul>	<ul style="list-style-type: none"> <li>30% ratio of female supervisors to total supervisors at all levels below managerial level</li> <li>Employee Satisfaction Score of 4.85</li> <li>70% renewal rate for migrant workers</li> </ul>	<ul style="list-style-type: none"> <li>30% ratio of female supervisors to total supervisors at all levels up to and including managerial level</li> <li>Produce countermeasures based on the survey results in 2024 and implement 100% of the improvement plan.</li> <li>70% renewal rate for migrant workers</li> </ul>	<ul style="list-style-type: none"> <li>40% ratio of female supervisors to total supervisors at all levels up to and including the level of the coordinator</li> <li>70% renewal rate for migrant workers</li> <li>Employee Satisfaction Score of 4.9</li> </ul>
Occupational Health and Safety		GRI 403	RT-IG-320a.1	Injury rate not exceeding 0.5%	Worker injury rate 0.49%	✓	Injury rate not exceeding 0.5%	Injury rate not exceeding 0.5%	Injury rate not exceeding 0.5%
Talent Training and Development		GRI 404		<ul style="list-style-type: none"> <li>100% completion rate of ESG education and training</li> <li>10 hours of education and training per capita</li> </ul>	<ul style="list-style-type: none"> <li>100% completion rate of ESG education and training</li> <li>Per capita education training hours in 2023 8.7 hours</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> </ul>	<ul style="list-style-type: none"> <li>100% completion rate of ESG education and training</li> <li>No less than 10 hours of training per capita</li> </ul>	<ul style="list-style-type: none"> <li>100% completion rate of ESG education and training</li> <li>No less than 15 hours of training per capita</li> </ul>	<ul style="list-style-type: none"> <li>100% completion rate of ESG education and training</li> <li>No less than 20 hours of training per capita</li> </ul>
Human Rights		<ul style="list-style-type: none"> <li>GRI 402</li> <li>GRI 406</li> <li>GRI 412</li> </ul>		The number of improper labor penalties is zero	The number of improper labor penalties is zero	✓	The number of improper labor penalties is zero	The number of improper labor penalties is zero	The number of improper labor penalties is zero



ESG topic  
**Social**

Significance to Taiwan Fu Hsing- Supply Chain

As a global leader in the R&D and manufacturing of door control systems, Taiwan Fu Hsing has a certain degree of influence on the supply chain, and has the responsibility to lead its supply chain partners to jointly fulfill the international ESG regulations, and through mutual cooperation lead the industry toward sustainable development in ESG topics of economic, social and environment.

Key Issues	Corresponding to SDGs	Corresponding to GRI	SASB Criteria	2023 Target	2023 Performance	Achievement Status	Short-term Targets (-2024)	Medium-term Targets (-2026)	Long-term Targets (-2030)
Supply Chain Management	<ul style="list-style-type: none"> <li>SDG 8</li> <li>SDG 10</li> <li>SDG 12</li> <li>SDG 13</li> <li>SDG 17</li> </ul>	<ul style="list-style-type: none"> <li>GRI 204</li> <li>GRI 414</li> <li>GRI 308</li> </ul>	RT-IG-440a.1	<ul style="list-style-type: none"> <li>• 100% use of Labor Standards by new suppliers</li> <li>• Conducting regular labor condition audits for high or medium-high risk suppliers with 100% implementation rate.</li> <li>• Counseling suppliers to complete make Improvements</li> </ul>	<ul style="list-style-type: none"> <li>• All signed the Social and Environmental Responsibility Statement (SERS)</li> <li>• Conducted a total of 12 environmental responsibility audits on 10 medium and high-risk suppliers, with a 100% pass rate.</li> <li>• 2023 no need to make improvements</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> </ul>	<ul style="list-style-type: none"> <li>• Continued participation of 8 key suppliers in the greenhouse gas inventory course</li> </ul>	<ul style="list-style-type: none"> <li>• Counseling 8 High-Risk Suppliers to Conduct Greenhouse Gas Inventories</li> </ul>	<ul style="list-style-type: none"> <li>• Selected five high-risk suppliers to complete the GHG inventory test</li> </ul>
Product Quality		<ul style="list-style-type: none"> <li>GRI 416</li> </ul>		<ul style="list-style-type: none"> <li>• The products and services provided to customers have no significant impact on health and safety and do not violate relevant laws and regulations.</li> <li>• Continuously obtaining Quality System certificates</li> <li>• Continuously obtaining product safety certificates</li> <li>• Change from liquid coating to powder coating for X7/XK/XD color series of door locks.</li> </ul>	<ul style="list-style-type: none"> <li>• No Impact and no violation</li> <li>• Obtained ISO 9001</li> <li>• Obtaining CNS, fire protection certification</li> <li>• Change from liquid coating to powder coating for X7/XK/XD color series of door locks.</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> </ul>	<ul style="list-style-type: none"> <li>• The products and services provided to customers have no significant impact on health and safety and do not violate relevant laws and regulations.</li> <li>• Continuously obtaining product safety certificates</li> <li>• Conversion of PVC plastic packaging to PET (recyclable and environmentally friendly material)- Major Customers</li> </ul>	<ul style="list-style-type: none"> <li>• The products and services provided to customers have no significant impact on health and safety and do not violate relevant laws and regulations.</li> <li>• Continuously obtaining product safety certificates</li> <li>• Convert PVC plastic packaging to PET (Recyclable material)- New Customer</li> </ul>	<ul style="list-style-type: none"> <li>• The products and services provided to customers have no significant impact on health and safety and do not violate relevant laws and regulations.</li> <li>• Continuously obtaining product safety certificates</li> <li>• Convert PVC Plastic Packaging to PET (Recyclable Material)- All Customers</li> </ul>
Customer Relationship Management		<ul style="list-style-type: none"> <li>GRI 418</li> </ul>		<ul style="list-style-type: none"> <li>• Zero complaints about infringement of customer privacy or loss of customer data</li> <li>• Continuously signing confidentiality agreements with new customers and suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>• Total number of complaints from external parties that have been substantiated by the organization/ complaints from regulatory authorities/ substantiated incidents of information leakage theft or loss of customer data 0. substantiated incidents of information leakage, theft or loss of customer data 0. Customer satisfaction 94% in 2023</li> <li>• All signatures completed</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> </ul>	<ul style="list-style-type: none"> <li>• Implement customer complaint records and Satisfaction rate of 90% after improvement</li> </ul>	<ul style="list-style-type: none"> <li>• Implemented customer complaint records and achieved 90% satisfaction after improvement.</li> </ul>	<ul style="list-style-type: none"> <li>• Implemented customer complaint records and achieved 90% satisfaction after improvement.</li> </ul>



ESG topic  
**Social**

Significance to Taiwan Fu Hsing- Local Community

As a social economy, enterprises not only create profits for investors and employees, but also have the responsibility to return resources to the community, create synergies with the local community, and expand the positive influence of the community.

Key Issues	Corresponding to SDGs	Corresponding to GRI	SASB Criteria	2023 Target	2023 Performance	Achievement Status	Short-term Targets (-2024)	Medium-term Targets (-2026)	Long-term Targets (-2030)
Social Participation	<ul style="list-style-type: none"> <li>SDG 3</li> <li>SDG 4</li> <li>SDG 10</li> <li>SDG 11</li> <li>SDG 16</li> <li>SDG 17</li> </ul>	GRI 203		<ul style="list-style-type: none"> <li>At least 3% of the Foundation's budget is spent on core related projects.</li> <li>The Foundation invests no less than 0.1% of last year's revenue.</li> <li>Invested in aesthetic education, benefiting 5,000 people.</li> <li>Affirmative Action for Migrant Workers reaches 50,000 people cumulatively.</li> <li>Investment in local interests, benefiting 5,000 people in total.</li> </ul>	<ul style="list-style-type: none"> <li>3% of the Foundation's budget was used for core industry-related projects</li> <li>The Foundation invested 0.1% of the year's revenue.</li> <li>Aesthetics education reaches nearly 5,000 people</li> <li>MIGRANT Photo Exhibition has reached nearly 36,000 visitors and over 350,000 people online.</li> <li>The cumulative number of beneficiaries of the public service lock replacement program reached 11,000.</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> </ul>	<ul style="list-style-type: none"> <li>At least 3% of the Foundation's budget is spent on core related projects.</li> <li>The Foundation invests no less than 0.1% of last year's revenue.</li> <li>Invest in aesthetic education, benefiting 55,000 people in total.</li> <li>Affirmative action for migrant workers has reached a total of 40,000 people.</li> <li>Invest in the local community interests, benefiting a cumulative total of 12,000 people</li> </ul>	<ul style="list-style-type: none"> <li>At least 5% of the Foundation's budget should be spent on core related projects.</li> <li>The Foundation invests no less than 0.2% of last year's revenue.</li> <li>Invest in aesthetic education, benefiting 6,500 people in total.</li> <li>Affirmative action for migrant workers has reached a cumulative total of 50,000 people.</li> <li>Invest in local community interests, benefiting a cumulative total of 15,000 people</li> </ul>	<ul style="list-style-type: none"> <li>At least 10% of the Foundation's budget should be spent on core related projects.</li> <li>The Foundation invests no less than 0.3% of last year's revenue.</li> <li>Invest in aesthetic education, benefiting 8,000 people in total.</li> <li>Affirmative action for migrant Workers, reaching a cumulative total of 70,000 people.</li> <li>Invest in local community interests, benefiting a cumulative total of 20,000 people</li> </ul>



ESG topic  
**Corporate governance**



Significance to Taiwan Fu Hsing





Taiwan Fu Hsing is founded on sincerity, no matter how the environment changes. We firmly believe that "integrity" is the basis of corporate reputation and the source of our customers' confidence in us. Through top-to-bottom implementation, the rights and interests of all stakeholders will be optimally protected.

Key Issues	Corresponding to SDGs	Corresponding to GRI	SASB Criteria	2023 Target	2023 Performance	Achievement Status	Short-term Targets (-2024)	Medium-term Targets (-2026)	Long-term Targets (-2030)
Operational Performance	<ul style="list-style-type: none"> <li>SDG 4</li> <li>SDG 8</li> <li>SDG 12</li> </ul>	GRI 201		<ul style="list-style-type: none"> <li>Convene at least 2 investor conferences</li> <li>Cash dividend yield is more than 5%</li> <li>Sales revenue reaches \$9 billion</li> </ul>	<ul style="list-style-type: none"> <li>Conducted 2 investor conferences</li> <li>Cash Dividend yield 7%</li> <li>Sales revenue reached 9.07 billion</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> </ul>	<ul style="list-style-type: none"> <li>Convene at least 2 investor conferences.</li> <li>Cash dividend yield is more than 5%.</li> <li>Sales revenue reach \$9 billion.</li> </ul>	<ul style="list-style-type: none"> <li>Convene at least 2 investor conferences.</li> <li>Cash dividend yield is more than 5%.</li> <li>Sales revenue reach \$10 billion</li> </ul>	<ul style="list-style-type: none"> <li>Convene at least 2 investor conferences.</li> <li>Cash dividend yield is more than 5%.</li> <li>Sales revenue reach more than \$10 billion</li> </ul>
Regulatory Compliance		<ul style="list-style-type: none"> <li>GRI 205</li> <li>GRI 307</li> <li>GRI 419</li> </ul>		<ul style="list-style-type: none"> <li>No violation of environmental laws and regulations</li> <li>No violation of social and economic laws and regulations.</li> <li>Participate in at least 1 sustainability award per year</li> <li>Protect shareholders' rights and interests, treat shareholders equally and enhance stakeholder communication</li> </ul>	<ul style="list-style-type: none"> <li>No material breach</li> <li>No major violations</li> <li>Being rewarded in the 2023 SDG11 Silver Award of the 3rd Taiwan Sustainability Award</li> <li>Shareholders' meeting record was fully audio-recorded and the minutes of the meeting were recorded in detail and uploaded for public review; the spokesperson of the Company personally answered shareholders' questions</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> </ul>	<ul style="list-style-type: none"> <li>No violation of environmental laws and regulations</li> <li>No violation of social and economic laws and regulations.</li> <li>Emphasis on shareholders' interests and sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>No violation of environmental laws and regulations</li> <li>No violation of social and economic laws and regulations.</li> <li>Emphasis on shareholders' interests and sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>No violation of environmental laws and regulations</li> <li>No violation of social and economic laws and regulations.</li> <li>Emphasis on shareholders' interests and sustainable development</li> </ul>

# Stakeholder Communication

The stakeholders of Taiwan Fu Hsing are employees, customers, suppliers, shareholders and investors, government agencies, academic institutions, and community residents. We have a considerable responsibility to our stakeholders and therefore need to communicate with them through various means and channels to understand their needs and expectations of us, which also serves as a reference for corporate sustainability policies and related plans.

Stakeholders	Significance to Taiwan Fu Hsing	Method and Frequency of Engagement	Topics of Attention	Our Approach
 <p>Employees</p>	<p>We regard our employees as the most important assets of our company, and by enhancing their welfare, we aim to achieve work-life balance and sound career development, and to unite the centripetal force of our colleagues to create a sustainable future together.</p>	<p>Taiwan Fu Hsing does not have a labor union, but we actively communicate with employees through the following channels.</p> <ul style="list-style-type: none"> <li>• Labor meetings (quarterly)</li> <li>• Employee Welfare Committee meetings</li> <li>• Safety and Health Management Committee</li> <li>• Sexual Harassment Complaint Handling Committee (quarterly)</li> <li>• Operating management meetings (monthly)</li> <li>• Morning/Monthly meetings (monthly)</li> <li>• Meetings at all levels</li> <li>• Bulletin Board (irregular) – Staff Voice Box: <a href="mailto:service@fuhsing.com.tw">service@fuhsing.com.tw</a></li> <li>• Internal complaint and notification channels (ethics violation complaints, SER complaints, AEO anomaly notification channels) (irregular)</li> </ul>	<ul style="list-style-type: none"> <li>• Talent attraction and retention</li> <li>• Occupational health and safety</li> <li>• Talent training and development</li> <li>• Human rights</li> <li>• Operational performance</li> <li>• Moral integrity and anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>• Building workplace safety</li> <li>• Building a happy workplace</li> <li>• Talent cultivation and development</li> </ul> <p><a href="#">See Social P. 43-60</a></p>
 <p>Customers</p>	<p>Customers are the source of the company's revenue. With our core professional skills, Taiwan Fu Hsing assists customers in obtaining successful market and market opportunities in product applications, enhancing customer satisfaction, and making profits to make the company sustainable.</p>	<ul style="list-style-type: none"> <li>• Customer Satisfaction Survey (annual)</li> <li>• Related marketing exhibition (irregular)</li> <li>• Customer visits or business visits (from time to time)</li> <li>• AEO Anti-Terrorism System Audit</li> <li>• SER Social and Environmental Responsibility System Audit</li> </ul>	<ul style="list-style-type: none"> <li>• human rights</li> <li>• Product quality</li> <li>• Customer relationship management</li> <li>• Moral integrity and anti-corruption</li> <li>• Law compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Product quality management</li> <li>• Customer service and protection</li> </ul> <p><a href="#">See Sustainable Manufacturing P. 36-38</a></p>

Stakeholders	Significance to Taiwan Fu Hsing	Method and Frequency of Engagement	Topics of Attention	Our Approach
 <p>Suppliers</p>	<p>Suppliers are important partners to support our sustainable business, and we hope that through mutual trust and close cooperation with our supplier partners, we can coexist and prosper together.</p>	<ul style="list-style-type: none"> <li>• Supplier grievance hotline, fax line, digital platform or E-mail</li> <li>• Supplier audit and interview</li> <li>• Written statement (commitment)</li> <li>• Supplier risk evaluation and enhancement</li> <li>• Supplier digital platform</li> </ul>	<ul style="list-style-type: none"> <li>• Supply chain management</li> </ul>	<ul style="list-style-type: none"> <li>• Supply chain overview</li> <li>• Supply chain sustainability management</li> </ul> <p><a href="#">See Supply Chain Management P. 39-41</a></p>
 <p>Shareholders/ Investors</p>	<p>Shareholders and investors are the company's operating partners and Taiwan Fu Hsing must be responsible for them; through their participation in the company's operations, positive economic benefits can be generated.</p>	<ul style="list-style-type: none"> <li>• Corporate roadshows (twice a year)</li> <li>• General meeting of shareholders (annual)</li> <li>• Investor Relations Mailbox service@fuhsing.com.tw</li> <li>• Reporting of company operating information</li> </ul>	<ul style="list-style-type: none"> <li>• Operational performance</li> <li>• Moral integrity and anti-corruption</li> <li>• Law compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Financial results</li> <li>• Integrity and law compliance</li> </ul> <p><a href="#">See Operations and Governance P. 20-27</a></p>
 <p>Government Organizations/ Academic Institutions</p>	<p>The products launched by Taiwan Fu Hsing and related marketing behaviors are all verified and supervised by the relevant authorities. Maintaining open communication and keeping abreast of the latest regulatory trends helps us to ensure stable operations.</p>	<ul style="list-style-type: none"> <li>• AEO Security Certification for Quality Enterprises (every three years)</li> <li>• Decree Symposiums and Seminars</li> <li>• Local employment and industrial development</li> <li>• Industry-Academic Cooperation</li> <li>• Provide employment opportunities for disadvantaged groups</li> </ul>	<ul style="list-style-type: none"> <li>• Climate change and energy management</li> <li>• Water management</li> <li>• Air pollution prevention</li> <li>• Waste management</li> <li>• Occupational health and safety</li> <li>• Law compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Building workplace safety</li> <li>• Prevention of environmental pollution</li> <li>• Promoting environmental sustainability</li> <li>• Climate change management</li> </ul> <p><a href="#">See Social P. 43-47</a> <a href="#">See Environment P. 68-76</a></p>
 <p>Community Residents</p>	<p>As a leading local company, we hope to contribute to the community through our business and build a better future for all.</p>	<ul style="list-style-type: none"> <li>• Neighborhood activities</li> <li>• Local employment and industrial development</li> <li>• Promotion of cultural and educational development</li> <li>• Pollution prevention and protection</li> </ul>	<ul style="list-style-type: none"> <li>• Climate change and energy management</li> <li>• Water management</li> <li>• Air pollution prevention</li> <li>• Waste management</li> </ul>	<ul style="list-style-type: none"> <li>• Prevention of environmental pollution</li> <li>• Promoting environmental sustainability</li> <li>• Climate change management</li> </ul> <p><a href="#">See Environment P. 68-76</a></p>

# Operations & Governance

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Major themes of the chapter

GRI 201

GRI 205

GRI 307

GRI 419

SDG 4

SDG 8

SDG 12

# Corporate Governance

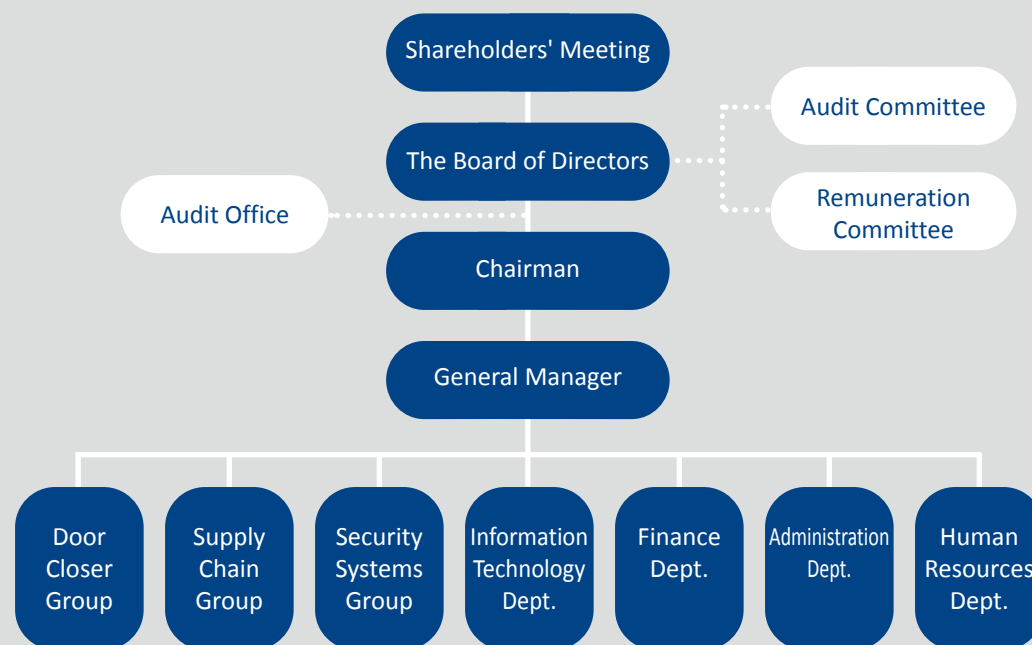
## Policies and Objectives

Founded more than sixty years ago, we firmly believe that only through proper corporate governance can an enterprise operate sustainably. We are committed to continuing to refine our corporate governance culture, strengthen our management mechanisms, and protect the rights and interests of our stakeholders in order to move toward the goal of sustainable operations. In terms of policy-making, we observe "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies," "Corporate Governance 3.0 – Sustainability Blueprint," GRI, SASB standards and related initiatives to guide our corporate governance policies, and focus on stakeholders' interests and information transparency as the ultimate governance principles.

## Governance Framework

The board of directors is the highest decision-making authority within Taiwan Fu Hsing for governance-related matters. Under the leadership of the Chairman, the board executes business activities of the organization, whereas the President devises business plans according to market circumstances and coordinates departments toward implementation. The board of directors has appointed one Corporate Governance Officer to oversee protection of shareholders' interests and to support board duties. The board also has 2 functional committees including: Audit Committee, Remuneration Committee, and one internal audit unit (Audit Office) created beneath to execute corporate governance-related tasks.

### Company Organization and Governance Structure



## Operation of Corporate Governance Units

Head of Corporate Governance [Annual Report 2023 P. 28-43](#) [Investor Relationships/Board of Directors and Committees](#)

	Members	Operation Mechanism	Job Lists	Operational Situation
Audit Committee	It consists of three independent directors.	Meetings will be held at least once a quarter and as often as necessary.	Assist the Board of Directors in fulfilling its responsibility to oversee the quality and integrity of its operations with respect to accounting, auditing, financial reporting processes and financial controls. Meetings are convened as may be required from time to time.	<a href="#">2023 Annual Report P. 31-34</a> <a href="#">Investor Relations/Board of Directors and Committees</a>
Remuneration Committee	It consists of three independent directors.	Meeting convened at least twice a year.	To make recommendations to the Board of Directors on the Company's remuneration policies, standards, and achievement of performance goals for directors and managers as a reference for decision-making.	<a href="#">2023 Annual Report P. 42-43</a> <a href="#">Investor Relations/Board of Directors and Committees</a>
Audit Office	1 Audit supervisor, 1-2 Auditors.	Report in the Meeting of Board of Directors quarterly on the status of internal audit operations.	Review the appropriateness of the design and effectiveness of the implementation of all internal control systems. An audit report is issued and An audit report is issued and submitted to the Audit Committee for review.	<a href="#">2023 Annual Report P. 33</a>

## Shareholders Structure

For shareholders' information, refer to Appendix "Name List of Substantial Shareholders" P. 85

Volume/shareholder structure	Government Organizations	Financial institutions	Other legal persons	Individual	Foreign institutions and Foreigners	Total
Number of people	0	5	125	14,472	116	14,718
Number of shares held	0	2,430,000	80,972,181	76,516,466	28,533,523	188,452,170
percentage of shareholding	0%	1%	43%	41%	15%	100%





## Board Structure







In order to strengthen our corporate governance and promote the sound development of the composition and structure of the Board of Directors, we have stipulated in the Code of Corporate Governance Practices that the composition of

the Board of Directors should take into account the needs of the company's operating structure, business development direction, future development trends, and other needs. The current Board of Directors consists of 10 directors, including 7 ordinary directors and 3 independent directors with extensive experience and expertise in the fields of finance, business,

construction and management. Currently, there is one female director among the 10 directors, accounting for 10% of the total number of directors.

