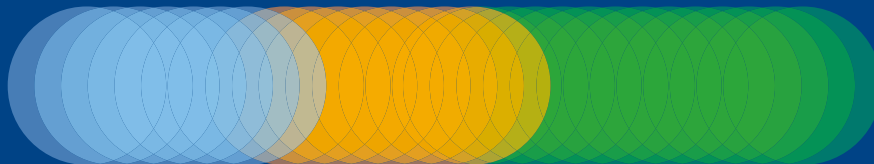
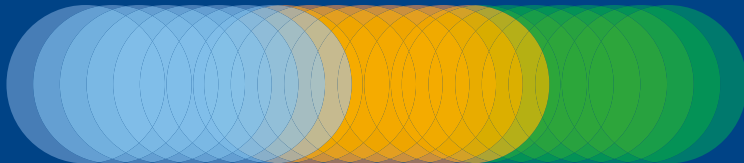


TAIWAN FU HSING

2021 Sustainability Report



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ESG Highlights 2021

Corporate Governance

Corporate Governance
Evaluation - TWSE Listed

Top 6%-20%

Market Cap
NT\$5 Billion to NT\$10 Billion

Top 5%

Earnings Per
Share (EPS)

NT\$3.54

Patent Applications
Exceeded

1,400

Electronic Supplies
Passed EU RoHs

100%

Environment

Emission of Air Pollutants

100% Compliance

Passed Again

ISO14001 Environmental
Certification

Social

Customer Satisfaction
90%

Work Hours Lost to COVID-19
0 hours

3-time Winner of Ministry of Culture's
Arts & Business Awards
- Enterprise Contribution

Kaohsiung City Education
Social Education
Contribution Awards

Won TSAA
Taiwan Sustainability Action Awards
- SDG 10 Bronze Award

Supply Chain

Signed Statement of
Social and Environmental
Responsibilities

100%

Local Procurement

87.6%

Message from the Chairman

Sustainable management is a new value that businesses around the world are actively embracing. Being the industry's role model, Taiwan Fu Hsing has the responsibility to cater for the interests of all stakeholders and create long-term, sustainable value for the society in addition to maximizing corporate profits. This is why Taiwan Fu Hsing has taken the initiative to prepare "2021 Corporate Sustainability Report" as a means to disclose in detail the various actions we took during the year, and took this opportunity to review our progress and gather suggestions from the public that would further perfect our practices.

Sustained Production Capacity and Business Performance Amidst The Pandemic

COVID-19 has hindered global economic activities for two years, and despite the roll-out of vaccines and relaxation of disease control measures in certain parts of the world, new problems such as inflation, port congestion, and labor shortage emerged and persisted throughout 2021. Fortunately, owing to the robust Business Continuity Plan that Taiwan Fu Hsing had devised prior to the pandemic and the extensive efforts taken by the management to quickly adjust to the new norm in the last two years, we were able to develop flexible manufacturing and shipping procedures to not only sustain production capacity, but also maintain the quality of products and services delivered throughout the pandemic. Overall, Taiwan Fu Hsing delivered

strong business performance in 2021, growing sales by 7.2% against all odds and was one of the few among industry peers to do so.

Transparent Governance and Role-model Practices Among Organizations of Equivalent Market Cap

In addition to optimizing business performance, we also commit significant efforts into building a corporate governance culture and recognize our responsibilities to cater for the interests of shareholders, customers, and other stakeholders. Owing to the efforts of the management team, Taiwan Fu Hsing was able to maintain its place among the top 6%-20% (the 2nd tier) of TWSE/TPEX listed companies during the 2021 corporate governance evaluation by Taiwan Stock Exchange Corporation. We even secured our place among the top 5% (the 1st tier) of businesses of equivalent market capitalization (NT\$5 billion to NT\$10 billion), which was a new ranking category introduced during the year. These results are indicative of Taiwan Fu Hsing's emphasis on corporate governance, as well as its commitment to connect with the world.

Employee Safety and Healthy Workplace

In addition growing business, Taiwan Fu Hsing also recognizes employees as its greatest advantage and is dedicated to creating a safe and friendly workplace. For the health and safety of employees, we not only escalated the intensity of our disease control standards in the last two years, but also assembled a disease control task force to conduct rolling reviews on the measures put in place, thereby providing employees

with the best health protection in the industry. Meanwhile, paid vaccination leaves and bonuses were offered above what the laws required as an encouragement for employees to take part in disease control for their protection and the protection of people around them. Since the outbreak of COVID-19, Taiwan Fu Hsing has not encountered any loss of work hours whether due to infection or control measures. We will continue improving risk management practices in this regard to ensure the health of our human resources in the future.

Corporate Influence Toward Sustainability

Taiwan encountered major water shortage in 2021, which indicates climate change as an imminent issue. To strengthen resilience against environmental risks, Taiwan Fu Hsing not only complies with laws but also conducts greenhouse gas surveys and certifications on a yearly basis, so that short-term, medium-term, and long-term reduction measures can be devised with progresses reviewed over time. Furthermore, we require key suppliers to sign "Statement of Social and Environmental Responsibilities," and hope to exert corporate influence in ways that bring suppliers' attention to environmental issues.

While undergoing environmental transformation, we are constantly reminded of our responsibilities to give back to the society. Taiwan Fu Hsing has long been offering internship opportunities to students of mechanical engineering studies through the "Young Fu Hsing" program. In 2021, we expanded the scope of the program and worked with the College of Management, National Sun Yat-Sen University, to bring internships

to students from a wider range of studies. We have even established a foundation to serve as charity arm for the promotion of sports activities, education, and arts & culture. The foundation persistently tends to the needs of the local community, and is committed to creating cycles of decency within the society. Taiwan Fu Hsing Culture & Education Foundation won "Enterprise Contribution Award" in the Arts & Business Awards organized by the Ministry of Culture for the third time in 2021, which was a rare accomplishment among conventional manufacturers. By supporting arts and cultural development, we hope to inspire innovation among employees that would benefit the organization down the road.



Jesse LIN
Taiwan Fu Hsing Industrial Co., Ltd. Chairman

Jesse LIN

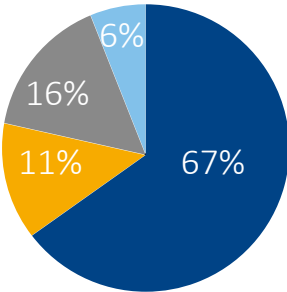
Enterprise Overview

Taiwan Fu Hsing Industrial Co., Ltd. (Taiwan Fu Hsing) was founded in 1957 and headquartered in Kaohsiung City, Taiwan. The Company serves markets all over the globe and is one of the world's largest designers and manufacturers of door control devices. The Company produces for several major brands including ARCTEK, FAULTLESS, LOCWARE, HERITAGE, INDOOR, and DURASET. We have 2,722 employees deployed at 10 locations worldwide, and all of whom are committed to bringing consumers a more secured, convenient, and modernized lifestyle.

Being a manufacturer and exporter of metal products, 2021 had been a very challenging year to us, as the NTD currency strengthened and raw material prices escalated on top of the COVID-19 pandemic. Despite the difficult environment, the Company remained pragmatic in its business practices, worked closely with customers and suppliers, and made appropriate adjustments to operating strategies that enabled employees to produce favorable performance results for yet another year.

Service Market

- North America market
- China market
- Taiwan market
- Other markets: Europe, Southeast Asia, Central America, New Zealand, Australia etc.

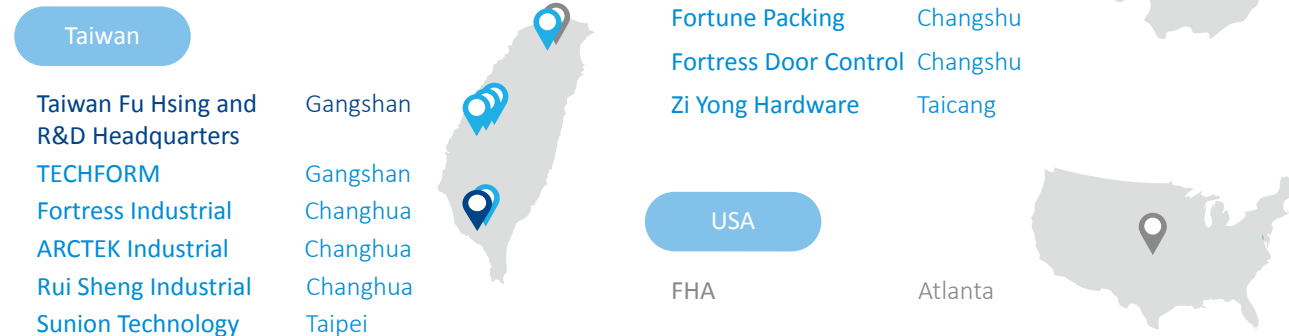


Basic Profile

Item	Table of Contents
Company Name	Taiwan Fu Hsing Industrial Co., Ltd.
Number of Employees	Employees: 1,974 in Taiwan and 798 overseas
Date of Establishment	November 23, 1957
Capital	NT\$1.89 billion
Major Products and Technology	Products: door locks, electronic locks, door closers, 360-degree hinges, fire door locks Core technologies: mold development and production, die casting, stamping, surface treatment
Headquarters	No. 88, Yucai Road, Benzhou Village, Gangshan District, Kaohsiung City, Taiwan

Location of Operations

- Headquarters and R&D Center
- Subsidiary
- Sales Service Division



Subsidiaries Overview



Engagement with External Organizations

Unit Name	Members' Eligibility	Seats Represented	Director/ Supervisor	Project or Committee Participation	Membership Status
Taiwan Metal Industry Association	●	5 seat(s)			
Taiwan Mold & Die Industry Association	●	4 seat(s)			
Fire Door Association of R.O.C	●	1 seat(s)			
Metal Industries Research & Development Centre	●			●	General member
Association of Locks & Hardware Taiwan	●	1 seat(s)	1 seat(s)		
Total Productive Management Association	●	1 seat(s)			
Chinese Lean Management Association	●	2 seat(s)	1 seat(s)		
Kaohsiung City Entrepreneurs Association	●				General member
Industrial Safety and Health Association of the R.O.C.	●				Group member
Benjhou Industrial Park Association	●	1 seat(s)			
Chinese Association for Industrial Technology Advancement	●				Group member
Kaohsiung Chamber of Industry	●	3 seat(s)			
Council for Industrial & Commercial Development	●				General member
Chinese Society for Quality	●				Group member
The Institute of Internal Auditors-Chinese Taiwan Kaohsiung Branch	●				Individual member
National Association of Young Entrepreneurs, R.O.C. (TAIWAN)	●				15th Model of Young Entrepreneur
Hsin Kaohsiung Nurses Association	●				Individual member
Taiwan Association of Occupational Health Nurses	●				Individual member
Taiwan Fire Safety Industry Association	●	1 seat(s)			
Computer Audit Association	●	3 seat(s)			Individual member

Sustainable Management

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Management of Sustainability

For Taiwan Fu Hsing, the issue of sustainability is all about lessening adverse impacts of business operations, creating positive influence, sharing sustainability value with stakeholders, and adopting sustainable policies and trends around the world. Taiwan Fu Hsing has long made "sustainable management, inclusivity, and transparent governance" the three main focuses when fulfilling our sustainability visions and responsibilities in the environmental, social, and governance (ESG) aspects; these are also the principles we follow when addressing policies and issues that are of significant concern to stakeholders and of material impact on the organization. In addition to pursuing business success, we also place great emphasis on maintaining peaceful coexistence and co-prosperity with our stakeholders, the society, and the environment.

ESG Management Strategies

Taiwan Fu Hsing observes its "Statement of Social and Environmental Responsibilities" as the ultimate guiding principle, and has published the content of its "Social and Environmental Responsibilities Manual" over the Intranet and the Internet for stakeholders' access. The "SER Promotion Committee" is the highest decision-making authority for sustainability-related matters within the organization. It is responsible for the establishment

and review of Taiwan Fu Hsing's ESG strategies, reflecting stakeholders' opinions and feedbacks, and enforcing practices that promote sustainability.

Transparent Governance

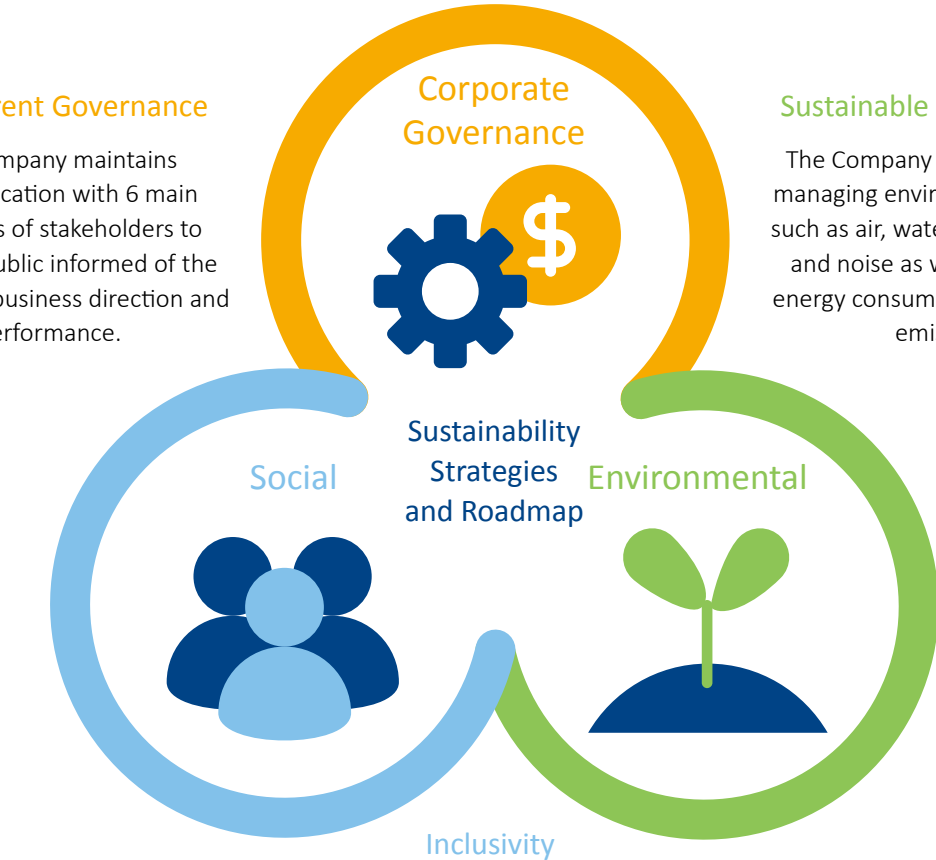
The Company maintains communication with 6 main categories of stakeholders to keep the public informed of the Company's business direction and performance.

Corporate Governance



Sustainable Management

The Company is committed to managing environmental factors such as air, water, waste, toxicity, and noise as well as reducing energy consumption and carbon emission.



The Company offers career development opportunities that are suited for employees' skills, and organizes health and recreational activities to help employees bond with family members. The organization also contributes resources to the society's development through Taiwan Fu Hsing Culture & Education Foundation.

SER Promotion Committee

Taiwan Fu Hsing assembled a SER (Social & Environmental Responsibility) Promotion Committee in December 2013; the President has been authorized by the Chairman to manage the Committee while the Chief Culture Officer serves as the executive member. The committee convenes quarterly meetings and has six teams established underneath to create, promote, audit, and review ESG policies. All related policies and execution progress are approved by the board of directors and reported in a shareholder meeting. Furthermore, the Company prepares annual sustainability reports and makes them available for download by stakeholders over the website as part of its CSR policy.

Focuses of the Year



- Conduct GHG survey according to ISO14064-1 and obtain 3rd-party certification.
- Maintain ISO14001:2015 certification.
- Implement internal energy conservation projects and keep annual energy conservation within expected targets.



- With regards to employee care, aim to build reputation as a preferred employer by offering favorable benefits such as health checkup, club subsidies etc.
- With regards to talent training, aim to enhance internal training courses and work with technology institutes to meet talent requirements.
- With regards to social inclusion, the Company will actively support arts, culture, education, and sports activities through Taiwan Fu Hsing Culture & Education Foundation to create cycles of positivity within the



- Assisted independent and non-independent directors with ongoing education, accumulating 66 hours of education in total for the year that met the percentages stated in the guidelines.
- Executed 2021 board of directors evaluation (internal self-assessment) and reported outcomes to the board of directors.

Organization of the SER Promotion Committee



Identification of Stakeholders and Material Issues

For every sustainability report prepared, the SER Promotion Committee identifies the subjects it intends to communicate with for the given year by following the AA 1000 SES Stakeholder Engagement Standards, while taking into consideration international guidelines such as GRI Standards and UN SDGs. Through information gathering, assessment, and verification, the Company has developed a materiality analysis framework that is consistently applied in the preparation of report. In 2021, we adopted the SASB Standards to ensure more comprehensive disclosure of sustainability information including both qualitative and quantitative measurements given Taiwan Fu Hsing's industry.

Identification of Material Issues

For 2021, the SER Promotion Committee has identified a total of 14 issues that were material to the operations of Taiwan Fu Hsing. These issues were prioritized according to the reporting guidelines for information gathering as well as disclosure of internal information, data, and management approach.

Identification of Material Issues

Information Gathering

The SER Promotion Committee takes the following approaches to shortlist sustainability-related issues:

- Observe "Authorised Economic Operator (AEO) Certification," "ISO Management System," and various requirements relating to internal audit, risk assessment, external audit, and regulations.
- Draw experience from each department in highlighting issues of concern for various stakeholders.
- Examine the material aspects adopted by model businesses local and abroad, as well as international trends.
- Review the material issues matrices used in previous reports to ensure the objectivity, inclusiveness, and completeness of the issues identified.



Evaluation

A total of 14 material issues were further identified after evaluating "degree of economic/environmental/social impact" and "impact to stakeholders."



Verification

The executive decision-maker of the SER Promotion Committee re-examined the outcome and offered suggestions before finalizing the scope of material issues for the report.





Boundary of Value Chain Impact of Material Issues


● Impacts Directly linked to ○ Indirect Impacts

ESG Aspect	Material Issue	Boundary of Value Chain Impact		
		Upstream	Taiwan Fu Hsing	Downstream
Environment	Climate Change and Energy Management	○	●	○
	Water Management		●	●
	Air Pollution Control		●	●
	Waste Management		●	●
Social	Talent Attraction and Retention		●	
	Occupational Health and Safety	○	●	○
	Talent Training and Development		●	○
	Supplier Management	●	●	
	Human Rights		●	○
	Product Quality		●	●
	Customer Relations Management		●	●
Corporate Governance	Operating Performance		●	
	Anti-Corruption		●	○
	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 to Material Issues

ESG Aspect		Significance to Taiwan Fu Hsin				
Environment		Faced with increasing challenges from extreme weather and energy crisis, Taiwan Fu Hsing considers it necessary to introduce green products and green actions in addition to pursuing reasonable returns as a way to protect the Earth's environment and promote an inclusive future.				
Material Issue	Corresponding SDGs	Corresponding GRI	SASB Standards	Short-term Goals	2021 Performance	Progress
Climate Change and Energy Management	SDG 6 SDG 7 SDG 12	GRI 302 GRI 305	CG-BF-130a.1	• Complete ISO14001 and ISO14064 certifications and ensure effectiveness • Save energy by 1% or more at plant sites • Keep natural gas consumption within the approved volume	• Obtained • Power conservation rate: 1.02% • Complied	✓ ✓ ✓
Water Management	SDG 13	GRI 303		• Keep water withdrawals within the approved volume • Avoid significant impact to water sources • Aim to recycle/reuse water resources at no less than 2,702 tonnes (the 2019 baseline) • Keep the volume of water discharged and consumed within the volume stated in permit	• Total water drawn: 58,284 tonnes • The Company draws water from the public water supply, which poses no material impact on the environment • Total water recovered: 3,167 tonnes • Water discharged: 7,510 cubic meters; water consumed: 50,744 tonnes	✓ ✓ ✓ ✓
Air Pollution Control		GRI 305		• Maintain control over air pollutant volume, and comply with legal emission requirements	• Complied	✓
Waste Management		GRI 306	CG-BF-410a.1 CG-BF-410a.2	• Keep the volume of waste within the permitted/target value • Ensure that waste is cleared according to environmental protection requirements	• Total weight of waste that was neither reused nor recycled: 82.56 tonnes, which was below the permitted value of 1,000 tonnes • Waste was entirely cleared by legitimate contractors	✓ ✓



ESG Aspect

Social

Significance to Taiwan Fu Hsing

Employee Relations
Taiwan Fu Hsing specializes in the research, development, and manufacturing of door locks, which is considered a labor-intensive industry and makes talent training critical to the continuity of the organization. We strive to create a friendly workplace that is diverse and fair, and devote significant attention to maintaining good employment relationship by offering competitive salaries and benefits. The Company also provides employees with ample training and promotion opportunities, and has complete roadmaps in place to guide them through their career development.

