2025 CORPORATE SUSTAINABILITY REPORT

富田電機 FUKUTA

The Energy Within

Corporate Sustainability Report

DRIVING A GREEN FUTURE
CREATING SUSTAINABLE VALUE



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INNOVATION	SUSTAINABLE DEVELOPMENT	INTEGRITY	ENVIRONMENT	PEOPLE	INNOVATION	RESPONSIBILITY	COLLABORATION
Driving innovation in products and solutions	Building a green future and low-carbon	Operating with honesty, transparency and strong governance	Protecting the planet and promoting circular economy	Caring for employees and creating social value	Advancing technology and smart manufacturing	Upholding corporate responsibility and risk management	Working together with partners for shared success

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Driving Sustainability Forward · Creating Green Value Together

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INTEGRITY · SUSTAINABILITY · PEOPLE · GOVERNANCE

CHAIRMAN'S STATEMENT ON SUSTAINABLE MANAGEMENT

FUKUTA
FUKUTA ELECTRIC CO., LTD.
The Energy Within

Innovation Drives Us • Green Future • Sustainable Value

In 2026, the world economy remains highly uncertain, with risks from supply chain disruptions, climate change, and energy transitions. In response, we are dedicated to innovation, operational efficiency, and agile manufacturing to build a new growth momentum and firmly advance our sustainable governance goals.

Fukuta continues to uphold our core values of "Innovation, Passion, Integrity," delivering high-efficiency electric drive solutions to global markets. We focus on e-mobility motors and power systems, enhance smart manufacturing and digital capabilities, and integrate ESG principles across operations—protecting the environment, upholding social responsibility, and strengthening corporate governance.



In 2026, we will focus on building a "Sustainable Model" with five key directions:

1. Strengthen Low-Carbon and Green Manufacturing

Continuously improve energy efficiency and resource utilization through process optimization and green manufacturing, and advance carbon reduction and waste reduction to reduce environmental impact.

2. Promote Smart Manufacturing and Digital Transformation

Leverage AI, MES, and automation for data-driven decision making, enhance production quality and management efficiency, and build a smarter and more flexible manufacturing foundation.

3. Deepen Talent Development and a Friendly Workplace

Value employee growth and rights, foster a diverse, healthy, and equal workplace, and build a cohesive team with strong execution and shared responsibility.

4. Build a Resilient Sustainable Supply Chain

Work with suppliers to promote responsible procurement, green supply chains, and risk communication, and enhance collaborative ESG management to create long-term sustainable value.

5. Enhance Corporate Governance and Risk Management

Strengthen board oversight, integrity management, information security, and risk control to build robust governance and respond effectively to future challenges.

Chairman of the Board：

Driving a Green Future
Delivering Sustainable Value



We believe sustainable development is not only our responsibility, but also the key to long-term competitiveness.
We will continue working closely with employees, customers, suppliers, and communities to create shared value and a better future.
The future belongs to those who act today. Fukuta remains committed to global sustainability trends, a low-carbon green transformation, and becoming a driving force for high-quality and sustainable growth.

Chairman of the Board August 2026

Low-Carbon Model | Smart Manufacturing | Talent Development | Sustainable Supply Chain | Corporate Governance

0.1 Introduction to Sustainability Reporting

1. Sustainability Governance Statement

The Company firmly believes that sound corporate governance is the cornerstone of sustainable development and integrates sustainability principles into its business strategies and daily operations. To strengthen its sustainability governance framework, the Company established a Sustainability Committee in December 2025; the Board of Directors oversees sustainability policies, objectives, and implementation outcomes, while regularly reviewing material ESG issues, risk management, and sustainability performance. Through cross-departmental collaboration, the Company continuously advances initiatives related to environmental protection, social responsibility, and corporate governance, thereby enhancing operational resilience and sustainable competitiveness. Moving forward, the Company will continue to refine its sustainability governance systems, deepen stakeholder engagement, and improve information transparency, translating its sustainability commitments into concrete actions to create shared value for the economy, the environment, and society.

2. 2025 ESG Achievements and Highlights



In 2025, the Company continued to center its operations on "environmental sustainability, social inclusion, and robust governance," deepening ESG management and progressively establishing institutionalized sustainability governance mechanisms.

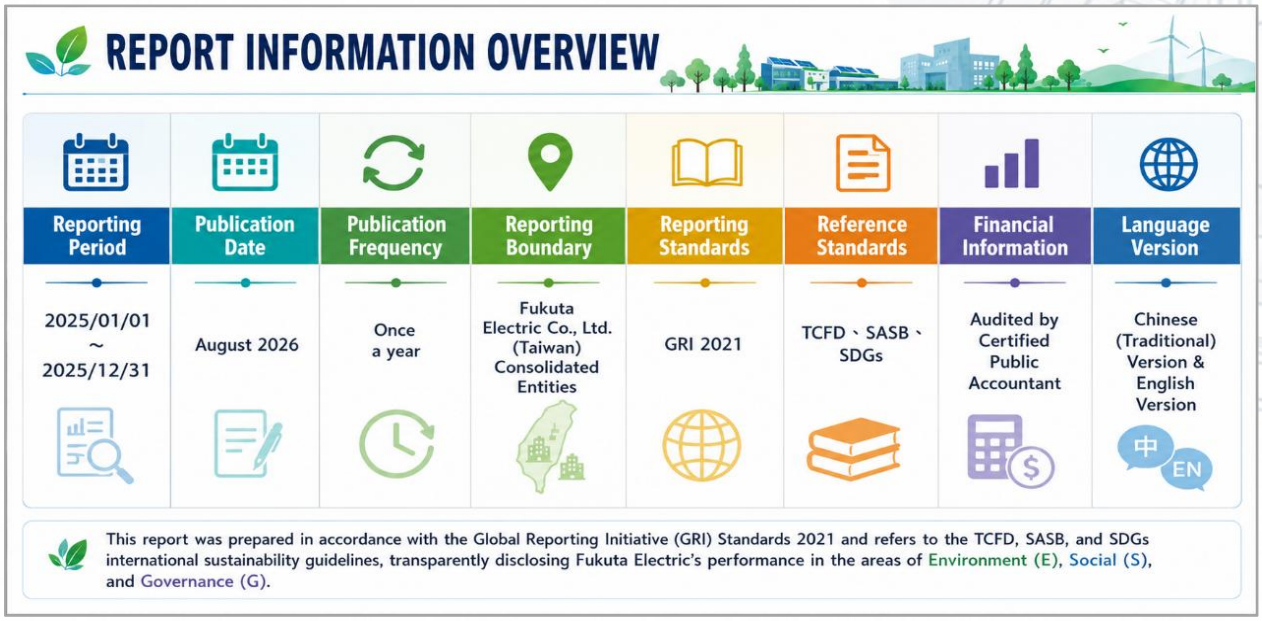
Regarding the environment, the Company completed greenhouse gas inventories and ISO 14064-1 third-party verification, maintained ISO 14001 environmental management system certification, and advanced low-carbon transformation and environmental protection through initiatives such as replacing lighting with energy-efficient LEDs, enhancing plant site greenery, and maintaining ecological landscapes. Greenhouse gas emissions in 2025 decreased by 13.87% compared to the previous year, demonstrating tangible results in energy conservation and carbon reduction.

On the social front, the Company prioritized employee well-being, diversity and inclusion, and talent development. Initiatives included establishing a Muslim prayer room and promoting health and stress-relief activities, achieving a 94.7% participation rate in health check-ups. Simultaneously, the Company remained committed to public welfare, community engagement, and cultural promotion, thereby deepening the mutually beneficial relationship between the enterprise and the local community.

Regarding governance, the Company continued to strengthen its occupational health and safety management system, achieving ISO 45001 certification. It implemented risk and opportunity assessment mechanisms, completed the

identification of material issues, established a climate governance framework, and conducted an annual compensation review. Additionally, the Company initiated the preparation of sustainability reports in both Chinese and English to enhance information disclosure transparency. Throughout the year, there were zero environmental incidents or major occupational accidents, fully demonstrating the Company's determination and achievements in pursuing low-carbon sustainability and robust business operations.

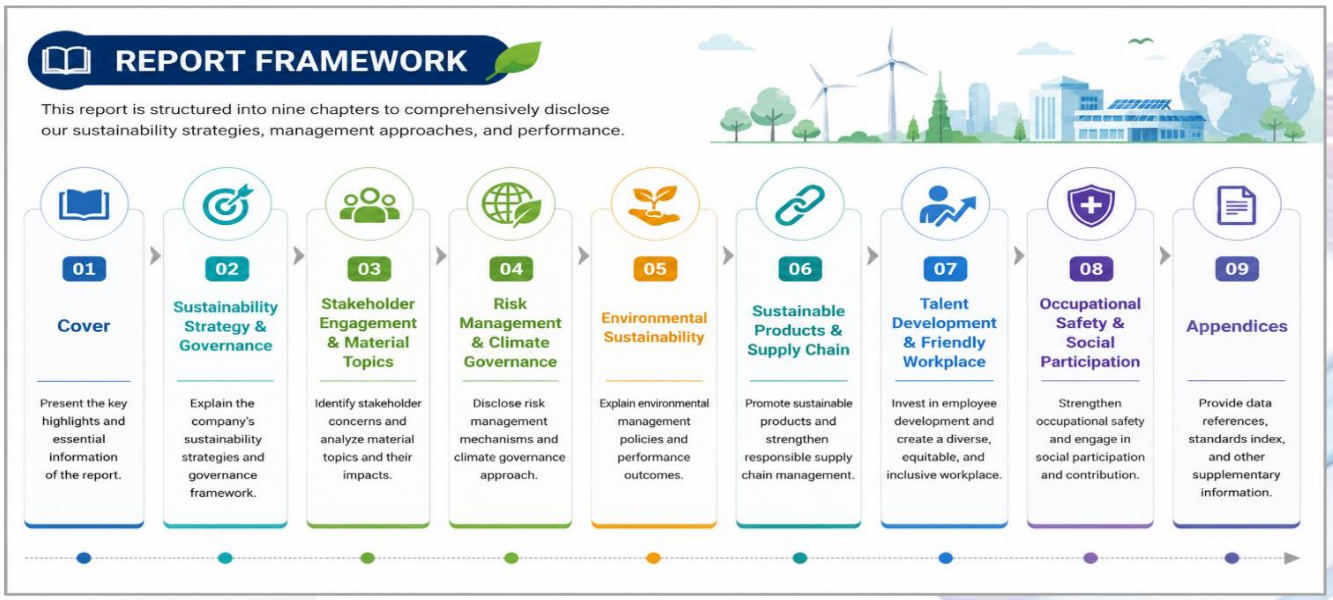
■ Report Overview



3. Brief Overview of This Report

This document constitutes the Company's 2025 Sustainability Report, covering the period from January 1, 2025, to December 31, 2025. It addresses key topics such as corporate governance, environmental sustainability, employee care, occupational safety, supply chain management, social engagement, and risk management. Prepared in accordance with GRI Standards and relevant sustainability disclosure principles, the report consolidates the annual achievements and performance data of various departments. It demonstrates the Company's commitment and actions regarding Environmental, Social, and Governance (ESG) aspects and serves as a vital platform for communicating with stakeholders as we continue to advance toward our goals of low-carbon operations, innovation, and sustainable business practices.

4. Report Chapter Structure



5. Preparation Criteria and Disclosure Scope

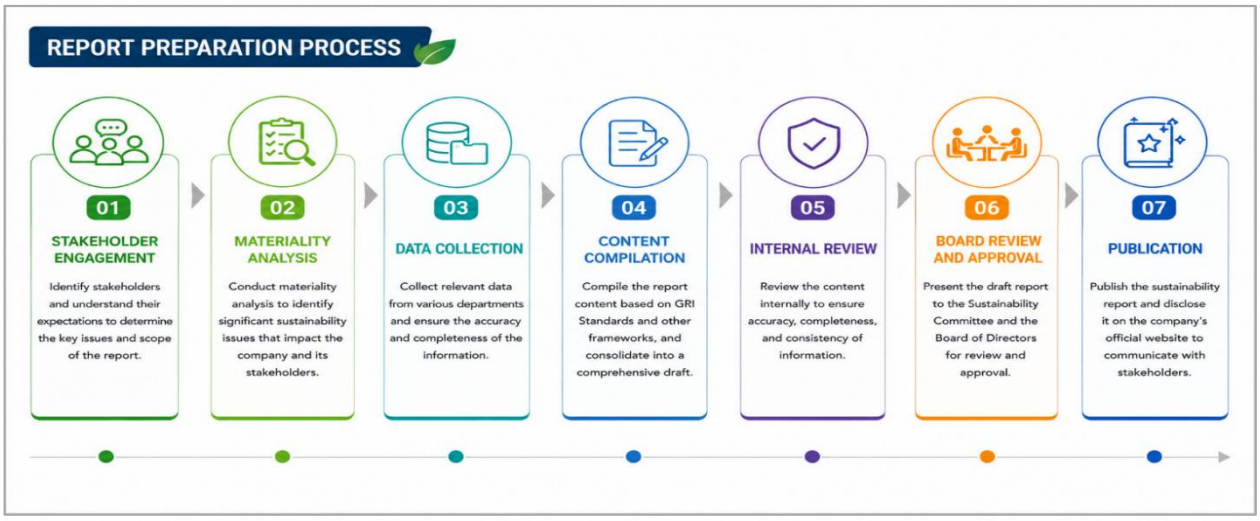
Drafting Principles

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards (2021 version) and references relevant regulations—such as the Taiwan Stock Exchange's "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" and the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies"—to enhance the completeness, transparency, and comparability of sustainability disclosures.

To ensure the materiality and substance of the report's content, the Company utilized a cross-departmental collaboration mechanism to systematically consolidate information—including stakeholder engagement, sustainability issue identification, risk management, and ESG implementation results—regarding our specific actions and performance across environmental, social, and governance (ESG) dimensions, thereby demonstrating our commitment and ongoing efforts to advance sustainable development.