### Directors' Background

Title	Name	Nationality/ Age	Current shareholding		Shareholding of spouse and underage children		Shareholding in the name of a third party	Career experience	Industry experience				Professional capabilities			
			No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Security & door access	Manufacturing	Management consultancy	Electronic technology	Finance & accounting	Leadership & decision-making	Risk management	International markets
Chairman	LIN Jui-chang	 Age 61-70	1,624,978	0.86%	597,576	0.32%	-	Department of Accounting, Soochow University Chairman of Taiwan Fu Hsing	●	●	●	●	●	●	●	●
President	CHEN Chien-kun	 Age 61-70	675,132	0.36%	6,940	-	-	Department of Accounting, Soochow University President of Taiwan Fu Hsing	●	●	●		●	●	●	●
Director	Fu Zhi Investment Co., Ltd.	-	10,091,307	5.53%	-	-	-	-								
	CHU Jung-ho	 Age 61-70	95,244	0.05%	-	-	-	EMBA, Sun Yat-sen University Business Group President of Taiwan Fu Hsing	●	●	●	●		●	●	●
Director	Hong Cheng Investment Co., Ltd.	-	5,721,451	3.04%	-	-	-	-								
	LIN Tzu-hsuan	 Age 41-50	775,191	0.41%	-	-	-	MBA, University of Technology Sydney, Australia Business Group Vice President of Taiwan Fu Hsing	●	●				●	●	●

Designation	Name	Nationality/ age	Current shareholding		Shareholding of spouse and underage children		Shareholding in the name of a third party	Career experience	Industry experience				Professional capabilities			
			No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Security & door access	Manufacturing	Management consultancy	Electronic technology	Finance & accounting	Leadership & decision-making	Risk management	International markets
Director	Fu Zhi Investment Co., Ltd.	-	10,091,307	5.35%	-	-	-	-								
	Michael A. Hoer	 Age 61-70	0	0%	-	-	-	MBA, Brigham Young University Director of Medifast, Inc		●	●		●	●	●	●
Director	Fu Yuan Investment Co., Ltd.	-	2,697,185	1.43%	-	-	-	-								
	LIU Ju-shan	 Age 51-60	0	0%	-	-	-	Department of Industrial Management, National Taiwan University of Science and Technology President of Nanfeng Sustainable Venture Capital Co., Ltd. President of Digital Island Sustainability Technology Co., Ltd.			●	●		●	●	●
Director	Fu Yuan Investment Co., Ltd.	-	2,697,185	1.43%	-	-	-	-								
	LIN Wen-hsing	 Age 61-70	22,134	0.01%	90,045	0.05%	-	Department of Mechanical Engineering, Cheng Shiu Institute of Technology Director of Ziyong Hardware Products (Taicang) Co., Ltd. Director of Fuhong Metal Industry (Changshu) Co., Ltd.	●	●	●			●	●	●
Independent Director	CHANG Ling-ling	 Age 61-70	0	0%	-	-	-	Department of Accounting, Soochow University Remuneration Committee and Audit Committee member of Taiwan Fu Hsing		●	●	●	●	●	●	
Independent Director	CHEN Yung-chun	 Age 61-70	0	0%	-	-	-	Department of Accounting, Soochow University Remuneration Committee and Audit Committee member of Taiwan Fu Hsing		●		●	●	●	●	
Independent Director	CHUO Yung-fu	 Age 51-60	0	0%	-	-	-	Department of Architecture, National Cheng Kung University Lead Architect of Yung-Fu Architects Remuneration Committee and Audit Committee member of Taiwan Fu Hsing		●	●			●	●	●

## Operations of the Board

The Board of Directors meets at least once a quarter to authorize the Chairman of the Board of Directors to handle economic, environmental and social issues related to corporate governance on a hierarchical basis or to delegate them directly to the relevant units. 6 board meetings were held in fiscal year 2023, with an overall attendance rate of 96.6%. There was no change in ownership during the reporting period.

In 2023, directors voluntarily participated in courses organized by UBS, the Accounting Research and Development Foundation, TWSE,, Taiwan Corporate Governance Association, and the Securities and Futures Institute to continuously receive new knowledge and achieve better interactive benefits. The total number of hours for continuous education spent by all directors were 60 hours, which is 100% in line with the targeted rate for further study.

Title	Name	Actual Attendance	Attendance by Proxy	Actual Attendance (%)
Chairman	LIN Jui-chang	6	0	100%
Director	CHEN Chien-kun	6	0	100%
Director	LIN Tzu-hsuan (representative of Hong Cheng Investment Co., Ltd.)	6	0	100%
Director	CHU Jung-ho (representative of Fu Zhi Investment Co., Ltd.)	6	0	100%
Director	Michael A. Hoer (representative of Fu Zhi Investment Co., Ltd.)	6	0	100%
Director	LIN Wen-hsing (representative of Fu Yuan Investment Co., Ltd.)	6	0	100%
Director	LIU Ju-shan (representative of Fu Yuan Investment Co., Ltd.)	5	0	83%
Independent Director	CHANG Ling-ling	6	0	100%
Independent Director	CHEN Yung-chun	6	0	100%
Independent Director	CHUO Yung-fu	5	0	83%

## Board of Directors' Performance in 2023

### 1st Meeting 2023.1.16

- To review 2023 Business Plan
- To review "Total Remuneration Paid to Employees and to Directors in 2022"
- To review the proposal to approve "2022 Remuneration Paid to Managers and Employees"

### 2nd Meeting 2023.3.8

- To discuss the plan to set up a subsidiary in Southeast Asia
- To adopt the 2022 financial statements
- To resolve on the 2022 earnings distribution plan
- To discuss the independency and competency of accountants and the appointment of certifying accountants
- To discuss the proposal to fully re-elect directors of the board
- To discuss the proposal to lift the restrictions on the Company's newly elected directors and the representatives

### 3rd Meeting 2023.5.5

To discuss the 2023 Q1 Consolidated report

### 4th Meeting 2023.5.26

- The first board meeting after full re-election of directors, to elect the chairman of the board.
- To discuss the proposal to re-elect committee members of the Remuneration Committee

### 5th Meeting 2023.8.4

- To discuss the 2023 Q2 Consolidated report
- To discuss the establishment of the Company's "Rules Governing Financial and Business Matters between the Company and its Affiliated Enterprises"

### 6th Meeting 2023.11.3

- To discuss the 2023 Q3 Consolidated report
- To discuss the 2024 Audit plan

## Board Performance Evaluation

Taiwan Fu Hsing has established the "Board of Directors Performance Evaluation Method" to conduct annual self-assessment of the performance of the board of directors, board members and functional committees, and if it is necessary to be performed by an outside professional independent organization or a team of outside experts and scholars, which the board of directors may appoint and implement the methodology every three years. The overall self-assessment result for the year ended December 31, 2023 is excellent.

### Internal self-assessment

Each director evaluates the operation and culture of the Board of Directors and functional committees, internal and external relationship management, and self-assessment, etc., and the statistics are compiled and summarized by the board council and reported at the Meeting of the Board of Directors with a direction for improvement.

### External evaluation

External evaluation organizations are mainly related organizations or management consulting firms that provide services such as board-related education and training courses and corporate governance enhancement. The external team of experts and scholars should appoint at least three experts or scholars in the field of board of directors or corporate governance to evaluate the implementation of the board performance evaluation and to prepare an external evaluation analysis.

## Evaluation Topics

### Board of Directors

- Involvement in the Company's operations
- Quality of Board Decisions
- Board Composition and Structure
- Election of Directors and Continuing Education
- Internal Controls

### Functional Committees

- Involvement in the Company's operations
- Functional Committee Recognition of Duties
- Enhancing the quality of decision-making in functional committees
- Functionality Committee Composition and Selection of Members
- Internal Controls

### Members of the Board

- Mastery of the company's objectives and tasks
- Recognition of Directors' Duties
- Involvement in the Company's operations
- Internal Relationship
- Management and Communication
- Professional and continuing education of directors
- Internal Controls

## Board of Directors' Remuneration System

Taiwan Fu Hsing adheres to the principle of transparent governance and discloses the individual remuneration of directors in the annual report. The procedure for determining the remuneration not only makes reference to the Company's overall operating performance, future business risks and development trends of the industry, but also makes reference to the achievement rate of individual performance and contribution to the Company's performance in order to provide reasonable remuneration. Directors' remuneration, related performance evaluation and reasonableness of remuneration are reviewed by the Compensation Committee and Board of Directors, and are subject to review from time to time in light of the actual Directors' remuneration and, relevant laws and regulations, with a view to striking a balance between the Company's sustainable operation and risk control.

For details, please refer to Appendix "Directors' Remuneration" P.86 [🔗](#)



# Finance Performance

## Policies and Objectives

Good financial performance is the key to the Company's sustainable operation. We continue to innovate products, refine technology, enhance services and control costs to generate positive economic benefits. For ensuring the smooth implementation of the Company's various business projects, annual operating budgets, capital expenditures, and research and development expenses are set each year and implemented after approval by the Board of Directors. When there is a surplus in the year, we will appropriately distribute dividends after considering the future development, investment environment and financial structure, in order to create long-term value for our shareholders, employees and the society.

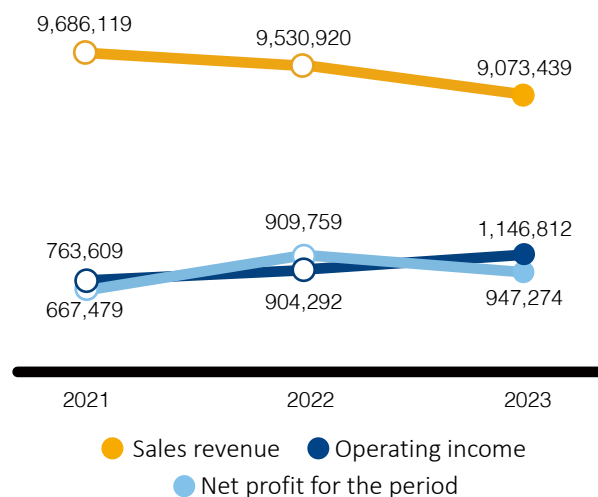


## Effectiveness of Implementation

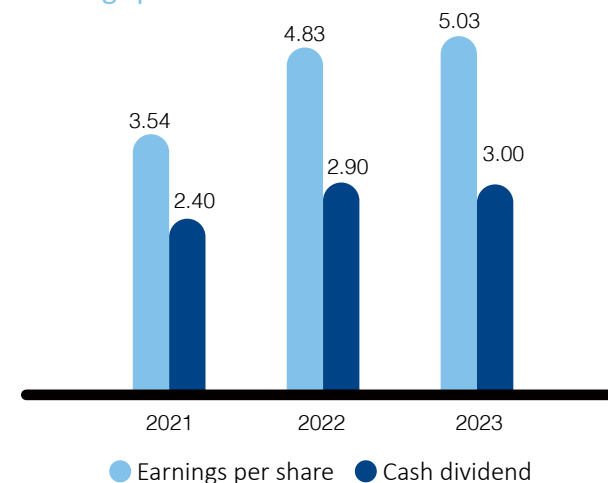
With the goal of "becoming the world's largest and most reliable manufacturer of gateway technology products", Taiwan Fu Hsing strives to enhance its strengths and demonstrate them in its operating performance, and expects to create value and share the fruits with investors. The 2023 consolidated operating income of Taiwan Fu Hsing was NT\$9,073,439 thousand, a decrease of approximately 4.8% compared with that of 2022,

but, benefiting from the depreciation of NTD and RMB, recovered price of raw materials and metals, and the well-controlled production cost, the gross profit margin improved, and the annual EPS of NT\$5.03 once again created a new high. Cash dividend yield exceeded 5%, which was still maintained in high level. There were no significant government subsidies during the reporting period.

Operating Performance (Unit: NT\$ thousands)



Earnings per Share and Cash Dividend (Unit: NT\$)



# Integrity and Compliance

## Policies and Objectives

Taiwan Fu Hsing takes "integrity" as the highest principle of business operation, both internally and externally, and takes fairness and honesty as the corporate ethics, requiring all employees to engage in business activities transparently, and eliminating any corrupt behavior to maintain the foundation of the industry for a long time to come. In order to achieve this, we have formulated the following guidelines on integrity

management and introduced the AEO certification for quality enterprise. At the same time, we organize internal and external training every year and make use of company meetings to promote the importance of anti-corruption, to strengthen colleagues' awareness of legal compliance, and to implement preventive measures against dishonest behavior, so as to establish a corporate culture of honest management.

File Name	Management Unit	Basis of Compliance	Development and Approval Process	Complaint/Report Channels
Guidance for Ethical Operation Procedures and Behaviors	Legal Unit	<ul style="list-style-type: none"> <li>Ethical Corporate Management Best Practices Principles</li> <li>Laws and regulations in the countries where the Company and its affiliates operate</li> </ul>	Drafted by the legal unit and approved by the Board of Directors for implementation, and reported to the shareholders' meeting	Complaint mailbox. management@fuhsing.com.tw Company Phone (07)622-5151 Extension: 108 (handled by the Legal Officer) Extension: 121 (Handled by the Public Relations Unit Supervisor)
Internal Whistle Blower Guidelines	Legal Unit Human Resources Department	Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies	Drafted by the legal department and approved by the board of directors for implementation	
Social and Environmental Responsibility (SER) Execution Booklet	Sustainability Committee	<ul style="list-style-type: none"> <li>Major Customers' SER Requirements</li> <li>Laws and regulations of the places where the Company and its affiliates operate</li> </ul>	Prepared by the Sustainability Committee for the approval of the Chairman of the Board of Directors	
Supply Chain Security (AEO) Handbook for Premium Companies	Quality Enterprise Supply Chain Safety Promotion Committee	Quality Enterprise Certification and Management Regulations	Prepared by the AEO committee and approved by the chairman of the board of directors	Counter-Terrorism Unit/Industrial Security Branch: 251/102/103/107 Security room extension: 119

Note: 1. All complaints or reports are handled confidentially. 2. The contents of the above documents can be viewed at "Investors/Corporate Governance/Ethical Operation Policy" on the website of Taiwan Fu Hsing. [🔗](#)

## Effectiveness of Implementation

In 2023, Taiwan Fu Hsing did not have any violation of integrity and anti-corruption, and all company systems were established in accordance with the law. All key business partners have signed the "Statement of Social and Environmental Responsibility of Business Partners" and the "Statement on Supply Chain Safety of Business Partners". 2,491 internal and external training sessions were held in fiscal year 2023 on issues related to ethical management, including courses on annual employee compliance with ethical management laws and regulations, education and training on the Code of Conduct for new hires, industrial safety, and accounting systems and internal controls, totaling 2,702 training sessions and 2,491 persons. The completion rate was 100%.

Internal Training Course Name	Targets	Month	Participants
Supply Chain Security Critical Unit Personnel Education and Training Container Security, Cargo Security, Information Security, Suspicious Package Recognition	For Specific Workers- Shipping Team, Logistics Section, Mail Receiver and Sender	5	58
Social and Environmental Responsibility (SER) Annual Refresher Training	All plant employees	11	1,167
Annual refresher training on supply chain security (AEO) for quality companies	All plant employees	11	1,167
Annual refresher training for Social and Environmental Responsibility (SER) supervisors	Head of Unit	12	73



External Training Course Name	Month	Classifier for number of participants
ISO 9001:2015 Quality Management System Internal Auditor Training	3	3
Internal Audit Digital Transformation and Emerging Technology Applications	4	1
First Half of 2023 - Seminar on "Things a Financial Controller Must Know"	4	3
How to prepare annual plans and budgets in collaboration with the operating departments	6	3
Continuing Education Course for Accounting Executives of Issuers, Securities Dealers and Stock Exchanges	6	1
2023 Corporate Governance Practice Course	6	1
ESG Sustainability + Financial Reporting	7	1
ISO 9001:2015 Quality Management System Internal Auditor Training	7	1
Cost Planning and Budgeting Control Practices	8	1
Focus on "Corporate ESG Implementation" and "Internal Audit and Control Integration Application Practice"	10	1
Analysis of Common Deficiencies and Important Internal Control Regulations in the Review of Financial Statements	10	2
Requirements and Practical Analysis of Capital Lending, Endorsement and Guarantee and Acquisition of Assets for Disposal	10	1
Annual Budgeting and Financial Management	10	2
Manufacturing Quality Management System Establishment and Audit Verification Practical Training Course	10	1
Reading, Analyzing and Applying Financial Statements	10	1
Second Half of 2023 - Seminar on "Things a Financial Controller Must Know"	10	2
Policy Analysis and Internal Audit and Control Practices for Enterprises to Enhance the Ability to Prepare Financial Reports by Themselves	11	1

## Improvement of Internal Control

In order to improve the Company's operation, the Company designs, formulates and implements an internal control system in accordance with the " Regulations Governing Establishment of Internal Control Systems by Public Companies ", and the Audit Office is in charge of the internal audit of the entire internal control system. The scope of the internal control system covers all activities of the Company, including accounting and finance-related operations, as well as procedures related to market research, sales, production, purchasing, warehousing, quality control, personnel, information and research and development.

In addition to the monthly audit reports and audit deficiency improvement tracking reports sent to the independent directors, the head of the audit office regularly explains the audit operations, audit results, and tracking status to the independent directors at the quarterly audit committee meetings, and discusses and communicates with the committee members on the design, implementation, and recommendations of the internal control system. We also attend every board meeting to report on the status of internal audit operations.

Status of implementation of internal control for the year: Please refer to P. 70 "Statement of Internal Control System" in Taiwan Fu Hsing 2023 Annual Report. [🔗](#)

## Prevention of Insider Trading

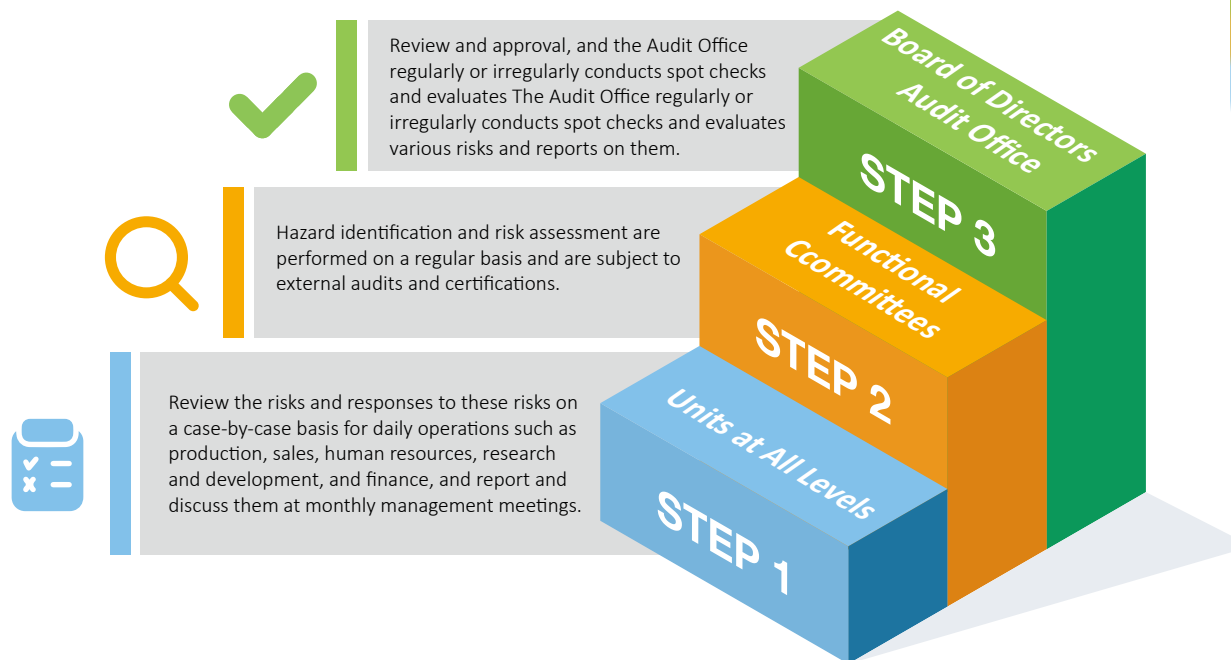
In order to establish a good operation of the mechanism for handling and disclosure of internal material information and to avoid improper leakage of information, Taiwan Fu Hsing provides education on the "Procedures for Handling Material Information" and related laws and regulations to current directors, managers and employees at least once a year, and also provides actual cases information to enhance the awareness of compliance with the law. For new directors and managers, education is arranged within three months of taking office, and for new employees, the human resources unit, together with the legal affairs unit, provides education during on-the-job training. The above training courses were organized for existing directors (participant count: 10; course duration: 1 hour) and for managers (participant count: 30; course duration: 1 hour) on November 3, 2023. These courses covered topics on confidentiality of material information, what constitutes insider transaction, and case studies of actual transactions. The Legal Affairs Unit has retained relevant course materials and made them accessible by employees at anytime, and offers to answer queries in relation to the issue.






# Risk Management



## Policies and Objectives



In order to strengthen corporate governance and risk control capabilities, and to continuously optimize risk management policies and procedures, Taiwan Fu Hsing follows the established management organization system and internal control system, and adopts a hierarchical mechanism to review the company's major risk items and utilize resources for effective and focused management. The risk management organization consists of the Board of Directors, the risk management unit (the sustainability committee and other management system maintenance units), the risk execution unit (departments under each business group), and the risk audit unit (the audit office), with the following control processes.