Material Issue	Corresponding SDGs	Corresponding GRI	SASB Standards	Short-term Goals	2021 Performance	Progress
Talent Attraction and Retention	<div>SDG 3</div> <div>SDG 4</div> <div>SDG 5</div> <div>SDG 8</div> <div>SDG 10</div> <div>SDG 11</div>	<div>GRI 201</div> <div>GRI 401</div> <div>GRI 405</div>		<ul style="list-style-type: none">• Maintain new recruitment rate ≥ attrition rate, and attrition rate at 5%-15%• Achieve more than 70% reinstatement and retention for employees who are on unpaid parental leave• Design direct employee assistance program and increase retention rate of new direct employees to 5%• Continue contributions to the pension fund and provide employees with adequate protection	<ul style="list-style-type: none">• New recruitment rate (22.41%) ≥ attrition rate (7.2%), resulting in a net increase in headcount• Unpaid parental leave retention rate: 75%, reinstatement rate: 100%• 67% of newly recruited direct employees were retained in 2021, up 6% from the previous year• Pension contributions are made according to laws; 6% per month for the new scheme and 9% per month for the old scheme	<div>✓</div> <div>✓</div> <div>👍</div> <div>✓</div>
Occupational Health and Safety		<div>GRI 403</div>		<ul style="list-style-type: none">• Maintain worker representatives above requirement (one-third)• Continue reducing of work injury rate and percentage of days lost due to disabling injuries• Enforce tier-based management based on the outcome of health checkup, and aim for zero occupational illness	<ul style="list-style-type: none">• Worker representatives account for 46%• Compared to 2020, the number of days lost to factory hazards increased from 22.625 days to 117.424 days• Executed entirely in compliance with laws; no incident of occupational illness had occurred during the year	<div>👍</div> <div>—</div> <div>✓</div>
Talent Training and Development		<div>GRI 404</div>		<ul style="list-style-type: none">• Deliver 5-15 hours of training per employee• Organize at least one digital learning session for managerial personnel and aim for 95% participation rate	<ul style="list-style-type: none">• Training hours per employee: 4.2• Organized one online study session that received 100% participation rate and overall satisfaction score of 4.5 (out of 5)	<div>—</div> <div>✓</div>

Material Issue	Corresponding SDGs	Corresponding GRI	SASB Standards	Short-term Goals	2021 Performance	Progress
Human Rights	<div>SDG 3</div> <div>SDG 4</div> <div>SDG 5</div> <div>SDG 8</div> <div>SDG 10</div> <div>SDG 11</div>	<div>GRI 402</div> <div>GRI 406</div> <div>GRI 407</div> <div>GRI 408</div> <div>GRI 409</div> <div>GRI 412</div>		<ul style="list-style-type: none">• Zero occurrence of forced or compulsory labor• 100% completion of training related to operating activities across all employees	<ul style="list-style-type: none">• No forced or compulsory labor had occurred• 100% of employees had completed human rights training	<div>✓</div> <div>✓</div>




ESG Aspect

Social

Significance to Taiwan Fu Hsing

Supply chain
As the world's leading developer and manufacturer of door control systems, Taiwan Fu Hsing has certain influence over the supply chain, and therefore embraces its responsibilities to lead supply chain partners toward adopting international ESG guidelines. Through various forms of collaboration, the Company continues to lead the industry in sustainable practices in economic, social, as well as environmental aspects.

Material Issue	Corresponding SDGs	Corresponding GRI	SASB Standards	Short-term Goals	2021 Performance	Progress
Supply Chain Management	<div>SDG 3</div> <div>SDG 4</div> <div>SDG 5</div> <div>SDG 8</div> <div>SDG 10</div> <div>SDG 11</div>	<div>GRI 204</div> <div>GRI 414</div> <div>GRI 308</div>	CG-BF-430a.1	<ul style="list-style-type: none">• 100% of new suppliers adopt worker guidelines• Conduct regular labor audits on 100% of high- or medium-high risk suppliers• Assist suppliers in rectifying defects	<ul style="list-style-type: none">• All suppliers have signed Statement of Social and Environmental Responsibilities• 9 medium-high risk suppliers were subjected to a total of 8 supplier social and environmental responsibility audits; 100% of which had passed the audits• No supplier required assistance for improvement in 2021	<div>✓</div> <div>✓</div> <div>✓</div>

<div> <div>  <div> <div>ESG aspect</div> <div>Social</div> </div> </div> <div> <div>Significance to Taiwan Fu Hsing</div> <div> Products and customers Taiwan Fu Hsing delivers to the needs and expectations of customers around the world using "product, service, and quality" as the ultimate measurement. Rigorous quality management helps prevent losses to customers that may otherwise affect business operations. Through proper customer relations management, the Company takes the initiative to resolve customers' problems and in doing so creates revenue opportunities. </div> </div> </div>						
Material Issue	Corresponding SDGs	Corresponding GRI	SASB Standards	Short-term Goals	2021 Performance	Progress
Product Quality	SDG 3	GRI 416	CG-BF-250a.1 CG-BF-250a.2	• No significant health and safety impact in any of the products and services provided to customers	• No impact	✓
	SDG 4			• Zero incident of non-compliance concerning the health and safety impacts of products and services	• No incident of violation	✓
	SDG 5			• Maintain product safety certification	• Attained ISO9001 and ISO9002 certifications	✓
	SDG 8					
	SDG 10					
Customer Relations Management	SDG 11	GRI 418		• Zero substantiated complaint concerning breach of customer privacy or loss of customer data • Continue signing confidentiality contracts with new customers and new suppliers	• Number of complaints from external parties that are substantiated by the organization / penalties from the authority / substantiated leak, theft, or loss of customer data: 0 • All relevant documents have been signed	✓ ✓

ESG aspect

Corporate Governance



Significance to Taiwan Fu Hsing





Integrity is at the core of everything we do. Regardless of how circumstances have changed, we still believe "integrity" to be the foundation of a business' reputation, and the quality that truly earns customers' trust. By enforcing integrity principles from the top-down, we provide stakeholders with the best assurance of their interests.

Material Issue	Corresponding SDGs	Corresponding GRI	SASB Standards	Short-term Goals	2021 Performance	Progress
Operating performance	<div>SDG 4</div> <div>SDG 8</div>	GRI 201	CG-BF-130a.1	<ul style="list-style-type: none"> Commit to increasing profit performance and return to shareholders, and share business results with shareholders 	<ul style="list-style-type: none"> Earnings per share: NT\$3.54; cash dividends NT\$2.4/share 	✓
Integrity		GRI 205		<ul style="list-style-type: none"> 100% of integrity training for new recruits and managers Zero corruption 	<ul style="list-style-type: none"> 100% of new recruits had completed anti-corruption awareness program. Anti-corruption training was organized for managers of the Company on November No corruption incident had occurred 	<div>✓</div> <div>✓</div>
Regulatory Compliance		<div>GRI 307</div> <div>GRI 419</div>		<ul style="list-style-type: none"> No violation of socioeconomic regulations or rules Exercise persistent control to avoid violation of environmental regulations 	<ul style="list-style-type: none"> No incident of major violation had occurred The Company encountered no major violation of environmental protection laws during the year, but based on the results of a groundwater test conducted in 2021, TCE (trichloroethylene) level was found to have exceeded pollution control standards, for which the Company was fined NT\$150,000 by the authority. A cleanup program has been taken as instructed by the authority to improve the situation 	<div>✓</div> <div>—</div>

Stakeholder Communication

Stakeholders of Taiwan Fu Hsing include employees, customers, suppliers, shareholders, and the society (including the authority, academic institutions, and community residents). We hold ourselves responsible to stakeholders, and communicate with them using a variety of methods and channels to learn their needs and expectations. This knowledge also provides useful reference to the Company when devising sustainability policies and related projects in the future.

Stakeholders	Significance to Taiwan Fu Hsing	Method and Frequency of Engagement	Topics of Attention	Our Responses
 Employees	Having recognized employees as our most important advantage, we not only increase benefits to promote work-life balance, but also implement robust career development programs to unite	Taiwan Fu Hsing has not established a union, but communicates with employees pro-actively through the following channels: <ul style="list-style-type: none"> • labor-management meetings (quarterly) • employee welfare committee meetings • sexual harassment grievance committee (quarterly) • management meetings (monthly) • morning meetings/monthly meetings (monthly) • department meetings • bulletin (unscheduled) • employee opinion box: service@fuhsing.com.tw • internal grievance and whistleblowing channels (for reporting of ethics, integrity, SER, and AEO related issues) (unscheduled) 	<ul style="list-style-type: none"> • Talent Sourcing and Retention • Occupational Health And Safety • Talent Training and Development • Human Rights • Operating Performance • Ethics, Integrity, and Anti-Corruption 	<ul style="list-style-type: none"> • Workplace Safety • Friendly Workplace • Talent Training and Development • Please see Chapter - Social (P.42-59)
 Customers	Customers are the source of our revenue, which is why Taiwan Fu Hsing actively contributes know-how and assists customers in every way possible to secure success and early advantage for their products. Satisfaction and viability have	<ul style="list-style-type: none"> • customer satisfaction surveys (yearly) • business-related exhibitions (unscheduled) • customer visits and sales visits (unscheduled) • AEO counter-terrorism audit • SER system audit 	<ul style="list-style-type: none"> • Human Rights • Product Quality • Customer Relations Management • Ethics, Integrity, and Anti-Corruption • Regulatory Compliance 	<ul style="list-style-type: none"> • Product Quality Management • Customer Service and Protection • Please see Chapter- Sustainable manufacturing (P.35-37)

Stakeholders	Significance to Taiwan Fu Hsing	Method and Frequency of Engagement	Topics of Attention	Our Responses
 Suppliers	Suppliers are important partners to our sustainable management efforts, and it is our hope to build trust with suppliers and engage them in a relationship that is mutually beneficial to both parties.	<ul style="list-style-type: none"> • supplier grievance hotline, fax line, digital platform or E-mail • supplier audit and interview • written statement (commitment) • supplier risk evaluation and enhancement • supplier digital platform 	<ul style="list-style-type: none"> • Supply Chain Management 	<ul style="list-style-type: none"> • Supply Chain Overview • Supply Chain Sustainability Management • Please see Chapter- Supply chain management (P.38-40)
 Shareholders/ Investors	Shareholders and investors represent sources of working capital, which Taiwan Fu Hsing answers to in regards to return on capital. Through these stakeholders, the Company sources consistent supply of capital to create economic returns.	<ul style="list-style-type: none"> • investor seminars (twice a year) • shareholder meetings (yearly) • investor relations mailbox service@fuhsing.com.tw • reporting of operation-related information 	<ul style="list-style-type: none"> • Operating Performance • Ethics, Integrity, and Anti-Corruption • Regulatory Compliance 	<ul style="list-style-type: none"> • Corporate Governance • Financial Performance • Integrity and Compliance • Please Chapter- Operation and governance (P.20-29)
 Government Institutions/ Academic Institutions	All products offered and all marketing activities of Taiwan Fu Hsing are reviewed and supervised by the authority. Maintaining open communication channels and learning the most recent regulatory trends help ensure the consistency of our operations.	<ul style="list-style-type: none"> • AEO-certified enterprise (once every 3 years) • policy conference and forum • local employment and industry development • industry-academia collaboration • employment opportunity for persons with disability 	<ul style="list-style-type: none"> • Climate Change and Energy Management • Water Management • Air Pollution Control • Waste Management • Occupational Health and Safety • Regulatory Compliance 	<ul style="list-style-type: none"> • Workplace Safety • Please see Chapter - Social (P.42-47) • Prevention of Environmental Pollution • Environmental Protection and Sustainability • Climate Change Governance • Please see Chapter - Environmental (P.66-73)
 Community Residents	As a leading enterprise in the local area, we look forward to giving back to the society and creating an inclusive future to the benefit of all community members.	<ul style="list-style-type: none"> • neighborhood engagement • local employment and industry development • promotion of cultural education • pollution prevention and protection 	<ul style="list-style-type: none"> • Climate Change and Energy Management • Water Management • Air Pollution Control • Waste Management 	<ul style="list-style-type: none"> • Prevention of Environmental Pollution • Environmental Protection and Sustainability • Climate Change Governance • Please see Chapter- Environmental (P.66-93)



Operation and Governance

- 21 Corporate Governance
- 27 Financial Performance
- 28 Integrity and Compliance
- 30 Risk Management

Material Topics of the Chapter

- GRI 201
- GRI 205
- GRI 307
- GRI 419
- SDG 4
- SDG 8

Corporate Governance

Policies and Goals

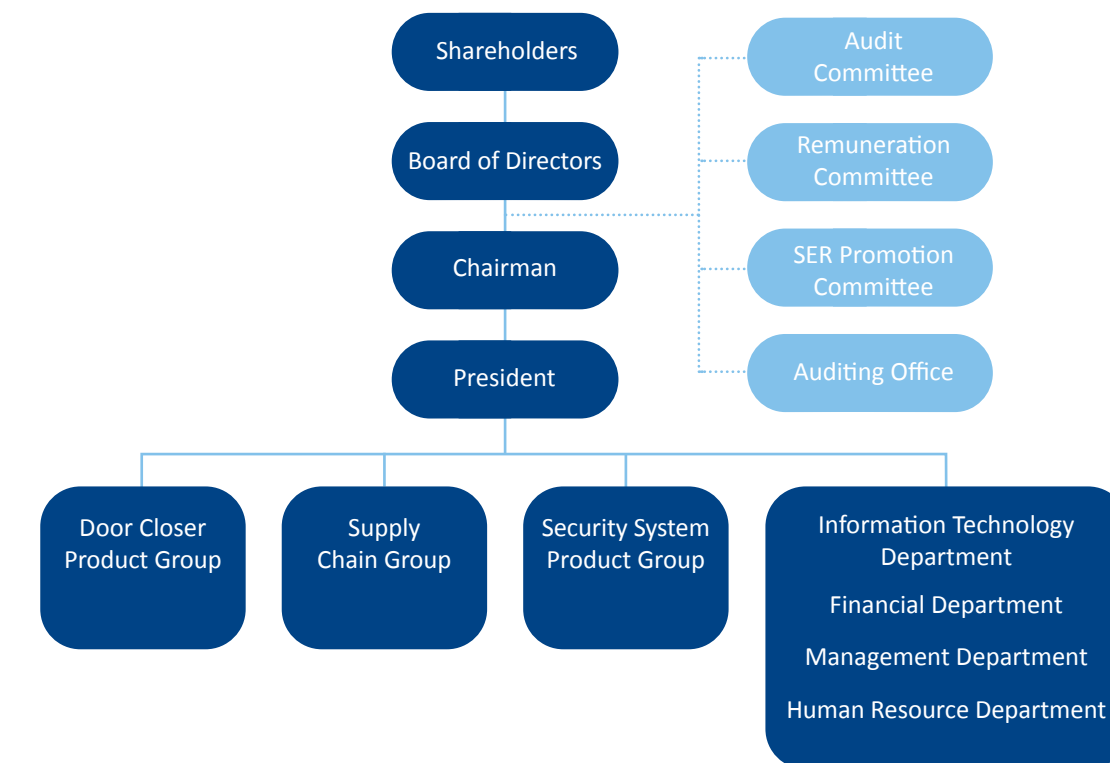
Taiwan Fu Hsing was founded more than 60 years ago, and it is our conviction that continuity is made possible only through proper corporate governance. For the continuity of our business, we have committed ourselves to developing a strong corporate culture, robust management systems, and stakeholder protections. In terms of policy-making, we observe "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies," "Corporate Governance 3.0-Sustainability Roadmap," "GRI standards, 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 supervises the execution of business activities throughout 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 3 functional committees including: Audit Committee, Remuneration Committee, and SER Promotion Committee and one internal audit unit (Audit Office) created beneath to execute corporate governance-related tasks.

Organization and Governance Framework



Performance of Corporate Governance Units

Corporate Governance Officer [P.34-P.36 of the 2021 Annual Report](#) [Investors Section/Board of Directors and Remuneration Committee](#)

	Members	Functionality	Responsibilities	Results
Audit Committee	Consisted entirely of independent directors; 3 members in total	Convened at least once per quarter, or at anytime deemed necessary	Assists the board of directors in exercising supervision over accounting, auditing, and financial statement preparation processes, as well as ensuring the quality and integrity of financial control. Meetings are convened at anytime deemed necessary.	P.45 of the 2021 Annual Report Investors Section / Board of Directors and Remuneration Committee
Remuneration Committee	Consisted entirely of independent directors; 3 members in total	Meetings are convened at least twice a year	Raises suggestions to the board of directors regarding directors' and managers' compensation policies, standards, attainment of performance targets etc. to provide reference for decision-making.	P.62 of the 2021 Annual Report Investors Section / Board of Directors and Remuneration Committee
SER Promotion Committee	The Chief Culture Officer serves as the convener, whereas senior managers of relevant departments assume the role of leader in various ESG teams	The committee convenes meetings once a quarter; its progress is reviewed by the board of directors and reported in shareholder meetings.	Responsible for the establishment, promotion, auditing, review, and improvement of the Company's ESG policies. The committee also publishes corporate sustainability reports on a yearly basis, discloses them on the corporate website, and makes them available for download by stakeholders.	P.64 of the 2021 Annual Report CSR / Sustainable Management
Auditing Office	One Chief Internal Auditor, 1-2 auditors	Audit activities are reported to the board of directors on a quarterly basis.	Reviews whether internal control systems have been designed appropriately and executed effectively. Audit reports are prepared and presented to the Audit Committee for review.	P.47 of the 2021 Annual Report





Board Structure







For enhanced corporate governance and improved composition of the board, the Company has specified in its "Corporate Governance Code of Conduct" that composition of board members should take into

account the Company's operating framework, business prospect, future trends, and requirements, and should be diversified on several aspects. The current board comprises 10 directors, including 7 non-independent and 3 independent directors. The board as a whole possesses extensive experience and professional

capacity in fields such as finance, commerce, and administration. The Company also places emphasis on gender equality within the board, and one of the existing directors is female, representing 10% of total board members.

Background and Experience of Current Directors

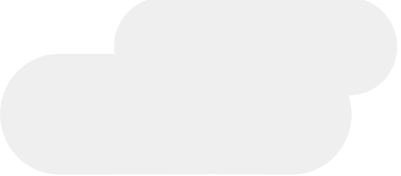
Designation	Name	Nationality	Career Experience	Age			Industry Experience				Professional Capabilities			
				31 to 40	41 to 60	61 to 70	Security & Door Access	Manufacturing	Management Consultancy	Electronic Technology	Finance & Accounting	Leadership & Decision-Making	Risk Management	International Markets
Chairman	Lin, Jui-Chang		Department of Accounting, Soochow University Chairman of Taiwan Fu Hsing			●	●	●	●	●	●	●	●	●
President	Chen, Chien-Kun		Department of Accounting, Soochow University President of Taiwan Fu Hsing			●	●	●	●		●	●	●	●
Director	Chu, Jung-Ho		EMBA, Sun Yat-sen University Business Group President of Taiwan Fu Hsing Representative of Fu Zhi Investment Co., Ltd.			●	●	●	●	●		●	●	●
Director	Lin, Tzu-Hsuan		MBA, University of Technology Sydney Business Group Vice President of Taiwan Fu Hsing Representative of Hong Cheng Investment Co., Ltd.	●			●	●				●	●	●

Designation	Name	Nationality	Career Experience	Age			Industry Experience				Professional Capabilities			
				31 to 40	41 to 60	61 to 70	Security & Door Access	Manufacturing	Management Consultancy	Electronic Technology	Finance & Accounting	Leadership & Decision-Making	Risk Management	International Markets
Director	Michael A. Hoer		MBA, Brigham Young University Director of Medifast, Inc		●			●	●		●	●	●	●
Director	Liu, Ju-Shan		Department of Industrial Management, National Taiwan University of Science and Technology President of IBF Venture Capital Co., Ltd.	●					●	●		●	●	●
Director	Lin, Wen-Hsing		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		Department of Accounting, Soochow University Remuneration Committee and Audit Committee member of Taiwan Fu Hsing		●			●	●	●	●	●	●	
Independent Director	Chen, Yung-Chun		Department of Accounting, Soochow University Remuneration Committee and Audit Committee member of Taiwan Fu Hsing		●			●		●	●	●	●	
Independent Director	Chuo, Yung-Fu		Department of Architecture, National Cheng Kung University Lead Architect of Yung-Fu Architects Remuneration Committee and Audit Committee member of Taiwan Fu Hsing	●				●	●			●	●	

Functionality of the Board of Directors

The board of directors convenes meetings at least once per quarter, and authorizes the Chairman to delegate or assign corporate governance tasks or economic, environmental, and social issues to appropriate units. The board convened a total of 7 meetings in 2021; directors' overall attendance rate was reported at 96%. There had been no change of ownership in the reporting period. All directors had voluntarily participated in the training courses organized by Accounting Research and

Development Foundation of the R.O.C. and Financial Supervisory Commission in 2021, and accumulated 66 training hours in total that met 100% of the training requirements.