Furthermore, this report references the United Nations Sustainable Development Goals (SDGs), the Task Force on Climate-related Financial Disclosures (TCFD) framework, and the SASB Sustainability Accounting Standards as key references for driving sustainability governance and aligning with international standards.

Report Writing Process



GRI Statement of Use

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards (2021 edition). It incorporates the results of our materiality assessment and key stakeholder concerns to disclose information regarding our Environmental, Social, and Governance (ESG) initiatives and performance.

Adhering to GRI disclosure principles, we continuously enhance the completeness, transparency, and credibility of our sustainability information, utilizing this report as a vital platform for communication with investors, customers, employees, suppliers, and other stakeholders. Through the regular preparation and public disclosure of sustainability reports, we continue to strengthen our ESG governance mechanisms, align with global sustainability trends, and fulfill our commitment to sustainable business operations.

Data Period

The reporting period for this report is January 1, 2025, to December 31, 2025; the disclosure periods for financial and non-financial data are aligned. To enhance the completeness and comparability of information, relevant data and achievements from 2024 are also disclosed as a reference.

This report covers the Company's management approaches and achievements regarding key issues such as ESG sustainability management, risk management, energy conservation and carbon reduction, greenhouse gas inventory, occupational health and safety, talent development, corporate governance, and social engagement. It aims to fully present the implementation status of the Company's sustainable operations and its future development direction. The Company will continue to publish a sustainability report annually, serving as a vital platform for communication with stakeholders.

■ Scope and Boundaries

The scope of this report primarily covers the Company's operational sites in Taiwan—including the major facilities in Tongluo (Miaoli), Fengzhou (Taichung), and Fenggong (Taichung)—and addresses issues regarding the significant impact of the Company's operations on customers, employees, suppliers, investors, and other stakeholders.

Financial data are denominated in New Taiwan Dollars (NTD) and based on publicly disclosed information that has been audited and certified by accountants; non-financial information is provided by the relevant responsible departments and is disclosed in this report following internal review and consolidation.

6. Preparation Guidelines

To continuously enhance the quality of sustainability information disclosure and align with international sustainability trends, this report has been prepared primarily in accordance with the following domestic and international standards and guidelines:

- ✧ **Global Reporting Initiative Sustainability Reporting Standards (GRI Standards: 2021)**
- ✧ **TCFD：Climate-related financial disclosures（Task Force on Climate-related Financial Disclosures）**
- ✧ **SASB：Sustainability Accounting Standards – Electronics and Electrical Equipment Industry（Electrical & Electronic Equipment）**
- ✧ **SDGs：UN Sustainable Development Goals（Sustainable Development Goals）**
- ✧ **Procedures for the Preparation and Filing of Sustainability Reports by Listed Companies**
- ✧ **Code of Practice for Sustainable Development of Listed and OTC Companies**
- ✧ **ISO 14064-1 Greenhouse Gas Inventory Standard**
- ✧ **ISO 14001 Environmental Management System**
- ✧ **ISO 45001 Occupational Health and Safety Management System**

7. Guide for Stakeholders

This report suggests specific sections for different stakeholders based on their areas of interest and information needs, thereby enhancing the accessibility and readability of sustainability disclosures. By systematically disclosing the company' s management approaches, achievements, and future goals regarding Environmental, Social, and Governance (ESG) aspects, we aim to help stakeholders quickly grasp relevant information, deepen ongoing communication and engagement, and collaboratively drive corporate sustainability and long-term value creation.



8. Statement on the Accuracy of Report Information

■ Internal Confirmation

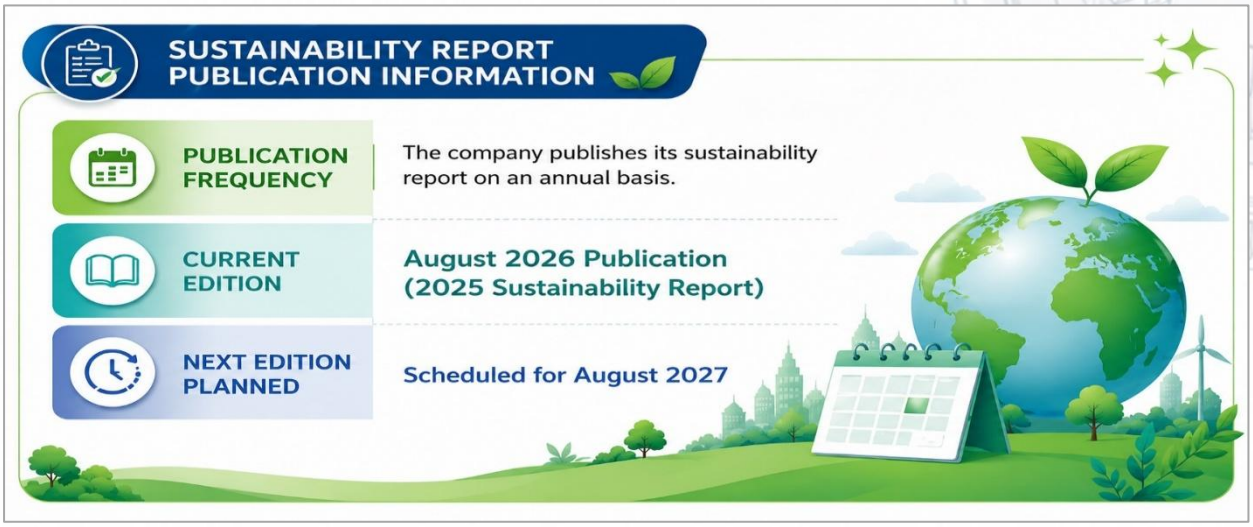
Unless otherwise specified, all financial figures in this report are denominated in New Taiwan Dollars (NTD) and rounded to two decimal places. To facilitate the comparability of sustainability performance data and trend analysis, this report presents continuous data spanning 2023 to 2025, illustrating the outcomes and development trends of the Company's sustainability management initiatives. The information, data, and management performance metrics

disclosed herein were provided by the respective responsible units based on actual operations; they underwent internal review, consolidation, and management verification prior to disclosure to ensure accuracy and completeness.

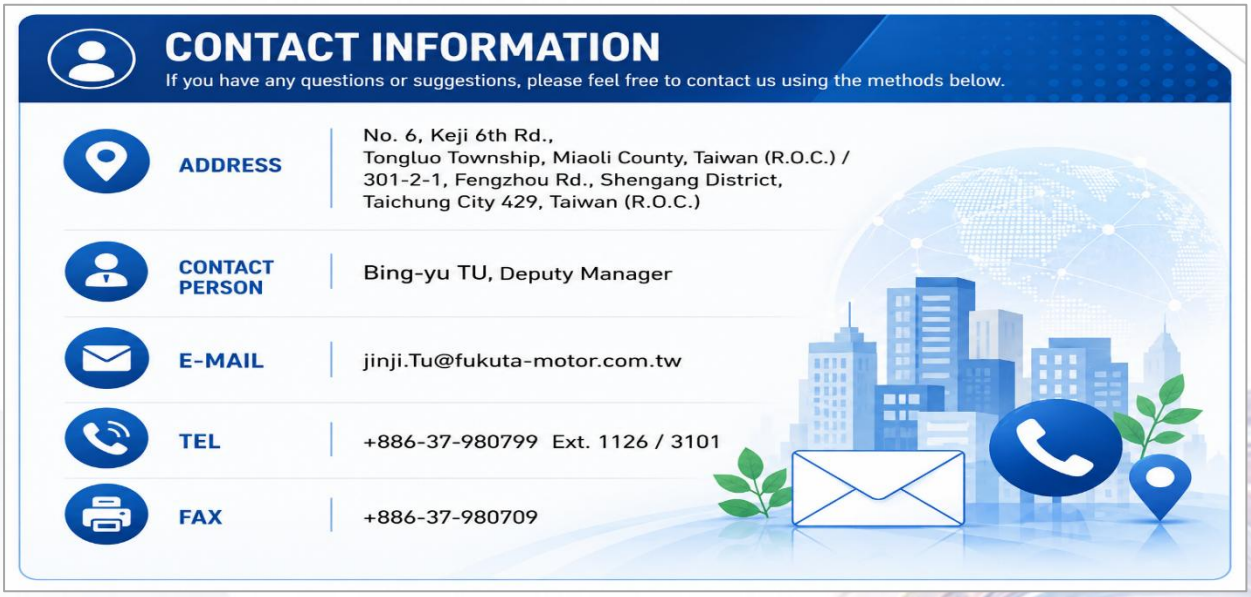
External Assurance Statement

The Company has not yet engaged a third party to provide assurance on its sustainability information; however, plans to do so will be developed gradually in light of the Company's development and regulatory requirements. The Company also continues to conduct greenhouse gas inventories and related verification processes, progressively enhancing the quality of its sustainability information and its ability to align with international standards.

Issuance frequency



Point of Contact



0.2 Fukuta Overview

1. About Fukuta

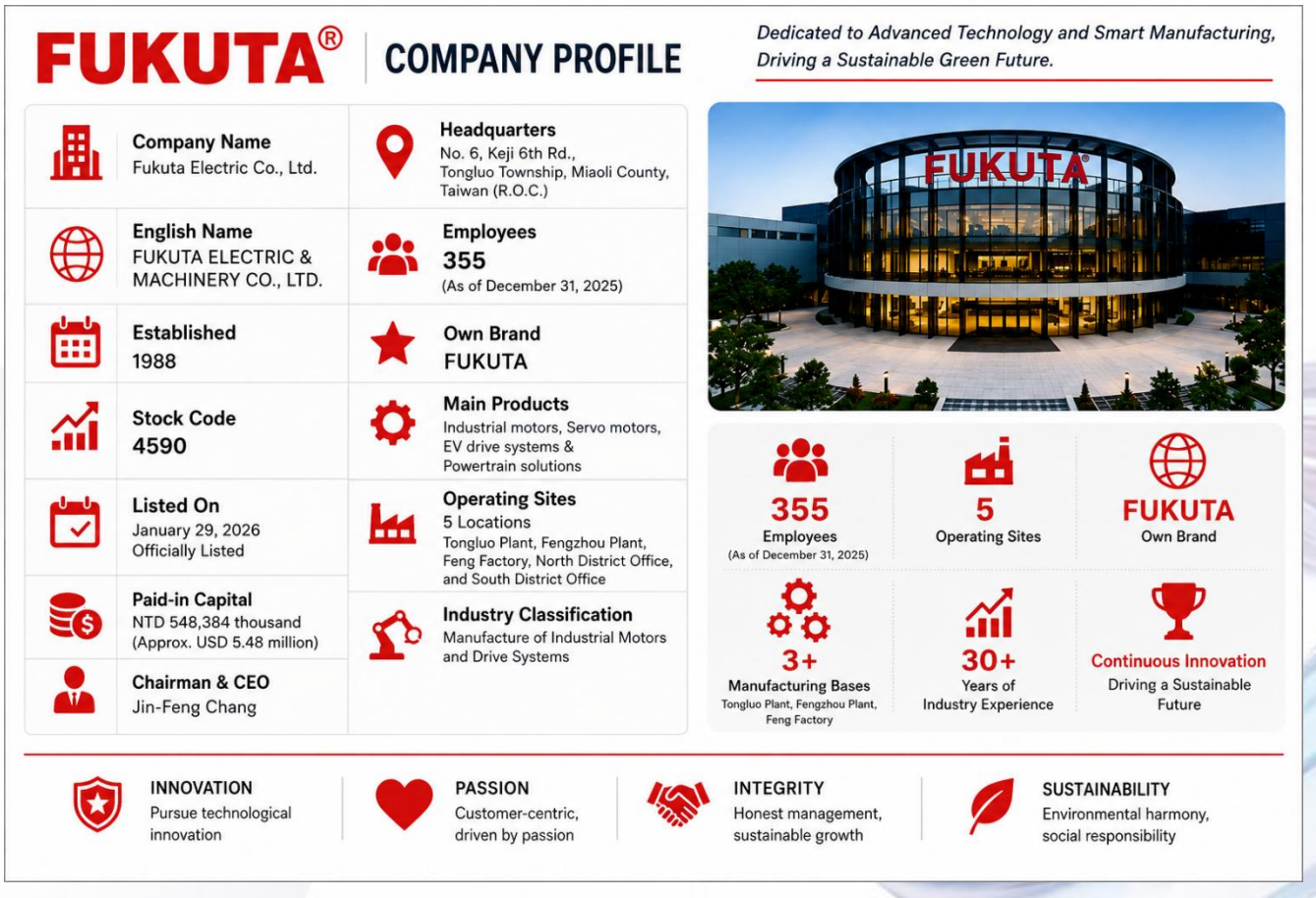
Fukuta Electric & Machinery Co., Ltd. (hereinafter referred to as "the Company") was established in 1988. Guided by the business philosophy of "Innovation, Passion, and Integrity," the Company has been deeply rooted in the motor industry for over thirty years, specializing in the R&D, design, manufacturing, and sales of industrial motors, servo motors, and powertrain systems for electric vehicles, while marketing its products globally under its own brand, FUKUTA

In response to global trends toward net-zero carbon emissions, energy transition, and smart manufacturing, the company actively invests in the R&D of high-efficiency motors, electric vehicle powertrains, and smart manufacturing technologies. We continuously enhance product performance and market competitiveness, helping customers reduce energy consumption and carbon emissions while creating both environmental and economic value.

Our primary operations include headquarters and a production base at the Tongluo Science Park in Miaoli, as well as manufacturing facilities in Fengzhou and Fenggong, Taichung. We also maintain sales and service centers in the northern and southern regions, providing a comprehensive system that covers product development, manufacturing, and after-sales service.

