

TAIWAN FU HSING

Sustainability Report 2024



Taiwan Fu Hsing Industrial Co., Ltd.

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2024 ESG Highlights

Cumulative number of patent applications

1,657

EPS
NT\$4.83

Board meeting attendance rate
Over 96%

Corporate Governance

Accountants and architects serve as independent directors

Professional meeting

Social

92%

Customer Satisfaction

Awards 104

DEI-Friendly Employer Award

Environment

Electronic materials comply with EU RoHS directives
100%

Emission of air pollutants
100% compliance

Approved
ISO 14001 environmental certification

Supply chain

85% Local procurement

100% Signed Statement of Social and Environmental Responsibilities



Message from the Chairman

Looking back at 2024, the global economic environment remains turbulent. In particular, the major North American markets have been significantly affected by high interest rates, which have increased the cost of capital and put pressure on consumer spending. Overall market demand is sluggish. Faced with significant challenges, we consistently maintain a flexible, customer-centric business strategy. Through solid teamwork, we continuously drive product innovation and market expansion, striving to capitalize on growth opportunities and enhance our market competitiveness in a dynamic environment.

Steady operation and continuous optimization of operational capabilities.

The Company's consolidated operating revenue decreased by 11% this year compared to last year. However, benefiting from the depreciation of the New Taiwan Dollar and the Renminbi, as well as the decline in raw material prices such as stainless steel and iron, the gross profit margin increased by approximately 1%. Although net income attributable to owners of the parent company decreased slightly by 4% compared to last year, actual profit still reached the company's internal budget target. Earnings per share and cash dividends remained stable, with a cash dividend yield exceeding 5%. Overall business performance demonstrated resilience.

Corporate governance, continued strengthening of risk management.

Under the increasingly uncertain international situation,

we continue to strengthen our corporate governance mechanisms, and promote regulatory compliance, industrial safety management, and improvements in production efficiency. In addition to actively implementing 6 Smanagement (organization, neatness, cleaning, standardization, continuous improvement, and safety) to eliminate potential risks, we have also adjusted our production layout in response to global trade changes. The new Thai plant is expected to be completed by the end of 2025, which will help diversify production risks and enhance supply chain resilience and competitiveness.

Social Responsibility: Expanding Diversity, Inclusion, and Employee Well-being

We believe that corporate growth requires progress in tandem with society. In 2024, the Company received the "DEI Friendly Employer Award" from 104 Job Bank and was interviewed by *CommonWealth Magazine* for the second time, recognizing our concrete efforts in DEI, especially our supportive policies for migrant workers and mature employees. In addition, we continue to build a sustainable workplace through technological innovation and talent development, creating a win-win situation for both the company and our employees.

Environmental sustainability, focusing on green innovation and carbon reduction actions.

Environmental protection is an important commitment to our sustainable operations. This year, the Company has increased investment in digitalization, diversification, and green innovation, introducing recyclable and highly

durable materials, promoting plastic-free packaging and low-carbon processes, and reducing the environmental impact throughout the product's life cycle. At the same time, we are actively developing IoT applications for smart door locks, and plan to integrate our cloud platform with leading international systems to offer safer and more convenient smart products, achieving a balance between technology and sustainability.

Looking ahead to 2025, the international market remains uncertain, especially as US tariffs may continue to expand, posing a challenge to the global supply chain. The Company will continue to respond prudently, flexibly adjust its production strategies, strengthen its financial health, deepen innovation and R&D, and consolidate its market position through patent layout and new product development. At the same time, we remain committed to our responsibilities to shareholders, employees, customers, and the community, practicing sustainable management and steadily advancing towards the shared goals of corporate growth and social well-being.

Taiwan Fu Hsing Industrial Co., Ltd.
Chairman

林瑞章



Enterprise overview

Founded in 1957, Taiwan Fu Hsing Industrial Co., Ltd. (referred to as Taiwan Fu Hsing) is headquartered in Kaohsiung, Taiwan, and serves a global market. It is one of the world's largest professional designers and manufacturers of gate control devices, with main brands including ARCTEK, FAULTLESS, LOCWARE, HERITAGE, INDOOR, and DURASET. We have 2,146 employees deployed at 11 locations worldwide, and all of whom are committed to bringing consumers a more secured, convenient, and modernized lifestyle.

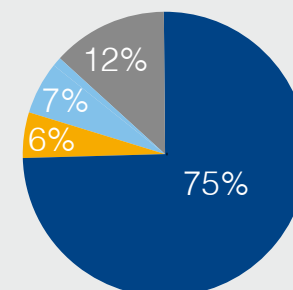
In 2024, the global economic environment faces numerous challenges, particularly sustained high interest rates in key North American markets, which are putting pressure on consumer spending and slowing demand. Taiwan Fu Hsing has consistently maintained a flexible, customer-focused business strategy. Leveraging a strong team, we continuously drive product innovation and market expansion to ensure the company capitalizes on emerging opportunities and further strengthens its market competitiveness.

Basic profile

Item	Contents
Company name in Chinese and English	台灣福興工業股份有限公司 Taiwan Fu Hsing Industrial Co., Ltd.
Group employee count	Employees: 1,825 in Taiwan and 321 overseas
Date of establishment	November 23, 1957
Capital	NT\$1.88 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

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

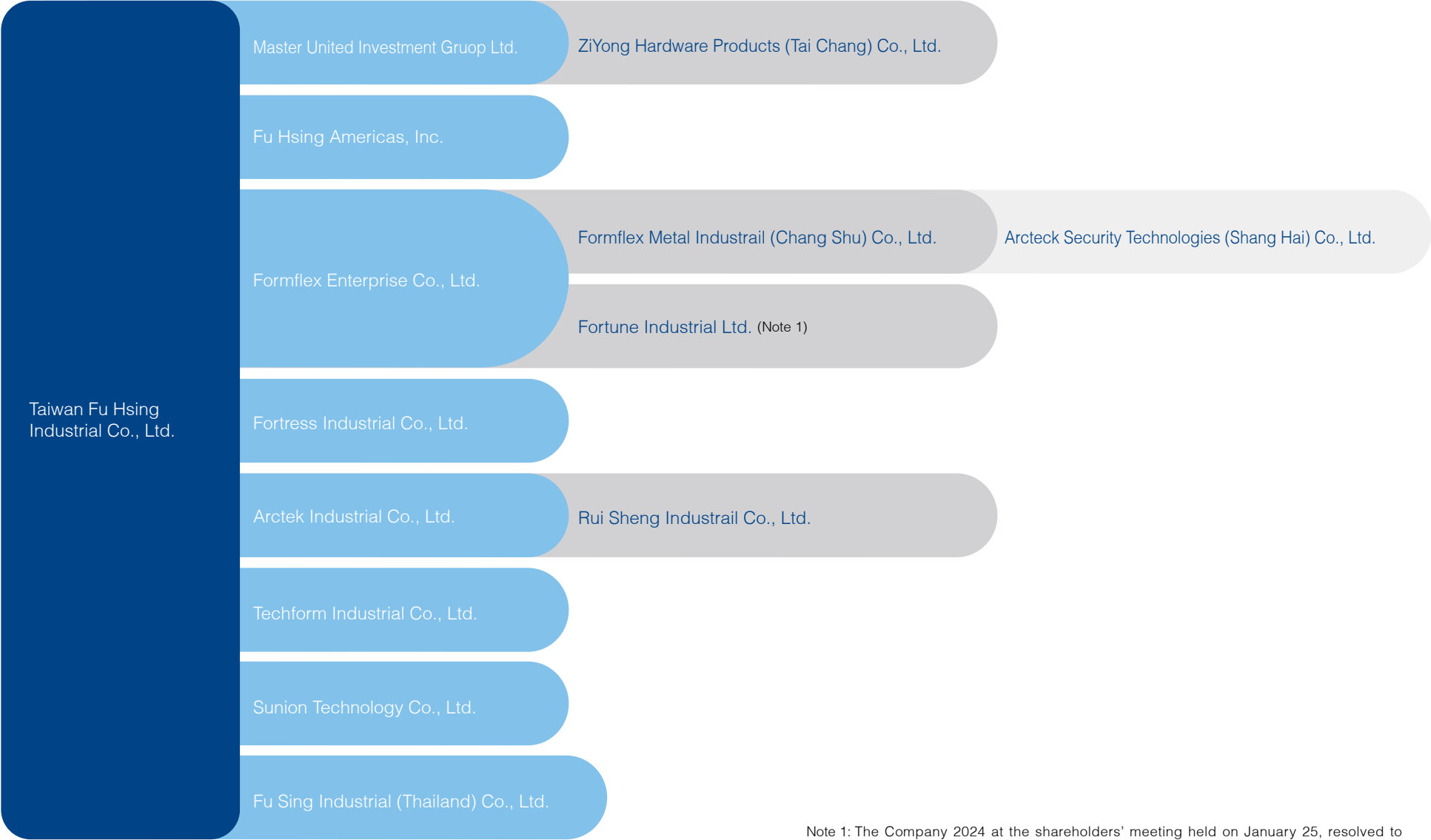


Location of operations

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



Subsidiaries overview



Note 1: The Company 2024 at the shareholders' meeting held on January 25, resolved to terminate operations and complete cancellation.

Engagement with external organizations

Unit name	Members' eligibility	Seats represented	Director/ Supervisor	Project or committee participation	Membership status
Taiwan Metal Industry Association	●	5 seat(s)			
Taiwan Mold & Die Industry Association	●	4 seat(s)			
Fire Door Association of R.O.C	●	1 seat(s)			
Metal Industries Research & Development Centre	●				General member
Association of Locks & Hardware Taiwan	●	1 seat(s)			
Total Productive Management Association	●	1 seat(s)			
Chinese Lean Management Association	●	2 seat(s)	1 seat(s)		
Kaohsiung City Entrepreneurs Association	●				General member
Industrial Safety and Health Association of the R.O.C.	●				Group member
Benjhou Industrial Park Association	●	1 seat(s)			
Chinese Association For Industrial Technology Advancement	●				Group member
Kaohsiung Industrial Association	●	3 seat(s)			
Council for Industrial & Commercial Development	●				General member
Chinese Society for Quality	●				Group member
The Institute of Internal Auditors-Chinese Taiwan Kaohsiung Branch	●				Individual member
National Association of Young Entrepreneurs, R.O.C. (TAIWAN)	●				15th Model of Young Entrepreneur
Hsin Kaohsiung Nurses Association	●				Individual member
Taiwan Association of Occupational Health Nurses	●				Individual member
Southern Office of the Police Friendship Association of the Second Security Police Corps	●	1 seat(s)			Individual member
Pingtung County Pingtung Science and Technology Industrial Park Manufacturers Association	●	1 seat(s)			
Friends of the Police Association Gangshan Office Qianfeng Station	●	1 seat(s)			Individual member
Taiwan Fire Safety Industry Association	●				Group member

Sustainable management

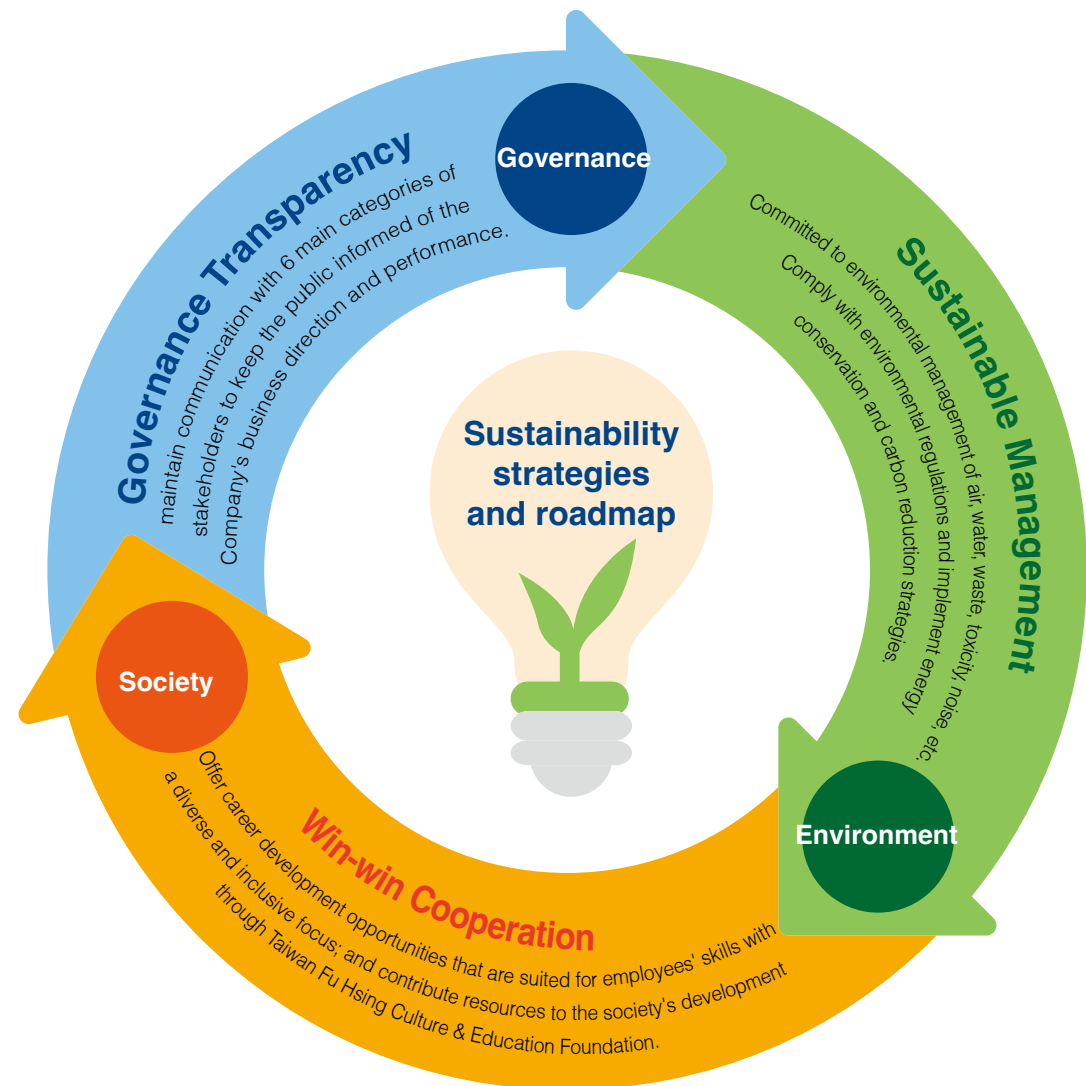
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Management of sustainability

For Taiwan Fu Hsing, the issue of sustainability is all about lessening adverse impacts of business operations, creating positive influence, sharing sustainability value with stakeholders, and adopting sustainable policies and trends around the world. Taiwan Fu Hsing has invested in ESG for many years, and has adopted the vision and development principles of “governance transparency, win-win cooperation, and sustainable management.” It promotes major policies and issues of concern to stakeholders and those with a significant impact on the Company across three areas: governance, society, and environment. The Company hopes to achieve continuous breakthroughs in its business results while coexisting and co-prospering with all stakeholders, 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. We have established the “Sustainability Committee” as our highest-level internal decision-making body for sustainability, responsible for formulating and reviewing Taiwan Fu Hsing’s ESG development strategies. The Committee also reflects stakeholder opinions and provides feedback to drive the Company toward 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 Committee reports directly to the General Manager, authorized by the Chairman, with the Chief Cultural Officer serving as the executive officer, and it is divided into eight small groups and holds quarterly meetings to be responsible for the formulation, implementation, audit, and review of 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 to maintain ISO 14001 and ISO 14064 certifications and implement energy saving and carbon reduction goals.

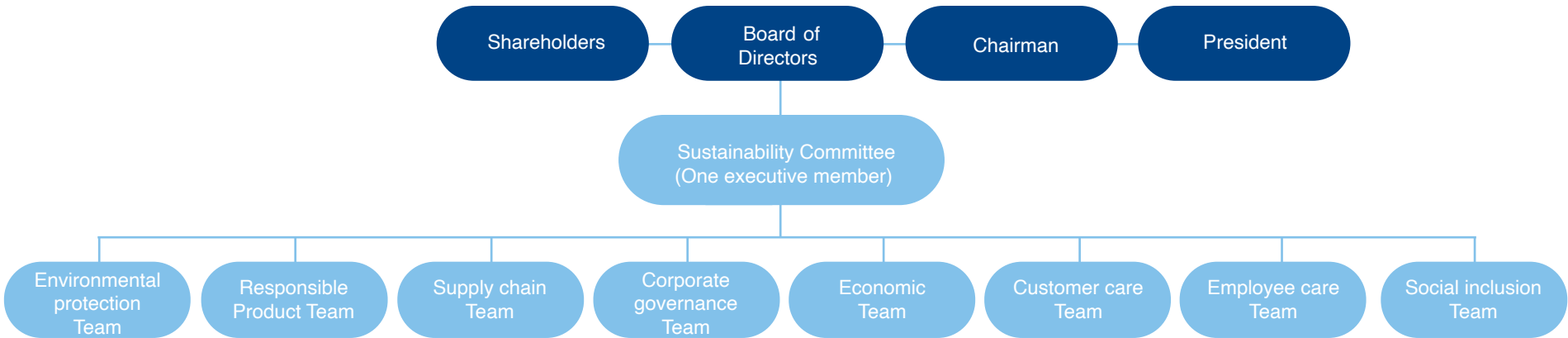


- With regards to employee care, aim to build reputation as a preferred employer with a "diverse and inclusive" focus by offering favorable benefits such as health checkup, club subsidies etc.
- In terms of talent development, we are strengthening our learning organization and deepening collaboration with vocational schools to meet talent needs.
- 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.



- Rooted in corporate governance culture, with an emphasis on shareholder rights and enhanced stakeholder communication.

Structure of the Sustainability Committee



Stakeholder communication

Taiwan Fu Hsing's stakeholders include employees, customers, suppliers, shareholders and investors, government agencies and 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 concern	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: • Labor-management meetings(every three months) • Employee Welfare Committee meetings • Sexual Harassment Complaint Handling Committee • Management meetings (monthly) • Morning meetings/monthly meetings (monthly) • Department meetings • Bulletin (unscheduled) • Employee opinion mailbox: service@fuhsing.com.tw • Internal grievance and reporting channels (ethical and integrity grievances, SERgrievances, AEO abnormal reporting channels) (irregularly)	• Talent sourcing and retention • Occupational health and safety • Talent training and development • Human rights • Operating performance • Ethics, integrity, and anti-corruption	• Workplace safety • Human Resources Policy • Inclusive leadership • Talent investment and growth  Please refer to pages 46-71 for the above information.
 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.	• Customer satisfaction surveys (yearly) • Business-related exhibitions (unscheduled) • Customer visits and sales visits (unscheduled) • AEOcounter-terrorism system audit • Socialand Environmental Responsibility System Audit	• Human rights • Product quality • Customer relations management • Ethics, integrity, and anti-corruption • Regulatory compliance	• Product quality management • Customer service and protection  Please refer to Sustainable Manufacturing P.39-P.41 for more details.

Stakeholders	Significance to Taiwan Fu Hsing	Method and frequency of engagement	Topics of concern	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.	• 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	• Supply chain management	• Supply chain sustainability management See Sustainable Manufacturing for details P.42-P.44
 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.	• Investor seminars (twice a year) • Shareholder meetings (yearly) • Investor relations mailbox service@fuhsing.com.tw • Reporting of operation-related information	• Operating performance • Ethics, integrity, and anti-corruption • Regulatory compliance	• Corporate governance • Financial performance • Integrity and compliance For the above, please refer to Operations and Governance. P.18-P.27
 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.	• AEOcertified quality enterprise (recertified every three years) • Policy conference and forum • Local employment and industry development • Industry-academia collaboration • Provide employment opportunities for the underprivileged	• Climate change and energy management • Water management • Air pollution control • Waste management • Occupational health and safety • Regulatory compliance	• Workplace safety Please refer to pages 46-50 for the above. • Prevention of environmental pollution • Environmental protection and sustainability • Climate change governance Please refer to pages 78-86 for details on the environment.
 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.	• Neighborhood engagement • Local employment and industry development • Promotion of cultural education • Pollution prevention and protection	• Climate change and energy management • Water management • Air pollution control • Waste management	• Prevention of environmental pollution • Environmental protection and sustainability • Climate change governance Please refer to the environment pages 78-86 for details.

Identification of material issues

The Company's Sustainability Committee annually identifies the stakeholders to be communicated with in the sustainability report, based on the AA 1000 SES Stakeholder Engagement Standard. It also references international standards such as the GRI Standards for Sustainability Reporting, the United Nations Sustainable Development Goals (SDGs) and the SASB Standards. Through the principles of collection, assessment, and confirmation, the Committee develops a materiality analysis framework for the report, providing stakeholders with comprehensive sustainability information disclosure standards that are both qualitative and quantitative.

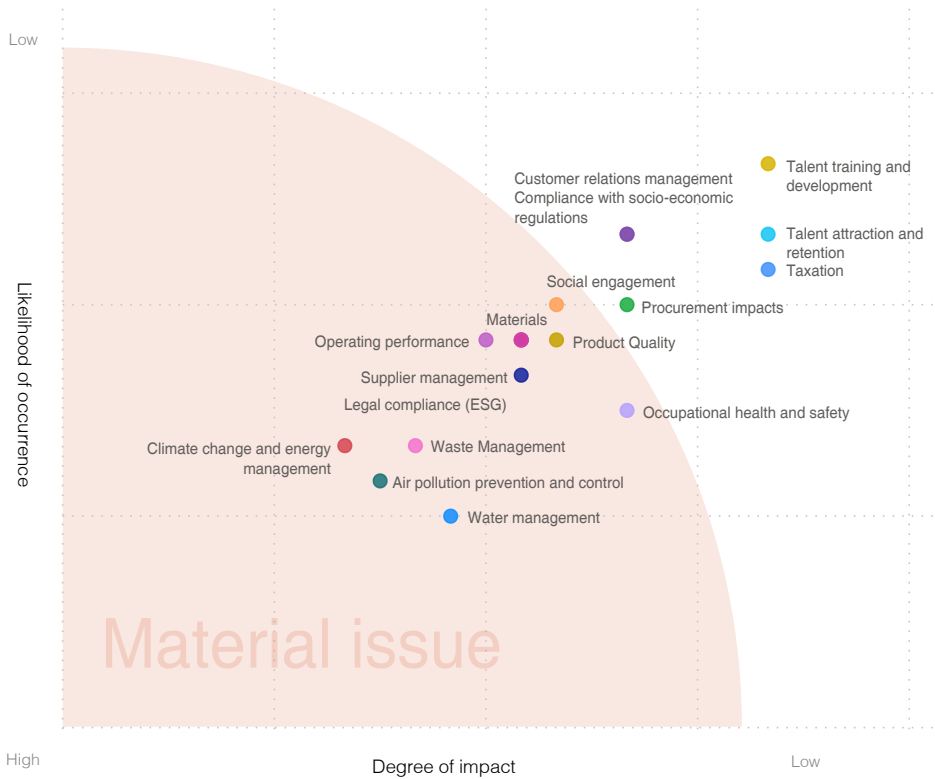
Identification of material issues

The Sustainable Development Committee identified in 2024 that there are 11 material issues that are significantly material to Taiwan Fu Hsing's operations. Prioritizing reporting based on the standards' requirements, they collected and disclosed internal information, data, and management policies. Four other issues were not identified as material issues but were deemed significant by us and disclosed jointly with the 11 material issues for tracking short-, mid-, and long-term goals.