Designation	Name	In-person Attendances	Proxy Attendances	In-person Attendance Rate (%)
Chairman	Lin, Jui-Chang	7	0	100%
Director	Chen, Chien-Kun	7	0	100%
Director	Representative of Hong Cheng Investment Co., Ltd.: Lin, Tzu-Hsuan	7	0	100%
Director	Representative of Fu Zhi Investment Co., Ltd.: Michael A. Hoer	6	0	86%
Director	Representative of Fu Zhi Investment Co., Ltd.: Chu, Jung-Ho	7	0	100%
Director	Representative of Fu Yuan Investment Co., Ltd.: Lin, Wen-Hsing	7	0	100%
Director	Representative of Fu Yuan Investment Co., Ltd.: Liu, Ju-Shan	7	0	100%
Independent Director	Chang, Ling-Ling	7	0	100%
Independent Director	Chen, Yung-Chun	7	0	100%
Independent Director	Chuo, Yung-Fu	6	0	86%

Execution Board Duties in 2021

1st board meeting January 29, 2021

- Review of 2021 operational plans and goals
- Discussion on the reappointment of head of accounting
- Review of 2020 employee/director/supervisor remuneration
- Review of 2020 employee salary for managers

2nd board meeting March 9, 2021

- Acknowledgment of 2020 year-end accounts
- Determination of 2020 earnings appropriation

3rd board meeting May 7, 2021

Discussion on the 2021 first-quarter consolidated financial statements

4th board meeting June 10, 2021

To revise the date and venue for the Company's 2021 annual general meeting

5th board meeting August 3, 2021

Proposal to acquire land and plant premise in Kaohsiung for operational expansion

6th board meeting August 6, 2021

Discussion on the 2021 second-quarter consolidated financial statements

7th board meeting November 5, 2021

- Discussion on the 2021 third-quarter consolidated financial statements
- Discussion on the 2022 audit plan

Board of Directors
Performance Assessment

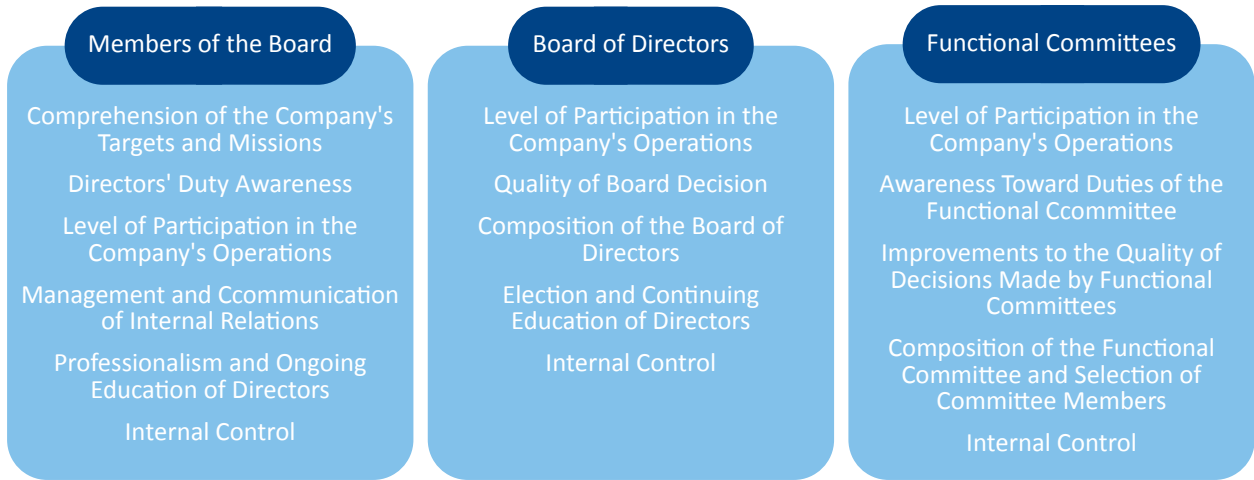
Taiwan Fu Hsing has established a set of "Board of Directors Performance Assessment Policy" that requires the board of directors, board members, and functional committees to conduct performance self-assessments each year, and to have performance evaluated by independent institutions, experts, or scholars from outside the organization every three years. The 2021 overall self-assessment concluded an Excellent rating.

•**Internal Self-Assessment:** Directors are asked to perform assessments on several aspects such as functionality and culture of the board and functional committees, management of internal/external relationships, and individual performance. The board

meeting organizer then consolidates the outcomes and reports them in a board of directors meeting along with proposed improvements.

•**External Evaluation:** The external institution should be a service provider or management consultancy company that the Company has engaged to organize training courses for the board of directors or to improve corporate governance practice. If the Company chooses to engage a team of external experts or scholars, the team shall comprise at least 3 members who are specialized in board of directors' duties or corporate governance. The team's responsibilities are to evaluate how the board's performance is assessed and to draft an external assessment/analysis report.

Assessment Criteria



Board of Directors'
Compensation System

Taiwan Fu Hsing discloses compensation of individual directors in the annual report out of respect for transparent governance principles. Compensations are determined after taking into consideration the performance of the organization, industry risks and trends, as well as performance, target accomplishment, and contribution of each individual. Directors' compensations, 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.

Directors' Compensation, Compensation Range, and Details
P.34 of the 2021 Annual Report



Financial
Performance

Policies and Goals

Good financial performance is key to continuity, and we continue to maximize profits by increasing revenues and reducing costs. To ensure that the Company is able carry out business activities, we make annual budgets (for sales, production, capital expenditure, and expenses) and execute them with the approval of the board of directors. Earnings concluded in a year are distributed back to shareholders after taking into consideration the

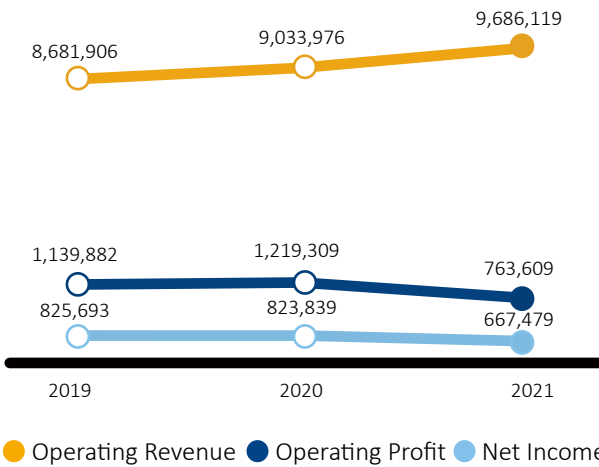
Company's future prospects, investment opportunities, and financial position. These returns to shareholders help establish the Company as a viable long-term investment.

world combined with significant strengthening of NTD and RMB currencies against USD reduced operating profits. Net income was reported at NT\$667,479,000. No significant government grant was received in the reporting period.

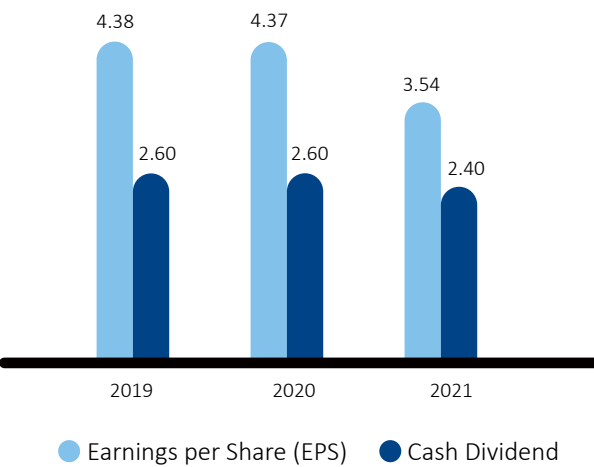
Execution Progress

Taiwan Fu Hsing envisions itself of "becoming the world's largest and trusted manufacturer of door control technologies and products," and strives to raise competitiveness in ways that can be reflected in operating performance and maximize shareholders' value. Taiwan Fu Hsing reported consolidated revenues of NT\$9,686,119,000 in 2021, up 7% compared to 2020. However, the surge in commodity prices around the

Revenue Performance (Unit: NTD thousands)



Earnings and Cash Dividends per Share (Unit: NTD)



Integrity and Compliance


Policies and Goals

Taiwan Fu Hsing respects "integrity" as the ultimate principle in business management, and adopts a set of corporate ethical guidelines that treats all internal

and external parties with fairness and honesty. All employees are required to carry out business activities in a transparent manner, and must refrain from all corruptive behaviors for business continuity. For this reason, the Company has established the following integrity guidelines and introduced AEO certification.

In addition, we organize internal and external training courses on a yearly basis and promote the importance of anti-corruption during meetings. By raising compliance awareness among employees, we hope to prevent all forms of dishonest conduct and shape a strong culture of integrity within the organization.

Document Name	Administrating Department	Basis	Establishment and Aapproval Procedures	Grievance/Whistleblowing Channels
Business Integrity Procedures and Behavioral Guidelines	Legal Affairs Unit	●Ethical Corporate Management Best Practice Principles for TWSE/TPEX- listed Companies ●Laws applicable to the places of operation of the Company and related enterprises	The Legal Affairs Unit raises a proposal for approval by the board of directors, and submits for acknowledgment at the shareholder meeting	Grievance mailbox: fdn-2001@fuhsing.com.tw TEL: (07) 622-5151 Extension: 108 (accepted by the head of Legal Affairs) Extension: 121 (accepted by the head of President's Office)
Internal Whistleblowing Guidelines	Legal Affairs Unit Human Resource Department	Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies	The Legal Affairs Unit raises a proposal for approval by the board of directors, and submits for acknowledgment in shareholder meeting	
Social and Environmental Responsibility (SER) Manual	SER Promotion Committee	●SER requirements of key customers ●Laws applicable to the places of operation of the Company and related enterprises	Proposal is raised by the SER Promotion Committee for approval by the Chairman	
AEO Supply Chain Safety Manual	AEO Supply Chain Safety Promotion Committee	AEO certification and management policy	Proposal is raised by the AEO Supply Chain Safety Promotion Committee for approval by the Chairman	Counter-terrorism Team/work safety extension: 251 / 102 / 103 / 107 Security Office extension: 119

Note: 1. All complaints and misconduct reports are handled in a confidential manner. 2. Details of the above documents can be found on Taiwan Fu Hsing website under the section  Investors/Corporate Governance/Business Policy of Good Faith.

Execution Progress

Taiwan Fu Hsing encountered no breach of integrity or anti-corruption principle in 2021. All corporate policies have been established in accordance with laws. The Company organized a variety of internal and external integrity training (including courses on compliance with integrity regulations, code of conduct for new recruits, industrial safety, accounting system, and internal control system) in 2021 that received 2,708 enrollments, delivered 2,918 training hours, and achieved 100% completion overall.


Name of Internal Training Course	Trained Subjects	Month	Enrollments
Training for personnel that are critical to supply chain safety (container safety, cargo safety, cybersecurity, identification of suspicious mail)	For employees involved in specific duties (shipping affairs team, logistics section, mail receivers/senders)	5	17
SER annual training	All plant employees	10	1,284
Annual training on AEO supply chain safety	All plant employees	10	1,284
Annual training for SER Officer	Unit head	11	68

Name of External Course	Month	Enrollments
Misstatement in Financial Statements and Ways to Interpret Key Financial Information (digital)	6	1
New Corporate Sustainability Policies and Climate Governance (digital)	7	1
The 13th Taipei Corporate Governance Forum (digital)	9	1
Positive Effects of ESG, Low Carbon, and the New Green Value (digital)	9	1
Shareholders' Attention to ESG Investment Trends and TCFD Recommendations (digital)	9	1
"Sustainability Report" Practices under Corporate Governance 3.0 (digital)	9	1
Global ESG Trends and Management Strategies (digital)	9	1
Positive Effects of ESG to Businesses (digital)	11	1

Enhancement of Internal Control

For the robustness of corporate operations, the Company has designed, established, and executed its internal control system in accordance with "Regulations Governing Establishment of Internal Control Systems by Public Companies" and empowered the Audit Office to oversee internal audit tasks throughout the entire organization. The internal control system covers all activities within the Company, from accounting, finance, market survey, sales, production, procurement, warehousing, quality control, personnel management, IT, to R&D procedures.

Not only does the Audit Office present audit findings and progress tracking to independent directors in the form of monthly audit report, the Chief Internal Auditor would also explain to independent directors on the audit tasks performed, the outcomes, and follow-up actions and discuss with them on the design and execution of internal control system along with suggestions during quarterly Audit Committee meetings. Internal auditors are present in every board meeting to report on the progress of internal audit tasks.

Execution of internal control for the year
 P.100- "Declaration of Internal Control System" in the 2021 Annual Report

Prevention of Insider Trading

Taiwan Fu Hsing educates existing directors, managers, and employees on "Material Information Handling Procedures" and relevant laws at least once a year, and shares case studies from time to time to promote compliance awareness as well as proper handling and disclosure of material insider information to prevent unauthorized leaks. New directors and managers are required to complete the above training within three months after commencing duty, whereas newly recruited staff are given the training by Human Resources and Legal Affairs during orientation. The above training courses were organized for existing directors on November 5 (participant count: 10; course duration: 1 hour) and for managers on April 8 (participant count: 31; course duration: 1 hour) in 2021. 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 Goals

Taiwan Fu Hsing makes persistent optimizations to its risk management polices and procedures as a way to enhance corporate governance practices and risk control capacity. Based on the existing management organization and internal control system, a tiered approach has been adopted to examine areas of major risk concern so that management resources can be allocated in an efficient manner. The risk management organization comprises the board of directors, risk management units (administrators of management systems such as ISO9001, ISO14001, and AEO and the SER Promotion Committee), risk execution units (departments of various business groups), and risk auditors (the Audit Office). Risk management procedures are explained below:



Internal Units

Identify risks in routine operational activities such as production, sales, human resources, research, development, and treasury and develop responses; report and discuss findings in monthly management meetings.



Functional Committees

Conduct hazard identification and risk assessment on a regular basis and undergo external audit and certification.







Board of Directors, Audit Office

Reviews and approves proposals; the Audit Office conducts random audits, assesses risks, and reports findings either on a regular or unscheduled basis.



Emerging Risks and Response Strategies

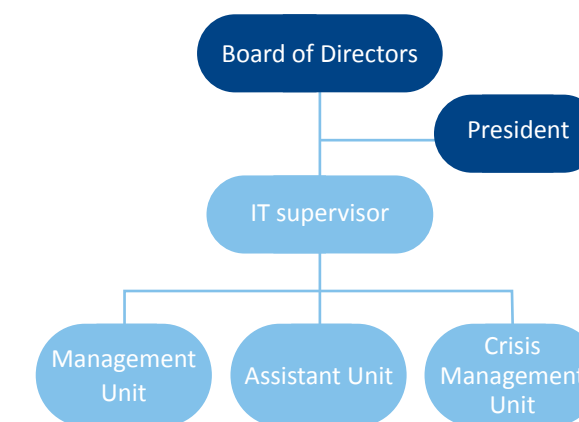
Item	Potential Impact	Response Strategies	Controller
 Strategic Risks	<ul style="list-style-type: none"> Increasing popularity of electronic locks has made intellectual property right planning and infringement risks two prominent issues that require special attention. Resource integration and coordination strategies between plants affect overall cost control. 	<ul style="list-style-type: none"> Recruit R&D talents of electronics and electrical engineering background to support development of electronic locks and patent applications. Raise the intensity of prior art search and design around efforts to avoid infringement risk. Develop project management platforms to facilitate communication and data exchange between plants for the timeliness of project delivery and equipment maintenance. 	Information Technology Department Work Safety/Environmental Safety Procurement Department
 Business Risks	<ul style="list-style-type: none"> China's city-wide lockdowns in response to COVID-19 pose great uncertainties on the supply of materials. The USA has imposed high tariffs on the export of China-produced goods, which causes part of the supply chain to move out of China. The COVID-19 pandemic has had negative impact on the health of plant workers and supply chain workers, which may disrupt operations altogether. Low fertility rate coupled with COVID-19 have significantly reduced labor supply and caused labor shortage. 	<ul style="list-style-type: none"> Sanitize all personnel and vehicles traveling in and out of plant sites; make active preparation for production materials and produce ahead of time to ensure smooth shipment. Adjust the locations where goods and parts are produced and exported to minimize the impact of tariffs. Engage multiple suppliers and explore alternative sources of supply for important or critical components, thereby minimize dependency on a single supplier that may lead to supply disruption in the event of natural disaster or accident. Segregation of personnel flow and work locations. Enhance the health management and reporting systems for real-time risk monitoring and responses and to reduce gathering and risks of untraceable infections. Adopt more flexible and diverse recruitment channels such as digital platform, employment services, campus, and multinational internship programs; encourage referrals from employees and direct recruitment focus to the local community and neighborhood. Make use of the internship system to identify outstanding talents in certain departments and to narrow the gap between theory and practice. Provide foreign workers with benefits comparable to those of local workers, and aim to improve their lifestyle quality and strengthen their recognition for the Company's values. Implement RBA zero-commission policy for foreign workers. Expand the "internal referral system" and offer referral bonus as an encouragement for recruiting new employees. 	Procurement Department In-Plant Units Human Resource Department

Item	Potential Impact	Response Strategies	Controller
 Financial Risk	Exchange rate fluctuations and inflation have driven up the global prices of energy, commodities, and raw materials.	<ul style="list-style-type: none"> •Continue reviewing the appropriateness of usage. •Make use of financial derivatives for hedging to an appropriate extent. •Develop alternative materials, control procurement costs, and make more efficient use of resources to overcome challenges. 	Investment Management Team
 Compliance Risk	<ul style="list-style-type: none"> •Conflict of laws between the place of manufacture and the sales location. •Uncertainties in the change of regulation. •Drastic change in national or regional policies makes compliance difficult and poses additional operating costs. 	<ul style="list-style-type: none"> •Explain to customers the differences of laws in the place of production/ manufacture, and negotiate contract terms that both parties are able to abide by. •Pay constant attention to changes in laws. •Notify relevant departments of major regulatory/policy announcements or adjustments (e.g.: high tariffs) in a timely manner, and devise response strategies to the impacts identified. 	Investment Management Team Legal Affairs Team
 Information Security Risk	Information security risks such as data theft and cyber attack now pose significant concern to business management. According surveys, almost one out of four companies was attacked in the last year.	<ul style="list-style-type: none"> •Establish standard operating procedures for: data access, backup process, premise access etc. Adopt control measures in line with corporate standards and enforce access control. •Establish backup and recovery procedures for important servers and data (such as transaction record, customer data, server/system profile etc.) to protect privacy of customers' information while ensuring functionality of the Company's information system. •Install real-time antivirus software with virus code updated regularly for persistent protection and monitoring of virus activities. 	Information Technology Department
 Risk of Climate Change	Extreme weather gives rise to uncertainties in water and energy supply.	<ul style="list-style-type: none"> •Arrange certification for greenhouse gas emission, and identify impacting factors for risk control. •Reduce energy and carbon through rigorous energy management and water resource management •Take initiative in recycling and reusing production water. 	Environmental Safety

Information Security Management

Data security and privacy protection are part of Taiwan Fu Hsing's commitments to its customers. Having identified "Information security management" as a major risk, we assembled a Information Security Team in 2019 to oversee the establishment and execution of information security policies as well as risk management and compliance audit. The head of IT Department serves as convener of the management team; the team assesses information security risks regularly, makes annual reports to the President regarding information security progress, issues, and strategies, and makes at least one report per year to the board of directors regarding information security plans and measures in the near future. The Company encountered no major information security incident in 2021.

Information Security Team Structure



Information Security Management Measures

System Maintenance

- Real-time monitoring and management of information system performance and network traffic
- Data backup and offsite backup measures
- System and data recovery drills and validation
- Implementation of backup lines and equipment

Vulnerabilities and Threats

- Security tests such as server vulnerability scan
- Implementation of protection measures (such as firewall, antivirus, IPS defense, mail filter etc.)
- Regular update of system security

Access Right Management

- Management and review of user accounts and access rights
- Regular count of user accounts and access rights
- Access control for server rooms and restricted IT areas

Access Control

- Encryption and access authorization for sensitive data
- USB restriction and control
- Authentication of access to Intranet
- Multi-factor authentication for more rigorous access control over VPN

Business Risks


Insurance against information security risk

Training and Awareness

- Information security training
- Unscheduled email social engineering drill
- Auto-filtering of phishing emails and emails containing virus

Performance of the Year

 P.139 of the 2021 Annual Report

 <https://www.fuhsing.com.tw/en/organization>



Sustainable Manufacturing

- 35** Product Quality Management
- 37** Customer Service and Protection
- 38** Supply Chain Overview
- 39** Supply Chain Sustainability Management

Material Topics of the Chapter

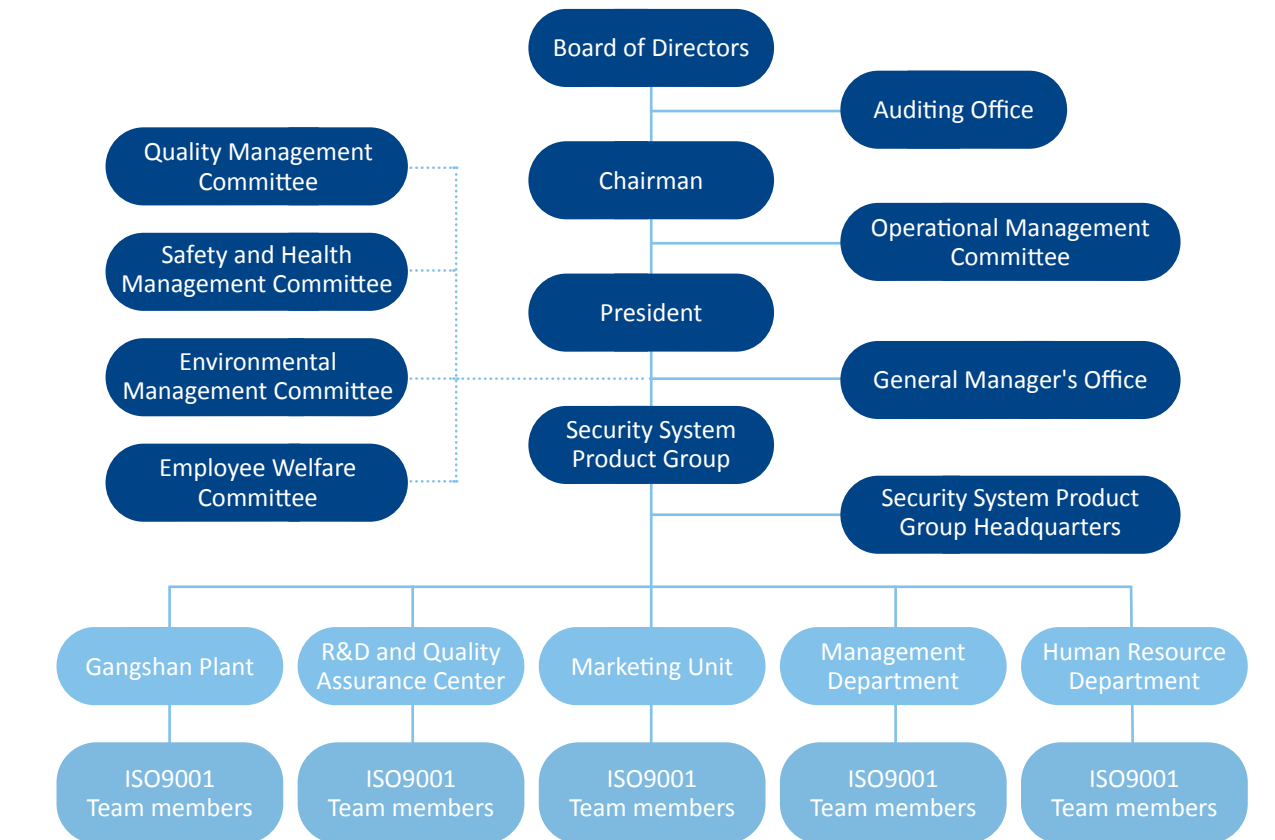
- GRI 204
- GRI 308
- GRI 414
- GRI 416
- GRI 418
- SDG 8
- SDG 10
- SDG 12
- SDG 13

Product Quality Management

Policies and Goals

Taiwan Fu Hsing places great emphasis on product quality and recognizes door control products as the first line of safety for residential and commercial space. It is part of our commitment to deliver products at quality that conforms with customers' needs. In terms of execution, we have developed a management system and created a set of "Quality Manual" based on the latest version of ISO9001 to guide execution of the quality management system. Through the use of internal and external reviews such as internal audit, customer satisfaction survey, process performance evaluation, and the "Quality Control Circle (QCC)" competition, we strive to make ongoing quality improvements and promote a quality culture that would support the organization's competitiveness over the long term.