## Information Security Management

Risky Projects	Risk Environment	Risk Control Measures	2023 Operational Performance	Control Unit
 <p>Strategic Risks</p>	<p>With the rapid rise of electronic lock products, special attention should be paid to the integrity of the layout of the related intellectual property rights and the risk of infringement.</p>	<p>Through patent search and analysis to grasp the development trend of the industry, the company integrates the R&amp;D of electronic locks and patent layout, and encourages employees to develop electronic locks and apply for patents through a comprehensive patent proposal, examination, and reward.</p> <p>We have strengthened the search for previous cases, increased the number of patents granted, and proactively designed products to avoid infringement in order to reduce the risk of infringement.</p>	<ul style="list-style-type: none"> <li>The total number of patent applications for this year was 78, among which 35 applications were filed in the field of electronic locks, accounting for 44.87% of the total number of applications.</li> <li>Accumulated 182 valid patents in the field of electronic locks in major markets.</li> <li>At the beginning of product development, we discuss with R&amp;D on design avoidance in order to reduce the risk of product infringement.</li> </ul>	<p>Forward-Looking Technology Office Patents</p>
 <p>Financial Risks</p>	<p>Fluctuations in exchange rates of trading currencies affect the results of operations.</p>	<p>Implement appropriate currency hedging operation to reduce the risk of operational fluctuations.</p>	<p>Operation is normal.</p>	<p>Investment Management Group</p>
 <p>Product Competition Risk</p>	<p>Competition from low-priced products and new electronic lock products are overflowing into the market.</p>	<p>Consolidate the basic model of electronic locks, revise the models regularly and maintain price competitiveness in the market, so as to maintain the production volume of electronic locks. At the same time, we expand into the field of high value-added electronic locks by combining the front-end Internet of Things (IoT) technology, smart home systems, biometrics technology, and the application of integrated housing products. In addition to ODM products, we also have the capability of developing and manufacturing electronic locks. products, we also have the capability of JDM co-development, in order to continue to maintain market leadership and expand the blue ocean market of door locks.</p>	<ul style="list-style-type: none"> <li>Developed a new model of basic keypad electronic lock.</li> <li>Developed a more competitively priced internal mechanism for electronic locks.</li> <li>Expanded the product line of Bluetooth app control to include touch level locks and touch assisted locks.</li> <li>Expanded the product line of Bluetooth app control to include touch level locks and touch assisted locks.</li> <li>Introduced biometric technology to develop a new fingerprint-recognition assisted lock.</li> <li>Continue to develop new JDM smart locks with key customers and continue to reach out to new types of customers for cooperation opportunities.</li> </ul>	<p>Planning Department</p>

Risky Projects	Risk Environment	Risk Control Measures	2023 Operational Performance	Control Unit
 <p>Information Security Risk</p>	<p>Information security-related risks, such as data theft, network attacks, etc., have become a major concern for business operations. According to surveys in the past year, almost every four households suffered an attack.</p>	<ul style="list-style-type: none"> <li>Setting up relevant operation procedures, such as data access, backup mechanism, access control system, etc., taking control measures according to company standards and implementing authority control.</li> <li>Important server data (transaction records, customer information, server system configuration files, etc.) are backed up and restored to ensure the privacy of customer information and the continued normal operation of the company's information system.</li> <li>Install real-time anti-virus software to continuously protect and monitor the status of internal virus activities and update the virus code regularly.</li> </ul>	<ul style="list-style-type: none"> <li>Completion of 8 operational standards, such as the principle of enabling password complexity, data rights control access, backup mechanism, and access control.</li> <li>Perform a backup and restore exercise to ensure that the privacy of customer data is maintained and that the company's information system continues to operate normally.</li> <li>Hourly virus code updates for continuous protection and monitoring of internal virus activity.</li> </ul>	<p>Information Department</p>
 <p>Climate Change Risks</p>	<p>Challenged by extreme climate, facing unstable water and energy supplies.</p>	<ul style="list-style-type: none"> <li>Implement greenhouse gas inventory and verification to grasp the impact factors as the basis for risk control.</li> <li>Water and energy management and implementation of energy conservation and carbon reduction.</li> </ul>	<ul style="list-style-type: none"> <li>The Gangshan Plant continues to implement ISO 14064-1 greenhouse gas inventory investigation and has obtained SGS verification certificate on October 31, 2023, and will complete self-filling in the next year.</li> <li>In line with the information announced by the FSC, the greenhouse gas inventory investigation of subsidiaries will be carried out from 2027, and the greenhouse gas verification of subsidiaries will be carried out from 2029.</li> <li>Implemented the recycling of RO water from 36 drinking fountains at the Gangshan plant, which is used for process cleaning water, environmental cleaning, and greens watering.</li> <li>Weekly environmental protection meetings are held to review water and energy management issues, follow government regulations such as the Water Pollution Control Act, the Energy Management Act, and the Waste Disposal Act, etc., to review the difference in usage analysis and countermeasures, and to carry out the gradual replacement of lamps to energy-saving labeled products, and to evaluate the schedule for the phasing out of energy-consuming equipments to fulfill the energy-saving products to fulfill the energy-saving and carbon reduction goals of the Gangshan Plant.</li> </ul>	<p>Environmental Safety</p>

Risky Projects	Risk Environment	Risk Control Measures	2023 Operational Performance	Control Unit
 Compliance Risks	Conflict of laws between place of manufacture and place of sale.	<ul style="list-style-type: none"> <li>Explain to customer regarding the differences between the regulations of the place of production and the place of manufacture, and negotiate a contract for both parties.</li> </ul>	<ul style="list-style-type: none"> <li>The contract is based on the law of the country of origin and the liability is capped.</li> </ul>	Legal Affairs Section
	The regulations are always up to date.	<ul style="list-style-type: none"> <li>Pay attention to the immediacy of the update of laws and regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Provide the latest laws and regulations to the relevant departments.</li> </ul>	
	Dramatic changes in national and regional policies may be difficult to comply with or may result in a sudden increase in operating costs.	<ul style="list-style-type: none"> <li>In response to major announcements or adjustments in regulations and policies (e.g., the imposition of high tariffs), we immediately notify the relevant departments and work together to summarize the impact and develop countermeasures.</li> </ul>	<ul style="list-style-type: none"> <li>There are no environmental risks yet.</li> </ul>	
 Operational Risk	Geopolitical tensions arising from the Ukraine-Russia war and the trade war between China and the U.S. have affected supply chain strategies.	Purchasing, quality assurance, and technical departments are professionally evaluated and suppliers are carefully selected.	<ul style="list-style-type: none"> <li>Implement in accordance with the new supplier evaluation system, and new suppliers are strictly evaluated on the basis of four components: purchasing, quality control, technology, and labor conditions.</li> </ul>	Purchasing Department
	For materials with long lead time, the safety stock should be built up appropriately.	Use supply chain or key components that moves toward "short-chaining" to adopt off-site backup support to reduce supply chain breakage due to single supply chain.	<ul style="list-style-type: none"> <li>For electronic locking long lead time parts, we agree with our suppliers to keep appropriate inventory according to the budget provided by our business.</li> <li>In 2023, we developed seven new suppliers and six complex manufacturing processes.</li> </ul>	
	The epidemic has stabilized, in line with the Government's rolling downward adjustment of the level of protection against epidemics, and is living with the epidemic.	Update and take inventory of epidemic prevention materials.	<ul style="list-style-type: none"> <li>Update the expiration date of materials and prevent moisture to ensure the supply of sufficient stock.</li> <li>Open access to and distribution of quick-screening reagents to ensure that employees can keep abreast of their own health status.</li> </ul>	Workplace Safety- Plant Protection
	Health management and outbound notification system to immediately grasp the risk situation and take contingency measures to reduce the risk of clustering and unidentified infections.	<ul style="list-style-type: none"> <li>The Epidemic Prevention Team will hold review meetings every month depending on the epidemic situation, and announce the adjustment measures before the vacation.</li> <li>Pay attention to seasonal infectious diseases and adjust epidemic prevention measures on a rolling basis.</li> <li>Announce vaccination information and assist in referrals to medical centers.</li> <li>Keep track of sporadic cases of infectious diseases, and strengthen hygiene education, disinfection, and temporary suspension of meal sharing.</li> </ul>		

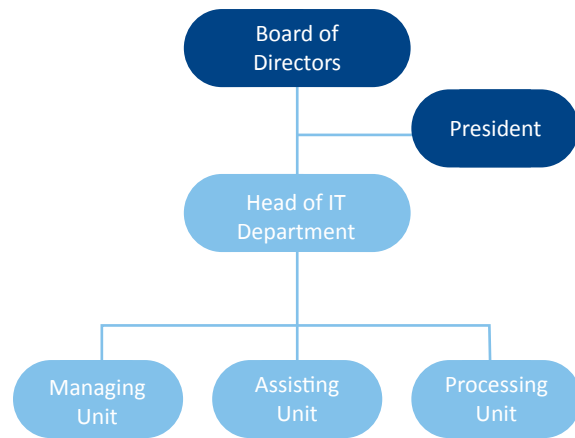
Risky Projects	Risk Environment	Risk Control Measures	2023 Operational Performance	Control Unit
 <b>Operational Risk</b>	<p>Concentration of sales market, once the major market or customer changes, the impact on the performance is relatively large.</p>	<p>Increase market share in secondary markets.</p> <p>Keep abreast of and align with customer's development direction, continuously develop new product categories and promote sales opportunities</p> <p>Develop new sales channels and expand sales territories.</p> <p>Develop branding strategies to enhance market visibility.</p> <p>Overseas sales offices are established to increase market coverage.</p>	<p>Continue to expand various channels, markets and customer bases.</p> <p>Maintain real-time and good interaction with customers, keep track of the market trend, and anticipate the demand response.</p> <p>Enhance the exposure of e-commerce channels, multi-channel marketing, and continue to cooperate with e-product vendors in development.</p> <p>Continue to develop private label strategy and product lines.</p> <p>Established overseas sales and services bases in U.S. and Shanghai.</p>	Marketing Center
	<p>Imbalance between production and sales, customer orders are concentrated, high and low variations is big.</p>	<p>Based on order estimation, we plan and simulate various production and sales situations, and through lean production system and management to improve the production capacity of each production base and achieve balance; we prudently respond to the impact and influence of the international situation on the supply chain of products, and expand the flexibility of each plant to cope with the situation.</p>	<p>Work closely with our customers to obtain their inventory information and simulate the ups and downs of customer demand based on their forecasts, so that we can make production plans in advance to cope with changes in orders.</p>	
	<p>Risk of production interruption due to abnormal equipment failure and fixture damage.</p>	<p>Through project management platform to strengthen the exchange of information among various units, so that maintenance techniques and experience can be kept intact, with a view to achieving seamless integration.</p> <p>Equipment and standard operating procedures are defined, and safety and maintenance risks and convenience are considered at the time of design to enhance the timeliness and effectiveness of equipment maintenance.</p>	<p>Through project management platform, we continuously control the newly developed equipment standardization booklet and spare parts planning chart to be transferred within one week to achieve seamless production and equipment planning.</p> <p>According to this year's annual equipment maintenance program, we conduct monthly inspections and annual inspections of key equipment such as high-voltage substations, presses, elevators, and powder coating machine.</p>	Biotechnology Dept.

Risky Projects	Risk Environment	Risk Control Measures	2023 Operational Performance	Control Unit
 <p>Operational Risk</p>	<p>As a result of the impact of childlessness, the supply of manpower has been drastically reduced, and the demand for manpower has fallen short of the supply.</p>	<p>Establish more flexible and diversified recruitment channels, such as digital recruiting platforms, campus recruiting talents, multinational internship programs, etc., and is actively developing local talents through staff referrals and recruiting talents in their villages (townships, neighborhoods, and districts).</p> <p>Through a variety of industry-academia collaboration programs, including the actual mechanism, teachers teaching in schools, etc. to target excellent talents, reduce the gap between learning and utilization, and enhance the employer's brand awareness.</p> <p>The RBA's Zero Placement Fee (ZPF) policy is implemented, and multiple benefits are provided in line with those of our national colleagues to enhance their quality of life and strengthen the sense of corporate recognition.</p>	<p>Flexible and diversified recruitment channels are adopted, including digital platforms such as the 104 Human Resources Bank, the National Employment e-Network of Government Units, and the online employment platforms of universities and colleges, as well as physical channels such as employment service centers, employment service desks, on-campus recruiting activities, on-campus lecturers partnership, multinational students' work-study programs for international students in University of Science and Technology (Indonesia) and foreign Chinese students in Huade Vocational High School of Technology and Home Economics (the Philippines/Indonesia/Malaysia).</p> <ul style="list-style-type: none"> <li>Continuing to promote the internship program with National Kaohsiung University of Science and Technology (NKUST) and Sun Yat-sen University (SUNY), and combining the mechanism of retaining outstanding fresh graduates after internships. During the 2023 internship program, one student from the Department of Electrical and Mechanical Engineering of Kaohsiung University of Science and Technology (KUST) on the semester system, and one student from the Department of Industrial Management of I-shou University on the yearly system were included. The program is able to shorten the distance between the industrial practices and academia studies and cultivate outstanding talents to meet the needs of the industry ahead of time.</li> <li>Continue to invite "industry lecturer" to teach students industrial practices, so as to enhance the company's brand image and awareness, as well as to guide students with career development selections.</li> <li>This year, we introduced 37 Filipino migrant workers and 26 Thai migrant workers, and continued to implement RBA's zero-payment policy for migrant workers (exempting residence permit fees, brokerage fees, passport renewal fees, and medical checkups) and provide them with a leave system comparable to that of ours, so that they can make optimal use of their leave time, and we also encouraged them to participate in staff tours and internal sporting events, and to enjoy the factory doctor's consulting services. After the implementation of this policy, we found it positively contributed to the retention of migrant workers and stabilization of manpower.</li> <li>This year, we subsidized in two important festival events for migrant workers, with a total of 100 participants.</li> </ul>	<p>Human Resources Department</p>

# Information Security Management

Information security and privacy protection is an important commitment of Taiwan Fu Hsing to our customers. We have designated “Information Security Management” as a major risk item and established an Information Security Risk Management Team in 2019, which is responsible for information security and protection, related policy formulation, implementation, risk management and compliance checking. The management team is convened by the head of the information technology department and regularly evaluates information security risks, reports annually to the president on the effectiveness of information security management, information security-related issues and directions, and reports to the board of directors at least once a year on the Company's near-term planning measures for information security. There were no significant information security incidents in 2023.

## Organizational Structure of Information Security Management



## Specific Measures for Information Security Management

### 01 System Maintenance

- Real-time management of information system performance and network monitoring
- Data backup measures, offsite backup measures
- System and data restoration exercise and validation
- Establishment of redundant lines and redundant equipment mechanism



### 02 Vulnerability Threat

- Host vulnerability scanning and other safety inspections
- Build in safeguards (e.g. firewalls, anti-virus, IPS active defense, email filtering, etc.)
- System security is regularly updated



### 03 Rights Management

- Manage and review personnel account permissions and enable the complexity password principle.
- Regular inventory of personnel account privileges
- Access control to computer rooms or information control areas



### 04 Access Control

- Sensitive data encryption protection, access authorization
- USB Storage disk Control
- Corporate network access authentication management
- VPN introduces multi-factor authentication to enhance the authentication control mechanism.



### 05 Operational Risk

- Asset security insurance enrollment



### 06 Training and Advocacy

- Information security education and training
- Annual drill on email social attack
- Automatic filtering protection mechanism for phishing emails and virus emails.



Information security annual implementation status:

Please refer to Taiwan Fu Hsing's Annual Report 2023, P. 101

Taiwan Fu Hsing's website, "Investor/Corporate Governance/Organizational Governance Units and Bylaws/Information Security"

# Sustainable Manufacturing

Product Quality Management	36
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Sustainable Management of Supply Chain	40

Major themes of the chapter

GRI 204

GRI 308

GRI 414

GRI 416

GRI 418

SDG 8

SDG 10

SDG 12

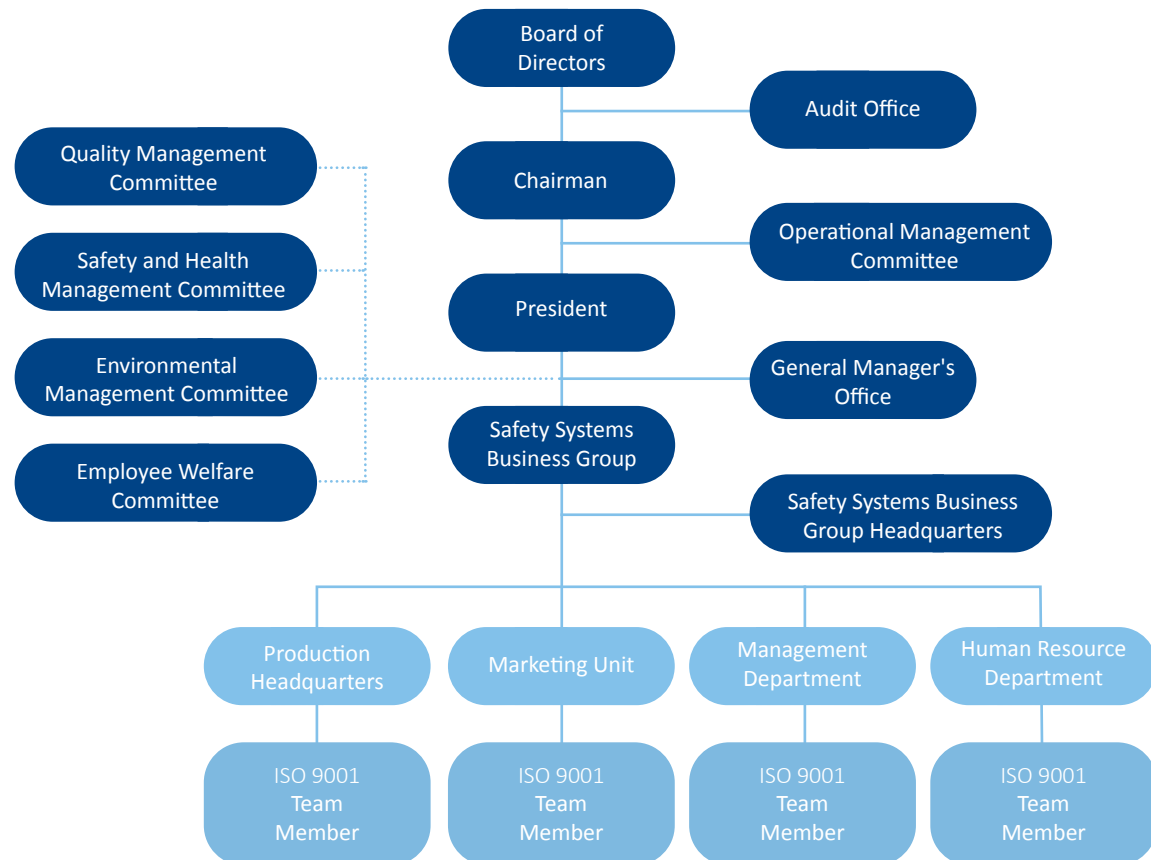
SDG 13

# Product Quality Management

## Policies and Objectives

Taiwan Fu Hsing takes product quality seriously. We regard door control products as the first line of defense to protect consumer safety, and we are committed to providing high-quality products guided by customer needs. In terms of implementation policy, we have established a perfect quality management system and related standard documents in accordance with the latest version of ISO 9001, and we review and implement the effectiveness of the system through regular internal management reviews, internal audits, customer satisfaction surveys, and external audits by third-party attesting organizations or customers from time to time. At the same time, we actively promote activities such as "Precision Production", "QCC Quality Control Circle", and "Proposal Improvement - Gold-Lock Award" to establish a culture of continuous improvement for all employees, so as to enhance the competitiveness of the enterprise and realize the goal of sustainable management.

Quality Management Organization Chart



## Product Safety and Health Management

Every aspect of the product life cycle, from design, organization development, manufacturing process, surface treatment, packaging, and even storage systems, is carefully designed and tested. We not only ensure that our products have passed many international regulations on durability, safety, and fire prevention, but also comply with the import and export standards of the countries in which we sell our products, and our storage system has been recognized as an AEO Safety Certified Quality Enterprise for many years in order to provide consumers with a higher quality assurance, as well as for the use of consumer safety to do the most stringent gatekeeper.

In addition, Taiwan Fu Hsing attaches great importance to avoiding the use of substances that are harmful to human health or the environment. In the process of product development, we strictly follow the standards of the government and international regulations, whether it is the selection of raw materials, surface treatment processes and even the material of the product packaging, through the selection of non-toxic and non-hazardous materials and thoughtful and conceptual product design, to create peace of mind and joyful experience for consumers. During the reporting period of 2023, all of our products and services are in compliance with the law, and there were no violations.

### Quality and Safety Certificates



### Electronic substrates

The substrates and electronic components used in our products comply with the Restriction of Hazardous Substances Directive (RoHS), an environmental directive established by the European Union, and we do not use leaded solder paste, components or additives containing hazardous substances in our products.

### Surface treatment

- Actively develop powder baking process to reduce liquid coating products with high lead content.
- Powder coatings are RoHS-compliant, and the use of material content (SDS) is added to the requirements, effectively protecting the safety of product contact.
- We are actively researching and developing antimicrobial coatings to prevent the contact spread of germs in the environment and to further control the health and safety of users.

### Raw materials

We are committed to carry out responsible and sustainable sourcing by not purchasing minerals and raw materials from conflict zones.

### Packaging

- The main focus is to satisfy the product protection and strive to minimize the waste of packaging materials.
- Strict selection of printing vendors to ensure the quality of printing ink.
- We continue to focus on the green design of product packaging materials and use more environmentally friendly concepts to design product packaging, such as the introduction of recyclable and environmentally friendly materials PET, in order to take into account both product safety and environmental protection.



# Customer Service and Protection

## Policies and Objectives



Customer trust is the core value of Taiwan Fu Hsing; hence, we emphasize on customers and regard their competitiveness as the competitiveness of Taiwan Fu Hsing. In order to provide customers with the best service, we have established the best business team as a dedicated communication and coordination window to provide the most immediate assistance and create the best customer trading experience; at the same time, we provide the highest level of protection for customers' confidential information in order to become an important partner that our customers trust and rely on in the long term.

## Customer Privacy



Since 2011, we have been certified as an AEO Security Quality Enterprise, and we have implemented stringent controls over the security of our business partners, information technology security, and cargo security, and we will continue to obtain the certification on a regular basis. At the same time, we continue to sign non-disclosure agreements with new suppliers in order to guard customer information. In 2023, there was no confirmed incidents of information leakage, theft, or loss of customer information.

## Customer Satisfaction Survey



Every year, we invite our key customers to cooperate with us in conducting a "Customer Satisfaction Survey" to understand their views on our services, innovation and quality. If the customer satisfaction is not up to standard, we will immediately communicate with the customer further and review and improve the missing parts in order to satisfy the needs of customers all over the world. In 2023, 64 questionnaires were collected with a recovery rate of 90%, and the average score of satisfaction was 4.32 (out of 5) for domestic sales and 4.71 for export sales.

In addition, we also provide after-sales service and diversified customer service channels, such as e-mail, telephone, fan page, etc., in order to taking customer complaints, reacting, and understanding the customer's response to the product. In 2023, the number of complaints from external sources and confirmed by the company was 0%.