Material issue identification process



Materiality matrix for Taiwan Fu Hsing



Boundary of value chain impact of material issues

ESG oriented	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	Occupational health and safety	○	●	○
	Supplier management	●	●	
	Customer relations management		●	●
	Social engagement	○	●	○
Corporate governance	Operating performance		●	
	Regulatory Compliance	○	●	

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

Description of material issues and target performance

 ESG oriented Environment Significance to Taiwan Fu Hsing Faced with increasing challenges from extreme weather and energy crisis, Taiwan Fu Hsing considers it necessary to introduce green products and green actions in addition to pursuing reasonable returns as a way to protect the Earth's environment and promote an inclusive future. We shall strive to promote green products and actions to protect the Earth's environment and achieve mutual benefit.									
Material issues	Corresponding SDGs	Corresponding GRI	SASB Standards	2024 Goal	2024 Performance	Accomplishment progress	Short-term goals (-2025)	Medium-term goals (-2030)	Long-term goals (-2035)
Climate change and energy management	SDG 6 SDG 7 SDG 12 SDG 13	GRI 302 GRI 305	RT-IG-130a.1	- Plant power saving rate reaching 1% or above. - Keep natural gas consumption within the approved volume (91,800 m³) - Completed ISO 14001, ISO. 14064 certification and maintaining validity	- Energy saving rate 1.09% - Natural gas consumption: 50,579m³ - ISO 14001 and ISO 14064 certifications obtained	✓ ✓ ✓	- The unit product density of electricity decreased by 3% compared with the previous year - Assessment of renewable energy installation demand - Train instructors for GHG survey at the headquarters - Carbon emission reduction by 1%(Scopes 1, 3, and 4) - Evaluation of ISO 50001 Energy Management Certification	- The unit product density of electricity decreased by 5% compared with the previous year - Step-by-step development of renewable energy - Complete GHG survey for 8 subsidiaries included in the consolidated financial statements - Carbon emission reduction of 3% (Categories 1, 3, and 4) - Assessment of ISO 14067 Carbon Footprint Certification	- Annual reduction of 8% in total electricity consumption - Total renewable energy use reached 5%. - Continue to implement GHG inventory and verification in accordance with FSC regulations. - Carbon emission reduction by 3% - Evaluation of ISO standard implementation
Water management		GRI 303		- Keep water withdrawals within the approved volume (73,000 tonnes) - 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 1,300 people): 56.15 tonnes	- Total water intake: 49,029 metric tons - Water discharged: 6,707 tonnes; water consumed (average across 1,300 people): 37 tonnes	✓ ✓	- The unit product density of tap water decreased by 5% compared to the previous year. - Increase in water recycling rate by 2%	- The unit product density of tap water decreased by 5% compared to the previous year. - Increase in water recycling rate by 5%	- The unit product density of tap water decreased by 5% compared to the previous year. - Water recycling rate increased by 8%.
Air pollution control		GRI 305		Maintain control over air pollutant volume, and comply with legal emission requirements	Complied	✓	Maintain control over air pollutant volume, and comply with legal emission requirements	Maintain control over air pollutant volume, and comply with legal emission requirements	Maintain control over air pollutant volume, and comply with legal emission requirements
Waste management		GRI 306		- Keep the volume of waste within the permitted/target value (1,000 tonnes) - Ensure that waste is cleared according to environmental protection requirements	- Total waste generated: 180.73 tonnes - Waste was entirely cleared by legitimate contractors	✓ ✓	- Waste reduction per unit of production. - Product density decreased by 10% compared to the previous year.	Maintain a product density 10% lower than the previous year.	Maintain a product density 10% lower than the previous year.
Materials		GRI 301	RT-IG-440a.1	- PVC replaced with eco-friendly packaging material PET - Introduction of GEX bio-based plastics (Bio-based Plastic)	100% replacement with PET packaging materials - Introduction of high-value electronic locks GEX bio-based plastics	✓ ✓	- PVC converted to eco-friendly packaging materials PET usage up to 50% - At least PCR recycled plastics or GEX bio-based plastics account for 10%.	- PVC has been converted to environmentally friendly packaging material, with PET reaching 70% of usage. - PCR recycled plastics or bio-based plastics accounted for 15% of the total, and more types of eco-friendly bubble packs were introduced.	- PVC converted to environmentally friendly packaging materials, with PET usage reaching 90%. - PCR recycled plastic or GEX biodegradable - The plastic content reaches 20%, creating a truly circular packaging system.



ESG oriented Social

Significance to Taiwan Fu Hsing

Employee relations

Taiwan Fu Hsing specializes in the research, development, and manufacturing of door locks, which is considered a labor-intensive industry. 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.

Material issues	Corresponding SDGs	Corresponding GRI	SASB Standards	2024 Goal	2024 Performance	Accomplishment progress	Short-term goals (-2025)	Medium-term goals (-2030)	Long-term goals (-2035)
Talent attraction and retention	SDG 3 SDG 4 SDG 5 SDG 8 SDG 10 SDG 16	GRI 201 GRI 401 GRI 405		- Increase of female supervisors with a junior degree or below 5% in the proportion of. - Transfer and continued employment rate:70% - Achieve employee satisfaction score of 4.85	- The ratio of female managers at levels below and including the managerial level to the total number of managers was 31.58%. - Transfer and continuation rate of employment is 79%. - Employee satisfaction: 4.82	✓ ✓ ✗	- Ratio of female managers at and below Level 3 to total managers:30% - Transfer and retention rate:75% - Based on the 2024 survey results Implement countermeasures and execute 100% of the improvement plan.	- Ratio of female managers at each grade (including (all grades)) to the total number of managers: 30% - Transfer and continuation rate of employment is 75%. - Achieve employee satisfaction score of 4.85	- Proportion of female managers at the junior level and below (including) to the total number of managers: 40% - Transfer and continuation rate of employment is 75%. - Achieve employee satisfaction score of 4.9
Occupational health and safety		GRI 403	RT-IG -320 a.1	Injury rate no higher than 0.5%.	Injury rate 0.7%	✗	Injury rate below 0.5%.	The occupational injury rate did not exceed 0.5%	The occupational injury rate did not exceed 0.5%
Talent training and development		GRI 404		- The ESG education and training completion rate was 100% - Average training hours per person: 10 hours	- The ESG education and training completion rate was 100% 2024 Average training hours per employee: 8.7 hours	✓ ✗	- The ESG education and training completion rate was 100% - Training hours per employee no less than 15 hours	- The ESG education and training completion rate was 100% - Training hours per employee no less than 15 hours	- The ESG education and training completion rate was 100% - Training hours per employee no less than 20 hours
Human rights		GRI 402 GRI 406 GRI 412		The number of unfair labor penalties was 0	The number of unfair labor penalties was 0	✓	The number of unfair labor penalties was 0	The number of unfair labor penalties was 0	The number of unfair labor penalties was 0



ESG oriented Social

Significance to Taiwan Fu Hsing

Supply chain

As a global leader in the R&D and manufacturing of access control systems, Taiwan Fu Hsing has a certain influence over the supply chain and has a responsibility to lead its supply chain partners to jointly comply with international ESG standards. Through collaboration, we aim to lead the industry towards sustainable development across economic, social, and environmental aspects.

Material issues	Corresponding SDGs	Corresponding GRI	SASB Standards	2024 Goal	2024 Performance	Accomplishment progress	Short-term goals (-2025)	Medium-term goals (-2030)	Long-term goals (-2035)
Supply chain management	SDG 8 SDG 10 SDG 12 SDG 13 SDG 17	GRI 204 GRI 414 GRI 308	RT-IG-440a.1	100% of new suppliers adhere to the Labor Practice Guidelines. - Regular labor condition audits are conducted for high- or medium- to high-risk suppliers, with a 100% implementation rate. - Assist suppliers in rectifying defects	- All of them signed the "Statement on Social and Environmental Responsibility" 9 high-risk suppliers 9 supplier social and environmental responsibility audits were conducted 9 with a 100% pass rate.100% - No supplier required assistance for improvement in 2024	✓ ✓ ✓	Continued to involve 8 key suppliers in the greenhouse gas inventory course.	Counsel 8 high-risk suppliers for conducting greenhouse gas survey	Choose 5 high-risk suppliers to undergo certification for GHG survey
Product quality		GRI 416		- No significant health and safety impact and no violation of laws in any of the products and services provided to customers - Continue to obtain quality system certification - Maintain product safety certification	- No impact and no incident of violation - Obtain ISO 9001 - Obtain CNS and fire protection certification	✓ ✓ ✓	- No significant health and safety impact and no violation of laws in any of the products and services provided to customers - Continue to obtain quality system certification - Maintain product safety certification	- No significant health and safety impact and no violation of laws in any of the products and services provided to customers - Continue to obtain quality system certification - Maintain product safety certification	- No significant health and safety impact and no violation of laws in any of the products and services provided to customers - Continue to obtain quality system certification - Maintain product safety certification
Customer relations management		GRI 418		Implement customer complaint records and improve satisfaction to 90%	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. Customer satisfaction in 2024 is 92%.	✓	Implement customer complaint records and improve satisfaction to 90%	Customer complaint records are implemented, and post-improvement satisfaction reaches 90%.	Customer complaint records are implemented, and post-improvement satisfaction reaches 90%.



ESG oriented

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 issues	Corresponding SDGs	Corresponding GRI	SASB Standards	2024 Goal	2024 Performance	Accomplishment progress	Short-term goals (-2025)	Medium-term goals (-2030)	Long-term goals (-2035)
Social engagement	SDG 3 SDG 4 SDG 10 SDG 11 SDG 16 SDG 17	GRI 203		- Expenditure on core business-related projects accounts for at least 3% of the foundation's budget - The foundation's investment shall not be less than 0.1% of last year's revenue. - Invested in aesthetic education, benefiting a total of 5,500 people - The migrant workers' equal rights initiative has reached a total of 40,000 people - Invested in local community development, benefiting a total of 12,000 people.	- Expenditure on core business-related projects accounts for 3% of the foundation's budget - The amount invested by the foundation accounts for 0.08% of the annual revenue - Aesthetic education has reached a cumulative total of 5,500 people - The migrant worker equal rights initiative has reached over 350,000 people, and 22 people benefited from the empowerment workshops held this year - The public welfare lock replacement project has benefited 18,000 people	✓ ✗ ✓ ✓ ✓	- Expenditure on core business-related projects accounts for at least 4% of the foundation's budget - The foundation's investment shall not be less than 0.1% of last year's revenue. - Art and culture support for no less than 5 units/artists/teams each year - At least one migrant worker equal rights advocacy event will be held each year - Local community engagement is no less than 2 units/teams each year	- Core business-related project expenses shall account for at least 10% of the foundation's budget. - The amount invested in the foundation shall not be less than 0.1% of last year's revenue. - Art and culture support for no less than 5 units/artists/teams each year - At least one migrant worker equal rights advocacy event will be held each year - Local community engagement is no less than 2 units/teams each year	- Expenditure accounts for at least 10% of the foundation's budget - The foundation's investment shall not be less than 0.1% of last year's revenue. - Art and culture support for no less than 5 units/artists/teams each year - At least one migrant worker equal rights advocacy event will be held each year - Local community engagement is no less than 2 units/teams each year



ESG oriented

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 issues	Corresponding SDGs	Corresponding GRI	SASB Standards	2024 Goal	2024 Performance	Accomplishment progress	Short-term goals (-2025)	Medium-term goals (-2030)	Long-term goals (-2035)
Operating performance	SDG 4 SDG 8	GRI 201		- Convene investor conferences at least twice - Cash dividend yield over 5% - Increase revenues to NT\$9 billion	- Convened 2 investor conferences - Cash dividend yield of 5.77% - Turnover was \$8.04 billion	✓ ✓ ✗	- Convene investor conferences at least twice - Cash dividend yield over 5% - Business growth of 5-10%	- Convene investor conferences at least twice - Cash dividend yield exceeding 5% - Turnover reached \$10 billion	- Convene investor conferences at least twice - Cash dividend yield over 5% - Maintain revenues above NT\$10 billion
Regulatory compliance	SDG 12	GRI 205 GRI 307 GRI 419		- No violation of environmental laws - No violation of socioeconomic laws and rules - Shareholders' equity and sustainable development	- No incident of major violation had occurred - No incident of major violation had occurred - The Company's spokesperson personally answers shareholders' questions; the sustainability report has been approved by the Board of Directors.	✓ ✓ ✓	- No violation of environmental laws - No violation of socioeconomic laws and rules - Shareholders' equity and sustainable development	- No violation of environmental laws - No violation of socioeconomic laws and rules - Shareholders' equity and sustainable development	- No violation of environmental laws - No violation of socioeconomic laws and rules - Shareholders' equity and sustainable development

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Material topics of the chapter

GRI 201

GRI 205

GRI 307

GRI 419

SDG 4

SDG 8

SDG 12

Corporate governance

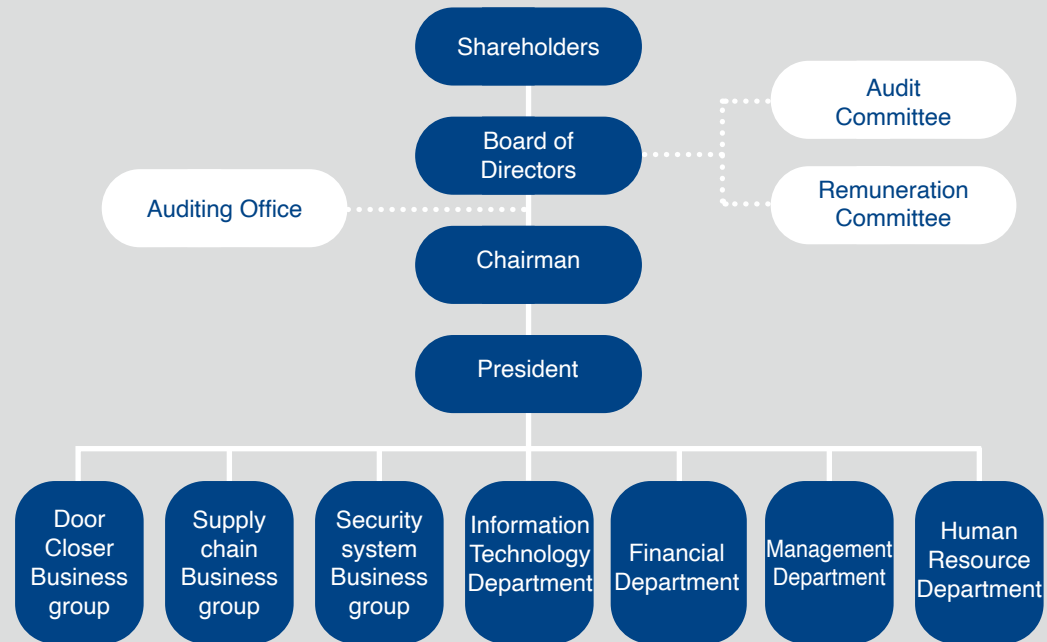
Policies and goals

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, we follow the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”, “Corporate Governance 3.0 Sustainable Development Blueprint”, and standards and initiatives such as GRI and SASB as guidance for promoting corporate governance policies. We also respect the rights of stakeholders and enhance information transparency as our highest 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 Company has appointed a chief corporate governance officer responsible for the operation of the Board of Directors, assisting directors with their annual continuing education, and promoting corporate governance matters. In addition, the Company has established two functional committees, the Audit Committee and the Remuneration Committee, and one internal audit unit (the Audit Office) to provide recommendations to the Board of Directors as a basis for decision-making in areas such as derivatives trading, remuneration policies, and internal audit operations.

Organization and governance framework



Performance of corporate governance units

Corporate governance operation status [2024 Annual Report P.22-36](#) [Investor section/Board of Directors and Committee](#)

	Audit Committee	Remuneration Committee	Auditing Office
Members	It consists of 3 independent directors.	It consists of 3 independent directors.	1 audit supervisor and 1-2 auditors.
Operation Mechanism	Convened at least once per quarter, or at anytime deemed necessary	Meetings are convened at least twice a year.	Audit activities are reported to the board of directors on a quarterly basis.
Work Responsibilities	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.	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.	Reviews whether internal control systems have been designed appropriately and executed effectively. Audit reports are prepared and presented to the Audit Committee for review.
Operation Situation	2024 Annual Report P. 25-26 Investors section/Board of Directors and committees	2024 Annual Report P.35-36 Investors section/Board of Directors and committees	2024 annual report P.64 Investor Section/Internal Audit



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 of Directors consists of 10 directors, including 7 general directors, 3 independent directors, with rich experience and expertise in finance, commerce, architecture,

and management. In addition, the Company also emphasizes gender diversity on its Board of Directors. Currently, there is 1 female director among the 10 directors, accounting for 10% of all directors.

Directors' background

Job title	Name	Nationality/ age	Current shareholding		Shareholding of spouse and underage children		Shareholding in the name of a third party	Career experience	Industry experience				Professional capabilities			
			No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Security & door access	Manufacturing	Management consultancy	Electronic technology	Finance & accounting	Leadership & decision- making	Risk management	International markets
Chairman	Lin, Jui-Chang	 71-80 years old	1,624,978	0.86%	597,576	0.32%	-	Department of Accounting, Soochow University Chairman of Taiwan Fu Hsing	●	●	●	●	●	●	●	●
President	Chen, Chien-Kun	 71-80 years old	675,132	0.36%	6,940	-	-	Department of Accounting, Soochow University President of Taiwan Fu Hsing	●	●	●		●	●	●	●
Director	Hong Cheng Investment Co., Ltd.	-	5,721,451	3.04%	-	-	-	-								
	Lin, Tzu-Hsuan	 41-50 years old	775,191	0.41%	-	-	-	MBA from University of Technology Sydney, Australia Business Group Vice President of Taiwan Fu Hsing	●	●				●	●	●
Director	Fu Zhi Investment Co., Ltd.	-	10,091,307	5.35%	-	-	-	-								
	Chu, Jung-Ho	 71-80 years old	95,244	0.05%	-	-	-	EMBA from National Sun Yat-sen University Business Group President of Taiwan Fu Hsing	●	●	●	●		●	●	●
Director	Fu Zhi Investment Co., Ltd.	-	10,091,307	5.35%	-	-	-	-								
	Michael A. Hoer	 61-70 years old	0	0%	-	-	-	MBA from Brigham Young University Director of Medifast, Inc		●	●		●	●	●	●

Job title	Name	Nationality/ age	Current shareholding		Shareholding of spouse and underage children		Shareholding in the name of a third party	Career experience	Industry experience				Professional capabilities			
			No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Security & door access	Manufacturing	Management consultancy	Electronic technology	Finance & accounting	Leadership & decision- making	Risk management	International markets
Director	Fu Yuan Investment Co., Ltd.	-	2,697,185	1.43%	-	-	-	-								
	Liu, Ju-Shan	 51-60 years old	0	0%	-	-	-	Department of Industrial Management, National Taiwan University of Science and Technology General Manager of South Wind Ventures Capital Co., Ltd. General Manager of Digital Island Sustainable Technology Co., Ltd.			●	●		●	●	●
Director	Fu Yuan Investment Co., Ltd.	-	2,697,185	1.43%	-	-	-	-								
	Lin, Wen-Hsing	 61-70 years old	1,822,134	0.09%	1,290,045	0.07%	-	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	 71-80 years old	0	0%	-	-	-	Department of Accounting, Soochow University Remuneration Committee and Audit Committee member of Taiwan Fu Hsing		●	●	●	●	●	●	
Independent Director	Chen, Yung-Chun	 71-80 years old	0	0%	-	-	-	Department of Accounting, Soochow University Remuneration Committee and Audit Committee member of Taiwan Fu Hsing		●		●	●	●	●	
Independent Director	Chuo, Yung-Fu	 51-60 years old	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 a meeting at least once a quarter. The Board of Directors held 5 meetings in 2024, and the overall attendance rate was 96%. No change in ownership during the period.

In 2024, all directors participated in self-study courses organized by The Greater Chinese Financial Development Association, the Accounting Research and Development Foundation, the Taiwan Investor Relations

Institute, the Taiwan Stock Exchange, the Taiwan Corporate Governance Association and Global Views Monthly to continuously enrich their knowledge and achieve better interactive effects. The total training hours for all directors in 2024 reached 60 hours, and 100% met the training requirements.

Designation	Name	In-person attendances	Proxy attendances	In-person Attendance rate (%)
Chairman	Lin, Jui-Chang	5	0	100%
Director	Chen, Chien-Kun	5	0	100%
Director	LIN Tzu-hsuan (representative of Hong Cheng Investment Co., Ltd.)	5	0	100%
Director	CHU Jung-ho (representative of Fu Zhi Investment Co., Ltd.)	5	0	100%
Director	Michael A. Hoer (representative of Fu Zhi Investment Co., Ltd.)	5	0	100%
Director	LIN Wen-hsing (representative of Fu Yuan Investment Co., Ltd.)	5	0	100%
Director	LIU Ju-shan (representative of Fu Yuan Investment Co., Ltd.)	5	0	100%
Independent Director	Chang, Ling-Ling	5	0	100%
Independent Director	Chen, Yung-Chun	5	0	100%
Independent Director	Chuo, Yung-Fu	3	2	60%

Execution of board duties in 2024

1st board meeting 2024.1.26

- Discuss the 2024 operating plan goals.
- Discussion on the change of Company Governance Officer.
- Reviewed the "2023 Employee Remuneration and Director Remuneration Distribution Plan".
- Reviewed the "2023 Manager and Employee Compensation Plan".

2nd board meeting 2024.3.6

- Approval of the 2023 final accounts.
- Determined the 2023 profit distribution.
- Discussion on the appointment of CPAs.
- Discussions on lifting the non-compete restriction imposed on the representative appointed by Hong Cheng Investment Co., Ltd., a corporate director of the Company.

3rd board meeting 2024.5.3

- Discussion of the 2024 budget proposal.
- Discussion on the consolidated financial statements for Q1 2024.
- Discussion on amendments to some articles of the Company's "Procedures for Lending Funds to Others".

4th board meeting 2024.8.9

- Discussion on the consolidated financial statements for the second quarter of 2024.
- Discussion on "2023 Sustainability Report Preparation".
- Discussion on the proposal for a loan to subsidiary FU SING INDUSTRIAL (THAILAND) CO., LTD.

5th board meeting 2024.11.8

- Discussion of the consolidated financial statements for the third quarter of 2024.
- Discussion on the establishment of the Company's "Sustainable Development Best Practice Principles".
- Discussion on the 2025 audit plan.

Board of directors performance assessment

Taiwan Fu Hsing has established a set of "Board of Directors Performance Assessment Policy" that requires the board of directors, board members, and functional committees to conduct performance self-assessments each year. 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 2024 overall self-assessment concluded an Excellent rating.

Internal self-assessment

Each director will evaluate the operations and culture of the board and its functional committees, internal and external relationship management, and conduct self-assessment. The board meeting unit will compile and summarize the results, report at the board meeting, and propose directions for improvement.

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. The external team of experts and scholars should appoint at least three directors or experts or scholars in the field of corporate governance to evaluate the implementation of the Company's board performance evaluation and prepare an external evaluation 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 refer [🔗](#) to Appendix "Remuneration to Directors" P.96.



Financial performance

Policies and goals

Good financial performance is key to the Company's sustainability. We continuously innovate products, refine our technology, enhance services, and control costs to create positive economic impact. To ensure the smooth implementation of various business projects, the Company sets annual operating budget, capital expenditure, and R&D budgets each year, which are implemented upon approval by the Board of Directors. When a profit is generated in the current year, dividends will be distributed appropriately after considering future development, investment environment and financial structure, creating long-term value for shareholders, employees and society.

Execution progress

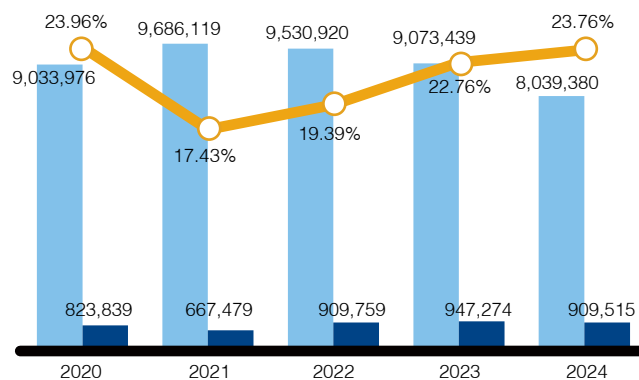
Taiwan Fu Hsing aims to become the world's largest and most trusted technology product manufacturer, striving to enhance its capabilities and demonstrate this commitment through strong operational performance. We aspire to create value and share success with our investors. In 2024, the global economic environment presented numerous challenges, particularly the sustained high interest rate policy in North America, which put pressure on consumer spending and slowed

market demand. Taiwan Fu Hsing's consolidated revenue was NT\$8,039,380,000, a decrease from the previous year, but gross margin increased by approximately 1%. In addition, earnings per share and cash dividends remain stable, with a cash dividend yield consistently above 5%. No significant government subsidies were received during the reporting period.



Consolidated financial information

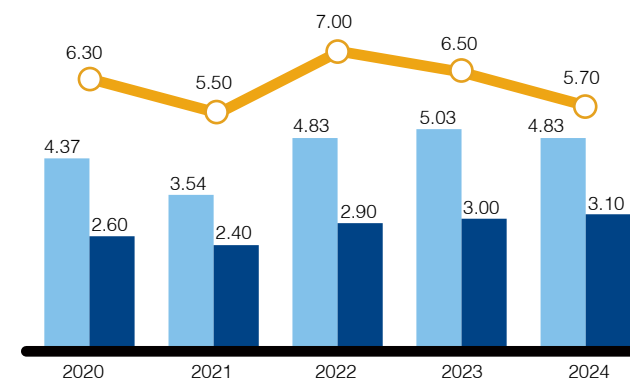
(Unit: NT\$ thousand)



● Operating revenue ● Net profit for the period ● Gross profit margin

Earnings and cash dividends per share

(Unit: NTD)



● Earnings per share ● Cash dividends ● Dividend yield

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. To this end, the Company has formulated the following

integrity management guidelines and introduced high-quality enterprise safety 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	- Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies - Laws applicable to the places of operation of the Company and related enterprises	The Legal Affairs Unit raises a proposal for approval by the board of directors before implementation, and makes report in a shareholder meeting	Grievance mailbox: management@fuhsing.com.tw Company telephone : (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)Implementation Manual	Sustainability Committee	- SER requirements of major customers - Laws applicable to the places of operation of the Company and related enterprises	The Sustainability Committee raises a proposal for approval by the Chairman	
Quality Enterprise Supply Chain Security (AEO) Handbook	AEO Supply Chain Safety Promotion Committee	AEO certification and management policy	Proposal is raised by the AEO Supply Chain Safety Promotion Committee for approval by the Chairman	Counter-terrorism Team/work safety extension: 251 / 102 / 103 / 107 Security Office extension: 119

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

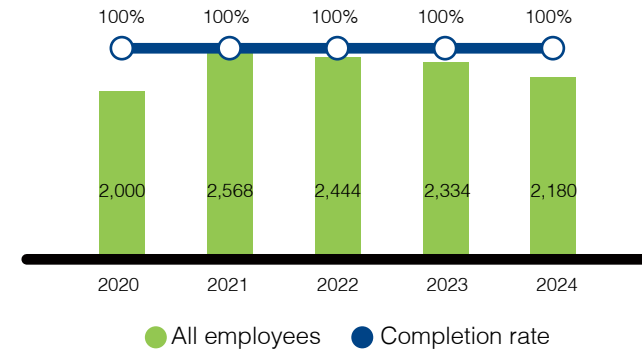
Execution progress

Taiwan Fu Hsing encountered no breach of integrity or anti-corruption principle in 2024. 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." In 2024, a total of 2,315 participants attended 2,481 hours of internal and external training courses related to integrity management, including annual employee compliance training on integrity management regulations, new employee code of conduct training, and courses on industrial safety, accounting systems, and internal controls. The completion rate was 100%.