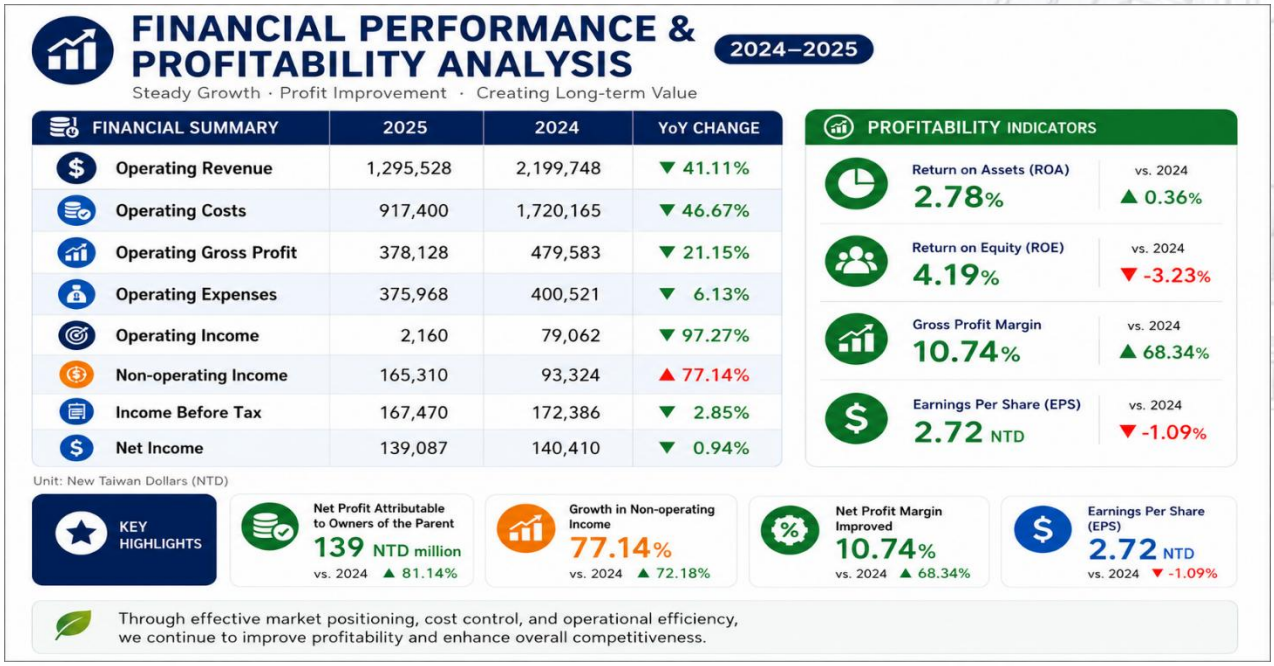
In 2025, the Company established a Sustainability Committee, integrating ESG principles into its corporate strategy and continuously advancing initiatives related to environmental protection, social responsibility, and corporate governance. The Company was officially listed on the stock exchange on January 29, 2026 (Stock Code: 4590), marking a new milestone in its corporate development. Moving forward, the Company remains committed to innovation, superior quality, and sustainable business practices as it steadily advances toward its vision of becoming Asia's premier provider of technology and manufacturing services for electric vehicle powertrain systems and industrial motors.

2. Basic Company Information



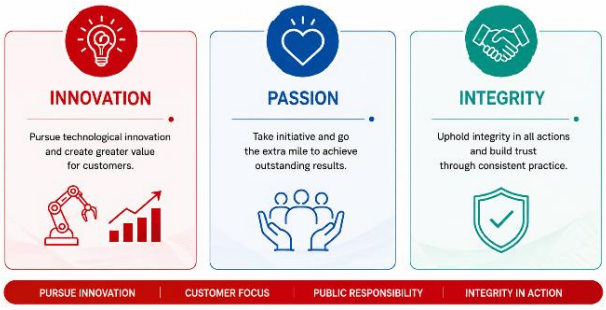
Operating Performance

In 2025, despite a 41.11% decline in operating revenue compared to 2024 due to a slowdown in overall market demand, the company maintained a net profit after tax of NT$139 million and earnings per share of NT$2.72—demonstrating robust profitability—by continuously driving cost controls, process optimizations, and operational efficiency improvements. Meanwhile, non-operating income grew by 77.14% year-over-year, boosting the net profit margin to 10.74%; this highlights the company's operational resilience and adaptability in the face of market fluctuations as it continues to advance toward high value-added operations and sustainable growth.



3. Core Values

Upholding the core values of "innovation, passion, and integrity" as the cornerstone of its operations and sustainable development, the Company continuously strengthens technological innovation, customer service, and integrity-based governance, thereby creating shared value for stakeholders and driving sustainable growth.



4. Key Products and Services

Industrial Equipment Applications

With over thirty years of deep expertise in the motor industry, the company is dedicated to the R&D, manufacturing, and sales of high-efficiency induction motors, variable-frequency motors, servo motors, and synchronous servo motors. Our products are widely utilized across sectors such as automation equipment, machine tools, water treatment systems, air compressors, pumping equipment, and smart factories. We continuously invest in high-efficiency energy-saving technologies and smart manufacturing solutions, helping customers enhance equipment performance while reducing energy consumption and operating costs. Thanks to our consistent quality, customization capabilities, and comprehensive service network, we have established ourselves as a key supplier of power systems for industrial equipment both domestically and internationally, driving industrial upgrades and sustainable development through innovative technology.



Electric Vehicle Applications

In response to global trends toward net-zero emissions and the electrification of transportation, the company is actively engaged in developing powertrain systems for electric vehicles. We have established a comprehensive product chain ranging from core components—such as silicon steel laminations, stators, and rotors—to motors, inverters, and integrated powertrain systems (including "2-in-1" motor-inverter and "3-in-1" motor-inverter-reducer configurations). Our products offer technical advantages such as high efficiency, high reliability, high integration, and high power density, making them suitable for a wide range of applications, including electric buses, commercial vehicles, logistics vehicles, and various new energy vehicles. Leveraging vertical integration capabilities and proprietary R&D technologies, we continuously enhance product competitiveness, assist customers in achieving energy-saving and carbon-reduction goals, and actively expand our presence in the global new energy transportation market.



Application areas for miniaturization technologies

To keep pace with the rapid growth of the smart living and light electric mobility markets, the company has recently intensified its efforts in developing compact powertrain products and precision motor systems. Our product applications span service robots, smart home appliances, gardening equipment, light electric vehicles, and various high-value-added electromechanical products. We continuously enhance product performance and market competitiveness through electromechanical integration, the use of lightweight materials, and high-efficiency drive technologies. Moving forward, we aim to expand our market presence in compact powertrain products by integrating smart control, energy-saving technologies, and emerging application demands; this will serve as a key growth driver for the company's next phase of development as we advance toward high-performance, intelligent, and sustainable green products.



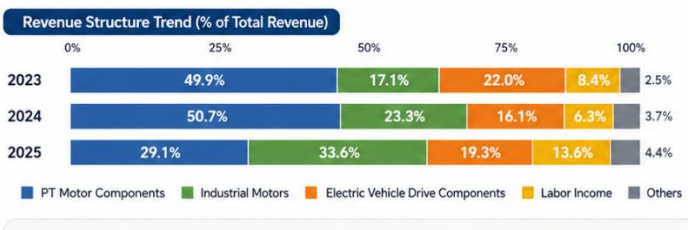
5. Revenue Composition by Major Product

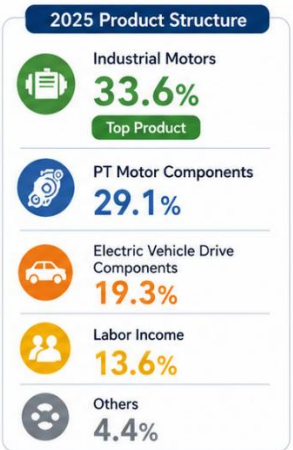
In 2025, the Company's revenue was primarily derived from products such as industrial motors, powertrain assemblies, and electric vehicle components. Industrial motors accounted for 33.6% of total revenue, making them the primary revenue source, while powertrain assemblies and electric vehicle components contributed 29.1% and 19.3%, respectively. Over the past three years, the revenue share of industrial motors has steadily increased, reflecting the Company's growing competitiveness in the industrial application market. Concurrently, the Company has actively expanded into the electric vehicle and new energy sectors, driving product diversification and progressively optimizing its revenue structure to enhance operational resilience and long-term growth momentum.

REVENUE STRUCTURE BY PRODUCT CATEGORY (2023–2025)

Unit: Thousands of New Taiwan Dollars (NT$) | %: Percentage of Annual Revenue

Product Category	2023		2024		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
PT Motor Components	1,429,956	49.9%	1,115,992	50.7%	377,266	29.1%
Industrial Motors	488,999	17.1%	511,496	23.3%	434,874	33.6%
Electric Vehicle Drive Components	630,225	22.0%	353,390	16.1%	250,159	19.3%
Labor Income	241,921	8.4%	138,366	6.3%	175,931	13.6%
Others	72,356	2.5%	80,504	3.7%	57,298	4.4%
Total	2,863,457	100.0%	2,199,748	100.0%	1,295,528	100.0%







Note: The above amounts are in thousands of New Taiwan dollars. The share of Industrial Motors continues to grow, while the overall product structure is becoming more balanced, reflecting steady operational performance and growth momentum.

6. Competitive Advantages of Fukuta Products

The company possesses independent R&D capabilities and core technological strengths, with a product portfolio spanning components, modules, and system integration that forms a fully vertically integrated supply chain. Through energy-efficient technologies, smart manufacturing, and quality management systems, the company continuously enhances product performance and reliability. Actively positioning itself in the electric vehicle and new energy markets, the company provides customized powertrain solutions, leveraging innovation, superior quality, and rapid service capabilities to establish a competitive edge and drive sustainable growth.



7. Operational Bases and Service Network

The company's operational footprint encompasses the headquarters and two production facilities (Plant I and Plant II) at the Miaoli Tongluo Science Park, the Taichung Fengzhou and Fenggong plants, as well as sales and service centers across the Northern, Central, and Southern regions, establishing a comprehensive system for R&D, manufacturing, production, and after-sales service. Each location operates with specialized functions, while cross-site collaboration and resource integration enhance overall operational efficiency and supply chain management capabilities.

With the Miaoli Tongluo Science Park serving as its operational core, the company continuously strengthens its capabilities in smart manufacturing, technical R&D, and product innovation, leveraging its strategic network of locations to rapidly respond to the needs of domestic and international customers. Through a service network spanning the North, Central, and South, the company provides real-time technical support, product consultation, and after-sales services—thereby elevating service quality and market competitiveness—as it strives to become a trusted partner in the global industrial motor and electric vehicle powertrain sectors.

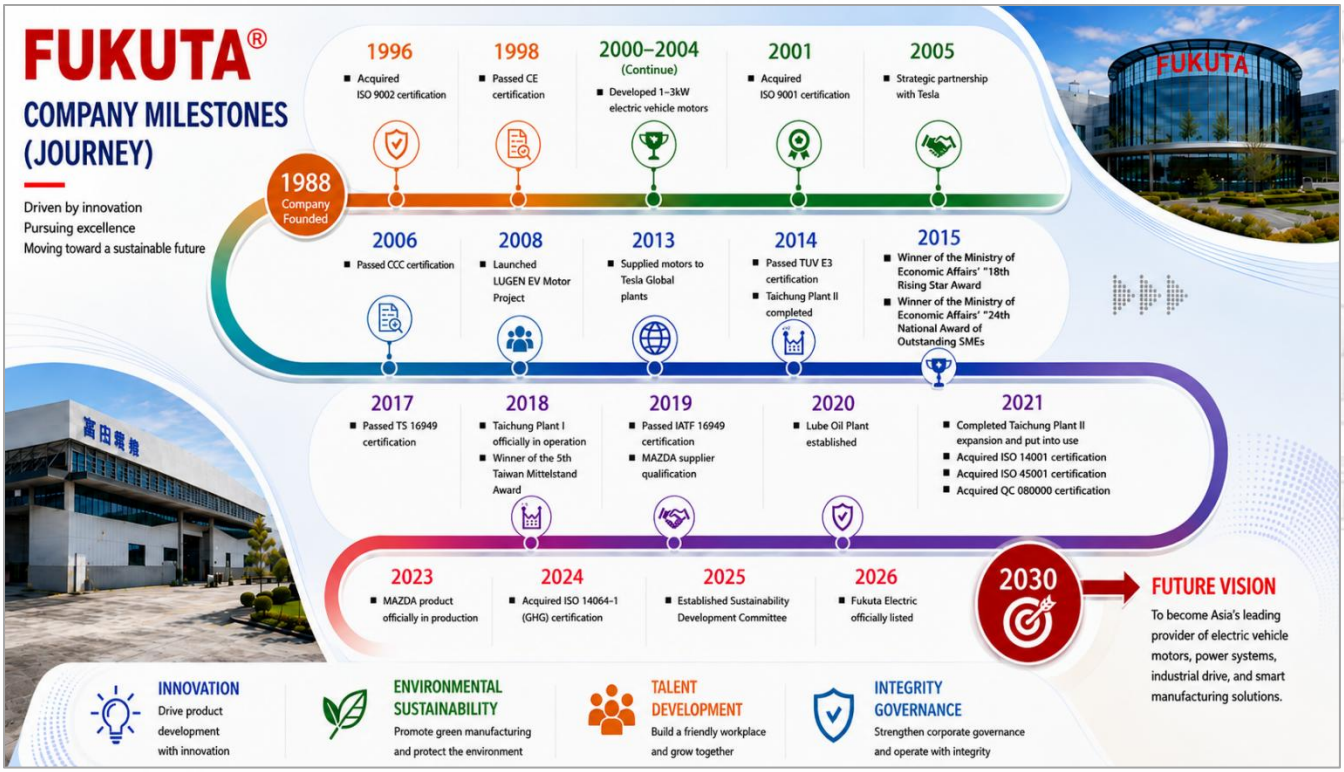


8. Development History (Milestones)

Since its inception in 1988, the company has upheld the core values of "Innovation, Passion, and Integrity," continuously deepening its expertise in high-efficiency motors and powertrain systems. We have secured key international management system certifications—including ISO 9002, ISO 9001, IATF 16949, and AS9100—thereby establishing a solid foundation for quality and manufacturing excellence. Furthermore, we have actively engaged in the electric vehicle industry, forging partnerships with Tesla, LUXGEN, and other major domestic and international clients while steadily expanding our global market presence.