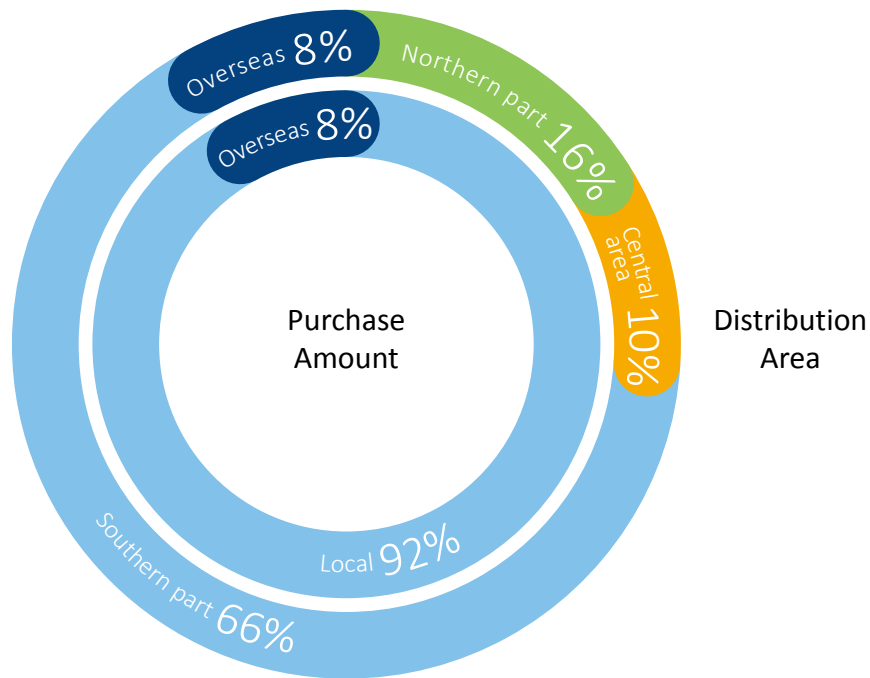
### Evaluation Highlights

- ✓ Customer Service Attitude and Ability
- ✓ Product Quality
- ✓ New Product Development
- ✓ Overall Satisfaction



# Supply Chain Overview

Taiwan Fu Hsing’s purchasing suppliers are categorized into 4 main groups: raw materials, contractors, equipment and services, and those are mainly local manufacturers in Taiwan. Supplier is an important partner to support our sustainable operation, and we hope to co-exist and prosper through mutual trust and close cooperation with each supplier partner. Below is the amount of purchases and the percentage of distribution area.



In 2023, Taiwan Fu Hsing added 7 new partners, with a growth rate of 3%, and maintained a stable cooperative relationship with 218 suppliers, including 14 raw material suppliers and 204 contractors. There was no significant changes in the supply chain in 2023. The following raw materials suppliers and contractors, which are highly relevant to the production of the Company's products, are the main targets for information disclosure by suppliers.

## Supply Chain Overview

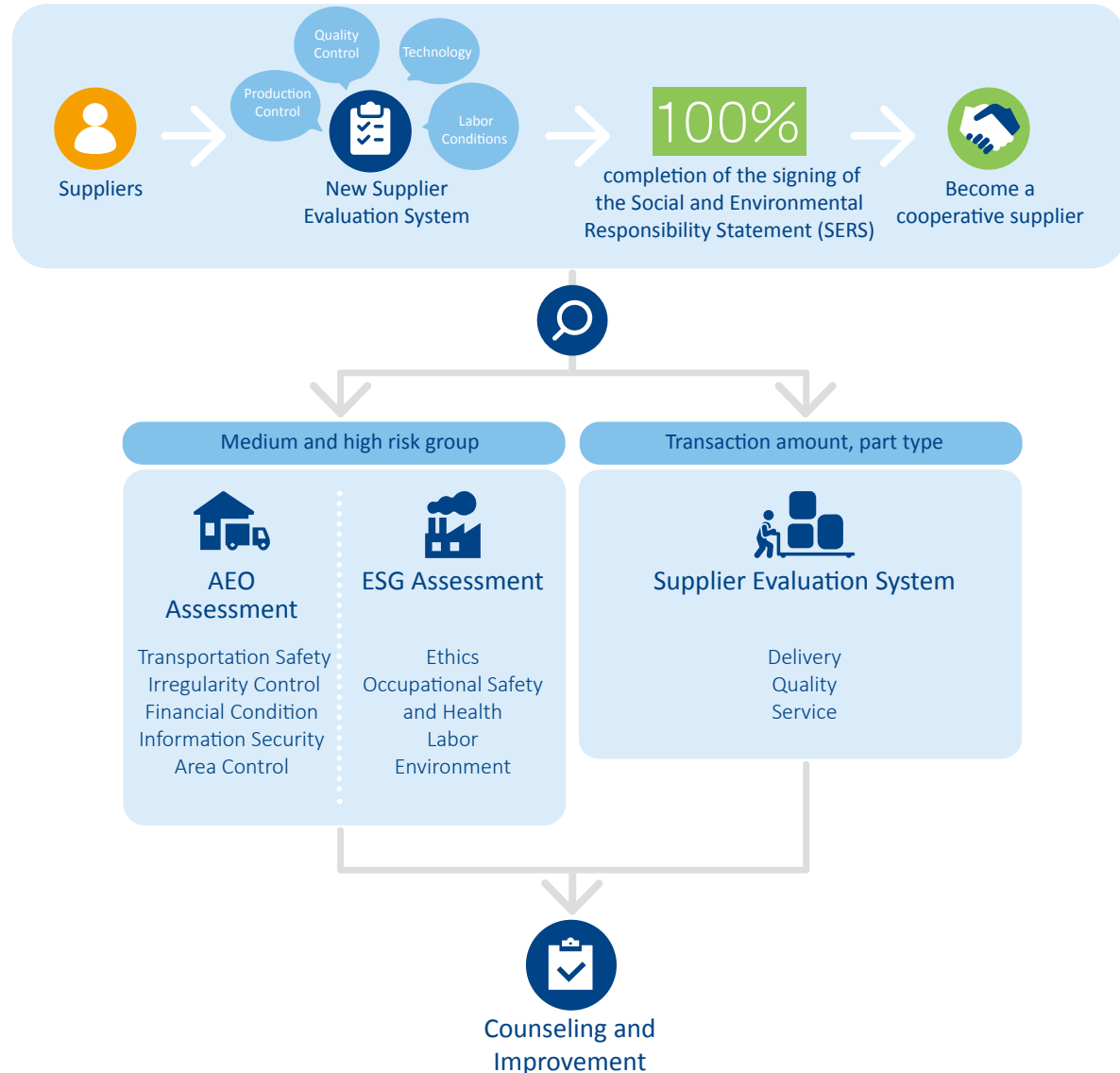
Supplier Type	Materials	Contractors
Product Category Description	Supplier of raw materials for finished products	Copper, Iron, Stainless Steel Coil
Main Products	Copper, Iron, Stainless Steel Coil	Stamping, zinc alloy, copper forging, powder metallurgy, grinding, plating, etc.
Quantity	14	204
Closeness (percentage of turnover)	19%	81%

# Supply Chain Sustainability

## Policies and Objectives

Taiwan Fu Hsing follows international regulations, including the United Nations Global Compact (human rights, labor, environment, anti-corruption), AEO Safe and Quality Enterprise, and the company's business philosophy as the basis of its supply chain management policy. Through close cooperation of the purchasing, technical and quality assurance departments, we review and provide improvement suggestions on business transaction optimization through management communication mechanisms such as "new supplier evaluation", "supplier evaluation system", "AEO field audit and counseling", etc.; we also set up ESG criteria for supplier management and communicate with suppliers from time to time on environmentally and socially important issues, in the hope that we can promote and ferment the corporate conscience, so that suppliers can strengthen corporate social responsibility and jointly build a more competitive, safe and reliable supply chain together with Taiwan Fu Hsing.

### Supplier Management Process



## New Supplier Evaluation System

We rigorously evaluate new suppliers in four areas: production control, quality control, technology, and labor conditions, and we follow Taiwan Fu Hsing's "Statement of Social and Environmental Responsibility" to require new suppliers to jointly comply with the code of corporate ethics, labor rights and responsibilities, health and safety, and environmental protection, etc. In 2023, the percentage of new suppliers being screened using the Code of Labor Practices was 100%, and all of the seven new suppliers passed the evaluation, and 100% of them have signed the "Business Partner Social and Environmental Responsibility Statement".

## Supplier Comparison System

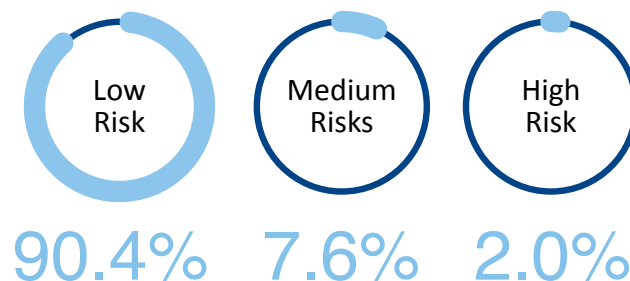
The company evaluates key suppliers according to the transaction amount with suppliers (excluding raw material suppliers) or the type of main suppliers of each component category, and scores monthly according to delivery, quality and service items. Rewards and penalties are implemented according to the evaluation results, not only to thank the partners with excellent performance, but also to remind the suppliers who have been rated poorly that there is room for improvement, so that they can review themselves and strive for improvement.

## ESG Assessment

In order to extend the concept of social and environmental responsibility to the supply chain, Taiwan Fu Hsing has taken the initiative to promote key suppliers to sign the "Declaration of Social and Environmental Responsibility of Business Partners". 100% of suppliers have signed the declaration, giving full play to the influence of Taiwan Fu Hsing, as an industry leader to create a harmonious workplace. In 2023, there was no cases of social impact and termination of supplier relationships against the Company or suppliers.

In addition, Taiwan's Fu Hsing conducts an annual assessment of suppliers' social and environmental responsibilities, and divides suppliers into low, medium, and high risk groups based on risk factors. We also conduct on-site audits of labor, environment, and corporate ethics in the light of medium- and high-risk suppliers. In 2023, a total of 12 environmental audits of suppliers' SER were conducted, and the results of the audits all were in compliance with the required standards.

### 2023 Supplier Risk Level Distribution



## AEO Assessment

Taiwan Fu Hsing is an AEO quality enterprise certified by the R.O.C. Customs, and our key suppliers also share this consensus to jointly build a solid anti-terrorism safety net. In 2023, 10 suppliers were audited on-site according to the "AEO Company Safety Assessment Table", and the results were all in line with the standards.



## Helping Providers Make Continuous Improvements

In addition to conducting audits, we provide practical assistance and counseling to our suppliers to improve, pursue progress, and work with us to fulfill our social and environmental responsibilities. We provide tailor-made "Supplier Improvement Program" for the lower rated manufacturers. Depending on the situation of each manufacturer, we gather relevant personnel from management, quality assurance, and technology aspect to discuss and improve issues such as delivery, quality, and technology. In 2023, all suppliers completed their audits and improvements, and there was no need for counseling programs.

# Social

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Society Co-Benefit Creation	61

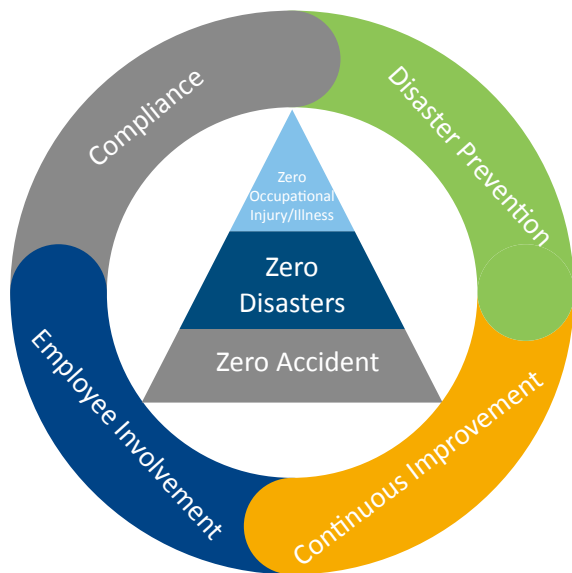
## Major themes of the chapter

- GRI 201
- GRI 204
- GRI 203
- GRI 308
- GRI 401
- GRI 402
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- GRI 404
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# Safe Workplace Establishment

## Policies and Objectives

Workplace safety is the foundation of corporate development. Based on the policy of "disaster prevention, continuous improvement, full participation, and compliance with laws and regulations", we have formulated the "Code of Practice for Safety and Health" to ensure the safety and hygiene of our employees. At the same time, we continue to aim for zero disaster and actively organize safety and health related education and training, so that a safe work culture can be deeply rooted in the hearts of every employee, and the basic concept of "Safety First" can be jointly protected.



## Safety and Health Management System

We refer to the ISO 45001 safety and health management system and integrate it with our existing management system, such as ISO 9001 quality management system, so as to incorporate it into the overall management operation of the company. In terms of operation mechanism, we have set up an Occupational Safety and Health Committee, which is responsible for implementing factory safety, preventing accidents, improving working environment and maintaining employee health, and holds quarterly review meetings.. The committee is chaired by the General Manager and has the following composition, of which 38 members are from the labor side, accounting for 59%, which is significantly higher than the 1/3 of the number of members required by law.

### Occupational Safety and Health Committee

Membership	Number of People
Director Member	1
Deputy Director Members	1
Chief Secretary	1
Head of Factory	1
Safety and Health Committee	7
Head of Department	13
Healthcare Commissioners	2
Labor Representative	38
<b>Total</b>	<b>64</b>

## Occupational Health Management

Taiwan Fu Hsing analyzes employee incapacitating injury statistics and occupational disease classification and management, identifies management needs through five major hazard factors of physical, chemical, biological, human engineering, and psychological, and continues to build a safe and healthy work environment through health promotion, health checkups, caring care, and occupational disease prevention. We implement occupational disease prevention and promote the health of workers in all aspects.

### Hazard Identification and Related Acts

Factor	No.	Rate	Acting As
Physical	140	92%	Machine safety protection Protective gear release
Chemical	3	2%	Ventilation equipment establishment Protective gear distribution
Biological	0	0%	-
Human engineering	9	6%	Transportation posture promotion Controlled in 25 kg in weight
Psychological	0	0%	-
<b>Total</b>	<b>152</b>	<b>100%</b>	-

## Occupational Disaster Statistics and Analysis

In 2023, there were no permanent injuries or residual illnesses to any employees, nor were there any incapacitating injuries sustained by any suppliers or contractors at the plant. There were 14 work-related injuries in the year, of which 8 were commuting accidents, accounting for nearly 60%. There were 6 cases of temporary disability with a loss of one working day, and 6 occupational injuries, accounting for 0.5%. We have strengthened the safety of the facilities at the workplace where the incapacitation injury occurred and enhanced the risk identification ability of the staff, conducted regular accident drills and unscheduled audits of the mechanical safety protection to avoid the recurrence of similar incidents.

## Classification and Management of Occupational Diseases

In accordance with the "Labor Health Protection Rules", Taiwan Fu Hsing implements special health checkups, establishes health management data, and implements classified management for the purpose of selecting and assigning workers, health tracking, and managing the prevention of occupational diseases. 209 people participated in the special health checkups in 2023, with the following classifications, which will be notified in accordance with the laws and regulations and actively tracked. with the laws and regulations and actively tracked and managed in the future.

## 2023 Occupational Disaster Statistics

Type	Total
Average number of days lost (Note 1)	7.87
Disabling injury severity rate (Note 2)	20
Frequency of incapacitating injuries (Note 3)	2.54
Occupational disease rate	0 %
Absenteeism (Note 4)	0.003%

Note 1: Average Days Lost = Severity of Incapacitating Injury (SR) / Frequency of Incapacitating Injury (FR)

Note 2: Disabling Injury Severity Rate (SR) = (Total Injury Days Lost x 10<sup>6</sup>) / (Total Work Hours)

Note 3: Frequency of incapacitating injuries (FR) = (Number of incapacitating injuries x 10<sup>6</sup>) / (Total working hours)

Note 4: Absenteeism rate = (total injury leave hours + total sick leave hours)/Total number of hours of attendance

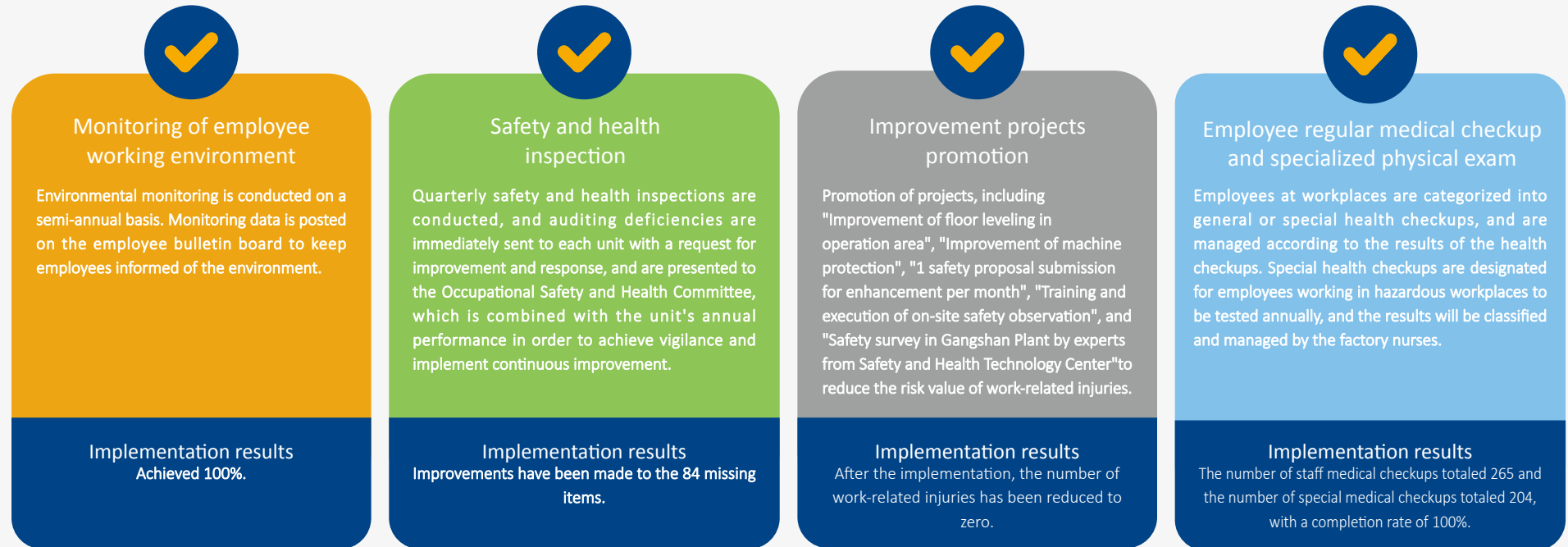
\*Non-incapacitating injuries with less than one day's loss not recorded in the table above.



Level 1	Level 2	Level 3	Level 4
No abnormality	Abnormal, not related to the work environment	Abnormalities, unable to determine that they are work-related	Abnormal, work-related
<ul style="list-style-type: none"> <li>self-management</li> </ul>	<ul style="list-style-type: none"> <li>Provide personal health counseling</li> <li>Use of personal protective gear</li> <li>Health tracking</li> <li>Practices that have been indicated by a physician as inadvisable</li> </ul>	<ul style="list-style-type: none"> <li>Ask an occupational medicine specialist to perform a health tracking exam.</li> <li>Implementation of on-site assessment of work-related diseases</li> <li>Re-grading</li> <li>Notify the competent authorities</li> <li>Physician's note for clinical diagnosis</li> </ul>	<ul style="list-style-type: none"> <li>Hazard control</li> <li>Adoption of relevant management measures</li> <li>Health tracking</li> <li>Physician's note for clinical diagnosis</li> </ul>
Noise			
118 people	48 people	0 people	4 people
Dust			
30 people	9 people	0 people	0 people

## Occupational Health Services

### 2023 Performance Status



### Budget for Health Services and the Implementation Ratios

	Estimated Cost	Actual expenses	Projected target for the year	Execution for the year	Attainment rate
Employee health checkup	NT\$ 437,250	NT\$ 437,250	256 people	256 people	100%
Health checkup for supervisors	NT\$ 654,750	NT\$ 654,750	83 people	83 people	100%
Expenses for on-site physicians	NT\$ 144,000	NT\$ 154,000	62nd	62nd	100%
Operating environment monitoring expenses	NT\$ 125,900	NT\$ 112,350	2 times per year	2 times per year	100%

## Tracking Mechanism

In order to enhance the effective participation of workers in occupational health and safety, a tracking mechanism has been established through the communication of relevant information, regular retesting training, and quarterly meeting discussions.

Organization of health seminars

Regular training on safety and hygiene

First Aid training

General safety and health training for new employees

Workplace tobacco cessation

On-site machine safety and hygiene training

Technological fitness test

Education training on on-site chemical and unit-specific hazard education training

Cancer screening and information promotion

Emergency response training

General safety education and training for in-service staff

Quarterly, each supervisor participates in the Safety Committee and discusses on-site implementation of improvements.

Inspect the site from time to time, and discuss with the supervisor to improve the situation through the field defects.

Reward safety and health proposals so that employees are brave enough to report unsafe behaviors.

## Occupational Safety and Health Education and Training

In order to enhance the risk identification ability and safety and health management concepts of personnel at all levels, Taiwan Fu Hsing organizes a number of educational trainings every year, and enhances the safety and health performance through a continuous improvement mechanism. In 2023, the company organized the initial and advanced trainings for new employees and the annual educational trainings for current employees in accordance with the Occupational Safety and Health Act. Educational training for new recruits will be conducted on the day of reporting for duty, while advanced training will be conducted two months after arrival at the post. In addition, the Q&A method is used to test whether the staff's safety awareness is up to standard, and if it is not up to standard, the education and training will be strengthened. In 2023, we conducted 18 training courses for employees, and the completion rate was 100%.

### Training Requirements

Occupational Safety and Health Education and Training Regulations

Customer's Safety and Health Enhancement Training Requirements

General safety and health training for new employees

On-site machine operator's safety and hygiene training


On-site chemical unit-specific hazard education training

Emergency response training


General safety education and training for in-service staff


Safety and health training for basic supervisors

## Major Training Programs


**Equipment operation training** 

In addition to basic safety and hygiene education and training, new employees are required to receive additional training on equipment operation safety if they need to come into contact with equipment operation; standardized workflow instructions are also placed on site for operators' reference to ensure operational safety.



**Disaster Prevention and Emergency Response** 

Emergency response training is organized every six months to enable staff to understand how to respond and handle emergencies.



**Occupational Safety and Health Professional License** 

The factory has implemented a professional license system, and it is strictly prohibited to operate machines without the relevant license.



