

TAIWAN FU HSING

2022 Sustainability Report of Taiwan Fu Hsing

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ESG highlights 2022

Social

Customer Satisfaction
91%

Won PwC
Sustainability Impact Awards - Special Award

Received healthy workplace certification from Health Promotion Administration for 9 consecutive years

Received "Taiwan iSport" certification from Sports Administration for 7 consecutive years

Recognized by Womany for
DEI Diversity for Better Tomorrow Awards

Corporate governance

CPA and architect as independent directors

Professional team

No. of patents exceeded

1,500

Earnings per share (EPS)

NT\$4.83

Board meeting attendance rate reached **95%**

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 the "2022 Corporate Sustainability Report" as a means to disclose in detail the various actions we took during the year, and are using this opportunity to review our progress and gather suggestions from the public to further perfect our practices.

Consistent performance and a mind for new challenges

Taiwan Fu Hsing has been able to maintain production capacity, product quality, and service quality in the last three years despite the pandemic. While threats of COVID-19 and port congestion have dissipated, new challenges such as inflation, volatile exchange rate, and rising cost of materials emerged. Although the Company reported record-high profits once again in 2022, revenues declined slightly, ending the 5-year growth streak. Despite the presence of uncertainties, Taiwan Fu Hsing will actively respond to market changes to secure the organization's growth.

Addition of Southeast Asian plant to global production

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. Taiwan Fu Hsing plans to invest US\$45 million into constructing more competitive production facilities throughout Southeast Asia as a long-term solution for issues concerning supply chain, talent recruitment, and taxation. With this investment project, Taiwan Fu Hsing shows its respect for the market and its resolve to connecting with the world.

Environment

Electronic supplies passed EU RoHs
100%

Passed again
ISO14001
Environmental certification

Emission of air pollutants
100% Compliance

Supply chain

100% Signed Statement of Social and Environmental Responsibilities

88.2% Local procurement

Diverse, equal, and inclusive 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 which it received healthy workplace and Taiwan iSport certifications for yet another year. We have also been a long-time advocate of a diverse, equal, and inclusive work culture, for which we were named Happy Enterprise of Kaohsiung City on many occasions. Having won DEI Diversity for Better Tomorrow Awards in 2022 serves as a recognition for our accomplishment and a reminder to continue creating a diverse, friendly, and open workplace where everyone can perform to their best ability.

Corporate influence for mutual benefits with locals

Water and power shortages have increased in severity to such a degree that everyone is starting to rethink their approaches to addressing the climate challenge. In response to customers' requirements (to forgo all uses of PVC and EPS materials starting from 2023) and tightened government regulations (a greenhouse gas survey must be completed for all subsidiaries of a TWSE/TPEx listed company included in the consolidated financial statements by 2029), Taiwan Fu Hsing not only complies with laws but also conducts greenhouse gas surveys and renews certifications on a yearly basis, so that short-term, medium-term, and long-term reduction measures can be devised for the sustainability of Earth's environment. Furthermore, we promote green packaging and try to reduce carbon emissions from raw materials by exerting corporate influence and guiding suppliers toward achieving the right balance between "profits" and "sustainability."

In addition to implementing green projects, we are equally committed to supporting local development. In 2022, Taiwan Fu Hsing Culture & Education Foundation and the local team in Kaohsiung jointly organized a retro-themed exhibition called "Open the Memory Boxes of Gangshan" in an attempt to present the beauty of Gangshan to a broader audience and explore greater possibilities. This project won PwC Sustainability Impact Awards and Taiwan Sustainability Action Awards. In the future, we will continue paying attention to local needs and commit efforts into creating a sustainable city by promoting sports, 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.

Considering how the pandemic has reshaped the industry environment, Taiwan Fu Hsing will adapt to the new changes by leveraging its manufacturing and R&D strengths, making flexible adjustments to business strategies, and continuing collaboration with industry leaders. 2022 marked the 65th anniversary of Taiwan Fu Hsing, and we look forward to seeing our 100th anniversary by developing sustainability as a new competitive advantage.

Taiwan Fu Hsing Industrial Co., Ltd. Chairman

Jesse Lin



Enterprise overview

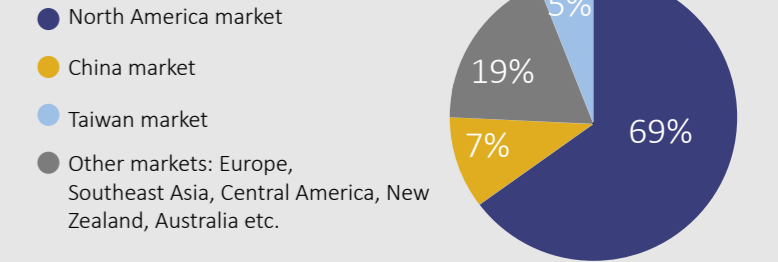
Taiwan Fu Hsing Industrial Co., Ltd. (Taiwan Fu Hsing) was founded in 1957 and headquartered in Kaohsiung City, Taiwan. The Company serves markets all over the globe and is one of the world's largest designers and manufacturers of door control devices. The Company produces for several major brands including ARCTEK, FAULTLESS, LOCWARE, HERITAGE, INDOOR, and DURASET. We have 2,410 employees deployed at 10 locations worldwide, all of whom are committed to bringing consumers a more secured, convenient, and modernized lifestyle.

2022 had been an extremely challenging year, as businesses found themselves struggling with global inflation, volatile exchange rates, heightened raw material cost, and rising cost of capital. Despite the future challenges, we remain pro-active and pragmatic in our business practice, and look forward to building Taiwan Fu Hsing into a century-old business by adopting a global vision, sustainable strategies and goals, and a worldwide investment plan that is supported by a strong foundation in Taiwan.

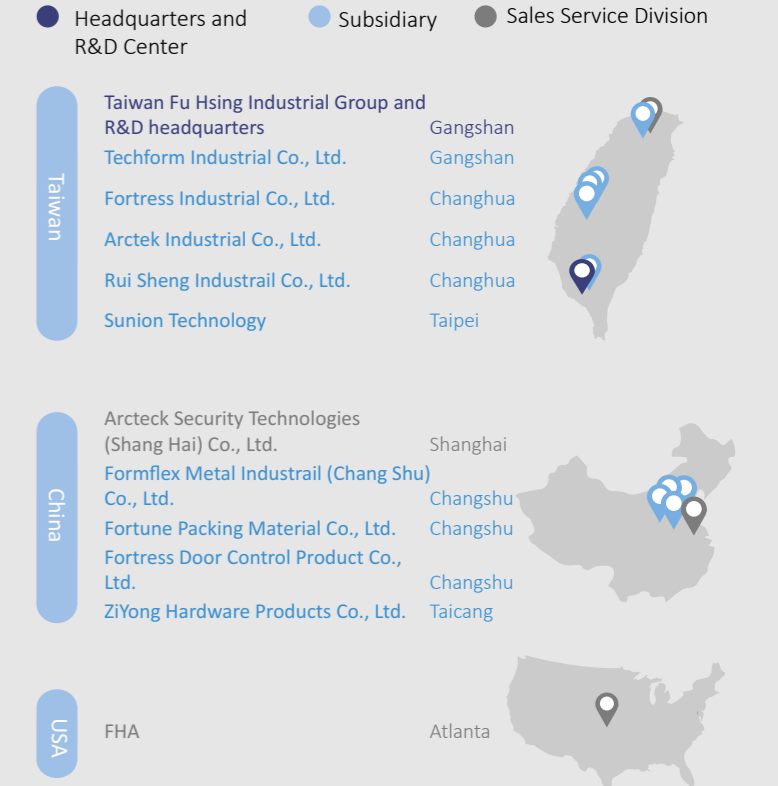
Basic profile

Item	Table of Contents
Company name in Chinese and English	Taiwan Fu Hsing Industrial Co., Ltd.
Group employee count	Employees: 1,854 in Taiwan and 556 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 location	No. 88, Yucai Road, Benzhou Li, Gangshan District, Kaohsiung City, Taiwan

Service market



Location of operations



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 seats			
Taiwan Mold & Die Industry Association	●	4 seats			
Fire Door Association of R.O.C	●	1 seat			
Metal Industries Research & Development Centre	●			●	General member
Association of Locks & Hardware Taiwan	●	1 seat	1 seat		
Total Productive Management Association	●	1 seat			
Chinese Lean Management Association	●	2 seats	1 seat		
Kaohsiung City Entrepreneurs Association	●				General member
Industrial Safety and Health Association of the R.O.C.	●				Group member
Benjhou Industrial Park Association	●	1 seat			
Chinese Association For Industrial Technology Advancement	●				Group member
Kaohsiung Chamber Of Industry	●	3 seats			
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 Entrpreneur
Hsin Kaohsiung Nurses Association	●				Individual member
Taiwan Association of Occupational Health Nurses	●				Individual member
Taiwan Fire Safety Industry Association	●	1 seat			
Computer Audit Association	●	3 seats			Individual member
Friends of the Police Association Gangshan Office Qianfeng Station	●	1 seat			

Sustainable management

Management of sustainability

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Identification of stakeholders and material issues

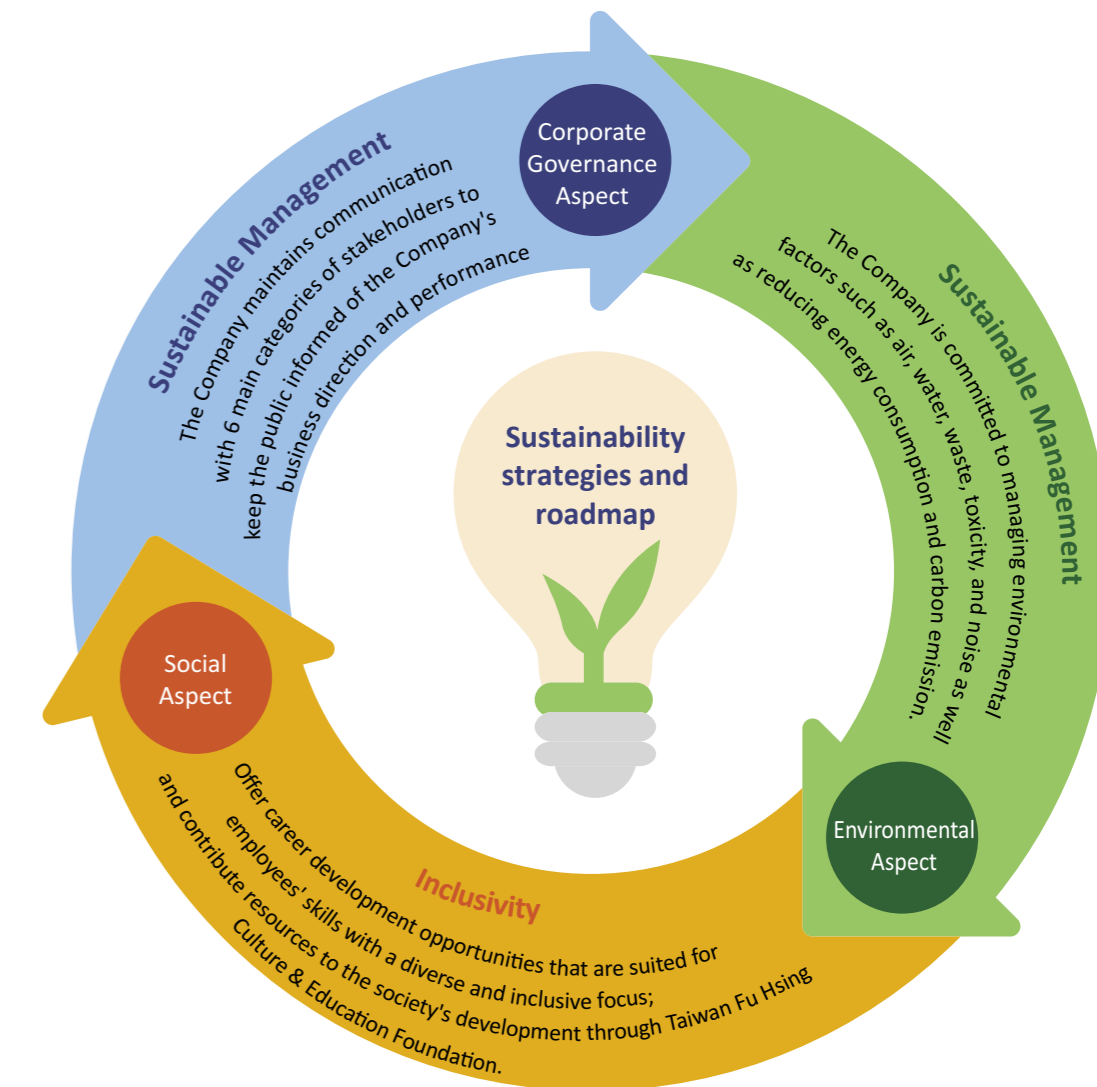
11

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 "Sustainability 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.



Sustainability Committee

Taiwan Fu Hsing assembled a SER (Social & Environmental Responsibility) Promotion Committee in December 2013; the committee was renamed Sustainability Committee in 2022. 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 eight teams established underneath to create, promote, audit, and review ESG policies. All related policies and execution progress are approved by the board of directors. 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



- Continue maintaining certification for ISO 14001 and ISO 14064; confirm and enforce water/power reduction targets.

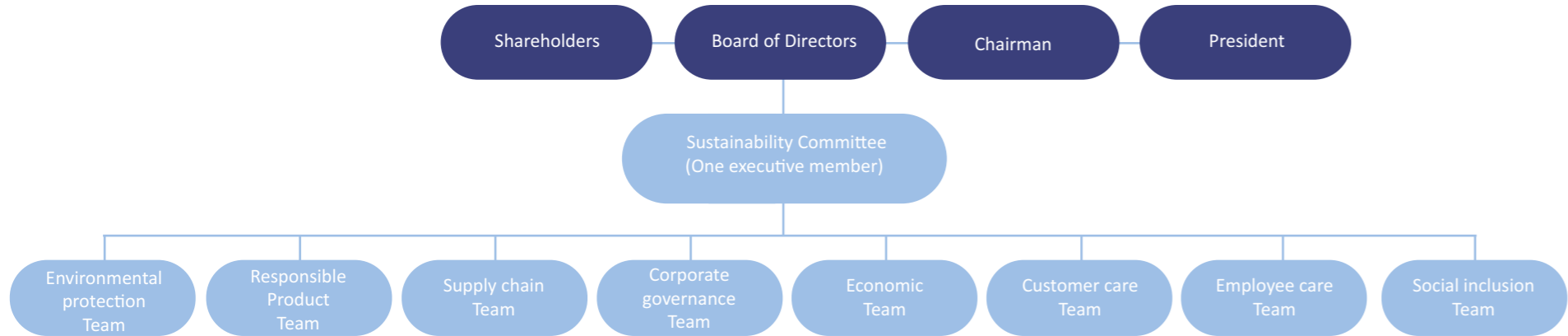


- With regards to employee care, aim to build reputation as a preferred employer with a "diverse and inclusive" focus by offering favorable benefits such as health checkup, club subsidies etc.
- With regards to talent training, aim to enhance internal training courses and work with technology institutes 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, and tend to the inclusiveness and mutual benefit of the local community, thereby creating cycles of positivity within the society.



- Build a strong corporate governance culture; aim to achieve top 20% ranking in the corporate governance evaluation.

Structure of the Sustainability Committee



Identification of stakeholders and material issues

For every sustainability report prepared, the Sustainability Committee identifies the subjects it intends to communicate for the given year by following the AA 1000 SES Stakeholder Engagement Standards, while taking into consideration international guidelines such as GRI Standards, UN SDGs, and SASB Standards. Through information gathering, assessment, and verification, the Company has developed a materiality analysis framework incorporating qualitative and quantitative measurements for disclosing sustainability-related information to stakeholders.

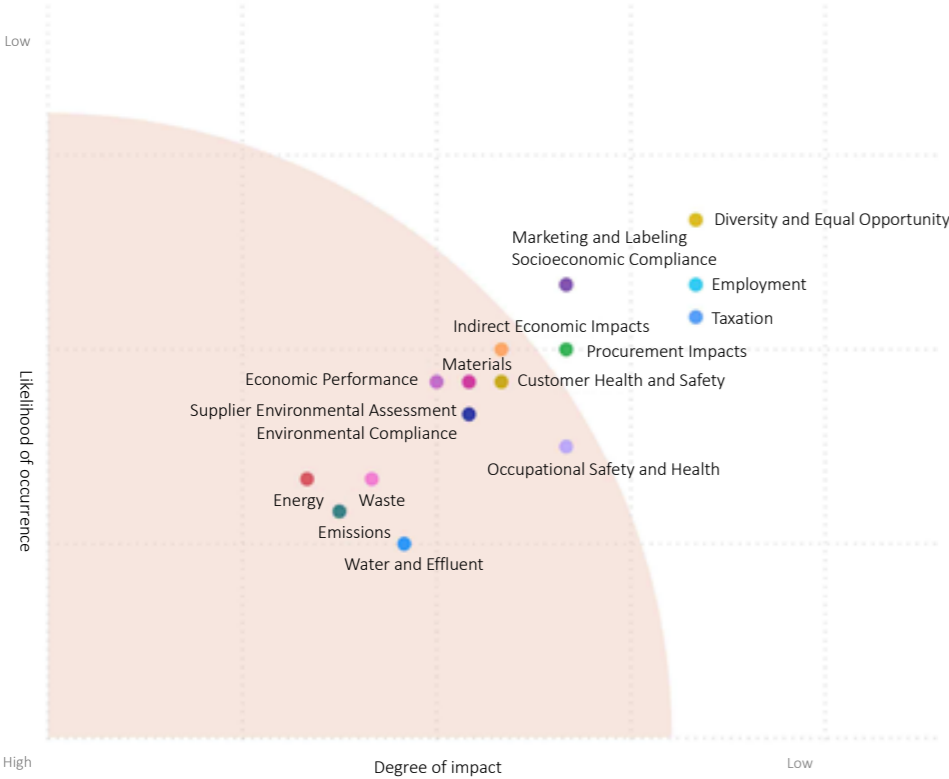
Identification of material issues

For 2022, the Sustainability Committee has identified a total of 11 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. Compared to the previous year, the Company added two new issues: "Materials" and "Indirect economic impact" to the report, and renamed the latter to "Social engagement" for better conformity with ESG principles.

Material issue identification process



Materiality matrix for Taiwan Fu Hsing



Note:

1. "Environmental compliance" and "Socioeconomic compliance" were consolidated into "Regulatory compliance"; "Energy" and "Emissions" were covered under "Climate change and energy management" and "Air pollution control"; "Employment" and "Diversity and equal opportunity" were covered under "Talent training and development" and "Talent attraction and retention"; "Customer health and safety" were covered under "Product quality" and "Customer relations management"; "Economic performance" was covered under "Operating performance." Meanwhile, "Water and effluent," "Waste," "Supplier environmental assessment" and "Procurement practices," and "Occupational health and safety" were consolidated into "Water management," "Waste management," "Supplier management," and "Occupational health and safety."

2. Issues such as human rights, local communities, directors' authority, information transparency, and integrity are covered in general disclosures and results, and therefore are not reflected in the materiality matrix. Nevertheless, all relevant information is being disclosed over the Company's annual report, website, and the sustainability report.