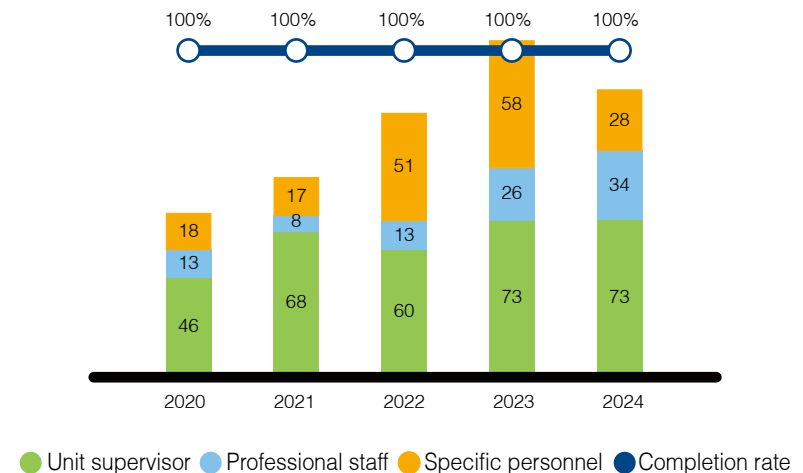


Professional Ethics Course

All employees (unit: person-times)



Specific personnel (unit: person-times)



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  2024 annual report P.64 - "Declaration of Internal Control System"

Prevention of insider trading

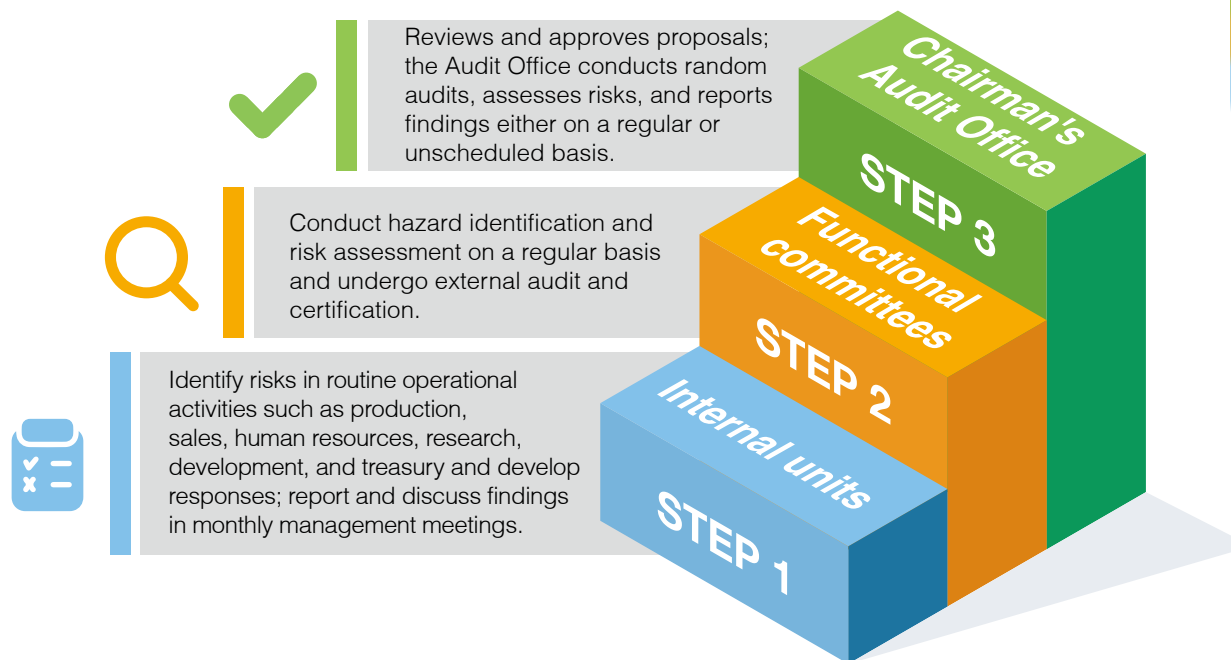
To establish a sound operating mechanism for the handling and disclosure of material information, and to prevent information leakage, Taiwan Fu Hsing provides annual training on "Major Information Processing Procedures" and relevant laws and regulations to its directors, managers, and employees, along with practical case studies to reinforce legal compliance. 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 Company has conducted education and promotion campaigns for current directors (a total of 10 people, 1 hour of course instruction) and managers (a total of 30 people, 1 hour of course instruction) on November 8, 2024. Course contents include: Confidentiality of material information, an explanation of the causes of insider trading, the process for identifying insider trading and examples, the scope of internal material information, confidentiality procedures, disclosure procedures, and handling violations. After the course ends, the legal affairs department will file the course presentation for future reference and to provide related consultation services as needed.



Risk management

Policies and goals

Taiwan Fu Hsing makes persistent optimizations to its risk management policies 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	Risk control measures	2024 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.	Through patent search and analysis, we grasp industry development trends, integrate the Company's electronic lock technology research and development and patent layout, and through a comprehensive patent proposal, review, and reward system, encourage employees to independently develop and apply for patents of electronic locks, and fully protect their R&D results. Strengthen previous case searches, increase the number of patent approvals, and actively conduct product avoidance designs in order to reduce infringement risks.	A total of 63 patent applications were filed this year, including 30 in the field of electronic locks, accounting for approximately 47.6% of the total applications. - The Company has accumulated a total of 194 valid patents in the field of electronic locks in major markets. - During the early stages of product development, collaborate with R&D to implement avoidance design, aiming to minimize the risk of product infringement.	Advanced Technology Room Patent
 Financial risk	Fluctuations in exchange rates of traded currencies affect operating results.	Appropriately conduct exchange rate hedging operations to reduce operational volatility risks.	Operating normally.	Investment Management Team
 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. In addition to ODM products, we also have the capability to cooperate with JDM to maintain our market leadership and expand the blue ocean market of door locks.	- Development of new film and push-button electronic lock designs. - Continuous optimization of product user experience (installation, UI, feel) - Develop new key-operated electronic locks with fingerprint recognition functionality. - Development of new, more competitively priced connection-type electronic lock internals. internal mechanism. - Continue to develop new JDM smart locks with important customers, and continue to reach new types of customers to seek cooperation opportunities. - Expand the Bluetooth App upgrade to include a cloud account system, and be compatible with new connected products in the future.	Planning Department

Risks	Risk environment	Risk control measures		2024 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 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.	Conduct a backup and restore drill to ensure customer data privacy and the continuous normal operation of the company's information system. Offsite and offline backup mechanisms are also implemented.	Information Technology Department	
		Install real-time antivirus software with virus code updated regularly for persistent protection and monitoring of virus activities.	Virus signatures are updated hourly to continuously protect and monitor internal virus activity. Introduction of MDR endpoint threat detection and response services to improve security protection measures.		
 Risk of climate change	Extreme weather gives rise to uncertainties in water and energy supply.	Implement greenhouse gas inventory and verification to understand various influencing factors for risk control.	The Company continued to implement ISO 14064-1 greenhouse gas (GHG) inventory and obtained international standard certification in 2024, with self-declaration to follow in the next fiscal year. In accordance with the information announced by the FSC, the Company will begin GHG inventory of its subsidiaries in 2027 and GHG verification in 2029.	Environmental Safety	
		Water resource and energy management, and implementation of energy conservation and carbon reduction.	Gangshan Plant has implemented recycling and reuse measures for RO water and pure water systems in 36 water dispensers, effectively utilizing recycled water for process cleaning, environmental cleaning, and landscaping irrigation, practicing water resource recycling management. We hold regular environmental protection meetings to continuously review issues related to water resources and energy management, and strictly comply with relevant laws and regulations such as the Water Pollution Control Act, the Energy Management Act, and the Waste Disposal Act. Through the use of differential analysis, we conduct in-depth assessments of water and energy consumption and develop effective response measures. To achieve energy conservation and carbon reduction goals, we are actively promoting the replacement of lighting fixtures with products that have passed the Energy Efficiency Label certification and evaluating a plan to replace high-energy-consuming equipment. We will develop a reasonable implementation schedule and continuously improve resource utilization efficiency.		

Risks	Risk environment	Risk control measures	2024 Operating performance	Controller
 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.	Reduce operational risks by agreeing on a jurisdictional court.	Law Legal Affairs Team
	Uncertainties in the change of regulation.	Pay attention to the timeliness of legal updates.	Provide the latest laws, legislative trends, and seminar information to relevant departments.	
	Dramatic changes in national and regional policies can make compliance difficult or cause a sharp increase in operating costs.	In response to the announcement or adjustment of major laws and policies (for example, the imposition of high tariffs), relevant departments will be notified immediately, the impact will be jointly summarized, and corresponding countermeasures will be formulated.	No risky environmental incidents have occurred.	
 Business risks	Geopolitical tensions such as the Ukraine-Russia war and the China-US trade war have affected supply chain strategies.	Assign the procurement, quality assurance, and technology departments to perform professional evaluations and make careful selection of suppliers.	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.	For electronic lock parts that involve long delivery time, the Company negotiated with suppliers to maintain appropriate stock levels based on the budget sales volume provided by the sales team.	
		Adopting a "short chain" supply chain or sourcing key components from alternate locations can reduce the risk of single supply chain being disrupted due to natural disasters or accidents.	Added 8 new suppliers and developed 5 composite production procedures in 2024	
	The epidemic situation has stabilized, and we are cooperating with the government in easing the epidemic prevention level to coexist with the epidemic.	Update and inventory of epidemic prevention materials. Health management and overseas travel notification system allows for real-time monitoring of risks and the implementation of response measures to reduce the risk of cluster infections and unknown cases of infection.	- Update material expiration dates and prevent moisture to ensure sufficient supply. - Rapid test kits are available for employees to monitor their health status at any time. - The epidemic prevention team holds review meetings monthly or as needed, announcing adjustments to measures before holidays. - Pay attention to seasonal infectious diseases and adjust epidemic prevention measures on a rolling basis. - Announcement of vaccination information and assistance with referrals to medical institutions. - Control sporadic cases of infectious diseases, and strengthen health education, disinfection, and the suspension of communal meals.	Work safety Factory nurse

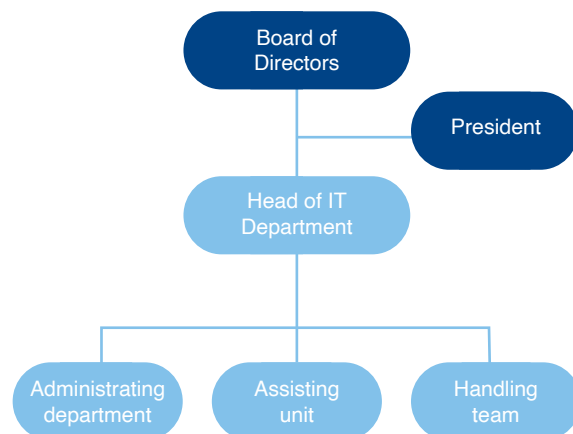
Risks	Risk environment	Risk control measures		2024 Operating performance	Controller
 Business risks	Sales are concentrated to a specific market; any change in the main market or customer will have a relatively significant impact on overall business performance.	Increase share of the secondary market.	Continue to expand diverse sales channels, market areas, and target customer groups.	Marketing Center	
		Develop new products in line with customers' needs and trends; explore sales opportunities for new product lines.	Maintain real-time, high-quality interaction with customers, understand market dynamics, anticipate needs in advance and respond flexibly.		
		Explore new sales channels and expand sales destination	Enhance the e-commerce platform's exposure through diversified marketing channels and continue to cooperate with electronic product suppliers to develop new opportunities.		
		Develop brand strategy and increase market visibility.	Continue to formulate strategies and product portfolios for our own brands.		
		Establish overseas sales locations to increase market breadth.	We have branches in the United States and Shanghai as overseas sales and service locations.		
	There is an imbalance between production and sales, customer orders are concentrated, and there are large fluctuations in highs and lows.	Based on order forecasts, we plan and simulate various production and sales scenarios, and improve production capacity and balance across all production bases through lean manufacturing systems and management. We proactively respond to the impact of global events on the product supply chain, and enhance the flexibility of each factory.	We work closely with customers to obtain their inventory data, simulate market fluctuations based on customer demand forecasts, and proactively formulate production plans to respond to order changes.		
	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.	Through the project management platform, we continuously manage and control the standards for newly developed equipment and spare parts planning to achieve seamless integration of equipment production.	Production Technology Department	
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.		According to this year's annual equipment maintenance plan, monthly inspections, annual inspections, and annual maintenance will be performed on key equipment such as high-voltage substations, stamping press, elevators, and powder coating equipment.			

Risks	Risk environment	Risk control measures		2024 Operating performance	Controller
 Business risks	Low fertility rate has significantly reduced labor supply and caused labor shortage.	Adopt more flexible and diverse recruitment channels such as digital platform, employment services, campus, and multinational internship programs; encourage referrals from employees and direct recruitment focus to the local community and neighborhood.		Promote a diverse and inclusive recruitment strategy, leveraging both digital and physical channels to broaden the talent pool and foster employment equity. Actively utilize government resources, including recruitment channels for veterans, Indigenous peoples, seniors, and youth employment, and participate in international student work-study programs to support their internships and career development.	Human Resource Department
		Through diverse industry-academia collaboration programs, including internships and on-campus lectures by industry experts, we aim to identify outstanding talents early on, reduce the gap between education and the workplace, and enhance employer's brand awareness.		- Continue to cooperate with National Kaohsiung University of Science and Technology and National Sun Yat-sen University on internship programs, arranging internships for four students from the Department of Mechanical and Electrical Engineering at National Kaohsiung University of Science and Technology in 2024 to cultivate talents for industry integration. - Collaborated with the Institute of Public Affairs of National Sun Yat-sen University to conduct corporate visits to help students understand corporate sustainability and social responsibility practices. - Participated in the International Student Career Development Committee of National Cheng Kung University, providing practical advice to enhance the employability of international students.	
		Implement the RBA's commitment to a zero placement fee policy for migrant workers and provide them with diverse benefits comparable to those of their local counterparts to enhance their quality of life and strengthen their sense of identity within the Company.		- Introduced 23 Filipino workers, implemented a zero-placement-fee policy for migrant workers, and provided them with leave on par with local employees to encourage participation in activities, increase retention, and stabilize the workforce. - Regular monthly meetings are held for foreign workers to provide company information and a forum for feedback, with agents and translators present to ensure smooth communication. - Subsidies were provided to migrant workers to hold two important festival events, with approximately 130 participants, to promote multicultural exchange and team integration.	

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 2024.

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

03 Access right management

- Personnel account authorization and review, and enable complex password policies.
- Regular count of user accounts and access rights
- Access control for server rooms and restricted IT areas

05 Training and awareness

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

..... 02 Vulnerabilities and threats

- Security tests such as server vulnerability scan
- Establish protective measures (such as firewalls, antivirus software, IPS active defense, and email filtering).
- Regular update of system security
- MDR endpoint protection measures

..... 04 Access control

- Encryption and access authorization for sensitive data
- USB storage device control
- Authentication of access to Intranet
- VPN introduces multi-factor authentication to improve authentication control mechanisms

..... 06 Business risks

- Insurance against cybersecurity risk

Cybersecurity actions for the year:

- 🔗 2024 annual report P. 88
- 🔗 Investors section/Corporate Governance/Organizational Structure and Organizational Charter/Information Security

Sustainable manufacturing

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Material topics of the Chapter

GRI 204

GRI 308

GRI 414

GRI 416

GRI 418

SDG 8

SDG 10

SDG 12

SDG 13

Sustainable product design

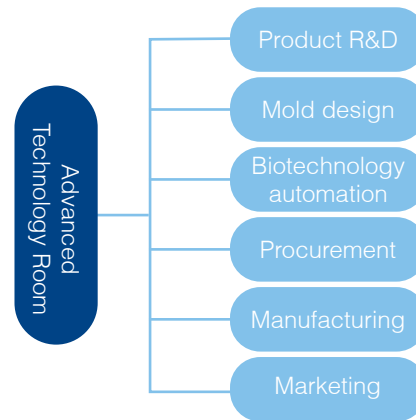
Policies and goals

Taiwan Fu Hsing focuses on improving product reliability and extending product life in sustainable product design. Expand modular design to improve product manufacturing and energy efficiency. Increase the proportion of recycled materials used and expand the use of environmentally friendly packaging materials. At the same time, we prioritize materials and suppliers with green certifications.

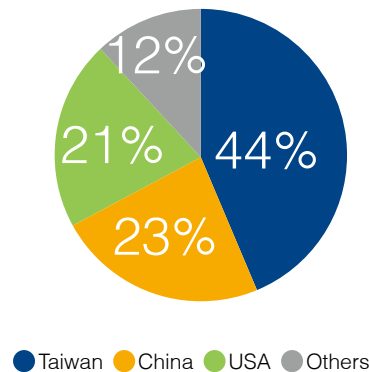
Technology and innovation

Taiwan Fu Hsing continues to invest in technology R&D and attaches great importance to intellectual property management. In 2024, we filed 63 patent applications in major production locations and markets, covering key manufacturing innovations and effectively reducing product's production costs. In addition, we are actively expanding Internet of Things (IoT) technology in the field of electronic locks to enhance the market competitiveness of smart door locks. Demonstrate a sustainable competitive advantage rooted in technological innovation, and leverage this to strengthen global market expansion.

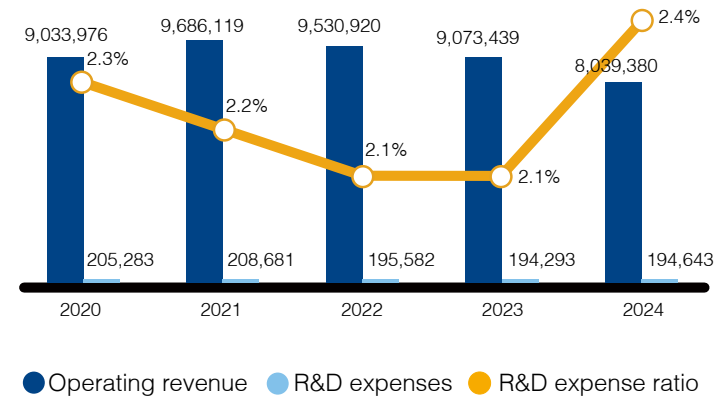
Innovative R&D management structure



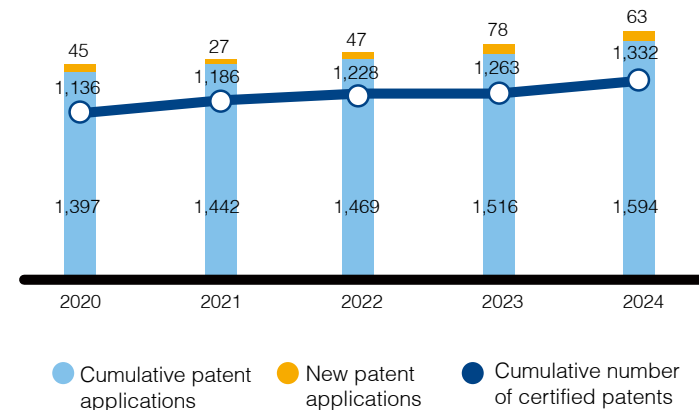
Distribution of certified patents



R&D investment

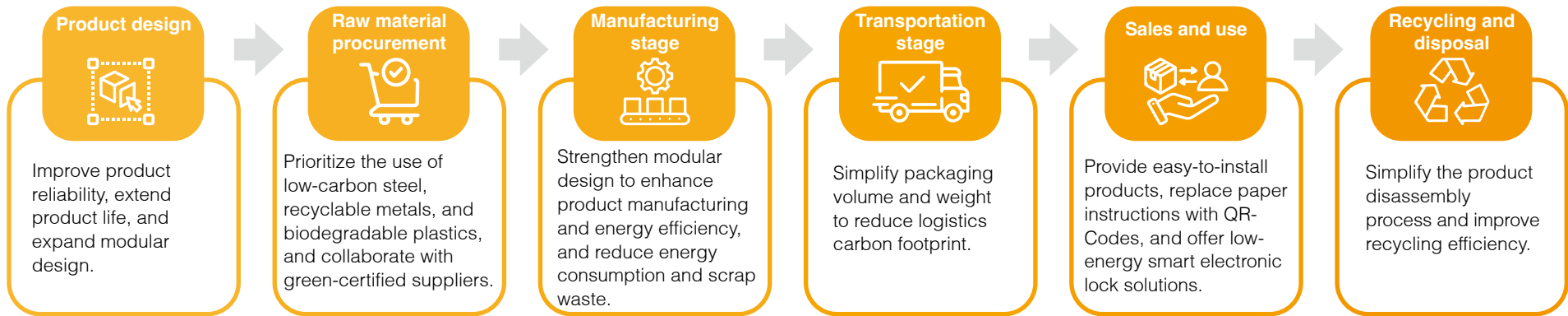


Cumulative patent applications



Green design

Introducing the concept of life cycle assessment into products during the development phase. Design products to meet customer needs and comply with local environmental regulations, energy efficiency standards, and safety regulations.



Related green labels and certifications

In terms of product design, we prioritize suppliers of raw materials and components that hold the following sustainability-related certifications.

 RoHS EU Restriction of Hazardous Substances Ensure that the product does not contain heavy metals and toxic substances.	 ISO 14001 Environmental management system Improve environmental management capabilities in the production process.	 Carbon Footprint Label Clearly indicate carbon emissions of the entire products' production process.	 REACH Chemical registration specifications Control the use of chemicals to protect humans and the environment.	 UL GREENGUARD The packaging paper materials are sourced sustainably.	 FSC Forest Stewardship Council Certification Ensure that no hazardous volatile substances (such as volatile organic compounds) are released during indoor use.
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Sustainable packaging

Taiwan Fu Hsing launched its environmental packaging material project in 2023. Through material and design optimization, it has incorporated "design for recycling" and "material responsibility" into its core environmental packaging strategy, and continues to move towards material recycling design and low-carbon footprint supply chain management. Original PVC packaging material has been gradually replaced with PET in recent years to reduce plastic residues and environmental risks associated with incineration.

Strategy

Components	Material planning
Transparent box	The original PVC transparent boxes or display packaging boxes are replaced with PET materials, and soy ink is used for copy printing to improve recyclability and reduce environmental burden.
Buffer material	Expand the use of molded pulp inner lining, gradually replace EPE, EPS and other foam plastics, and increase the proportion of degradable and recycled packaging materials.
Manual	Use QR codes for online manuals to reduce manual printing, and retain the environmentally friendly molded paper physical manuals in the packaging for customer convenience.
Sealing label	Promote the elimination of sealing labels and adopt tongue-fixed structural designs or innovative packaging structures that do not require snaps. This will reduce the use of sealing labels, improve the overall recyclability of packaging materials, and reduce the environmental burden of adhesives.

Performance in 2024

01 Molded Pulp lining cushioning material replaces traditional foam material (such as EPE/EPS) to provide good protection and is biodegradable.

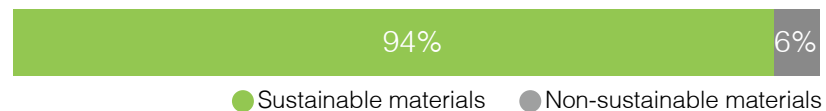


02 Research and develop PCR (Post-Consumer Recycled) recycled plastic material blister packaging to increase the proportion of recycled materials used.



03 The inner box is made of corrugated cardboard with 80% recycled content, achieving the design goal of recyclable and reusable paper packaging materials.