Quality Management Organization Chart



Product Safety and Health Management

Every product aspect from structure, exterior, packaging, key combination to production process, warehousing, and installation method is carefully designed and rigorously tested right from the design phase to give consumers the ultimate safety assurance. All products manufactured not only comply with the laws of the countries where they are sold to, but have also been tested to pass a multitude of international product certifications and requirements.

Furthermore, we are very particular about the health impacts of our products, and have taken the initiative to eliminate or reduce the use of substances that are harmful to health or pose pollution to the environment where possible. This is why we develop our products strictly in accordance with government standards and international laws from the selection of raw materials, the choice of surface treatment technique to the use of packaging materials. Furthermore, by incorporating toxicity-free and hazard-free materials and thoughtful designs into our products, we are able to deliver worry-free and joyful user experience among consumers. None of the Company's products or services had violated laws in 2021 or at anytime during the preparation of this report.

Quality and Safety Certification



Electronic Substrates

All substrates and electronic components used in products have conformed with the European Union's "Restriction of Hazardous Substances" (RoHS), and the production procedures do not involve use of lead-containing solder paste or any component or additive that contains hazardous substance.

Raw Materials

Out of respect for the balance and sustainability of the environment, we prohibit suppliers from supplying materials that are sourced from areas of conflict/ dispute or contain restricted elements.



Product Surface Treatment

- Invest into powder coating procedures to reduce the use of liquid coating, which is characterized by high lead content.
- Ensure that contents of powder coating conform with RoHS, and make necessary remarks in the Safety Data Sheet (SDS) to promote safety in product contact.
- Develop anti-bacterial coatings to prevent transmission of pathogens through contact and cater for users' health.

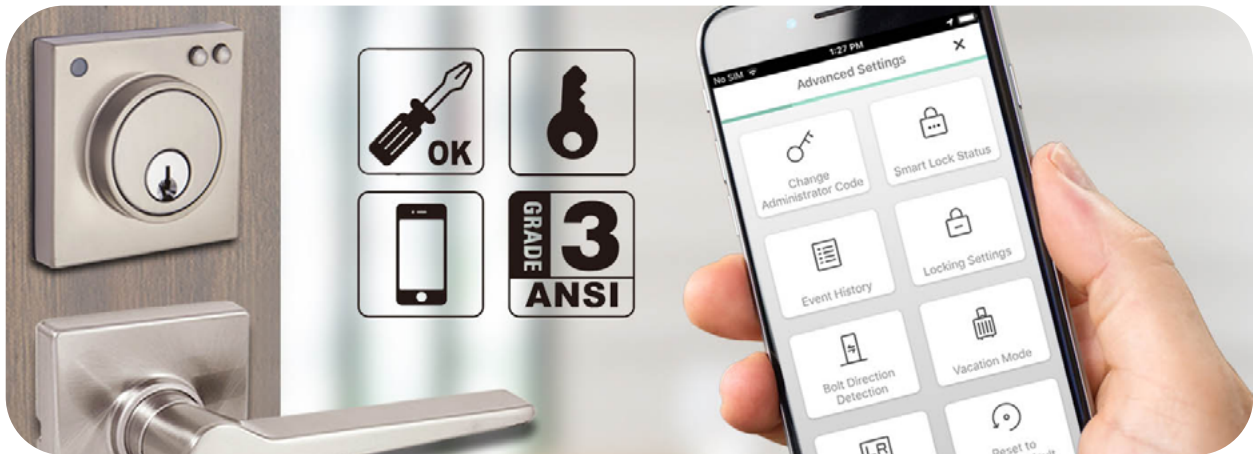
Product Packaging

- Simplify packaging to the bare minimum needed to protect products and reduce wastage of packaging materials.
- Carefully select printing partners to ensure that ink quality conforms with environmental protection requirements.
- Improve green design of product packaging materials, such as using environment-friendly materials in place of PVC to cater for product safety and environmental protection at the same time.

Customer Service and Protection

Policies and Goals

Taiwan Fu Hsing respects customers' trust as the core enterprise value. We place customers at the top of our priority and treat customers' competitiveness like our own. We have assembled a top-performing sales team to communicate with customers and provide them with the best services in the industry by offering responsive assistance and creating the most desirable transaction experience. We also arrange the highest level of protection over customers' confidential information, as we look forward to becoming customers' trusted and dependable partner in the long term.



Customer Satisfaction Surveys

Each year, we would invite key customers to take part in our "customer satisfaction survey" so that we can develop insight into how they rate the Company's services, innovation, and quality. We would communicate with customers immediately if satisfaction is not up to standard, and conduct reviews and propose improvements to the highlighted defects while aiming to satisfy the needs of customers around the world. In 2021, the Company recovered 64 questionnaires (90%) in total and scored 4.54 out of 5 for domestic sale and 4.47 out of 5 for export sale; both of which were higher than the target scores we had set.

We provide after-sale and customer service using a wide diversity of channels such as: e-mail, telephone, and fanpage, through which we also accept and handle customers' response and get their feedback to products. In 2021, the Company received no complaint from external party that was later substantiated by the organization.

Key Points of Satisfaction Assessment

- ✓ Service officers' attitude and competence
- ✓ New Product Development
- ✓ Product Quality
- ✓ Overall Satisfaction

Protection of Customer Privacy

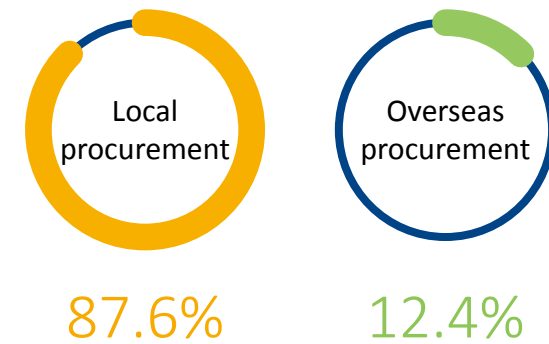
The Company first attained AEO certification in 2011, and has since adopted rigorous control over issues such as trade partner safety, cybersecurity, and cargo safety to ensure regular renewal of the certification. Meanwhile, the Company continues to sign confidentiality agreements with new suppliers to keep customers' data safe. In 2021, the Company had no substantiated leak, theft, or loss of customer data.



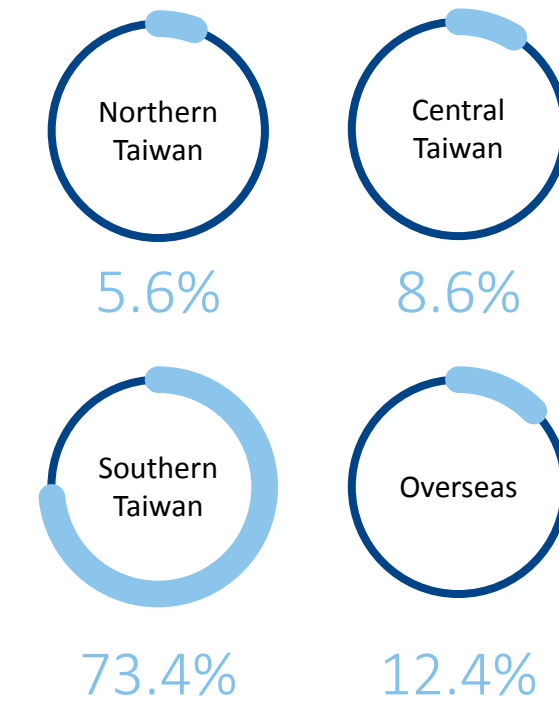
Supply Chain Overview

Taiwan Fu Hsing purchases from 4 categories of supplier: raw material vendor, contractor, equipment vendor, and service provider. Supply is sourced primarily from local vendors in Taiwan. Suppliers are important partners to our sustainable management efforts, and it is our hope to build trust with suppliers and engage them in a relationship that is mutually beneficial to both parties. Amount of purchase and regional distribution are explained below:

Purchase Amount



Regional Distribution



In 2021, Taiwan Fu Hsing added 7 new suppliers and expanded supplier size by 4.3% to a total of 163; 14 of which were raw material vendors while 149 of which were contractors. There was no material change in the supply chain in 2021. Below is a disclosure of raw material vendors and contractors that were highly relevant to product manufacturing.

Supply Chain Overview

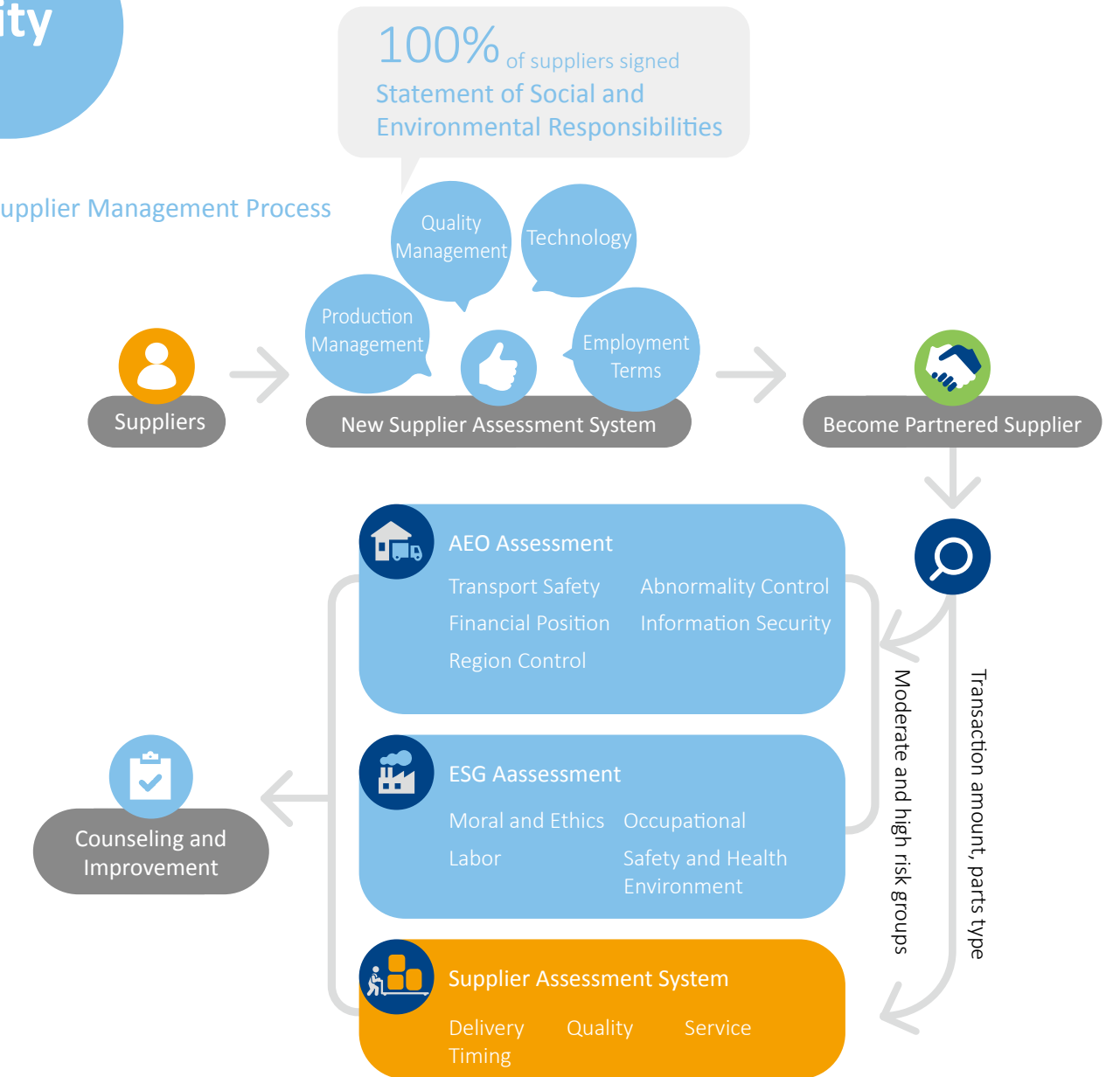
Supplier Category	Raw Materials	Contractor
Product Category	suppliers of finished goods	outsourced manufacturers and suppliers of semi-finished goods/parts
Main Products	copper, iron, and stainless steel coils	stamping, zinc alloy plating, copper forging, powder metallurgy, grinding, electroplating etc.
Quantity	14	149
Dominance (Percentage of transaction sum)	20.9%	79.1%

Supply Chain Sustainability Management

Policies and Goals

Taiwan Fu Hsing has formulated its supply chain management policies based on international laws, including United Nations Global Compact (on human rights, labor rights, environmental responsibility, and anti-corruption) and AEO, as well as the Company's business philosophy. Through close coordination between procurement, technology, and quality assurance departments, we have developed a number of systems such as "New Supplier Evaluation," "Supplier Rating," and "AEO Assessment" that enable us to review and offer improvement suggestions with respect to transaction optimization. We have also developed our own ESG guidelines for supplier management, and would exchange knowledge with suppliers on material social and environmental issues from time to time in an attempt to promote decent business practices. Overall, we at Taiwan Fu Hsing invite suppliers to join us in the undertaking of corporate social responsibilities, and build a more competitive, safer, and more reliable supply chain together.

Supplier Management Process



New Supplier Assessment System

We evaluate new suppliers rigorously on four aspects including production management, quality management, technology, and employment term, and ask them to observe the ethical guidelines, workers' rights and duties, health and safety standards, and environmental protection requirements mentioned in Taiwan Fu Hsing's "Statement of Social and Environmental Responsibilities." In 2021, the Company screened 100% of new suppliers using the worker guidelines, and 7 of which managed to pass the evaluation and completed the signing of "Statement of Social and Environmental Responsibilities for Business Partners."

Supplier Assessment System

The Company identifies key suppliers based on the amount of transaction (excluding raw material suppliers) or the type of parts supplied, and rates them for delivery timing, quality, and service on a monthly basis. Depending on the final rating, the Company either rewards top-performing partners for their contribution or urges lagging suppliers to review and make improvements.

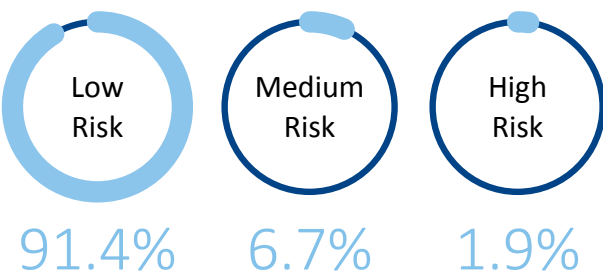
ESG Assessment

In an attempt to promote social and environmental responsibilities up the supply chain, Taiwan Fu Hsing

takes the initiative to sign "Statement of Social and Environmental Responsibilities for Business Partners" with key suppliers. Today, 100% of suppliers have signed the statement, thereby enabling Taiwan Fu Hsing to exert influence as an industry leader in the promotion of social and workplace harmony. The Company did not terminate relationship with any supplier due to social impact in 2021.

Furthermore, Taiwan Fu Hsing implements a yearly supplier social and environmental responsibility review system that classifies suppliers by risk coefficient into low-, medium-, and high-risk groups. Suppliers in the medium- and high-risk groups are subjected to on-site audit on issues concerning labor, environmental practice, and ethics. A total of 8 supplier social and environmental responsibility audits were conducted in 2021, and all of which were found to have met the required standards.

Supplier Risk Grade Distribution - 2021



AEO Assessment

Taiwan Fu Hsing is an AEO certified by the customs authority of the Republic of China, and all of our key

suppliers share our conviction to building a counter-terrorism network. In 2021, we conducted on-site audit on 8 suppliers according to the "AEO Security Evaluation Worksheet," and found all of them having met the required standards.



Assist Suppliers in Making Persistent Improvements

Aside from audits, we also offer practical assistance to help suppliers improve and embrace social and environmental responsibilities as we do. For suppliers that score low in the assessment, we execute a "Supplier Improvement Program" in which the administration, quality assurance, and technical staff are called into proposing custom-tailored solutions on issues concerning delivery timing, quality, and technical issues. All suppliers had completed audit improvements in 2021 and no counseling was required.



Social

- 42 Workplace Safety
- 48 Friendly Workplace
- 57 Talent Training and Development
- 60 Social Inclusion

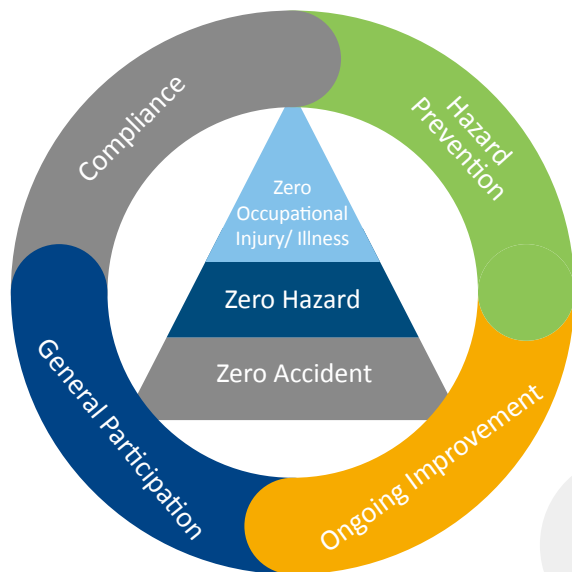
Material Topics of the Chapter



Workplace Safety

Policies and Goals

Work safety is an important foundation for corporate growth, one that we intend to support by enforcing "prevention, improvement, participation, and compliance." A "Health and Safety Code of Conduct" has been established to ensure the safety and health of the work environment. Meanwhile, we continue to adopt zero hazard as the ultimate goal, and organize safety and health-related training frequently to promote a safe work culture where employees place safety at the top of their priority.



Safety and Health Management System

Requirements of the ISO45001- Occupational Health and Safety Management System have been incorporated into existing management systems, such as the ISO9001- Quality Management System, and are being implemented as part of the Company's management. To enforce these requirements, we have assembled an Occupational Safety and Health Committee whose responsibilities are to promote factory work safety, prevent accidents, improve the work environment, maintain employees' health, and convene quarterly review meetings. The President serves as lead member of the committee, whereas the rest of the members are explained below; there are a total of 25 worker representatives accounting for 46% of the committee, which is much higher than the 1/3 requirement imposed by laws.

Committee Composition

Members	Number of individuals
Chief Committee Member	1
Deputy Chief Committee Member	1
Secretary General	1
Plant Manager	1
Safety and Health Committee Member	9
Department Head	14
Medical Representative	2
Worker Representative	25
Total	54



Execution Progress - 2021

Taiwan Fu Hsing is dedicated to making persistent safety and health improvements. Below is a list of programs executed in 2021:

Worker Environment Monitoring

Environmental monitoring is performed every six months with monitoring data published on bulletin to keep employees informed of the state of their work environment.

Progress and Results
Attainment rate 100%

Safety and Health Audit System

Safety and health inspections are conducted on a quarterly basis. Any audit finding discovered would be notified to relevant units for acknowledgment and improvement, and presented during Occupational Safety and Health Committee meetings. By associating inspections with annual performance review, the Company is able to use audit findings as reminder and ensure that improvements are made persistently.

Progress and Results
52 defects were identified in 2021, all of which have been improved upon

Safety Enhancements

"Project A Exit Warning Sign," "Pedestrian Footpath Pilot Zone," and "Shrinkable Film Storage Area" were implemented to reduce risk of work injury.

Progress and Results
Incidents of work injury at 3 project sites were reduced to 0 after implementation

Employee Health Checkup and Special Health Checkup

Employees undergo general or special health checkup depending on the type of workplace they are exposed to, and are subjected to tier-based management based on the outcome of their health checkups. Employees working at workplaces that pose special health risks are required to undergo special health checkups on a yearly basis. The factory nurse then executes tier-based management based on the outcome.

Progress and Results
A total of 236 employees underwent general health checkup and 260 employees underwent special health checkup, representing 100% of the workforce.

Occupational Hazard Statistics and Analysis

No employee suffered permanent injury or sequelae in 2021, and none of the suppliers or contractors reported disabling injury within factory premise. The Company reported 32 work injuries during the year; 22 (nearly 70%) of which were commuting accidents, and 10 of which resulted in temporary disabilities up to one lost day. A total of 10 employees (0.8% of the workforce) had suffered from occupational hazards. The Company has made safety enhancements to the facilities in all workplaces where disabling injury had occurred. Employees working at these locations are required to undergo risk training and take part in regular accident drills, unscheduled machinery safety audits etc. to prevent similar occurrence.