The company consistently advances smart manufacturing, greenhouse gas inventory initiatives, and sustainable governance mechanisms; in 2025, we established a Sustainability Committee, formally integrating ESG principles into our

corporate strategy. On January 29, 2026, the company was officially listed on the stock exchange (Stock Code: 4590). Driven by the vision of becoming Asia's premier provider of technology and manufacturing services for electric vehicle powertrains and industrial motors by 2030, we continue to make steady progress toward our goals of innovation, green operations, and sustainable development.



9. Honor and Recognition

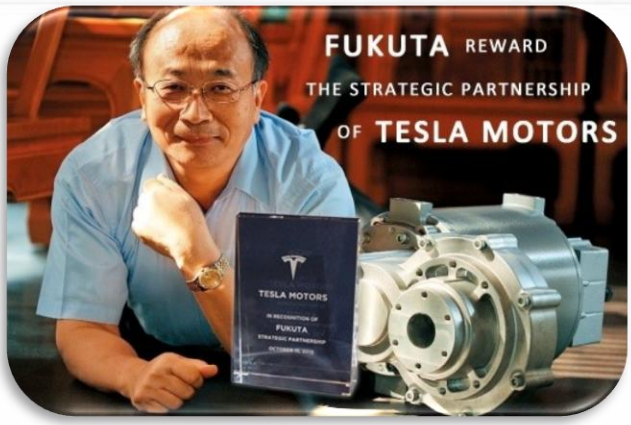
The Company has long specialized in the fields of industrial motors and electric vehicle powertrains. Thanks to its outstanding R&D capabilities, excellent quality management, and solid operational performance, it has consistently earned high acclaim from government agencies, the industry, and international clients. The Company has been honored with prestigious awards—including the Ministry of Economic Affairs' "Rising Star Award," "National Award of Outstanding SMEs," and "Outstanding Mittelstand Award"—demonstrating its excellence in technological innovation, brand management, and international market expansion. Furthermore, the Company has successfully become a global supply chain partner for Tesla, a testament to the fact that its product quality and technical prowess meet international standards. It held its pre-listing investor conference on December 30, 2025, and officially listed on the stock exchange on January 29, 2026 (Stock Code: 4590).



Winner of the Ministry of Economic Affairs' "18th Rising Star Award



Winner of the Ministry of Economic Affairs' "24th National Award of Outstanding SMEs



Named Tesla's Global Best Supplier



Winner of the Ministry of Economic Affairs' "5th Outstanding Mittelstand Award

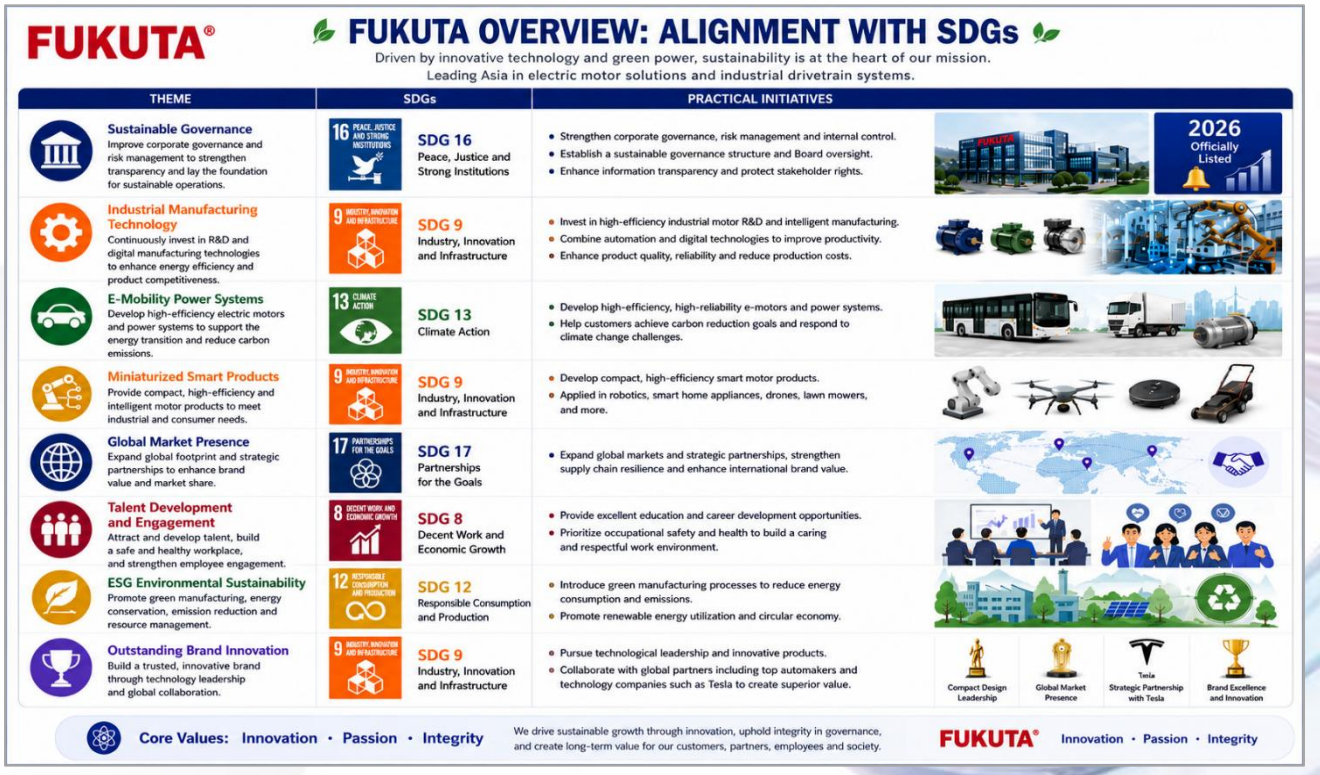


Company Pre-listing Earnings Presentation – December 30, 2025



On January 29, 2026, the Company officially listed on the stock exchange (Stock Code: 4590).

10. Fukuta Overview: SDG Alignment



CHAPTER

1

SUSTAINABILITY STRATEGY & GOVERNANCE

1.1 Sustainability Development Strategy
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1.5 Functional Committee Operations
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SUSTAINABLE GOVERNANCE FRAMEWORK

Transparent Governance · Sound Management · Sustainable Value Creation

BOARD OF DIRECTORS
Highest governance unit

ESG COMMITTEE
Set sustainability strategy and targets

EXECUTIVE SECRETARIAT
Planning · Coordination · Tracking & Management

ENVIRONMENT TASK FORCE
Climate Action · Energy Conservation · Resource Management

SOCIAL TASK FORCE
Employee Relations · Community Engagement · Human Rights

CORPORATE GOVERNANCE TASK FORCE
Ethics · Risk Management · Legal Compliance

PERFORMANCE MANAGEMENT TASK FORCE
Performance Tracking · Innovation · Sustainable Value Creation



FUKUTA

FUKUTA MOTOR CO., LTD.
Driving a better future with innovation and integrity.

SUSTAINABLE DEVELOPMENT
Protecting the environment
Building a green future

INTEGRITY
Strengthening governance
Enhancing transparency

INNOVATION
Driving innovation
Creating sustainable value

COLLABORATION
Engaging stakeholders
Building a better society together

1 Sustainability Strategy and Governance

1.1 Sustainable Development Strategy

In response to global trends such as the net-zero transition, climate change, supply chain restructuring, and the rapid advancement of digital technology, the Company continues to integrate the principles of sustainable development into its core business operations. Guided by the values of "Innovation, Passion, and Integrity"—the cornerstones of our sustainable business—we actively drive initiatives across Environmental, Social, and Governance (ESG) areas to strengthen our long-term competitiveness and operational resilience.

We firmly believe that sustainable development is not merely a corporate responsibility but a crucial factor in our international expansion and the enhancement of our core value. Consequently, we focus our sustainability efforts on low-carbon transition, smart manufacturing, talent development, and risk governance. Through cross-departmental integration and institutionalized management mechanisms, we are progressively building an operating model that balances efficiency, innovation, and sustainable value.

■ Sustainability Vision

Guided by the core values of "Innovation, Passion, and Integrity" and a commitment to sustainable operations, we strive to become a world-class leader in electric vehicle powertrain systems and industrial motors—a brand defined by technological innovation, environmental responsibility, and social value.

In response to global trends toward net-zero emissions, energy transition, and smart manufacturing, we are deepening our commitment to ESG (Environmental, Social, and Governance) principles. We actively promote low-carbon manufacturing, smart production, green supply chains, and sustainable talent development. Through technological innovation and operational optimization, we enhance our competitiveness and resilience, aiming to achieve a state of mutual prosperity between the company and the environment.

We aim to assist our customers in improving energy efficiency and industrial value through high-performance, energy-saving, and smart products. Simultaneously, we continue to strengthen corporate governance, ethical business practices, and risk management to build a transparent, robust, and trustworthy corporate culture, thereby deepening stakeholder recognition and support.

We believe that sustainable development is not merely a corporate responsibility but a vital driver of future growth. Moving forward, we will continue to drive a green future through innovative technology and respond to global sustainability trends with concrete actions. Together with our employees, customers, suppliers, and the broader community, we are building a sustainable future that delivers economic, environmental, and social value, steadily advancing toward our vision of becoming "Asia's premier provider of technology and manufacturing services for electric vehicle powertrain systems and industrial motors."



ESG Policy



Guided by the core values of "Innovation, Passion, and Integrity," the Company deeply integrates the principles of Environmental, Social, and Governance (ESG) into its corporate strategies and daily operations, striving to achieve sustainable business development and shared prosperity with stakeholders.

In response to global climate change, international sustainability standards, and industry transformation trends, the Company continuously advances its sustainability governance mechanisms. Through institutionalized management, cross-departmental collaboration, and risk management frameworks, we actively enhance our sustainable competitiveness and operational resilience while translating corporate social responsibility into concrete actions.

The Company's ESG policy is as follows:

- **Environmental**
  - Promote energy conservation, carbon reduction, and low-carbon transition.

    We continue to advance energy management, energy-saving improvements, and greenhouse gas inventory efforts; implement high-efficiency equipment and smart management systems to reduce energy consumption and carbon emissions; and steadily progress toward the goals of low-carbon manufacturing and the net-zero transition.
  - Strengthen environmental management and pollution prevention and control.

    Comply with environmental regulations and international standards; implement waste management, air pollution control, water resource management, and chemical management; minimize the environmental impact of operations; and enhance overall environmental performance.
  - Promote green products and green manufacturing

    Continuously develop high-efficiency, energy-saving, and eco-friendly products, while implementing green manufacturing processes and smart manufacturing technologies to enhance product competitiveness and environmental sustainability value.
- **Social**
  - Build a safe and healthy workplace

    Continuously advance the occupational safety and health management system; implement hazard prevention, self-inspection, and health promotion activities; create a safe and healthy work environment; and reduce the risk of occupational accidents.
  - Prioritize talent development and employee well-being.

    Establish comprehensive systems for talent development, compensation and benefits, and career advancement; prioritize employee rights and harmonious labor-management relations; and create a friendly workplace environment characterized by diversity, equity, and inclusion.
  - Fulfill corporate social responsibility

    Actively participate in social welfare, industry-academia collaboration, and community outreach initiatives; continuously give back to society and foster shared prosperity between the enterprise and the community.
  - Promote sustainable supply chain management

    Collaborate with suppliers to drive ethical business practices, green procurement, occupational health and safety, and ESG management, thereby establishing resilient supply chain partnerships that create sustainable value.

- **Governance**
  - Uphold integrity in business operations and regulatory compliance.
    Uphold the principles of integrity in business operations, comply with relevant laws and regulations, establish sound internal control systems and management mechanisms, and strengthen corporate transparency and operational stability.
  - Strengthen risk management and information security
    Establish and refine risk management systems, continuously monitor risk issues—such as operations, climate change, information security, and supply chains—and enhance corporate adaptability and operational resilience.
  - Deepen sustainability governance and information disclosure
    Coordinate the direction of ESG initiatives through the Sustainability Committee, regularly review sustainability performance and material issues, continuously enhance the quality of sustainability disclosures, and strengthen stakeholder communication and trust.

Moving forward, the Company will remain committed to the core philosophy of sustainable operations. By integrating innovative technologies, smart manufacturing, and green management, we will actively respond to global trends in sustainable development. Together with our employees, customers, suppliers, and the broader community, we aim to create a sustainable future that delivers economic, environmental, and social value.

1.2 ESG Governance Structure

To achieve our corporate sustainability goals, the Company has established an ESG sustainability governance framework overseen by the Board of Directors. We integrate Environmental, Social, and Governance (ESG) principles into our operational decision-making and management systems, driving sustainability initiatives through cross-departmental collaboration to enhance our corporate sustainability competitiveness and operational resilience.

The Company's Board of Directors serves as the highest supervisory body for corporate sustainability, responsible for approving sustainability policies, strategic directions, and annual implementation targets, as well as periodically reviewing ESG performance and material risk issues to ensure the effective implementation of sustainability governance.

The Board of Directors has established a "Sustainability Committee" to serve as the core management platform for driving ESG-related initiatives. Composed of all independent directors and led by Convener Zhao Guixiang—with the participation of department heads—the Committee oversees the planning of sustainability policies, the management of material issues, risk assessment, and the coordination of cross-departmental implementation efforts.