## 2023 Implementation Results

months	Course Name	classifier for number of participants
1-12	Traffic safety education training	332
6	Self-defense and firefighting education and training	40
7	Hazard education and training	124
11	Self-defense and firefighting education and training	40
	On-the-job training	1,167
Total		1,703

## Statistics of Professional Licenses in Plants in 2023

License Name	Headcount	License Name	Headcount	License Name	Headcount
Labor Safety and Health Supervisor Type A	8	Dust Supervisor	9	Lifting load less than 5 tons Supported Fixed Crane	1
Labor Health Management Type A	3	Hypoxia Operations Supervisor	4	Hanging operations	17
Labor Safety and Health Administrator	6	High Pressure Gas Specific Equipment Operation	4	Operator for forklift over 1 ton	90
Labor Health Service Nursing Staff	2	High Pressure Gas Supervisor	1	Boiler Operation Type C	2
Fire Prevention Administrator	4	Acetylene welding and other operations	8	Small Boiler Operation	1
On-site safety and health supervisors	6	Fixed Crane hanging less than three metric tons	21	Supervisor for Construction Frame Assembly	2
Operation Supervisor for Specific Chemical Substances	10	Fixed Crane hanging more than three metric tons	41	Class B Waste (Sewage) Treatment Specialized staff	4
Organic Solvent Operations Supervisor	4	Fixed Crane Operation Overhead- Ground Operated	48	First Aider Personnel	39

# Building a Happy Workplace

## Policies and Objectives

Taiwan Fu Hsing treats employees as partners and strictly complies with relevant labor laws and regulations in Taiwan. In addition to providing a competitive salary system, Taiwan Fu Hsing also provides a stable and healthy human resources structure, a diversified and inclusive environment, and comprehensive employee benefits to create a work-life balance of "work and leisure", "family fun", and "health and well-being" for its employees.

### Awards and Recognition

Since 2016 iSports  
Enterprise Certificate



Since 2014 Healthy  
Workplace Certification



2022 DEI Diversity for  
Better Tomorrow Awards



## Human Resources Overview

After more than 60 years of works and experiences, Taiwan Fu Hsing is not only in the leading position in business operation, but also has a relatively stable advantage. As many as 97% of the company's employees are full-time employees and 3% are contractors. In addition to Taiwanese, there are also Filipinos, Vietnamese, Thai, Indonesians, Chinese, Malaysians, etc., all of whom enjoy the company's comprehensive and competitive employment conditions, and local and foreign employees get along well, which also brings the company stable and rich human resources.

In addition to not treating people unfairly based on nationality or race, we also emphasize gender equality, with an almost even ratio of men to women in the company. Female executives account for 31.58% of the management

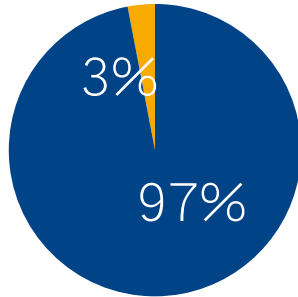
team, which is a relatively gender-equal environment in the metal and machinery manufacturing industry.

In terms of age distribution, nearly 20% of the employees are young people under 30 years old and are able to inject new vitality into the company. On the other hand, 60% of our employees are in their prime age between 31 and 49 and are having a combination of experiences and vitality, which brings an unceasing supply of labor to the company and is conducive to the company's long-term development.

In terms of seniority, the average seniority of our regular domestic employees is 12.66 years. More than 40% of our employees have more than 10 years of seniority, which demonstrates the stable nature of our business and the high degree of employee centripetal force and acceptance; and the ratio of direct-to-indirect staff of nearly 6:4 demonstrates our excellent managerial efficiency and relatively flat organization.

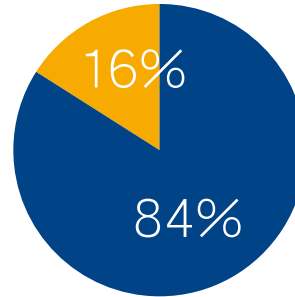
## Taiwan Fu Hsing Manpower Structure

Employment Ratio



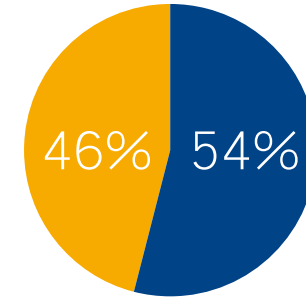
● Contract workers (temporary) ● Regular staff (full-time)

Nationality Ratio



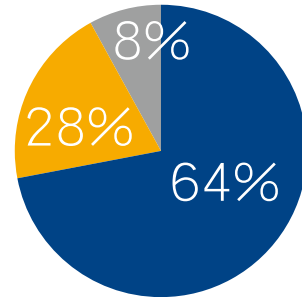
● Foreigners ● Taiwanese

Gender Ratio



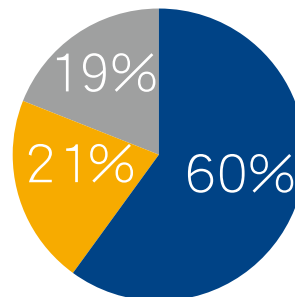
● Male ● Female

Ratio of Direct and Indirect Employees



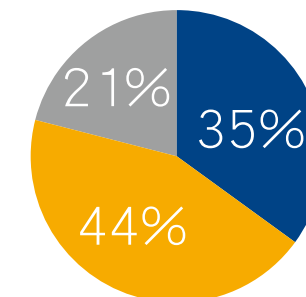
● Contract workers (temporary) ● Regular staff (full-time)  
● Management personnel

Age Distribution



● Above 50 ● 31-49 ● Below 30

Average Years of Service (Seniority)



● more than 10 year ● 3-10 years ● Less than 3 years

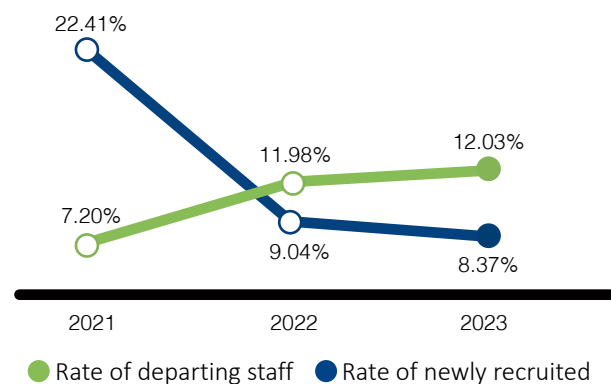
The above statistics are different from the cut-off date of the annual report. Employment type, nationality, gender, age, and number of direct and indirect employees are based on the total number of 1,200 employees at the end of 2023; the average seniority is based on the number of domestic regular employees of 1,002 persons at the end of 2023. For detailed data, please refer to Appendix "Taiwan Fu Hsing Manpower Statistics" P.83-P.84.

## Maintaining a Healthy Staff Turnover

In order to maintain the revitalization of our human resources, we strive for the optimal, rather than the lowest, employee turnover rate. In terms of our regular employees, there is no imbalance between the new and leave rates of male and female employees. Although the number of departing employees increased slightly in 2023, if analyzed by age group, there were more new employees than departing employees at the age of 50 or above, and among the departures there were 21 retirees and 4 for baby-sitting purpose that requested for a period-leave, and those accounted for nearly 70% of the number of departures in this age group, and 12.4% of the total departures, and those who have attained the qualification for retirement have nearly 30 years of work experience in Taiwan Fu Hsing, indicating that retirees have a high sense of identification with the Company and that an appropriate retirement ratio is actually a positive phenomenon.

Generally speaking, the decrease in the demand of domestic regular employees is mainly due to the impact of production capacity adjustment, which is considered a positive staff movement and is able to promote the organization's metabolism. The high willingness of the young generation to stay in the company also indicates that the company's vision, mission, and culture are recognized by the young generation, who are willing to steadily invest in the company's development.

### Recruitment and Turnover Rates in the Past Three Years



For detailed statistics, please refer to the Appendix ["Distribution of New and Former Employees of Taiwan Fu Hsing"](#).



## Newcomer Assistance Program

In order to enable new employees to quickly adapt to the workplace environment, enhance their willingness to stay and reduce the turnover rate, the Company, since 2018, has developed different counseling assistance programs for new direct and indirect employees.



# Building a Diverse and Inclusive Environment

Taiwan Fu Hsing recruits based on the principle of meritocracy. We believe in the value of diversity and tolerance, and are committed to implementing policies on human rights and gender equality and eliminating discrimination in the workplace, so that employees are not unfairly treated on the basis of gender, physical condition, nationality, or race. Meanwhile, we utilize diverse hiring practices, including the recruitment of the disadvantaged and migrant workers, as well as campus, to create a multifaceted corporate mindset and enhance sustainable competitiveness.

## Human Rights Protection

In recent years, the international community has been paying more attention to the issue of human rights protection, and major corporations have been advocating the importance of human dignity and labor rights through their own efforts. In order to fulfill our responsibility to protect human rights, we follow the spirit and basic principles of human rights protection enshrined in international human rights conventions, such as the "Declaration on Fundamental Principles and Rights at Work of the International Labor Organization", the "United Nations Universal Declaration of Human Rights" and the "Ten Principles of the United Nations Global Compact", and is committed to complying with the labor laws of the places where it has manufacturing bases in the hope of adequately safeguarding the lawful rights and interests of its employees. In 2023, there were no significant cases of complaints.



Looking ahead, the Company will continue to respond to international human rights trends, pay attention to the content of human rights issues advocated by the United Nations and other organizations, and continue to educate colleagues about human rights protection to reduce the risk of harm.

## Taiwan Fu Hsing Human Rights Policy



- Prohibition of sexual harassment in the workplace
- Ensuring equal opportunities at work
- Staff's healthy physical and mental development and work balance
- Elimination of unlawful discrimination
- Prohibition of forced labor
- Prohibition of child labor



## Human rights protection practices

### Employee Training

The education and training for new employees included: human rights related gender equality concepts and workplace violation prevention measures and complaints, workplace sexual harassment prevention and occupational safety and health programs. % of employees received training: 100%. In 2023, the total number of hours of annual refresher training for related education and training is 1,276.5 hours, totaling 1,240 persons, with a completion rate of 100%.

### Make occupational safety and health training courses mandatory

Annual training is organized for all staff, and related training is also conducted for staff in need in various units, such as nursing education training, examination and training for overhead cranes, forklifts and high-pressure gas licenses, etc. In 2023, the total number of hours of related training was 433.5 hours, with 68 attendances and a completion rate of 100%.

### Supplier Rights

All key suppliers are required to sign Taiwan Fu Hsing's "Social and Environmental Declaration" to ensure that basic human rights are not infringed upon, and the signing rate is 100%.

## Gender Equality

Taiwan Fu Hsing actively builds a gender-friendly work system and environment. In addition to promising that all employees will not be differentiated by gender in terms of salary and basic benefits, we also guarantee that there will be no inequality based on gender in the recruitment and promotion of female employees. Meanwhile, in order to encourage women to participate in the workplace, we have formulated the "Guideline for Maternal Health Protection" in accordance with the Occupational Safety and Health Act, and provided childcare subsidies and strengthened friendly mother-child spaces and related measures, so that women can also have work-family balance and give full play to their self-worth in the workplace.



2023 Parental Leave Indicator	Male	Female	Total
a. Number of persons eligible for parental leave without pay	22	41	63
b. Number of persons applying for parental leave without pay	4	12	16
c. Estimated number of persons reinstating to work from parental leave	3	9	12
d. Actual number of persons reinstated to work from parental leave	3	8	13
e. Actual number of persons reinstated to work in the previous year	2	18	20
f. Number of persons who had resumed duty and remained in office for more than 12 months in the preceding year	2	15	17
g. Parental leave reinstatement rate (Note 1)	100%	89%	92%
h. Parental leave retention rate (Note 2)	100%	83%	85%

Note 1: Reinstatement rate = total number of staff actually reinstated to work after parental leave (d.) / total number of staff who should have been reinstated after parental leave (c.)

Note 2: Retention rate = Total number of staff remaining in service 12 months after resumption of duty after parental leave (f.) / Total number of staff resuming duty after parental leave in the previous reporting period (e.)



### Maternal Friendly Measures

Prenatal	Maternity protection program	Assessment and control, adaptive work arrangements and other measures are taken by industrial safety personnel, factory nurses and clinical physicians for maternal laborers engaged in work where health hazards are suspected.
	Dedicated Parking Space	Increase safety and convenience for pregnant workers. Dedicated parking space is available during pregnancy period and up to one year after delivery.
Postnatal	Baby caring leave without pay	In accordance with the principle of gender equality, both men and women are eligible to apply.
	Lactation room	There are sterilizing pots and refrigerators for breastfeeding mothers to register for use and collect milk.
	Child care subsidies	Subsidy of \$3,000 per year for each employee's child aged 3-12 who is attending school. After-school child care subsidy.

## Care for Migrant Workers

There are currently nearly 160 foreign employees in Taiwan Fu Hsing. In addition to the relevant benefits that are comparable to those of local employees, for minimizing migrant worker's cultural discomfort and language barrier, the company has a comprehensive management system and care programs, including open communication channels, a variety of bonuses and subsidies, diverse employee activities, and training programs (including Chinese language learning, financial management, physical fitness, etc.). In 2023, in line with the government's policy of retaining and utilizing migrant workers for a long period of time, the company introduced the very first mid-level migrant worker to take on the position of foreign technician, who is assigned the task of training foreign operators, so as to convey the idea to migrant workers that migrant worker can obtain long-term career development through their own efforts.




### Zero Payment Policy for Migrant Workers



In order to respect the rights of migrant workers in the recruitment and hiring process, Taiwan Fu Hsing implemented a "zero-payment" policy for migrant workers from 2021 onwards and does not charge any fees related to the hiring process. After the implementation of this policy, migrant workers will not be required to bear the costs associated with the hiring process, including medical expenses, training costs, and agent fees.

 Exclusively provided for Migrant Workers



#### Communication

- Company Morning Meeting (irregular)
- Meeting of the head of dormitories (once a month) 
- HR Interviews / Agents / Resident interpreters (at any time)
- Bulletin Board (at any time)

#### Bonus & Benefits

- Allowances: Overtime allowance, shift allowance, container packing allowance, head of dormitory allowance, professional allowance 
- Incentive bonus: year-end bonus, zero-defect bonus (quarterly/annually), etc.
- MVP Prize: Newcomer MVP Prize, Head of dormitory MVP Prize 
- Festival gifts: e.g. gifts for Mid-Autumn Festival and Dragon Boat Festival
- Subsidies for living: marriage, childbirth, funeral, hospitalization, disability, education, retirement, birthday gift, etc.

#### Staff Activity

- Health promotion: e.g., ball games, employee physical checkup, fitness testing
- Public service activities: e.g. beach cleaning, public service walk trip, campus public service- lock replacement
- Education and training: pre-employment training, safety and health training, career training (e.g. BetterUP program). 
- Exclusive support: Dream come True Project 

## Care for Middle-aged and Elderly Staffs

More than one-third of Taiwan Fu Hsing's employees are over 45 years old, with an average of 20 years of experiences. In response to the increasing proportion of middle-aged and elderly workers due to declining birth rates, the company not only encourages employees to stay in the workplace and pass on their practical experience, but also plans friendly health services and management strategies, including the provision of work aids, job redesign, optimization of environmental adaptation, health checkups, and education and training, etc., in an effort to reduce the barriers caused by aging and help middle-aged and elderly employees work with peace of mind.



### Support Measures for the Middle-aged and Elderly Staff

#### Job risk hazard assessment

Through the involvement of on-site doctor, nurse, and occupational health care personnel, the risk of middle-aged and elderly workers is identified according to the risk hazard assessment of middle-aged and elderly workers.

#### Duty and environmental adjustments

Provide comprehensive job redesign to avoid occupational injuries and compensate for limitations in their work due to aging.

#### Tracking and Care

Regular face-to-face interview to provide care, ongoing tracking and provision of advice.

## Provide Comprehensive Employee Benefits and Salary

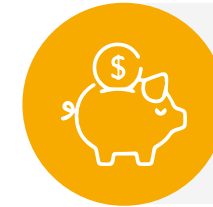
Taiwan Fu Hsing is committed to providing employees with quality work opportunities. In addition to the items stipulated in the law, Taiwan Fu Hsing has established retirement systems and benefits that are superior to the law, such as company-funded health checkups, community subsidies, subsidies for in-service training, and retirement systems. In addition, together with the established human resources unit and the employee welfare committee formed by employees themselves, we actively provide various physical and mental assistance programs for our colleagues, with a view to enhancing the degree of employee dedication and sense of belonging to the company, and to ensure that we can continue to attract and retain a wealth of human resources.

### Salary & Compensation Policies

Salaries for employees of Taiwan Fu Hsing are determined by their academic qualifications, past experiences, and professional abilities, and are adjusted according to their performance after their appointment. Salaries and labor conditions are in full compliance with labor laws and international human rights conventions, and salary levels are adjusted according to market levels and business results. Over the past three years (2021~2023), there was an average salary adjustment of 4%.

Although Taiwan Fu Hsing is a labor-intensive industry with a large proportion of elementary workers, according to the annual reporting of full-time employees, the average salary of elementary workers has already exceeded the government's target of \$30K per month.

Non-Supervisor Full-time Staff Disclosures	2022	2023
Number of workers	1,195	1,109
Average Salary (Thousand Dollars)	559	607
Median Salary (Thousand Dollars)	462	514



Total Expenditures for Employee Benefits in 2023  
\$14.82 Million

## Employee Benefit Programs

● Acts and regulations ● Exclusive to Taiwan Fu Hsing employees

### Psychology/Life

- Employee EAP Assistance Program
- Special offer in contracted stores and shops
- Company tour
- Health & Exercise Seminar

### Physiological

- Labor insurance
- National health Insurance
- Company-funded health checkups (general, special operations, senior executives)
- Various types of leave (casual leave, sick leave, special leave, physiological leave, family care leave, etc.)
- Healthcare professionals (allied health professionals, resident physicians)
- Weight loss and fat reduction program
- Annual ball Competition

### Subsidy

- Pension
- Wedding bereavement, hospitalization and emergency relief
- Supervisor's dedication grant
- Subsidies for external training and on-the-job training
- Child care subsidies
- Annual festival bonuses and gifts
- Fixed lunch supplement
- Subsidies for leisure clubs
- Sports incentive grants
- Arts and culture appreciation subsidy (free tickets for exhibitions and reading coupons)

## Retirement System Planning

We are happy to see our employees start their second life after retirement. All of our local employees are subject to the labor pension system established by the Ministry of Labor and depending on the date of arrival and personal preference, employees are subject to either the new system (Labor Pension Act) or the old system (Labor Standards Act). In order to effectively supervise the contribution and utilization of the pension fund, we have set up the "Pension Fund Supervisory Committee", which elects representatives of both employers and employees every four years in accordance with the law to jointly manage the pension fund.

In addition, the Company has formulated the "Employee Preferential Retirement Plan" in 2008, which was revised after consideration in 2017, stipulating that employees of Taiwan Fu Hsing who have not yet reached the statutory retirement qualification but meet the requirements of seniority + age 70, he/she may submit an application for "Voluntary Early Retirement". Upon approval by the company, the employee may be granted an early retirement pension based on his/her seniority and the standard of pension calculation under the Labor Standards Act. This measure benefits many employees who have a certain number of years of service but are not yet eligible for retirement, so that they can retire in peace of mind in the event of a change in their families and will not suffer losses because they do not meet the statutory retirement eligibility requirements.



## Retirement Fund Supervision Committee

Item	Table of Contents
Term of office	November 2022 through November 2026 (re-elected from November 2022)
Members	Nine members, including six representatives from the labor side and three representatives from the employer side.
Status of implementation	A total of 22 retirement applications was considered in 2023, with a total pension payment under the old retirement system of \$20,575,225.



### Retirement System

#### Pension scheme under the Labor Standards Act

At the end of March each year, the Company calculates years of service accumulated under the old pension scheme for employees who are eligible to retire in the current year, and makes adequate contributions to the pension fund to meet employees' pension claims.

#### Favorable retirement policy

Employees who do not meet the legal retirement criteria but whose years of service + age  $\geq 70$  may request for "voluntary early retirement."

#### Labor Pension Act

The Company makes contributions equal to 6% of employees' monthly salary to their individual pension accounts held with the Bureau of Labor Insurance.



### Technology-assisted Fitness Program for Females

### Women's Technology Fitness Aging health from day to day

Every year, Taiwan Fu Hsing organizes free physical fitness tests and invites partner hospitals to do physical fitness tests for employees, and in 2023, we will invite 100 women more than 40 years old to participate in the event, helping everyone to better understand their own health and physical fitness, and we hope all are able to maintain the habit of regular exercise after work.

The factory nurse also suggests that employee can take time to engage in muscle training exercises and yoga every day, which can not only move the muscles and bones, but also avoid the weakness of arms and legs caused by the reduction of muscles. Many health problems come from slacking off. Exercise not only strengthens your body, but also helps you sleep and brings you a good mood, so why don't you start with a daily routine of exercises to reduce the disease-occurrence rate and improve quality of life.



### Support for Sports Activities

### Fascial Relaxation Exercise Program

Considering the fact that employees in the field often have fixed and repetitive movements, which can easily cause localized tension, stiffness, and pain, coupled with the company's increased production and a large number of new employees in 2023, we have developed a fascial relaxation course for employees in the field in the hope of raising awareness of muscle pain and understanding how to avoid it and alleviate it.

Professional exercise instructor was invited this time to teach people how to open fascia in the daily life by utilizing small props that are readily available. The total of 16 classes were attended by 672 Fu Hsing people, allowing everyone to know more about their own body and find mobility from it.

# Talent Training and Development

## Policies and Objectives

Since its establishment, Taiwan Fu Hsing has always cherished its employees as partners, and with the concerted efforts of both labor and management, we have an enviable human capital of both quality and quantity. For the purpose of passing down corporate culture and enhancing corporate sustainable competitiveness, we initiated the "Talent Cultivation Trilogy", which upholds Taiwan Fu Hsing's core values and culture of "Innovation, Service, and Quality" and constructs three human resources cultivation phases, namely "Talent Recruitment", "Talent Cultivation", and "Talent Development", for the purpose of selecting, cultivating, and advancing human resources.

## Talent Recruitment

In response to social changes, Taiwan Fu Hsing has adopted flexible and diversified recruitment channels. Currently, there are six cross-border recruiting channels in stable operation, including digital recruiting, recruiting for various service systems, campus recruiting, multinational internship programs, the disadvantaged recruiting, and migrant workers recruiting. In addition, we actively develop local talent through employee referrals and recruiting in the rural areas (villages, neighborhoods, and communities). We employ talented people on the basis of merit, with fair and transparent recruitment and appointment channels. We require our headquarters and subsidiaries to adhere to the company's SER policy;; we do not use child labor that are under the age of 16 or forced labor; and we treat people of all geographical areas, genders, religions, races, nationalities, or political parties equally.

In addition to building a diversified workplace, we have also spared no effort in promoting the employment of the disadvantaged. In 2023, and among those the most senior employee has already have 38 years of experience and the overall average years of experience is 22 years, which shows that Taiwan Fu Hsing is a friendly and healthy workplace, and it is able to provide the physically disabled with the opportunity to overcome the physical barriers and develop their talents.