Occupational Hazard Statistics - 2021

Category	Total
Average Days Lost ¹	117.424
Severity of Disabling Injuries ²	1,348.022
Frequency of Disabling Injuries ³	11.48
Occupational Illness Rate	0%
Absenteeism Rate ⁴	0.002%

Note 1: Average days lost = disabling injury severity rate (SR) / disabling injury frequency rate (FR)
Note 2: Disabling injury severity rate (SR) = (total days lost to injury×10⁵) / (total work hours)
Note 3: Disabling injury frequency rate (FR) = (number of disabling injuries×10⁶) / (total work hours)
Note 4: Absenteeism rate = (total hours of occupational injury leave + total hours of illness leave) / total scheduled work hours
*The above chart excludes non-disabling injuries that resulted in less than one lost day

Occupational Safety and Health Training

Taiwan Fu Hsing organizes a multitude of training courses each year to raise employees' risk identification capabilities as well as safety and health awareness. A persistent improvement system has also been implemented to improve safety and health performance over time. The Company had followed the "Occupational Safety and Health Act" and organized orientation plus advanced training aimed at new recruits as well as on-job training for existing employees in 2021. All new recruits are required to complete orientation on the day of duty commencement followed by advanced training two months after duty commencement. Furthermore, a total of 8 on-job training courses were organized for existing employees in 2021. 100% of employees had completed the required training.



Equipment Operation Training

New recruits not only have to complete basic safety and health training, those that come into contact with equipment are also required to undergo safety training for the particular equipment. Standard operating procedures are posted on-site so that employees may inquire and ensure safety during operations.



Emergency Response

The Company organizes emergency response training once every six months to keep employees informed on how to handle and respond to emergencies.



Occupational Safety Certification

The Company strictly enforces a certification system throughout plant premises; employees without certification are prohibited from operating machinery.

Execution Progress - 2021

Month	Course Name	Enrollments
2	Traffic Safety Training	632
	Hearing Protection Sseminar	59
	Dust Protection Seminar	12
3	Safety and Health Training for Entry-Level Managers	144
4	General Hazard Training	126
	Internal Fire Safety Team Training	40
11	Internal Fire Safety Team Training	40
	On-Job Training	1,265
Total		2,318

Professional Certifications Held by Factory Employees - 2021

Name of Certificate	Number of Holders	Name of Certificate	Number of Holders
Class-A worker safety and health manager	8	Oxy-fuel welding	8
Level A worker health manager	3	Stationary crane hoisting less than 3 tonnes	23
Worker safety and health manager	5	Stationary crane hoisting 3 tonnes and above	46
Pressurized gas and specialized equipment operator	3	Stationary crane operation/Overhead crane ground operation	39
Fire safety manager	4	Stationary crane hoisting less than 5 tonnes	2
Site safety and health supervisor	6	Hoisting operations	18
Special chemical substances supervisor	10	Operator of forklift weighing 1 tonne and above	85
Organic solvent operations manager	5	Class C boiler operator	2
Dust operations supervisor	8	Small boiler operator	2
Hypoxia operations supervisor	4	Scaffold assembly supervisor	2
First-aid personnel	38	Level C industrial wiring	1
Worker health service nurse	2	Level B electronics	1
Pressurized gas supervisor	1	Level B wastewater treatment personnel	2



Tier-Based Management of Occupational Illness

Taiwan Fu Hsing organizes special health checkups according to "Labor Health Protection Rules," and maintains employees' health data for tier-based management. Health data is also used for purposes such as work assignment, health tracking, and prevention of occupational illness. A total of 260 employees underwent special health checkup in 2021, and below is a breakdown of health tiers. The Company will continue making reports and tracking employees' health in accordance with laws in the future.

Tier 1 No abnormality 188 individuals

- self-management

Tier 2 Abnormal, but unrelated to work environment 95 individuals

- offering of personal health guidance
- use of personal protection gear
- health tracking
- physician's opinions regarding unsuitable work activities

Tier 3 Abnormal, but unsure whether related to work 0 individuals

- occupational health specialists are invited to conduct health tracking
- workplace is assessed for work-related illness
- tier reclassification
- report to the authority
- physician's clinical diagnosis

Tier 4 Abnormal, work-related 1 individuals

- adopt hazard control
- adopt relevant measures
- health tracking
- physician's clinical diagnosis

Prevention of Major Communicable Diseases

The Company established a set of "Disease Reporting Standards" based on the government's disease control guidelines in 2010; in 2020, a "Business Continuity Plan (BCP)" was introduced to protect employees amidst the COVID-19 pandemic. In addition to revising current disease control standards, we also assembled a disease control task force to identify, handle, and monitor emergencies caused by the pandemic, and took necessary actions including but not limited to: sourcing of disease control supply, regular promotion of awareness, employee health monitoring, disease

reporting and investigation, and response drill. The disease control task force convenes regular meetings to review the preventive measures in place and to make adjustments depending on changes in the pandemic situation. The team is entrusted with the task of monitoring disease updates on all entities within Taiwan Fu Hsing Industrial Group as well as business partners.

In the future, the Company will continue devoting attention into the maintenance of a robust risk management system, and obtain environmental safety certifications for the safety of employees and assets. Concepts of the risk management process will also be incorporated into our disease control plan and applied effectively throughout the organization.

**2021
Work Hours Lost to COVID-19
Infection or Control**

0 hours

Related Disease Control Spendings

NT\$2.07 million

Disease Control Strategies

Employees

- Implement temperature-taking and related measures, and adopt enhanced health management for employees
- Divert movement of plant employees and minimize mingling; restrict entrance and apply entry registration for dining and resting areas
- Enhance workplace cleaning efforts; provide disease control supplies such as hand sanitizers, 75% alcohol, masks etc.
- Offer disease control bonus along with vaccination leaves that are more favorable than what the laws require as encouragement for employees' participation



Supply Chain

- Promotion of disease control awareness over the supplier platform
- Maintain detailed records on suppliers that deliver to plant premises
- The Order Management Section compiles a supplier contact directory
- Review disease control plans of suppliers of critical components

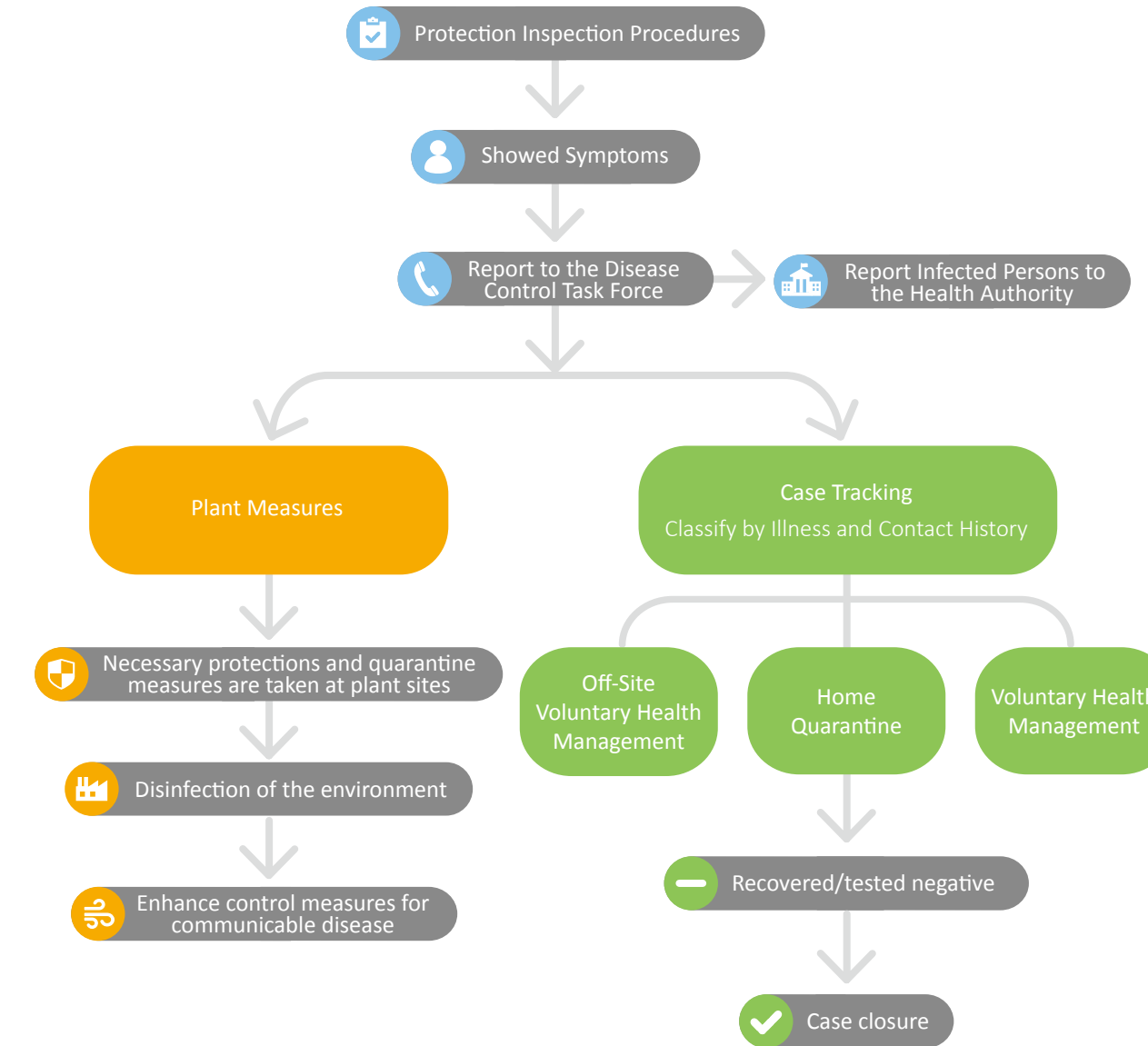


Customers

- Completion of health declaration form and temperature records when entering factory premise
- Develop SOP on customer notification
- Regularly update customers on factory conditions and ensure open communication



Disease Reporting Process



Friendly Workplace

Policies and Goals

Taiwan Fu Hsing treats employees as partners and strictly complies with the employment regulations in Taiwan. In addition to offering competitive compensations, the Company also directs much attention into maintaining a stable and healthy workforce, creating a diverse and inclusive workplace, providing full range of benefits, and helping employees attain the right balance between "work," "family," and "health."

Awards and Recognitions



Since 2016

Taiwan iSport Certification



Back-to-back winner of

Best Employer - Gold



Since 2019

Healthy Workplace Certification

HR Overview

After more than 60 years of practice, Taiwan Fu Hsing has built a leadership position and strong advantage in the industry. 97.14% of the Company's workforce are permanent employees, whereas the remainder is consisted of contract workers from The Philippines, Vietnam, Thailand, Indonesia, and China. All employees are entitled to the comprehensive benefits and competitive employment terms offered by the Company, and the harmonic relationship between local and foreign workers opens us to a stable supply of human resources.

Not only do we refrain from discriminating employees by nationality or ethnicity, we also value gender equality and have almost equal percentage of males and females in the workforce. In managerial roles, females accounted

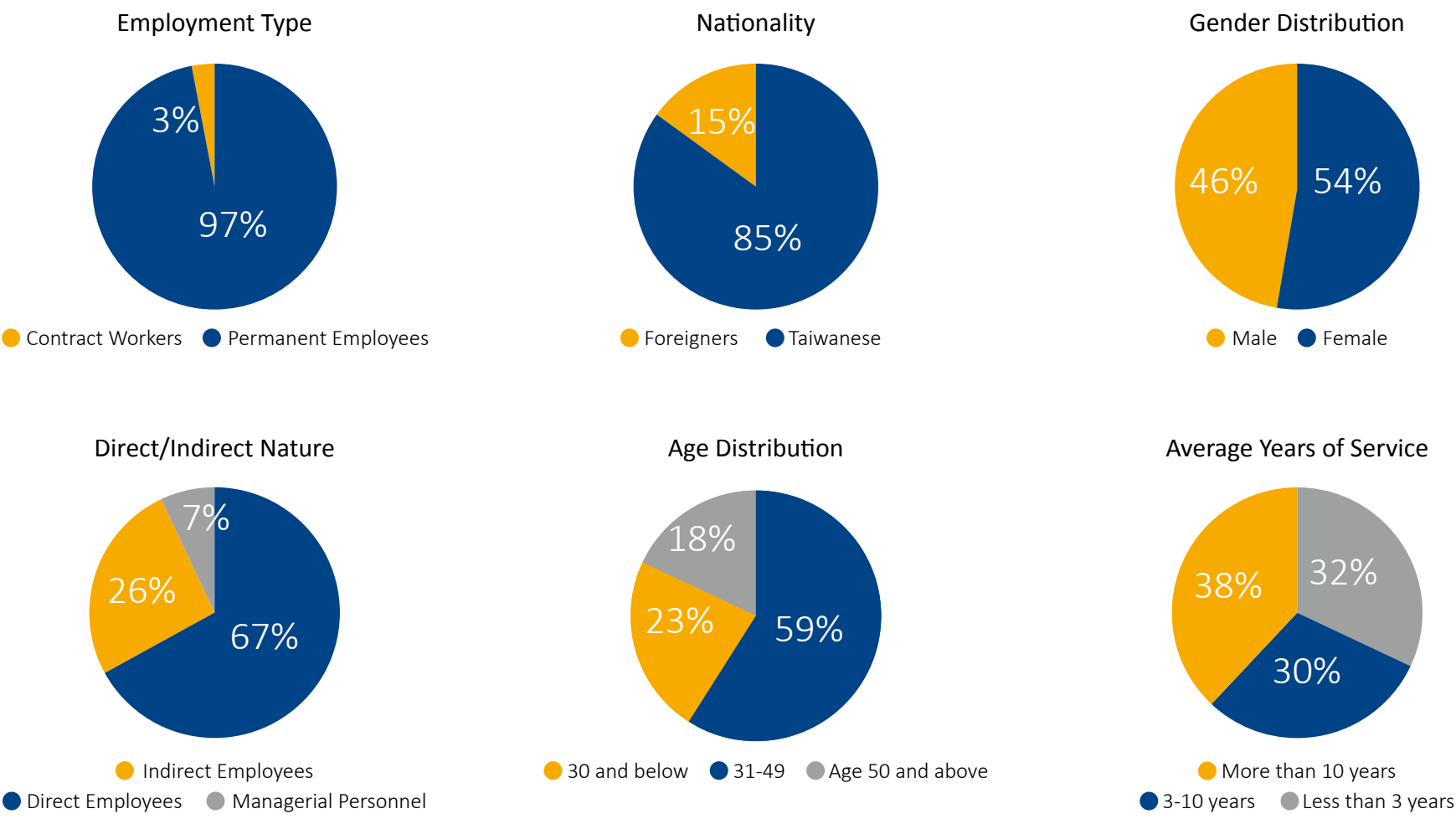
for 28.26% of total managers, which is a relatively gender-equal level in the mechanical manufacturing industry.

In terms of age distribution, more than 20% of the workforce is 30 and below, whose presence brings new energy to the conventional industry. Meanwhile, 60% of the workforce is between 31 and 49 years of age, whose experience combined with stamina is beneficial to the Company's long-term growth.

As for seniority, local permanent employees average 11.35 years of service, and nearly 40% of which have served for more than 10 years, indicating stability, high loyalty, and strong recognition for the Company's values. Meanwhile, a direct-to-indirect worker ratio of nearly 7:3 is indicative of our exceptional management efficiency and our relatively flat organization.



Workforce Structure of Taiwan Fu Hsing



In the above statistics, contract type, nationality, gender, age, and direct/indirect workers were accurate as of the end of 2021, where the total employee count was 1,330. Average years of service was calculated on the number of local permanent employees (1,095). For detailed statistics, please see [Appendix- "Taiwan Fu Hsing Workforce Chart"](#)

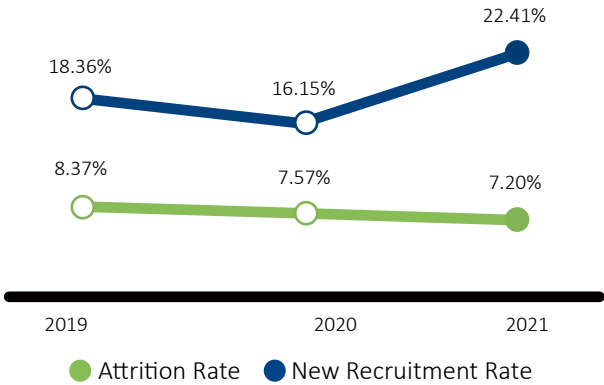
Productive Workforce Rotation

For healthy renewal of human resources, we aim to keep attrition rate not necessarily at the lowest, but at the most suitable level. In 2021, there was a net increase of 71 local permanent employees, whereas the number of resignees decreased slightly. Increases in the demand for new talents were in line with production requirements. Resignees included retirees; those who were eligible to retire averaged 32 years of service, indicating high level of recognition for the Company's value among retirees. The percentage of retirement is deemed beneficial to long-term growth.

In terms of gender distribution, the percentage of males and females in new recruits and resignees was comparable and showed no sign of imbalance. An analysis by age group showed more new recruits than resignees in age 49 and below, whereas the number of new recruits and resignees is comparable in age 50 and above.

Overall, the number of local permanent employees had increased significantly in 2021 due largely to the pandemic and production capacity adjustments, which resulted in higher demand for manpower. This renewal of workforce is considered beneficial to the growth of the organization. Meanwhile, the high retention rate of young workers suggests that the Company's visions, mission, and culture are well-accepted among the young generation, so much so that they are willing to commit time into growing their career.

Recruitment and Attrition Rates in the Last 3 Years

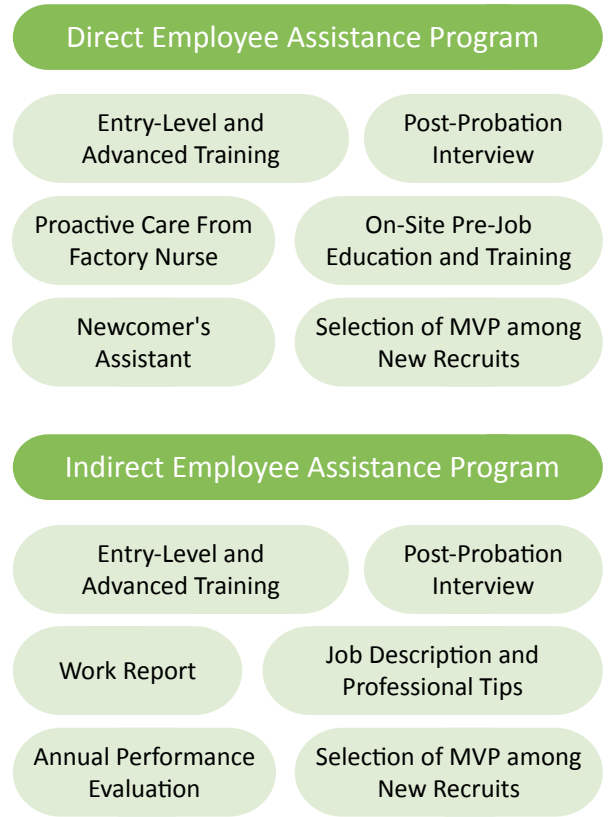


For detailed statistics, please see Appendix- "Taiwan Fu Hsing Workforce Chart"

Attrition Rate Reduced for 3 consecutive years

New Recruit Assistance Program

In 2018, the Company devised separate counseling and assistance programs for newly recruited direct and indirect employees in an attempt to help them adapt to the workplace in the shortest amount of time, and thereby increase retention and lower attrition rates.



Creation of a Diverse and Inclusive Environment

Taiwan Fu Hsing evaluates talents solely for their skill sets, and holds the conviction of creating a diverse and inclusive work environment. Various policies have been implemented to enforce human rights, gender equality and the elimination of workplace discrimination, so that employees are not subjected to unfair treatment whether due to gender, health condition, nationality, or ethnicity. Furthermore, the Company adopts a diversified employment approach that includes the underprivileged, foreign workers, and fresh graduates, as it believes that diversity contributes to sustainable competitiveness.

Taiwan Fu Hsing's Human Rights Policy

- Prohibition of workplace sexual harassment
- Elimination of illegal discrimination
- Ensure equal work opportunities
- Prohibition of forced labor
- Promote employees' mental and physical health and work-life balance
- Prohibition of child labor

Human Rights Protection

The issue of human rights protection has gained worldwide attention in recent years, and as a result, major businesses now advocate workers' dignity and rights more strongly than ever. Having recognized the duty to protect human rights, the Company observes the rationale and principles of international human rights conventions such as "ILO Declaration of Fundamental Principles and Rights at Work," "UN Universal Declaration of Human Rights," and "The 10 Principles of United Nations Global Compact" and vouches to protect

employees' rights by complying with the employment regulations in all places where production activities take place. No major complaint was raised in 2021.

In the future, the Company will continue observing international human rights trends as well as the latest initiatives published by UN and international organizations on human rights issues, while at the same time educate employees on human rights awareness to minimize risk of breach.

Human Rights Protection Practices

Training for New Recruits

All new recruits are required to undergo entry-level training on the first day of duty and advanced training two months afterwards. Topics covered by the training courses include: human rights, gender equality, prevention and reporting of workplace violation, elimination of sexual harassment in the workplace, and occupational safety and health. 100% of new recruits had completed the training courses during the year.