Under the Sustainability Committee, dedicated task forces have been established based on the three key ESG dimensions. Relevant functional units are responsible for execution and management, while progress and performance indicators are tracked on a regular basis. The organizational structure is as follows:

■ The responsibilities of the Board of Directors are as follows:

- **Highest oversight body for ESG and sustainability governance**
- **Approve sustainability policies, strategies, and annual targets.**
- **Oversee major risks and sustainability performance**
- **Regularly receive reports on the progress and achievements of ESG initiatives.**

■ The responsibilities of the Sustainability Committee are as follows:

- **Coordinate ESG policies and strategic direction**
- **Deliberate on material sustainability issues**
- **Advance risk management and climate governance**
- **Review annual ESG implementation results**
- **Integrate cross-departmental sustainability resources**

■ ESG Steering Group

- **E (Environmental Sustainability) Steering Group — Lead Unit: Administration Department / Environmental Safety Section. Key areas of focus are as follows：**
  - Greenhouse Gas Inventory
  - Energy conservation and carbon reduction
  - Energy Management
  - Waste Management
  - Water Resource Management
  - Environmental regulatory compliance
  - Implementation of ISO 14001 and ISO 14064-1 Systems

- **S(Social Responsibility) Steering Group — Lead Department: Human Resources Section / Administration Department. Key areas of focus are as follows:**
  - Talent Development and Training
  - Employee Benefits and Care
  - Occupational Safety and Health
  - Labor-management relations
  - Diversity, Equality, and Human Rights
  - Social Engagement and Public Welfare Activities
- **G(Corporate Governance) Steering Group – Lead Units: Administration, Finance & Accounting, Internal Audit, and IT Departments. Key areas of focus are as follows:** :
  - Corporate Governance
  - Operate with integrity
  - Regulatory Compliance
  - Risk Management
  - Information Security
  - Internal Control and Audit
  - Sustainability Information Disclosure

ESG Governance and Operational Mechanisms

- Regular meetings and reviews

  The Sustainability Committee convenes at least once a year to review ESG implementation results, material issues, and the achievement of annual targets, holding ad hoc meetings for cross-departmental coordination as necessary.
- Risk Management Integration

  Integrate ESG issues into the corporate risk management framework and periodically review risks related to climate change, environmental safety, supply chains, and operations to enhance corporate resilience and adaptability.
- Goal Management and Performance Tracking

  Relevant units carry out activities in accordance with the annual ESG plan and regularly track performance indicators and improvement progress to ensure the effective implementation of the sustainability strategy.
- Information Disclosure and Stakeholder Communication

  Continuously enhance information transparency and strengthen engagement and trust with stakeholders through sustainability reports, the corporate website, investor briefings, and various communication channels.

Progress Toward 2025 ESG Sustainability Goals

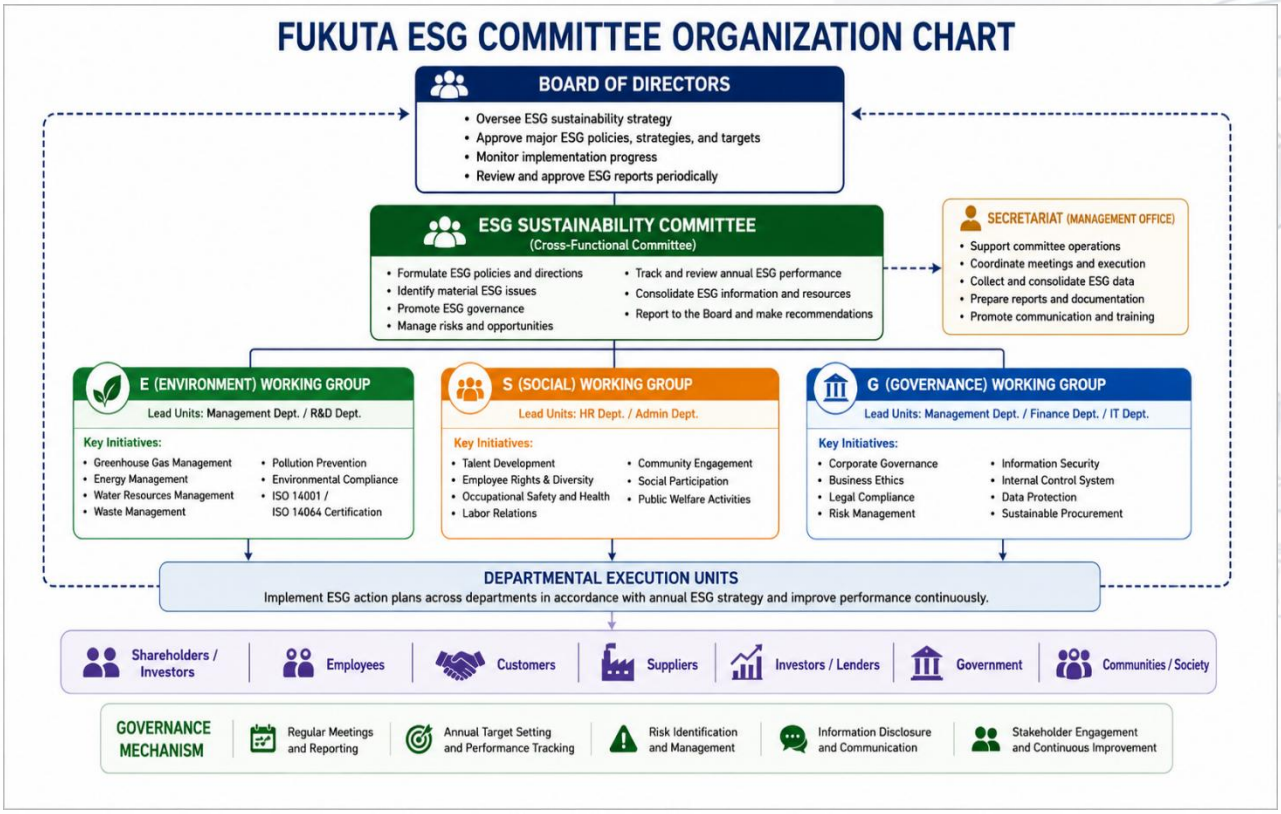
Upholding a philosophy of sustainable operations, the Company consistently integrates ESG (Environmental, Social, and Governance) goals into its corporate strategies and tracks implementation results through concrete management measures. For the 2025 fiscal year, the Company completed greenhouse gas inventories across Scopes 1, 2, and 3 while maintaining the ongoing operation of its ISO 14064 inventory system. Regarding the social dimension, the Company recorded no major occupational accidents throughout the year, achieved a 100% completion rate for human rights training, and continued to foster a safe, healthy, and inclusive work environment. On the governance front, the Company established a Sustainability Committee and maintained a record of zero major information security incidents. Moving forward, the Company will continue to refine its sustainability management mechanisms and strengthen its ESG performance and risk management capabilities, steadily advancing toward its goals of low-carbon transition, smart manufacturing, and sustainable operations.

2025 SUSTAINABILITY GOALS ACHIEVEMENT

FUKUTA sets short-, medium-, and long-term sustainability goals across environmental, social, and governance (ESG) dimensions. The achievements for 2025 are as follows:

DIMENSION	CATEGORY	TARGET	2025 RESULT	ACHIEVEMENT STATUS
E ENVIRONMENTAL	E	Complete Scope 1–3 inventory	Completed	✓
E ENVIRONMENTAL	E	ISO 14064 certification	Completed	✓
S SOCIAL	S	Zero major occupational safety incidents	0 cases	✓
S SOCIAL	S	Employee training completion rate 100%	100%	✓
G GOVERNANCE	G	Establish the Sustainability Committee	Established	✓
G GOVERNANCE	G	Zero major compliance violations	0 cases	✓

■ ESG Committee Organizational Chart



1.3 Description of Roles and Responsibilities of Each Department

department	Core Business
Marketing Department	● Expand into global markets and achieve the company's established sales targets. ● Develop new markets and clients; manage direct client relationships and distributor networks. ● Oversee client management, credit risk management, and after-sales service. ● Manage OEM/ODM project development for domestic and international clients. ● Plan trade shows and manage the company's website and social media presence; participate in the planning, coordination, and execution of marketing activities. ● Handle and resolve customer complaints; improve the efficiency and quality of customer service to strengthen client relationships.
Administration Department	● Planning and implementation of safety management and occupational health & safety protocols. ● Overseeing the planning, implementation, supervision, and maintenance of ISO 14001 (Environmental Management) and ISO 45001 (Occupational Health & Safety Management) systems, and addressing client requirements regarding EHS (Environment, Health, and Safety). ● Managing environmental compliance—including air and water pollution control, waste management, and toxic substance control—covering regulatory filings, permit modifications, supervision, and improvement planning. ● Managing employee health, safety & hygiene, and disaster prevention programs, including regulatory filings, procedural updates, supervision, and improvement planning. ● General affairs, procurement, and fixed asset management. ● Coordinating and planning company-wide human resources, organizational development, and training programs. ● Compiling and controlling the annual budget, and analyzing and reporting on execution results. ● Managing general affairs, administrative operations, document archiving, and the processing of official correspondence. ● Overseeing insurance matters, cafeteria/meal services, landscaping and grounds maintenance, public relations (with the community and educational institutions), and other related administrative tasks.
R&D Department 1 & 2	● Execution of new product R&D plans; evaluation of costs, manufacturing processes, and pricing. ● Execution and tracking of the transition to mass production. ● Management of drafting technologies, equipment, information, and technical drawings. ● Implementation of Advanced Product Quality Planning (APQP) systems and continuous improvement activities.

department	Core Business
	● Management of technical drawings for internal needs and customer orders; design and development of new products. ● Application for and management of intellectual property rights and patents.
Design Verification Department	● Responsible for the design, development, and platform-based planning of miniaturized motors and related products, while driving core technology integration to enhance product competitiveness. ● Establish and continuously optimize testing standards and processes—covering performance, reliability, and regulatory compliance—to ensure quality standards are met from development through to mass production. ● Plan the end-to-end process from development to pilot and full-scale mass production, accelerating the product commercialization timeline. ● Lead process optimization and rigorous quality control during the mass production phase, while actively driving production cost efficiencies. ● Integrate cross-functional resources—including R&D, manufacturing, and sales—to eliminate communication barriers and comprehensively enhance overall project execution efficiency. ● Leverage expertise in miniaturization and validation technologies to strongly support product introductions for emerging markets, such as robotics, medical devices, and precision applications.
Manufacturing Department Production Departments 1 & 2	● Plan, verify, and adjust in-plant production operations to execute the production schedule and achieve production targets. ● Plan and implement management and improvements regarding the "4M" elements (Man, Machine, Material, Method) of production processes to meet operational needs. ● Continuously improve and refine production processes to ensure targets for quality, cost, delivery, and output are met. ● Execute tasks related to new product development and production management in alignment with assigned roles and responsibilities. ● Manage and control product manufacturing; oversee machinery and equipment maintenance. ● Compile production data and monitor progress; maintain the shop floor environment; supervise and evaluate personnel. ● Conduct preventive maintenance on key equipment, manage molds/tooling, and implement facility improvements.
Quality Assurance Department	● Lead internal quality system audits and external verifications, including the implementation and maintenance of ISO 9001, IATF 16949, and QC 080000 (Hazardous Substance Management) systems. ● Establish product HSF (Hazardous Substance Free) standards based on international RoHS regulations and customer requirements; handle customer quality system audits and related documentation to ensure compliance with customer needs. ● Oversee document control center operations to ensure the proper execution of document revision, filing, approval, issuance, and retrieval processes. ● Investigate, analyze, and track corrective actions for customer complaints and service-related issues. ● Operate and maintain analytical instruments; review and archive instrument calibration reports. ● Conduct sampling inspections, analysis, and anomaly handling for raw materials, semi-finished goods, and finished products. ● Perform on-line inspections and audits to ensure production units effectively implement self-inspection procedures and maintain quality awareness. ● Analyze product quality specifications to drive quality improvements and reduce quality-related costs. ● Manage customer audits as well as supplier quality and performance.
Biotechnology Department	● Manage new product development and schedule control; oversee the development and implementation of production technologies, machinery, molds, and jigs. ● Review and propose process improvements; communicate with customers and provide technical responses regarding product usage issues. ● Oversee mold fabrication and modification, mold and jig manufacturing technologies, workflow optimization, mold repair, and the maintenance of related equipment. ● Conduct manufacturing feasibility assessments and cost analyses for new molds. ● Configure process equipment parameters and optimize operating conditions; update and revise equipment operation work instructions for each workstation. ● Troubleshoot production anomalies and standardize corrective measures.
Materials Departments 1 & 2	● Gather, compile, and analyze market trend information. ● Manage the procurement of raw materials, machinery, and equipment. ● Formulate production plans for various plants, coordinate production and sales, and integrate internal and external resources to meet order shipment schedules in alignment with company operational goals. ● Coordinate bonded import/export procedures and logistics/shipping arrangements to ensure on-time delivery. ● Plan and control raw material requirements; manage procurement operations, supplier sourcing, cost reduction, and supply chain activities. ● Schedule outsourced production processes, track progress, and manage quality control and accounts payable. ● Conduct periodic audits and performance evaluations of outsourced partner manufacturers.

department	Core Business
	● Manage inventory for production materials; conduct regular stocktakes of raw materials and finished goods, and review discrepancies. ● Coordinate the dispatch, storage, and scheduled maintenance of in-plant material transport vehicles.
Finance and Accounting Department	● Planning and formulating financial policies and operating procedures; managing capital allocation and risk. ● Managing financial, accounting, cost, tax, and shareholder affairs; providing decision-support analysis and reporting. ● Coordinating the scheduling and logistics for annual general meetings of shareholders and board of directors meetings. ● Preparing annual budgets and periodic financial statements; formulating and implementing cost control plans. ● Rolling out and tracking annual plans; conducting performance evaluations for various business units. ● Evaluating and executing the launch or termination of investments; overseeing operations and analyzing business performance to provide recommendations. ● Reviewing various corporate contracts and documents.
Information Department	● Formulate and execute IT strategies and annual plans. ● Plan and manage IT systems, network resources, and information security to ensure smooth computerized operations. ● Plan and manage computer-related hardware and software, as well as data backup procedures. ● Oversee overall IT planning, execution, and management to optimize IT system architecture and enhance information management efficiency. ● Drive IT initiatives, implement IT operational workflows, and enforce information security mechanisms.
Project Management Department	● Oversee the initiation and management of new product and technology projects, including process coordination, schedule control, and the assignment and management of project team members.