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		●	●
	Materials	●	●	○
Social	Talent attraction and retention		●	
	Occupational health and safety	○	●	○
	Talent training and development		●	○
	Human rights		●	○
	Supplier management	●	●	
	Product Quality		●	●
	Customer relations management		●	●
	Social engagement	○	●	○
Corporate governance	Operating performance		●	
	Regulatory Compliance	○	●	


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

Explanation to material issues, goals, and performance

<div><div> ESG aspect</div><div>Environment</div><div>Significance to Taiwan Fu Hsing</div><div>Faced with increasing challenges from extreme weather and an 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.</div></div>									
Material issue	Corresponding SDGs	Corresponding GRI	SASB Standards	2022 Goal	2022 Performance	<div>Achievement progress</div>	Short-term goals (-2023)	Medium-term goals (-2025)	Long-term goals (-2030)
Climate change and energy management	<div>SDG 6</div> <div>SDG 7</div> <div>SDG 12</div> <div>SDG 13</div>	<div>GRI 302</div> <div>GRI 305</div>	CG-BF-130a.1	<div>• Save energy by 1% or more at plant sites</div> <div>• Keep natural gas consumption within the approved volume (91,800m3)</div> <div>• Complete ISO 14001 and ISO 14064 certifications and ensure effectiveness</div>	<div>• Power conservation rate: 1.05%</div> <div>• Complied</div> <div>• Obtained</div>	<div>✓</div> <div>✓</div> <div>✓</div>	<div>• Power intensity per unit of product manufactured to reduce by 3% from the previous year</div> <div>• Complete assessments for solar power construction and green energy certification</div> <div>• Train instructors for GHG survey at the headquarters</div> <div>• Reduce carbon emission by 1% (Scope 1 and Scope 3)</div> <div>• Attain certification for ISO 50001- Energy Management System</div>	<div>• Power intensity per unit of product manufactured to reduce by 5% from the previous year</div> <div>• Complete construction of solar power/ green energy facility</div> <div>• Complete GHG survey for 8 subsidiaries included in the consolidated financial statements</div> <div>• Reduce carbon emission by 3% (Scope 1 and Scope 3)</div> <div>• Attain certification for ISO 14067- carbon footprint</div>	<div>• Reduce total power consumption by 8% each year</div> <div>• Increase use of renewable energy to 5%</div> <div>• Complete GHG survey for 8 subsidiaries included in the consolidated financial statements by 2027</div> <div>• Reduce carbon emission by 5% (Scope 1 and Scope 3)</div> <div>• Maintain effectiveness of two management certifications</div>
Water management		<div>GRI 303</div>		<div>• Keep water withdrawals within the approved volume (73,000 tonnes)</div> <div>• Keep the volume of water discharged and consumed within the volume stated in permit. Water discharge volume: 13,870 tonnes; water consumption volume (average across 1300 people): 56.15 tonnes</div>	<div>• Total water drawn: 52,262 tonnes</div> <div>• Water discharged: 6,738 tonnes; water consumed (average across 1300 people): 40 tonnes</div>	<div>✓</div> <div>✓</div>	<div>• Reduce water intensity per unit of product manufactured by 5% compared to the previous year</div> <div>• Increase water reuse by 2%</div>	<div>• Reduce water intensity per unit of product manufactured by 5% compared to the previous year</div> <div>• Increase water reuse by 5%</div>	<div>• Reduce water intensity per unit of product manufactured by 5% compared to the previous year</div> <div>• Increase water reuse by 8%</div>
Air pollution control		<div>GRI 305</div>		<div>• Maintain control over air pollutant volume, and comply with legal emission requirements</div>	<div>• Complied</div>	<div>✓</div>	<div>• Maintain control over air pollutant volume, and comply with legal emission requirements</div>	<div>• Maintain control over air pollutant volume, and comply with legal emission requirements</div>	<div>• Maintain control over air pollutant volume, and comply with legal emission requirements</div>
Waste Management		<div>GRI 306</div>	CG-BF-410a.1 CG-BF-410a.2	<div>• Keep the volume of waste within the permitted/target value (1,000 tonnes)</div> <div>• Ensure that waste is cleared according to environmental protection requirements</div>	<div>• Total waste generated: 106.85 tonnes</div> <div>• Waste was entirely cleared by legitimate contractors</div>	<div>✓</div> <div>✓</div>	<div>• Reduce the volume of general waste; intensity per unit of product to reduce by 10% compared to the previous year</div>	<div>• Continue reducing intensity per unit of product manufactured by 10% compared to the previous year</div>	<div>• Continue reducing intensity per unit of product manufactured by 10% compared to the previous year</div>
Materials		<div>GRI 301</div>		<div>• Develop solutions to switch from PVC to environment-friendly packaging materials (PET)</div>	<div>• Completed testing; the switch is expected to take place in 2023 Q2</div>	<div>✓</div>	<div>• Switch from PVC to environment-friendly packaging materials (PET) and achieve 50% utilization</div> <div>• Complete assessment for using renewable material- PCR on product packaging</div>	<div>• Switch from PVC to environment-friendly packaging materials (PET) and achieve 70% utilization</div> <div>• Add 25% of renewable materials- PCR to plastic packaging and achieve 10% utilization</div>	<div>• Switch from PVC to environment-friendly packaging materials (PET) and achieve 90% utilization</div> <div>• Add 30% of renewable materials- PCR to plastic packaging and achieve 70% utilization</div>

<div> <div>  <div> <div>ESG aspect</div> <div>Social</div> </div> </div> <div> <div>Significance to Taiwan Fu Hsing</div> <div> Employee relations Taiwan Fu Hsing specializes in the research, development, and manufacturing of door locks, which is considered a labor-intensive industry. We strive to create a friendly workplace that is diverse and fair, and offer competitive salaries and benefits. The Company also devotes attention to employees' training and promotion opportunities, and has complete roadmaps in place to guide them through their career development. </div> </div> </div>									
Material issue	Corresponding SDGs	Corresponding GRI	SASB Standards	2022 Goal	2022 Performance	Accomplishment progress	Short-term goals (-2023)	Medium-term goals (-2025)	Long-term goals (-2030)
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>GRI 201</div> <div>GRI 401</div> <div>GRI 405</div>		<ul style="list-style-type: none"> Increase the percentage of female managers of supervisor grade and below by 5% Persons with disability account for 2% of total employees 	<ul style="list-style-type: none"> Increased the percentage of female managers of supervisor grade and below by 4.35% Recruited 25 persons with disability, which accounted for 2.07% of total employees 	<div>✓</div> <div>✓</div>	<ul style="list-style-type: none"> Achieve employee satisfaction score of 4.85 Maintain the percentage of female managers of supervisor grade and below above 38% of total managers Persons with disability account for 2% of Taiwanese employees 	<ul style="list-style-type: none"> Devise strategies based on the outcome of 2023 survey, and ensure 100% execution of improvement plans Maintain the percentage of female managers of supervisor grade and below above 38% of total managers Persons with disability account for 2% of full-time employees 	<ul style="list-style-type: none"> Achieve employee satisfaction score of 4.9 Maintain the percentage of female managers at and below AVP grade account for 45% of total managers Persons with disability account for 2% of total employees
				<ul style="list-style-type: none"> Keep work injury rate at 0.5% and below 	<ul style="list-style-type: none"> Work injury rate 0.4% 	<div>✓</div>	<ul style="list-style-type: none"> Keep work injury rate at 0.5% and below 	<ul style="list-style-type: none"> Keep work injury at 0.5% and below 	<ul style="list-style-type: none"> Keep work injury at 0.5% and below
				<ul style="list-style-type: none"> To achieve 100% completion of business partner courses (AEO and SER) Deliver 5-15 hours of training per employee 	<ul style="list-style-type: none"> A total of 1,284 people were required to undergo business partner training (AEO and SER), and 1,284 of whom had completed, representing a completion rate of 100% Training hours averaged 6 hours per person in 2022 	<div>✓</div> <div>✓</div>	<ul style="list-style-type: none"> 100% completion of ESG training Training hours per employee no less than 10 hours 	<ul style="list-style-type: none"> 100% completion of ESG training Training hours per employee no less than 15 hours 	<ul style="list-style-type: none"> 100% completion of ESG training Training hours per employee no less than 20 hours
				<ul style="list-style-type: none"> Number of penalties relating to improper labor practice: 0 	<ul style="list-style-type: none"> 0 cases 	<div>✓</div>	<ul style="list-style-type: none"> Number of penalties relating to improper labor practice: 0 	<ul style="list-style-type: none"> Number of penalties relating to improper labor practice: 0 	<ul style="list-style-type: none"> Number of penalties relating to improper labor practice: 0
Occupational health and safety		GRI 403							
Talent training and development		GRI 404							
Human rights		GRI 402 GRI 406 GRI 412							

<div> <div>  <div> <div>ESG aspect</div> <div>Social</div> </div> </div> <div> <div>Significance to Taiwan Fu Hsing</div> <div> 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. </div> </div> </div>									
Material issue	Corresponding SDGs	Corresponding GRI	SASB Standards	2022 Goal	2022 Performance	Accomplishment progress	Short-term goals (-2023)	Medium-term goals (-2025)	Long-term goals (-2030)
Supply chain management	<div>SDG 8</div> <div>SDG 10</div> <div>SDG 12</div> <div>SDG 13</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 6 supplier social and environmental responsibility audits; 100% of which had passed the audits No supplier required assistance for improvement in 2022 	<div>✓</div> <div>✓</div> <div>✓</div>	<ul style="list-style-type: none"> Invite 8 key suppliers to take part in GHG survey course 	<ul style="list-style-type: none"> Counsel 8 high-risk suppliers for conducting greenhouse gas survey 	<ul style="list-style-type: none"> Choose 5 high-risk suppliers to undergo certification for GHG survey
				<ul style="list-style-type: none"> No significant health and safety impact and no violation of laws in any of the products and services provided to customers Maintain product safety certification 	<ul style="list-style-type: none"> No impact and no incident of violation Attained ISO 9001 	<div>✓</div> <div>✓</div>	<ul style="list-style-type: none"> No significant health and safety impact and no violation of laws in any of the products and services provided to customers Maintain product safety certification The XD series door lock will switch from liquid coating to powder coating 	<ul style="list-style-type: none"> No significant health and safety impact and no violation of laws in any of the products and services provided to customers Maintain product safety certification The XK/XL/X series door locks will switch from liquid coating to powder coating 	<ul style="list-style-type: none"> No significant health and safety impact and no violation of laws in any of the products and services provided to customers Maintain product safety certification All door locks with external coating will switch from liquid coating to powder coating
				<ul style="list-style-type: none"> Zero substantiated complaints concerning breach of customer privacy or loss of customer data Continue signing confidentiality contracts with new customers and new suppliers 	<ul style="list-style-type: none"> 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. 91% customer satisfaction in 2022 All relevant documents have been signed 	<div>✓</div> <div>✓</div>	<ul style="list-style-type: none"> Duly record and improve customers' complaints, and increase satisfaction to 90% 	<ul style="list-style-type: none"> Duly record and improve customers' complaints, and increase satisfaction to 90% 	<ul style="list-style-type: none"> Duly record and improve customers' complaints, and increase satisfaction to 90%
Product Quality		GRI 416	CG-BF-250a.1 CG-BF-250a.2						
Customer relations management		GRI 418							




ESG aspect
Social

Significance to Taiwan Fu Hsing

Local communities
A business entity has the responsibility to not only generate profits for investors and employees, but also give resources back to the society, and exert positive influence for the mutual benefit of the local community.

Material issue	Corresponding SDGs	Corresponding GRI	SASB Standards	2022 Goal	2022 Performance	Accomplishment progress	Short-term goals (-2023)	Medium-term goals (-2025)	Long-term goals (-2030)
Social engagement	SDG 3	GRI 203		<ul style="list-style-type: none">Core project spending to account for at least 3% of the foundation's budgetThe foundation to commit resources no less than 0.1% of previous year's revenuesInvest into aesthetics education for a total beneficiary size of 4,000Foreign worker rights initiative to cover 40,000 peopleInvest into local prosperity projects for a total beneficiary size of 4,000	<ul style="list-style-type: none">Core project spending accounted for 3.1% of the foundation's budgetThe foundation committed resources amounting to 0.13% of current year's revenuesAesthetics education reached a total audience of 4,106 in the last 4 yearsForeign worker photography exhibition reached an audience size of nearly 54,000 peopleThe GoodLock project benefited a total of 4,888 people	<div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div>	<ul style="list-style-type: none">Core project spending to account for at least 3% of the foundation's budgetThe foundation to commit resources no less than 0.1% of previous year's revenuesInvest into aesthetics education for a total beneficiary size of 5,000Foreign worker rights initiative to cover 50,000 peopleInvest into local prosperity projects for a total beneficiary size of 5,000	<ul style="list-style-type: none">Core project spending to account for at least 5% of the foundation's budgetThe foundation to commit resources no less than 0.2% of previous year's revenuesInvest into aesthetics education for a total beneficiary size of 7,000Foreign worker rights initiative to cover 60,000 peopleInvest into local prosperity projects for a total beneficiary size of 7,000	<ul style="list-style-type: none">Core project spending to account for at least 10% of the foundation's budgetThe foundation to commit resources no less than 0.3% of previous year's revenuesInvest into aesthetics education for a total beneficiary size of 10,000Foreign worker rights initiative to cover 80,000 peopleInvest into local prosperity projects for a total beneficiary size of 10,000
	SDG 4								
	SDG 10								
	SDG 11								



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	2022 Goal	2022 Performance	Accomplishment progress	Short-term goals (-2023)	Medium-term goals (-2025)	Long-term goals (-2030)
Operating performance	SDG 4 SDG 8	GRI 201		<ul style="list-style-type: none">Convene investor conferences at least twiceMaintain cash dividend yield above 5%Increase revenues to NT\$9 billion	<ul style="list-style-type: none">Convened 2 investor conferencesCash dividend yield at 7%Revenues at NT\$9.5 billion	<div>✓</div> <div>✓</div> <div>✓</div>	<ul style="list-style-type: none">Convene investor conferences at least twiceMaintain cash dividend yield above 5%Increase revenues to NT\$9 billion	<ul style="list-style-type: none">Convene investor conferences at least twiceMaintain cash dividend yield above 5%Increase revenues to NT\$10 billion	<ul style="list-style-type: none">Convene investor conferences at least twiceMaintain cash dividend yield above 5%Maintain revenues above NT\$10 billion
Regulatory Compliance	SDG 12	GRI 205 GRI 307 GRI 419				<div>✓</div> <div>✓</div> <div>✗</div> <div>✓</div>			
				<ul style="list-style-type: none">No violation of environmental lawsNo violation of socioeconomic laws and rulesRank top 20% in the Corporate Governance Evaluation for TWSE/TPEX-listed companiesTake part in at least one sustainability award a year	<ul style="list-style-type: none">No incident of major violation had occurredNo incident of major violation had occurredRanked 21%-35% in the Corporate Governance Evaluation for TWSE/TPEX-listed companiesTook part in the 2022PwC Sustainability Impact Awards and won the Special Award		<ul style="list-style-type: none">No violation of environmental lawsNo violation of socioeconomic laws and rulesRank top 20% in the Corporate Governance Evaluation for TWSE/TPEX-listed companiesTake part in at least one sustainability award a year	<ul style="list-style-type: none">Violation of environmental lawsNo violation of socioeconomic laws and rulesRank top 20% in the Corporate Governance Evaluation for TWSE/TPEX-listed companiesTake part in at least one sustainability award a year	<ul style="list-style-type: none">No violation of environmental lawsNo violation of socioeconomic laws and rulesRank top 20% in the Corporate Governance Evaluation for TWSE/TPEX-listed companiesTake part in at least one sustainability award a year

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 employees toward a sustainable future.	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 meetingsSexual Harassment Grievance Committee (quarterly)Management meetings (monthly)Morning meetings/monthly meetings (monthly)Department meetingsBulletin (unscheduled)Employee suggestion box: service@fuhsing.com.twInternal grievance and whistleblowing channels (for reporting of ethics, integrity, SER, and AEO related issues) (unscheduled)	<ul style="list-style-type: none">Talent sourcing and retentionOccupational health and safetyTalent training and developmentHuman rightsOperating performanceEthics, integrity, and anti-corruption	<ul style="list-style-type: none">Workplace safetyFriendly workplaceTalent training and development <div>Please see Chapter- Social (P.44-P.62)</div>
 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 been the key factors that sustain customer relations to date.	<ul style="list-style-type: none">Customer satisfaction surveys (yearly)Business-related exhibitions (unscheduled)Customer visits and sales visits (unscheduled)AEO counter-terrorism auditSER system audit	<ul style="list-style-type: none">Human rightsProduct qualityCustomer relations managementEthics, integrity, and anti-corruptionRegulatory compliance	<ul style="list-style-type: none">Product quality managementCustomer service and protection <div>Please see Chapter- Sustainable manufacturing (P.37-P.39)</div>

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 Chapter- Supply chain sustainability management (P.40-P.42)
 Shareholders/ Investors	Shareholders and investors are business partners that Taiwan Fu Hsing answers to. Involvement of these stakeholders in business operation helps generate 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-P.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 • Provide employment opportunities for the underprivileged 	<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.44-P.49) • Prevention of environmental pollution • Environmental protection and sustainability • Climate change governance 🔗 Please see Chapter- Environmental (P.70-P.78)
 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.70-P.78)



Operation and governance

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Integrity and compliance	27
Risk management	30

Material topics of the Chapter

GRI 201

GRI 205

GRI 307

GRI 419

SDG 4

SDG 8

SDG 12

Corporate governance

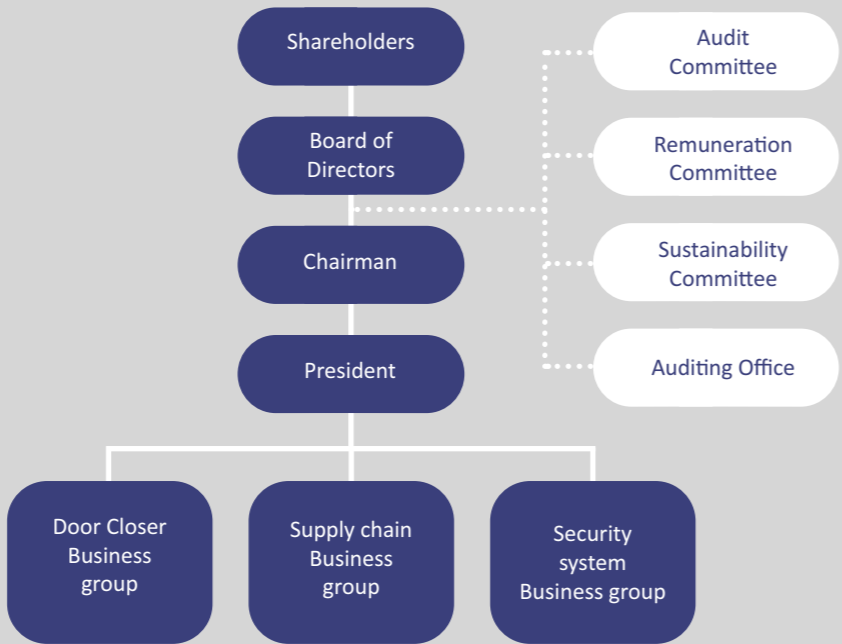
Policies and goals

Taiwan Fu Hsing has been founded for more than 60 years, 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, SASB standards and related initiatives to guide our corporate governance policies, and focus on stakeholders' interests and information transparency as the ultimate governance principles.

Governance framework

The board of directors is the highest decision-making authority within Taiwan Fu Hsing for governance-related matters. Under the leadership of the Chairman, the board executes business activities of the organization, whereas the President devises business plans according to market circumstances and coordinates departments toward implementation. The board of directors has appointed one Corporate Governance Officer to oversee protection of shareholders' interests and to support board duties. The board also has 3 functional committees including: Audit Committee, Remuneration Committee, and Sustainability 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 [2022 annual report P.35-P.37](#) [Investors section/Board of Directors and committees](#)

	Members	Functionality	Responsibilities	Functionality
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.	2022 annual report P.31 Investors section/Board of Directors and committees
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.	2022 annual report P.39-P.40 Investors section/Board of Directors and committees
Sustainability 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.	2022 annual report P.41 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.	2022 annual report P.32

Shareholder structure

For shareholders' information, please see [Appendix- "List of major shareholders"](#) in P.87

Count/Shareholder structure	Government agencies	Financial institutions	Other corporate entities	Natural persons	Foreign institutions and foreigners	Total
Number of individuals	0	5	110	14,479	99	14,693
No. of shares held	0	12,536,000	77,793,481	75,130,163	22,992,526	188,452,170
Shareholding percentage	0%	7%	41%	40%	12%	100%





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, construction, and

administration. The Company also places emphasis on gender equality within the board, and one out of the 10 existing directors is female, representing 10% of total board members.