## Talent Development

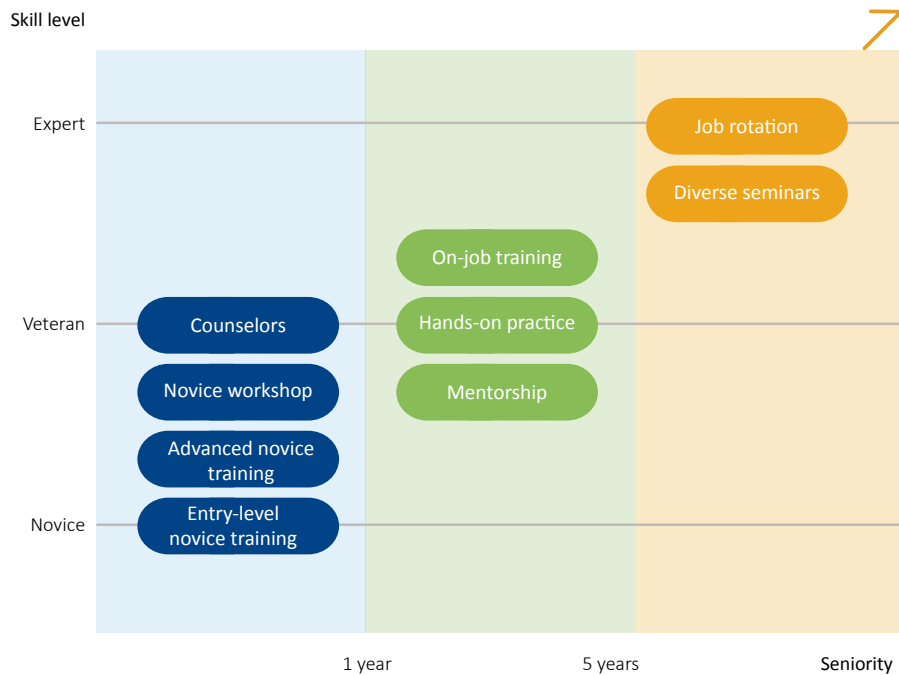
The core values of Taiwan Fu Hsing's talent development are diversity, tolerance, flexibility and autonomy. Starting from 2023, Taiwan Fu Hsing formally launched a "learning organization", which through the enhancement of employees' autonomy in learning to gradually strengthen their soft/hard skills required for their current job functions or future development. The training direction focuses on management, commonality training, production technology transfer, quality control, and the promotion of a learning organization. In order to maximize the benefits of the courses, we conduct demand understanding and planning before the course, management during the course, and tracking after the course, applying and expanding what we have learned, and improving the courses that are not up to standard. In 2023, in accordance with the organization's goals, we developed another "Diversity and Inclusion" learning theme, which included strengthening self-understanding and communication among multiple ethnic groups, with rolling revisions but persistent investment, and the annual training cost for human resources reached \$2.08 million. The statistics of the training contents are shown below.

### Training Courses and Hours

Course type	Enrollments	Hours
Human Resources	58	250
Workplace Environment and Safety Management	1,893	2,770.5
Production Management	254	1366
Marketing and Trade	80	140
Legal Affairs and Patents	77	129
Quality Management	148	605
Research and Development	247	928.5
Financial Management	48	200.5
Operations Management	2,960	5,044.5
Information Management	437	803
Language Management	8	90
<b>Total</b>	<b>6,210</b>	<b>12,327</b>

## Talent Development

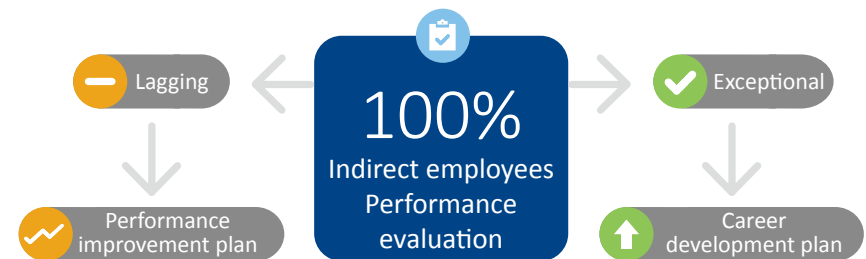
The Company has divided its talent program into three stages: novice, veteran, and expert, each has a different training emphasis, method, and purpose. The novice stage focuses on the transfer of knowledge and is intended to help newcomers familiarize with the corporate culture, the work environment, tasks, and duties. The veteran stage emphasizes on the improvement of work skills, and uses a diversity of hands-on learning to enhance essential skills. In the expert stage, employees undergo a custom-tailored mentorship program and job rotations to expand the scope of their work capacities and make themselves ready for future career development and changes in the external environment.



## 3-phase Performance Evaluation

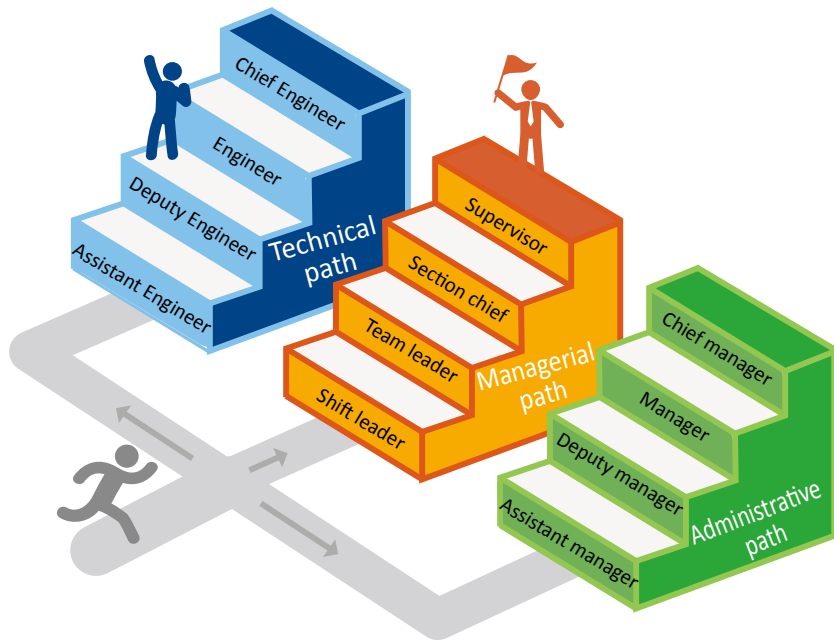
Taiwan Fu Hsing adopts 2-phase performance evaluation and offers 3 career paths for employees. Each employee is given clear indication of where they are on the career roadmap, and offered assistance and support that meet their needs.

Item	Time	Scope of evaluation	Execution progress
Probation review	Onboard 3-6 months	The performance evaluation targets new recruits and is intended to learn their adaptation and offer the required assistance.	Execution rate 100%
Special promotion	July each year	Line managers may request promotion review for top-performing employees as an encouragement.	136 employees were promoted, representing 11.33% of total employees
Yearly performance review	End of each year	Aside from individual performance, the evaluation also takes into account department KPI for better representation of qualitative and quantitative performance. Outcomes of performance evaluation are directly linked to bonus as a form of encouragement; they also serve as reference for "career development planning."	Execution rate 100%



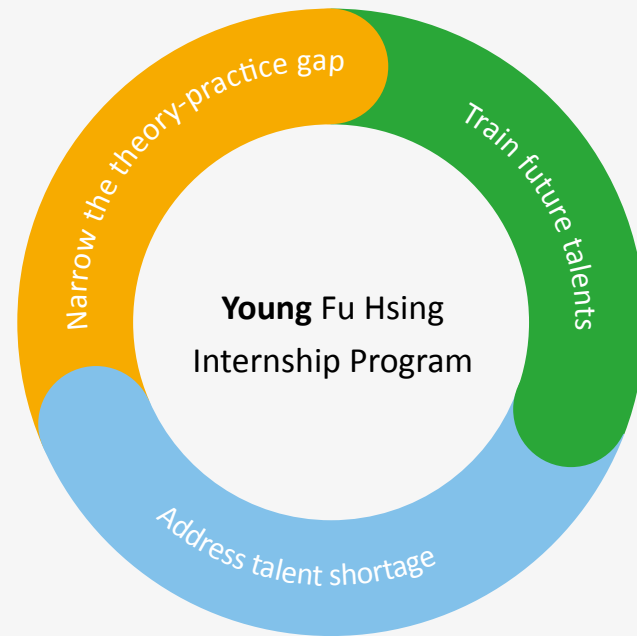
### 3 Career Paths

The Company offers three career paths: managerial, administrative, and technical to promote employees with different skill sets and characters. Employees who possess managerial skills may advance through managerial positions such as team leader, section chief, and manager while bearing the responsibility to transfer knowledge, manage department affairs, and lead subordinates. Meanwhile, employees who possess administrative or technical skills may also find opportunities to shine in the administrative or technical path.



### Industry-academia Collaboration

Taiwan Fu Hsing launched the “Young Fu Hsing Internship Program” in 2015 to cooperate with local tertiary institutions in industry-academia programs, with the aim of shortening the gap between field practices and learning, cultivating future talents, and solving the manpower gap brought about by childlessness at the same time. At present, there are three types of internship channels, including summer internships that are open to all disciplines, semester internships that focus on engineering (mechanical and electrical engineering), and international student internships specifically for international students. The company not only provides a reasonable pay, but also provides complete trainings according to their expertise and experiences; students with outstanding performance can also be directly retained at the end of the internship, so that they will be employed upon graduation. In 2023, although the epidemic influences gradually slowed down, but we are still affected by external competition and internal manpower adjustment; hence, there were only 2 students being recruited, and the only 2 students were recommended by parents and schools, which shows that the management of employer brand is effective.



# Social Inclusion

In 2001, Taiwan Fu Hsing established the Taiwan Fu Hsing Cultural and Education Foundation with the original intention of “taking from the community and using for the community”. Over the past 20 years, with the long-term vision of “Better Together with the Society”, we have endeavored to fulfill our corporate social responsibility through our core competencies and capital investment. So far, Taiwan Fu Hsing has been appraised by the Education Bureau, Kaohsiung City for more than seven times, and has even been recognized by the Ministry of Culture for four times with the Arts and Culture Award, making it one of the few heritage enterprises in the south to receive such an honor.

In 2023, the Foundation invested more than \$8.91 million in enhancing the quality of education, health and well-being, and building sustainable cities and villages with activities including the TPGA Tour Challenge, GoodLock Campus Lock Replacement Program, and Gangshan baskets street fair, etc. We will continue to connect corporate volunteers and more like-minded social organizations, so that more people can enjoy the goodness of spiritual abundance, and to create more social vitality in well-being.

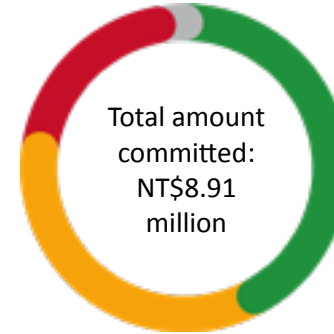
Cumulative 7 times  
**excellent rating by Kaohsiung  
 City Education Bureau**



The 13th, 14th, 15th, and 16th  
**Arts & Business Awards**



## Theme of Social Engagement and Amount/Percentage of Financial Commitment



**42%**

About NT\$3.77 million

### SDG 3 Good Health and Well-being

- Organize large-scale sports events, such as the TPGA Fu Hsing Tour Challenge, to nurture more sports talents for Taiwan.
- Sponsored local sports events, such as the Agongdian Cup National Marathon and the Tinker Love Home Charity Road Race, to enhance the sports culture.

**35%**

About NT\$3.13 million

### SDG 11 Sustainable Cities and Communities

- Together with corporate volunteers, we organized a public service lock replacement program on campus to enhance the quality of local safety.
- Organize local cultural activities, the baskets street fair, to promote cultural sustainability in the city.

**20%**

About NT\$1.78 million

### SDG 4 Quality Education

- Collaborating with local arts and cultural venues and enterprises such as Pier 2, Weiwuying, and Kaohsiung Film Archive, the program brings abundant arts and cultural energy to Kaohsiung.
- Supporting quality arts and cultural performances by purchasing tickets and giving them to staff to cultivate the arts and cultural appreciator.
- Sponsor and support after-school clubs or camps in remote villages to shorten the gap between urban and rural education.

## Key Projects



SDG 3  
Good Health and Well-being

### TPGA Challenge Tour Supporting Golf Tournament for the Fifth Year

Taiwan Fu Hsing has long supporting golf sport through its foundation. Starting from 2018, Taiwan Fu Hsing began to sponsor golf sport, and in 2019, we even further co-organized the ThreeBond Fu Hsing Challenge with the TPGA (Professional Golfer's Association of Taiwan) to provide more opportunities for Taiwanese golfers to hone their skills.

This tournament is part of the ThreeBond Challenge Tour series. Players who finish in the top five in the overall prize in monetary ranking can directly participate in the next year's Taiwan Tour event, and is therefore considered as the outpost of the Taiwan Tour event. In addition to organizing the tournaments, Taiwan Fu Hsing also offers the "King of the Prize" prize for both the Tournament and the Taiwan Tour each year to encourage players to give it their all.

In 2023, total prize for the two tournaments was 2 million dollars.

Competitions are the best time for athletes to train and communicate with each other, and we hope that by organizing large-scale sports competitions, the influence of this trend can be extended to the community, so that more athletes will have a stage to give play to their talents and realize their self-worth.

Event time | 2023.10.11-13

Venue | Kaohsiung Golf Club

No. of beneficiaries | 94 golfers

SDG 11  
Sustainable Cities  
and Communities

## Innovation in Local Cultural Activities Gangshan Basket Street Fair

Continuing the spirit of "Open up Gangshan", in 2023, the Foundation joined hands with cultural and creative organizations to recreate the most unique cultural event in Gangshan, the Basket Fair, and created a brand new "basketry mini-street fair". Continuing the spirit of "Open Okayama", in 2023, the Foundation will join hands with cultural and creative organizations to recreate the most unique cultural event in Okayama, the Basketry Club, and create a new and creative "basket mini street fair".

The basket mini street fair is inspired by the culture of Gangshan's century-old basket fair (now known as the Basket Fair), and it is specially chosen to be held on the first basket fair in 2023 (Matzu Budda's birthday on March 23rd of the lunar calendar), in order to preserve its historical characteristics without losing modern aesthetics, link up the diversified cultures and art life, and to let people come and tell stories to the people from all walks of life.

The design of this event is based on the concept of "street market", where craft and lifestyle brands from all over Taiwan use modern aesthetics to recreate the early days of Taiwan's marketplaces, so that more people have the opportunity to experience the only remaining marketplace culture in Taiwan, and further understand the deep cultural connotations of Gangshan.

With the goal of sustainable city and countryside, the Foundation hopes to invest in the local community and create a new energy together to build a better new life.



Event time | 2023.5.13-14

Venue | Gangshan Dianbaoxi Stagnant Pond A Area

No. of beneficiaries | About 30,000 people

## GoodLock Campus Lock Replacement The "Lock & Key" Management System for Peace of Mind

In order to fulfill its corporate social responsibility and respond to the "Sustainable Cities" in the United Nations Sustainable Development Goals (SDGs), Taiwan's Fu Hsing Industry, with its expertise in lock manufacturing, has planned the "GoodLock Good Life Proposal" campus lock replacement program, which provides Kaohsiung schools of all grades with free access to the key management system, in the hope of bringing peace of mind to schoolchildren and bringing them a comfortable and easy campus environment for their studies.

Since the first try in 2021, till now with the help of volunteers from Taiwan's Fu Hsing, a total of 13 schools and one disadvantaged organization in Gangshan, Hu'nei, and Yong'an were visited this year to set up the convenient and friendly "Lock & Key" management system, which allows all doors to be opened with just one key, solving the problem of managing a large number of locks for the schools, and reducing the possibility of school safety problems, and more than 2,229 sets of door locks have been replaced and maintained, benefiting nearly 6,370 teachers and students.

Event time | 2023.8-10

Venue | Kaohsiung Municipal Qianfeng Elementary School, Kaohsiung City Kangshan Dist. Hou Hong Elementary School, Kaohsiung Municipal Gangshan Junior High School, and others for a total of 13 schools, as well as the Taiwan His Hands Christian Home

No. of beneficiaries | Total 6,370 teachers, students, and disadvantaged people.



SDG 11  
Sustainable Cities  
and Communities

## Kaohsiung Pier II International Steel Sculpture Festival Fu Hsing Locks Cross-border Re-creation

The Kaohsiung International Steel Sculpture Festival, now in its 10th year, is a unique urban art festival in the city of Kaohsiung. This year, with the theme of “Kaohsiung in the making”, Taiwan's Fu Hsing as the arts and culture supporter, together with Japan's well-known video director, Dutch artists, recreation lock to infuse innovative energy into the product and open up a new imagination of the door locks.

Lex POTT, a Dutch artist, used Taiwan Fu Hsing's production line and products to transform raw materials and door locks into interesting faces, bringing a stunning visual effect and warm human touch. And Japanese director Seiichi Hishikawa, on the other hand, used a lot of video and sound from the Fu Hsing plant and visited many steel plants in Kaohsiung to shoot the film. As many as 900 video and sound clips were edited and made become a Kaohsiung steel version Carmen show, which brings a shocking feeling in both sound and picture.

Event time | 2023.11-12

Location | B3 & B4 Pong Lai Warehouse,, Pier 2 Art Zone





### Other Charity Involvements - 2023

#### SDG 3 Good Health and Well-being

- 2023 Agongdian Cup National Marathon
- 2023 Artisan Home Run for Charity

#### SDG 4 Quality Education

- Humanistic Education Foundation's "Math Thinking Story House" after-school club for remote rural elementary schools
- 2023 Kaohsiung Museum of History Local Culture Promotion Cooperation Program
- 2023 Weiwuying 5th Anniversary Series, Circus Platform
- 2023 Public Performance Program in Kaohsiung Film Archive
- The Reporter tAngel Sponsorship Program

For more event reports, please refer to the official website and fan page of Taiwan Fu Hsing.

# Environment

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## Material topics of the Chapter

GRI 301

GRI 302

GRI 303

GRI 305

GRI 306

GRI 307

SDG 6

SDG 7

SDG 12

SDG 13

# Pollution Prevention

## Policies and Goals

Taiwan Fu Hsing's environmental management efforts cover five main aspects: air, water, waste, toxin, and noise. The Company has ceased all use of toxic chemicals since 2011 for the protection of the environment and employees' health. Permits have been obtained for the discharge of air pollutants, effluents, and waste, and all pollutants discharged conform with environmental standards. Furthermore, Taiwan Fu Hsing adopted ISO14001 - Environmental Management System in 2009 and continues to maintain validity of the system. It provides a starting point for risk controls in the environmental aspect, and allows us to set goals, devise management solutions, and make ongoing improvements.

During the reporting period, the Company and subsidiaries did not encounter any major incident of pollution or leak of hazardous substance.

## Air Pollution Management

Taiwan Fu Hsing applies stringent control over particulate matters, nitrogen oxides (NOx), sulfur oxides (SOx), and volatile organic compounds (VOC). All emission data was calculated in accordance with the Environmental Protection Administration's "SOx and NOx Emission Coefficient and Efficiency for Reporting of Air Pollution Control Charges by Public and Private Stationary Pollution Sources" after taking into consideration the production procedures and pollution sources associated with the industry. A third-party testing company has been engaged to conduct regular tests on whether the emissions conform with standards. Air pollutants discharged in 2023 were entirely below the government's emission standards.

### Air Pollutant Emissions in 2023

Item	Emission volume	Legal standard	Compliance with permit for handling of stationary pollution sources
Particulate matter	0.157 tonnes	0.2594 tonnes	In conformance
NOx	0.0809 tonnes	0.147 tonnes	
SOx	0 tonnes	N/A	
VOC (production-related)	0.003 tonnes	0.198 tonnes	
VOC (non-production related)	1.9521 tonnes	N/A	

Note: Adjustments were made to air pollution data as per instruction of the EPA; emission is now traced to products instead of raw materials



## Wastewater Management

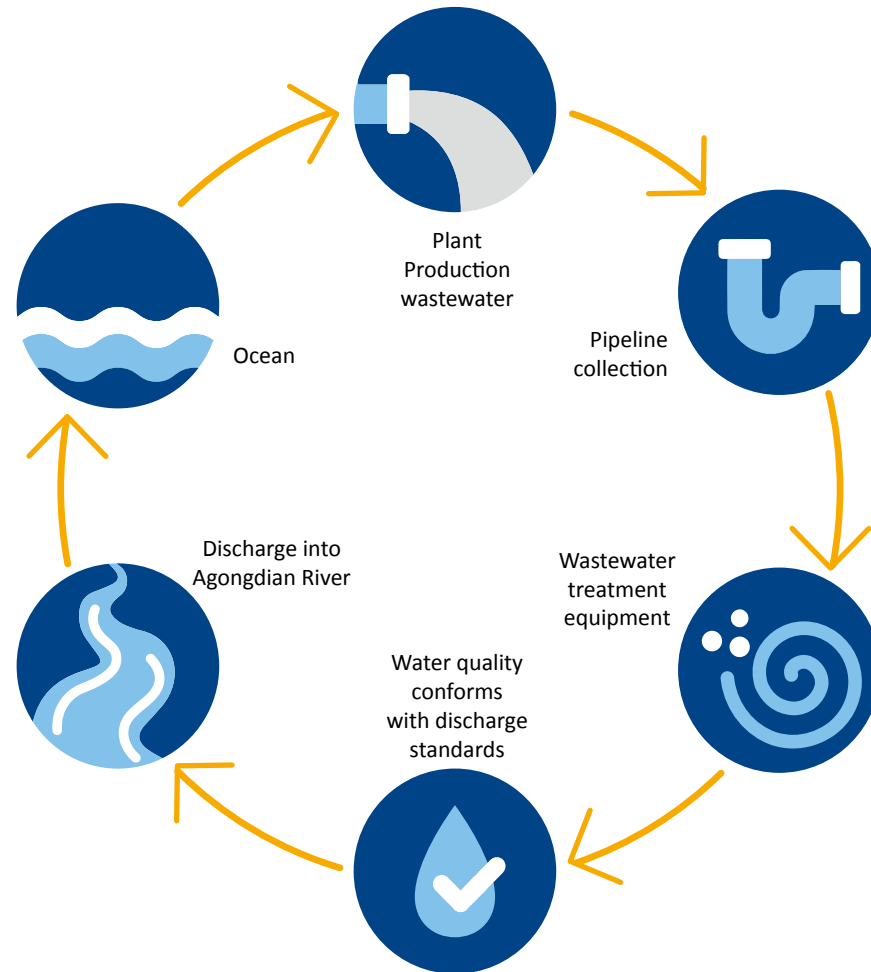
Wastewater from Fu Hsing's manufacturing process is collected through pipelines to a wastewater treatment facility, where it is treated until the water quality meets the government's discharge standards and then discharged into the Agongdian Creek watershed, which ultimately flows into the ocean. During this time, operators monitor and record changes in water quality and quantity, and make appropriate contingency responses in the event of an abnormal situation. The Company commissions a third party to test the quality of wastewater every six months to ensure that production activities in the plant do not affect the environment. The test results in 2023 meet the water quality standards stipulated by law.