1.4 Board Operations



The Board of Directors serves as the company's highest governing body, responsible for overseeing overall operational direction, business performance, risk management, and sustainability strategies. Upholding principles of integrity and corporate governance, the Board ensures the company's stable operation and safeguards shareholder interests. Board members possess diverse professional backgrounds—spanning industry, finance, management, and law—and leverage a structure of professional division of duties and independent oversight mechanisms to enhance the quality of decision-making and the effectiveness of governance.



The Board of Directors convenes regularly to deliberate on key operational policies, annual budgets, major investments, internal control systems, risk management, and ESG sustainability initiatives, while overseeing the management team's execution to ensure that the Company's operations align with regulatory requirements and long-term development goals. Concurrently, the Company continues to strengthen professional development for directors and enhance corporate governance systems, thereby elevating the directors' professional capabilities and the transparency of governance.

Furthermore, the Board of Directors attaches great importance to corporate sustainability, continuously monitoring risks and opportunities related to environmental protection, social responsibility, and corporate governance. Through sustainability policies and information disclosure mechanisms, the Board strengthens communication with stakeholders, advancing toward the goals of sound business operations and sustainable development.

■ Policies and Objectives

With a history spanning over three decades, we firmly believe that sound corporate governance is essential for the long-term sustainability of our business. We are committed to continuously refining our corporate governance culture,

strengthening management mechanisms, and safeguarding the interests of stakeholders as we advance toward our goal of sustainable operations. In terms of policy, we look to the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies," the "Corporate Governance 3.0 – Sustainable Development Roadmap," and standards and initiatives such as GRI and SASB to guide our governance practices, while upholding respect for stakeholder interests and enhanced information transparency as our core governance principles.

Governance Structure

The Company designates the Board of Directors as its highest governing and decision-making body; the Chairman presides over the Board, overseeing its operations and the strategic direction of the Company's management. Internally, the President formulates business plans based on market conditions and coordinates the integration of various departments. The Company has appointed a Corporate Governance Officer responsible for Board operations, assisting directors with annual professional development, and advancing corporate governance initiatives. Additionally, the Company has established three functional committees—the Audit Committee, the Remuneration Committee, and the Sustainability Committee—along with an internal audit unit (Audit Office). These bodies provide recommendations to the Board to inform decision-making in areas such as derivatives trading, compensation policies, and internal audit operations.

Operation of the Board of Directors

The Board of Directors bears the responsibility of overseeing the Company's operations and general affairs, and makes decisions, takes action, and formulates responses regarding significant investments, whistleblowing complaints, and major reputational risk events. The Board adheres to the principle of recusal due to conflicts of interest during voting and exercises its authority in accordance with applicable laws, the Articles of Incorporation, and the Rules of Procedure for Board of Directors Meetings. Leveraging the directors' professional expertise and extensive industry experience—and inviting accountants to attend meetings to facilitate the exchange of views—the Board diligently fulfills its supervisory and management duties, regarding the strengthening of operational systems and the protection of investor interests as its core mission. Meetings are convened quarterly in compliance with regulations; in 2025, the Board held seven meetings with an average attendance rate of 95.86%. Director attendance records are accurately disclosed on the Market Observation Post System (MOPS), and details regarding Board operations can be found in the 2026 Annual Report.

The 2025 Board of Directors Meeting Held a Total of 7 Times

Session	Date
12th Term, 10th Meeting	January 16, 2025
12th Term, 11th Meeting	March 28, 2025
12th Term, 12th Meeting	April 18, 2025
12th Term, 13th Meeting	August 13, 2025
12th Term, 14th Meeting	November 10, 2025
12th Term, 15th Meeting	December 8, 2025
12th Term, 16th Meeting	December 23, 2025

BOARD MEETING ATTENDANCE

In 2025 (Year 114), the Board of Directors held 7 meetings, with an average actual attendance rate of 95.86%.

POSITION	NAME / REPRESENTATIVE	NUMBER OF MEETINGS ELIGIBLE TO ATTEND (A)	NUMBER OF MEETINGS ATTENDED BY PROXY (B)	ATTENDANCE RATE (%) [B/A]	REMARKS
Chairman	CHANG, CHIN-FENG	7	0	100%	–
Director (Representative)	GAINS Investment Corporation Representative: LI, CHIA-CHENG	7	0	100%	–
Director	CHANG, YU-JOU	7	0	100%	–
Independent Director	WANG, CHUN-SHENG	7	0	100%	–
Independent Director	WENG, KUO-LIANG	7	0	100%	–
Independent Director	CHAO, KUEI-HSIANG	5	2	71%	–
Independent Director	CHEN, YU-KE	7	0	100%	–

AVERAGE ACTUAL ATTENDANCE RATE OF ALL DIRECTORS 95.86%

To enhance operational transparency, the Company promptly discloses information regarding significant events via the Market Observation Post System and its official website, thereby safeguarding the interests of the investing public. For the nature and total count of key material events in 2025, please refer to the material information announcements released by the Company on the Market Observation Post System.

The Company has established "Rules of Procedure for Board of Directors Meetings" in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies." Directors and independent directors are elected by the shareholders' meeting under a candidate nomination system; the selection process evaluates candidates based on diverse perspectives, independence, and professional expertise. The current Board consists of seven members, with independent directors holding 57.14% of the seats; the Board also includes one female director. This

composition reflects the Company's commitment to the expectation—outlined in the 2021 Corporate Governance Evaluation indicators published by the Taiwan Stock Exchange regarding "strengthening Board structure and operations"—that the Board should include at least one female director. It demonstrates the Company's emphasis on professional and gender diversity within the Board and its aim to examine corporate governance objectives and implementation from more diverse and broad-ranging perspectives. For detailed information regarding the professional qualifications and experience of Board members, please refer to the 2026 Annual Report

Board Nomination and Selection

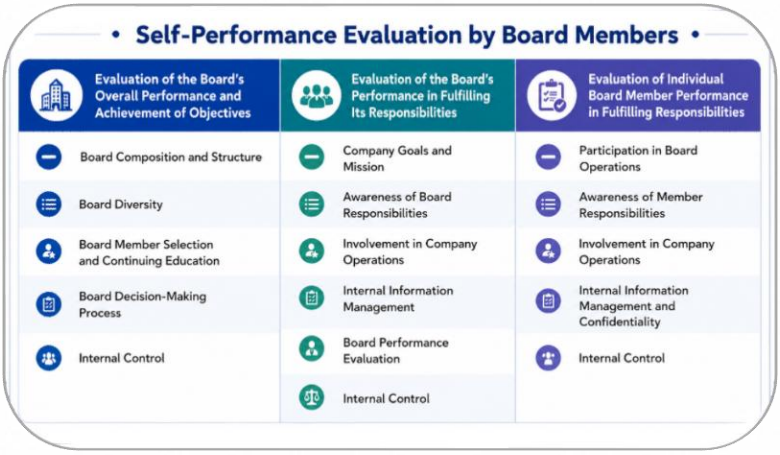
To ensure a fair, impartial, and transparent selection process, the Company appoints directors in accordance with established procedures. These procedures take into account factors such as diversity, independence, and competencies relevant to the organization—including educational background, industry experience, professional expertise, and specialized skills—with the aim of achieving an optimal overall composition of the Board. Furthermore, the Company completed a full re-election of its Board of Directors in 2026. For further details regarding the diversity and core competency indicators of the Board and its committees, please refer to the 2026 Annual Report.

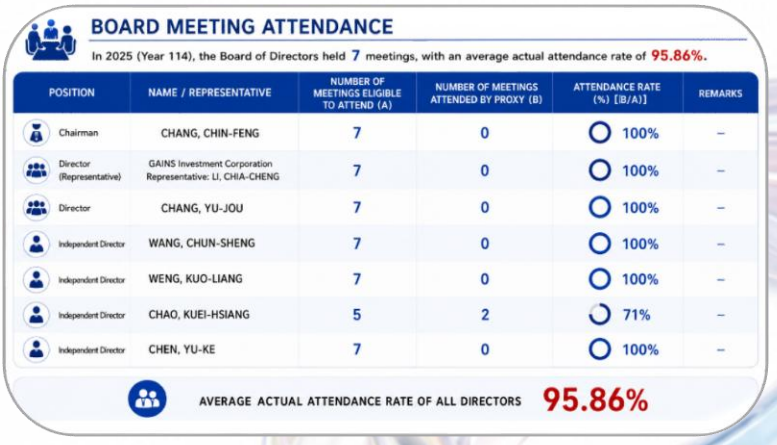
Training Status of Directors

To develop and enhance the Board of Directors' overall knowledge regarding sustainability issues, a variety of training topics are provided; while current courses focus primarily on regulatory matters, content covering environmental and social aspects will be gradually incorporated. For detailed information regarding director training, please refer to the Market Observation Post System (MOPS) under the section detailing the attendance and continuing education of directors and supervisors, as well as the current positions, professional experience, and concurrent appointments of independent directors.

Board Performance Evaluation

To implement corporate governance, enhance the functionality of the Board of Directors, and establish performance goals that improve operational efficiency, the Company has adopted the "Regulations Governing Board Performance Evaluation." Regular annual self-evaluations are conducted for the Board and its functional committees (including the Audit Committee, Remuneration Committee, and Sustainability Committee), alongside self-assessments by individual directors (via questionnaires). The Remuneration Committee establishes and periodically reviews the policies, systems, standards, and structures regarding performance evaluation and remuneration for directors and managerial officers. The self-evaluations of the Board and functional committees, as well as the self-assessments by individual directors for 2025, yielded "good" results; these findings were reported to the Board of Directors in March 2026.





Remuneration Policy for Directors and Managers

The policies, systems, standards, and structures regarding the remuneration of directors and senior executives are established and reviewed by the Remuneration Committee. This committee includes independent directors who provide diverse external perspectives and insights, and it convenes at least twice a year to review and ensure the competitiveness and reasonableness of remuneration. Annual remuneration for directors comprises directors' fees, salaries, and bonuses (with the latter two applicable only to those who also serve as employees), while senior executive remuneration includes salaries, bonuses, and retirement benefits; these figures are regularly disclosed in the company's annual report.

The Company periodically evaluates the remuneration of directors and managers based on their level of involvement in operations and individual performance contributions, in accordance with the Company's "Regulations on Employee Remuneration Distribution" and "Regulations on Director Remuneration Payment." Remuneration levels are determined by comprehensively considering factors such as target achievement rates, operational performance, and contributions, while also accounting for any risk events—such as moral hazard, incidents negatively impacting the Company's image or reputation, internal management failures, or personnel misconduct. Reasonable compensation is awarded, and the system is reviewed periodically in light of actual operating conditions and relevant laws and regulations. Apart from the aforementioned provisions, the Company's senior managers receive no other significant special benefits; retirement benefits are identical to those of general employees and are administered in compliance with statutory requirements.

Communication between independent directors and accountants

The Audit Committee communicates with the external auditors at least once a year to discuss and gain insight into financial reports, accounting and auditing standards, internal control processes, and updates on tax and securities regulations. Following the close of each fiscal year, the Audit Committee reviews the auditor-certified financial reports and business reports, subsequently issuing a review report.

The Company's Head of Internal Audit presents internal audit reports at Audit Committee meetings on a quarterly basis, ensuring full communication regarding the execution of audit activities, the status of rectifying audit findings, and the effectiveness of such measures. In addition to providing written audit reports to independent directors regularly, the Head of Internal Audit also conducts special project reports based on the recommendations of individual independent directors.

The Company holds annual meetings where independent directors meet separately with the Head of Internal Audit and the certifying external auditor; during these sessions, the Head of Internal Audit and the certifying auditor report individually to the independent directors on audit operations and annual planning, as well as on financial statements and annual audit planning, respectively. One additional meeting was convened in 2025, and the independent directors raised no objections regarding the content of the reports.

COMMUNICATION BETWEEN INDEPENDENT DIRECTORS, ACCOUNTANT, AND INTERNAL AUDIT SUPERVISOR

MEETING DATE	PARTICIPANTS	COMMUNICATION METHOD	MAIN POINTS DISCUSSED	COMMUNICATION CONTENT & OUTCOMES	COMPANY'S RESPONSE TO INDEPENDENT DIRECTORS' OPINIONS
2025/12/23	• WENG, KUO-LIANG Independent Director • CHEN, YU-KE Independent Director • WANG, CHUN-SHENG Independent Director • SHEN, CHE-KUAN Manager	Meeting	I. Internal Audit Matters: 1. Review of the 115th Year Audit Plan.	Report provided by three independent directors; content acknowledged with no objections.	The Board of Directors has no objections.
2026/01/20	• WENG, KUO-LIANG Independent Director • CHEN, YU-KE Independent Director • WANG, CHUN-SHENG Independent Director • CHAO, KUEI-HSIANG Independent Director • WANG, CHAO-CHUN Accountant • LI, CHING-HSING Assist the General Manager • SHEN, CHE-KUAN Manager	Meeting	I. Internal Audit Matters: 1. Review of the audit report for January–December 114. 2. Explanation of significant audit items for 114. II. Accountant's Matters: 1. Communication after the management review meeting for the 114th year.	Report provided by four independent directors; content acknowledged with no objections.	The Board of Directors has no objections.
2026/03/13	• CHEN, YU-KE Independent Director • WANG, CHUN-SHENG Independent Director • CHAO, KUEI-HSIANG Independent Director • WANG, CHAO-CHUN Accountant • LI, CHING-HSING Assist the General Manager • SHEN, CHE-KUAN Manager	Meeting	I. Internal Audit Matters: 1. Review of the audit report for January–February 115. 2. Explanation of significant audit items for 115. II. Accountant's Matters: 1. Communication after the management review meeting for the 114th year.	Report provided by three independent directors; content acknowledged with no objections.	The Board of Directors has no objections.
2026/05/11	• CHEN, YU-KE Independent Director • WANG, CHUN-SHENG Independent Director • CHAO, KUEI-HSIANG Independent Director • SHEN, CHE-KUAN Manager	Meeting	I. Internal Audit Matters: 1. Review of the audit report for January–April 115.	Report provided by three independent directors; content acknowledged with no objections.	The Board of Directors has no objections.