Directors' background

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

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

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 6 meetings in 2022; directors' overall attendance rate was reported at 95%. 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., CommonWealth Magazine, Securities & Futures Institute, and Taiwan Stock Exchange Corporation, and accumulated 61 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	6	0	100%
Director	CHEN Chien-kun	6	0	100%
Director	LIN Tzu-hsuan (representative of Hong Cheng Investment Co., Ltd.)	5	0	83%
Director	CHU Jung-ho (representative of Fu Zhi Investment Co., Ltd.)	6	0	100%
Director	Michael A. Hoer (representative of Fu Zhi Investment Co., Ltd.)	5	0	83%
Director	LIN Wen-hsing (representative of Fu Yuan Investment Co., Ltd.)	5	0	83%
Director	LIU Ju-shan (representative of Fu Yuan Investment Co., Ltd.)	6	0	100%
Independent Director	CHANG Ling-ling	6	0	100%
Independent Director	CHEN Yung-chun	6	0	100%
Independent Director	CHUO Yung-fu	6	0	100%

Execution of board duties in 2022

1st board meeting 2022.01.24

- Review of 2022 operational plans and goals
- Discussion of CPA independence and appointment of financial statement auditors
- Review of 2021 employee/director remuneration
- Review of 2021 employee salary for managers

2nd board meeting 2022.03.09

- Acknowledgment of 2021 year-end accounts
- Determination of 2021 earnings appropriation

3rd board meeting 2022.05.06
Discussion on the 2022 first-quarter consolidated financial statements

4th board meeting 2022.08.05
Discussion on the 2022 second-quarter consolidated financial statements

5th board meeting 2022.10.06
Proposal to purchase plant premise and set up branch at Pingtung Technology Industrial Park, Export Processing Zone Administration, Ministry of Economic Affairs

6th board meeting 2022.11.04

- Discussion on the 2022 third-quarter consolidated financial statements
- Discussion on the 2023 audit plan

Board of directors performance assessment

Taiwan Fu Hsing has established a "Board of Directors Performance Assessment Policy" that requires the board of directors, board members, and functional committees to conduct self-assessments on their performance each year. In cases where performance has to be evaluated by independent institutions, experts, or scholars from outside the organization, the board may engage the appropriate parties to carry out performance evaluation once every three years. The 2022 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

Level of participation in the Company's operations
Quality of board decision
Composition of the board of directors
Election and continuing education of directors.
Internal control

Functional committees

Level of participation in the Company's operations
Awareness toward duties of the functional committee
Improvements to the quality of decisions made by functional committees
Composition of the functional committee and selection of committee members
Internal control

Members of the board

Comprehension of the Company's targets and missions
Directors' duty awareness
Level of participation in the Company's operations
Management and communication of internal relations
Professionalism and ongoing education of directors
Internal control

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.

For details, please see [Appendix- "Directors' Compensation"](#) in P.88



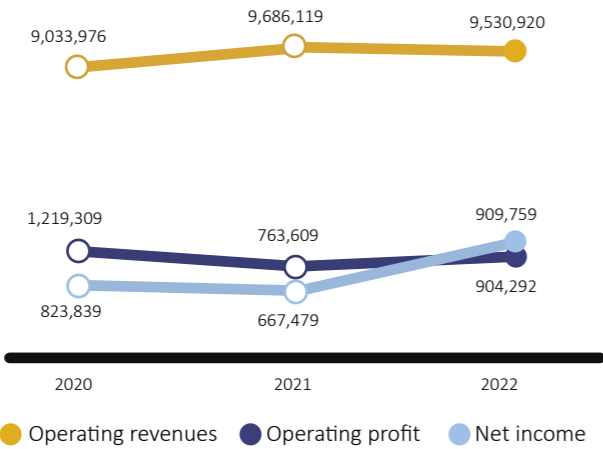
Financial performance

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 to carry out business activities, we set annual budgets on revenues, capital expenditure, and research and development 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.



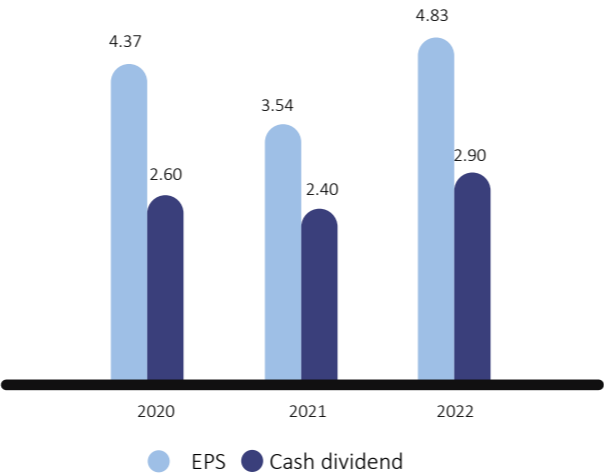
Revenue performance (Unit: NTD thousands)



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\$9,530,920,000 in 2022 down 1.6% compared to 2021. The strengthening of USD in 2022 helped increase gross profit margin from 2% to 20%, and with the addition of exchange gains, EPS soared to NT\$4.83, the highest in the last ten years. Meanwhile, cash dividend yield remained high at 7 %. No significant government grant was received in the reporting period.

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 approval procedures	Grievance/whistleblowing channels
Business Integrity Procedures and Behavioral Guidelines	Legal Affairs Unit	<ul style="list-style-type: none">Ethical Corporate Management Best Practice Principles for TWSE/ TPEX- listed CompaniesLaws 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 before implementation, and makes report in a shareholder meeting	Grievance mailbox: management @fuhsing.com.tw TEL: (07) 622-5151 Extension: 108 (accepted by the head of Legal Affairs) Extension: 121 (accepted by the head of public relations)
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 before implementation	
Social and environmental responsibility (SER) manual	Sustainability Committee	<ul style="list-style-type: none">SER requirements of key customersLaws applicable to the places of operation of the Company and related enterprises	The Sustainability Committee raises a proposal 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 principles in 2022. All corporate policies have been established in accordance with laws. All key business partners have signed "Statement of Social and Environmental Responsibilities for Business Partners" and "Statement of Supply Chain Safety for Business Partners." The Company organized a variety of internal and external integrity training courses (including courses on compliance with integrity regulations, code of conduct for new recruits, industrial safety, accounting system, and internal control system) in 2022 that received 2,566 enrollments, delivered 2,740 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)	6	51
SER annual training	All plant employees	11	1,222
Annual training on AEO supply chain safety	All plant employees	11	1,222
Annual training for SER Officer	Unit head	11	60

Name of external course	Month	Enrollments
Ongoing Education for Securities Issuers, Securities Firms, and TWSE Chief Accounting Officer	4	1
Ongoing Education for Securities Issuers, Securities Firms, and TWSE Chief Accounting Officer	7	1
Practical Workshop on Commons Business Tax Laws	8	1
The Latest Developments of "ESG," "Sustainability," and "Financial Statement Self-preparation" Policy and Internal Control Practices	7	1
IFRS Q&A of the Year	9	1
The Winning ESG Formula: Net Zero Transformation Strategies	9	2
Seminar on Audit Standards	9	1
Using Digital Technology for Data Mining, Process Improvement, and Fraud Detection- An Audit Practice Perspective	10	1
ESG Risks, Effect on Corporate Internal Control, and Response Measures	11	1
Common Internal Control Defects and Case Studies	11	1
Conference on Local Adoption of International Financial Reporting Standards- 2022	11	1
Climate Change and Sustainable Development as ESG Risks, Effect on Corporate Internal Control, and Response Measures	12	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. Furthermore, internal auditors are present in every board meeting to report on the progress of internal audit tasks.

Execution of internal control for the year [2022 annual report P.61- "Declaration of Internal Control System"](#)

Prevention of insider trading

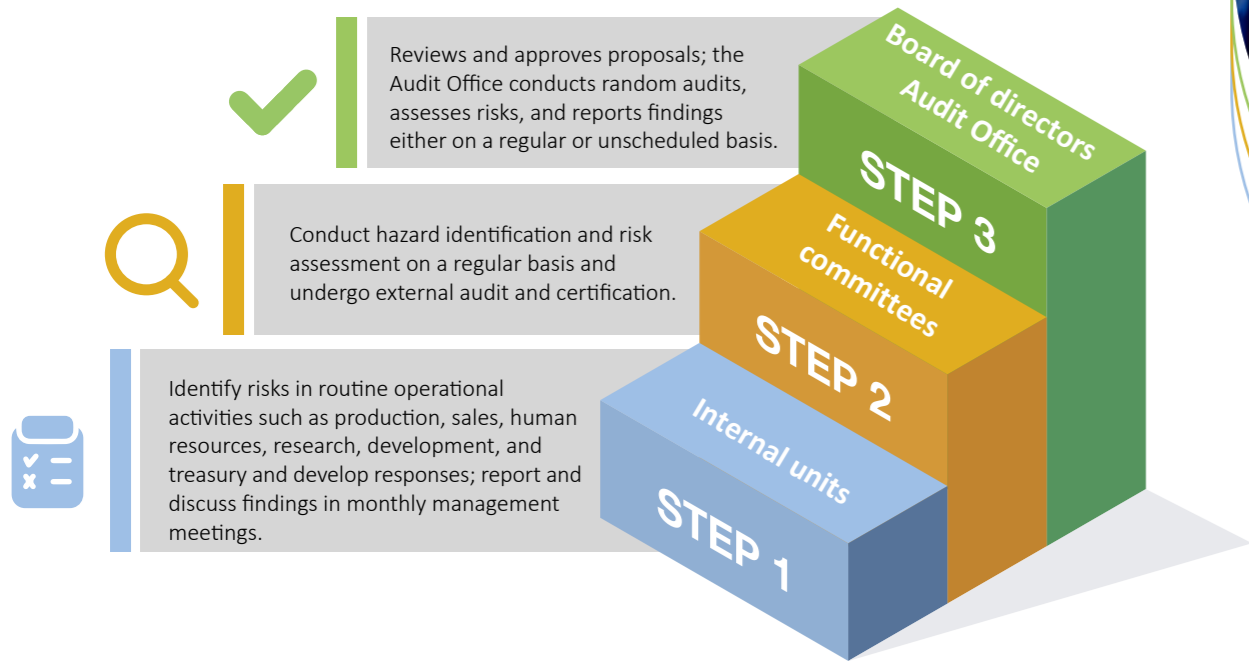
Taiwan Fu Hsing educates existing directors, managers, and employees on "Material Information Handling Procedures" and relevant laws at least once a year, and shares case studies from time to time to promote compliance awareness as well as proper handling and disclosure of material insider information to prevent unauthorized leak. 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 (participant count: 10; course duration: 1 hour) and for managers (participant count: 30; course duration: 1 hour) on November 4, 2022. 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 (the Sustainability Committee and administrators/operators of management systems), risk execution units (departments of various business groups), and risk auditors (the Audit Office). Risk management procedures are explained below:




Significant new risks and response strategies

Risks	Risk environment	Response strategies	2022 Operating performance	Controller
 Strategic risks	Increasing popularity of electronic locks has made intellectual property right planning and infringement risks two prominent issues that require special attention.	Recruit R&D talents of electronics and electrical engineering background to support development of electronic locks and patent applications.	Accumulated 164 valid patents on electronic locks in major markets.	Law Legal Affairs Team
		Raise the intensity of prior art search and design around efforts to avoid infringement risk.	Through the use of an internal patent proposal system, each development project is analyzed and necessary avoidance designs are carried out when necessary to minimize infringement risk.	
 Financial risk	Volatility in the exchange rate of the transaction currency affects business results; surging inflation causes substantial rise in international energy, commodity, and raw material prices.	Appropriately engage in exchange rate/raw material/commodity hedging to reduce volatility.	Normal	Investment Management Team
		Apply control over purchasing costs, examine the appropriateness of resource usage, and improve resource efficiency to mitigate operational stress.		
 Product competition risk	Competition from low-price products and entry of new electronic locks.	Strengthen the entry-level line of electronic locks; make regular revisions and maintain price competitiveness; and sustain production volume of electronic locks. Expand into advanced electronic locks of higher added value that can be integrated with IoT technology, smart home system, and biometrics for residential products/applications. Aside from ODM products, the Company also has the ability to engage in JDM (joint design manufacturing) as a way to sustain market leadership and grow the door locks market.	New models of entry-level electronic locks were introduced at lower price with value-adding features to improve product competitiveness. New product lines with fingerprint recognition were also developed to make doors easier to open. Ongoing efforts are being committed into the development of smart products that can be controlled with smartphone App for conformity with current trends. The Company has completed the development of Bluetooth locks and will continue to enrich its product lines, including the introduction of remote-controlled smart locks for better product competitiveness.	Planning Department
 Compliance risk	Conflict of laws between the place of manufacture and the sales location.	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.	Laws of the country of origin have been prioritized for compliance.	Law Legal Affairs Team
	Uncertainties in the change of regulation.	Pay constant attention to changes in laws.	Adjustments were made to accommodate recent amendments to Article 22-1 of the Securities and Exchange Act. Furthermore, legal awareness on insider trading, document forgery, breach of trust etc. are being promoted during internal training.	

Risks	Risk environment	Response strategies	2022 Operating performance	Controller
 Cybersecurity risk	Cybersecurity risks such as data theft and cyber attack now pose significant concern to business management. According to surveys, almost one out of four companies was attacked in the last year.	Establish standard operating procedures for: data access, backup process, premise access etc. Adopt control measures in line with corporate standards and enforce access control.	<ul style="list-style-type: none"> • Cybersecurity rules are being implemented progressively, and the Company has completed 8 sets of standardized documents to date. 	Information Technology Department
		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.	<ul style="list-style-type: none"> • Automated backup, remote backup, and recovery tests are performed regularly, whereas backups to the core system have also been created. 	
		Install real-time antivirus software with virus code updated regularly for persistent protection and monitoring of virus activities.	<ul style="list-style-type: none"> • Antivirus software was installed on 100% of computer equipment; security updates are being made regularly to the operating system and software. 	
		Execute cybersecurity tests on servers and organize social engineering drills on a yearly basis.	<ul style="list-style-type: none"> • Servers were subjected to weakness scans and infiltration tests, and followed up with improvements and cybersecurity protections. Social engineering drills were organized to raise employees' security awareness to fraudulent mails. 	
 Risk of climate change	Extreme weather gives rise to uncertainties in water and energy supply.	Arrange certification for greenhouse gas emission, and identify impacting factors for risk control.	<ul style="list-style-type: none"> • Gangshan Plant is subjected to a greenhouse gas survey and SGS certification in June each year. 	Environmental safety
		Reduce energy and carbon through rigorous energy management and water resource management.	<ul style="list-style-type: none"> • In compliance with the requirements of the Financial Supervisory Commission, the Company expects to perform a greenhouse gas survey on subsidiaries in 2027 and complete the greenhouse gas survey and certification by 2029. • Energy and wastewater management practices were examined weekly to ensure compliance with "Water Pollution Control Act" and "Energy Administration Act." Differences in usage volume are examined and analyzed each year, whereas leakage inspection, use of energy-saving lights, and replacement of energy-intensive equipment are being adopted to enforce energy and carbon reduction goals of Gangshan Plant. 	
		Take initiative in recycling and reusing production water.	<ul style="list-style-type: none"> • Low-pollution raw materials (supplies) are being used to keep production water clean. Efforts are being made to increase the volume of water recycled from pure water and drinking fountain. 	

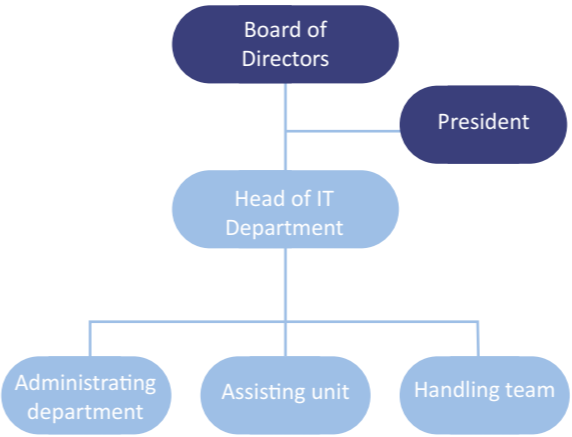
Risks	Risk environment	Response strategies	2022 Operating performance	Controller
 Risk of disruption of operations	China's city-wide lockdowns in response to COVID-19 pose great uncertainties on the supply of materials..	Assign the procurement, quality assurance, and technology departments to perform professional evaluations and make careful selection of suppliers.	<ul style="list-style-type: none"> • Implemented the supplier assessment system and rigorously evaluated new suppliers on four aspects: procurement, quality control, technology, and employment terms. 	Procurement Department
		Build up safety stock for materials that take longer time to prepare.	<ul style="list-style-type: none"> • For electronic lock parts that involve long delivery times, the Company negotiated with suppliers to maintain appropriate stock levels based on the budget sales volume provided by the sales team. 	
		Engage multiple suppliers and explore alternative sources of supply for important or critical components, thereby minimizing dependency on a single supplier that may lead to supply disruption in the event of natural disaster or accident.	<ul style="list-style-type: none"> • Added 8 new suppliers and developed 7 composite production procedures in 2022 	
	The COVID-19 pandemic has had negative impacts on the health of plant workers and supply chain workers, which may disrupt operations altogether.	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.	<ul style="list-style-type: none"> • Visitors and suppliers were required to provide a health declaration in order to prevent risky personnel from entering plant premise, and thereby ensure employees' health and operational security of the Company. 	Work safety Factory nurse
		Segregation of personnel flow and work locations.	<ul style="list-style-type: none"> • Rolling adjustments were made to disease control measures in line with the pandemic update and government policies. Personnel flow was diverted at the height of the threat, whereas dining registration and staggered break times are being implemented till this day. 	
		Enhance the health management and reporting systems for real-time risk monitoring and responses and to reduce gathering and risks of untraceable infections.	<ul style="list-style-type: none"> • The disease control team held review meetings on a weekly basis and announced its adjustment measures on a monthly basis. When COVID-19 threat was at its highest in May 2022, the IT Department developed a comprehensive reporting system and conducted dynamic analysis to keep track of the spread of disease. 	
	The low fertility rate has significantly reduced labor supply and caused labor shortage.	Adopt more flexible and diverse recruitment channels such as digital platforms, employment services, campus, and multinational internship programs; encourage referrals from employees and direct recruitment focus to the local community and neighborhood.	<ul style="list-style-type: none"> • Coordinated with Kaohsiung City Youth Bureau/National Association of Small & Medium Enterprise in hosting recruitment webinars. • Worked with Kao Yuan University/Cheng Shiu University in sourcing international interns from Indonesia, India, The Philippines, Mongolia, Vietnam, and Thailand. 	Human Resource Department
		Through industry-academia collaboration programs such as internship and campus lecture by experienced professional, the Company may identify potential talents, minimize discrepancy between theory and practice, and increase awareness as an employer.	<ul style="list-style-type: none"> • Continued working with National Kaohsiung University of Science and Technology/Sun Yat-sen University for the implementation of internship program, and recruited outstanding graduates-to-be in conjunction with a retention system. • Continued sharing knowledge by having experienced professionals host lectures on campus, which helped raise brand awareness and presented career options. 	
		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.	<ul style="list-style-type: none"> • Continued enforcement of RBA zero-commission policy for foreign workers (waiving the residential permit fees, commission charges, passport renewal fees, and health checkup fees) 	

Risks	Risk environment	Response strategies	2022 Operating performance	Controller
 Risk of disruption of operations	Sales are concentrated to a specific market; any change in the main market or customer will have a relatively significant impact on overall business performance.	Increase share of the secondary market.	Continued exploring diverse markets and customers.	Marketing center
		Develop new products in line with customers' needs and trends; explore sales opportunities for new product lines.	Maintained productive interaction with customers; monitored market demand for early response to market changes.	
		Explore new sales channels and expand sales destination	Introduced e-commerce channels, established relationship with electronics distributors, and added sales channels that were different from the conventional distribution network for door locks.	
		Develop brand strategy and increase market visibility.	The proprietary brand strategy and product line are being reviewed on an ongoing basis.	
		Establish overseas locations for broader market coverage.	Established U.S. branches to serve as overseas sales and service locations.	
	Disequilibrium in production and sales; concentration in customers' purchase orders gives rise to significant changes.	Using sales forecast as the basis, the Company plans and simulates a broad spectrum of production and sales scenarios, and adopts streamlined production systems and management approaches to increase productivity across all production sites while achieving equilibrium. The Company also evaluates the impacts and effects of global affairs on the product supply chain, and explores ways to strengthen adaptability across plant sites.	Cooperated with customers to respond and prepare ahead of time based on customers' projections.	Production Technology Department
	Equipment malfunction and damage to jigs may disrupt production.	Enhance data exchange with internal departments through the project management platform, so that maintenance technologies and experiences can be held intact for seamless knowledge transfer.	The project management platform was used to monitor and ensure transfer of specification documents and spare part lists for newly developed equipment within one week, and thereby ensure seamless succession of production activities.	
		Establish standard operating procedures for equipment maintenance, and take into consideration safety, risk, and ease of maintenance during the design stage for more timely and effective maintenance of equipment.	Monthly inspections, annual inspections, and annual maintenance works were carried out for critical equipment such as high-voltage substation, stamping press, elevator, and powder coating system according to current year's equipment maintenance plan.	