The Company also conducts semi-annual reporting in accordance with the "Water Pollution Control Measures and Test Reporting Management Regulations", and the total wastewater discharged from the plant in 2023 is 6,618 cubic meters, which is in line with the environmentally approved amount (13,177 cubic meters/year).

### Results of Water Quality Testing in 2023

Item	First Half	Second Half	Legal Standard	Conformity
Water temperature (°C)	25.8	28.2	38	In conformance
PH	7.2	7.4	6.0-9.0	
SS (mg / L)	8.6	2.6	30	
COD (mg / L)	41.2	19.9	100	
Oil (mg / L)	2.7	ND	10	

Note 1: Water quality test data was based on effluent value on the test day  
 Note 2: ND stands for not detected; meaning that concentration is too low to be detected



## Waste Management

Taiwan Fu Hsing takes "waste reduction at source and resource recovery" as the main direction of waste management, and promotes recycling and reuse through source management to replace waste generation, in order to reduce the harm to the environment and relatively reduce the cost of waste disposal. In 2023, 95.15% of the waste in the factory area has been utilized for resource recovery and reuse, and the remaining 4.85% has been transported and disposed by entrusted legal vendors according to the characteristics of the waste.



Waste treated by legitimate contractors  
**100%**

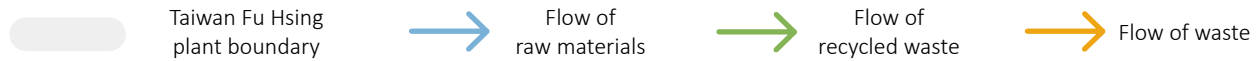
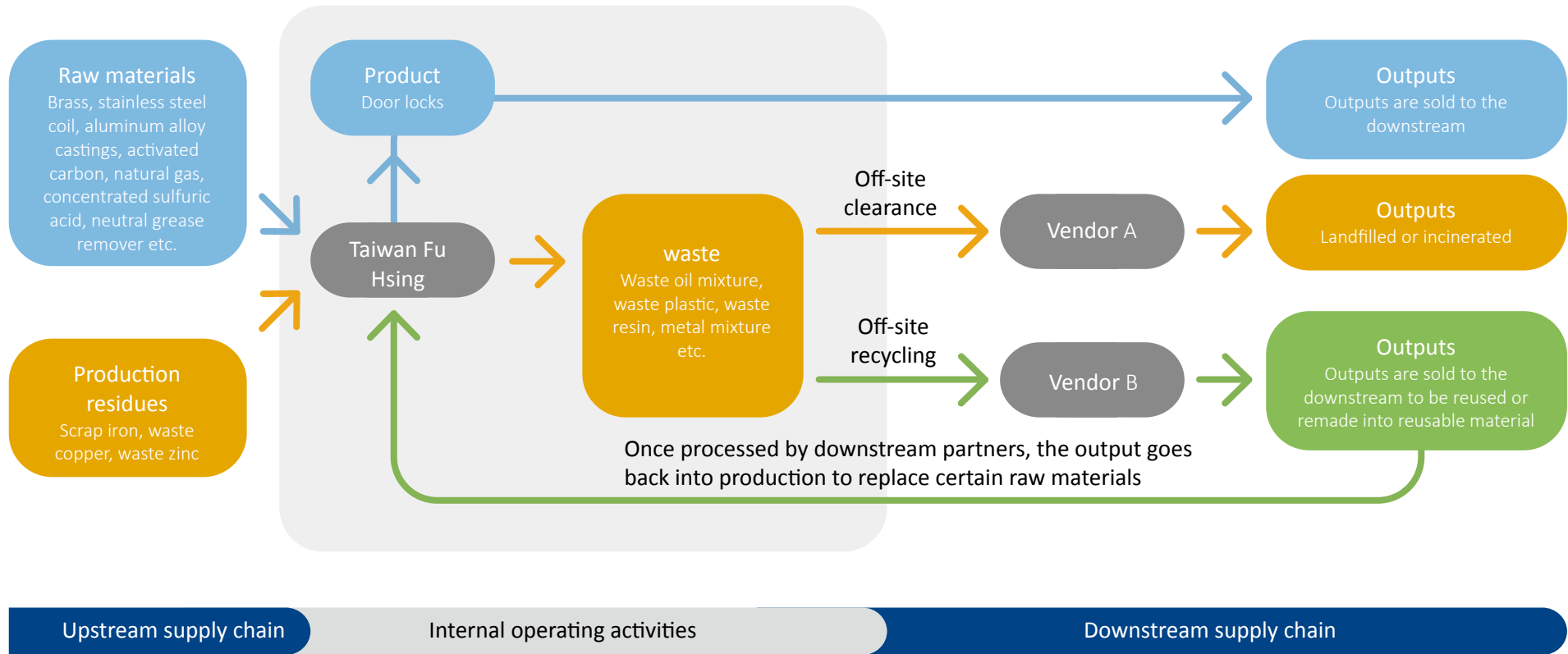


Volume of Waste Generated in the Last Two Years (unit: tonnes)

Category	Waste Category		Treatment Method	2022	2023	Percentage
Reused and recycled	Scrap iron, waste handle etc.		Cleared through legitimate contractors and reused	3452.76	3317.87	95.15%
	Waste copper, dry copper powder, wet copper powder etc.		Recycled and remade into production raw materials	234.80	225.28	
	Total weight			3687.56	3543.15	
Not reused or recycled	General industrial waste	General waste from living activities	Incinerated and landfilled	38.69	67.5	4.35%
		Waste cotton		28.28	54	
		Waste paper		2.75	2.7	
		Waste plastic		5.99	10.8	
		Sludge	Thermal treatment (except incineration)	12.8	17.68	
		Waste oil mixture		6.03	6.14	
		Oil sludge		2.08	2.49	
	Waste resin	Incineration	0.61	0.65		
Total weight			97.23	161.96		
Hazardous industrial waste	Production waste fluid	Chemical treatment	9.62	18.45	0.5%	
Total weight			9.62	18.45		
<b>Total waste</b>				<b>3794.41</b>	<b>3723.56</b>	<b>100%</b>

Note: "Reuse and recycle" includes in-plant recycling and reuse, sale, and recycling through legitimate contractors

Waste-to-resource Flowchart



# Environmental Protection and Sustainability

## Policies and Goals

In the face of the increasingly severe environmental crisis, for cherishing the earth's resources, Taiwan Fu Hsing is committed to promoting green manufacturing while taking care of economic development. We follow the ISO 14001 environmental management system, formulate the company's Environmental Handbook, and set goals and management plans to enhance the efficiency of energy and resource use, continuously optimize management, save energy and reduce carbon emissions, in order to achieve the environmental sustainability goal of "Coexisting and Winning with the Earth".

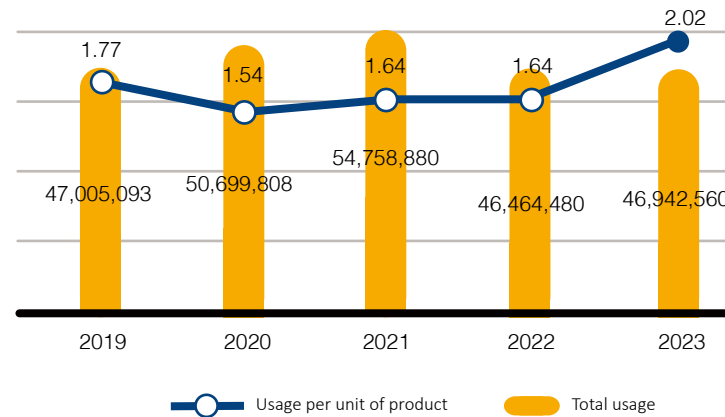
## Energy Management

Taiwan Fu Hsing monitors its energy usage annually and continues to optimize its efficiency. Energy consumption consists of electricity, natural gas and diesel fuel, and in 2023, electricity consumption was 46,942,560 megajoules, an increase of 1% over last year. However, with the implementation of energy-saving programs in the plants and the replacement of inefficient equipment, the reported electricity saving rate for the year was 1.05% in accordance with the Energy Administration Act, which was better than the government's requirement of 1%. Natural gas consumption was 196,273 megajoules, which is in line with the environmentally approved amount (91,800 m<sup>3</sup>/year, equivalent to 3,304,800 megajoules/year). Diesel consumption was 375,726 MJ, a significant increase over the previous year due to the increased frequency of use of diesel in company vehicles. The 2023 annual energy consumption was 47,514.559 GJ.



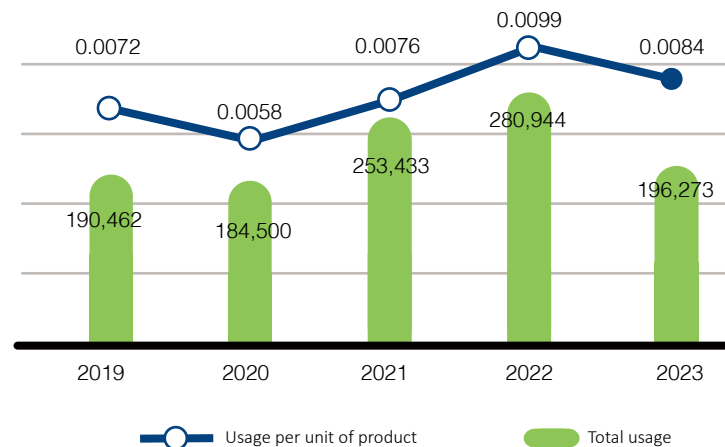
Power Usage (Unit: million joules)

In conformance



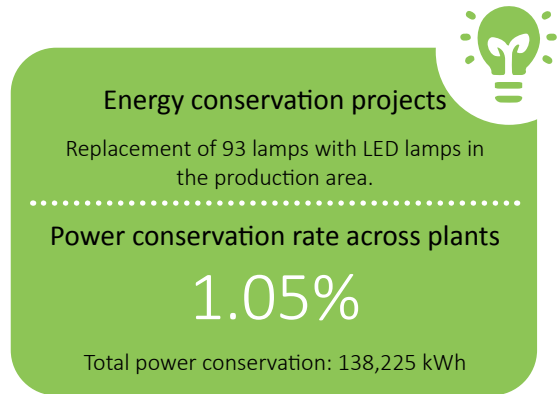
Natural Gas Usage (Unit: million joules)

In conformance



## Energy and Carbon Reduction

Taiwan Fu Hsing implements the strategy of reducing resource consumption and continues to promote various energy-saving and carbon reduction measures. In 2023, the main implementation project is to improve the equipment, and the results are as follows:



Note: Data was sourced from the Company's cost reduction project for the year

Regarding green power procurement, according to the "Regulations for the Management of Setting Up Renewable Energy Power Generation Equipment of Power Users Above a Certain Contract Capacity", power user who has signed electricity consumption agreements with the electricity retailing utility enterprise, reserving capacity of no less than 5,000 kW, shall perform the obligation by setting up renewable energy power generation equipment. Taiwan Fu Hsing's contracted capacity of 3,205 kilowatts falls short of the required threshold.

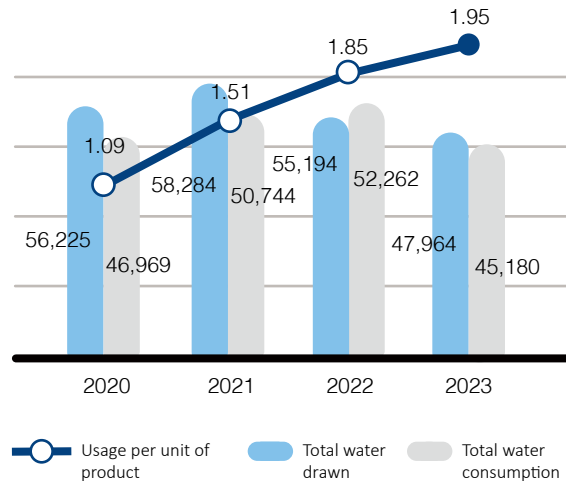
## Water Resource Management

Taiwan Fu Hsing cares about the water environment in the areas where our production bases are located. We have set goals to continually reduce the unit water usage. While planning for the use of water resources, we take into account government policies and company development to manage and allocate the use of water resources rationally and efficiently to proactively minimize the consumption of resources.

In 2023, the total water consumption of 45,180 tons has met the environment authority approved amount of 73,000 tons. In addition, we have promoted water conservation projects including recycle use of process cleaning water and

### Volume of Water Withdrawn and Consumed (Unit: tonnes)

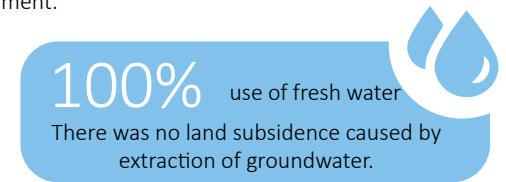
In conformance



Note 1: Approved water limit (CMD)×360 days; water usage was within the 73,000-tonnes limit approved by the environmental protection authority  
 Note 2: Usage per unit of product is calculated in liters.

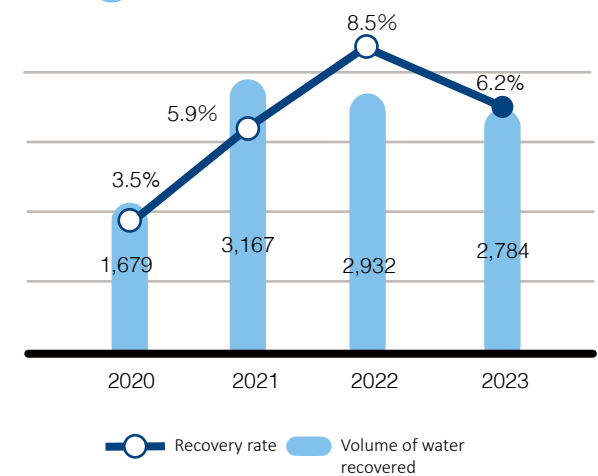
recycle use of RO wastewater from 36 water dispensers. In 2023, the total amount of water recycled in the plant was 2,784 tons, which was higher than our pre-set goal of 2,567 tons.

Climate change exacerbates the crisis of unstable water resources, so water resources management is a top priority for enterprises to think carefully. In the future, we will continue our efforts to promote water conservation measures and process water recycling R&D and improvement.



### Volume of Water Recycled (Unit: tonnes)

Target met

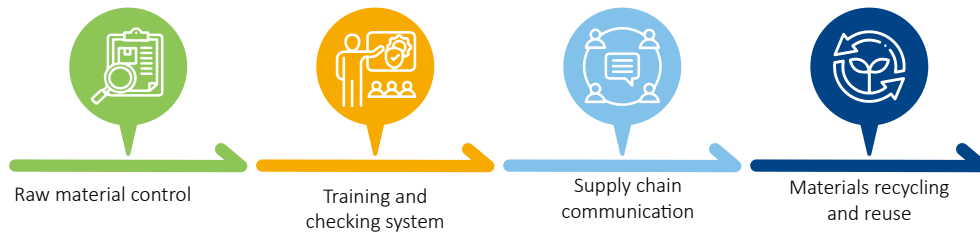


Note: Recycling of wastewater from the washing phase of the production procedure + recycling of RO wastewater from drinking fountains were targeted at 2,702 tonnes, using 2019 as the baseline.

## Raw Materials Management

Taiwan Fu Hsing's raw material management focuses on metal raw materials and packaging materials. We strive to improve our production processes and manufacturing technologies to reduce raw material consumption and increase the recycling rate, as well as to select raw material suppliers that comply with laws and regulations and sustainability standards in accordance with our internal purchasing management and operational standards.

### Management Process



### Type of Raw Material

Material Type	Item	Weight/Capacity	Outsourcing/ In-house production	Renewability
Raw materials	Brass	297 tons	outsourcing	Non-renewable
	Stainless steel	3,249 tons	outsourcing	Non-renewable
	Epoxy resin	36.4 tons	outsourcing	Non-renewable
Secondary materials	Neutral degreasing	2.86 tons	outsourcing	Non-renewable
	Pressing oil	9,800 liters	outsourcing	Non-renewable
Packaging materials	Paper packaging material (outer box, lid, base, etc.)	1,548 tons	outsourcing	Renewable
	PET	208 tons	outsourcing	Renewable
	PVC	302 tons	outsourcing	Non-renewable

## Environment-friendly Packaging Materials

We attach importance to customer needs, regulatory compliance, environmental friendliness and other issues, therefore, in 2023, the introduction of environmentally friendly packaging materials GEX Bio-based Plastic (Bio-based Plastic) turns (reprocesses) organic waste (egg shells) into bioplastic pellets, and is extended as the design of packaging base or tray to replace the original pulp raw materials. 25% of GEX Bio-based plastic pellets are added to each package, while GEX emits about 3/4 of the carbon dioxide emissions during the production process and can be recycled to produce into new packages to achieve the goal of recycling. We are committed to finding more friendly materials to achieve the goal of plastic reduction, and we will continue to do our best to achieve this goal. In the future, we will be proposing more environmentally friendly recycled materials (PCR) to achieve the benefits of a circular economy.



# Climate Change Governance

## Policies and Goals

Taiwan Fu Hsing has long been committed to corporate sustainability. We fulfill our commitment to environmental sustainability by complying with the ISO 14064-1:2018 greenhouse gas verification standard, conducting greenhouse gas emission inventories investigation and verifications, setting relevant goals for emission reduction in various areas, and gradually optimizing the efficiency of energy use in order to reduce global warming caused by greenhouse gas emissions and to reduce global warming caused by greenhouse gas emissions and to maintain the sustainable development of the global ecosystem.

## Greenhouse Gas Survey

In addition to the regular and complete inventory investigation of the organization's GHG emissions, we also follow the requirements of the new version of ISO 14064-1:2018 and the GHG Inventory Protocol, as well as the principles of the GHG Inventory and Registration Management of the Environmental Protection Administration of the Executive Yuan, to investigate the direct (category 1), indirect (category 2), and other indirect (category 3~4) emissions respectively, with the emission coefficients referring to the annual emission coefficients released by the Energy Administration of the Ministry of Economic Affairs, and obtain the AFNOR inspection statement.

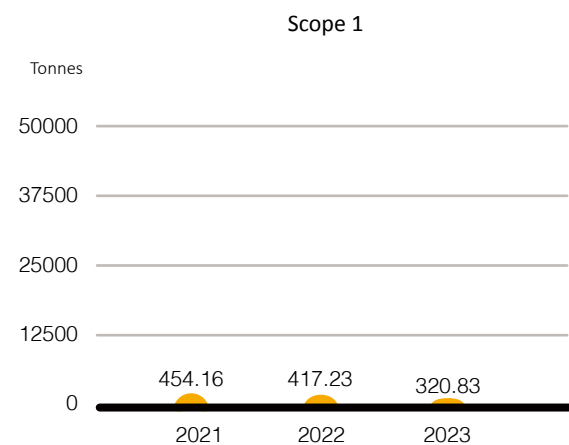
Total greenhouse gas emission in 2023 was reported at 48,700.029 tonnes/CO<sub>2</sub>e; the emissions included 4 greenhouse gases: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, and HFCs, and there was zero emission of PFCs, SF<sub>6</sub>, and NF<sub>3</sub>. Overall emission intensity was calculated at 5.367 tonnes/NTD million of revenue.



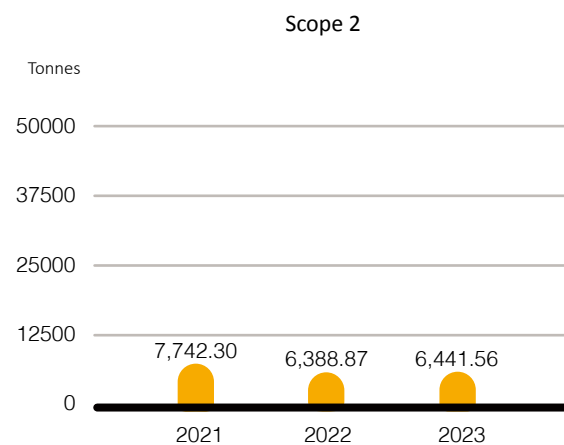
## Survey Result for 7 Major GHGs (Unit: tonnes)

Year/Gas	CO <sub>2</sub>		CH <sub>4</sub>		N <sub>2</sub> O		HFC <sub>s</sub>		PFC <sub>s</sub>		SF <sub>6</sub>		NF <sub>3</sub>	
	Equivalent volume of emission	Percentage	Equivalent volume of emission	Percentage	Equivalent volume of emission	Percentage	Equivalent volume of emission	Percentage	Equivalent volume of emission	Percentage	Equivalent volume of emission	Percentage	Equivalent volume of emission	Percentage
2023	48,556.96	99.71%	110.01	0.23%	1.56	0.00%	31.50	0.06%	0	0%	0	0%	0	0%
2022	11,569.06	98.43%	110.73	0.94%	1.64	0.01%	72.47	0.62%	0	0%	0	0%	0	0%
2021	19,658.83	98.81%	125.70	0.63%	1.72	0.01%	110.29	0.55%	0	0%	0	0%	0	0%

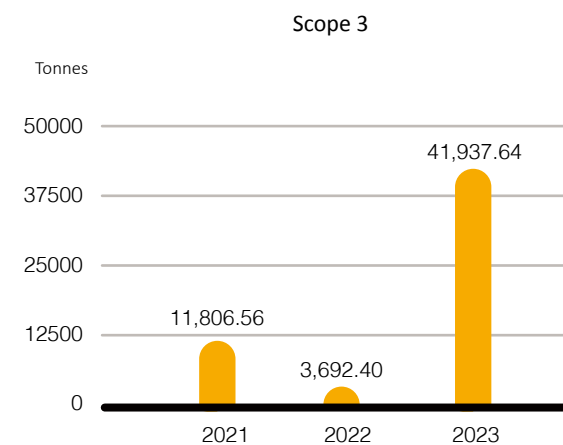
## All-plant GHG Statistics



Note: Refer to direct greenhouse gas emissions, i.e., sources owned or controlled by the Company, including fuel combustion in stationary equipment, process emissions, and mobile combustion sources and fugitive emissions from transportation vehicles owned by the Company.



Note: Refer to indirect greenhouse gas emissions from energy sources, with purchased electricity as the main source.



Note: This is the Type III and Type IV data of the ISO 14064-1:2018. The 2022 inventory investigation did not take into account of overseas land transportation, and 2023 inventory investigation had a wider coverage, which also included “upstream and downstream transportation and delivery” and “emissions of purchased goods”, with the cut-off principle of the top 80% of suppliers and customers.

## Appendix 1 Global Reporting Initiative (GRI) Content Index

Declaration | Taiwan Fu Hsing has adopted the GRI Standards to report data between January 1, 2023 and December 31, 2023.