Use of sustainable packaging materials



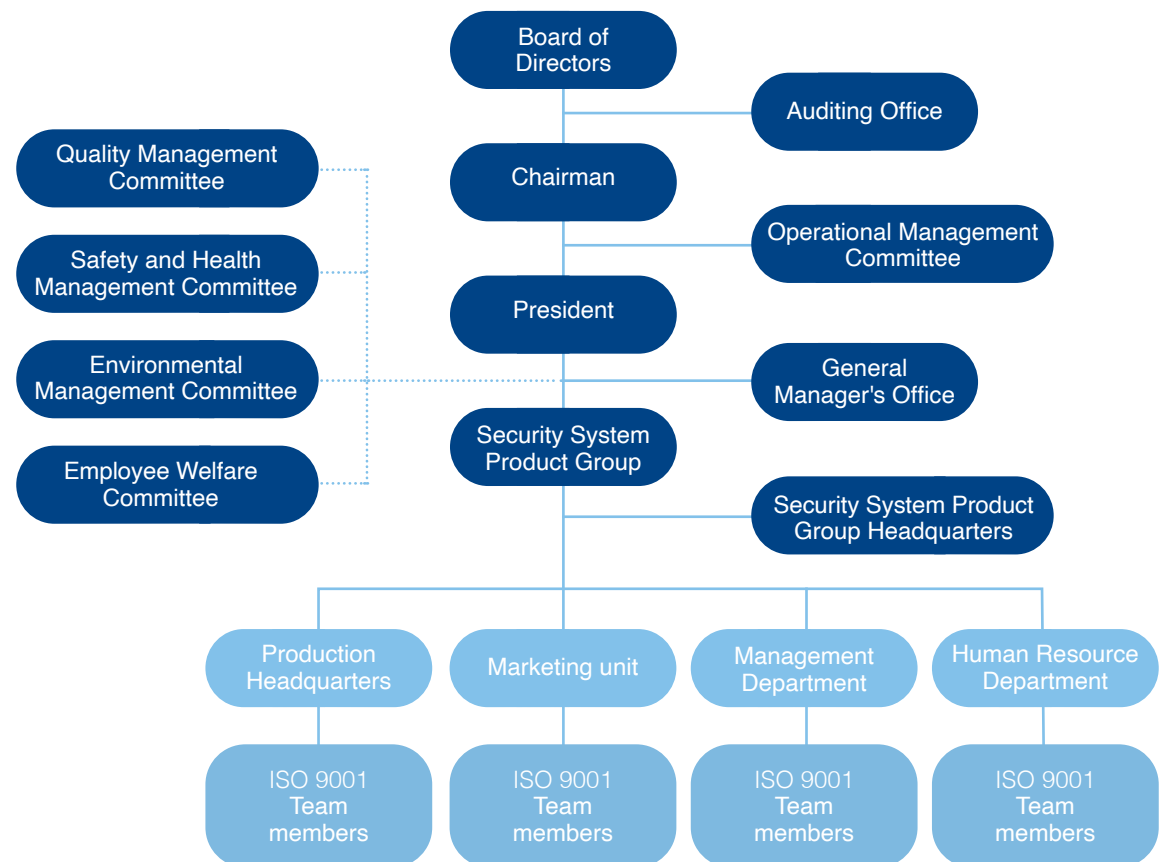
Product quality management

Policies and goals

Taiwan Fu Hsing takes product quality very seriously. We regard our door control products as the first line of defense in protecting consumer safety, and are customer-oriented and committed to providing high-quality products.

In terms of implementation, we have established a comprehensive quality management system and relevant standard documents based on the latest version of ISO 9001. We review and implement its effectiveness through regular internal management reviews, internal audits, customer satisfaction surveys, and periodic external audits conducted by third-party certification units or customers. At the same time, we actively promote activities such as “Lean Production”, “QCC Quality Circles”, and “Suggestion Improvement – Golden Chain Award” to establish a culture of continuous improvement among all employees, thereby enhancing the Company’s competitiveness and achieving the goal of sustainable management.

Quality Management Organization Chart



Product safety and health management

The entire product lifecycle, from design, institutional development, manufacturing, surface treatment, packaging, and warehousing, has been carefully designed and tested. We not only ensure that our products pass various international certifications for durability, safety, and fire resistance, but also meet the import and export standards of various sales countries. Our warehouse system has been consistently recognized as an AEO-certified qualified enterprise for many years. Provide consumers with higher-quality assurance and the most rigorous safeguards for user safety.

Taiwan Fu Hsing highly values and is committed to avoiding the use of substances harmful to human health or the environment. During the product development process, we strictly adhere to government and international standards. From the selection of raw materials and surface treatment processes to the materials used in product packaging, we create a safe and enjoyable user experience through the use of non-toxic, harmless materials and thoughtful product design. During the preparation of the 2024 report, all of our products and services were in compliance with applicable laws and regulations, and no violations occurred.

Quality and safety certification



Electronic substrates

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

Raw materials

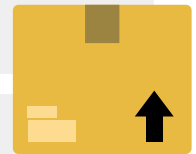
We are committed to not purchasing minerals and raw materials from conflict regions to achieve responsible and sustainable procurement.

Product surface treatment

- Invest into powder coating procedures to reduce the use of liquid coating, which is characterized by high lead content.
- The elements contained in powder coatings are controlled to comply with RoHS, and material content information (SDS) is added to ensure product contact safety.
- Actively develop antibacterial coatings to prevent the contact transmission of pathogens in the environment and further ensure the health and safety of users.

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.
- Continue to promote green packaging design, investing in environmentally friendly concepts for product packaging, such as introducing recyclable materials to ensure both product safety and environmental protection.



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 has been certified as an AEO (Authorized Economic Operator) since 2011, and has been implementing strict controls on business partner safety, information technology security, cargo safety and other matters, and has been certified regularly since then. Meanwhile, the Company continues to sign confidentiality agreements with new suppliers to keep customers' data safe. In 2024, 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. A total of 66 questionnaires were collected in 2024, with a 94% response rate and an average satisfaction score (out of 5) of 4.24 for domestic sales and 4.59 for international sales.

We also provide after-sales service and a variety of customer support channels – such as: email, phone, and our fan page – to accept and address customer complaints and gather feedback on our products. In 2024, the Company received no complaint from external party that was later substantiated by the organization.

Key points of satisfaction assessment

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



Supply chain sustainability management

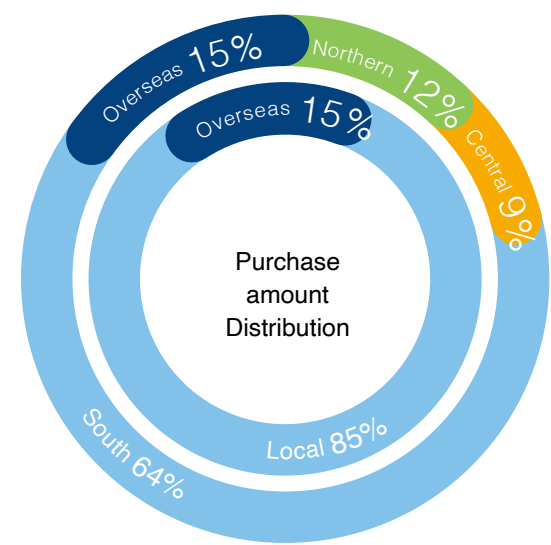
Policies and goals

Taiwan Fu Hsing follows international laws and regulations, including the UN Global Compact (human rights, labor, environment, anti-corruption), AEO safety-certified quality enterprise, and the Company's business philosophy as the basis for its supply chain management policy. Through close cooperation between the procurement, technology, and quality assurance departments, we review and provide improvement recommendations for business transaction optimization through management communication mechanisms such as "New Supplier Evaluation," "Supplier Evaluation System," and "AEO Evaluation." We have also established ESG standards for supplier management and engage in regular exchanges on major environmental and social issues to promote corporate conscience and foster a shared commitment to corporate social responsibility, enabling suppliers and Taiwan Fu Hsing to jointly strengthen CSR and build a more competitive and reliable supply chain.

Supply chain overview

Taiwan Fu Hsing's suppliers are divided into 4 categories: raw materials, contractors, equipment, and service suppliers, primarily local Taiwanese vendors. 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. The following is the distribution of procurement amount and regional breakdown:

Distribution of procurement area



In 2024, Taiwan Fu Hsing added 8 new partners, a 3.7% increase, and maintained a stable base of 214 suppliers, comprising 17 raw material suppliers and 197 contractors. The supply chain experienced no significant changes in 2024. 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	17 companies	197 companies
Dominance (Percentage of transaction sum)	14%	86%

Supplier assessment system

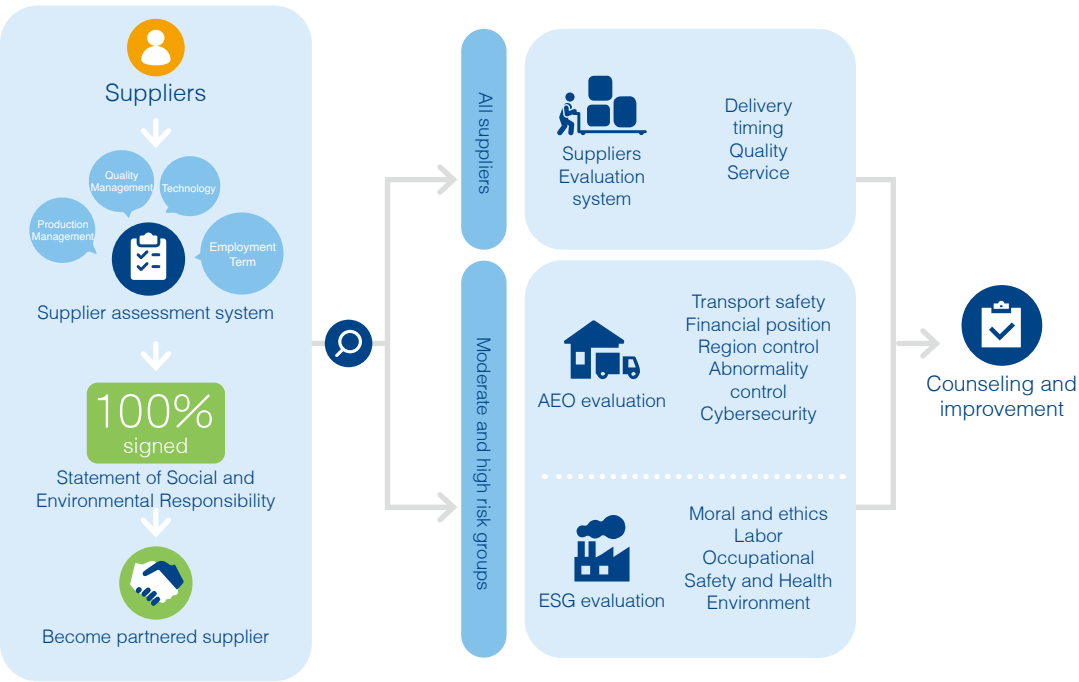
We evaluate new suppliers rigorously on four aspects including production management, quality management, technology, and employment term, and ask them to observe the ethical guidelines, workers' rights and duties, health and safety standards, and environmental protection requirements mentioned in Taiwan Fu Hsing's "Statement of Social and Environmental Responsibilities." In 2024, the proportion of new suppliers screened using labor practice standards reached 100%, and all 8 newly developed suppliers passed the assessment. At the same time, 100% of them completed the signing of "Business Partner Social and Environmental Responsibility Statement".

Sustainability risk management

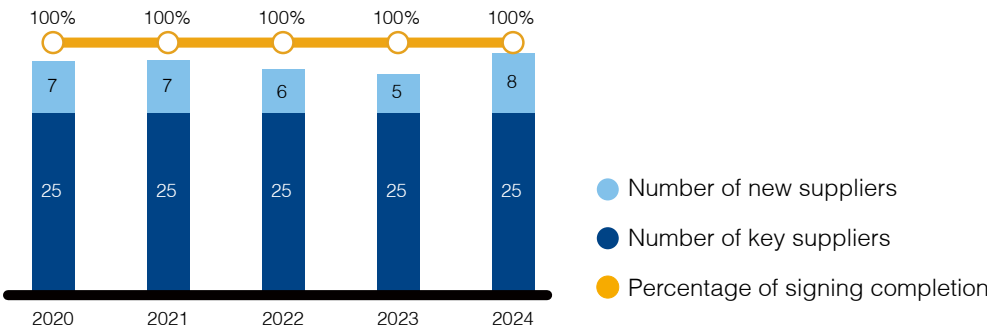
The Company identifies key suppliers based on the amount of transaction (excluding raw material suppliers) or the type of parts supplied, and rates them for delivery timing, quality, and service on a monthly basis. Depending on the final rating, the Company either rewards top-performing partners for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

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. 100% of suppliers have signed the agreement, leveraging Taiwan Fu Hsing's influence as an industry leader to create a harmonious workplace for society. In 2024, there were no cases of social impact affecting the Company or its suppliers, nor any terminations of supplier relationships.

Supplier management process



Implementation results in the past five years



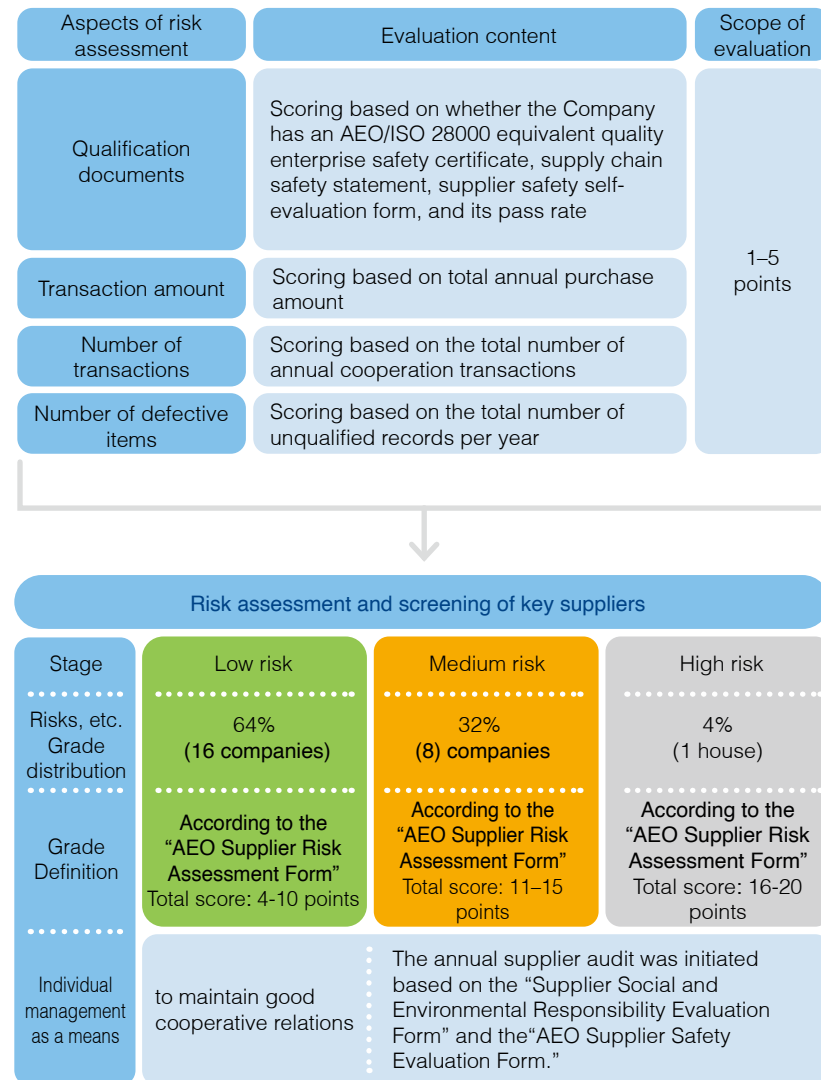
Supplier risk assessment and management

Taiwan Fu Hsing conducts annual social and environmental responsibility assessments of its suppliers, categorizing them into low, medium, and high-risk groups based on risk coefficients. On-site inspections are then performed on medium- and high-risk suppliers, focusing on labor practices, environmental impact, and corporate ethics. A total of 9 supplier social and environmental responsibility audits were conducted in 2024, and the evaluation results all met the requirements. At the same time, Taiwan Fu Hsing is an AEO-certified enterprise recognized by the Customs Administration of the Republic of China, and our key suppliers share this consensus in building a robust anti-terrorism and security network. In 2024, on-site audits were conducted for 9 suppliers according to the "AEO Supplier Safety Assessment Form", and all results were in compliance with the 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 2024 and no counseling was required.

Supplier risk assessment form



Social

Workplace safety	46	Talent investment and growth	61
Human resource policy	51	Talent well-being and healthy workplace	67
Inclusive leadership	55	Social inclusion	71

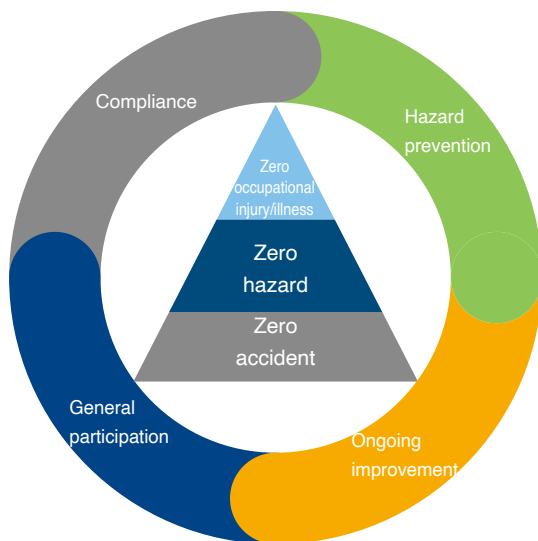
Material topics of the Chapter

GRI 201	GRI 204	GRI 203	GRI 308	GRI 401	GRI 402
GRI 403	GRI 404	GRI 405	GRI 406	GRI 412	GRI 414
GRI 416	GRI 418	SDG 3	SDG 4	SDG 5	SDG 8
SDG 10	SDG 11	SDG 16	SDG 17		

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

The Company refers to the ISO 45001 safety and health management system and integrates it with its existing management systems, such as the ISO 9001 quality management system, to incorporate it into the Company's overall management operations. To deepen institutionalized management, it is expected that the ISO 45001 occupational safety and health management system will be officially introduced in 2025 and third-party certification will be completed. 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 committee is chaired by the General Manager and is composed of 38 labor members, accounting for 59% of the total, significantly exceeding the legal requirement of one-third.

Committee composition

Members	Number of individuals	Members	Number of individuals
Chief committee member	1 individual(s)	Safety and health committee member	7 individual(s)
Deputy chief committee member	1 individual(s)	Department head	13 individual(s)
Secretary General	1 individual(s)	Medical representative	2 individual(s)
Plant manager	1 individual(s)	Worker representative	38 individual(s)
Total of 64 people			



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	Strategy	Actions
Physical	17	43%	Strengthen machine safety protection Noise reduction measures Re-examine chemical protective equipment	Vibration plate noise was improved; noise levels of Plan A machines and grinding unit machines were reduced to 84 dB in compliance with legal requirements, and protective equipment was distributed
Chemical	21	52%	Strengthen safety protection education and training	Installation of ventilation equipment Distribution of protective gear
Biological	0	0%	-	-
Ergonomic	2	5%	Arrange visits with occupational physicians Cooperate with the health checkup center for examination and schedule an interview	Guidance on proper lifting postures, health promotion courses, and manual handling weight control under 25 kg
Mental	0	0%	-	-
Total	40	100%	-	-

Occupational health services

Execution progress - 2024



Occupational hazard statistics and analysis

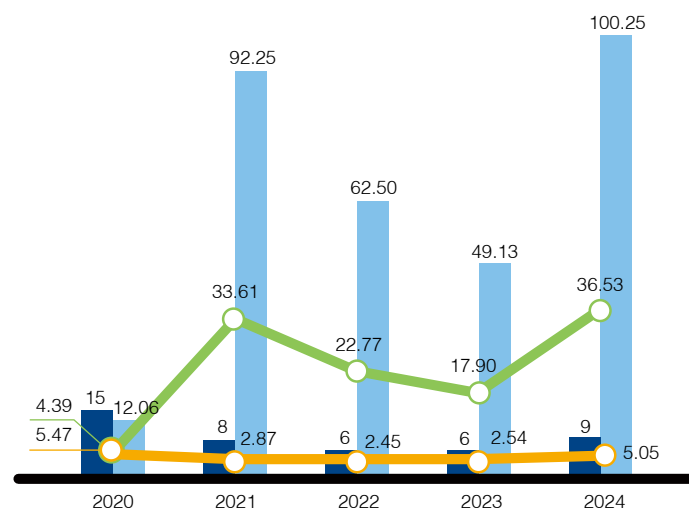
No employee suffered permanent injury or sequelae in 2024, and none of the suppliers or contractors reported disabling injury within factory premise. There were a total of 33 work-related accident cases throughout the year, of which 24 were commuting accidents, accounting for nearly 73%; there were 9 temporary disability incidents with a loss of one day, and 9 people suffered occupational accidents. 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.

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. In 2024, 230 people participated in special physical examinations, and their grades are shown in the table on the right. All subsequent reports and active follow-up management will be carried out in accordance with regulations.

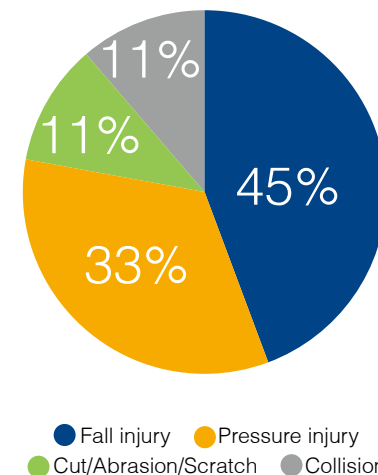
Regarding the management of people at risk of noise exposure, four people were listed as Level 4 noise management targets in 2023; in 2024, two of them retired and one was downgraded to Level 2 after subsequent inspection and evaluation, so there is currently one person listed as Level 4 noise management target. For high-risk employees, the Company continues to provide health consultations, medical referrals, and workplace improvement measures to reduce the potential risk of occupational diseases.

Occupational accident statistics in the past five years



● Number of injuries
 ● Lost days
 ● Disabling injury severity rate
 ● Disabling injury frequency

Types of work-related injuries in 2024



● Fall injury
 ● Pressure injury
 ● Cut/Abrasion/Scratch
 ● Collision

Level 1	Level 2	Level 3	Level 4
No abnormality	Abnormal, but unrelated to work environment	Abnormal, but unsure whether related to work	Abnormal, work-related
Self-management	- Offering of personal health guidance - Use of personal protection gear - Health tracking - Operations that physicians should not perform	- Occupational health specialists are invited to conduct health tracking - Workplace is assessed for work-related illness - Tier reclassification - Report to the authority - Physician's clinical diagnosis	- Adopt hazard control - Adopt relevant measures - Health tracking - Physician's clinical diagnosis
Noise			
131 individuals	63 individuals	0 individuals	1 individuals
Dust			
23 individuals	12 individuals	0 individuals	0 individuals

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 2024. New employee training is conducted on the day of reporting, and advanced training is conducted two months after joining the Company. In addition, employees' safety awareness is tested through Q&A format and further education and training are provided if they do not pass. In 2024, the Company will integrate existing course content, expand the scope and target audience of training, and enhance the diversity and practicality of training to further improve employees' safety awareness and response capabilities. All courses had a 100% completion rate.



Training requirements



Execution progress - 2024

Month	Course name	Enrollments
11	Traffic safety training	920
6	Internal fire safety team training	227
7	General hazard training	111
11	Internal fire safety team training	204
	On-job training	920
Total		2,382

Main training categories

Equipment operation training



To operate the equipment, employees must undergo additional equipment operation safety education and training. Standard operating procedures are also available on-site for reference to ensure safe operation.



Emergency response



Emergency response education and training is held every six months to enable employees to understand how to respond and handle emergencies.



Occupational safety certification



The factory implements a professional license system, it is strictly prohibited to operate machinery without relevant licenses.



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.

Handle Health seminar

Safety and health training is organized on a regular basis

First-aid training

Workplace smoking cessation service

Technology-assisted fitness test

Cancer prevention screening promotion

Safety and health training for new recruits

Safety and health training for on-site machinery

On-site chemicals general hazard training

Emergency response training

Existing employees - general safety training

- Each executive participates in the safety committee meeting quarterly and discusses improvements to on-site conditions.
- On-site inspections and visits are conducted irregularly, and improvement strategies are discussed with supervisors based on identified deficiencies.
- Reward safety and health proposals to encourage employees to report unsafe behaviors.

Human resource policy

Policies and goals

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

Awards and recognitions

Since 2016

Sports Enterprise Certification



Since 2014

Healthy Workplace Certification



2022

DEI Diversity and Inclusion Vision Award



2024

DEI-Friendly Employer Award



HR overview

After more than 60 years of practice, Taiwan Fu Hsing has built a leadership position and strong advantage in the industry. Up to 96% of the company's employees are full-time, while 4% are contract workers. No employees are non-employees. In addition to Taiwanese employees, the company also employs Filipinos, Vietnamese, Thais, Indonesians, Chinese, Malaysians, and others. All employees, regardless of nationality, enjoy comprehensive and competitive benefits, and domestic and foreign staff work together harmoniously, contributing to a stable and robust workforce.

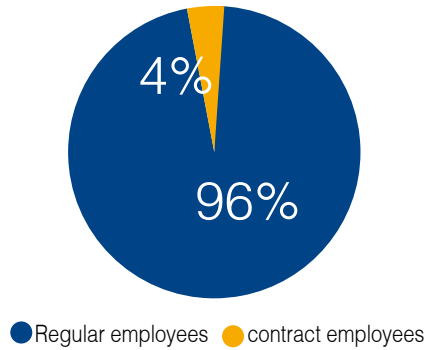
The Company upholds the core principle of "fair treatment." In addition to not discriminating against employees based on nationality or race, we also actively promote gender equality and strive to create a diverse and inclusive workplace. The proportion of male to female employees is nearly equal. Among the management level, female supervisors account for 33.68%, which is a fairly gender-equal environment in the metal machinery manufacturing industry.

In terms of age distribution, nearly 20% are young people under the age of 30, injecting new vitality into traditional industries. 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.

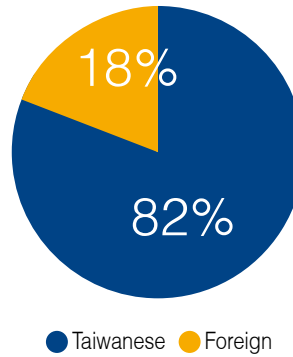
In terms of seniority, the average tenure of the Company's domestic employees is 13.43 years, with over 50% having more than 10 years of service. This demonstrates the Company's stable operations and a high level of employee cohesion and sense of belonging, sufficient to support long-term stable organizational operations. The 6:4 direct to indirect employee ratio reflects good organizational operational efficiency and a relatively flat management structure.