Cybersecurity management

Data security and privacy protection are part of Taiwan Fu Hsing's commitments to its customers. Having identified "cybersecurity management" as a major risk, we assembled a Cybersecurity Risk Management Team in 2019 to oversee the establishment and execution of cybersecurity policies as well as risk management and compliance audit. The head of IT Department serves as convener of the management team; the team assesses cybersecurity risks regularly, makes annual reports to the President regarding cybersecurity progress, issues, and strategies, and makes at least one report per year to the board of directors regarding cybersecurity plans and measures in the near future. The Company encountered no major cybersecurity incident in 2022.

Cybersecurity management organization/framework



Cybersecurity management measures

01 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

02 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

03 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

04 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

05 Training and awareness

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

06 Business risks

- Insurance against cybersecurity risk

Cybersecurity actions for the year:

- 2022 annual report P. 90
- Investors section/Corporate Governance/Organizational Structure and Organizational Charter/Information Security



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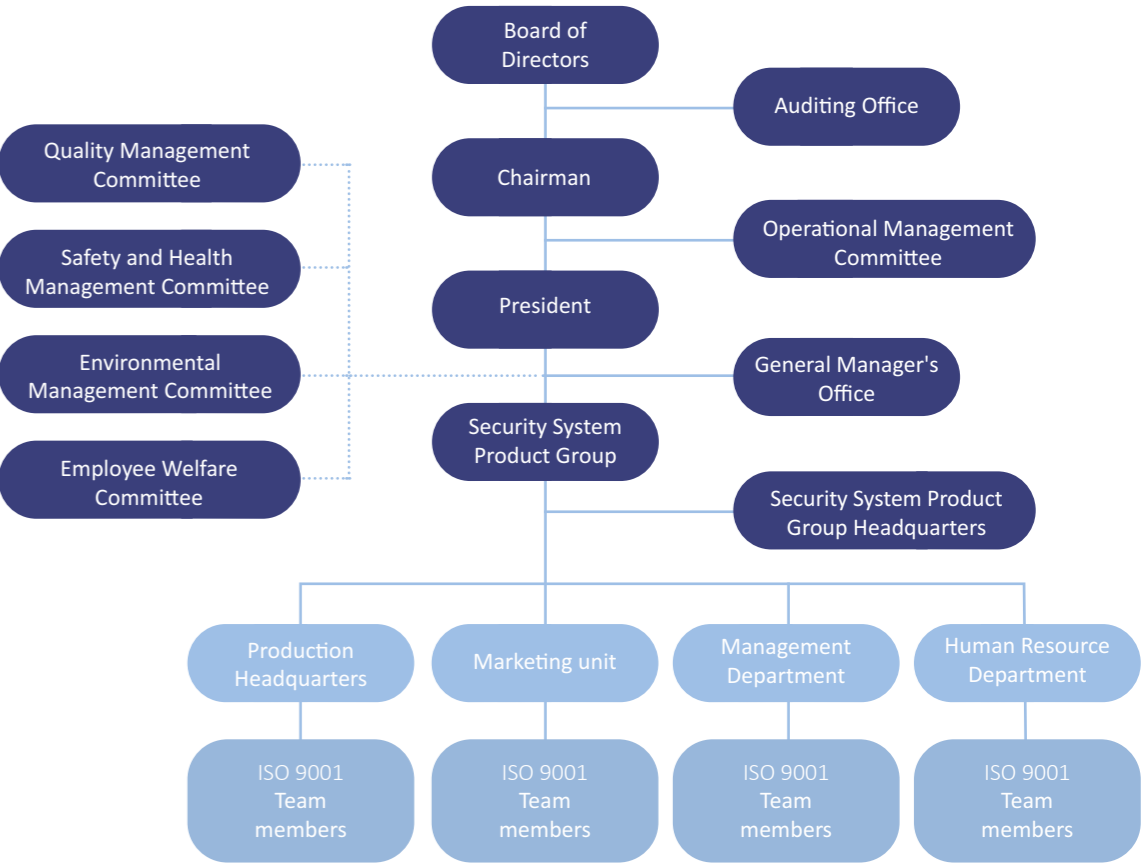
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Product quality management

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 quality products that conform to 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 have violated laws in 2022 or at anytime during the preparation of this report.

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 is of good quality.
- Improve green design of product packaging materials and switch to a more environment-friendly and healthier concept to cater for product safety and environmental protection at the same time.



Quality and safety certification



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.

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 2022, the Company had no substantiated leak, theft, or loss of customer data.

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 2022, the Company recovered 66 questionnaires (93%) in total and achieved a satisfaction score of 4.53 out of 5 for domestic sale and 4.56 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 learn their responses to products. In 2022, the Company received no complaints from any external party that was later substantiated by the organization.

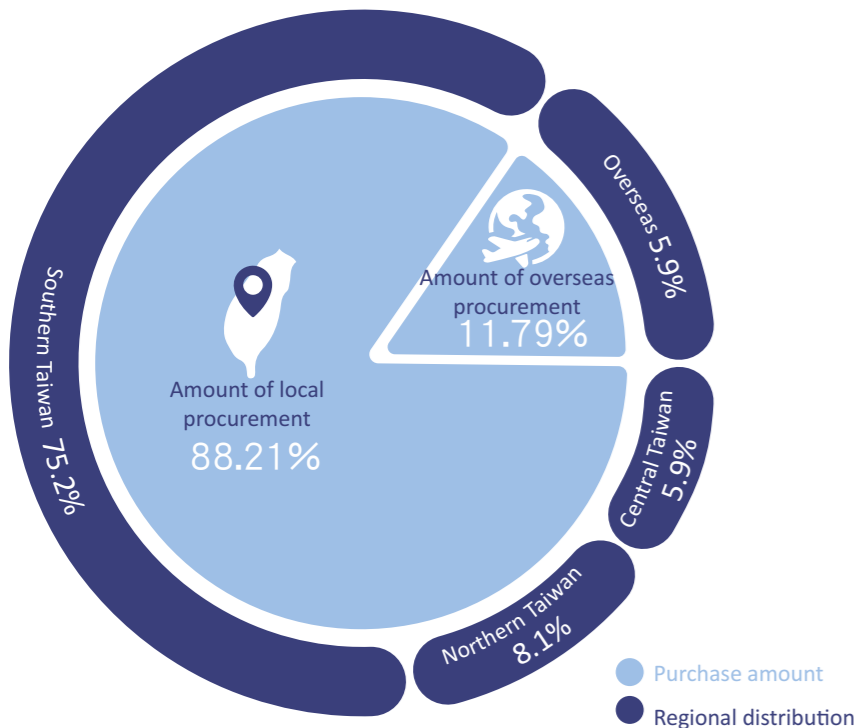
Key points of satisfaction assessment

- ✓ Service officers' attitude and competence
- ✓ New product development
- ✓ Product quality
- ✓ Overall satisfaction



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:



In 2022, Taiwan Fu Hsing added 8 new suppliers and expanded supplier size by 4.3% to a total of 186; 14 of which were raw material vendors while 172 of which were contractors. There was no material change in the supply chain in 2022. Below is a disclosure of raw material vendors and contractors that were highly relevant to product manufacturing.

Supply chain overview

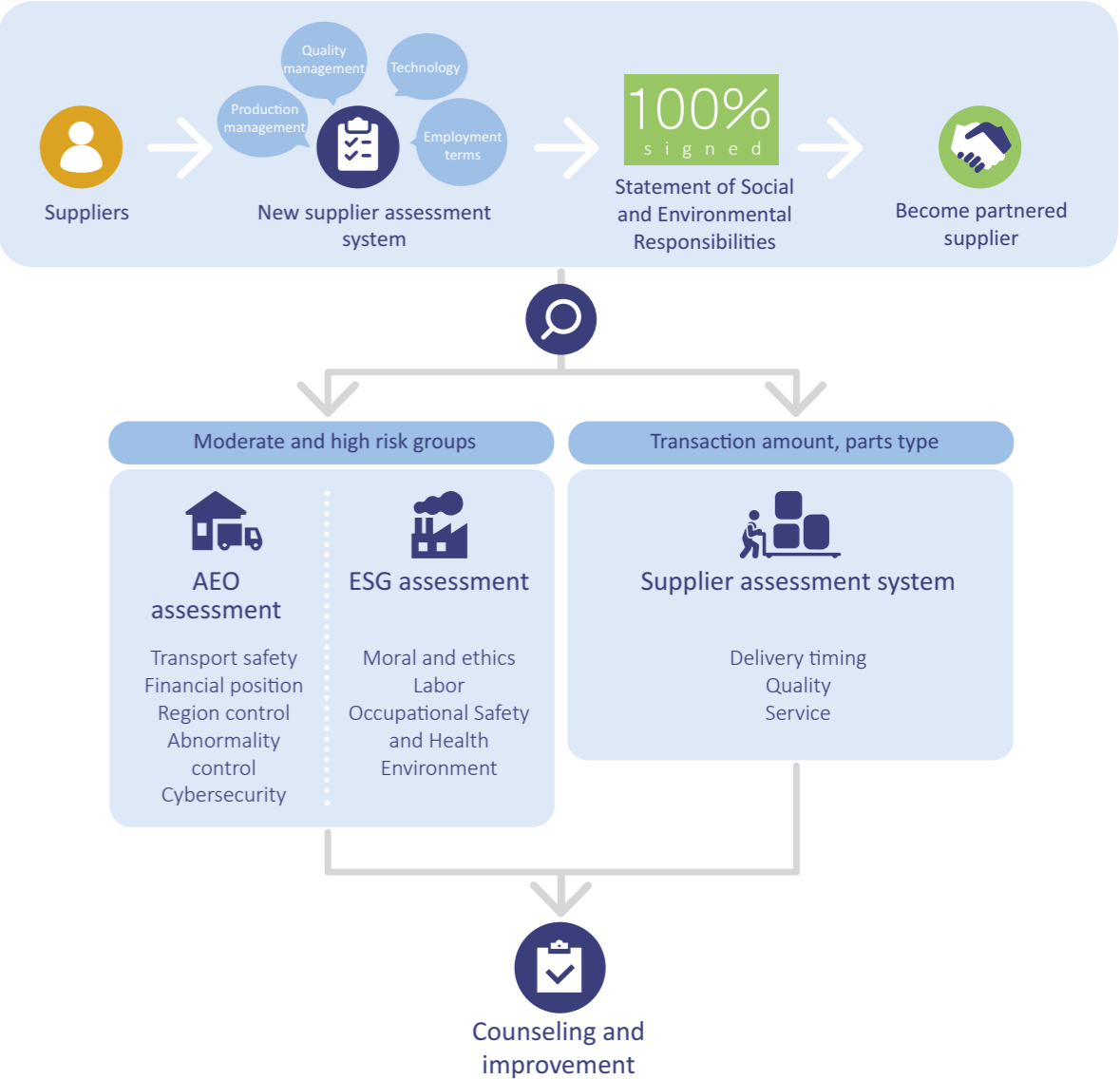
Supplier category	Raw materials	Contractor
Product category	Suppliers of finished goods	Outsourced manufacturers and suppliers of semi-finished goods/ parts
Main products	Copper, iron, stainless steel coils	Stamping, zinc alloy plating, copper forging, powder metallurgy, grinding, electroplating etc.
Quantity	14 companies	172 companies
Dominance (Percentage of transaction sum)	18.68%	81.32%

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 2022, the Company screened 100% of new suppliers using the worker guidelines, and 7 managed to pass the evaluation and completed the signing of "Statement of Social and Environmental Responsibilities for Business Partners."

Supplier assessment system

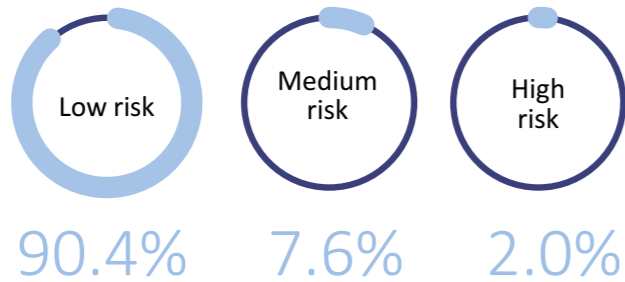
The Company identifies key suppliers based on the amount of transaction (excluding raw material suppliers) or the type of parts supplied, and rates them for delivery timing, quality, and service on a monthly basis. Depending on the final rating, the Company either rewards top-performing partners for 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 2022.

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 6 supplier social and environmental responsibility audits were conducted in 2022, and all of which were found to have met the required standards.

Supplier risk grade distribution - 2022



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 2022, we conducted on-site audit on 6 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 2022 and no counseling was required.

Social

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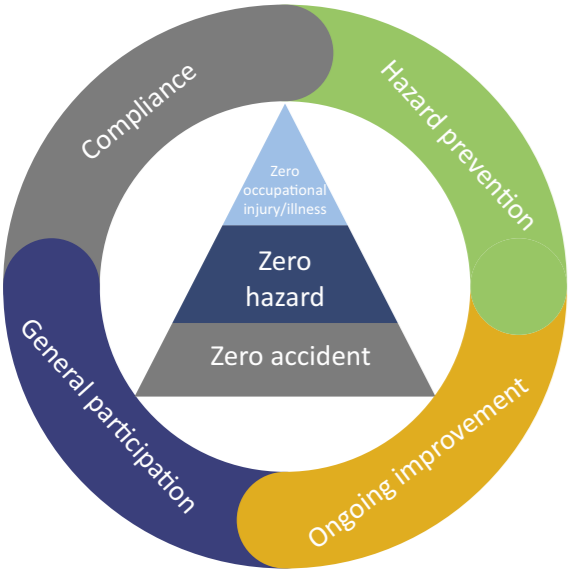
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Workplace safety

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 ISO 45001 - Occupational Health and Safety Management System have been incorporated into existing management systems, such as the ISO 9001 - 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 outlined below; there are a total of 36 worker representatives accounting for 55% of the committee, which is much higher than the legal 1/3 requirement.

Committee composition

Members	Number of individuals
Chief committee member	1 individual
Deputy chief committee member	1 individual
Secretary General	1 individual
Plant manager	1 individual
Safety and health committee member	9 individuals
Department head	14 individuals
Medical representative	2 individuals
Worker representative	36 individuals
Total	65 individuals

Occupational health management

Taiwan Fu Hsing analyzes statistics on disabling injury and adopts tier-based management for occupational illness. By evaluating the five hazard factors (physical, chemical, biological, ergonomic, and mental factors), the Company identifies areas of weakness and follows up with health promotion, health checkup, care, and occupational illness prevention actions to create a safe and healthy work environment. By enforcing preventions against occupational illness, we contribute to the health of workers in every aspect.

Hazard identification and related actions

Factors	Case count	Percentage	Actions
Physical	115	90%	Machine safety protection Distribution of protective gear
Chemical	7	5%	Installation of ventilation equipment Distribution of protective gear
Biological	0	0%	-
Ergonomic	6	5%	Promotion of proper lifting posture Keep lifted weight within 25
Mental	0	0%	-
Total	128	100%	-

Occupational hazard statistics and analysis

No employee suffered permanent or long-term injury in 2022, and none of the suppliers or contractors reported disabling injury within factory premise. The Company reported 20 work injuries during the year; 15 (nearly 70%) of which were commuting accidents, and 5 of which resulted in temporary disabilities up to one lost day. A total of 5 employees (0.4% of the workforce) had suffered from occupational hazard. 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 - 2022

Category	Total
Average days lost (Note 1)	12.52
Disabling injury severity rate (Note 2)	25.288
Disabling injury frequency rate (Note 3)	2.02
Occupational illness rate	0%
Absenteeism rate (Note 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×106) / (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



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 231 employees underwent special health checkup in 2022, 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	Tier 2	Tier 3	Tier 4
No abnormality	Abnormal, but unrelated to work environment	Abnormal, but unsure whether related to work	Abnormal, work-related
•Self-management	<ul style="list-style-type: none">Offering of personal health guidanceUse of personal protection gearHealth trackingPhysician's opinions regarding unsuitable work activities	<ul style="list-style-type: none">Occupational health specialists are invited to conduct health trackingWorkplace is assessed for work-related illnessTier reclassificationReport to the authorityPhysician's clinical diagnosis	<ul style="list-style-type: none">Adopt hazard controlAdopt relevant measuresHealth trackingPhysician's clinical diagnosis
Noise			
127 individuals	74 individuals	0 individual	3 individuals
Dust			
28 individuals	13 individuals	0 individual	0 individual

Occupational health services

Execution progress- 2022



Health service budget and execution percentage

	Projected expenses	Actual expenses	Projected target for the year	Execution for the year	Attainment rate
Employee health checkup	NT\$ 339,900	NT\$ 552,750	196 individuals	196 individual(s)	100%
Health checkup for supervisors	NT\$ 803,000	NT\$ 835,360	88	88	100%
Expenses for on-site physicians	NT\$ 144,000	NT\$ 144,000	48	48	100%
Operating environment monitoring expenses	NT\$ 98,000	NT\$ 88,500	Twice a year	Twice a year	100%

Tracking mechanism

The Company uses various forms of communication and organizes regular back-testing training to increase workers' involvement in occupational health and safety. Quarterly meetings and discussions are hosted to keep track of progress.



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 2022. All new recruits are required to complete orientation on the day of duty commencement followed by advanced training two months after duty commencement. Furthermore, the Company uses Q&A to test whether employees possess adequate safety awareness, and would enhance training for those who fail the test. A total of 18 on-job training courses were organized for existing employees in 2022. 100% of employees had completed the required training.

Training requirements



Main training categories

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 of their 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 across plant premises; employees without certification are prohibited from operating machinery.



Professional certifications held by factory employees - 2022

Name of certificate	Number of holders	Name of certificate	Number of holders	Name of certificate	Number of holders
Class-A worker safety and health manager	8	Dust operations supervisor	7	Stationary crane hoisting less than 5 tonnes	2
Level A worker health manager	3	Hypoxia operations supervisor	4	Hoisting operations	17
Worker safety and health manager	5	Pressurized gas and specialized equipment operator	3	Operator of forklift weighing 1 tonne and above	88
Worker health service nurse	2	Pressurized gas supervisor	1	Class C boiler operator	2
Fire safety manager	4	Oxy-fuel welding	8	Small boiler operator	1
Site safety and health supervisor	6	Stationary crane hoisting less than 3 tonnes	20	Scaffold assembly supervisor	2
Special chemical substances supervisor	10	Stationary crane hoisting 3 tonnes and above	42	Level B wastewater treatment personnel	4
Organic solvent operations manager	5	Stationary crane operation/Overhead crane ground operation	43	First-aid personnel	38

Execution progress - 2022

Month	Course name	Enrollments
1-12	Traffic safety training	565
6	Internal fire safety team training	40
8	General hazard training	120
11	Internal fire safety team training	40
	On-job training	1,159
Total		1,924

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 drills. 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.