Occupational Safety and Health Courses Have Been Made Mandatory

In addition to annual training courses that apply to all employees, the Company also organizes training programs for personnel with special requirements, such as medical training for nurses and training and certification exams for crane/forklift/pressurized gas operators. Overall, training in 2021 totaled 1,352 enrollments and 1,386 hours, representing 100% completion.

Supplier Human Rights

All key suppliers are required to sign Taiwan Fu Hsing's "Statement of Social and Environmental Responsibilities" as a commitment to protecting basic human rights. 100% of suppliers had signed the declaration.

Gender Equality

Taiwan Fu Hsing is dedicated to creating employment systems and work environment that are friendly to all genders. In addition to our commitment not to distinguish salary levels and basic benefits by gender, we also promise not to discriminate female employees during recruitment and promotion. As an incentive for female workers, we have compiled a Maternity Health Guidebook in accordance with the Occupational Safety and Health Act, and offer childcare subsidies along with improved maternity facilities and measures so that female workers can perform to their best ability without compromising on family duties.

Parental Leave Indicators - 2021	Male	Female	Total
a. No. of employees eligible for unpaid parental leave	18	30	48
b. No. of employees applied for unpaid parental leave	0	15	15
c. No. of employees expected to be reinstated	0	13	13
d. No. of employees reinstated	0	13	13
e. No. of employees reinstated in the previous year	0	12	12
f. No. of employees having worked for more than 12 months after reinstatement in the previous year	0	9	9
g. Unpaid parental leave reinstatement rate (Note 1)	N/A	100%	100%
h. Unpaid parental leave retention rate (Note 2)	N/A	75%	75%

Note 1: Reinstatement rate = No. of employees having reinstated from unpaid parental leave (d.) / No. of employees due for reinstatement from unpaid parental leave (c.)

Note 2: Retention rate = No. of employees remained on job for 12 months after reinstating from unpaid parental leave (f.) / No. of employees reinstated from unpaid parental leave in the previous reporting period (e.)

Parental Leave Retention Rate

75%



Maternity-Friendly Measures

Prenatal

- Maternity protection program: work safety personnel, factory nurse, and on-site physician would coordinate to evaluate and limit work activities that pose concern for maternal health, and make alternative work arrangements or suitable measures.

Prenatal | Postnatal

- Exclusive parking lot: provided for the safety and convenience of pregnant employees. Available throughout the duration of pregnancy and one year after labor.

Postnatal

- Unpaid parental leave: offered in line with gender equality principles and available to males and females.
- Nursery room: equipped with sanitized cookers and refrigerators that breastfeeding employees may use on a pre-registered basis.
- Childcare subsidy: employees are granted NT\$3,000 of after-school childcare subsidy per school child aged 3-12 each year.



Care for Foreign Workers

Taiwan Fu Hsing currently has nearly 200 foreign workers. Not only are they entitled to benefits that are comparable to local employees, the Company also has management policies and care packages in place to help narrow the cultural and language gaps, such as: open communication channels, bonuses and subsidies, diverse employee activities, and skill courses (including Chinese studies, finance, and fitness programs).

Communication

- morning meetings (once a month)
- dormitory manager meetings (once to twice a month)
- HR discussion / agency / in-plant interpreter (always available)
- bulletin (ad-hoc)

Bonuses and Benefits

- Allowances: overtime allowance, shift allowance, loading allowance, dormitory manager allowance
- Incentive bonus: year-end bonus, zero-defect bonus (quarterly/annual) etc.
- MVP Bonus: bonus for MVP new recruit, bonus for MVP dormitory manager
- Festive Cash: such as Mid-autumn cash, Dragon Boat Festival cash
- Living Subsidies: wedding, childbirth, funeral, hospitalization, disability, training, severance, and birthday subsidies

Employee Activities

- Health Promotion: ball games, health checkups, fitness tests
- Charity Campaigns: such as coastal cleanup, charity walk
- Education and Training: pre-job training, safety and health training, career training (such as BetterUP program)
- Exclusive Support: Dream Fulfillment Program

Zero Commission Policy for Foreign Workers

Taiwan Fu Hsing implemented a "zero commission" policy in 2021, which forgoes collection of any charges related to the hiring of foreign workers out of protection and respect for foreign workers' rights throughout the recruitment process. After implementation of the policy, foreign workers no longer have to bear charges associated with their employment, including medical expense, training expense, and agency commission.

Since 2021 the Company has been covering the expenses that foreign workers incur to work in Taiwan

RBA zero-commission



Comprehensive Employee Benefits

Taiwan Fu Hsing is committed to providing employees with the best work opportunities. In addition to meeting legal requirements, the Company also offers benefits that are more favorable than is required by laws, such as subsidized health checkups, subsidized club activities, subsidized on-job training, and preferential retirement system. Our human resources unit also engages the Employee Welfare Committee pro-actively to provide employees with various forms of physical and mental health assistance, which in turn enhances employees' sense of loyalty and belonging while allowing the Company to attract and retain top-performing talents in the future.



Employee Welfare Spending in 2021

NT\$15.12 million

Employee Welfare Program

● Taiwan Fu Hsing Employee-Exclusive ● Regulatory Requirements

Mental Health/ Lifestyle	<ul style="list-style-type: none">● employee assistance program (EAP)● merchant discounts● employee trip● health and sports seminar	
Physical Health	<ul style="list-style-type: none">● labor Insurance● national health insurance● subsidized health checkup (for general employees, special operations, and senior managers)● leaves of absence (unpaid leave, illness leave, special leave, menstruation leave, family care leave etc.; special leaves can be counted by minutes)	<ul style="list-style-type: none">● disease control leaves (quarantine care leave; vaccination leave: 1 day full pay and 1 day unpaid)● professional healthcare workers (full-time nurses and on-site physicians)● weight loss program● annual sports competitions
Subsidy	<ul style="list-style-type: none">● labor pension fund● wedding, funeral, hospitalization, and emergency aid● congratulatory and condolence subsidies for managers● external training and on-job training subsidy● childcare subsidy	<ul style="list-style-type: none">● festive cash and gifts● lunch meal subsidy (fixed amount)● club subsidy● sports competition reward and subsidy● subsidy for art/culture appreciation (complimentary tickets to exhibitions/ performances, book vouchers)

Health Promotion Measures

Technology-Assisted Fitness Test

Taiwan Fu Hsing promotes employees' health awareness by working with hospitals to arrange annual fitness tests on plant premise. Considering that the age of 45 is when most females start to experience deterioration in health, the Company invited more than one hundred female employees born in the 1970s to participate in a series of fitness tests in 2021.

The fitness test was intended to identify health problems so that actions can be taken to improve health, and the most common health problem discovered this time round was, unsurprisingly, high lipids. For this reason, the factory nurse recommended everyone to consume low-GI foods that are high in fiber, and eat adequate amounts of protein each meal to boost the basal metabolic rate while at the same time reduce consumption of sugary drinks and overly sweet fruits. More importantly, employees were reminded to exercise frequently to prevent accumulating fat within the body and looking like a marshmallow man.



Support for Sports Activities

The Softball Club Won 2nd Place During Zhen Yu Cup

Being one of the enterprises to receive Taiwan iSport certification from Sports Administration, Fu Hsing employees have tremendous love for sports, and this passion led to the creation of Fu Hsing Softball Club many years ago. Despite having players from different parts of the organization, they would meet up and practice at the softball field of Cianfong Junior High School after work hours. The Softball Club even represents the Company to compete in the Zhen Yu Softball Tournament organized by Zhen Yu Hardware on a yearly basis.

Although the team had very little opportunity to play in the first half of 2021 due to the pandemic, the players quickly found their touch after a few practice games and were able to work together toward a common goal. The tournament began on September 4, and team Fu Hsing was able to claim division leader after two straight wins in the preliminary round, and win the first game of the playoffs to go straight into the final round. After two days of intense struggle, team Fu Hsing finally saw its hard work pay off as it claimed the runner up place. More importantly, the players were able to appreciate the beauty of teamwork throughout the competition, and demonstrated an unyielding spirit that is consistent with Taiwan Fu Hsing's corporate values.

Retirement System and Planning

Taiwan Fu Hsing appreciates the desire of its employees to plan for life after retirement. All employees of R.O.C. nationality are entitled to the pension fund system stipulated by the Ministry of Labor, and adopt either the new scheme (under Labor Pension Act) or the old scheme (under Labor Standards Act) depending on their duty commencement date and personal preference. For effective supervision over pension fund contributions and withdrawals, we have assembled a "Labor Pension Fund Supervisory Committee" and elect management and labor representatives every four years to co-manage the pension fund.

Furthermore, the Company introduced a "Favorable Retirement Policy" in 2008 that was later reviewed and amended in 2017 to give employees of Taiwan Fu Hsing the option to request for "voluntary early retirement" if their years of service + age ≥70 despite not meeting the legal retirement criteria. Once approved, early retirees may start receiving pension benefits calculated based on years of service and the standards specified in the Labor Standards Act on an earlier date. Many of the senior employees who had yet to meet the retirement age were able to benefit from this policy, and retire in peace at a time when their family needed them the most without suffering losses for failing to meet the statutory retirement criteria.

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 ensure employees' pension claim.

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.

Favorable Retirement Policy

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



Labor Pension Fund Supervisory Committee

Item	Table of Contents
Term of service	From November 2018 to November 2022
Members	The committee comprises 9 members, including 6 worker representatives and 3 management representatives
Execution progress	The Company reviewed a total of 2 retirement applications in 2021, including 1 retirement request and 1 request to settle years of service. A sum of NT\$1,957,964 was paid from the old pension scheme.

Talent Training and Development

Policies and Goals

Taiwan Fu Hsing has always treated employees as its partners since the day it was incorporated. This strong level of unity between labor and management was what enabled the Company to accumulate an envious size of high-quality human capital. To facilitate knowledge transfer and strengthen competitiveness over the long term, we have devised a 3-part talent program encompassing "Talent recruitment," "Talent development," and "Talent development" in line with Taiwan Fu Hsing's core value and culture of "innovation, service, and quality" that emphasizes on the selection, education, and promotion of talents.

Talent Recruitment

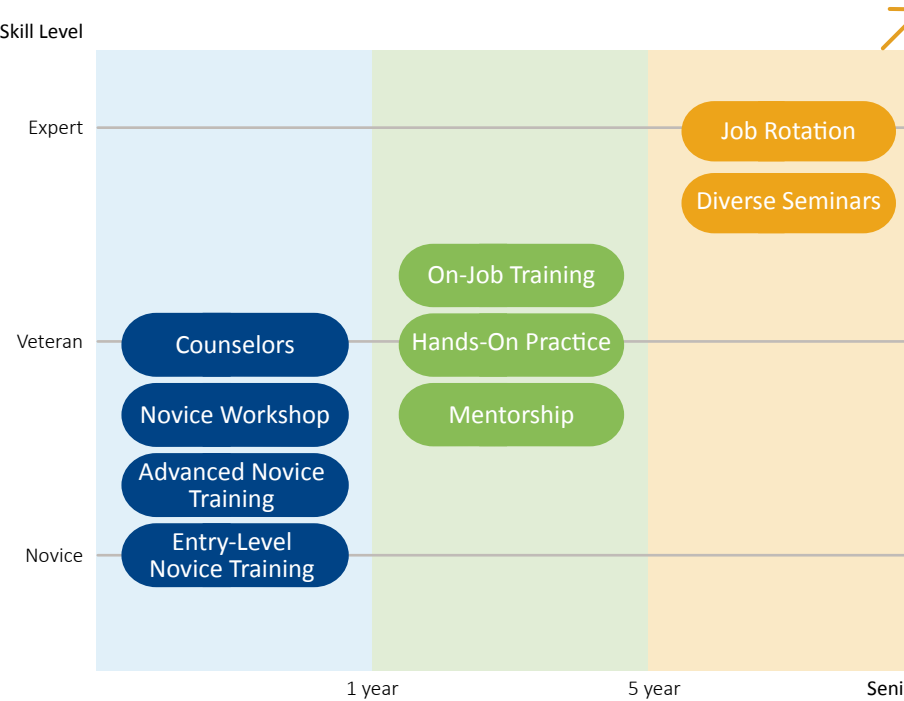
Taiwan Fu Hsing makes use of a flexible and diverse range of recruitment channels to cope with social changes. The Company currently recruits talents through six main channels, including: digital platform, employment services, campus, multinational internship programs, underprivileged persons, and foreign workers. Furthermore, we encourage referrals from employees and direct recruitment focus to the local community and neighborhood. We evaluate talents solely for their skill sets, and ensure fairness and transparency in our recruitment and assignment practices. The headquarters and subsidiaries are required to comply strictly with the Company's social and environmental responsibility policies by prohibiting child labor (below age 16) and forced labor, and ensuring fair treatment of all personnel regardless of their origin, gender, religion, ethnicity, nationality, or political association.

In addition to workplace diversity, we also place great emphasis on creating job opportunities for underprivileged persons. In 2021, we hired 28 persons with disability, which was 2 times the legal requirement, and the most senior of whom had served for 36 years while the average seniority was 21 years. These figures prove Taiwan Fu Hsing

to be a friendly and healthy place to work in, one where persons with disabilities may have the opportunity to put their skills into the best use.

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.



Talent Development

Taiwan Fu Hsing adopts 3-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.

3-Phase Performance Evaluation

Item	Time	Scope of Evaluation
End-of-Probation Evaluation	3-6 months onboard	The performance evaluation targets new recruits and is intended to learn their adaptation and offer the required assistance.
Promotion Review	July	Line managers may request promotion review for top-performing employees as an encouragement.
Annual Performance Evaluation	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."



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.

Technical Path



Managerial Path



Administrative Path



Industry-Academia Collaboration

In 2015, Taiwan Fu Hsing launched a "Young Fu Hsing Internship Program" in which it collaborated with local colleges to narrow the gap between the knowledge taught in school and the knowledge applied in practice, and to develop future talents in response to the imminent labor shortage that arises as a result of low fertility. The Company currently offers three different forms of internship, including: vacation internship for students of all studies, semester internship for students of mechanical engineering studies, and international internship for foreign students. On top of reasonable salaries, participants of the internship program are also given full set of training depending on their skills and experiences; top-performing interns are even offered permanent position at the end of the program, thereby keeping them employed immediately upon graduation. A total of 57 students had participated in Young Fu Hsing Internship Program in 2021.

Overview of Young Fu Hsing Internship Program - 2021

Internship Category	Institution	Participant Count	Duration
Semester Internship	National Kaohsiung First University of Science and Technology Sun Yat-Sen University	6 individuals 4 individuals	2/22-6/30 3/2-6/30
International Internship	Kao Yuan University Cheng Shiu University	10 individuals 3 individuals	Since March Since March
Winter/Summer Vacation Internship	Age 18 and above without study restriction	16 individuals 18 individuals	1/18-2/10 6/16-8/27



Social Inclusion

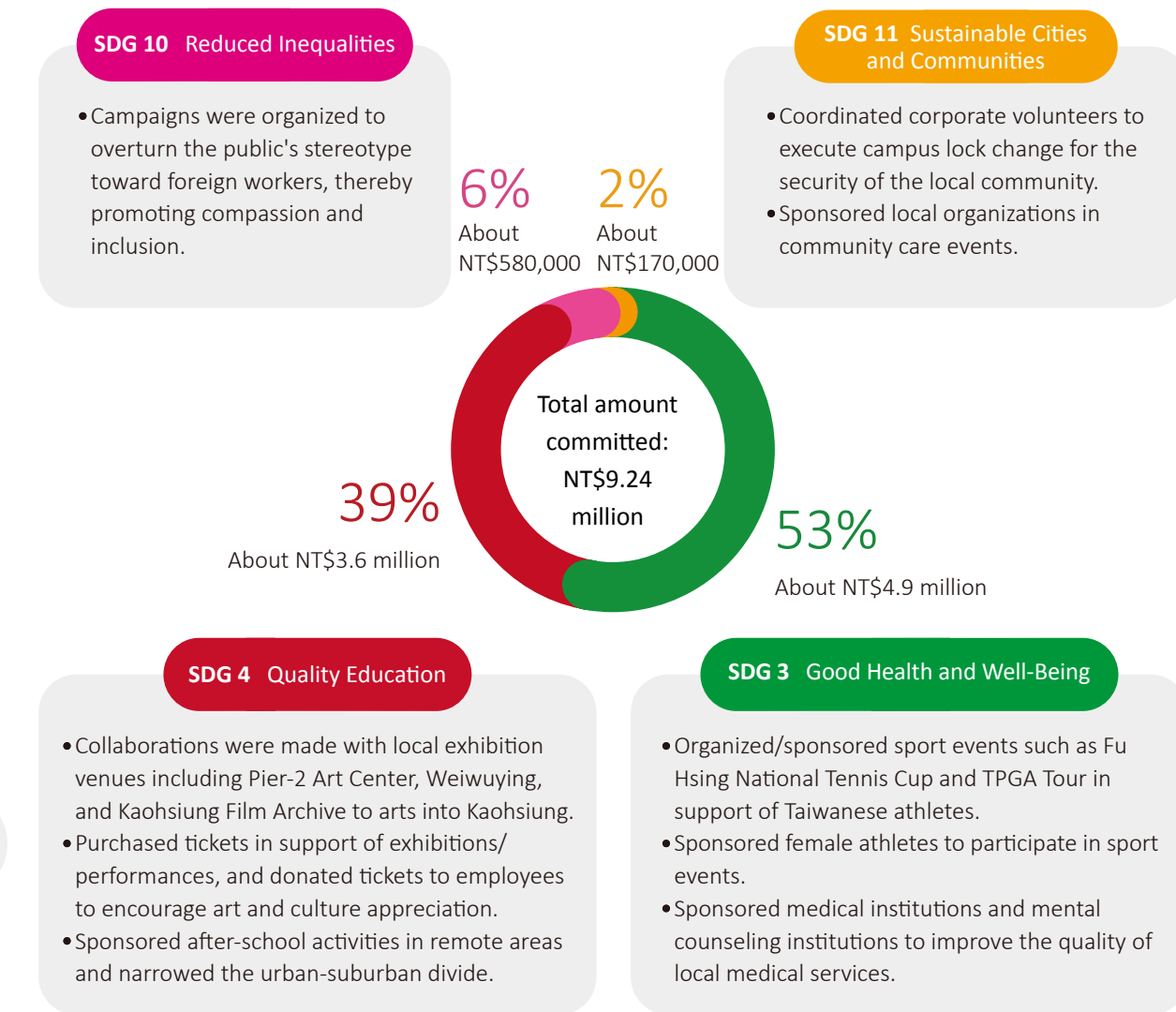
Motivated by the idea of "giving back to the society," the Company founded Taiwan Fu Hsing Culture & Education Foundation back in 2001, and for 20 years, the foundation has fulfilled Taiwan Fu Hsing's responsibilities to the society on three main aspects, namely: "Sports promotion," "Culture & arts," and "Education." To date, the Company has received more than 7 ratings of excellence from Kaohsiung City Education Bureau and won Arts & Business Awards from the Ministry of Culture on 3 occasions, making it one of few conventional businesses to win this award.

Since 2014, the Foundation has been working with local arts and culture organizations to execute programs such as "Zero Art Divide" and "Art-Business Collaboration" that aim to promote arts and culture to the public as well as younger generations, and in doing narrow the urban-suburban divide. In 2020, the Foundation joined in on the advocacy of equal rights for foreign workers, and organized the first foreign worker photo exhibition in Southern Taiwan, which went on tour at multiple locations in Kaohsiung later in 2021. The Foundation even puts Taiwan Fu Hsing's core skills into charitable use, and offers to change old locks for schools.

 **7-time excellent rating by the Kaohsiung City Education Bureau**

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

Theme of Social Engagement and Amount/Percentage of Financial Commitment



Key Projects

SDG 3 Good Health and Well-Being

18th Fu Hsing National Tennis Cup Appreciation for 18 Years of Support

The 18th Fu Hsing National Tennis Cup was initially scheduled to be held in 2020 but was delayed for one year due to the pandemic. In 2021, the tournament once again returned to Dream Wheelchair Park in Qiaotou, Kaohsiung, and attracted the participation of more than 900 young tennis players throughout Taiwan.

Considering how the number "18" also signifies adulthood, the organizer chose to make commemorative coin sets specifically for this year. The head side of each coin features a portrait shot of each player on the court, whereas the tail side is printed with the words Fu Hsing National Tennis Cup along with the player's name. These one-of-a-kind commemorative coins were then given to players through a "Fu Hsing Adulthood" ceremony.

Chen, Chien-Kun, President of Taiwan Fu Hsing, said during the ceremony that the tennis tournament was first organized simply to introduce the sport to kids in Southern Taiwan, and the support of the players has been the most powerful drive that kept the tournament running to this day.



The tennis tournament has seen more than 16,000 contestants over the last 18 years ranging from grade 3 elementary school all the way to college students. It started out with just over 200 contestants and grew to more than a thousand contestants today; some players even sought a coaching career and brought their apprentices to the competition, thereby making us a prominent training ground for tennis talents in Taiwan. Through this event, we hope to see every contestant carry on Fu Hsing Cup's motto of "outperforming yourself" and bring positive changes to the sport of tennis in Taiwan.

Event date | February 27 to March 6, 2021
Event venue | Kaohsiung Dream Wheelchair Park
No. of beneficiaries | Nearly 950 young tennis players

Gangshan Cultural Workshop

Exploring the Identity of Gangshan Residents

Mutton, honey, and chili soy bean paste are the most common things that come into people's minds upon hearing the word Gangshan. To help people appreciate the beauty of Gangshan, the Foundation organized numerous sessions of Gangshan Cultural Workshop in collaboration with local organizations including National Sun Yat-sen University Institute of Public Affairs Management, Gangshan Military Dependents' Village, and kelioArts throughout 2021, during which it invited local residents explore unknown parts of their home.