Workforce structure of Taiwan Fu Hsing

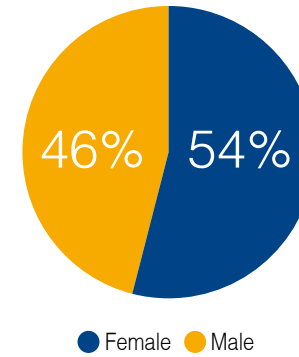
By employment type



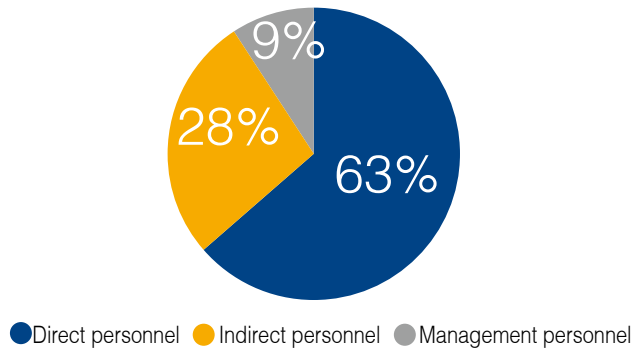
By nationality



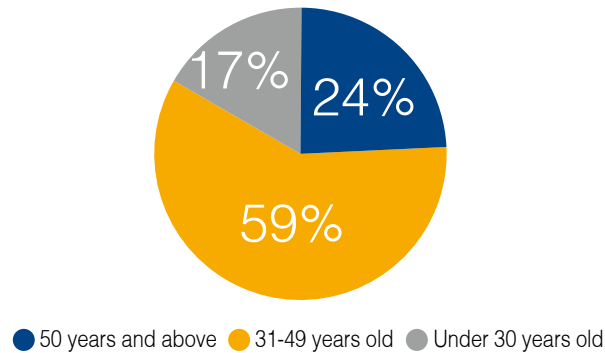
Gender distribution



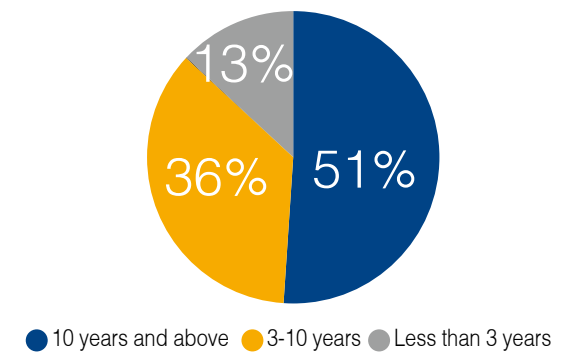
By direct/indirect nature



Age distribution



Average years of service



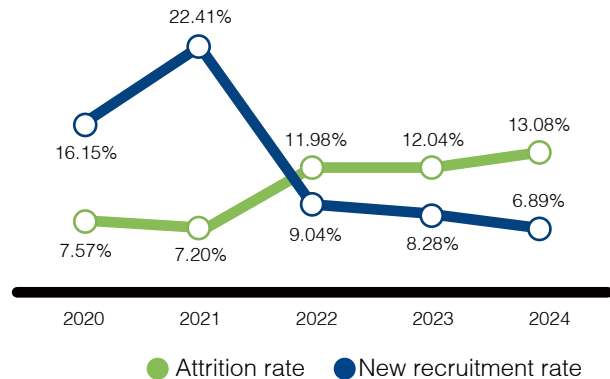
The above statistics may differ from the data cutoff date of the annual report. Contract type, nationality, gender, age, and direct/indirect workers were accurate as of the end of 2024, where the total employee count was 1,142. Average years of service was calculated on the number of local permanent employees (930). For detailed statistics, please see [Appendix - "Taiwan Fu Hsing Workforce Chart" P.93-P.94](#)

Productive workforce rotation

To maintain the vitality and competitiveness of the organization, we pursue "optimal" rather than "minimum" employee turnover. With respect to full-time employees of local nationality, the gender distribution of new hires and resignations has been balanced in recent years, with no significant imbalance. Although the number of resignations increased slightly in 2024, further analysis by age group showed that more employees over the age of 50 resigned than new employees. Among those who resigned, 19 were retirees, accounting for nearly 80% of resignations among that age group and 13.57% of the total resignations. The average length of service of those who have reached retirement age is over 30 years, indicating that retirees have a high sense of identification with the Company. The moderate retirement ratio also reflects natural and healthy generational change in the organization, which is a positive human resources cycle.

Overall, the number of full-time domestic employees has shown a slight downward trend, primarily due to production capacity adjustments. This has led to the use of flexible hourly hires to supplement on-site demand, representing positive personnel mobility and promoting organizational renewal within the Company. The high willingness of younger employees to stay also demonstrates that they identify with the Company's vision, mission, and culture, and are willing to make steady investments in further development.

New hire and turnover rates in the past five years



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

Compliance with basic labor conditions

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 2024.

Taiwan Fu Hsing's human rights policy



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



Human rights protection practices

Employee education and training

New employee training includes courses on human rights, gender equality, prevention of workplace harassment and complaint procedures, prevention of sexual harassment, and occupational safety and health. Training completion rate is 100%. The total annual refresher training hours for relevant education and training in 2024 was 1,199.5 hours, involving 1,163 participants, with a completion rate of 100%.

Provide a safe workplace environment

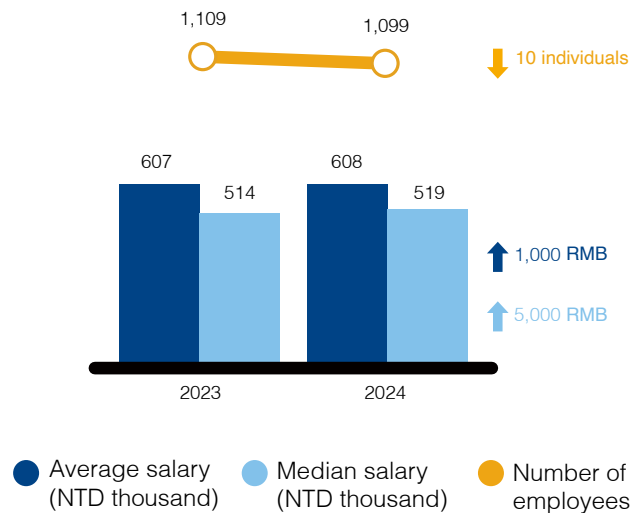
The Company regularly promotes various safety training programs based on employees' duties and work environments, including self-defense fire brigades, hazard awareness, and on-the-job training (including ergonomics promotion), to comprehensively enhance workplace safety awareness and response capabilities. The total hours of relevant education and training in 2024 were 1,388.5 hours, with a total of 1,553 participants and completion rate of 100%.

Supplier human rights

All key suppliers are required to sign Taiwan Fu Hsing's "Social and Environmental Statement" to ensure that basic human rights are not violated. The signing rate was 100%.

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 and working conditions are fully in compliance with labor laws and international human rights conventions, and salary levels are adjusted based on market standards and operating results, with an average increase of 4% over the past five years. Although Taiwan Fu Hsing is a labor-intensive industry with a large proportion of entry-level employees, according to annual reports on full-time employees, the average salary of entry-level employees has exceeded the government's target of monthly salary of 30K.



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.

In addition, the Company established the "Employee Preferential Retirement Plan" in 2008, which was revised after review in 2017. It stipulates that if Taiwan Fu Hsing employees do not meet the statutory retirement qualifications, but meet the requirements of years of service + age ≥ 70 , they can apply for "voluntary early retirement". 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

Term of service	Members	Execution progress
November 2022 - November 2026 (Elected from November 2022)	9 members in total (6 labor representatives, 3 management representatives)	A total of 22 retirement applications were reviewed in 2024, and the total amount of pension funds disbursed for the old system was \$33,184,696.



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 claim.

Favorable retirement policy

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

Labor Pension Act

The Company makes monthly contributions based on individual contributions, and pays 6% of the amount into individual pension fund account established by the Bureau of Labor Insurance.

Inclusive leadership

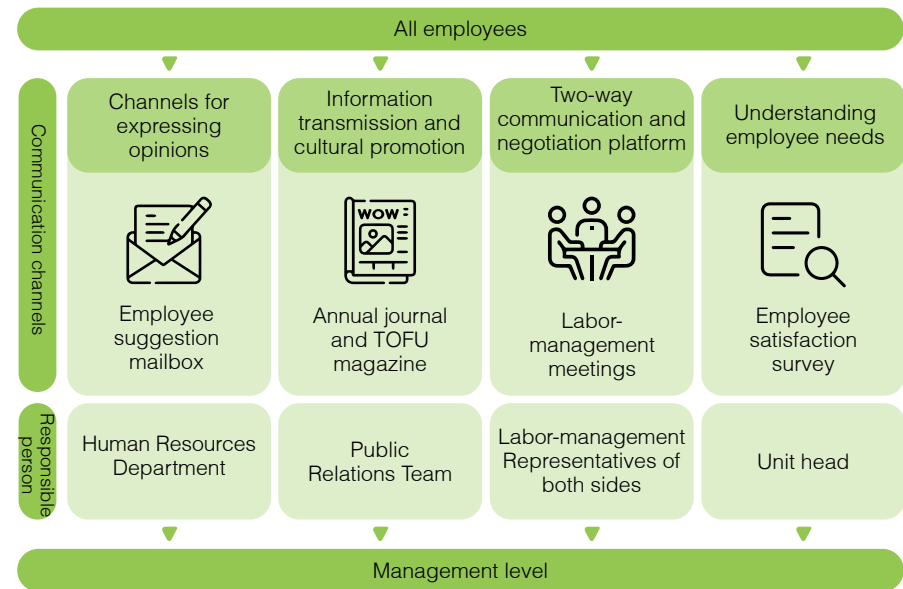
Taiwan Fu Hsing evaluates talents solely for their skill sets, and holds the conviction of creating a diverse and inclusive work environment. Various policies have been implemented to enforce human rights, gender equality and the elimination of workplace discrimination, so that employees are not subjected 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.

Cross-generational communication

As a large family with five generations living under one roof, Taiwan Fu Hsing not only values the opinions and rights of its employees and establishes robust communication channels, but also prioritizes cross-generational communication to understand the needs of different generations. This understanding serves as a key reference point for improving management and strengthening the connection between the Company's management team and its employees, ultimately enhancing employees' sense of identity and cohesion with the Company.



Employee communication channels



Understanding the perspectives of multiple generations: An employee satisfaction survey

In a diverse and inclusive workplace, the generational gap represents more than just age differences; it also reflects different communication styles, values, and work expectations. To better understand the needs of employees, we conducted employee satisfaction surveys to gain insights into how different generations feel about and perceive the workplace.

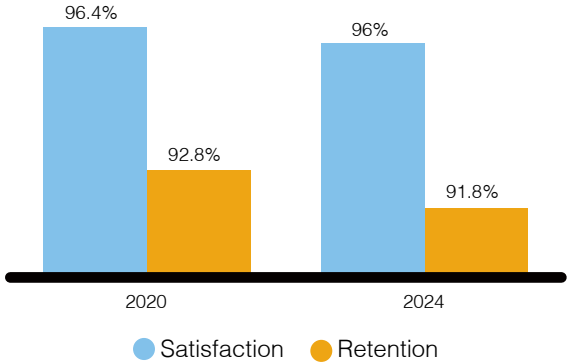
The survey results not only help us understand the differences in work identity, management interaction, and career development across different age groups, but also serve as an important basis for leaders to refine their management approaches and foster team understanding and collaboration. These insights are the starting point for advancing inclusive leadership and cross-generational communication, and they give us greater confidence in creating a workplace environment that truly respects diversity and fosters collaboration.

Employee satisfaction survey framework

The overall score of the 2024 employee satisfaction survey increased slightly from 4.80 in 2020 to 4.82, but showed a downward trend in aspects such as cross-team collaboration, career development, work environment, and communication. Reflect the changing expectations of employees regarding support systems and development opportunities in the post-pandemic era. The Company has initiated improvements in four key areas: “career development,” “organizational communication and operating procedures,” “manager motivation and team building,” and “work environment” to strengthen a culture of trust and support and to fulfill its commitment to inclusive leadership.



Satisfaction survey results

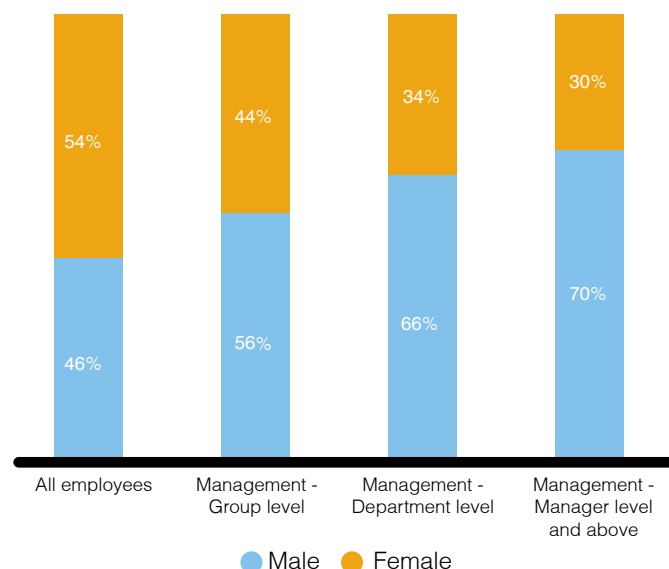


Areas for improvement	Implementation measures
Development	Career development: New recruits are selected as MVPs to recognize their positive attitude and learnable qualities. We also implement IDP for "High-Performing Personnel" and work with their supervisors to develop personal career goals, skills development, and learning resources, and plan specific action plans.
Employees	- Organizational communication and operating procedures: New employees are provided with a new work report to provide feedback on their work experience and have discussions with their supervisors in short period of time, thereby reducing the gap between their understanding and expectations. There are also employee suggestion boxes, labor-management meetings, and internal organizational publications for communication and exchange of opinions. - Motivation and team building of supervisor: We organize "Self-Awareness and Resilience Workshops" for supervisors. Through in-depth self-exploration and mindfulness courses, they learn to coordinate emotions, balance stress, and thus strengthen their psychological resilience. They become a support network for each department and cultivate a safe and trustworthy team culture.
Work	Work environment: Continuously improve the workplace environment, enhance office space utilization and comfort, and strengthen safety, health and environmental management.

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. The ratio of male to female employees is close to equal. Among the management team, women supervisors represent 33.68%, which is a relatively gender-equal proportion for the metal machinery manufacturing industry.

Percentage of female managers



Care for women in the workplace

Facing the multiple pressures of workplace, family, and marriage, women demonstrate their resilience and courage. In 2024, the company held a “Workshop on Courageous Women” to help female managers enhance self-awareness and build self-affirmation through sharing and support. The workshop encouraged female employees to explore their unique qualities, foster greater communication and learning, and demonstrate professionalism and confidence in the workplace, ultimately contributing to a friendly and equitable workplace culture.



No gender distinction

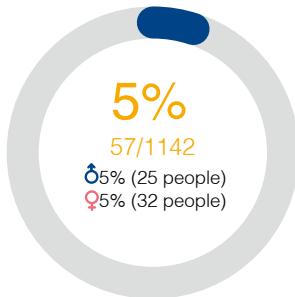
According to the principle of gender equality, men are encouraged to share family responsibilities. Leave options such as maternity leave, prenatal checkup leave, paternity leave, and family care leave and other types of leave are available to both men and women.



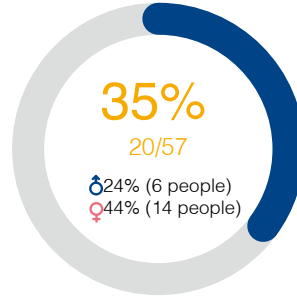
Parenting friendly

We have established the “Maternity Health Protection Guidelines” in accordance with the “Occupational Safety and Health Act,” and provided childcare subsidies, enhanced parent-child friendly spaces and measures, to help employees balance work and family and realize their self-value in the workplace. In 2024, the return-to-work rate for male employees after parental leave was significantly higher than that of female employees, indicating that female employees continue to bear a greater share of family care responsibilities. The turnover rate of employees who have been retained after returning from leave for more than 12 months in the previous year was 91%. This demonstrates the Company’s success in promoting work-life balance policies, reflects employees’ strong trust and recognition of the Company, and shows that the Company’s system is highly flexible and supportive, effectively assisting employees in smoothly returning to workplace during the child-rearing period.

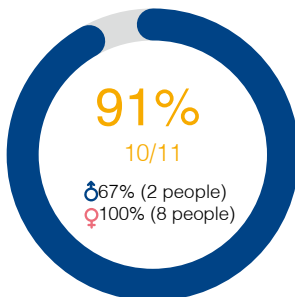
Eligibility ratio



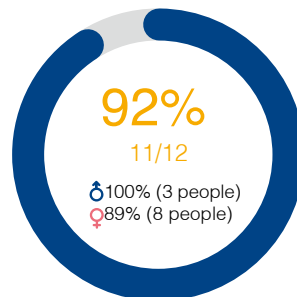
Application rate



Retention rate



Return rate



Parenting-friendly measures

Prenatal	Maternity protection program	Work safety personnel, factory nurse, and on-site physician would coordinate to evaluate and limit work activities that pose concern for maternal health, and make alternative work arrangements or suitable measures.
	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	After-school childcare subsidies of NT\$3,000 per year are provided for each child of employees aged 3–12 who are in school.



Care for middle-age and senior employees

Taiwan Fu Hsing has more than one-third of its employees aged 45 or above, with an average service tenure of 20 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 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.

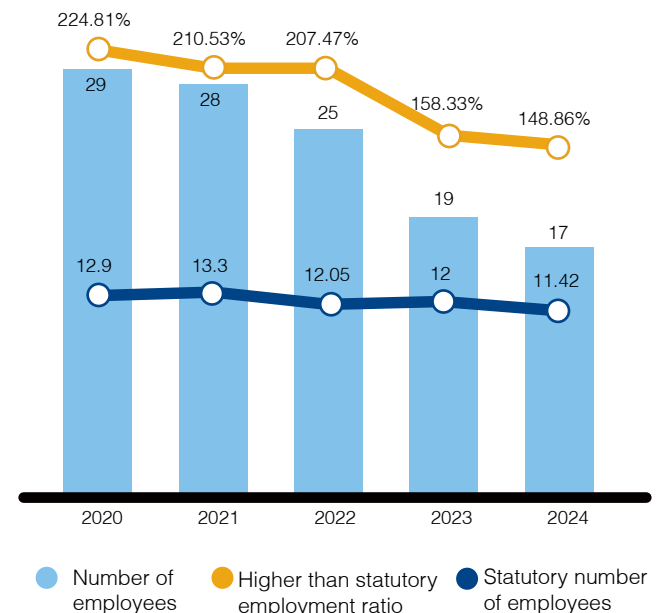
Tracking and care

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

Disabilities

We spare no effort in promoting employment for the disadvantaged. In 2024, we employed 17 people with disabilities. According to the "People with Disabilities Rights Protection Act", if a private enterprise has more than 67 employees, the employment ratio of employees with disabilities shall be 1%, and shall not be less than 1 person. Taiwan Fu Hsing employs people with disabilities at a rate of 1.5%, which not only meets the legal standard but also exceeds the quota by 1.5 times. The most senior employee has 40 years of service, and the overall average length of service is 22 years, demonstrating a friendly and healthy workplace where people with disabilities can overcome challenges and showcase their talents.

Number of people with disabilities employed in the past five years



Care for foreign workers

Taiwan Fu Hsing currently has nearly 210 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). Starting in 2023, the company has been cooperating with the government's policy to retain and promote long-term employment of foreign workers, and has progressively introduced onemid-level foreign worker as an expatriate technician, entrusting them with the task of training other foreign workers, demonstrating that career development can be achieved through individual effort.



Zero commission policy for foreign workers

To ensure that migrant workers' rights are respected during recruitment and employment, Taiwan Fu Hsing has implemented a "zero-fee" policy for migrant workers since 2021, meaning no fees are charged for any costs associated with the hiring 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.

Communication

- Company morning meeting (irregular)
- Dormitory manager meetings (once a month)
- HR discussion / agency / in-plant interpreter (always available)
- Bulletin (ad-hoc)

Bonuses and benefits

- Allowances: overtime allowance, shift allowance, loading allowance, dormitory manager allowance, and professional allowance
- Incentive bonus: year-end bonus, zero-defect bonus (quarterly/annual) etc.
- MVP bonus: Newcomer MVP bonus, Dorm Head MVP bonus
- Festival gifts: such as Dragon Boat Festival and Mid-Autumn Festival gifts
- Living subsidies: wedding, childbirth, funeral, hospitalization, disability, training, severance, and birthday subsidies

Employee activities

- Health promotion: ball games, health checkups, fitness tests
- Cultural activities: Songkran Festival blessing activities, New Year's Eve party, year-end party costume show
- Education and training: Pre-employment training, safety and health training, career training (e.g., BetterUP empowerment program)
- Exclusive support: Dream Fulfillment Program

Talent investment and growth

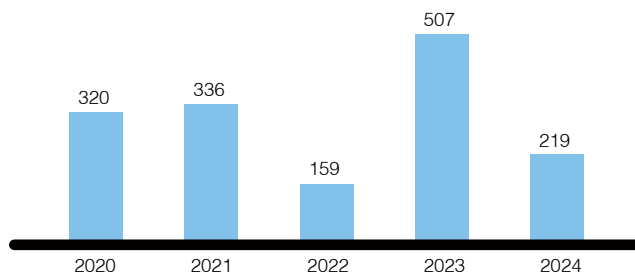
Policies and goals

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 enviable 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 attraction and retention

Taiwan Fu Hsing has adopted flexible and diverse recruitment channels to actively cultivate, recruit, and retain talent in response to social changes and the emergence of new generations of talent. In 2024, a total of 219 new employees were recruited. By offering competitive compensation, benefits exceeding legal standards, and a positive work environment, we aim to foster employee loyalty and accelerate their onboarding process with a robust new employee support program, ultimately reducing new employee turnover.

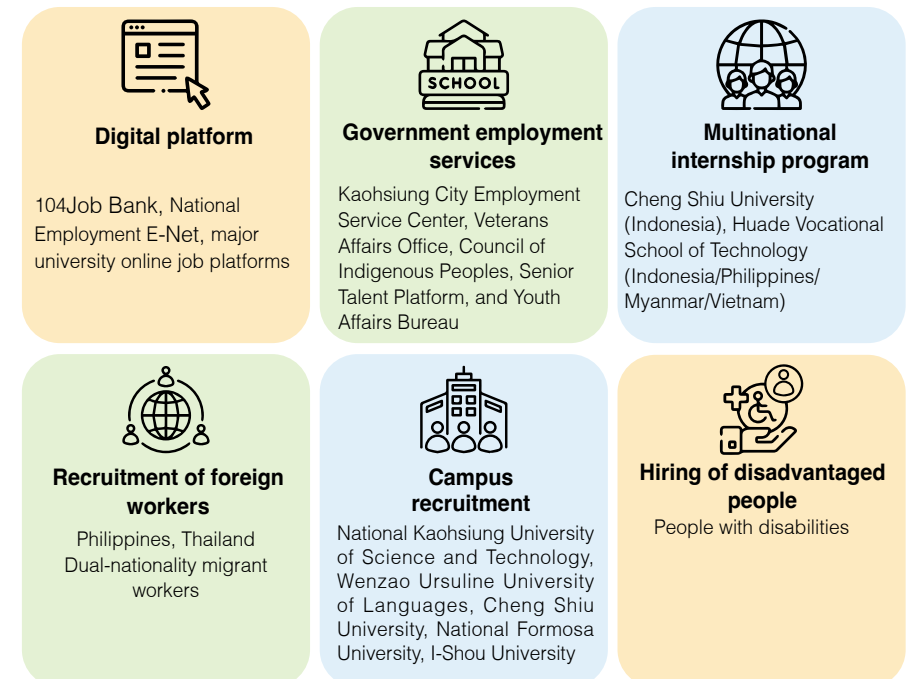
Number of new employees in the past five years



Diverse talent recruitment

Taiwan Fu Hsing adopts a diversified and inclusive approach to recruitment, ensuring no discrimination based on gender, religion, race, or nationality. The selection process prioritizes individual qualities and team collaboration potential, followed by potential learning abilities and development prospects. We prioritize local recruitment to foster a diverse, equal, and inclusive workplace culture, while actively contributing to the creation of local employment opportunities and providing equal career development opportunities. 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.

Overview of recruitment channels



New recruit assistance program

To help new employees integrate into the work environment and culture, the Company has implemented a diversified mentoring mechanism since 2018, designing exclusive assistance programs for “direct personnel” and “indirect personnel” to improve adaptability and retention rates.

Graded education and training

Provide introductory, intermediate, and internship courses covering the Company's system and professional knowledge.

Practical support measures

Newcomers can quickly get up to speed through pre-employment training, a guidebook, and a buddy system.