Related disease control spendings

3.95 million


2022

Work hours lost to COVID-19 infection or control

0 hour



Disease control strategies of the Company





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



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

Taiwan iSport
certification
since 2016

Healthy Workplace
certification since 2014

2022
DEI Diversity for Better
Tomorrow Awards



HR overview

After more than 60 years of practice, Taiwan Fu Hsing has built a leadership position and strong advantage in the industry. 98.34% of the Company's workforce are permanent employees, whereas the remaining 1.66% are contract workers. There are no non-employee workers. In addition to Taiwanese employees, the Company's workforce also comprises workers from The Philippines, Vietnam, Thailand, Indonesia, China, and India. 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.

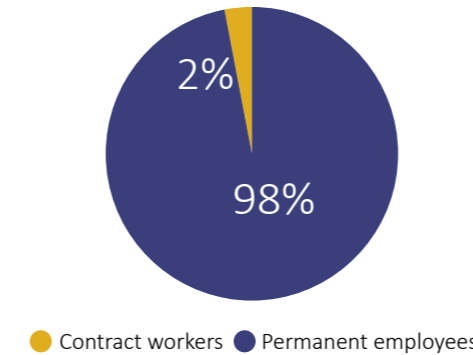
Not only do we refrain from discriminating employees by nationality or ethnicity, we also value gender equality and have almost equal percentage of males and females in the workforce. In managerial roles, females accounted for 30.77% of total managers, which is a relatively gender-equal level in the 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.

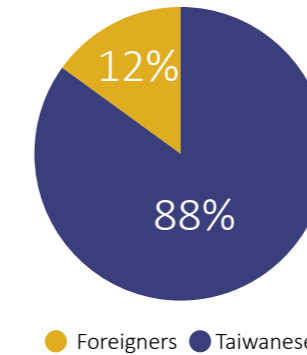
As for seniority, local permanent employees average 12.14 years of service, and nearly 40% of which have served for more than 10 years, indicating stability, high loyalty, and strong recognition for the Company's values. Meanwhile, a direct-to-indirect worker ratio of nearly 6:4 is indicative of our exceptional management efficiency and our relatively flat organization.

Workforce structure of Taiwan Fu Hsing

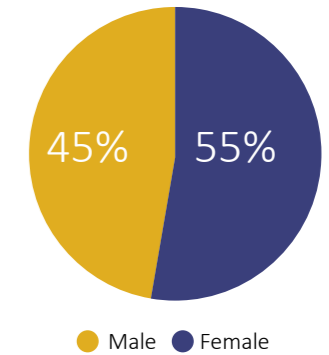
By employment type



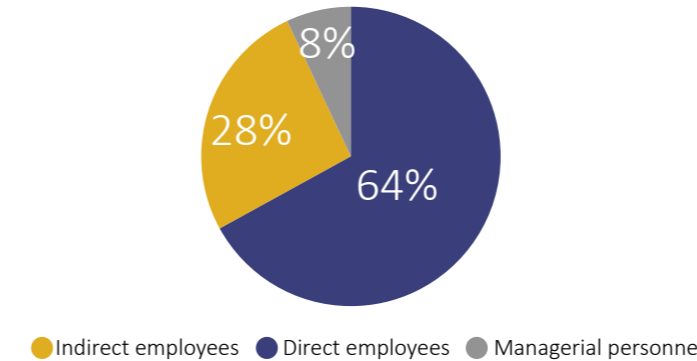
By nationality



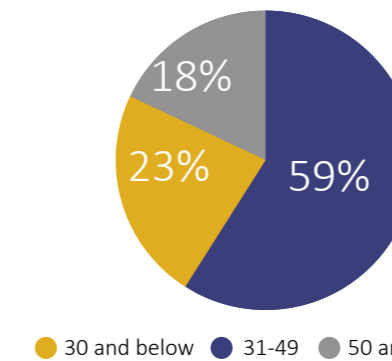
Gender distribution



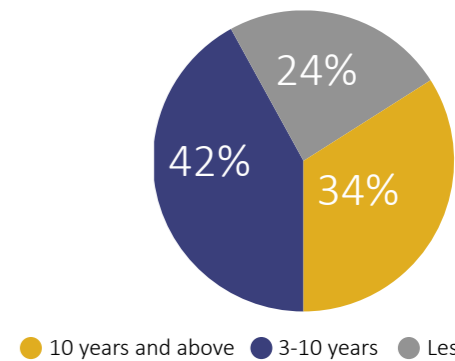
By direct/indirect nature



Age distribution



Average years of service



The above statistics may differ from the data cutoff date of the annual report. Contract type, nationality, gender, age, and direct/indirect workers were accurate as of the end of 2022, where the total employee count was 1,205. Average years of service was calculated on the number of local permanent employees (1,051).

For detailed statistics, please see [Appendix- "Taiwan Fu Hsing Workforce Chart"](#)P.85-P.86

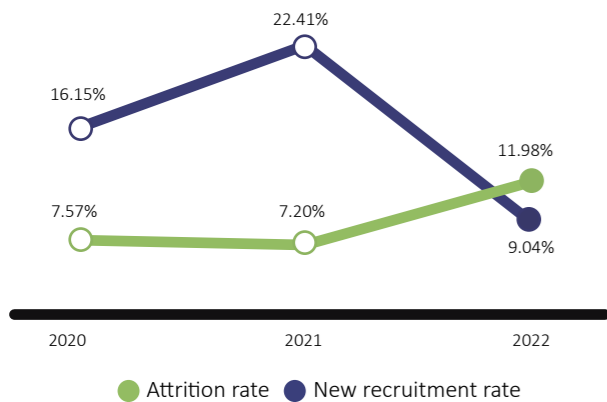


Productive workforce rotation

For healthy renewal of human resources, we aim to keep attrition rate not necessarily at the lowest, but at the most suitable level. With regards to local employees, new recruitment rate and attrition rate were comparable between genders and no inequality was observed. Although there was a slight increase in the number of resignees in 2022, most were aged 50 and above rather than the newly recruited. The size of the workforce decreased by 15 overall, including 17 retirees that accounted for nearly 70% of resignees in this age group and 11.9% of resignees overall. Those who met the retirement criteria averaged 30 years of service, indicating high degree of loyalty among retirees. The percentage of retirement is deemed beneficial to long-term growth.

Overall, demand for local permanent employees decreased largely due to the pandemic and production capacity adjustments. 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

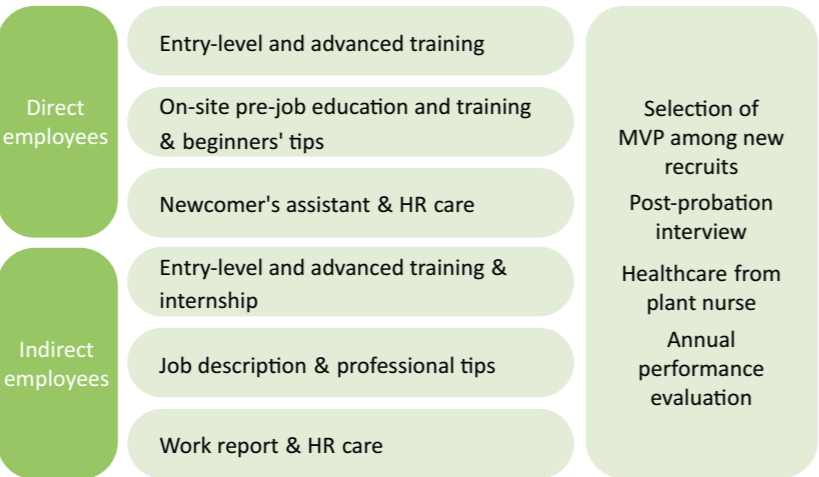


For detailed statistics, please see [Appendix- "Taiwan Fu Hsing Workforce Chart"](#)

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.

Assistance program



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.

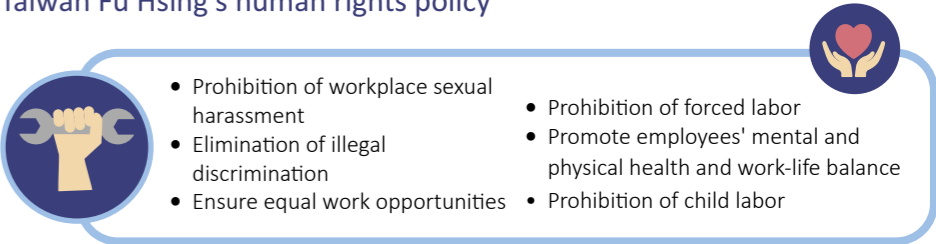
Human rights protection

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 2022.



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.

Taiwan Fu Hsing's human rights policy



Human rights protection practices



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.

Unpaid parental leave indicators - 2022	Male	Female	Total
a. No. of employees eligible for unpaid parental leave	16	30	46
b. No. of employees applied for unpaid parental leave	4	19	23
c. No. of employees expected to be reinstated	3	12	15
d. No. of employees reinstated	2	11	13
e. No. of employees reinstated in the previous year	0	13	13
f. No. of employees having worked for more than 12 months after reinstatement in the previous year	0	12	12
g. Unpaid parental leave reinstatement rate (Note 1)	67%	92%	87%
h. Unpaid parental leave retention rate (Note 2)	N/A	92%	92%

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.)

Unpaid parental leave retention rate

92%



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 undergo other suitable measures.
Prenatal Postnatal	Exclusive parking lot	Provides 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 schooled child aged 3-12 each year.


Care for foreign workers

Taiwan Fu Hsing currently has nearly 150 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). In 2022, the Company added duty allowances to the compensation system, and continued using performance as a measurement for rewards for more effective management.



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.

 Foreign worker-exclusive

Communication	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Allowances: overtime allowance, shift allowance, loading allowance, dormitory manager allowance, and professional 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, Duanwu cash• Living subsidies: wedding, childbirth, funeral, hospitalization, disability, training, severance, and birthday subsidies
Employee activities	<ul style="list-style-type: none">• Health promotion: ball games, health checkups, fitness tests• Charity campaigns: such as coastal cleanup, charity walk, and GoodLock• Education and training: pre-job training, safety and health training, career training (such as BetterUP program • Exclusive support: Dream Fulfillment Program 

Care for middle-age and senior employees

More than one-third of Taiwan Fu Hsing's employees are 45 years of age and above with average seniority of 32 years. In light of the low fertility rate and increasing percentage of middle-age and senior workers, the Company not only encourages employees to stay and transfer their knowledge, but also introduces health services and management strategies such as: work assistance tools, duty redesign, workplace optimization, health checkup etc. to help middle-age and senior employees overcome limitations from aging for better job security.

Assistance for middle-age and senior employees

Assessment of work risk hazards

By engaging on-site physicians, nurses, and work safety officers, the Company conducts work risk and hazard assessments for middle-age and senior employees, and is able to identify the underlying risks.

Duty and environmental adjustments

Job duties have been redesigned to prevent occupational injury and to compensate for the physical limitations due to aging.

Tracking and care

Through regular face-to-face discussions, the Company keeps track of employees' wellbeing and offers recommendations.



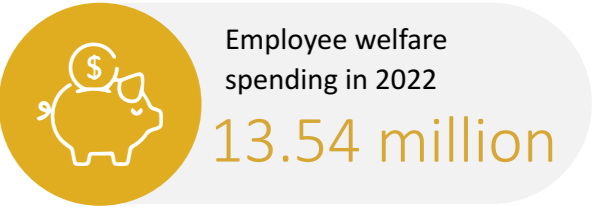
Comprehensive employee benefits and compensations

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.

Compensation policy

Starting salaries of Taiwan Fu Hsing employees are determined based on their education background, career experience, and professional capacity; salary after recruitment is adjusted according to work performance. Salary, benefits, and employment terms are entirely compliant with labor regulations and international human right conventions. The Company adjusts salaries based on market level and business performance; salary increments for the last three years (2020-2022) averaged 4% a year. Although Taiwan Fu Hsing operates in a labor-intensive industry and has entry-level workers making up a significant part of its workforce, statistics on full-time employees showed that average monthly salary of entry-level workers had already exceeded the government's 30 K target.

Disclosures for non-managerial full-time employees	2021	2022
Number of employees	1,268	1,195
Average salary (NTD thousands)	552	559
Median salary (NTD thousands)	466	462



Employee welfare program

Taiwan Fu Hsing employee-exclusive Regulatory requirements

Mental health/ lifestyle

- Employee assistance program (EAP)
- Merchant discounts
- Employee trip
- Health and sports seminar

Physical health

- 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)
- 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

- Labor pension fund
- Wedding, funeral, hospitalization, and emergency aid
- Congratulatory and condolence subsidies for managers
- External training and on-job training subsidy
- Childcare subsidy
- Festive cash and gifts
- Lunch meal subsidy (fixed amount)
- Club subsidy
- Sports competition reward and subsidy
- Subsidy for art/culture appreciation (complimentary ticks to exhibitions/ performances, book vouchers)

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 is 70 and above. 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.

Labor Pension Fund Supervisory Committee

Item	Table of Contents
Term of service	From November 2022 to November 2026 (re-elected since November 2022)
Members	The committee comprises 9 members, including 6 worker representatives and 3 management representatives
Execution progress	The Company reviewed a total of 17 retirement applications in 2022, including 16 retirement requests and 1 request to settle years of service. A sum of NT\$22,068,088 was paid from the old pension scheme.

Retirement system

Pension scheme under the Labor Standards Act

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

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."

Technology-assisted fitness program for females

Healthy aging through daily routines

Taiwan Fu Hsing arranges complimentary fitness tests each year, during which it invites partnered hospitals to provide fitness tests on plant premise. The Company is aware of how the female body changes after menopause, which was why we invited more than a hundred female employees aged 53 and above to take part in the project in 2022, so that they may have a better grasp of their health conditions and care for their own health outside of work.

The nurse also suggested everyone make time for resistance training and yoga each day as a way to move their bodies while preventing loss of muscle. Many health problems are attributed to lack of movement. Exercise not only strengthens the body but also helps sleep and lifts the mood; it is one simple thing that can be added into daily routines to improve the quality of life after menopause.



Support for sports activities

Agongdian Marathon

Having been suspended for two years due to the pandemic, Agongdian Marathon made a grand comeback in 2022 as the largest road race in northern Kaohsiung. Being a sports-friendly enterprise based in Gangshan, Taiwan Fu Hsing would not miss it for the world, and committed additional sponsorships and subsidies through the Foundation and Employee Welfare Committee so that all Taiwan Fu Hsing employees may register for free while their family members may join at half price. The marathon attracted more than 300 Taiwan Fu Hsing employees and family members, and all whom completed the race that day.

The marathon started from Xing Village in Gangshan and took participants through the Mituo area and the coastlines of Yongan, making it the most visually pleasing coastal marathon in all of Taiwan. Taiwan Fu Hsing hopes to see this event continue into the future, so that everyone may appreciate the beauties of northern Kaohsiung and find joy and a better version of themselves through exercise.



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 2022, we hired 25 persons with disabilities, which was 2 times the legal requirement, and the most senior of whom had served for 37 years while the average seniority was 22 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

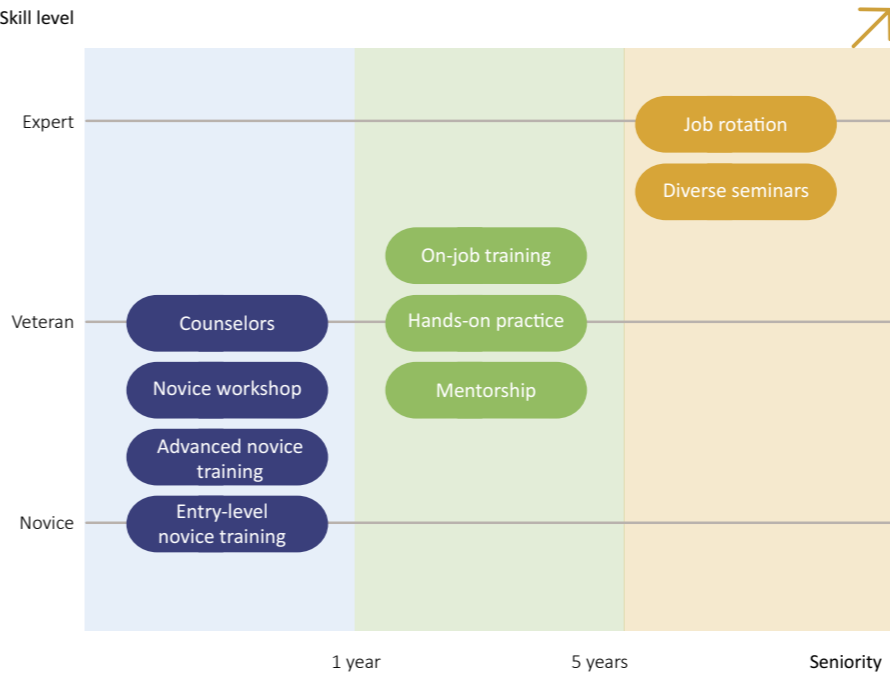
Taiwan Fu Hsing adopts a talent development approach that is characterized by diversity, inclusion, flexibility, and self motivation. Since 2021, the Company has ditched the conventional training model and begun adopting a new training approach featuring micro courses, experience-based learning, and development of a learning culture. The training program focuses on business administration, common knowledge, transfer of production technology, quality control, and shaping of a learning organization. We adopt a step-by-step plan to helping employees develop the professional capacity, knowledge, and skills needed to succeed in their duties or grow career. We plan every course by understanding employees' needs, monitor their completion, and keep track of how they make use of the knowledge afterwards. Any courses that fail to meet standards are improved upon. In 2022, we introduced several "business administration" learning themes based on the outcomes of an interim organizational diagnosis to facilitate communication between people of different generations and groups. Rolling adjustments are being made to this training approach, but we persist and continue to commit resources nevertheless. A total of NT\$1.15 million was spent on talent training during the year. Refer to the following figure for training statistics.

Training courses and hours

Course type	Enrollments	Hours
Human resource	4	40
Work environment and safety management	169	1,060.5
Production management	2,744	134.5
Legal affairs and patents	1	4
Quality management	1,821	307
R&D and design	2	24
Financial management	8	39.5
Operational management	3,796	5,719.3
IT management	4	24
Total	8,549	7,352.8

Talent development

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



3-phase performance evaluation

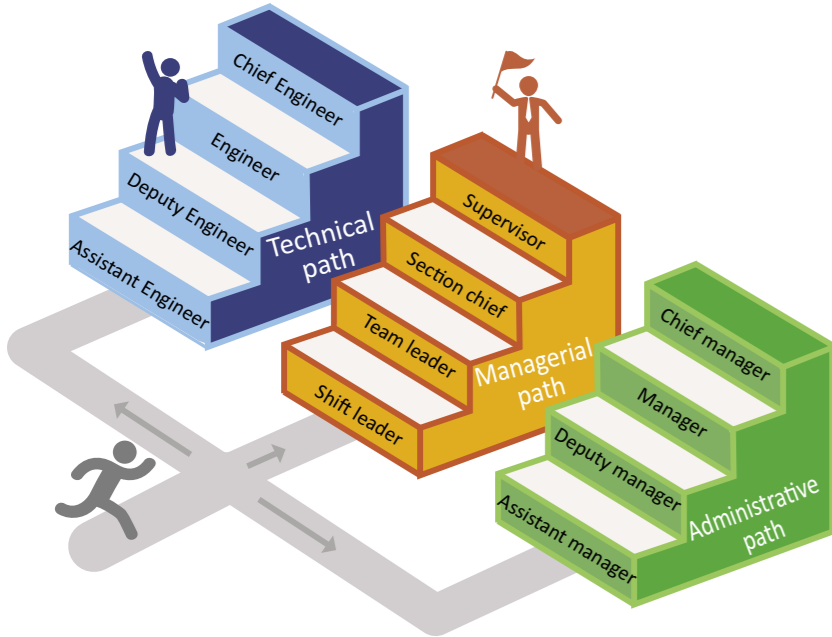
Taiwan Fu Hsing adopts 2-phase performance evaluation and offers 3 career paths for employees. Each employee is given clear indication of where they are on the career roadmap, and offered assistance and support that meet their needs.