Participants | Communication Method | Main Points Discussed | Communication Content & Outcomes | Company's Response to Independent Directors' Opinions

1.5 Functional committees

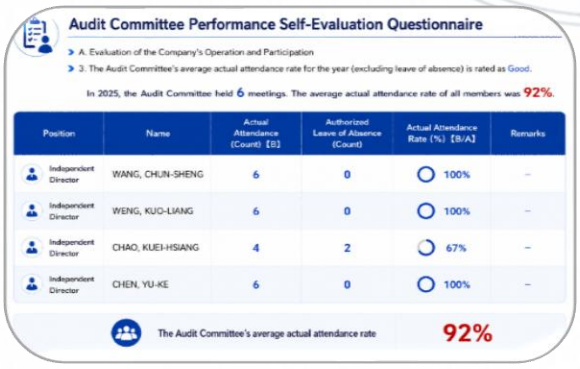
To effectively fulfill the Board of Directors' functions, strengthen its supervisory role, and reinforce management mechanisms, the Company has established a Compensation Committee, an Audit Committee, and a Sustainability Committee within the Board's organizational structure, based on their respective authorities and functions. To ensure effective independent oversight and checks and balances regarding Board resolutions and actions, all proposals are submitted to the Board for reporting and discussion; any director with a conflict of interest—whether personal or involving a represented juristic person—must recuse themselves to safeguard the best interests of stakeholders. Additionally, an administrative audit unit—the "Audit Office"—has been established; it is responsible for auditing and evaluating the reliability and effectiveness of the Company's internal control systems, regularly reporting audit findings and improvement recommendations to the Audit Committee, and thereby promoting the Company's effective operations.

■ Remuneration Committee

The Company has established a Compensation Committee comprising four members, with Member Weng Guo-liang serving as the convener. The Committee assists the Board of Directors in evaluating policies, systems, standards, and structures regarding the compensation levels of directors and managers, as well as matters concerning employee profit-sharing, salary adjustments, and performance bonuses; it also records the resolutions of its meetings for submission to the Board. A total of six meetings were held in 2025, achieving an average attendance rate of 95.75%.

■ Audit Committee

The Company's Audit Committee is composed entirely of independent directors and is chaired by Member Chen Yu-ge. It convenes at least once per quarter, primarily to oversee the fair presentation of financial statements; the selection, dismissal, competence, independence, and performance of the certifying accountant; the effective implementation of internal controls; compliance with relevant laws and regulations; and the management of existing or potential risks. A total of six meetings were held in 2025, with an average attendance rate of 91.75%.



■ Sustainability Committee

The Company's Sustainability Committee is composed of all independent directors, with Member Zhao Guixiang appointed as its Chairperson. Authorized by the Board of Directors, the Committee formulates, promotes, and strengthens the Company's sustainability policies, annual plans, and strategies; reviews, monitors, and revises the implementation status and effectiveness of sustainability initiatives; and oversees sustainability disclosures and the review of sustainability reports. Minutes of the Committee's resolutions are prepared and submitted to the Board of Directors. The Company established the Sustainability Committee in December 2025; its meetings and operations will officially commence in 2026, with regular reports provided to the Board of Directors.

1.6 Internal Control and Audit

The Company has established an internal control system in accordance with the Financial Supervisory Commission's "Regulations Governing Establishment of Internal Control Systems by Public Companies." A dedicated internal audit unit has been set up to continuously monitor operational execution, thereby enhancing operational efficiency, ensuring the reliability of financial information, and upholding regulatory compliance. Through mechanisms for periodic review and continuous improvement, the Company ensures the effective operation of its internal control system and fosters stable corporate management.

Audit priorities for 2025 encompassed various operational cycles, statutory audit requirements, and the internal control systems of subsidiaries. A total of 12 audit reports and 103 audit items were completed, achieving a 100% completion rate for tracking and rectifying deficiencies. Audit results were submitted to independent directors for review in accordance with regulations, serving as a crucial basis for issuing the annual "Statement on Internal Control System" and continuously strengthening corporate governance and risk management capabilities.

Furthermore, the Company continues to implement a risk-oriented audit mechanism, planning audit priorities based on annual risk assessment results and managing the follow-up on significant risks and identified deficiencies to ensure the effective implementation of improvement measures. Moving forward, the Company remains committed to refining its

internal control and audit systems, enhancing corporate governance transparency and operational resilience, and realizing its goals for sustainable operations.

1.7 Integrity and Legal Compliance

Adhering to the core philosophy of "integrity-based operations and lawful governance," the Company regards integrity and legal compliance as the foundation of sustainable business. We continuously strengthen our corporate governance systems and internal management mechanisms to ensure that all operational activities align with legal regulations and ethical standards. The Company has established policies on integrity and a code of conduct for employees, requiring all staff to uphold principles of honesty, fairness, transparency, and integrity in the performance of their duties, while strictly prohibiting corruption, bribery, the improper transfer of benefits, and any conduct that violates business ethics.

Regarding legal compliance, the Company closely monitors regulatory changes concerning labor, occupational health and safety, environmental protection, corporate governance, and listing requirements. We enhance employees' awareness of compliance and their risk management capabilities through education, training, internal communication, and systematic management. Simultaneously, we maintain internal control systems, audit mechanisms, and reporting channels for irregularities, regularly reviewing operational processes and management systems to mitigate operational risks and ensure the effectiveness of corporate governance.

The Company also places great importance on the protection of trade secrets and intellectual property rights, requiring employees and business partners to adhere to confidentiality obligations and safeguard the interests of both the Company and its clients. Moving forward, we will continue to deepen our culture of integrity and compliance management, strengthen corporate governance resilience and information transparency, and fulfill our corporate social responsibility and sustainability goals.



2025 Integrity in Operations Performance

Strengthening corporate governance and ethical management to create a transparent, trustworthy, and sustainable business environment.

Item	2025 Results	Status
Corruption Cases	0 cases	Zero Occurrence
Bribery Cases	0 cases	Zero Occurrence
Anti-competitive Behavior Cases	0 cases	Zero Occurrence
Whistleblower Cases	0 cases	Properly Managed
Employee Training Completion Rate on Integrity Policies	100%	100% Completed

Fukuta is committed to upholding honesty and integrity as core values.
We comply with the "RBA Code of Conduct" and relevant laws and regulations, and require all employees, stakeholders, and business partners to strictly adhere to ethical standards.
In 2025, compliance training for all employees achieved a 100% completion rate, reflecting our dedication to building a culture of integrity and ethical conduct.



2025 Legal Compliance Performance

Strengthening legal compliance management to ensure the Company operates in accordance with laws and regulations and maintains sound corporate governance.

Item	2025 Results	Status
Major Violation Cases	0 cases	Zero Occurrence
Environmental Violation Cases	0 cases	Zero Occurrence
Occupational Safety Violation Cases	0 cases	Zero Occurrence
Labor Law Violation Cases	0 cases	Zero Occurrence
Anti-corruption Cases	0 cases	Zero Occurrence

The Company is committed to complying with laws and regulations and implementing effective compliance management. In 2025, there were 0 cases of legal violations across all categories, demonstrating our commitment to operating with integrity and upholding legal compliance.

1.8 Information Security

■ Information Security Management Policy

- **Information Security Risk Management**

The Company has established an information security risk management mechanism to regularly identify, assess, and monitor information security risks, and implements appropriate protective measures based on risk levels to reduce the likelihood of information security incidents. Risk management measures include

- Implement firewalls and intrusion prevention systems.
- Implement endpoint protection and malware detection mechanisms.
- Establish a system for account and access rights management.
- Perform vulnerability scanning and system update management
- Conduct regular data backup and recovery drills.
- Establish procedures for reporting and responding to abnormal incidents.
- Strengthen remote connection and VPN security management

In addition, the Company conducts regular risk assessments of critical information systems and key data, and continuously monitors emerging cybersecurity threats and relevant regulatory requirements to enhance its overall defensive capabilities.

- Information Security Management Measures

Information Security Management Measures

Control Item	Control Description
Account and Access Management	Access rights are granted based on job requirements. Regular reviews of account usage are conducted to prevent unauthorized access and reduce risks.
Password Management	Establish strong password complexity requirements and a regular password change mechanism to enhance account security.
Email Security Management	Implement email filtering and anti-spam mechanisms to reduce the risk of malicious emails and social engineering attacks.
Data Backup and Business Continuity	Establish regular backup mechanisms and off-site backup plans to ensure critical data security and rapid system recovery.
Third-Party Vendor Management	Conduct information security management and access control for third-party service providers to reduce supply chain security risks.

■ Cybersecurity Protection Measures

- **Network Protection**
  - The company employs next-generation UTM (Unified Threat Management) firewall appliances offering a comprehensive suite of features—including firewall capabilities, VPN, anti-hacking, web content filtering, anti-spam, antivirus, anti-spyware, traffic shaping, and IM/P2P control. By leveraging these advanced functions and sophisticated detection technologies, the system monitors traffic, identifies applications, analyzes unknown malware, and proactively blocks suspicious connection attempts and intrusion activities.
  - VPN-based network controls are implemented across different plant sites, with additional firewalls installed between locations to prevent the cross-site spread of viruses and cyberattacks.
  - Network firewalls are used to isolate OT (Operational Technology) and IT (Information Technology) environments, thereby strengthening cybersecurity within OT areas and ensuring that IT-related security issues do not disrupt OT production line operations.
- **Endpoint Protection**
  - The company utilizes EDR (Endpoint Detection and Response) software. Beyond enhancing basic antivirus protection, this software integrates continuous real-time monitoring, endpoint data collection, and advanced cross-correlation to detect and respond to suspicious activities involving hosts and endpoints. It instantly blocks and removes malicious programs and mitigates lateral spread in response to anomalous behavior. Furthermore, it employs machine learning and behavioral analysis to prevent fileless malware and memory-based attacks.
  - Cybersecurity software control
    - ➢ Endpoint device control: Prohibit the use of portable storage devices.
    - ➢ Monitor and control internet usage, computer operations, and software application to prevent improper access and protect corporate IT assets from internal threats and external malicious activities.
- **Data Security Protection**
  - Restrict access to personnel data, control file operation permissions, log file activities, and prevent data leakage.
  - Cloud storage access restrictions.
  - Implement a data backup system, establish backup protocols, and maintain offline storage.
  - Prohibition of Infringing Software: Software usage within the company must be properly licensed. Unauthorized installation of software—whether on company-issued computer equipment or on personal computers brought into the workplace—constitutes copyright infringement.

- Verification mechanism: Conduct a comprehensive review on a monthly basis.

Annual Information Security Training Results

The Company regularly conducts information security training to enhance employee awareness and holds periodic drills for emergency response and disaster recovery. These measures ensure rapid recovery in the event of information system failure or major disasters, thereby guaranteeing the continuity of critical business operations.

Information Security Training Implementation

No.	Training Program	Implementation Status
01	Social Engineering Awareness Training	Completed 2 sessions in 2025.
02	Information Security Education and Training	Total participants in 2025: 53.
03	Cyberattack Emergency Response Drills	Completed 1 session in 2025.
04	Data Backup and Recovery Drills	Completed 12 sessions in 2025.
05	File Archive and Recovery Drills	Completed 12 sessions in 2025.
06	Equipment Disaster Recovery Drills	Completed 12 sessions in 2025.

Information Confidentiality Standards

Employees shall adopt appropriate protective measures regarding trade secrets and confidential information of which they become aware or which are under their control in the course of their duties, including the following measures:

- **Upon reporting for duty, employees shall sign the Software Policy and Internet Usage Declaration, the Employment Contract, and the Agreement on Integrity and Intellectual Property.**
- **Strictly comply with the employment contract and other relevant confidentiality regulations.**
- **Adopt necessary and reasonable protective measures to prevent unauthorized access to confidential information or the unauthorized acquisition of trade secrets or confidential information.**
- **Principle of Company Information Disclosure: Employees shall not disclose the Company's assets—including information, business and technical data, and any other tangible or intangible trade secrets or confidential information—to any third party without authorization.**

Information Security Performance

The Company continuously strengthens its information security management system, enhancing overall information resilience and risk response capabilities through regular backups, disaster recovery drills, and information security training. In 2025, a total of 24 backup drills and 13 disaster recovery drills were conducted, alongside one information security training session attended by 53 participants. No major information security incidents, personal data breaches, or ransomware attacks occurred during the year, demonstrating the concrete results of the Company's commitment to information security governance and the safeguarding of operational stability and customer data security.

2025 Information Security Performance

We continuously strengthen our information security management system and implement various risk control measures to protect the confidentiality, integrity, and availability of information assets, ensuring the security of company and customer data and the interests of all stakeholders.