Use of GRI 1 | GRI 1: Foundation 2021

Applicable GRI Industry Standards | [Title of applicable GRI industry standards]

GRI Standards	Disclosure Item	Sub-category Title	Chapter	Page number
GRI 2: General Disclosures 2021				
The organization and its reporting practices	2-1	Organizational details	About Taiwan Fu Hsing/Enterprise overview	P.3
	2-2	Entities included in the organization's sustainability reporting	About Taiwan Fu Hsing/Enterprise overview	P.3
	2-3	Reporting period, frequency and contact point	Editorial guidelines	Back cover
	2-4	Information reorganization	No such occurrence	
	2-5	External assurance/confirmation	Editorial guidelines	Back cover
Activities and workers	2-6	Activities, value chain and other business relationships	About Taiwan Fu Hsing/Enterprise overview	P.3
			Sustainable manufacturing	P.35
	2-7	Employees	Social/ Friendly workplace/ HR overview Appendix 3 Taiwan Fu Hsing Workforce Chart	P.48 P.83
Governance	2-8	Workers who are not employees	Social/ Friendly workplace/ HR overview	P.48
	2-9	Governance structure and composition	Operation and governance/ Corporate governance	P.18
	2-10	Nomination and selection of the highest governance body	Operation and governance/ Corporate Governance/ Board structure	P.20
	2-11	Chair of the highest governance body	Operation and governance/Corporate Governance/ Governance framework	P.18
	2-12	Role of the highest governance body in overseeing the management of impact	Sustainable management/Management of sustainability	P.7
			Operation and governance/ Corporate governance	P.18
			Operation and governance/ Risk management	P.28
2-13	Delegation of responsibility for managing impacts	Sustainable management/Management of sustainability/ Sustainability Committee	P.8	
2-14	Role of the highest governance body in sustainability reporting	Sustainable management/Management of sustainability	P.7	
2-15	Conflicts of interest	Operation and governance/ Corporate governance	P.18	

GRI Standards	Disclosure Item	Sub-category Title	Chapter	Page number
Governance	2-16	Communication of critical concerns	Sustainable management/ Management of sustainability/ Sustainability Committee	P.8
	2-17	Collective knowledge of highest governance body	Operation and governance/ Corporate governance	P.18
	2-18	Evaluation of the performance of the highest governance body	Operation and governance/ Corporate Governance/ Board of directors performance assessment	P.23
	2-19	Compensation policy	Social/ Friendly workplace/ Comprehensive employee benefits and compensations The 2022 report does not disclose details on salary, bonus, severance pay, and the recourse system	P.54
	2-20	Process to determine remuneration	Operation and governance/ Corporate Governance/ Governance framework Operation and governance/ Corporate Governance/ Board of directors' compensation system	P.18 P.23, Appendix V
	2-21	Annual total compensation ratio	The 2022 report does not disclose the compensation ratio	
Strategy, policies and practices	2-22	Statement on sustainable development strategy	About Taiwan Fu Hsing/ Message from the Chairman	P.2
	2-23	Policy commitments	Operation and governance/ Integrity and compliance	P.25
			Operation and governance/ Risk management	P.28
			Sustainable manufacturing/ Supply chain sustainability management	P.40
			Social/ Friendly workplace/ Creation of a diverse and inclusive environment	P.51
	2-24	Embedding policy commitments	Sustainable manufacturing/ Supply chain sustainability management Social/ Friendly workplace/ Creation of a diverse and inclusive environment	P.40 P.51
	2-25	Processes to remediate negative impacts	Sustainable management/ Identification of stakeholders and material issues/ Stakeholder communication Operation and governance/ Integrity and compliance	P.15 P.25
	2-26	Mechanisms for seeking advice and raising concerns	Operation and governance/ Integrity and compliance	P.25
2-27	Regulatory Compliance	Operation and governance/ Integrity and compliance	P.25	
2-28	Membership of Public Associations	About Taiwan Fu Hsing/ Enterprise overview/ Engagement with external organizations	P.5	
Stakeholder engagement	2-29	Approach to stakeholder engagement	Sustainable management/ Identification of stakeholders and material issues	P.9
	2-30	Group agreement	About Taiwan Fu Hsing/ Enterprise overview/ Engagement with external organizations Social/ Friendly workplace/ Creation of a diverse and inclusive environment	P.5 P.51

GRI Standards	Disclosure Item	Sub-category Title	Chapter	Page number
GRI 3 2021: Disclosure of Material Topics				
	3-1	Process to determine material topics	Sustainable management/ Identification of stakeholders and material issues/ Identification of material issues	P.9
	3-2	List of material topics	Sustainable management/ Identification of stakeholders and material issues/ Identification of material issues	P.10
	3-3	Management of material topics	Sustainable management/ Identification of stakeholders and material issues/ Identification of material issues Social/ Workplace safety	P.11 P.43
Specific standard disclosures				
GRI 201 Economic Performance	201-1	Direct economic value generated and distributed	Operation and governance/ Financial performance	P.24
	201-2	Financial implications and other risks and opportunities due to climate change	Environmental/ Climate change governance	P.75
	201-3	Defined benefit plan obligations and other retirement plans	Social/ Friendly workplace/ Retirement system and planning	P.54
	201-4	Financial assistance received from government	No significant government grant was received in the reporting period.	
GRI 203 Indirect Economic Impacts	203-1	Infrastructure investments and services supported	Social/ Social inclusion	P.61
GRI 204 Procurement Impacts	204-1	Proportion of spending on local suppliers	Sustainable manufacturing/ Supply chain overview	P.39
GRI 205 Anti-corruption	205-1	Operations assessed for risks related to corruption	Operation and governance/ Integrity and compliance	P.25
	205-2	Communication and training about anti-corruption policies and procedures	Operation and governance/ Integrity and compliance	P.25
	205-3	Confirmed incidents of corruption and actions taken	Operation and governance/ Integrity and compliance	P.26
GRI 301 Materials	301-1	Materials used by weight or volume	Environmental/ Environmental protection and sustainability/ Raw materials management	P.74
	301-2	Recycled input materials used	Environmental/ Environmental protection and sustainability/ Raw materials management	P.74
	301-3	Reclaimed products and their packaging materials	Environmental/ Environmental protection and sustainability/ Raw materials management	P.74
GRI 302 Energy	302-1	Energy consumption within the organization	Environmental/ Environmental protection and sustainability/ Energy management	P.72
	302-2	Energy consumption outside of the organization	Environmental/ Climate change governance	P.75
	302-3	Energy intensity	Environmental/ Environmental protection and sustainability/ Energy management	P.72
	302-4	Reduction of energy consumption	Environmental/ Environmental protection and sustainability/ Energy and carbon reduction	P.73
	302-5	Reductions in energy requirements of products and services	Environmental/ Environmental protection and sustainability/ Energy management	P.72
GRI 303 Water and Effluent	303-1	Interactions with water as a shared resource	Environmental/ Prevention of environmental pollution/ Wastewater management	P.69
	303-2	Management of water discharge-related impacts	Environmental/ Prevention of environmental pollution/ Wastewater management	P.69
	303-3	Total water withdrawals	Environmental/ Environmental protection and sustainability/ Water resource management	P.73

GRI Standards	Disclosure Item	Sub-category Title	Chapter	Page number
GRI 303 Water and Effluent	303-4	Water discharge	Environmental/ Prevention of environmental pollution/ Wastewater management	P.69
	303-5	Water consumption	Environmental/ Environmental protection and sustainability/ Water resource management	P.73
GRI 305 Emissions	305-1	Direct (Scope 1) GHG emissions	Environmental/ Climate change governance	P.75
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental/ Climate change governance	P.75
	305-3	Other indirect (Scope 3) GHG emissions	Environmental/ Climate change governance	P.75
	305-4	GHG emissions intensity	Environmental/ Climate change governance	P.75
	305-5	Reduction of GHG emissions	Environmental/ Climate change governance	P.75
	305-6	Emissions of ozone-depleting substances (ODS)	Environmental/ Climate change governance	P.75
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environmental/ Climate change governance	P.75
GRI 306 Waste	306-1	Waste generated and significant waste-related impacts	Environmental/ Prevention of environmental pollution/ Waste management	P.70
	306-2	Management of significant waste-related impacts	Environmental/ Prevention of environmental pollution/ Waste management	P.70
	306-3	Waste generated	Environmental/ Prevention of environmental pollution/ Waste management	P.70
	306-4	Waste diverted from disposal	Environmental/ Prevention of environmental pollution/ Waste management	P.70
	306-5	Waste directed to disposal	Environmental/ Prevention of environmental pollution/ Waste management	P.70
GRI 307 Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	Environmental/ Prevention of environmental pollution	P.68
GRI 308 Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Sustainable manufacturing/ Supply chain sustainability management	P.40
	308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable manufacturing/ Supply chain sustainability management	P.40
GRI 401 Employment	401-1	New employee hires and employee turnover	Social/ Friendly workplace / Productive workforce rotation	P.50
			Appendix 3 Workforce Statistics of Taiwan Fu Hsing	P.83
	401-2	Benefits provided to full-time employees	Social/ Friendly workplace/ Comprehensive employee benefits	P.54
	401-3	Parental leave	Social/ Friendly workplace / Creation of a diverse and inclusive environment/ Gender equality	P.52
GRI 402 Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	Sustainable management/ Identification of stakeholders and material issues/ Stakeholder communication The Company organizes regular investor seminars, shareholder meetings, and labor-management meetings to keep stakeholders updated on the Company's operations. Ad-hoc meetings can be held whenever deemed necessary to facilitate instant communication.	P.14
GRI 403 Occupational Health and Safety	403-1	Occupational health and safety management system	Social/ Workplace safety/ Safety and health management system	P.43

GRI Standards	Disclosure Item	Sub-category Title	Chapter	Page number
GRI 403 Occupational Health and Safety	403-2	Hazard identification, risk assessment, and incident investigation	Social/ Workplace safety/ Occupational health management	P.43
	403-3	Occupational health services	Social/ Workplace safety/ Occupational health services	P.45
			Social/ Friendly workplace / Friendly workplace	P.48
	403-4	Worker participation, consultation, and communication on occupational health and safety	Social/ Workplace safety/ Occupational health services	P.45
	403-5	Worker training on occupational health and safety	Social/ Workplace safety/ Occupational safety and health training	P.46
	403-6	Promotion of worker health	Social/ Friendly workplace / Occupational health services	P.45
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Social/ Workplace safety/ Tier-based management of occupational illness	P.44
	403-8	Workers covered by an occupational health and safety management system	Workers cover employees of Taiwan Fu Hsing. Furthermore, the Company requires suppliers to sign "Statement of Social and Environmental Responsibilities for Business Partners" and implements a rating system to check occupational safety among suppliers.	P.40
	403-9	Occupational injuries	Social/ Workplace safety/ Occupational hazard statistics and analysis	P.44
	403-10	Work-related ill health	Social/ Workplace safety/ Tier-based management of occupational illness	P.44
GRI 404 Training and Education	404-1	Average hours of training per year per employee	Social/ Talent training and development/ Talent training	P.58
	404-2	Programs for upgrading employee skills and transition assistance programs	Social/ Talent training and development/ Talent development	P.59
	404-3	Percentage of employees receiving regular performance and career development reviews	Social/ Talent training and development/ Talent development	P.59
GRI 405 Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Social/ Friendly workplace/ HR overview	P.48
	405-2	Ratio of basic salary and remuneration between women and men	The Company does not distinguish salary levels by gender	
GRI 406 Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Social/ Friendly workplace/ Creation of a diverse and inclusive environment/ Human rights protection	P.51
GRI 412 Human Rights Assessment	412-2	Human rights policy and procedure training for employees	Social/ Friendly workplace/ Creation of a diverse and inclusive environment/ Human rights protection	P.51
GRI 414 Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Sustainable manufacturing/ Supply chain sustainability management	P.40
	414-2	Negative social impacts in the supply chain and actions taken	Sustainable manufacturing/ Supply chain sustainability management	P.40
GRI 416 Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	Sustainable manufacturing/ Product quality management/ Product safety and health management	P.37
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No such occurrence	
GRI 417 Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	No such occurrence	
GRI 418 Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainable manufacturing/ Customer service and protection	P.38
GRI 419 Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	The Company did not commit any major violation with regards to social or economic aspect in 2022	

## Appendix 2 Preparation standards of the Sustainability Accounting Standards Board (SASB)

Industry Classification: Home Life  
 SASB Main Category: Resource Transformation  
 SASB Medium Category: Industrials

SASB Industry: Industrial Machinery & Goods  
 SASB Code: RT-IG

Topic	Code	Metric	Category	Unit of Measure	Report Content or Description
<b>Sustainability Disclosure Topics &amp; Metrics</b>					
<b>Energy Management</b>	RT-IG-130a.1	(1) Total energy consumed (2) percentage grid electricity  (3) percentage renewable	Quantitative	Gigajoules (GJ) Percentage (%)	Total energy consumed:47,514.559 GJ Use of electricity from the grid as a percentage of total energy consumption: 98.79% No renewable energy is used at the moment
<b>Workforce Health &amp; Safety</b>	RT-IG-320a.1	(1) Total recordable incident rate (TRIR) (2) fatality rate (3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	Quantitative	Rate	Please see "Safe Workplace Establishment" chapter of this report
<b>Fuel Economy &amp; Emissions in Use-phase</b>	RT-IG-410a.1	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Quantitative	Litres per 100 tonnekilometres	Please see "Climate Change Governance" chapter of this report
	RT-IG-410a.2	Sales-weighted fuel efficiency for nonroad equipment	Quantitative	Litres per hour	
	RT-IG-410a.3	Sales-weighted fuel efficiency for stationary generators	Quantitative	Kilojoules per litre	
	RT-IG-410a.4	Sales-weighted emissions of (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: a. marine diesel engines b. locomotive diesel engines c. on-road medium- and heavy-duty engines and d. other non-road diesel engines 1	Quantitative	Grammes per kilojoule	
<b>Materials Sourcing</b>	RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	Discussion & Analysis	N/A	Please see "Supply Chain Sustainability" chapter of this report
<b>Remanufacturing Design &amp; Services</b>		Revenue from remanufactured products and	Quantitative	Presentation currency	This standard does not apply to the Company's products
<b>Activity Metrics</b>					
<b>Number of units produced by product category</b>	RT-IG-000.A		Quantitative	Number	2023 production volume: 43,548,000 pieces
<b>Number of emples</b>	RT-IG-000.B		Quantitative	Number	Please see Appendix 3

### Appendix 3 Taiwan Fu Hsing Workforce Chart

Distribution by categories (Note 1)				Male		Female		Total	
				Number of individuals	Percentage	Number of individuals	Percentage	Total males/females	As a percentage of total employees
Contract type	Permanent employees	Work location	Taiwan	630	54.40%	528	62.67%	1,002	83.50%
			Mainland China	2	33.33%	4	2.47%	162	13.50%
			<b>Total</b>	<b>632</b>	<b>54.30%</b>	<b>532</b>	<b>54.30%</b>	<b>1,164</b>	<b>97%</b>
	Contract (temporary) worker	Work location	Taiwan	16	44.44	20	55.56%	36	3.00%
			Mainland China	0	0.00%	0	0.00%	0	0.00%
			<b>Total</b>	<b>16</b>	<b>44.44%</b>	<b>20</b>	<b>55.56%</b>	<b>36</b>	<b>3.00%</b>
Nationality	Taiwanese			378	37.50%	630	62.50%	1,008	84.00%
	Foreigner			174	90.63%	18	9.37%	192	16.00%
Job role	Direct			293	38.20%	474	61.80%	767	63.92%
	Indirect			194	57.40%	144	42.60%	338	28.17%
	Managerial personnel (Note 2)			65	68.42%	30	31.58%	95	7.92%
Age group	Age 30 and below			144	64.57%	79	35.43%	223	18.58%
	Age 30-49			314	43.37%	410	56.63%	724	60.33%
	Age 50 and above			94	37.15%	159	62.85%	253	21.08%
<b>All employees</b>				<b>552</b>	<b>46.00%</b>	<b>648</b>	<b>54.00%</b>	<b>1,200</b>	<b>100.00%</b>

Note 1: Personnel count was accurate as of the end of 2023, which was different from the cutoff date for annual report; all 9 contract (temporary) workers were part-time while the remaining 1,196 were full-time

Note 2: Managerial personnel is defined as team leader and above

Distribution of new recruits and resignees (Note 1)		2023					2022				
		Opening head count	New recruits	Percentage (Note 2)	Resignees	Percentage (Note 3)	Opening head	New recruits	Percentage (Note 2)	Resignees	Percentage (Note 3)
Age group	Age 30 and below	193	31	35.23%	37	27.01%	204	40	40.40%	51	35.66%
	31-49	641	53	60.23%	75	54.74%	659	55	55.56%	73	51.05%
	Age 50 and above	217	4	4.55%	25	18.25%	232	4	4.04%	19	13.29%
Gender	Male	395	39	44.32%	59	43.07%	406	43	43.43%	54	37.76%
	Female	656	49	55.68%	78	56.93%	689	56	56.57%	89	62.24%
Work location	Taiwan	1,046	88	100.00%	137	100.00%	1,087	99	100.00%	140	97.90%
	Mainland China	5	0	0.00%	0	0.00%	8	0	0.00%	3	2.10%
	USA	0	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%
Total head count		1,051	88	100.00%	137	100.00%	1,095	99	100.00%	143	100.00%
New recruitment rate (Note 4)		8.37%					9.04%				
Attrition rate (Note 5)		12.03%					11.98%				

Note 1: Data represents: permanent Taiwanese employees

Note 2: Percentage of new recruits = headcount of the given category/total new recruits

Note 3: Percentage of resignees = headcount of the given category/total resignees

Note 4: New recruitment rate = total new recruits for the year/opening headcount

Note 5: Attrition rate = total resignees for the year/(opening headcount + total new recruits for the year)

#### Appendix 4 List of major shareholders (Note)

List of major shareholders	No. of shares held	Shareholding percentage
Fu Zhi Investment Development Co., Ltd.	10,091,307	5.35%
HSBC (Taiwan) Ltd. entrusted by investment account in BNP Paribas Singapore	9,721,000	5.16%
Fu Ding Investment Enterprise, Co., Ltd.	9,308,254	4.94%
Fu Sheng International Investment Co. Ltd.	7,624,000	4.05%
Hong Cheng Investment Co. Ltd.	5,721,451	3.04%
CTBC Bank – Lin Jui-Chang trusted account	5,000,000	2.65%
Fu Xun Investment Co. Ltd.	4,697,300	2.49%
Lian Guang Investment Co., Ltd.	4,210,417	2.23%
Sheng You Investment Co. Ltd.	3,144,000	1.67%
CTBC Bank – Chang Jui-Pi trusted account	3,000,000	1.59%

## Appendix 5 Directors' compensation

Designation	Name	Directors' compensation						The sum of A, B, C and D as a percentage of net income (Note 2)		Compensation received as employee						The sum of A, B, C, D, E, F, and G as a percentage of after-tax profit (Note 2)		Compensation from parent company or business investments other than subsidiaries				
		Compensation (A)		Severance pay and pension (B)		Director remuneration (C)		Fees for services rendered (D) (Note 1)		Salaries, bonuses, special allowances etc. (E) (Note 3)		Severance pay and pension (E) (Note 4)		Employee remuneration (G)								
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company			All companies included in the financial statements		The Company	All companies included in the financial statements
																Amount paid in cash	Amount paid in shares		Amount paid in cash	Amount paid in shares		
Chairman	LIN Jui-chang																					
	CHEN Chien-kun																					
	Hong Cheng Investment Co., Ltd.																					
Director	CHU Jung-ho (Note 5)	-	-	-	-	16,860	16,860	246	246	17,106	17,106	11,527	13,076	-	-	21,622	-	21,622	-	50,254	51,803	None
	Michael A.Hoer (Note 5)									1.81%	1.81%								5.31%	5.47%		
	LIN Wen-hsing (Note 6)																					
	LIU Ju-shan (Note 6)																					
Independent Director	CHANG Ling-ling																					None
	CHEN Yung-chun	-	-	-	-	2,640	2,640	102	102	2,742	2,742	-	-	-	-	-	-	-	-	2,742	2,742	
	CHUO Yung-fu									0.29%	0.29%								0.29%	0.29%		

1. Please explain the policy, system, standards, and structure by which independent director compensation is paid, and association between the amount paid and independent directors' responsibilities, risks, and time committed: Independent directors of the Company are paid fixed compensation only and are not entitled to allocation of director remuneration. The compensation policy, system, standards, and structure are subject to Article 26-1 of the Articles of Incorporation, which says that "The Company shall allocate no more than 5% of current year's profit as director/supervisor remuneration."

Furthermore, the Company compensates independent directors appropriately after taking into consideration their objectivity, involvement in board meeting discussions, and the common industry level of directors' compensation.

Performance assessments and rationality of compensation are reviewed by the Remuneration Committee and the board of directors, and may be adjusted at anytime deemed appropriate given the prevailing circumstances or laws to achieve sustainable management and maintain proper risk-return balance.

2. Compensation received by director for providing service (e.g. consultancy service without the title of an employee to the parent company/any company included in the financial statements/any business investment) in the last year, except those disclosed in the above table: None

Note 1: Includes travel allowance of NT\$348.

Note 2: Net income refers to 2023 net income totaling NT\$947,274.

Note 3: Includes corporate vehicle provided at NT\$1,002.

Note 4: Represents pension contribution expenses for 2023; no severance pay or pension benefit was actually paid.

Note 5: Representative of Fu Zhi Investment Development Co., Ltd.

Note 6: Representative of Fu Yuan Investment Co., Ltd.

Unit: NTD thousands

## Editorial guidelines

Dear readers, thank you for taking an interest in the sustainability report of Taiwan Fu Hsing Industrial Co., Ltd. (referred to as "Taiwan Fu Hsing" below). This report explains the actions we took and the outcomes of our sustainability efforts in 2023, and is intended to give all stakeholders of Taiwan Fu Hsing a better understanding of the progress we have made toward sustainability. A digital copy of this report has been made available online, and can be downloaded from Taiwan Fu Hsing's website under the section "CSR/Reports over the Years"  <https://www.fuhsing.com.tw/work-report>

**Reporting period** | 2023 (January 1 to December 31, 2023)

**Reporting cycle** | Yearly

**Report boundary and scope** | This report discloses information primarily relating to Taiwan Fu Hsing Industrial Co., Ltd. The scope of information disclosed in this report covers performance in financial, environmental, and social aspects; however, financial information is presented mainly in relation to consolidated revenues for consistency with the financial statements.

**Publication date of the previous issue** | September 2022

**Guidelines and standards** | This report has been prepared and structured based on the core option of GRI (Global Reporting Initiative) Standards and standards of the Sustainability Accounting Standards Board (SASB)

**Basis of calculation** | Data disclosed in the report was self-compiled and self-surveyed, and has been presented in generally accepted values and formats, except in the case of restatement, as explained in the respective chapters. Financial data was sourced from audited and publicly available information, whereas test data required by laws was entirely measured or certified by independent institutions.

**Method of report management** | **Internal audit**

- All department heads and the Sustainability Committee were involved in the review of chapter contents and the correctness of information presented
- The board of directors reviews ESG performance and strategic goals

**External assurance**

- Financial data: PwC Taiwan
- Environmental data: ISO014001:2015, ISO014064-1:2018

**ESG contact** | If you have any query regarding this report, please contact the Company through the ESG e-mail box at: [fdn-2001@fuhsing.com.tw](mailto:fdn-2001@fuhsing.com.tw)



TAIWAN FU HSING