Item	Time	Scope of evaluation	Execution progress
Probation review	Onboard 3-6 months	The performance evaluation targets new recruits and is intended to learn their adaptation and offer the required assistance.	Execution rate 100%
Special promotion	July each year	Line managers may request promotion review for top-performing employees as an encouragement.	359 employees were promoted, representing 28.07% of total employees
Yearly performance review	End of each year	Aside from individual performance, the evaluation also takes into account department KPI for better representation of qualitative and quantitative performance. Outcomes of performance evaluation are directly linked to bonus as a form of encouragement; they also serve as reference for "career development planning."	Execution rate 100%



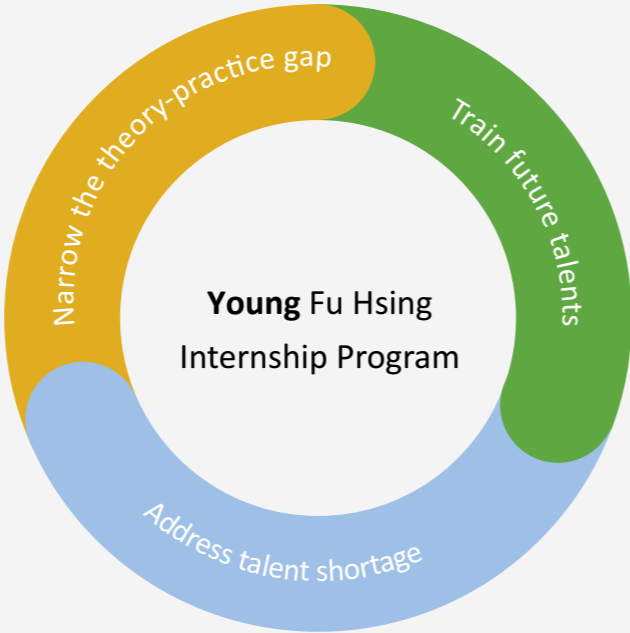
3 career paths

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



Industry-academia collaboration

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: summer 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. The Company recruited only 2 students in 2022 for several reasons including the pandemic, external competition, and internal manpower adjustments. Both students were recommended by parents and schools, which is indicative of the Company's progress in establishing a reputation as an employer.



Social inclusion

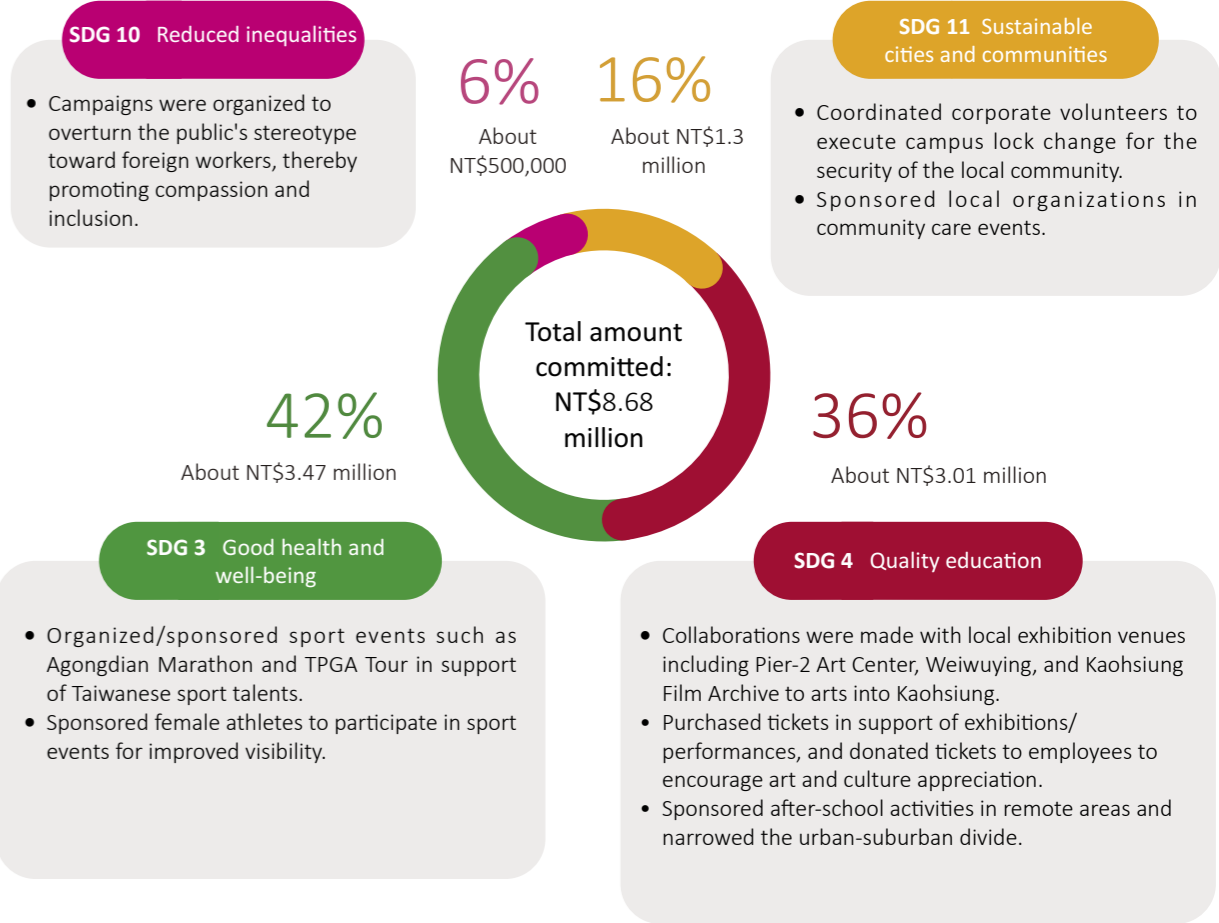
Motivated by the idea of "giving back to the society," the Company founded Taiwan Fu Hsing Culture & Education Foundation back in 2001. For 20 years, we have adopted the vision of building an "inclusive society" and made extensive efforts to fulfill corporate social responsibilities either by contributing our professional expertise or capital. 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.

In 2022, the Foundation committed more than NT\$8.68 million into improving the quality of education, health, and welfare, reducing inequalities, and building sustainable cities. Through events such as TPGA Tour, GoodLock, and Gangshan collaboration exhibition, we continue to bring corporate volunteers and NGOs into our cause so that more people may enjoy the satisfaction of doing good to the society

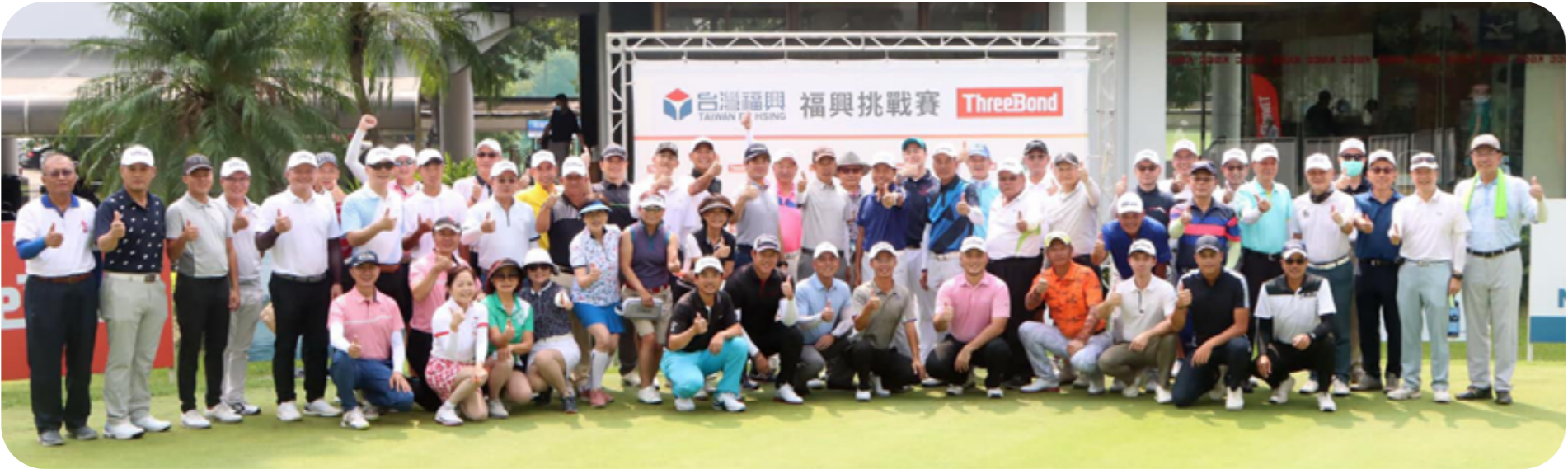
Cumulative 7 times
excellent rating by Kaohsiung
City Education Bureau

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

TPGA Challenge Tour
Supporting golf tournament for the fourth year

Taiwan Fu Hsing has long been supporting golf through the Foundation. It first started sponsoring golf in 2018 and later cooperated with TPGA (The PGA of Taiwan) in 2019 to co-host the ThreeBond Challenge, where more Taiwanese golfers may practice and showcase their skills.

This game was part of the "ThreeBond Challenge Tour" series. Players who rank in the top five in terms of total prize money in the tour can directly qualify for next year's TPGA Tour, so the tour is also regarded as the pre-contest of the TPGA Tour. In addition to hosting the tournament, Taiwan Fu Hsing also contributes championship prizes to both the TPGA Tour and Challenge Tour each year as a form of incentive. Both prizes were increased from NT\$300,000 to NT\$600,000 in 2022.

The game provides the ideal opportunity for participants to practice and compete with each other, and Taiwan Fu Hsing will continue hosting tournaments to train more professional golfers in the future. Perhaps some day, one of our golfers will be able to compete and win in an international tournament!

Event time | 2022.10.4-5
Venue | Kaohsiung Golf Club
No. of beneficiaries | 96 golfers

SDG 11
Sustainable cities and communities

Gangshan collaboration exhibition
Open the Memory Boxes

In an attempt to preserve the local culture, Taiwan Fu Hsing Culture & Education Foundation, in conjunction with partners such as National Sun Yat-sen University, Gangshan Military Veteran Village, and Kelioarts, initiated the memory collection program themed "Open Gangshan's Memory Boxes" in the second half of 2021, which focuses on "Building a new life in Gangshan."

After a year of exploration and collaborative endeavors, we've compiled memories from 60 individuals spanning different generations and ethnic backgrounds in Gangshan, including elders from Military Veteran Village, young scholars, and factory migrant workers. Building on that, we utilized creative curation techniques to amalgamate these resources into the "Open Gangshan's Memory Boxes" collaboration exhibition in 2022, employing mediums such as installation art, visual and dynamic imagery, sound art, and more to convey Gangshan's multifaceted character to the community. The exhibition was intended to preserve precious cultural assets while Gangshan undergoes new changes, and to inspire people to rethink the connection between the past, the present, and people.

Aside from the exhibition, other exciting activities such as seminars, town tours, and VR experiences of the military village were organized to give visitors a deep appreciation for the beauties of Gangshan. Through this event, many of the visitors recognized Gangshan's potential to become an ideal city.



Event time | 2022.6.16-7.15
Venue | Gangshan Cultural Center and nearby
No. of beneficiaries | About 95,000 people



SDG 11

Sustainable cities and communities

GoodLock

Securing lifestyle in northern Kaohsiung

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 helps schools located in Kaohsiung City develop key management systems free of charge, so that children may have a safe and free environment to live and study in.

Following the initial launch last year, the Company expanded the scope of the campaign to northern Kaohsiung in 2022. With the help of Taiwan Fu Hsing's volunteers, the campaign reached a total of 9 schools in Gangshan, Mituo, and Ziguan as well as one institution for the underprivileged, where we helped implement a convenient and user-friendly Master Key System that requires only one key to open all doors, thereby eliminate the hassle of keeping several different keys and minimize security risks. More than 1,250 sets of door lock were replaced and maintained to the benefit of nearly 4,900 teachers and students.



Event time | 2022.8-10

Venue | 8 schools including Hsin Kang Elementary School, Mituo Elementary School, and Kangshan Senior High School and Exist for Love

No. of beneficiaries | 4,888 teachers, students, and underprivileged persons in total



SDG 11

Sustainable cities and communities

Connection with local bookstores

Mutual assistance and co-prosperity through reading

Taiwan Fu Hsing has been cooperating with TaKaoBooks to promote reading since many years ago. Aside from making book donations (where members of the weight loss class picked books to donate to Weiwuying, and by placing all book orders through TaKaoBooks), Taiwan Fu Hsing introduced book vouchers as a form of benefit in 2020 and offered subsidies that employees may use to purchase books with TaKaoBooks. Furthermore, the Company publishes an internal lifestyle periodical called "TOFU" and invites TaKaoBooks to recommend books and promote reading habits for the mutual benefit of the Company and the bookstore.

Unlike bookstore chains, independent bookstores emphasize local book selection and relationship management. By recommending books and making purchases with TaKaoBooks, we take actions to supporting local bookstores.

Event time | 2022.1-12

No. of beneficiaries | About 1,000 Taiwan Fu Hsing employees and reading enthusiasts



SDG 10
Reduced
inequalities



Voice of Migrant Online Photo Exhibition
Story of migrant workers from Kaohsiung

Since 2019, Taiwan Fu Hsing has been collaborating with One-Forty, a non-profit organization dedicated to foreign worker issues, to introduce a series of care programs such as "BetterUp Skill Development Project" and "Turning Point Migrant Workers Photo Exhibition" that aim to bridge the understanding between the general public and foreign workers and therefore make Taiwan a more diverse and inclusive society. In 2022, the Company not only supported One-Forty in sourcing entries and hosting the Voice of Migrant online photo exhibition, but also introduced "Fu Hsing Award" for the very first time that encourages foreign workers to capture images and stories of their lives in Kaohsiung.

This exhibition not only presented the lives of foreign workers, but also showed us how closely connected Taiwan is to the rest of the world. Inclusivity has always been Taiwan Fu Hsing's goal, and it is our hope to make more people aware that foreign workers are not any different from you and I.

- Event time | 2022.9.7-12.31
- Venue | Online exhibition
- No of beneficiaries | About 20,000

Other charity involvements - 2022

- SDG 3 Good health and well-being

 - 2022 Agongdian Marathon
 - Kaohsiung City Women's Softball Team competed in the 2022 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
 - 2022 Youth Innovative Design Festival
 - 2022 Young Art Kaohsiung
 - 2022 Taiwan Lantern Festival, CNY celebration, family day event, "Bolero in Kaohsiung," and outdoor broadcast of "Vienna Philharmonic" at Weiwuying
 - 2022 Kaohsiung Film Archive support for film studies and teaching aids in remote areas
 - Kaohsiung International Container Arts Festival at Kaohsiung Museum of Fine Arts
 - Journalist Sponsorship Program

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

Environment

Pollution prevention	70
Environmental protection and sustainability	74
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Material topics of the Chapter

- GRI 301

GRI 302

GRI 303

GRI 305
- GRI 306

GRI 307

SDG 6
- SDG 7

SDG 12

SDG 13



Pollution prevention

Policies and goals

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

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

Air pollution management

Taiwan Fu Hsing applies stringent control over particulate matters, nitrogen oxides (NOx), sulfur oxides (SOx), and volatile organic compounds (VOC). All emission data was calculated in accordance with the Environmental Protection Administration's "SOx and NOx Emission Coefficient and Efficiency for Reporting of Air Pollution Control Charges by Public and Private Stationary Pollution Sources" after taking into consideration the production procedures and pollution sources associated with the industry. A third-party testing company has been engaged to conduct regular tests on whether the emissions conform with standards. Air pollutants discharged in 2022 were entirely below the government's emission standards.

Air pollution emission volume - 2022

Item	Emission volume	Legal standard	Compliance with permit for handling of stationary pollution sources
Particulate matter	0.1513 tonnes	0.2594 tonnes	In conformance
NOx	0.12449 tonnes	0.147 tonnes	
SOx	0 tonnes	N/A	
VOC (production-related)	0.1513 tonnes	0.198 tonnes	
VOC (non-production related)	1.02226 tonnes	N/A	

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



Wastewater management

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 2022 showed the water quality having conformed with legal standards.

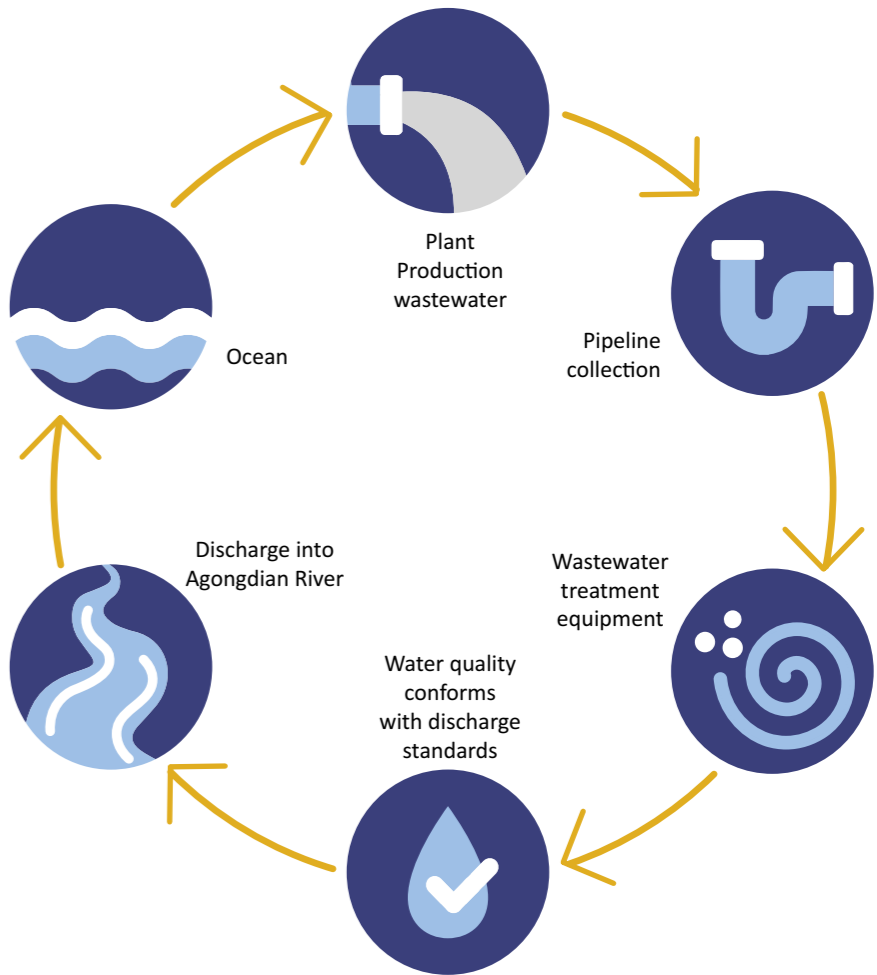
The Company makes half-yearly reports according to "Water Pollution Control Measures and Test Reporting Management Regulations." In 2022, the factories discharged 6,738 cubic meters of wastewater in total, which was within the level approved by the environmental protection authority (13,177 cubic meters/year).

Outcome of water quality tests - 2022

Item	First half	Second half	Legal standard	Conformity
Water temperature (°C)	31.3	31.2	38	In conformance
PH	7.8	7.0	6.0-9.0	
SS (mg / L)	ND	5.7	30	
COD (mg / L)	40.7	39.3	100	
Oil (mg / L)	ND	ND	10	

Note 1: Water quality test data was based on effluent value on the test day

Note 2: ND stands for not detected; meaning that concentration is too low to be detected



Waste Management

"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 97.18% of the waste produced in 2022; the remaining 2.81% was cleared through legitimate contractors depending on waste characteristics.