Each session comprised two separate activities: a "Cultural Talent Development Workshop" and a "Trans-disciplinary Arts Workshop," and both of which were designed to take Gangshan residents on a tour of the local history, culture, and identity. The workshops also invited artists to teach people how to present their own memories of Gangshan through artistic creations. Many participants responded that they were unaware of the rich cultures Gangshan has to offer until they were shown.

This cultural workshop makes up a significant part of Taiwan Fu Hsing's efforts to care for locals, and the outcome of which will be collected into an exhibition. In the future, we hope to work with more people who share our visions to care for local affairs and promote the beauties of Gangshan.



Cultural Workshop - Memories of Gangshan

Event date| September 24 and October 22, 2021 (1st session)
October 8 and October 29, 2021 (2nd session)
November 3 and November 5, 2021 (3rd session)

Event venue| Gangshan Junior High School, Gangshan District Office, Kaohsiung Public Library Gangshan Branch

No. of beneficiaries| About 120 individuals



Goodlock - Lock Replacement Project

Unlocking Safety for Students of Gangshan Shou Tian Elementary School

As a response to the United Nations sustainable development goal (SDG) on "Sustainable cities and communities," Taiwan Fu Hsing has chosen to associate its lock-making expertise with corporate social responsibilities through the introduction of "GoodLock," a charity program in which the Company replaces, maintains, and services door locks for all schools located in Kaohsiung City free of charge, so that children may have a safe and free environment to live and study in.

The program was officially launched at the end of 2021, and it made its first stop at Gangshan Shou Tian Elementary School located close to Taiwan Fu Hsing. With the help of more than ten volunteers, they replaced nearly one hundred locks at Shou Tian Elementary School with Taiwan Fu Hsing's proprietary Lock Master series, which not only eliminates the hassle of sorting through long chain of keys, but also enhances campus security to the benefit of nearly one thousand teachers and students.

With the help of Fu Hsing's expertise and resources, we look forward to seeing the students of Shou Tian Elementary School learn and grow in peace. From 2022 onwards, we plan to begin accepting lock-replacement requests from senior high schools and below in Kaohsiung, and exert corporate influence to the benefit of more teachers and students.



Event date| December 15, 2021

Event venue| Shou Tian Elementary School, Gangshan District, Kaohsiung City

No. of beneficiaries| about 1,000 teachers and students



Voice of Migrant Photo Exhibition
Seeing the Life of Migrant Workers

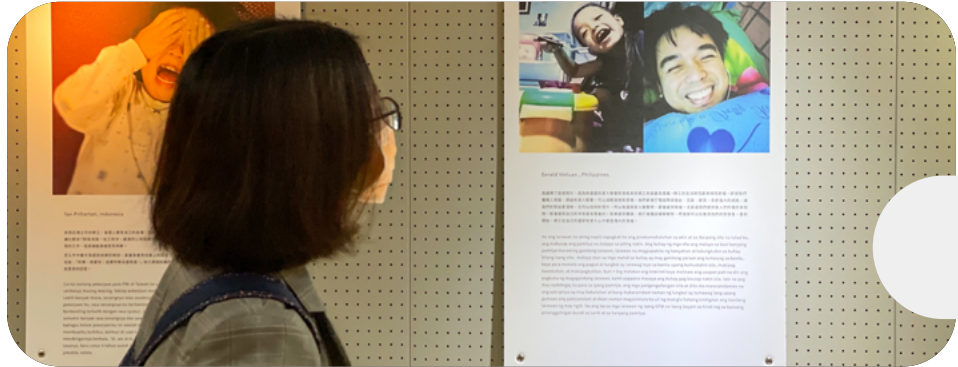
Since 2019, Taiwan Fu Hsing has been collaborating with One-Forty, a non-profit organization dedicated to migrant worker issues, to introduce a series of care programs including training course, Dream Fulfillment, and photo exhibition that aim to bridge the understanding between the general public and migrant workers and therefore make Taiwan a more diverse and inclusive society. The first "Voice of Migrant Touring Photo Exhibition" was held in Kaohsiung at National Sun Yat-sen University and Wenzao Ursuline University of Languages.

The exhibition originated from a photo contest that One-Forty started back in 2019; by 2021, One-Forty had received more than one thousand photos from Vietnamese, Filipino, and Indonesian migrant workers, and 30 of the best photos were chosen for this

exhibition. While these photos portrayed very different aspects of migrant workers' lives, they shared one thing in common: the thought of home and love for Taiwan.

This exhibition not only presented the lives of migrant workers, but also showed us how closely connected Taiwan is to the rest of the world. Thank you, One-Forty, and all migrant workers who shared their life's stories.

Event Date|
October 25 to November 12, 2021 (Zhongshan session)
November 22 to December 5, 2021 (Wenzao session)
Event Venue| Sun Yat-Sen University, Wenzao Ursuline University of Languages
No. of Beneficiaries:| about 19,000



Other Charity Involvements - 2021

SDG 3 Good Health and Well-Being

- 2021 TPGA Challenge Tour
- Kaohsiung City Women's Softball Team competed in the 2021 President Cup Slow Pitch Softball

SDG 4 Quality Education

- "Math-thinking"- an after-school program for remotely located elementary schools with Humanistic Education Foundation
- Kids' Detective Drama Camp with Bean Theater
- 2021 Youth Innovative Design Festival
- 2021 Young Art Kaohsiung
- 2021 Weiwuying Circus Platform, Parental Day, and Resident Artist events
- 2021 Kaohsiung Film Archive support for film studies and teaching aids in remote areas
- Pan-Austro-Nesian Arts Festival, Kaohsiung Museum of Fine Arts
- Guang War Plan, Image & Imagine Foundation for Culture and Arts
- "Ten Lines of Poetry to NK" by Neo-Classical Chamber Ensemble

*For more event news, please visit Taiwan Fu Hsing website and fanpage.

Environment

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Material Topics of the Chapter

GRI 302

SDG 6

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SDG 7

GRI 305

SDG 12

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SDG 13

GRI 307



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, the Company 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 incident of pollution or leak of hazardous substance, except at the end of March when groundwater was tested by the Environmental Protection Administration, Executive Yuan, to contain excessive level of TCE, for which the Company was fined NT\$150,000 by the authority. An improvement solution has since been devised for the breach in accordance with the "Soil and Groundwater Pollution Remediation Act"; the solution was presented to Kaohsiung City Environmental Protection Bureau on September 11, 2021 and is being carried out accordingly.

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, and is regularly tested by a third party to determine whether emission conforms with standards. Air pollutants discharged in 2021 were entirely below the government's emission standards.



Air Pollution Emission Volume - 2021

Item	Emission Volume	Legal Standard	Compliance with Permit for Handling of Stationary Pollution Sources
Particulate matter	0.01291 tonne	0.2594 tonne	In conformance
NOx	0.11185 tonne	0.147 tonne	
SOx	0 tonne	N/A	
VOC (production-related)	0.01571 tonne	0.198 tonne	
VOC (non-production related)	0.72463 tonne	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



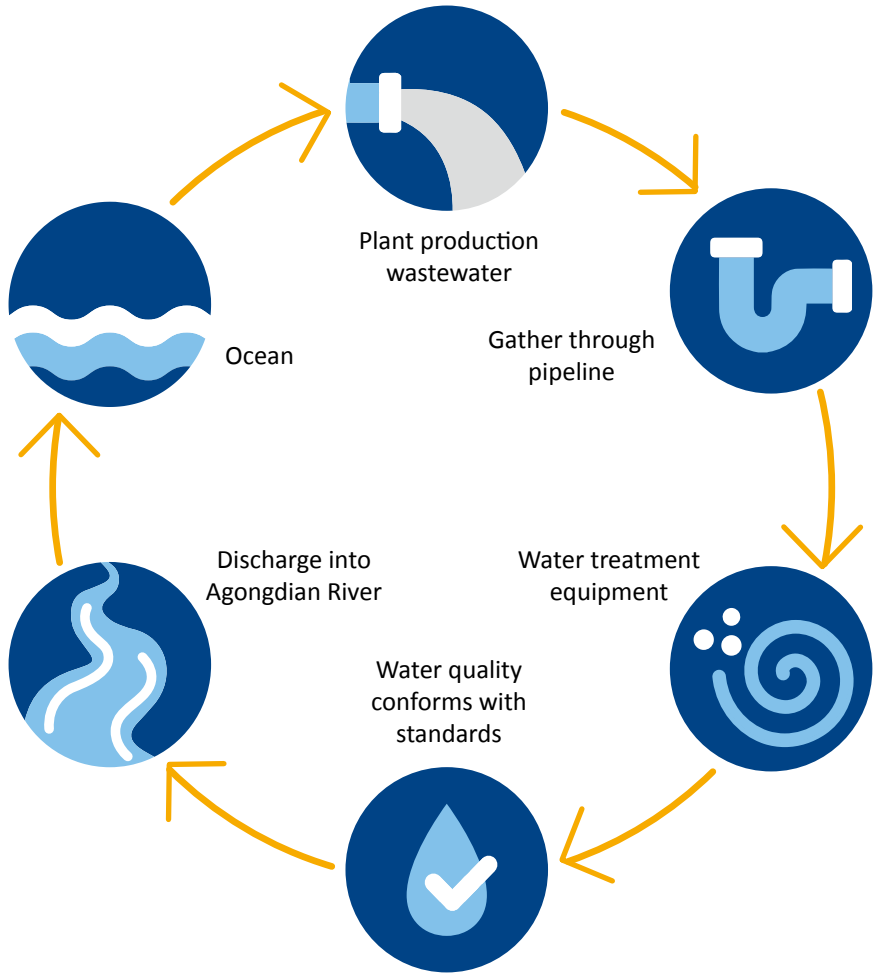
Wastewater Management

Production wastewater is collected through pipelines and directed to water treatment equipment, where it is treated the standard that complies with legal requirements before being discharged into Agongdian River, which ultimately ends up in the ocean. During this time, the operator monitors and records changes in the quality and volume of wastewater, and takes appropriate responses to abnormal occurrence. The Company engages third parties to test wastewater quality every six months, and in doing so ensures that production activities do not affect the environment. All tests conducted in 2021 showed the water quality having conformed with legal standards. The Company makes half-yearly reports according to "Water Pollution Control Measures and Test Reporting Management Regulations." In 2021, the factories discharged 7,510 cubic meters of wastewater in total, which was within the level approved by the environmental protection authority (13,177 cubic meters/year).

Outcome of Water Quality Tests - 2021


Item	First Half	Second Half	Legal Standard	Conformity
Water temperature (°C)	28.4	29.2	38	In conformance
PH	7.7	7.5	6.0-9.0	
SS (mg / L)	5.5	4.0	30	
COD (mg / L)	81.6	60.9	100	
Oil (mg / L)	<2.0	<2.0	10	

Note: Water quality test data was based on effluent value on the test day



Waste Management

"Reduction and recycling" are the two main waste management approaches of Taiwan Fu Hsing. By reducing waste at the source and recycling/reusing the waste produced, the Company is able to minimize harm to the environment while at the same time reduce waste treatment costs. The factories reused 98.2% of the waste produced in 2021; the remaining 1.8% was cleared through legitimate contractors depending on waste characteristics.



Waste treated by legitimate contractors

100%

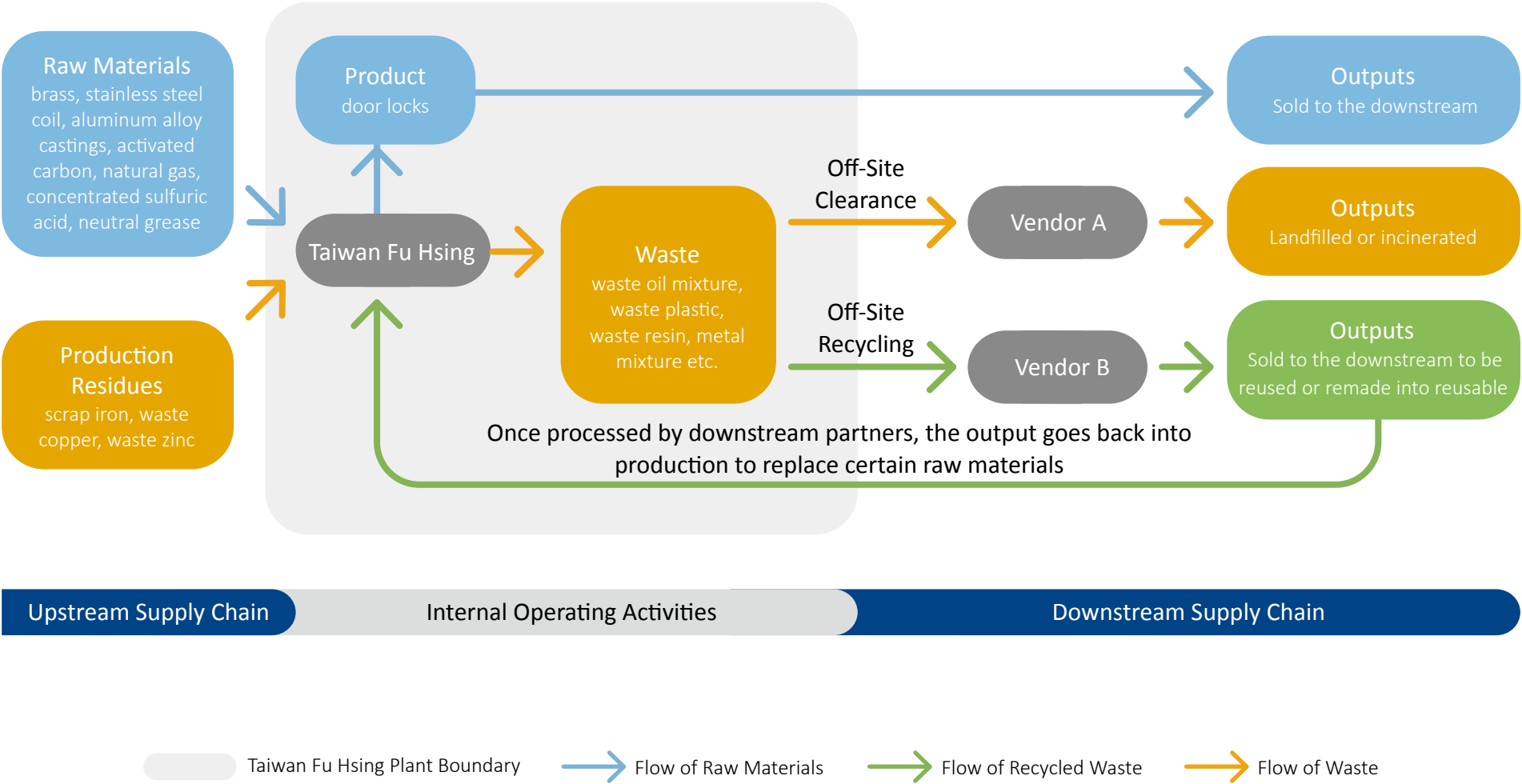


Volume of Waste Generated in the Last 2 Years (Unit: Tonnes)

Category	Waste Category		Treatment Method	2020	2021	Percentage
Reused and Recycled	scrap iron, waste handle etc.		Cleared through legitimate contractors and reused	4343.83	4229.89	98.2%
	waste copper, dry copper powder, wet copper powder etc.		Recycled and remade into production raw materials	279.23	287.93	
	Total Weight			4623.06	4517.82	
Not Reused or Recycled	general industrial waste	general waste from living activities	Incinerated and landfilled	21.6	19.125	1.5%
		waste cotton		12	10.625	
		waste paper		4.8	4.25	
		waste plastic		4.8	4.25	
		sludge	Thermal treatment (except incineration)	22.28	23.64	
		waste oil mixture		8.09	5.22	
		oil sludge		1.64	2.61	
		waste resin	Incineration	0.4518	0.37	
	Total Weight			75.6618	70.09	
	hazardous industrial waste	Production waste fluid	Chemical treatment	13	12.47	0.3%
	Total Weight			13	12.47	
Total Waste				4711.73	4600.38	100%

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

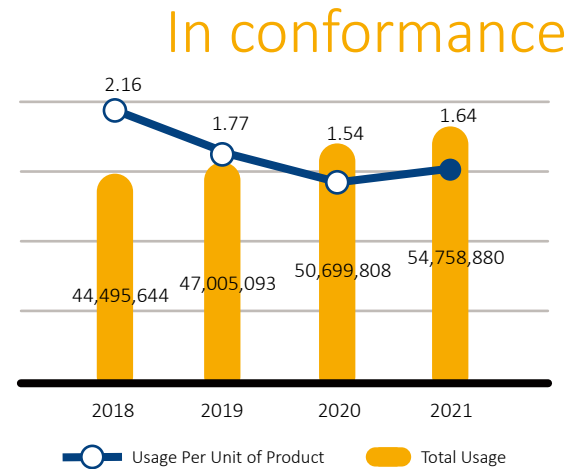
Faced with increasing levels of environmental crisis, Taiwan Fu Hsing is devoting a significant amount of resources to promote green manufacturing as a way to ensure the right balance between economic growth and depletion of Earth's resources. We have created an "Environmental Management Manual" based on ISO14001- Environmental Management System, devised goals and solutions that would increase the efficiency of energy and resource usage, and made ongoing efforts to optimize management practices and reduce energy and carbon to accomplish our goal of achieving "sustainable presence on Earth."

Energy Management

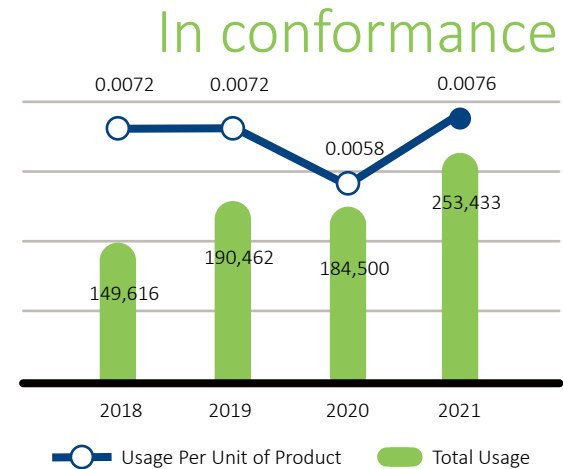
Taiwan Fu Hsing monitors energy usage on a yearly basis and makes persistent efforts to optimize energy efficiency. The types of energy used included electricity, natural gas, and diesel. The Company used 54,758,880 million joules of electricity in 2021; it increased from the previous year due to purchase of additional machinery to replace manpower as part of our automation strategies, and the machinery consumed more electricity. Nevertheless, the factories still managed to execute energy conservation projects and replace inefficient equipment so effectively, that they reported a 1.02% power conservation rate for the year according to the

Energy Administration Act, which was better than the 1% requirement imposed by the government. The Company used 253,433 million joules of natural gas, which was within the level approved by the environmental protection authority (91,800m³/year; equivalent to 3,304,800 million joules/year). The Company used 11,072 liters of diesel (3,985,900 million joules), increasing from the previous year due to the acquisition and more frequent use of diesel vehicle. Overall, the Company consumed 55,012.35 GJ of energy in 2021.

Power Usage (Unit: Million Joules)



Natural Gas Usage (Unit: Million)



Energy and Carbon Reduction

Taiwan Fu Hsing is dedicated to promoting resource efficiency solutions and enforcing strategies that are aimed toward reducing resource and energy consumption. The details and outcomes of relevant projects executed in 2021 are explained below:

Energy Conservation Projects

- Replaced old air compressors and dryers and purchased environment-friendly, energy-efficient models
- Replaced T8 tubes with LED and mercury lamps

Power Conservation Rate Across Plants

1.02%

Total Power Conservation: 156,451 kWh

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

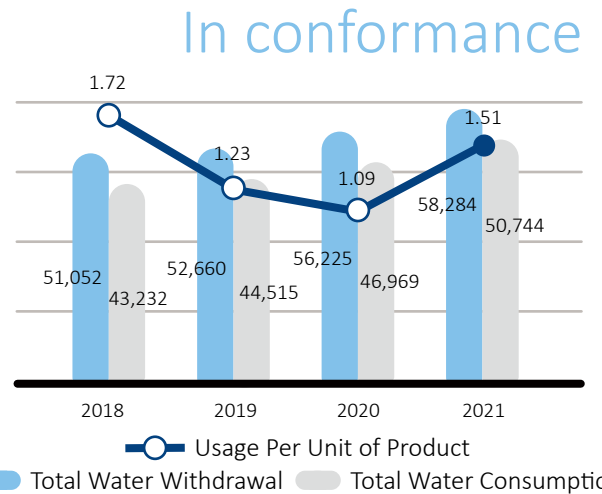


Water Resource Management

Taiwan Fu Hsing cares for the water resource in all locations where production activities take place. We have set goals to progressively reduce the volume of water used per unit of product produced. When making plans to draw water resources, we take into consideration the government's policies and the Company's growth requirements, and allocate water resources both rationally and efficiently to minimize wastage.

Water drawn in 2021 totaled 50,744 tonnes, which was within the range approved by the environmental protection authority. We have also implemented water conservation projects to recycle water from the washing

Water Withdrawal and Consumption (Unit: Tonnes)



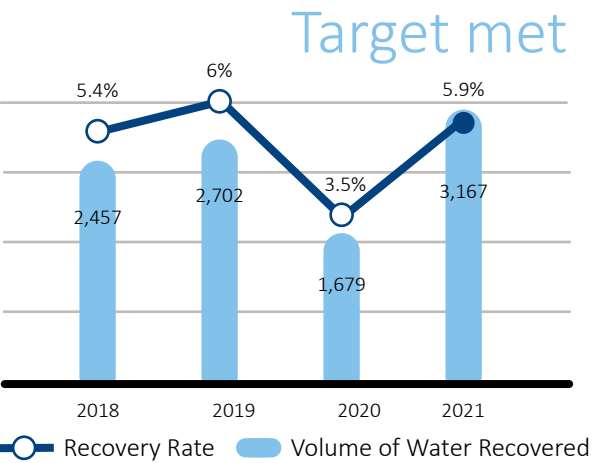
Note 1: Approved water limit (CMD)×360 days; water usage was within the 73,000-tonne limit approved by the environmental protection authority
Note 2: Usage per unit of product is calculated in liters.

phase of the production procedure, and to recycle and reuse RO wastewater from drinking fountains. The factories recycled 3,167 tonnes of water in total in 2021, which exceeded our initial target.