Institutional care

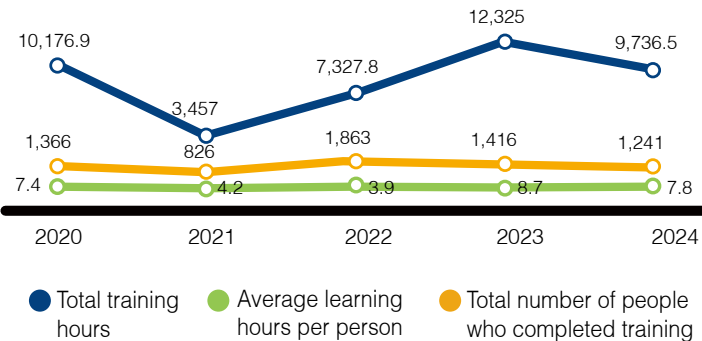
Includes HR interviews, trial period follow-up, health management, annual performance reviews, and new employee MVP awards to enhance support and motivation.

Assistance program	Direct employees	Indirect employees	Common mechanism	Description
Introductory education and training	●	●		New employee orientation covering company culture, safety regulations, and basic systems to help new hires quickly get up to speed
Intermediate education and training	●	●		Deepen departmental expertise, and have indirect personnel participate in practical exercises to improve their capabilities
On-site pre-job education and training	●			New employees are personally trained to master the tools and operating procedures in the field, reducing the barriers to getting started
Beginner's guide/senior's secret	●	●		Leverage the experience and work skills of senior employees to accelerate adaptation and grasp the key points of the job
Job description	●	●		Clearly describe the work content and goals, and strengthen the understanding of roles and responsibilities
Newcomer's assistant	●			Senior colleagues are appointed as Buddies to assist with problem-solving and accelerate team integration.
Work report		●		Assist indirect personnel in reflecting on and organizing their accomplishments to improve self understanding and performance evaluation.
HR care interview	●	●	●	HR regularly takes care of and listens to the needs of new employees and provides assistance or guidance
Post-probation interview	●	●	●	Review trial period performance and discuss future development and arrangements
Healthcare from plant nurse	●	●	●	Provide health consultation and adaptation assistance, focusing on physical and mental well-being
Annual performance evaluation	●	●	●	Incorporate new hires into the overall performance review system to support their positive growth
Newcomer MVP Selection	●	●	●	Encourage outstanding newcomers to participate and publicly acknowledge their contributions to strengthen their sense of belonging

Talent development

Taiwan Fu Hsing's talent development is based on the core values of diversity, inclusion, and a people-oriented approach. Starting in 2023, the company has officially launched a "learning organization" initiative to gradually enhance employees' current job functions and the soft and hard skills needed for future development by increasing their learning autonomy. Cultivation focuses on business management, common training, production technology transfer, quality control, and the development of a learning organization. To enhance course effectiveness, the training process encompasses pre-course needs assessment and planning, in-course management, post-course follow-up and application, and continuous improvement for courses that do not meet expectations. Among them, training effectiveness is tracked and summarized using the Kirkpatrick four-level training evaluation framework, and continuous improvement is implemented for courses that do not achieve the desired effectiveness. In 2024, the total employee education and training hours reached 9,736.5 hours, with an average of 7.8 hours per person.

Employee training indicators



Training evaluation model

Project-based or cross-departmental application courses, such as QCC quality circles, etc.

L4

Result level

Functional development/management training courses, such as production technology talent training classes and graded education and training, are tracked through post-tests, supervisor feedback, or the collection of practical application cases.

L3

Behavioral level

Skill-based practical operation courses, such as on-the-job retraining for specific roles and technical personnel, are often combined with tests/practical exercises or on-site observation to evaluate effectiveness.

L2

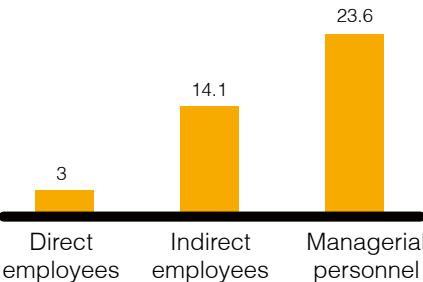
Learning level

For basic general education and system promotion courses, such as safety, legal promotion, and external education and training of less than four hours, students' participation experience is assessed through post-class satisfaction questionnaires.

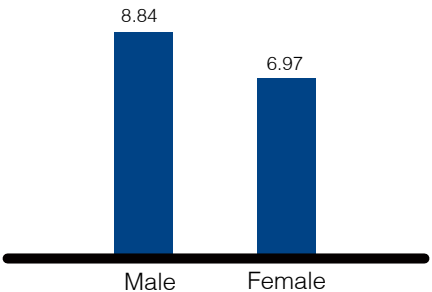
L1

Response level

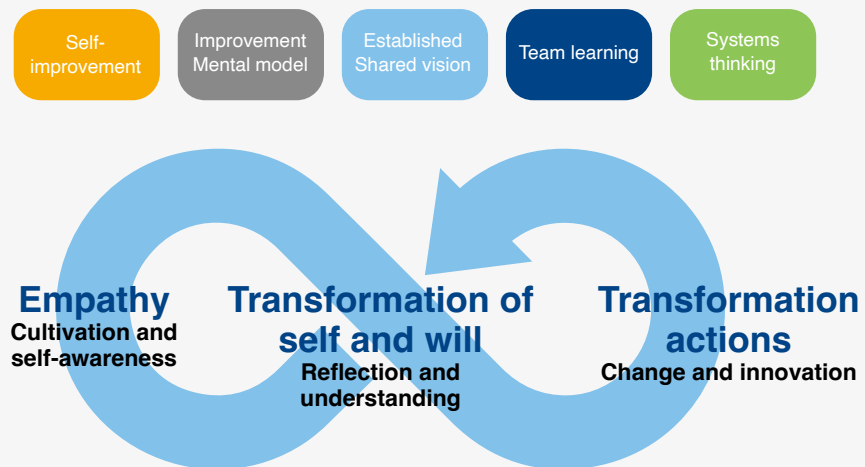
Average hours of education and training per employee by position in 2024 (unit: hours)



Average hours of education and training per employee by gender in 2024 (unit: hours)



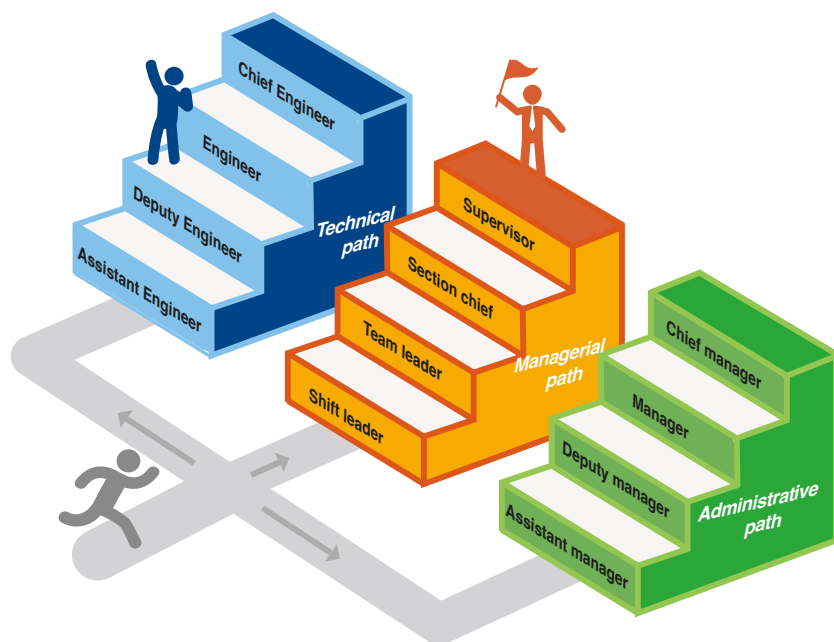
In response to the organizational goals, the “Self-Awareness and Resilience Workshop” was introduced for the first time in 2024 to middle-level managers with key influence. The course focuses on “self-awareness” and aims to enhance supervisors’ “happiness” through various approaches, thereby promoting a positive cycle, encouraging conscious learning and change, and fostering organizational resilience and innovation. This approach serves as the cornerstone for building a learning organization culture and continuous improvement, ultimately achieving sustainable talent development.



Talent development

3 career paths

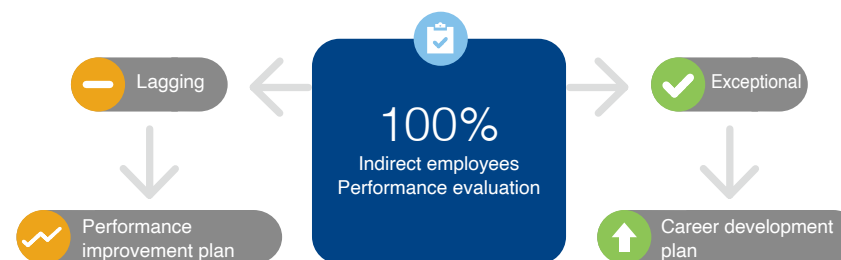
The Company offers three career paths: managerial, administrative, and technical to promote employees with different skill sets and characters. Employees who possess managerial skills may advance through managerial positions such as team leader, section chief, and manager while bearing the responsibility 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.



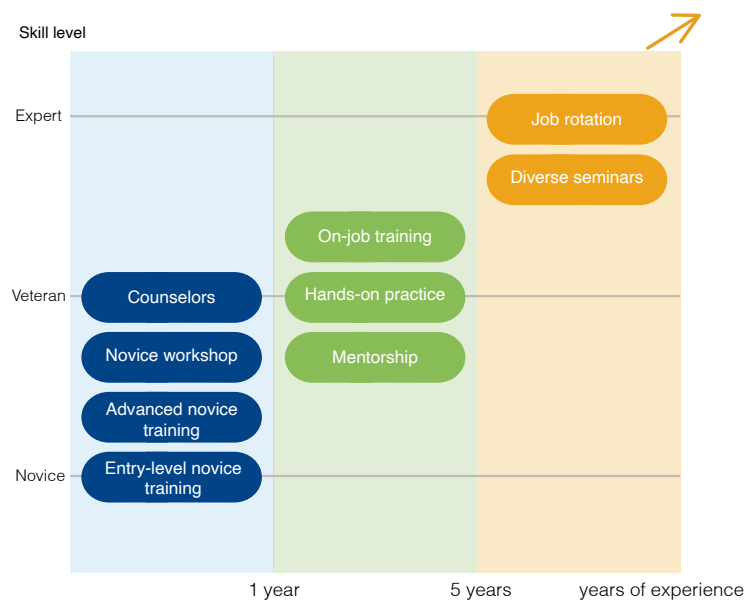
3-phase performance evaluation

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

Item	Time	Scope of evaluation	Execution progress
Probation review	Onboard 3-6 months	The performance evaluation targets new recruits and is intended to learn their adaptation and offer the required assistance.	Execution rate:100%
Special promotion	July each year	Line managers may request promotion review for top-performing employees as an encouragement.	136 people advanced, representing 11.33% of the total employee population.
Yearly performance review	End of each year	In addition to assessing individual job performance, unit KPI achievement is also considered to balance qualitative and quantitative results. 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%

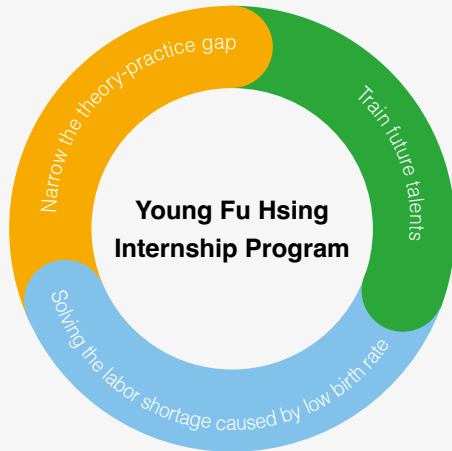


The Company has divided its talent program into three stages: novice, veteran, and expert, each has a different training emphasis, method, and purpose. The novice stage focuses on the transfer of knowledge and is intended to help newcomers familiarize with the corporate culture, the work environment, 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.



Industry-academia collaboration

In 2015, Taiwan Fu Hsing launched the “Young Fu Hsing Internship Program”, in cooperation with local colleges and universities through industry-academia partnerships. The goal is to bridge the gap between industry and academia, cultivate future talent, and address the workforce shortage resulting from declining birth rates. Currently, there are three types of internship programs available: summer internships open to all majors, semester internships primarily for students in engineering majors (mechanical and electrical engineering), and internships specifically for international 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 2024 internship program recruited four students from the Department of Mechanical Engineering at National Kaohsiung University of Science and Technology for a three-month internship. Additionally, we collaborated with the Institute of Public Affairs at National Sun Yat-sen University to organize a student-faculty corporate visit, providing students with firsthand insights into Taiwan Fu Hsing's corporate social responsibility and sustainable operations practices. This experience deepened students' understanding of how businesses integrate social responsibility into their operational models, and fostered stronger ties between industry and academia. Invited to serve as a corporate representative on the “International Student Career Development Course Committee” at Chung Hwa University of Science and Technology, assisting the school in planning course direction and career pathway content. By providing practical perspectives through industry-academia dialogues and exchanges, we help international students stay abreast of industry trends and enhance their future employability.



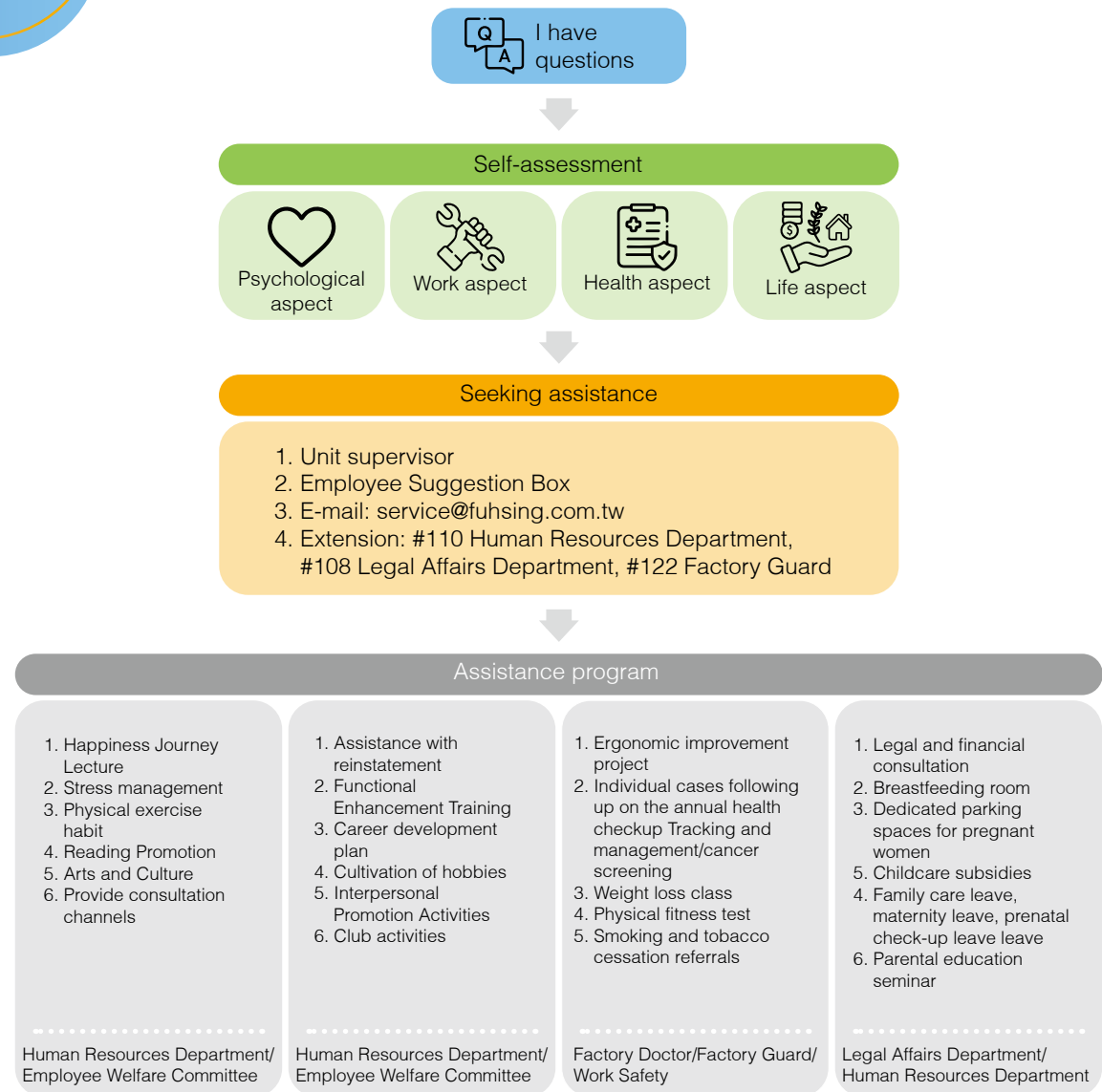
Talent well-being and healthy workplace

Policies and goals

Taiwan Fu Hsing is committed to providing employees with high-quality job opportunities. In addition to legally mandated benefits, we also offer a retirement system and benefits exceeding legal requirements, including paid health checkups, club subsidies, and on-the-job training assistance. 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.

Taiwan Fu Hsing has created a work environment that encompasses both physical and mental health, fostering a supportive and safe atmosphere, and continuously encourages employees to embrace a healthy lifestyle while providing more timely and accurate care and medical support. In addition, we promote various psychological health promotion activities to strengthen the psychological resilience of our employees, keeping pace with current trends. Promote talent well-being and a healthy workplace through a three-pronged approach focusing on "mental health", "health promotion" and "employee benefits".

Employee EAP assistance program



Health promotion

Taiwan Fu Hsing understands the importance of employee physical health and provides a variety of health promotion activities to enhance employee health awareness, including sports training and health checkups, with the goal of preventing potential health issues and effectively maintaining employee well-

being. Two occupational health professionals were also appointed 2, and a contracted occupational health physician was scheduled to provide services at Gangshan Plant three times a month, each session lasting three hours. We also continue to promote a healthy lifestyle among employees by organizing events

such as marathons, weight loss programs, and health lectures. Additionally, we implement occupational disease prevention measures for employees at high risk and provide timely and accurate care and medical assistance.

Health promotion

- A total of 38 people participated in the blood donation activity and donated 50 bags of blood
- Health seminars on urinary health, improvement of carrying posture, and sleep issues were held, providing professional knowledge to 292 participants.
- Organized a weight loss class, with 22 participants losing a total of 97 kg.
- Provided muscle strength training and technology-based fitness tests for employees aged 55 and above, with a total of 100 people tested.

Care and support

- Employee psychological assistance consultation 1 person
- 22 employees received medical consultation and follow-up from the on-site physician.
- Health management and medical assistance for 134 employees



Health checkup

- Annual health check up for 232 people
- Health checkups for 83 supervisors
- 230 people from special hazardous operations underwent health checkups (Noise: 195 people, dust: 35 people)

Health risk management

- Abnormal health checkup follow-up for 160 people
- Maternity and child health protection management 17 people
- 14 people were assessed for injury, sickness, suspension and retraining

Mental health

In recent years, mental health has been increasingly valued. To help employees cope with stress and problems at work and in life, we continue to implement the Employee Assistance Program(EAP)and promote various mental health seminars to strengthen the mental resilience of our employees. We also collaborate with psychological professionals to provide psychological consultation information and lecture courses, with the aim of helping employees find work-life balance.



Focus case

Lecture on the Journey of a Happy Heart

Planning is carried out through cultivating “self-awareness” to engage with topics relevant to daily life, helping colleagues to begin understanding themselves and fostering the ability to observe their internal state objectively for better self-understanding. Explore your “own habitual thinking/behavior”to find the “direction for change and adjustment” and take action to achieve personal growth and development. A total of 704 people participated in the lecture series, with an average attendance of 140 participants per session. The average course satisfaction score reached 4.3 points, which was “satisfactory” and generally received positive feedback and response.



Employee benefits

Taiwan Fu Hsing has always valued the rights and well-being of its employees. We believe that allowing employees to work with peace of mind and live a happy life is an important factor. Therefore, through planning by the Company and the Employee Welfare Committee, a diverse range of benefits are provided to ensure every employee receives proper care.



Group insurance
Provision of accident insurance and medical insurance, etc.



Childcare subsidy
Subsidy provided for 165 children.



Continuing education subsidy
External training/ on-the-job training subsidies



New Year bonuses, gifts
Provide three festival gifts or bonuses each year



Scholarships
On-the-job training subsidy system



Birthday gifts
Employee birthday Issued this month



Disability allowance
Hospital emergency assistance



Lunch allowance
Fixed subsidy



Funeral allowance
Funeral arrangements
Subsidy methods



Club subsidies
Annual application



2024
Employee welfare expenditures
14.41 million



Social inclusion

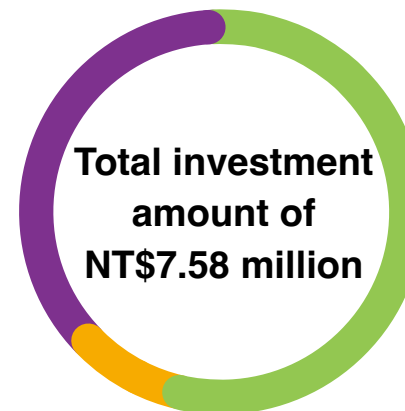
Motivated by the idea of "giving back to the society," the Company founded Taiwan Fu Hsing Culture & Education Foundation back in 2001. For 20 years, we have adopted the vision of building an "inclusive society" and made extensive efforts to fulfill corporate social responsibilities either by contributing our professional expertise or capital. The Company has received an Excellent rating from the Kaohsiung City Education Bureau more than seven times and has been recognized with the Ministry of Culture's Wen Xin Award four times, making it one of the few traditional industries in southern Taiwan to earn this distinction.

In 2024, the foundation invested a total of NT\$75.8 million in sustainable initiatives, including enhancing cultural arts, improving education quality, promoting health and well-being, and building sustainable cities and towns. These initiatives include the Kaohsiung History Museum's local culture promotion plan, the Gangshan Festival, the migrant worker dream project, the TPGA tournament, and the GoodLock school lock exchange public welfare project, among others. We will continue to collaborate with corporate volunteers and like-minded social groups to foster spiritual enrichment and create positive social impact.

Seven times in total
excellent rating by Kaohsiung
City Education Bureau

13th, 14th, 15th, and 16th sessions
Arts & Business Awards

Theme of social engagement and amount/ percentage of financial commitment



37%

Approximately 2.817 million

Culture and arts

- Collaboration with arts and cultural organizations such as the Pier-2 Art Center, Weiwuying, Kaohsiung City Cinema, and Kaohsiung History Museum, to bring abundant arts and cultural energy to Kaohsiung.
- Purchase tickets to support high-quality arts performances, and donate them to employees, fostering arts appreciation among the public.

9%

Approximately 0.69 million

Building sustainable towns and cities

- Assisting in local development, showing care for the local community, and organizing campus lock replacement charity project to improve the quality of local safety.

Reduced inequalities

- We also promote social empathy and inclusion through the migrant worker dream project.

Enhance the quality of education

- Sponsored after-school activities in remote areas and narrowed the urban-suburban divide.

54%

Approximately 4.075 million

Good health and well-being

- Organized large-scale sporting events, such as the TPGA Fu Hsing Tour Challenge to cultivate more sports talents in Taiwan.
- Sponsoring local sports events and supporting the development of athletes, such as the Jiao Ai Home Run.

Key projects

Culture
and arts

Kaohsiung Museum of History Shadow Play MRT Public Art

Taiwan Fu Hsing, Kaohsiung Museum of History, and artist Chou Hsieh-Han collaborated to create the shadow play installation art piece "tú-hó". In recent years, with the rapid development and changes in the urban landscape of Gangshan, Taiwan Fu Hsing is bringing everyone to know Gangshan culture through exhibitions, markets, walking tours, and other activities.

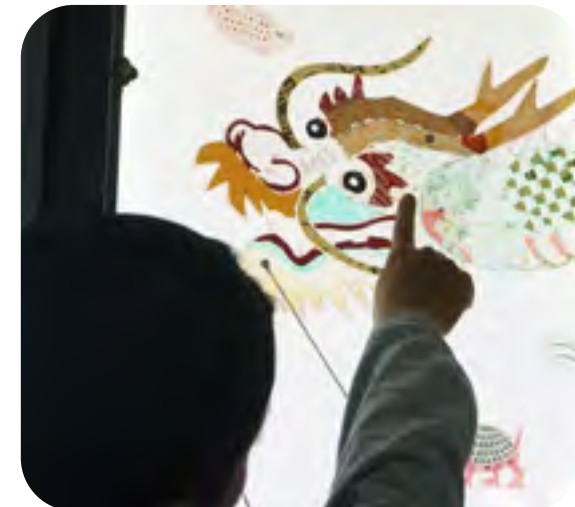
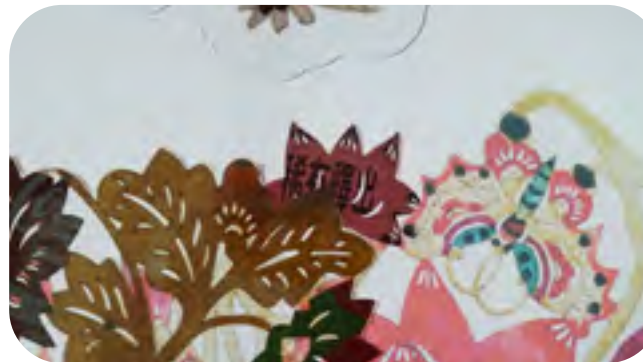
The foundation supports the development of local shadow play culture, and through the artists' vision, it allows audiences to explore traditional culture from different perspectives. The MRT station installation art project, which began planning last year, was successfully exhibited this year. This piece integrates shadow play with contemporary aesthetics and imbues it with a new Gangshan style, breaking through people's traditional impression of shadow play. The artist overlaid the pattern with recycled flyers and packaging materials, adding a sense of treasure hunting fun to the viewing experience.