Waste treated by legitimate contractors

100%

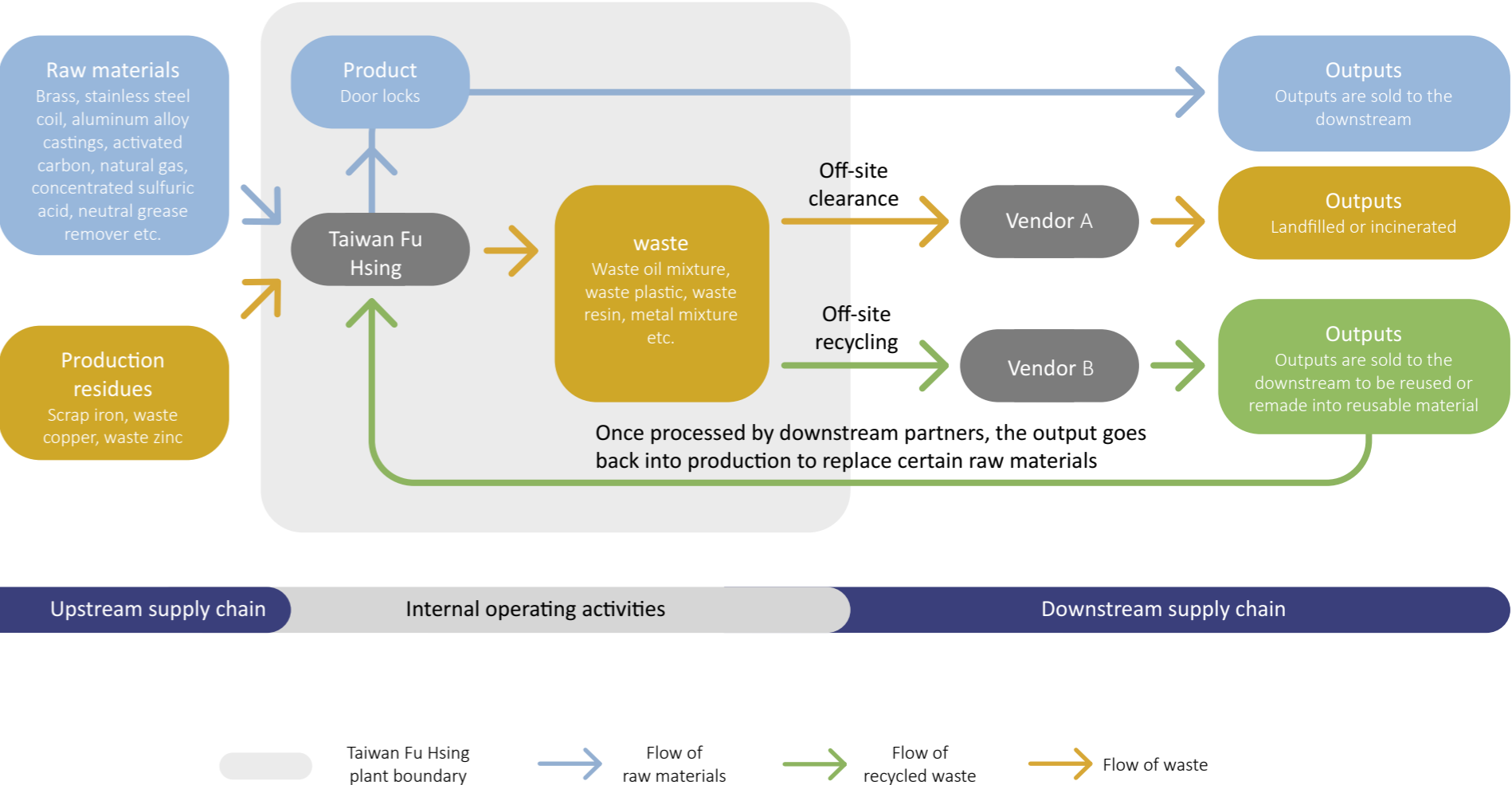


Volume of waste generated in the last two years (unit: tonnes)

Category	Waste category		Treatment method	2021	2022	Percentage
Reused and recycled	Scrap iron, waste handle etc.		Cleared through legitimate contractors and reused	4229.89	3452.76	97.18%
	Waste copper, dry copper powder, wet copper powder etc.		Recycled and remade into production raw materials	287.93	243.80	
	Total weight			4517.82	3687.56	
Not reused or recycled	General industrial waste	General waste from living activities Waste cotton Waste paper Waste plastic	Incinerated and landfilled	19.125	38.69	2.56%
				10.625	28.28	
				4.25	2.75	
				4.25	5.99	
		Sludge Waste oil mixture Oil sludge	Thermal treatment (except incineration)	23.64	12.8	
				5.22	6.03	
				2.61	2.08	
		Waste resin	Incineration	0.37	0.61	0.25%
	Total weight			70.09	97.23	
	Hazardous industrial waste	Production waste fluid	Chemical treatment	12.47	9.62	
Total waste				4600.38	3794.41	100%

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

Waste-to-resource Flowchart



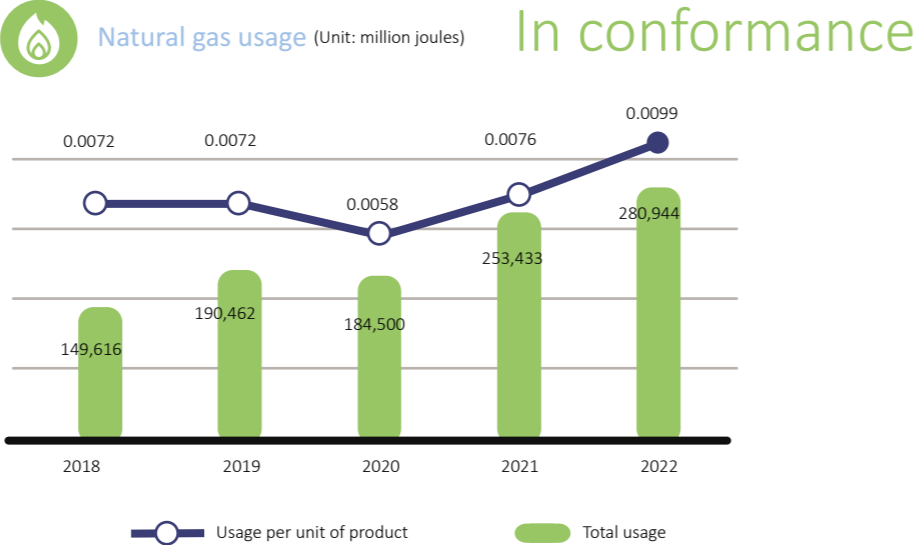
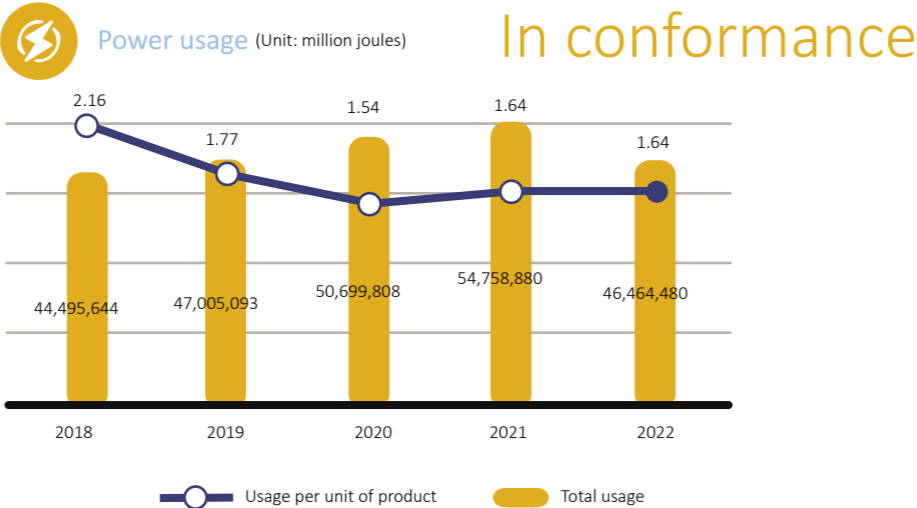
Environmental protection and sustainability

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 a "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. 46,464,480 million joules of electricity was used in 2022, representing a 18% reduction from the previous year. The factories still managed to execute energy conservation projects and replace inefficient equipment so effectively that they reported a 1.05% 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 280,944 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 499,265 million joules of diesel, increasing significantly from the previous year due to the acquisition and more frequent use of diesel vehicle. Overall, the Company consumed 47,577.689 GJ of energy in 2022.



Energy and carbon reduction

Taiwan Fu Hsing duly implements strategies to reduce resource consumption and continues to enforce energy and carbon reduction measures. The projects executed in 2022 mainly revolved around equipment improvement, and the outcomes were as follows:

Energy conservation projects

Lighting equipment of the production line has been replaced with LED and LVD alternatives

Power conservation rate across plants

1.05%

Total power conservation: 136,365 kWh

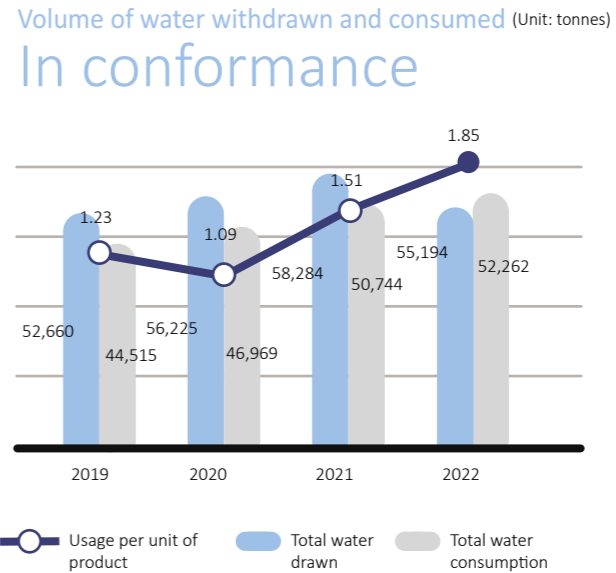
Note: Data was sourced from the Company's cost reduction project for the year

With regards to the purchase of green power, the "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity" requires all electricity users with more than 5,000 kW of contracted capacity to install renewable energy equipment, and given Taiwan Fu Hsing's contracted capacity of 3,205 kW, there has been no need to set up renewable energy equipment.

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 2022 totaled 52,262 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 phase of the production procedure, and to recycle and reuse RO wastewater from drinking fountains. The factories recycled



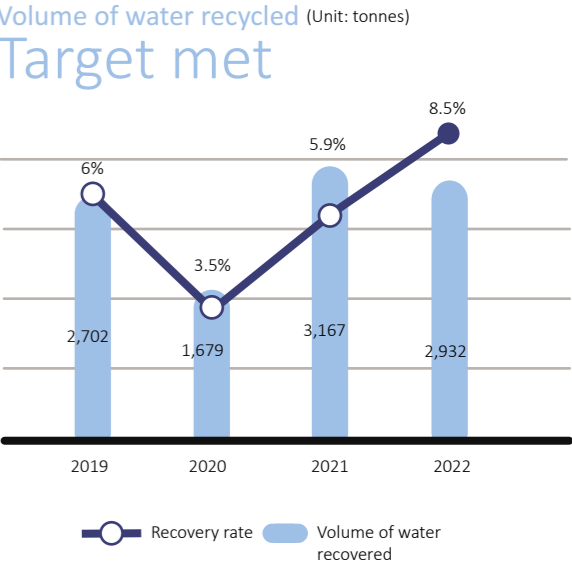
Note 1: Approved water limit (CMD)×360 days; water usage was within the 73,000-tonnes limit approved by the environmental protection authority
Note 2: Usage per unit of product is calculated in liters.

2,932 tonnes of water in total in 2022, 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.

100% use of fresh water

There was no land subsidence caused by extraction of groundwater.

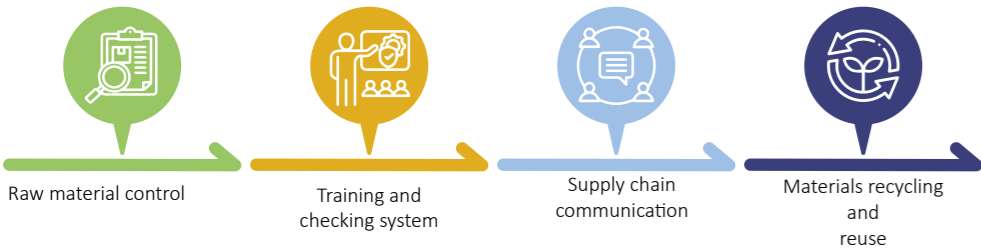


Note: Recycling of wastewater from the washing phase of the production procedure + recycling of RO wastewater from drinking fountains were targeted at 2,702 tonnes, using 2019 as the baseline.

Raw materials management

Taiwan Fu Hsing's raw material management efforts focus more on metal and packaging materials. The organization is particularly committed to improving production procedures and technologies, reducing use of raw materials, and increasing the recycling rate. The Company also observes internal procurement best practices by selecting raw material suppliers that meet regulatory requirements and sustainability rules.

Management procedures

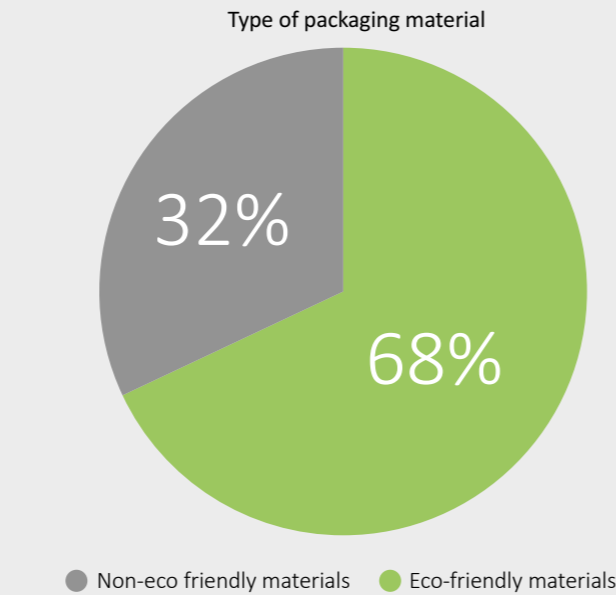


Type of raw material

Type of material	Item	Weight/volume	External purchase/ self-produced	Renewability
Raw materials	Brass	296 tonnes	External purchase	Non-renewable
	Stainless steel	3157 tonnes	External purchase	Non-renewable
	Epoxy	2.66 tonnes	External purchase	Non-renewable
Secondary materials	Neutral degreasing agent	26.88 tonnes	External purchase	Non-renewable
	Pressing oil	7.8 tonnes	External purchase	Non-renewable
Packaging materials	Carton box	1590 tonnes	External purchase	Renewable
	Pulp	19.68 tonnes	External purchase	Renewable
	PET	42 tonnes	External purchase	Renewable
	PVC	443 tonnes	External purchase	Non-renewable

Environment-friendly packaging materials

We have analyzed the volume of non-ecofriendly packaging materials used by Taiwan Fu Hsing based on environmental trends, regulatory trends, and customers' requirements and found such materials having accounted for 32% of total, and 99.1% of which was the non-biodegradable material - PVC (polyvinyl chloride). This was why the Company made the commitment to improve non-eco friendly packaging materials in 2022, and managed to develop PET (polyethylene terephthalate) based packaging materials that offer both environment friendliness and function. This new packaging material has completed the testing phase and will be commissioned into use starting from 2023 to reduce purchase of PVC by 91.42 tonnes.



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 of mitigating the warming effects of greenhouse gas emissions for the sustainability of the global ecosystem.

Greenhouse gas survey

In addition to surveying greenhouse gas emissions 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 emission coefficients published by the Bureau of Energy, Ministry of Economic Affairs. A validation statement for the above survey outcome is obtained from SGS.

Total greenhouse gas emission in 2022 was reported at 11,753.904 tonnes/CO₂e; the emissions included 4 greenhouse gases: CO², CH⁴, N₂O, and HFCs, and there was zero emission of PFCs, SF₆, and NF₃. Overall emission intensity was calculated at 1.739 tonnes/NTD million of revenue.

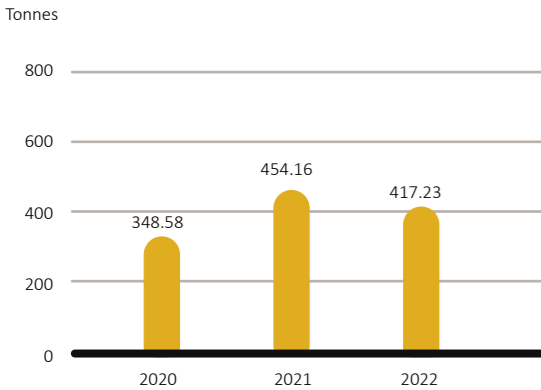


Survey result for 7 major GHGs (Unit: tonnes)

Year/Gas	CO ₂		CH ₄		N ₂ O		HFC ₅		PFC ₅		SF ₆		NF ₃	
	Equivalent volume of emission	Percentage	Equivalent volume of emission	Percentage	Equivalent volume of emission	Percentage	Equivalent volume of emission	Percentage	Equivalent volume of emission	Percentage	Equivalent volume of emission	Percentage	Equivalent volume of emission	Percentage
2022	11,569.06	98.43%	110.73	0.94%	1.64	0.01%	72.47	0.62%	0	0%	0	0%	0	0%
2021	19,658.83	98.81%	125.70	0.63%	1.72	0.01%	110.29	0.55%	0	0%	0	0%	0	0%
2020	7,308.20	97.70%	110.26	1.47%	2.00	0.03%	59.41	0.79%	0	0%	0	0%	0	0%

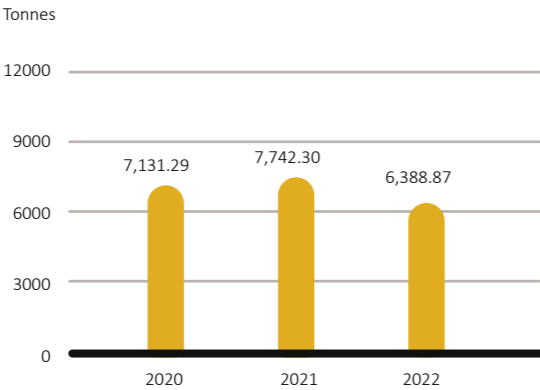
All-plant GHG statistics

Scope 1



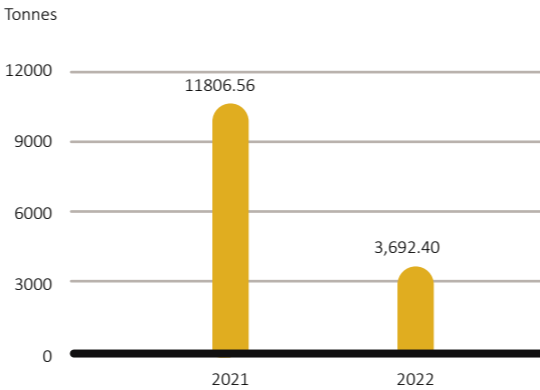
Note: Refers to direct greenhouse gas emission, which means emission sources that the Company owns or has control over, including fuel combustion in stationary equipment, emission from production procedures, fuel combustion in transport equipment, and diffusion

Scope 2



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

Scope 3



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." 2021 was the initial year of survey; the 2022 survey excluded overseas land transportation.

Appendix 1 Global Reporting Initiative (GRI) Content Index

Declaration | Taiwan Fu Hsing has adopted the GRI Standards to report data between January 1, 2022 and December 31, 2022.