Water shortage is biggest crisis that businesses must prepare for particularly at a time of extreme weather conditions, which is why the Company will continue devoting attention to the development and improvement of water conservation measures and recycling of production water in the future.



Water Recycling (Unit: Tonnes)



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

Climate Change Governance

Policies and Goals

Taiwan Fu Hsing has long committed to sustainable actions. As a fulfillment of our commitment to the sustainability of the environment, we have surveyed and verified greenhouse gas emission using the ISO14064-1:2018 standards, set appropriate reduction targets, and taken progressive steps to optimize energy efficiency with the hope to mitigate the warming effects of greenhouse gas emission for the sustainability of the global ecosystem.

Greenhouse Gas Survey

In addition to surveying greenhouse gas emission on the organizational level, we also investigate the volumes of direct (Scope 1), indirect (Scope 2), and other indirect (Scope 3) emission in accordance with the latest version of ISO14064-1:2018, the requirements of the Greenhouse Gas Protocol, and the Principles on Greenhouse Gas Survey and Registration stipulated by the Environmental Protection Administration, Executive Yuan, while using the 2020 emission coefficients published by the Bureau of Energy, Ministry of Economic Affairs.

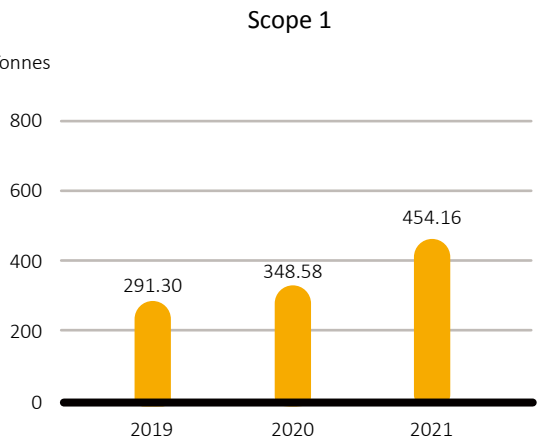
Total greenhouse gas emission in 2021 was reported at 19896.54 tonnes/CO₂e; the emissions included 4 greenhouse gases: CO₂, CCH₄, N₂O, and HFCs, and there was zero emission of PFCs, SF₆ and NF₃. Overall emission intensity was calculated at 3.98 tonnes/NTD million of revenue.



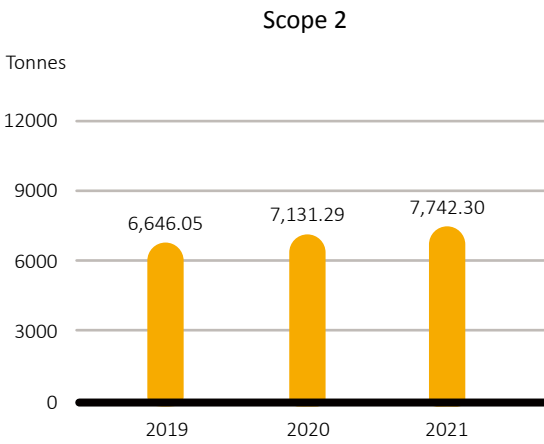
Survey Result for 7 Major GHGs (Unit: Tonnes)

Year/Gas	CO ₂		CH ₄		N ₂ O		HFC ₃		PFC ₃		SF ₆		NF ₃	
	Equivalent volume of emission	%	Equivalent volume of emission	%	Equivalent volume of emission	%	Equivalent volume of emission	%	Equivalent volume of emission	%	Equivalent volume of emission	%	Equivalent volume of emission	%
2021	19,658.83	98.81%	125.70	0.63%	1.72	0.01%	110.29	0.55%	0	0%	0	0%	0	0%
2020	7,308.20	97.70%	110.26	1.47%	2.00	0.03%	59.41	0.79%	0	0%	0	0%	0	0%
2019	6,823.21	98.35%	97.08	1.40%	1.94	0.03%	15.12	0.22%	0	0%	0	0%	0	0%

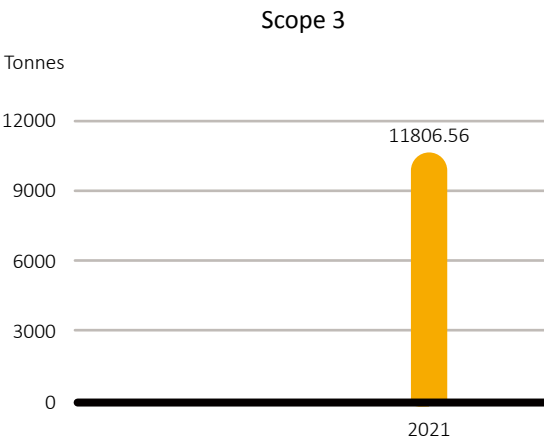
GHGs Statistics



Note: Refers to direct greenhouse gas emission, which means emission sources that the Company owns or has control over, including fuel combustion in stationary equipment, emission from production procedures, fuel combustion in transport equipment, and diffusion



Note: Refers to indirect greenhouse gas emission, which mainly comprises emission from purchased electricity



Note: Refers to greenhouse gas emission from business activities, such as: outsourced operations, employees' commuting activities, transportation between upstream and downstream, and courier. Data classified as category 3 and category 4 in ISO14064-1:2018 was included here for alignment with the definitions provided in the Environmental Protection Administration's "Greenhouse Gas Emission Survey Guidelines." The Company conducted its first survey in 2021.

Appendix 1 Global Reporting Initiative (GRI) Index

This report has been prepared using "GRI Standards (2016)," GRI 303 (2018), GRI 306 (2020), and GRI 403 (2018) published by the Global Reporting Initiative (GRI).

GRI Guidelines	Disclosure Item	Sub-Category Title	Chapter	Page Number	Core
GRI -102 General Disclosures					
Overview of the Organization	102-1	Name of organization	About Taiwan Fu Hsing/Enterprise Overview	P.5	●
	102-2	Activities, brands, products, and services, including an explanation of any products or services that are banned in certain markets	About Taiwan Fu Hsing/Enterprise Overview	P.5	●
	102-3	Headquarters location	About Taiwan Fu Hsing/Enterprise Overview	P.5	●
	102-4	Location of operations	About Taiwan Fu Hsing/Enterprise Overview	P.5	●
	102-5	Ownership and legal form	About Taiwan Fu Hsing/Enterprise Overview	P.5	●
	102-6	Service market	About Taiwan Fu Hsing/Enterprise Overview	P.5	●
	102-7	Organization size	About Taiwan Fu Hsing/ Enterprise Overview Operation and Governance / Financial Performance	P.5 P.27	●
	102-8	Information for employees and other workers	Social/ Friendly Workplace/ HR Overview	P.48	●
	102-9	Supply chain	Sustainable Manufacturing/Supply Chain Overview Sustainable Manufacturing/Supply Chain Sustainability Management	P.38 P.39	●
	102-10	Major changes to the organization and its supply chain	Neither the company nor its supply chain partners encountered any material changes in 2021.		●
	102-11	Early warning principle or policy	Operation and Governance/ Risk Management	P.30	●
	102-12	External initiative	Social/ Friendly Workplace/ Creation of a Diverse and Inclusive Environment/ Human Rights Protection Social/Social Inclusion	P.51 P.60	●
	102-13	Membership of Public Associations	About Taiwan Fu Hsing/ Enterprise Overview	P.7	●
Strategy	102-14	Decision Maker’s Statement	About Taiwan Fu Hsing/ Message from the Chairman	P.3	●
Ethics and Integrity	102-16	Values, principles, standards and codes of conduct	Operation and Governance/ Integrity and Compliance	P.28	●

GRI Guidelines	Disclosure Item	Sub-Category Title	Chapter	Page Number	Core
Governance	102-18	Governance structure	Operation and Governance/ Corporate Governance	P.21	●
	102-23	Chair of the highest governance body	Operation and Governance/ Corporate Governance/ Board Structure	P.23	●
Stakeholder Communication	102-40	Stakeholder groups	Sustainable Management/ Identification of Stakeholders and Material Issues/ Stakeholder Communication	P.18	●
	102-41	Group agreement	Sustainable Management/ Identification of Stakeholders and Material Issues/ Stakeholder Communication	P.18	●
	102-42	Identification and selection of stakeholders	Sustainable Management/ Identification of Stakeholders and Material Issues	P.11	●
	102-43	Policy for communicating with stakeholders	Sustainable Management/ Identification of Stakeholders and Material Issues/ Stakeholder Communication	P.18	●
	102-44	Key themes and concerns raised	Sustainable Management/ Identification of Stakeholders and Material Issues/ Stakeholder Communication	P.18	●
Reporting Practices	102-45	Entities included in the consolidated financial statements	About Taiwan Fu Hsing/ Enterprise Overview/ Subsidiaries Overview	P.6	●
	102-46	Definition of the report content and subject boundary	Sustainable Management/ Identification of Stakeholders and Material Issues	P.11	●
	102-47	List of major topics	Sustainable Management/ Identification of Stakeholders and Material Issues/ Description of Material Topics	P.13	●
	102-48	Information reorganization	Sustainable Management/ Identification of Stakeholders and Material Issues	P.11	●
	102-49	Report changes	This is the first report to be prepared according to SASB Standards.		●
	102-50	Report period	Appendices/ Editorial Guidelines	P.82	●
	102-51	Date of the last report	Appendices/ Editorial Guidelines	P.82	●
	102-52	Reporting cycle	Appendices/ Editorial Guidelines	P.82	●
	102-53	Contact person who can answer questions related to the report	Appendices/ Editorial Guidelines	P.82	●
	102-54	Claims of reporting in accordance with the GRI Standards	Appendices/ Editorial Guidelines	P.82	●
	102-55	GRI content index	Appendices/ GRI Index	P.74	●
	102-56	External assurance/confirmation	Appendices/ Editorial Guidelines	P.82	●
GRI -103 Management Approach					
	103-1	Explanation of the material topic and its Boundary	Sustainable Management/ Identification of Stakeholders and Material Issues	P.11	
	103-2	The management approach and its components	Please see explanations to various issues.		
	103-3	Evaluation of the management approach	Please see explanations to related issues.		

GRI Guidelines	Disclosure Item	Sub-Category Title	Chapter	Page Number	Core
Specific Standard Disclosures					
GRI-201 Economic Performance	201-1	Direct economic value generated and distributed	Operation and Governance/ Financial Performance	P.27	
	201-2	Financial implications and other risks and opportunities due to climate change	Environmental/ Climate Change Governance	P.72	
	201-3	Defined benefit plan obligations and other retirement plans	Social/ Friendly Workplace/ Retirement System and Planning	P.56	
	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.60	
GRI-204 Procurement Practices	204-1	Proportion of spending on local suppliers	Sustainable Manufacturing/ Supply Chain Overview	P.38	
GRI-205 Anti-Corruption	205-1	Operations assessed for risks related to corruption	Operation and Governance/ Integrity and Compliance	P.28	
	205-2	Communication and training about anti-corruption policies and procedures	Operation and Governance/ Integrity and Compliance	P.28	
	205-3	Confirmed incidents of corruption and actions taken	No incident of corruption was reported this year.		
GRI-302 Energy	302-1	Energy consumption within the organization	Environmental/ Environmental Protection and Sustainability/ Energy Management	P.70	
	302-2	Energy consumption outside of the organization	Environmental/ Climate Change Governance	P.72	
	302-3	Energy intensity	Environmental/ Environmental Protection and Sustainability/ Energy Management	P.70	
	302-4	Reduction of energy consumption	Environmental/ Environmental Protection and Sustainability/ Energy and Carbon Reduction	P.71	
	302-5	Reductions in energy requirements of products and services	Environmental/ Environmental Protection and Sustainability/ Energy Management	P.70	
GRI-303 Water and Effluent	303-1	Interactions with water as a shared resource	Environmental/ Prevention of Environmental Pollution/ Wastewater Management	P.67	
	303-2	Management of water discharge-related impacts	Environmental/ Prevention of Environmental Pollution/ Wastewater Management	P.67	
	303-3	Total water withdrawals	Environmental/ Environmental Protection and Sustainability/ Water Resource Management	P.71	
	303-4	Water discharge	Environmental/ Prevention of Environmental Pollution/ Wastewater Management	P.67	
	303-5	Water consumption	Environmental/ Environmental Protection and Sustainability/ Water Resource Management	P.71	
GRI-305 Emissions	305-1	Direct (Scope 1) GHG emissions	Environmental/ Climate Change Governance	P.72	
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental/ Climate Change Governance	P.72	
	305-3	Other indirect (Scope 3) GHG emissions	Environmental/ Climate Change Governance	P.72	

GRI Guidelines	Disclosure Item	Sub-Category Title	Chapter	Page Number	Core
GRI-305 Emissions	305-4	GHG emissions intensity	Environmental/ Climate Change Governance	P.72	
	305-5	Reduction of GHG emissions	Environmental/ Climate Change Governance	P.72	
	305-6	Emissions of ozone-depleting substances (ODS)	Environmental/ Climate Change Governance	P.72	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Environmental/ Climate Change Governance	P.72	
GRI-306 Waste	306-1	Water discharge by quality and destination	Environmental/ Prevention of Environmental Pollution/ Wastewater Management	P.67	
	306-2	Waste by type and disposal method	Environmental/ Prevention of Environmental Pollution/ Waste Management	P.68	
	306-3	Waste generated	Environmental/ Prevention of Environmental Pollution/ Waste Management	P.68	
	306-4	Waste diverted from disposal	Environmental/ Prevention of Environmental Pollution/ Waste Management	P.68	
	306-5	Waste directed to disposal	Environmental/ Prevention of Environmental Pollution/ Waste Management	P.68	
GRI-307 Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	Environmental/ Prevention of Environmental Pollution	P.66	
GRI-414 Supplier Social Assessment	308-1	New suppliers that were screened using environmental criteria	Sustainable Manufacturing/ Supply Chain Sustainability Management	P.38	
	308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable Manufacturing/ Supply Chain Sustainability Management	P.38	
GRI-401 Employment	401-1	New employee hires and employee turnover	Social/ Friendly Workplace / Productive Workforce Rotation Appendices/ Workforce Statistics of Taiwan Fu Hsing	P.50 P.80	
	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.18	
GRI-403 Occupational Health and Safety	403-1	Occupational health and safety management system	Social/ Workplace Safety/ Safety and Health Management System	P.42	
	403-2	Hazard identification, risk assessment, and incident investigation	Social/ Workplace Safety/ Occupational Hazard Statistics and Analysis	P.43	
	403-3	Occupational health services	Social/ Workplace Safety/ Tier-Based Management of Occupational Illness Social/ Friendly Workplace / Comprehensive Employee Benefits	P.45 P.54	
	403-4	Worker participation, consultation, and communication on occupational health and safety	Social/ Workplace Safety/ Safety and Health Management System	P.42	

GRI Guidelines	Disclosure Item	Sub-Category Title	Chapter	Page Number	Core
GRI-403 Occupational Health and Safety	403-5	Worker training on occupational health and safety	Social/ Workplace Safety/ Occupational Safety and Health Training	P.44	
	403-6	Promotion of worker health	Social/ Friendly Workplace / Comprehensive Employee Benefits	P.54	
	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.45	
	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 monitor occupational safety among suppliers.		
	403-9	Occupational injuries	Social/ Workplace Safety/ Occupational Hazard Statistics and Analysis	P.43	
	403-10	Work-related ill health	Social/ Workplace Safety/ Tier-Based Management of Occupational Illness	P.45	
GRI-404 Training and Education	404-1	Average hours of training per year per employee	Training hours averaged 4.2 hours per person in 2021.		
	404-2	Programs for upgrading employee skills and transition assistance programs	Social/ Talent Training and Development	P.57	
	404-3	Percentage of employees receiving regular performance and career development reviews	100% of indirect employees were subjected to performance evaluation in 2021.		
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	Overall, training in 2021 totaled 1,352 enrollments and 1,386 hours, representing 100% completion		
GRI-414 Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Sustainable Manufacturing/ Supply Chain Sustainability Management	P.39	
	414-2	Negative social impacts in the supply chain and actions taken	Sustainable Manufacturing/ Supply Chain Sustainability Management	P.39	
GRI-416 Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	Products and services provided to customers posed no significant health or safety concern.		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None		
GRI-417 Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	None		
GRI-418 Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	The Company did not receive any complaint regarding violation of customers’ privacy or loss of customers’ data in 2021.		
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 2021.		

Appendix 2 Sustainability Accounting Standards Board Index

Topic	Code	Accounting Metric	Category	Report Content or Description
Energy management in the manufacturing process	CG-BF-130a.1	Total energy consumption	Quantitative	55012.35 GJ
		Use of electricity from the grid as a percentage of total energy consumption		99.54%
		Use of renewable energy as a percentage of total energy consumption		No renewable energy is used at the moment.
Management of chemicals in products	CG-BF-250a.1	Assessment and management of risks and hazards associated with chemicals in products	Qualitative	Please see “Product Safety and Health Management” chapter of this report
	CG-BF-250a.2	Percentage of eligible products meeting volatile organic compound (VOC) emissions and content standards, relative to revenues	Quantitative	This standard does not apply to the Company’s products
Product life cycle environmental impacts	CG-BF-410a.1	Description of efforts to manage product life cycle impacts and meet demand for sustainable products	Qualitative	Taiwan Fu Hsing assesses and manages product life cycle in line with ISO14001:2015, and reduces product impact on the environment accordingly.
	CG-BF-410a.2	Weight of end-of-life material recovered	Quantitative	4,517.822 tonnes
		Percentage of recovered materials recycled	Quantitative	100%
Wood supply chain management	CG-BF-430a.1	Total weight of wood fiber materials purchased	Quantitative	Taiwan Fu Hsing does not use wood fiber in any of its products
		Percentage from third-party certified forest lands		
		Percentage by standard		
		Percentage certified to other wood fiber standards		
		Percentage by standard		
Activity indicators	CG-BF-000.A	Annual production	Quantitative	2021 production volume of Taiwan Fu Hsing: 54,078,000 pieces
	CG-BF-000.B	Area of manufacturing facilities	Quantitative	22,209.62 square meters

Note: Taiwan Fu Hsing has chosen suitable indicators out of 77 industries across 11 sectors from SASB's materiality map to proceed with disclosure.

- Sector: Consumer Goods
- Industry standards: Building Products & Furnishings

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	406	37.08%	689	62.92%	1,095	82.33%
			China	194	98.48%	3	1.52%	197	14.81%
			Total	600	46.44%	692	53.56%	1,292	97.14%
	Contract (Temporary) Worker		Taiwan	16	42.11%	22	57.89%	38	2.86%
			China	0	0.00%	0	0.00%	0	0.00%
			Total	16	42.11%	22	57.89%	38	2.86%
Nationality	Taiwanese			415	37.19%	701	62.81%	1,116	83.91%
	Foreigner			201	93.93%	13	6.07%	214	16.09%
Job Role	Direct			344	38.52%	549	61.48%	893	67.14%
	Indirect			209	60.06%	139	39.94%	348	26.17%
	Managerial personnel (Note 2)			63	70.79%	26	29.21%	89	6.69%
Age Group	30 and below			195	63.11%	114	36.89%	309	23.23%
	30-49			340	43.15%	448	56.85%	788	59.25%
	Age 50 and above			81	34.76%	152	65.24%	233	17.52%
All Employees				616	46.32%	714	53.68%	1,330	100.00%

Note 1: Personnel count was accurate as of the end of 2021; all 3 contract (temporary) workers were part-time while the remaining 1,327 were full-time
Note 2: Managerial personnel is defined as team leader and above

Distribution of New Recruits and Resignees (Note 1)		2021					2020				
		Opening Head Count	New Recruits	Percentage (Note 2)	Resignees	Percentage (Note 3)	Opening Head Count	New Recruits	Percentage (Note 2)	Resignees	Percentage (Note 3)
Age Group	30 and below	138	93	43.06%	26	30.59%	122	69	47.59%	26	32.91%
	31-49	600	113	52.31%	44	51.76%	593	73	50.34%	44	55.70%
	Age 50 and above	226	10	4.63%	9	10.59%	183	3	2.07%	9	11.39%
Gender	Male	358	81	37.50%	52	61.18%	326	59	40.69%	27	34.18%
	Female	606	135	62.50%	33	38.82%	572	86	59.31%	52	65.82%
Work Location	Taiwan	964	216	100.00%	85	100.00%	898	145	100.00%	79	100.00%
	China	0	0	0.00%	0	0.00%	9	0	0.00%	0	0.00%
	USA	0	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%
Total Head Count		964	216	100.00%	85	100.00%	898	145	100.00%	79	100.00%
New Recruitment Rate (Note 4)		22.41%					16.15%				
Attrition Rate (Note 5)		7.20%					7.57%				

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)

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 2021, 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/en/work-report](https://www.fuhsing.com.tw/en/work-report)

Reporting Period | 2021 (January 1 to December, 2021)

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 | August 2020

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 SER Promotion 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: ISO14001:2015, ISO14064-1:2018

CSR Contact | If you have any query regarding this report, please contact the Company through the CSR e-mail at: fdn-2001@fuhsing.com.tw



TAIWAN FU HSING