Event time | April to October 2024

Event location | Kaohsiung Medical University
Gangshan Hospital station

Beneficiaries | Approximately 100,000 people





SDG 3
Good health
and well-
being

TPGA Challenge Tour

Supporting golf, hosting the Challenge Tournament for the sixth year

Taiwan Fu Hsing has long been supporting the golf sport 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. The total amount of two awards in 2024 reached NT\$2 million. Competitions are the best opportunities for athletes to train and communicate

with each other. We hope that by hosting large-scale sports events, we can extend the influence of this trend to society, allowing more athletes to have a stage to perform and realize their potential.

Activity time | 2024.10.28–30

Venue | Kaohsiung Golf Club

Beneficiaries | 87 golfers

GoodLock

Corporate volunteer service, “Master Key” unlocks a peace of mind for better life

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.

The first trial of public lock replacement program was first launched in 2021, and has since been implemented in Ta Kang Shan area in 24 schools and disadvantaged institutions by 2024, establishing a convenient and friendly “Master Key” management system for teachers and students, which has received enthusiastic response. With the assistance of volunteers from Taiwan Fu Hsing, we replaced nearly 300 sets of door locks at the Nanzih Campus of National Kaohsiung University of Science and Technology this year. This effort included establishing a key master system, which improves management efficiency and solves key management issues. Approximately 7,000 teachers and students benefit from the improved dormitory security.

Activity time | June 2024

Activity location | Student dormitory, Nanzi Campus, National Kaohsiung University of Science and Technology

Beneficiaries | Approximately 7,000 teachers and students



SDG 10
Reduced
inequalities

2nd Migrant Worker Empowerment & Dream Realization Program

My trip to Taiwan

To reduce the cultural and language barriers faced by foreign employees, Taiwan Fu Hsing has been cooperating with One-Forty on the BetterUP migrant worker empowerment program since 2018, and launched the Dream Realization Program the following year to help migrant workers realize their dreams. The 2022 migrant worker empowerment program 2.0 was launched again, themed “My Taiwan Journey.” Two workshops were held in June and July, respectively, incorporating courses on “Chinese language training”, “career exploration”, and “dream collage”. A proposal mechanism was implemented to help migrant workers pursue self-realization in their spare time.

Migrant workers submitted many exciting proposals regarding their lives and personal challenges. After evaluating their local ties, personal values and beliefs, and alignment with the Company's culture, four participants were selected to begin their journey to Taiwan.

Activity period | June - December 2024

Location | Taiwan Fu Hsing

Beneficiaries | Approximately 22
participants visits





Other charity involvements - 2024

Culture and arts

- Weiwuying six-year anniversary events and jazz week
- Kaohsiung Film Archive Film Education Public Performance Program
- The Gangshan Festival at the tú-hó culture store
- Shadow Play Exhibition at the Kaohsiung Museum of History
- Youth Innovative Design Festival at Pier-2
- Free Art Fair
- Kaohsiung Art Fair
- The Reporter Sponsorship Program
- Subscription to the Big Issue Taiwan for lifelong support.

Good health and well-being

- Co-life Home Public Road Run
- Lion Lake Elementary School badminton team
- Table Tennis Player Hong Ching-Kai's Training Program

Building sustainable towns and cities

- Taiwan His Hands Christian Home Corporate Volunteer Day

Quality education

- Math-thinking - an after-school program for remotely located elementary schools with Humanistic Education Foundation
- Horse therapy for children organized by Ba Gua Liao Foundation

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

Environment

Pollution prevention	78
Environmental protection and sustainability	82
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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

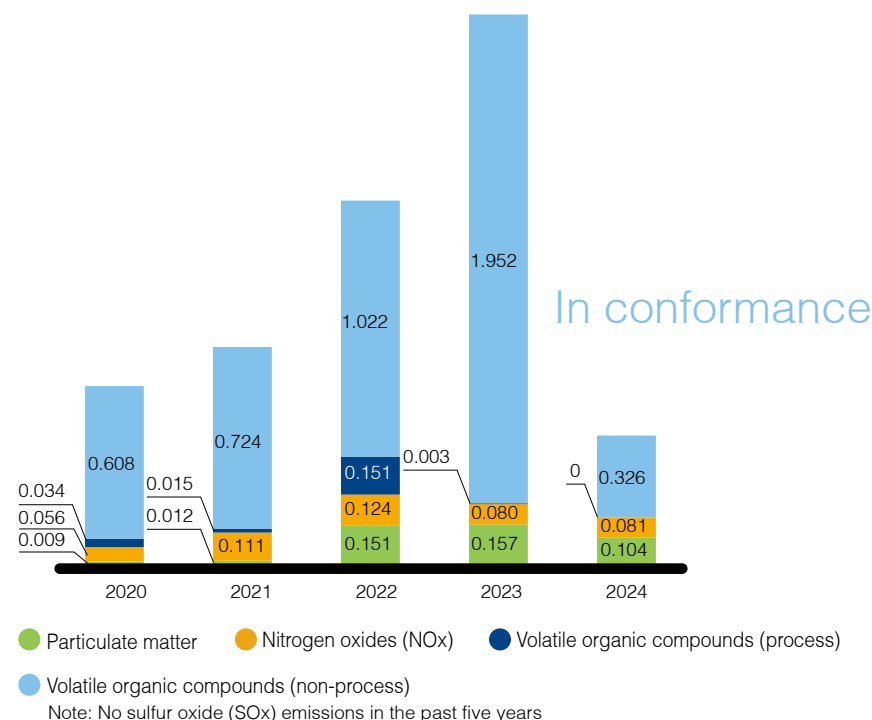
Taiwan Fu Hsing's environmental management efforts cover five main aspects: air, water, waste, toxin, and noise. The Company has ceased all use of toxic chemicals since 2011 for the protection of the environment and employees' health. Permits have been obtained for the discharge of air pollutants, effluents, and waste, and all pollutants discharged conform with environmental standards. In addition, Taiwan Fu Hsing implemented the ISO 14001 environmental management system in 2009 and continues to maintain its effectiveness. This allows for environmental risk control, the setting of improvement goals and management plans, and ongoing improvements.

During the reporting period, the Company did not experience any major environmental pollution or leakage of hazardous substances.

Air pollution management

Taiwan Fu Hsing strictly controls particulate matter, nitrogen oxides, sulfur oxides, and volatile organic compounds. Emission data is based on the Environmental Protection Administration's "Air Pollution Prevention and Control Fee Sulfur Oxide and Nitrogen Oxide Emission Coefficients and Control Efficiency for Stationary Sources at Public and Private Places," and regularly tested by a third-party testing company to ensure compliance with standards, referencing industry processes and pollution source calculation methods. Air pollutants discharged in 2024 were entirely below the government's emission standards.

Air pollutant emissions in the past five years



Wastewater management

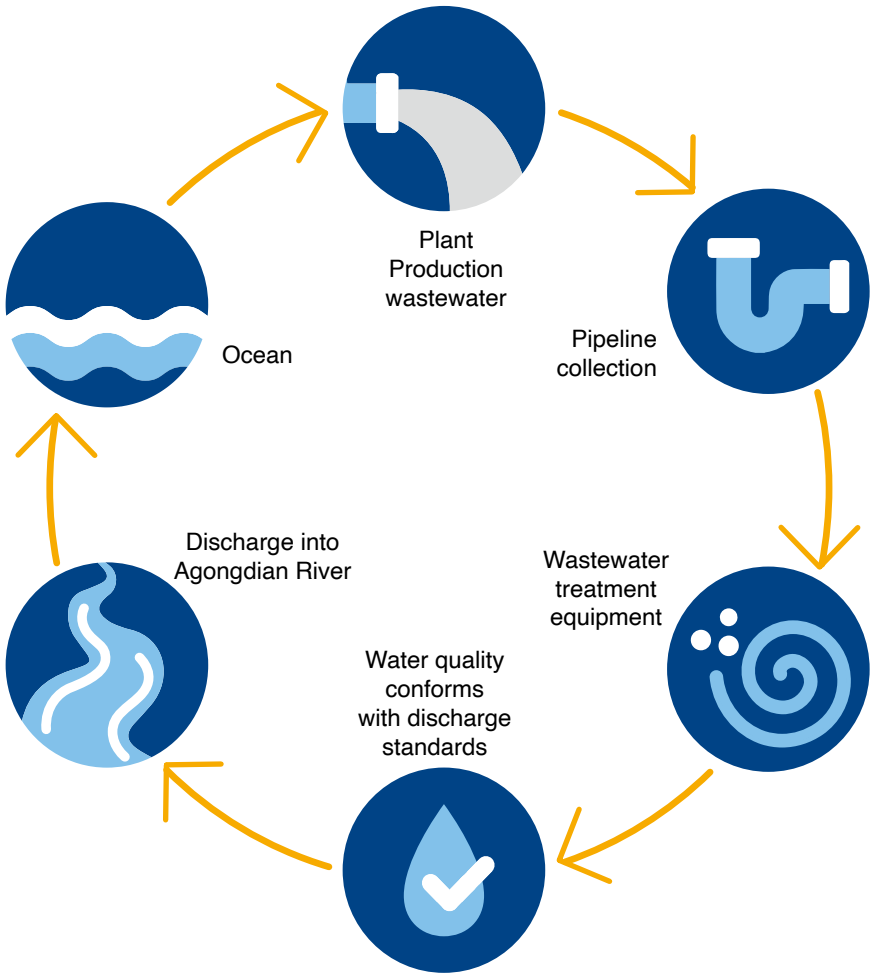
Production wastewater is collected through pipelines and directed to water treatment equipment, where it is treated the standard that complies with legal requirements before being discharged into Agongdian River, which ultimately ends up in the ocean. During this time, the operator monitors and records 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 2024 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 2024, the factories discharged 6,707 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 - 2024

Item	First half	Second half	Legal standard	Conformity
Water temperature (°C)	31.1	30.1	38	In conformance
PH	7.1	7.2	6.0-9.0	
SS (mg / L)	4.8	ND	30	
COD (mg / L)	42.1	11.7	100	
Oil (mg / L)	ND	ND	10	

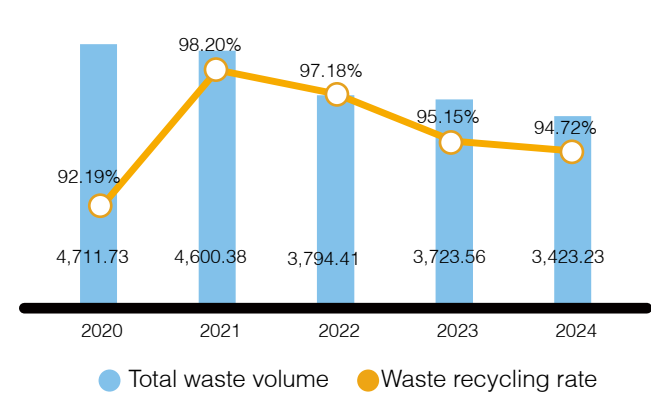
Note 1: Water quality test data was based on effluent value on the test day
 Note 2: ND (not detector) means the concentration is too low to be detected



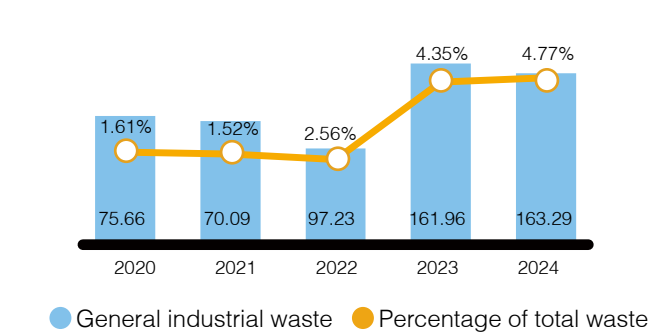
Waste management

"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. In 2024, 94.72% of the factory waste was recycled, and the remaining 5.28% was entrusted to licensed contractors for removal and disposal based on characteristics of the waste.

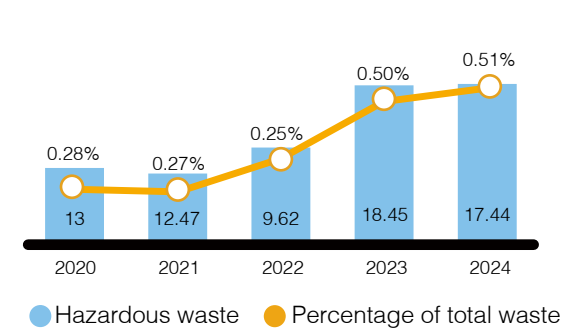
Total waste recycling rate



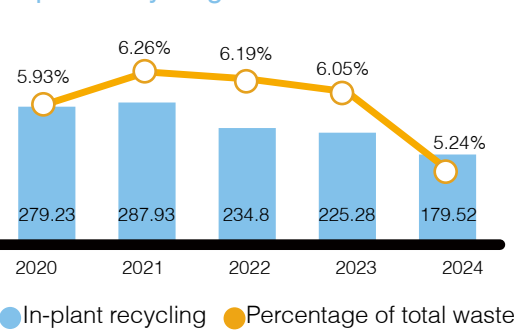
General industrial waste



Hazardous industrial waste



In-plant recycling



3,242.5 metric tons

Recycled waste output

3,423.23 metric tons

Total waste output

=

94.72%

Waste recycling rate in 2024

94.72%

Recycling waste

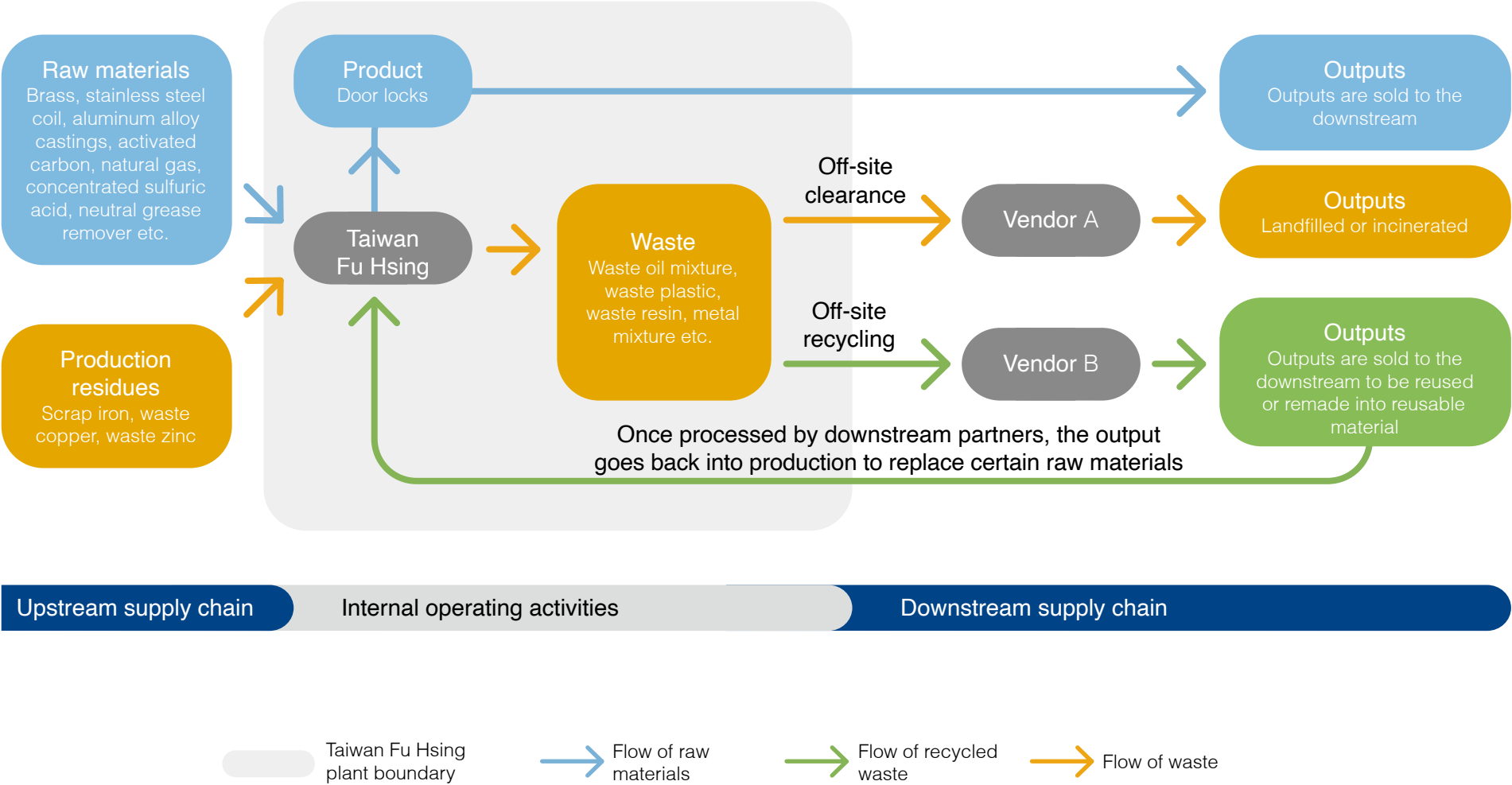
3,242.5 metric tons

5.28%

180.73 metric tons of non-recyclable waste

89.48%	Material recycling	3,062.98
5.24%	In-plant recycling	179.52
4.11%	Incinerated and landfilled	140.53
0.64%	Thermal treatment	21.76
0.03%	Incineration	1
0.51%	Chemical treatment	17.44

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 follow the ISO 14001 environmental management system, formulate the Company's Environmental Handbook, and set goals and management plans to improve energy resource efficiency. We continuously optimize management, conserve energy and reduce carbon emissions to achieve the environmental sustainability goal of "coexistence and win-win with the Earth."

Energy Management

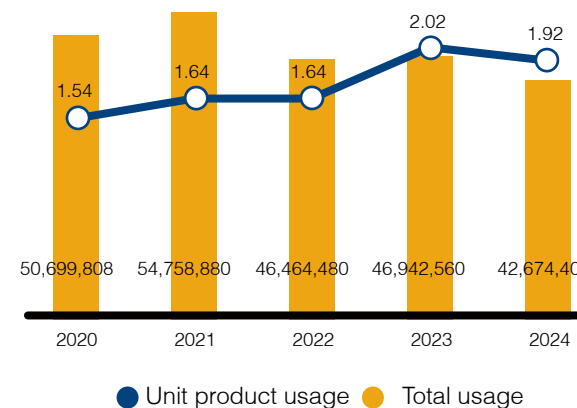
Taiwan Fu Hsing monitors energy usage on a yearly basis and makes persistent efforts to optimize energy efficiency. The types of energy used included electricity, natural gas, and diesel. Electricity consumption in 2024 was 42,674,400 million joules, a 9.09% decrease from the previous year. Furthermore, the plant continued to implement energy-saving projects and replace inefficient equipment. According to the Energy Act, the reported annual electricity savings rate reached 1.09%, exceeding the government's requirement of 1%. Natural gas consumption was 1,820,844 million joules, which complies with the approved environmental protection volume (91,800 m³/year, equivalent to 3,304,800 million joules/year). Diesel consumption was 423,643 MJ, an increase from last year attributed to more frequent use of diesel company vehicles. The annual energy consumption in 2024 was 44,918,878 million joules.

Energy usage in the past five years



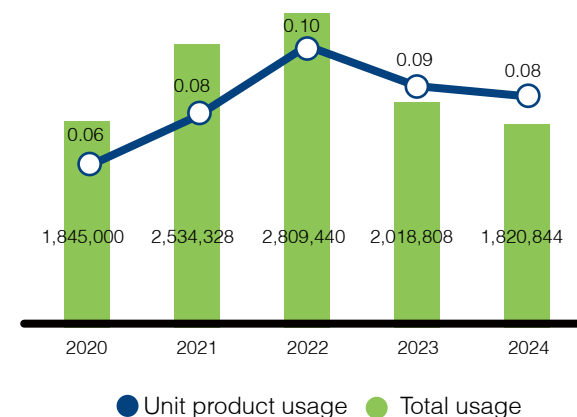
Electricity (Unit: Million joules)

In conformance



Natural gas (Unit: Million joules)

In conformance



Energy and carbon reduction

Taiwan Fu Hsing duly implements strategies to reduce resource consumption and continues to enforce energy and carbon reduction measures. In 2024, the main projects were equipment improvements, with the following results:

Energy conservation projects

- Continue to update energy-saving equipment to improve energy efficiency and reduce carbon emissions. In 2024, the Company upgraded the lighting equipment in the production area, replacing it with high-efficiency LED lamps to effectively improve lighting efficiency and reduce energy consumption.
- Upgrading the power system for grinding equipment and replacing all units with high-efficiency, explosion-proof IE3 motors. Through equipment updates, we expect to see a reduction in overall power consumption.

Power conservation rate across plants

1.09%

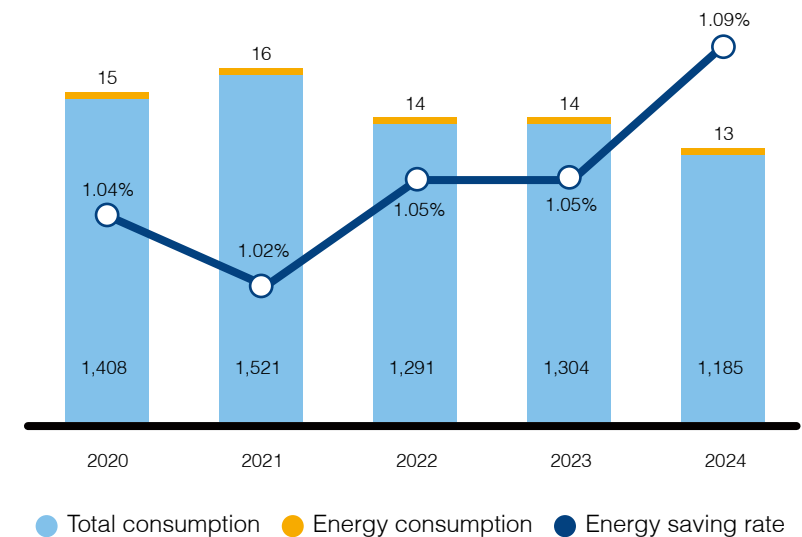
Total power conservation: 130,707 kWh



Regarding green electricity procurement, in accordance with “Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity”, users with contract capacity of 5,000 kW or above are required to install renewable energy generation equipment. Taiwan Fu Hsing’s contract capacity is 3,080 kW, which is below the threshold for installation.

In 2024, the power unit product density of the Company decreased by 5.38% compared to the previous year, and the power saving rate of the factory has remained stable for the past five years, with an average annual decrease of approximately 1.09%. Currently, the evaluation of the power control system introduction is underway and is expected to be completed in 2025. We hope to continuously reduce power consumption and strengthen energy efficiency management through systematic management.

Energy saving rate (unit: MW)



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.

The total water consumption in 2024 was 49,029 tons, meeting the environmental protection approval volume 73,000 tons. In addition, we promoted water

conservation projects, implemented the recycling of process cleaning water, and RO wastewater recycling and reuse of 36 water dispensers. In 2024, the total water recycled in the entire plant reached 2,742 tons, exceeding the set target value.

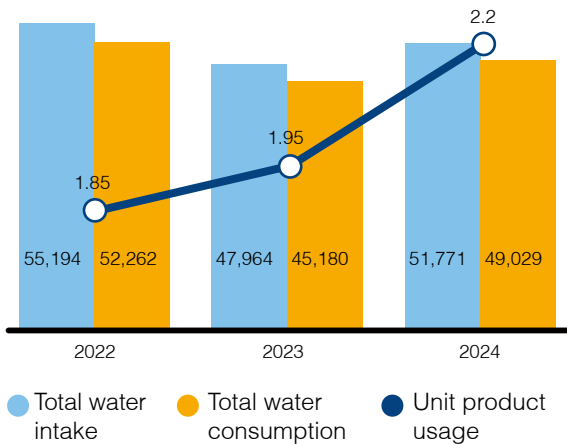
Climate change exacerbates the crisis of water resource instability, making water resource management a top priority for businesses. In the future, we will continue to promote water-saving measures and the research and development and improvement of water recycling process.

100%

use of fresh water

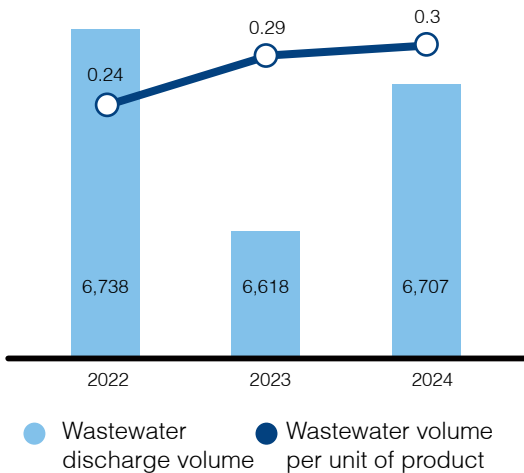
There was no land subsidence caused by extraction of groundwater.