Use of GRI 1 | GRI 1: Foundation 2021

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

GRI Standards	Disclosure Item	Sub-category Title	Chapter	Page number
GRI 2: General Disclosures 2021				
The organization and its reporting practices	2-1	Organizational details	About Taiwan Fu Hsing/Enterprise overview	P.5
	2-2	Entities included in the organization's sustainability reporting	About Taiwan Fu Hsing/Enterprise overview	P.5
	2-3	Reporting period, frequency and contact point	Editorial guidelines	Back cover
	2-4	Information reorganization	No such occurrence	
	2-5	External assurance/confirmation	Editorial guidelines	Back cover
Activities and workers	2-6	Activities, value chain and other business relationships	About Taiwan Fu Hsing/Enterprise overview Sustainable manufacturing	P.5 P.36
	2-7	Employees	Social/ Friendly workplace/ HR overview Appendix 3 Taiwan Fu Hsing Workforce Chart	P.50 P.85
	2-8	Workers who are not employees	Social/ Friendly workplace/ HR overview	P.50
Governance	2-9	Governance structure and composition	Operation and governance/ Corporate governance	P.21
	2-10	Nomination and selection of the highest governance body	Operation and governance/ Corporate Governance/ Board structure	P.22
	2-11	Chair of the highest governance body	Operation and governance/Corporate Governance/ Governance framework	P.21
	2-12	Role of the highest governance body in overseeing the management of impact	Sustainable management/Management of sustainability	P.9
			Operation and governance/ Corporate governance	P.21
			Operation and governance/ Risk management	P.30
	2-13	Delegation of responsibility for managing impacts	Sustainable management/Management of sustainability/ Sustainability Committee	P.10
	2-14	Role of the highest governance body in sustainability reporting	Sustainable management/Management of sustainability	P.9
	2-15	Conflicts of interest	Operation and governance/ Corporate governance	P.20

GRI Standards	Disclosure Item	Sub-category Title	Chapter	Page number
Governance	2-16	Communication of critical concerns	Sustainable management/ Management of sustainability/ Sustainability Committee	P.10
	2-17	Collective knowledge of highest governance body	Operation and governance/ Corporate governance	P.21
	2-18	Evaluation of the performance of the highest governance body	Operation and governance/ Corporate Governance/ Board of directors performance assessment	P.25
	2-19	Compensation policy	Social/ Friendly workplace/ Comprehensive employee benefits and compensations The 2022 report does not disclose details on salary, bonus, severance pay, and the recourse system	P.56
	2-20	Process to determine remuneration	Operation and governance/ Corporate Governance/ Governance framework Operation and governance/ Corporate Governance/ Board of directors' compensation system	P.21 P.25
	2-21	Annual total compensation ratio	The 2022 report does not disclose the compensation ratio	
Strategy, policies and practices	2-22	Statement on sustainable development strategy	About Taiwan Fu Hsing/ Message from the Chairman	P.3
	2-23	Policy commitments	Operation and governance/ Integrity and compliance	P.27
			Operation and governance/ Risk management	P.30
			Sustainable manufacturing/ Supply chain sustainability management	P.41
			Social/ Friendly workplace/ Creation of a diverse and inclusive environment	P.53
	2-24	Embedding policy commitments	Sustainable manufacturing/ Supply chain sustainability management	P.41
			Social/ Friendly workplace/ Creation of a diverse and inclusive environment	P.53
	2-25	Processes to remediate negative impacts	Sustainable management/ Identification of stakeholders and material issues/ Stakeholder communication	P.17
			Operation and governance/ Integrity and compliance	P.27
	2-26	Mechanisms for seeking advice and raising concerns	Operation and governance/ Integrity and compliance	P.27
Stakeholder engagement	2-27	Regulatory Compliance	Operation and governance/ Integrity and compliance	P.28
	2-28	Membership of Public Associations	About Taiwan Fu Hsing/ Enterprise overview/ Engagement with external organizations	P.7
	2-29	Approach to stakeholder engagement	Sustainable management/ Identification of stakeholders and material issues	P.11
	2-30	Group agreement	About Taiwan Fu Hsing/ Enterprise overview/ Engagement with external organizations	P.7
			Social/ Friendly workplace/ Creation of a diverse and inclusive environment	P.53

GRI Standards	Disclosure Item	Sub-category Title	Chapter	Page number
GRI 3 2021: Disclosure of Material Topics				
	3-1	Process to determine material topics	Sustainable management/ Identification of stakeholders and material issues/ Identification of material issues	P.11
	3-2	List of material topics	Sustainable management/ Identification of stakeholders and material issues/ Identification of material issues	P.11
	3-3	Management of material topics	Sustainable management/ Identification of stakeholders and material issues/ Identification of material issues Social/ Workplace safety	P.11 P.44
Specific standard disclosures				
GRI 201 Economic Performance	201-1	Direct economic value generated and distributed	Operation and governance/ Financial performance	P.26
	201-2	Financial implications and other risks and opportunities due to climate change	Environmental/ Climate change governance	P.77
	201-3	Defined benefit plan obligations and other retirement plans	Social/ Friendly workplace/ Retirement system and planning	P.57
	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.63
GRI 204 Procurement Impacts	204-1	Proportion of spending on local suppliers	Sustainable manufacturing/ Supply chain overview	P.40
GRI 205 Anti-corruption	205-1	Operations assessed for risks related to corruption	Operation and governance/ Integrity and compliance	P.27
	205-2	Communication and training about anti-corruption policies and procedures	Operation and governance/ Integrity and compliance	P.27
	205-3	Confirmed incidents of corruption and actions taken	Operation and governance/ Integrity and compliance	P.28
GRI 301 Materials	301-1	Materials used by weight or volume	Environmental/ Environmental protection and sustainability/ Raw materials management	P.76
	301-2	Recycled input materials used	Environmental/ Environmental protection and sustainability/ Raw materials management	P.76
	301-3	Reclaimed products and their packaging materials	Environmental/ Environmental protection and sustainability/ Raw materials management	P.76
GRI 302 Energy	302-1	Energy consumption within the organization	Environmental/ Environmental protection and sustainability/ Energy management	P.74
	302-2	Energy consumption outside of the organization	Environmental/ Climate change governance	P.77
	302-3	Energy intensity	Environmental/ Environmental protection and sustainability/ Energy management	P.74
	302-4	Reduction of energy consumption	Environmental/ Environmental protection and sustainability/ Energy and carbon reduction	P.75
	302-5	Reductions in energy requirements of products and services	Environmental/ Environmental protection and sustainability/ Energy management	P.74
GRI 303 Water and Effluent	303-1	Interactions with water as a shared resource	Environmental/ Prevention of environmental pollution/ Wastewater management	P.71
	303-2	Management of water discharge-related impacts	Environmental/ Prevention of environmental pollution/ Wastewater management	P.71
	303-3	Total water withdrawals	Environmental/ Environmental protection and sustainability/ Water resource management	P.75

GRI Standards	Disclosure Item	Sub-category Title	Chapter	Page number
GRI 303 Water and Effluent	303-4	Water discharge	Environmental/ Prevention of environmental pollution/ Wastewater management	P.71
	303-5	Water consumption	Environmental/ Environmental protection and sustainability/ Water resource management	P.75
GRI 305 Emissions	305-1	Direct (Scope 1) GHG emissions	Environmental/ Climate change governance	P.78
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental/ Climate change governance	P.78
	305-3	Other indirect (Scope 3) GHG emissions	Environmental/ Climate change governance	P.78
	305-4	GHG emissions intensity	Environmental/ Climate change governance	P.77
	305-5	Reduction of GHG emissions	Environmental/ Climate change governance	P.77
	305-6	Emissions of ozone-depleting substances (ODS)	Environmental/ Climate change governance	P.78
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environmental/ Climate change governance	P.78
GRI 306 Waste	306-1	Waste generated and significant waste-related impacts	Environmental/ Prevention of environmental pollution/ Waste management	P.72
	306-2	Management of significant waste-related impacts	Environmental/ Prevention of environmental pollution/ Waste management	P.72
	306-3	Waste generated	Environmental/ Prevention of environmental pollution/ Waste management	P.72
	306-4	Waste diverted from disposal	Environmental/ Prevention of environmental pollution/ Waste management	P.72
	306-5	Waste directed to disposal	Environmental/ Prevention of environmental pollution/ Waste management	P.72
GRI 307 Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	Environmental/ Prevention of environmental pollution	P.70
GRI 308 Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Sustainable manufacturing/ Supply chain sustainability management	P.41
	308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable manufacturing/ Supply chain sustainability management	P.41
GRI 401 Employment	401-1	New employee hires and employee turnover	Social/ Friendly workplace / Productive workforce rotation	P.52
			Appendix 3 Workforce Statistics of Taiwan Fu Hsing	P.85
	401-2	Benefits provided to full-time employees	Social/ Friendly workplace/ Comprehensive employee benefits	P.58
	401-3	Parental leave	Social/ Friendly workplace / Creation of a diverse and inclusive environment/ Gender equality	P.54
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.17
GRI 403 Occupational Health and Safety	403-1	Occupational health and safety management system	Social/ Workplace safety/ Safety and health management system	P.44

GRI Standards	Disclosure Item	Sub-category Title	Chapter	Page number
GRI 403 Occupational Health and Safety	403-2	Hazard identification, risk assessment, and incident investigation	Social/ Workplace safety/ Occupational health management	P.44
	403-3	Occupational health services	Social/ Workplace safety/ Occupational health services	P.46
			Social/ Friendly workplace / Friendly workplace	P.50
	403-4	Worker participation, consultation, and communication on occupational health and safety	Social/ Workplace safety/ Occupational health services	P.47
	403-5	Worker training on occupational health and safety	Social/ Workplace safety/ Occupational safety and health training	P.47
	403-6	Promotion of worker health	Social/ Friendly workplace / Occupational health services	P.46
	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 occupational safety among suppliers.	
	403-9	Occupational injuries	Social/ Workplace safety/ Occupational hazard statistics and analysis	P.45
	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	Social/ Talent training and development/ Talent training	P.60
	404-2	Programs for upgrading employee skills and transition assistance programs	Social/ Talent training and development/ Talent development	P.61
	404-3	Percentage of employees receiving regular performance and career development reviews	Social/ Talent training and development/ Talent development	P.61
GRI 405 Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Social/ Friendly workplace/ HR overview	P.50
	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.53
GRI 412 Human Rights Assessment	412-2	Human rights policy and procedure training for employees	Social/ Friendly workplace/ Creation of a diverse and inclusive environment/ Human rights protection	P.53
GRI 414 Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Sustainable manufacturing/ Supply chain sustainability management	P.41
	414-2	Negative social impacts in the supply chain and actions taken	Sustainable manufacturing/ Supply chain sustainability management	P.41
GRI 416 Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	Sustainable manufacturing/ Product quality management/ Product safety and health management	P.38
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No such occurrence	
GRI 417 Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	No such occurrence	
GRI 418 Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainable manufacturing/ Customer service and protection	P.39
GRI 419 Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	The Company did not commit any major violation with regards to social or economic aspect in 2022	

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

Disclosure Topic	Indicator number	Disclosure Indicator	Nature	Report content or description
Energy management in the manufacturing process Energy Management	CG-BF-130a.1	Total energy consumption	Quantitative	Total energy consumed: 47,577.689 GJ
		Use of electricity from the grid as a percentage of total energy consumption		Use of electricity from the grid as a percentage of total energy consumption: 97.66%
		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 ISO014001:2015, and reduces product impact on the environment accordingly
		Weight of end-of-life material recovered	Quantitative	Weight of end-of-life material recovered: 3,687.56 tonnes
	CG-BF-410a.2	Percentage of recovered materials recycled	Quantitative	Percentage of recovered materials recycled: 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	2022 production volume of Taiwan Fu Hsing: 44,075,000 pieces
	CG-BF-000.B	Area of manufacturing facilities	Quantitative	Area of manufacturing facilities: 22,209.62 square meters

Note: Taiwan Fu Hsing has chosen suitable indicators out of 77 industries across 11 sectors from SASB 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	521	44.19%	658	55.81%	1,179	97.84%
			Mainland China	4	66.67%	2	33.33%	6	0.50%
			Total	525	44.30%	660	55.70%	1,185	98.34%
	Contract (temporary) worker	Work location	Taiwan	18	90.00%	2	10.00%	20	1.66%
			Mainland China	0	0.00%	0	0.00%	0	0.00%
			Total	18	90.00%	2	10.00%	20	1.66%
Nationality	Taiwanese			403	37.95%	659	62.05%	1,062	88.13%
	Foreigner			140	97.90%	3	2.10%	143	11.87%
Job role	Direct			277	35.79%	497	64.21%	774	64.23%
	Indirect			203	59.71%	137	40.29%	340	28.22%
	Managerial personnel (Note 2)			63	69.23%	28	30.77%	91	7.55%
Age group	Age 30 and below			133	61.29%	84	38.71%	217	18.01%
	Age 30-49			317	42.84%	423	57.16%	740	61.41%
	Age 50 and above			93	37.50%	155	62.50%	248	20.58%
All employees				543	45.06%	662	54.94%	1,205	100.00%

Note 1: Personnel count was accurate as of the end of 2022, which was different from the cutoff date for annual report; all 9 contract (temporary) workers were part-time while the remaining 1,196 were full-time

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

Distribution of new recruits and resignees (Note 1)		2022					2021				
		Opening head count	New recruits	Percentage (Note 2)	Resignees	Percentage (Note 3)	Opening head	New recruits	Percentage (Note 2)	Resignees	Percentage (Note 3)
Age group	Age 30 and below	204	40	40.40%	52	35.66%	138	93	43.06%	26	30.59%
	31-49	659	55	55.56%	73	51.05%	600	113	52.31%	44	51.76%
	Age 50 and above	232	4	4.04%	19	13.29%	226	10	4.63%	9	10.59%
Gender	Male	406	43	43.43%	54	37.76%	358	81	37.50%	52	61.18%
	Female	689	46	56.57%	89	62.24%	606	135	62.50%	33	38.82%
Work location	Taiwan	1,087	99	100.00%	140	97.90%	964	216	100.00%	85	100.00%
	Mainland China	8	0	0.00%	3	2.10%	0	0	0.00%	0	0.00%
	USA	0	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%
Total head count		1,095	99	100.00%	143	100.00%	964	216	100.00%	85	100.00%
New recruitment rate (Note 4)		9.04%					22.41%				
Attrition rate (Note 5)		11.98%					7.20%				

Note 1: Data represents: permanent Taiwanese employees
Note 2: Percentage of new recruits = headcount of the given category/total new recruits
Note 3: Percentage of resignees = headcount of the given category/total resignees
Note 4: New recruitment rate = total new recruits for the year/opening headcount
Note 5: Attrition rate = total resignees for the year/(opening headcount + total new recruits for the year)

Appendix 4 List of major shareholders (Note)

List of major shareholders	No. of shares held	Shareholding percentage
HSBC in its Capacity as Master Custodian for Investment Account of BNP Paribas Singapore	11,261,000	5.97%
Fubon Life Insurance Co. Ltd.	10,886,000	5.77%
Fu Zhi Investment Development Co., Ltd.	10,091,307	5.35%
Fu Ding Investment Enterprise Co., Ltd.	9,428,254	5.00%
Fu Sheng International Investment Co., Ltd.	7,003,000	3.72%
Hong Cheng Investment Co., Ltd.	5,721,451	3.04%
Fiduciary account of LIN Jui-chang held in trust by CTBC Bank	5,000,000	2.65%
Nan Shan Life Insurance Company Ltd.	4,839,000	2.57%
Fu Xun Investment Co., Ltd.	4,697,300	2.49%
Lian Guang Investment Co., Ltd.	4,210,417	2.23%

Note: The above information is dated December 31, 2022, whereas the list of major shareholders shown in the annual report is dated March 31, 2023. Note the difference in cutoff dates.

Appendix 5 Directors' compensation

Designation	Name	Directors' compensation							The sum of A, B, C and D as a percentage of net income (Note 2)		Compensation received as employee								The sum of A, B, C, D, E, F, and G as a percentage of after-tax profit (Note 2)		Compensation from parent company or business investments other than subsidiaries	
		Compensation (A)		Severance pay and pension (B)		Director remuneration (C)		Fees for services rendered (D) (Note 1)			Salaries, bonuses, special allowances etc. (E) (Note 3)		Severance pay and pension (E) (Note 4)		Employee remuneration (G)							
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company			All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company		All companies included in the financial statements
									Amount paid in cash	Amount paid in shares						Amount paid in cash	Amount paid in shares					
Chairman	LIN Jui-chang																					
Director	CHEN Chien-kun																					
	Hong Cheng Investment Co., Ltd.																					
	CHU Jung-ho (Note 5)	-	-	-	-	16,860	16,860	264	264	17,124 1.88%	17,124 1.88%	11,594	13,088	-	-	20,222	-	20,222	-	48,940 5.38%	50,434 5.54%	None
	Michael A.Hoer (Note 5)																					
	LIN Wen-hsing (Note 6)																					
	LIU Ju-shan (Note 6)																					
Independent Director	CHANG Ling-ling																					
	CHEN Yung-chun	-	-	-	-	2,640	2,640	126	126	2,766 0.30%	2,766 0.30%	-	-	-	-	-	-	-	-	2,766 0.30%	2,766 0.30%	None
	CHUO Yung-fu																					

1. Please explain the policy, system, standards, and structure by which independent director compensation is paid, and association between the amount paid and independent directors' responsibilities, risks, and time committed: Independent directors of the Company are paid fixed compensation only and are not entitled to allocation of director remuneration. The compensation policy, system, standards, and structure are subject to Article 26-1 of the Articles of Incorporation, which says that "The Company shall allocate no more than 5% of current year's profit as director/supervisor remuneration." Furthermore, the Company compensates independent directors appropriately after taking into consideration their objectivity, involvement in board meeting discussions, and the common industry level of directors' compensation. Performance assessments and rationality of compensation are reviewed by the Remuneration Committee and the board of directors, and may be adjusted at anytime deemed appropriate given the prevailing circumstances or laws to achieve sustainable management and maintain proper risk-return balance.

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

Note 1: Includes travel allowance of NT\$390.
Note 2: Net income refers to 2022 net income totaling NT\$909,759.
Note 3: Includes corporate vehicle provided at NT\$1,510.
Note 4: Represents pension contribution expenses for 2022; no severance pay or pension benefit was actually paid.
Note 5: Representative of Fu Zhi Investment Development Co., Ltd.
Note 6: Representative of Fu Yuan Investment Co., Ltd.

Unit: NTD thousands

Editorial guidelines

Dear readers, thank you for taking an interest in the sustainability report of Taiwan Fu Hsing Industrial Co., Ltd. (referred to as "Taiwan Fu Hsing" below). This report explains the actions we took and the outcomes of our sustainability efforts in 2022, and is intended to give all stakeholders of Taiwan Fu Hsing a better understanding of the progress we have made toward sustainability. A digital copy of this report has been made available online, and can be downloaded from Taiwan Fu Hsing's website under the section "CSR/Reports over the Years" <https://www.fuhsing.com.tw/work-report>

Reporting period | 2022 (January 1 to December 31, 2022)
Reporting cycle | Yearly
Report boundary and scope | This report discloses information primarily relating to Taiwan Fu Hsing Industrial Co., Ltd. The scope of information disclosed in this report covers performance in financial, environmental, and social aspects; however, financial information is presented mainly in relation to consolidated revenues for consistency with the financial statements.
Publication date of the previous issue | September 2021
Guidelines and standards | This report has been prepared and structured based on the core option of GRI (Global Reporting Initiative) Standards and standards of the Sustainability Accounting Standards Board (SASB)
Basis of calculation | Data disclosed in the report was self-compiled and self-surveyed, and has been presented in generally accepted values and formats, except in the case of restatement, as explained in the respective chapters. Financial data was sourced from audited and publicly available information, whereas test data required by laws was entirely measured or certified by independent institutions.
Method of report management | Internal audit

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

External assurance

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

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



TAIWAN FU HSING