Water intake and consumption



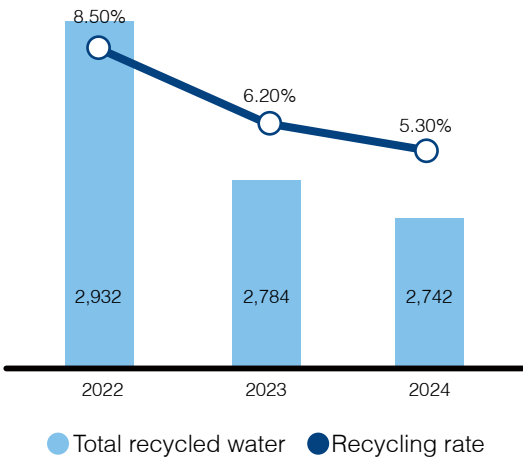
Note 1: Approved water consumption (CMD) × 360 days, meeting environmental approval requirements of 73,000 tons
Note 2: Usage per unit of product is calculated in liters.

Wastewater discharge



Note: The unit of calculation for wastewater volume per unit of product is liter.

Recycled water (unit: metric tons)



Note: The target value for process grinding wastewater recycling + water dispenser RO wastewater recycling was 2,702 tons, with the base year of 2019.

Climate change governance

Policies and goals

Taiwan Fu Hsing has long been committed to corporate sustainability initiatives. We are dedicated to environmental sustainability and comply with the ISO 14064-1:2018 greenhouse gas verification standard. We conduct greenhouse gas emission inventories and verification, establish location-based reduction targets, and gradually optimize energy use efficiency to reduce greenhouse gas emissions and mitigate global warming, contributing to the sustainable development of the global ecosystem.

Greenhouse gas survey

In addition to regularly conducting a full inventory of the organization's greenhouse gas emissions, we also adhere to the requirements of the new ISO 14064-1:2018 standard and the Greenhouse Gas Protocol. Furthermore, in accordance with the Ministry of Environment's greenhouse gas inventory and registration management principles, and using annual emission coefficients published by the Bureau of Energy, Ministry of Economic Affairs, we investigate direct (Scope 1), energy indirect (Scope 2), and other indirect (Scope 3-4) greenhouse gas emissions. We have also obtained the French standard AFNOR verification statement.

Total greenhouse gas emissions in 2024 were 38,194.206 metric tons of CO₂e, including four greenhouse gases: CO₂, CH₄, N₂O, and HFCs. The emissions of other three greenhouse gases PFCs, SF₆, and NF₃ were all zero, with an overall emission intensity of 0.0017 metric tons/year of output.

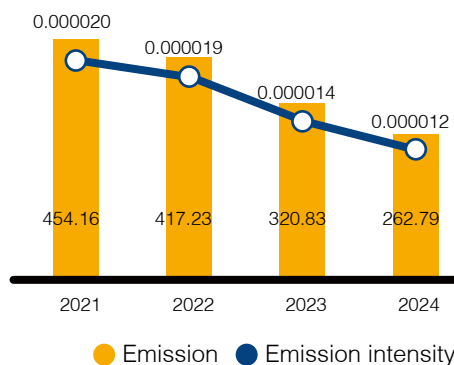


7 GHG inventory results (unit: tons of CO₂ e)

Year / Gas	CO ₂		CH ₄		N ₂ O		HFC _s		PFC _s		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
2024	38,103.01	99.76%	50.13	0.13%	1.64	0.01%	39.43	0.10%	0	0%	0	0%	0	0%
2023	48,556.96	99.71%	110.01	0.23%	1.56	0.00%	31.50	0.06%	0	0%	0	0%	0	0%
2022	11,569.06	98.43%	110.73	0.94%	1.64	0.01%	72.47	0.62%	0	0%	0	0%	0	0%

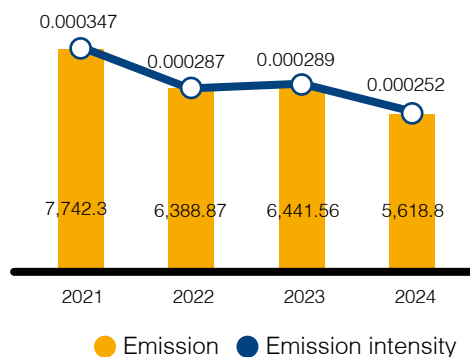
All-plant GHG statistics

Scope 1 GHG emissions (unit: tCO₂e)



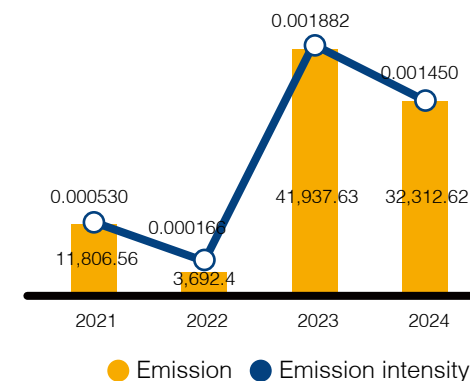
Note: Refers to direct greenhouse gas emissions, i.e. emission sources owned or controlled by the Company, including fuel combustion in fixed equipment, process emissions, mobile combustion sources in the Company's transportation, and fugitive emission sources

Scope 2 GHG emissions (Unit: tCO₂e)



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

Scope 3 and 4 GHG emissions (Unit: tCO₂e)



Note: This is data for Category 3 and 4 of ISO 14064-1:2018. The 2021 inventory was the first to be conducted, and the 2022 inventory did not include overseas land transport. The 2023 inventory had a wider scope. The cutoff principle for "upstream and downstream transportation and distribution" and "emissions from purchased goods" is the first 80% of suppliers and customers.

Appendix 1: Global Reporting Initiative (GRI) Content Index

Declaration of Use | Taiwan Fu Hsing has referenced the GRI Standards in its reporting for the period from January 1, 2024, to December 31, 2024.

Using 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				
The organization and its reporting practices	2-1	Organizational details	About Taiwan Fu Hsing/ Enterprise overview	P.3
	2-2	Entities included in the organization's sustainability reporting	About Taiwan Fu Hsing/ Enterprise overview	P.3
	2-3	Reporting period, frequency and contact point	Editorial guidelines	Back cover
	2-4	Information reorganization	No such occurrence	
	2-5	External assurance/confirmation	Editorial guidelines	Back cover
Activities and workers	2-6	Activities, value chain and other business relationships	About Taiwan Fu Hsing/ Enterprise overview	P.3
			Sustainable manufacturing	P.35
	2-7	Employees	Social/ Human Resources Policy/ Human Resources Overview	P.51
			Appendix 3 Taiwan Fu Hsing Workforce Chart	P.93
Governance	2-8	Workers who are not employees	Social/ Human Resources Policy/ Human Resources Overview	P.51
	2-9	Governance structure and composition	Operation and governance/ Corporate governance	P.18
	2-10	Nomination and selection of the highest governance body	Operation and governance/ Corporate Governance/ Board structure	P.19
	2-11	Chair of the highest governance body	Operation and governance/ Corporate Governance/ Governance framework	P.18
	2-12	Role of the highest governance body in overseeing the management of impact	Sustainable management/ Management of sustainability	P.7
			Operation and governance/ Corporate governance	P.18
			Operation and governance/ Risk management	P.28
	2-13	Delegation of responsibility for managing impacts	Sustainable management/ Management of sustainability/ Sustainability Committee	P.8
	2-14	Role of the highest governance body in sustainability reporting	Sustainable management/ Management of sustainability	P.7
	2-15	Conflicts of interest	Operation and governance/ Corporate governance	P.18
	2-16	Communication of critical concerns	Sustainable management/ Management of sustainability/ Sustainability Committee	P.8

GRI Standards	Disclosure Item	Sub-category Title	Chapter	Page number
Governance	2-17	Collective knowledge of highest governance body	Operation and governance/ Corporate governance	P.18
	2-18	Evaluation of the performance of the highest governance body	Operation and governance/ Corporate Governance/ Board of directors performance assessment	P.23
	2-19	Compensation policy	Social/ Human Resources Policy/ Remuneration Policy Social/ Human Resources Policy/ Retirement System Planning The 2024 report does not disclose details on salary, bonus, severance pay, and the recourse system	P.54
	2-20	Process to determine remuneration	Operation and governance/ Corporate Governance/ Governance framework Operation and governance/ Corporate Governance/ Board of directors' compensation system	P.18 P. 23 、 Appendix V
	2-21	Annual total compensation ratio	The 2024 report does not disclose the compensation ratio	
Strategy, policies and practices	2-22	Statement on sustainable development strategy	About Taiwan Fu Hsing/ Message from the Chairman	P.2
	2-23	Policy commitments	Operation and governance/ Integrity and compliance	P.25
			Operation and governance/ Risk management	P.28
			Sustainable manufacturing/ Supply chain sustainability management	P.42
			Social/ Human Resource Policy/ Compliance with Basic Labor Conditions	P.53
	2-24	Embedding policy commitments	Sustainable manufacturing/ Supply chain sustainability management Social/ Building a happy workplace/ Inclusive leadership	P.42 P.55
	2-25	Processes to remediate negative impacts	Sustainable management/ Identification of stakeholders and material issues/ Stakeholder communication Operation and governance/ Integrity and compliance	P.9 P.25
	2-26	Mechanisms for seeking advice and raising concerns	Operation and governance/ Integrity and compliance	P.25
Stakeholder engagement	2-27	Regulatory Compliance	Operation and governance/ Integrity and compliance	P.25
	2-28	Membership of Public Associations	About Taiwan Fu Hsing/ Enterprise overview/ Engagement with external organizations	P.5
	2-29	Approach to stakeholder engagement	Sustainable management/ Identification of stakeholders and material issues	P.11
	2-30	Group agreement	Social/ Human Resources Policy/ Compliance with Basic Labor Conditions	P.51
			Social/ Inclusive Leadership	P.55

GRI Standards	Disclosure Item	Sub-category Title	Chapter	Page number
GRI 3 2021: Disclosure of Material				
	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.12
	3-3	Management of material topics	Sustainable management/ Identification of stakeholders and material issues/ Identification of material issues Operations and Governance/ Risk Management	P.13 P.28
Specific standard disclosures				
GRI 201 Economic Performance	201-1	Direct economic value generated and distributed	Operation and governance/ Financial performance	P.24
	201-2	Financial implications and other risks and opportunities due to climate change	Environmental/ Climate change governance	P.85
	201-3	Defined benefit plan obligations and other retirement plans	Social/ Human Resources Policy/ Retirement System Planning	P.54
	201-4	Financial assistance received from government	No significant government grant was received in the reporting period.	
GRI 203 Indirect Economic Impacts	203-1	Infrastructure investments and services supported	Social/ Social inclusion	P.71
GRI 204 Procurement Practices	204-1	Proportion of spending on local suppliers	Sustainable manufacturing/ Supply chain sustainability management	P.42
GRI 205 Anti-Corruption	205-1	Operations assessed for risks related to corruption	Operation and governance/ Integrity and compliance	P.25
	205-2	Communication and training about anti-corruption policies and procedures	Operation and governance/ Integrity and compliance	P.25
	205-3	Confirmed incidents of corruption and actions taken	Operation and governance/ Integrity and compliance	P.26
GRI 301 Material	301-1	Materials used by weight or volume	Environmental/ Sustainable Product Design/ Sustainable Packaging	P.38
	301-2	Recycled input materials used	Environmental/ Sustainable Product Design/ Sustainable Packaging	P.38
	301-3	Reclaimed products and their packaging materials	Environmental/ Sustainable Product Design/ Sustainable Packaging	P.38
GRI 302 Energy	302-1	Energy consumption within the organization	Environmental/ Environmental protection and sustainability/ Energy management	P.82
	302-2	Energy consumption outside of the organization	Environmental/ Climate change governance	P.85
	302-3	Energy intensity	Environmental/ Environmental protection and sustainability/ Energy management	P.82
	302-4	Reduction of energy consumption	Environmental/ Environmental protection and sustainability/ Energy and carbon reduction	P.83
	302-5	Reductions in energy requirements of products and services	Environmental/ Environmental protection and sustainability/ Energy management	P.82
GRI 303 Water and Effluents	303-1	Interactions with water as a shared resource	Environmental/ Prevention of environmental pollution/ Wastewater management	P.79
	303-2	Management of water discharge-related impacts	Environmental/ Prevention of environmental pollution/ Wastewater management	P.79
	303-3	Total water withdrawals	Environmental/ Environmental protection and sustainability/ Water resource management	P.84
	303-4	Water discharge	Environmental/ Prevention of environmental pollution/ Wastewater management	P.84
	303-5	Water consumption	Environmental/ Environmental protection and sustainability/ Water resource management	P.84

GRI Standards	Disclosure Item	Sub-category Title	Chapter	Page number
GRI 305 Emissions	305-1	Direct (Scope 1) GHG emissions	Environmental/ Climate change governance	P.86
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental/ Climate change governance	P.86
	305-3	Other indirect (Scope 3) GHG emissions	Environmental/ Climate change governance	P.86
	305-4	GHG emissions intensity	Environmental/ Climate change governance	P.86
	305-5	Reduction of GHG emissions	Environmental/ Climate change governance	P.86
	305-6	Emissions of ozone-depleting substances (ODS)	Environmental/ Climate change governance	P.85
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environmental/ Climate change governance	P.86
GRI 306 Waste	306-1	Waste generated and significant waste-related impacts	Environmental/ Prevention of environmental pollution/ Waste management	P.80
	306-2	Management of significant waste-related impacts	Environmental/ Prevention of environmental pollution/ Waste management	P.80
	306-3	Waste generated	Environmental/ Prevention of environmental pollution/ Waste management	P.80
	306-4	Waste diverted from disposal	Environmental/ Prevention of environmental pollution/ Waste management	P.80
	306-5	Waste directed to disposal	Environmental/ Prevention of environmental pollution/ Waste management	P.80
GRI 307 Compliance with Environmental Protection Laws and Regulations	307-1	Non-compliance with environmental laws and regulations	Environmental/ Prevention of environmental pollution	P.78
GRI 308 Supplier Environmental Evaluation	308-1	New suppliers that were screened using environmental criteria	Sustainable manufacturing/ Supply chain sustainability management	P.42
	308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable manufacturing/ Supply chain sustainability management	P.42
GRI 401 Employment Relations	401-1	New employee hires and employee turnover	Social/ Human Resources Policy/ Maintaining Healthy Employee Turnover Appendix 3 Taiwan Fu Hsing Human Resources Statistics	P.53 P.93
		Benefits provided to full-time employees	Social/ Talent Wellbeing and Healthy Workplace/ Employee Benefits	P.70
	401-3	Parental leave	Social/ Inclusive Leadership/ Parenting Friendly	P.58
GRI 402 Employment Relations	402-1	Minimum notice periods regarding operational changes	Sustainable management/ Identification of stakeholders and material issues/ Stakeholder communication The Company holds regular corporate briefings, shareholders' meetings, labor-management meetings, and other meetings to explain the Company's operational status to stakeholders. When necessary, the Company convenes extraordinary meetings for immediate communication.	P.9
GRI 403 Occupational Health and Safety	403-1	Occupational health and safety management system	Social/ Workplace safety/ Safety and health management system	P.46
	403-2	Hazard identification, risk assessment, and incident investigation	Social/ Workplace safety/ Occupational health management	P.47
	403-3	Occupational health services	Social/ Workplace safety/ Occupational health services	P.47
			Social/ Talent Wellbeing and Healthy Workplace	P.67

GRI Standards	Disclosure Item	Sub-category Title	Chapter	Page number
GRI 403 Occupational Health and Safety	403-4	Worker participation, consultation, and communication on occupational health and safety	Social/ Creating a safe workplace/ Safety and health management system	P.46
	403-5	Worker training on occupational health and safety	Social/ Workplace safety/ Occupational safety and health training	P.49
	403-6	Promotion of worker health	Social/ Workplace safety/ Occupational health services	P.47
			Social/ Talent Wellbeing and Healthy Workplace/ Health Promotion	P.68
	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.48
	403-8	Workers covered by an occupational health and safety management system	Workers cover employees of Taiwan Fu Hsing. In addition, the Company also ensures the occupational safety and environmental conditions of its suppliers by signing the "Social and Environmental Responsibility Declaration for Business Partners" and implementing a supplier audit and evaluation system.	P.43
	403-9	Occupational injuries	Social/ Workplace safety/ Occupational hazard statistics and analysis	P.48
	403-10	Work-related ill health	Social/ Workplace safety/ Tier-based management of occupational illness	P.48
GRI 404 Training and Education	404-1	Average hours of training per year per employee	Social/Talent Investment and Growth/ Talent Development	P.63
	404-2	Programs for upgrading employee skills and transition assistance programs	Social/Talent Investment and Growth/ Talent Development	P.65
	404-3	Percentage of employees receiving regular performance and career development reviews	Social/Talent Investment and Growth/ Talent Development	P.65
GRI 405 Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Social/ Human Resources Policy/ Human Resources Overview	P.51
	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/ Talent Investment and Growth/ Compliance with Basic Labor Conditions	P.53
			Social/ Inclusive Leadership	P.55
GRI 412 Human Rights Assessment	412-2	Human rights policy and procedure training for employees	Social/ Human Resources Policy/ Compliance with Basic Labor Conditions	P.53
GRI 414 Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Sustainable manufacturing/ Supply chain sustainability management	P.42
	414-2	Negative social impacts in the supply chain and actions taken	Sustainable manufacturing/ Supply chain sustainability management	P.42
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.40
	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.41
GRI 419 Social and Economic Regulatory 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 2024	

Appendix 2: Standards for the Sustainability Accounting Standards Board (SASB)

Industry Classification: Home and Living

SASB Category: Resource Transformation

SASB Category: Industrial (Industrials)

SASB Industry: Industrial Machinery and Goods

SASB Code: RT-IG

Disclosure Topic	Indicator code	Disclosure Indicator	Category	Unit of measurement	Report content or description
Disclosure Topics and Indicators for Sustainable Development					
Energy Management	RT-IG-130a.1	(1) Total energy consumption (2) Grid electricity percentage (3) Percentage of renewable energy	Quantitative	Terajoule (TJ) Percentage (%)	Total energy consumption: 44,918.878 GJ The proportion of grid energy consumption in total energy consumption was 100% No renewable energy is used at the moment
Workforce health and safety	RT-IG-320a.1	(1) Total Recordable Incident Rate (TRIR), (2) Mortality rate (3) Work-related near miss frequency rate, NMFR Regarding (a) Direct personnel (b) Indirect personnel	Quantitative	Ratio	Please refer to the "Creating a Safe Workplace" section of this report
Fuel economy and emissions during the use phase	RT-IG-410a.1	Sales-weighted average fuel efficiency of medium and heavy-duty vehicles	Quantitative	Fuel consumption per 100 ton-kilometers (liters/100 ton-kilometers)	Please refer to the "Climate Change Governance" section of this report
	RT-IG-410a.2	Sales-weighted average fuel efficiency of non-road equipment	Quantitative	Fuel consumption per hour (liters/hour)	
	RT-IG-410a.3	Sales-weighted average fuel efficiency of stationary generators	Quantitative	Power generation per liter (kJ/liter)	
	RT-IG-410a.4	(1) Nitrogen oxides (NOx) (2) Particulate matter (PM) emission rate a. Ship diesel engines b. Diesel engine c. Heavy vehicles on the road d. Average weight of sales rights for non-road diesel engines	Quantitative	Air pollution generated per kilowatt-hour of electricity (grams/kilowatt-hour)	
Raw material traceability	RT-IG-440a.1	Describe risk management measures for the use of key controversial raw materials	Discussion and analysis	None	Please refer to the "Supply Chain Sustainability Management" section of this report
Remanufacturing design and services	RT-IG-440b.1	Revenue from remanufactured products and remanufacturing services	Quantitative	Amount	This clause does not apply to the Company's products
Activity indicators					
Production quantity of each product category	RT-IG-000.A		Quantitative	Number of production units	Production in 2024 was 22,286 thousand units
Number of employees	RT-IG-000.B		Quantitative	Total number of employees	Please refer to Appendix 3

Appendix 3: Taiwan Fu Hsing Workforce Chart

Distribution by categories (Note 1)				Male		Female		Total	
				Number of individuals	Percentage	Number of individuals	Percentage	Total males/ females	As a percentage of total employees
Contract type	Permanent employees	Work location	Taiwan	496	45.63%	591	54.37%	1,087	95.18%
			Mainland China	3	60.00%	2	40.00%	5	0.44%
			Total	499	45.70%	593	54.30%	1,092	95.62%
	Contract (temporary) worker		Taiwan	24	48.00%	26	52.00%	50	4.38%
			Mainland China	0	0.00%	0	0.00%	0	0.00%
			Total	24	48.00%	26	52.00%	50	4.38%
Nationality	Taiwanese			345	36.70%	595	63.30%	940	82.31%
	Foreigner			178	88.12%	24	11.88%	202	17.69%
Job role	Direct			285	39.47%	437	60.53%	722	63.22%
	Indirect			172	53.25%	151	46.75%	323	28.28%
	Managerial personnel (Note 2)			66	68.04%	31	31.96%	97	8.49%
Age group	Age below 30			125	65.45%	66	34.55%	191	16.73%
	Age 30-49			302	44.35%	379	55.65%	681	59.63%
	Age 50 and above			96	35.56%	174	64.44%	270	23.64%
All employees				523	45.80%	619	54.20%	1,142	100.00%

Note 1: The headcount statistics are based on the headcount at the end of 2024, which is different from the closing date of the annual report. Among them, 40 contract (temporary) workers are part-time employees, and the remaining 1,102 are full-time employees.

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

Distribution of new recruits and resignees (Note 1)		2024					2023				
		Opening head count	New recruits	Percentage (Note 2)	Resignees	Percentage (Note 3)	Opening head count	New recruits	Percentage (Note 2)	Resignees	Percentage (Note 3)
Age group	Age 30 and below	187	21	30.43%	40	28.57%	193	31	35.23%	37	27.01%
	31-49	618	46	66.67%	25	17.86%	641	52	60.23%	75	54.74%
	Age 50 and above	196	2	2.90%	75	53.57%	217	4	4.55%	25	18.25%
Gender	Male	375	28	40.58%	74	52.86%	395	39	44.32%	59	43.07%
	Female	626	41	59.42%	66	47.14%	656	48	55.68%	78	56.93%
Work location	Taiwan	996	69	100.00%	140	100.00%	1,046	87	100.00%	137	100.00%
	Mainland China	5	0	0.00%	0	0.00%	5	0	0.00%	0	0.00%
	USA	0	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%
Total head count		1,001	69	100.00%	140	100.00%	1,051	87	100.00%	137	100.00%
New recruitment rate (Note 4)		6.89%					8.28%				
Attrition rate (Note 5)		13.08%					12.04%				

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

List of major shareholders	No. of shares held	Shareholding percentage
Fu Zhi Investment Development Co., Ltd.	10,091,307	5.35%
Fu Ding Investment Enterprise Co., Ltd.	9,308,254	4.94%
HSBC Bank (Taiwan) Co., Ltd. is entrusted with the safekeeping of BNP Paribas Singapore Branch's investment account	8,110,000	4.30%
Fu Sheng International Investment Co., Ltd.	7,624,000	4.05%
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%
Fu Xun Investment Co., Ltd.	4,697,300	2.49%
Lian Guang Investment Co., Ltd.	4,210,417	2.23%
Sheng You Investment Co., Ltd.	3,144,000	1.67%
China Trust Commercial Bank is entrusted with the special account of Zhang Jui-Pi's trust property	3,000,000	1.59%

Appendix 5: Directors' compensation

Designation	Name	Directors' compensation							The sum of A, B, C and D as a percentage of net income (Note 2)		Compensation received as employee								The sum of A, B, C, D, E, F, and G as a percentage of after-tax profit (Note 2)		Compensation from parent company or business investments other than subsidiaries	
		Compensation (A)		Severance pay and pension (B)		Director remuneration (C)		Fees for services rendered (D) (Note 1)			Salaries, bonuses, special allowances etc. (E) (Note 3)		Severance pay and pension (E) (Note 4)		Employee remuneration (G)							
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements			
														Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares					
Chairman	Lin, Jui-Chang																					
	Chen, Chien-Kun																					
Director	Hong Cheng Investment Co., Ltd.																					
	CHU Jung-ho (Note 5)	-	-	-	-	17,300	17,300	246	246	17,546 1.93%	17,546 1.93%	11,464	13,071	-	-	21,560	-	21,560	-	50,570 5.56%	52,177 5.47%	None
	Michael A.Hoer (Note 5)																					
	LIN Wen-hsing (Note 6)																					
	LIU Ju-shan (Note 6)																					
Independent Director	Chang, Ling-Ling																					
	Chen, Yung-Chun	-	-	-	-	2,700	2,700	96	96	2,796 0.31%	2,796 0.31%	-	-	-	-	-	-	-	-	2,796 0.31%	2,796 0.31%	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 compensations 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\$342.

Note 2: Net profit after tax refers to the net profit after tax of \$909,515 in 2023.

Note 3: Including the provision of a company car for transportation of \$984.

Note 4: This represents the provision for retirement fund expenses in 2024, and no actual retirement pension was 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 2024, 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 | 2024 (January 1 to December 31, 2024)

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 | August 2025

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
- Board review of ESG performance and strategic goals

External assurance

- Financial data: PwC Taiwan
- Environmental data: ISO 14001: 2015, ISO 14064-1:2018

ESG Contact Person | If you have any questions about the report, please contact our ESG contact person by email: fdn-2001@fuhsing.com.tw



TAIWAN FU HSING