Item	2025 Results	Status
Major Security Incidents	0 cases	Zero Occurrence
Personal Data Breach Incidents	0 cases	Zero Occurrence
Malware Incidents	0 cases	Zero Occurrence
Backup Drills	24 times	Completed
Disaster Recovery Drills	13 times	Completed
Information Security Awareness Training	1 session / 53 participants	Completed

We continue to enhance information security and disaster recovery capabilities through regular drills and training, improving employee security awareness and response capabilities.
In 2025, there were zero major security incidents, personal data breach incidents, and malware incidents, demonstrating the effectiveness of our information security management system.

■ Record of major information security incidents.

In recent years, the Company has not incurred any losses resulting from major information and communication security incidents.

1.9 Alignment of Sustainability Strategy and Governance with the SDGs



CHAPTER

2

STAKEHOLDER ENGAGEMENT & MATERIAL TOPICS

Stakeholder Engagement & Material Topics



2.1 STAKEHOLDER ENGAGEMENT

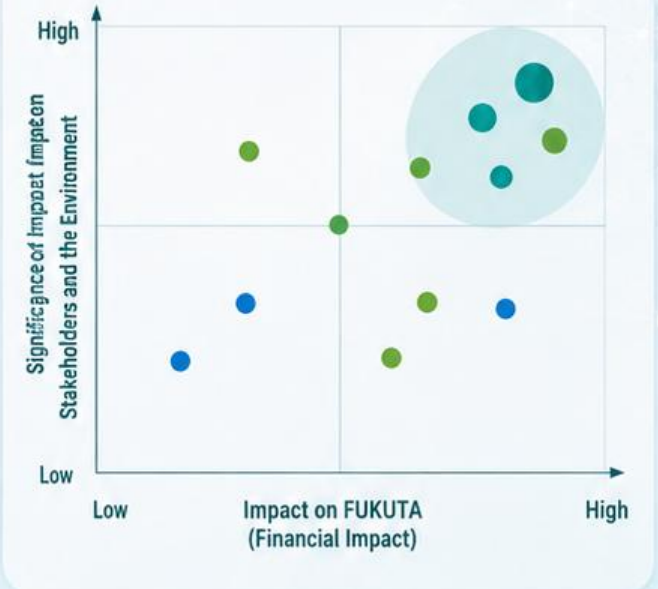
2.2 SURVEY AND MATERIALITY ANALYSIS

2.3 DOUBLE MATERIALITY (Double Materiality)

2.4 MATERIAL TOPICS AND SDGs ALIGNMENT







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2 Stakeholders and Material Issues

2.1 Stakeholder Communication

The Company attaches great importance to communication and interaction with stakeholders, firmly believing that robust communication mechanisms form a vital foundation for sustainable business operations. To understand the concerns and expectations of stakeholders regarding the Company's operations, sustainable development, and ESG issues, we have established diverse and transparent communication channels. Through both regular and ad-hoc engagements, we gather feedback and opinions from various parties, using them as key references for formulating sustainability strategies, managing risks, and improving operations.

The Company identifies stakeholders based on principles such as influence, dependency, responsibility, and level of concern. Key stakeholders identified include shareholders, investors, customers, employees, suppliers, contractors, local community residents, and other relevant groups; specific departments are designated to handle communication and manage issues related to each stakeholder group.

The Company established a Sustainability Committee in December 2025 to serve as the dedicated body for driving ESG initiatives and sustainability governance. The processes for stakeholder engagement and the identification of material issues for 2025 were jointly executed by the Administration Department in coordination with relevant departments; following the Committee's establishment, these activities were integrated into the sustainability governance framework.

■ Stakeholder Identification Principle

The Company values the opinions and needs of its stakeholders and periodically reviews and identifies key stakeholders based on the nature of its business operations and sustainability requirements. The identification process draws upon the GRI Standards (2021) and stakeholder engagement principles, utilizing the following four assessment dimensions for analysis:

- **Influence**：The extent of the impact of stakeholders on the company's operational decisions, strategic planning, and sustainable development.
- **Dependency**：The extent of the company's operational dependence on stakeholders, and the extent of stakeholders' dependence on the company.
- **Responsibility**：The extent to which the company addresses the needs of stakeholders in accordance with laws, regulations, contracts, or social responsibilities.
- **Concern**：The level of interest stakeholders have in the company's operations, ESG issues, and sustainable development.

Following a comprehensive assessment, the stakeholders identified by the Company include:

- Shareholders/Investors
- Client
- Employees
- Partners
- Supplier/Contractor
- Academic institutions
- Non-profit organization
- Community residents
- Other

The opinions and needs of the aforementioned stakeholders will be gathered through diverse communication channels and incorporated as key references for the company's operational decision-making, risk management, and strategic planning for sustainable development.



Communication methods and frequency

To strengthen interaction and communication with stakeholders, the Company has established diverse and transparent communication channels. We regularly gather feedback and identify needs regarding our operations, sustainable development, and ESG issues. Relevant departments are responsible for consolidating and responding to this input, which serves as a vital basis for the Company's continuous improvement and strategic planning for sustainability.

The communication methods and frequency with key stakeholders for the Company in 2025 are as follows:

Stakeholders	Communication Channels	Communication Frequency
Shareholders / Investors	• Shareholders' meetings, investor briefings, annual reports, public information observation sites, corporate website, major announcements	Annually / Quarterly / Irregularly
Customers	• Customer visits, emails, phone calls / video conferences, customer satisfaction surveys, customer feedback surveys, customer mailbox, technical exchanges	Monthly / Quarterly / Irregularly
Employees	• Department meetings, labor-management meetings, occupational safety meetings, training sessions, internal announcements, employee opinion mailbox	Monthly / Quarterly / Irregularly
Business Partners	• Project meetings, technical exchanges, business visits, partner communication meetings	Irregularly
Suppliers / Contractors	• Supplier evaluations, supplier meetings, supplier mailbox, training sessions, procurement communications	Annually / Quarterly / Irregularly
Academic Institutions	• Industry collaboration, technical exchanges, campus recruitment, special projects collaboration	Irregularly
Non-profit Organizations	• Public welfare activities, social engagement, exchange activities	Irregularly
Local Communities	• Community visits, educational promotion activities, public welfare activities, environmental safety communications	Annually / Irregularly
Others	• Based on actual circumstances	Irregularly

Issues of Concern to Stakeholders and Response Measures

Stakeholders	Communication Channels	Communication Frequency
Shareholders / Investors	• Shareholders' meetings, investor briefings, annual reports, public information observation sites, corporate website, major announcements	Annually / Quarterly / Irregularly
Customers	• Customer visits, emails, phone calls / video conferences, customer satisfaction surveys, customer feedback surveys, customer mailbox, technical exchanges	Monthly / Quarterly / Irregularly
Employees	• Department meetings, labor-management meetings, occupational safety meetings, training sessions, internal announcements, employee opinion mailbox	Monthly / Quarterly / Irregularly
Business Partners	• Project meetings, technical exchanges, business visits, partner communication meetings	Irregularly
Suppliers / Contractors	• Supplier evaluations, supplier meetings, supplier mailbox, training sessions, procurement communications	Annually / Quarterly / Irregularly
Academic Institutions	• Industry collaboration, technical exchanges, campus recruitment, special projects collaboration	Irregularly
Non-profit Organizations	• Public welfare activities, social engagement, exchange activities	Irregularly
Local Communities	• Community visits, educational promotion activities, public welfare activities, environmental safety communications	Annually / Irregularly
Others	• Based on actual circumstances	Irregularly

Upholding the principles of integrity and sustainable development, the Company attaches great importance to the needs and expectations of its stakeholders. Through diverse and open communication channels, we continuously gather feedback on and address issues of concern to various parties, using this information as a key basis for management decisions and sustainability strategic planning. Our stakeholders include shareholders and investors, customers, employees, suppliers and contractors, government agencies, and local community residents. We have established communication mechanisms—conducted on both a regular and ad-hoc basis—tailored to their specific areas of interest, thereby strengthening two-way interaction and information transparency.

The Company gauges stakeholder concerns regarding issues such as corporate governance, product quality, occupational health and safety, human rights protection, supply chain management, information security, environmental protection, and social engagement through channels including shareholders' meetings, investor conferences, client visits, satisfaction surveys, labor-management meetings, supplier evaluations, government audits, and community outreach. Relevant departments analyze, evaluate, and address the feedback and suggestions received, incorporating them into the annual business plan and key ESG initiatives.

Through continuous communication and feedback mechanisms, the Company not only enhances the trust and support of stakeholders but also identifies operational risks and sustainability opportunities—informed by the identification of key issues and double materiality analysis. These insights serve as a crucial foundation for sustainability reporting, the setting of ESG targets, and risk management, as we strive to create sustainable value that fosters shared prosperity among the company, the environment, and society.

2.2 Questionnaire Survey and Materiality Analysis

To understand the level of interest and expectations stakeholders hold regarding corporate sustainability issues, the Company conducted a stakeholder survey and a materiality analysis in 2025, adhering to the GRI Standards (2021) and the principle of double materiality; the results serve as a key basis for the Company's sustainability strategic planning, risk management, and sustainability reporting disclosures.

The Company conducts a systematic analysis and prioritization process—based on the level of interest shown by internal and external stakeholders regarding ESG issues, as well as the potential positive and negative impacts on business operations—to identify issues that significantly influence the Company's sustainable development.

■ Survey Method

The survey on material issues for 2025 primarily draws upon the following references:

- **GRI Standards 2021**
- **SASB Sustainability Accounting Standards**
- **TCFD Climate-related financial disclosures**
- **SDGs UN Sustainable Development Goals**
- **Trends in sustainability issues within the industry**
- **Key areas of focus for domestic and international ESG assessments**
- **Corporate Operational Risks and Sustainability Direction**

After consolidating the information, a total of 22 sustainability issues were identified, and a questionnaire survey and analysis were conducted targeting key stakeholders.

■ Materiality Analysis Methodology

The Company, based on stakeholders' views regarding various issues.

- **Level of attention (X-axis)**
- **Positive impact on business operations**
- **Negative impact on business operations**
- **Conduct a comprehensive analysis and establish a materiality assessment matrix, using "impact (Y)" and "importance score" as the basis for prioritizing material issues.**
- **Level of attention: Represents the degree of importance stakeholders attach to the issue.**
- **Degree of impact (including the extent of positive impact and the severity of negative impact): Represents the degree to which an issue affects the enterprise's operations, finances, environment, and society.**
- **Importance Score = Stakeholder Concern Level + Impact on Business Operations (calculated based on weighting): Serves as the basis for determining the bubble size in the materiality matrix and prioritizing management actions.**

■ Process for Identifying Material Issues

To effectively identify sustainability issues of concern to stakeholders and determine ESG issues with significant impact on our operations, the Company has established a materiality assessment process based on the GRI Standards (2021), the principle of double materiality, and stakeholder engagement principles. This process serves as a key foundation for our sustainability strategy, risk management, and sustainability reporting disclosures.

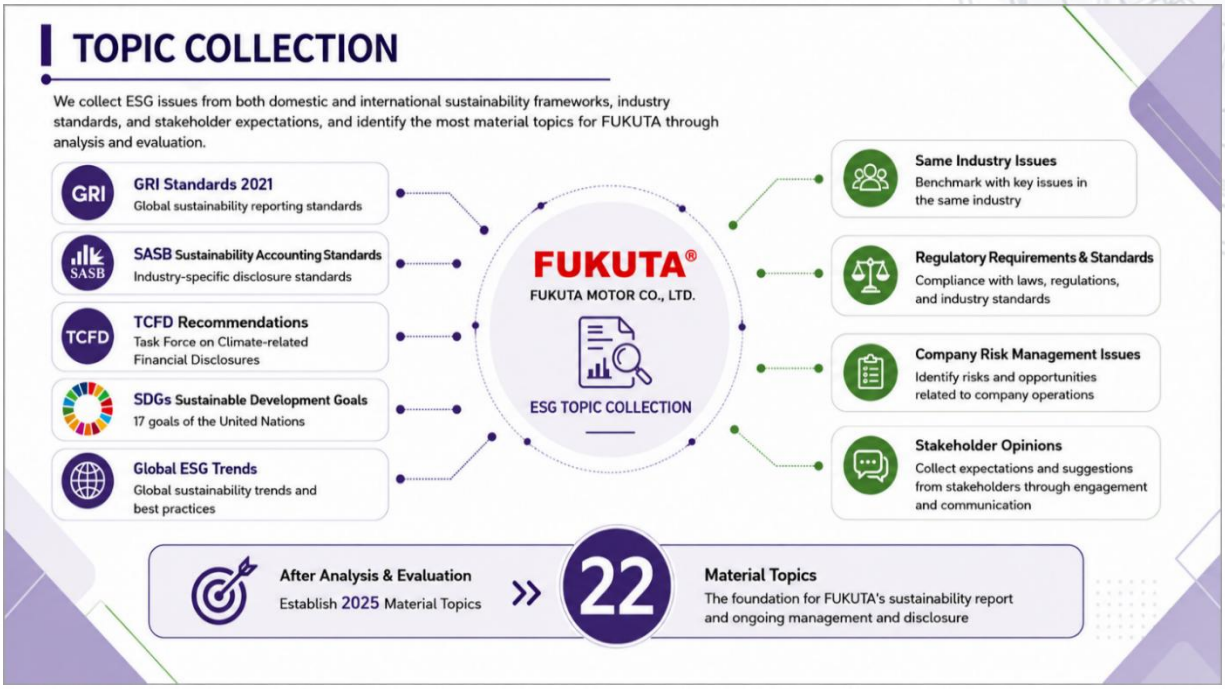
The Company's process for identifying material issues consists of four main stages—"Issue Collection," "Stakeholder Analysis," "Materiality Assessment," and "Validation and Disclosure"—as described below:

- **Topic Collection**

The Company identifies ESG issues that may impact its operations—serving as the basis for its materiality analysis—by referencing domestic and international sustainability trends, industry characteristics, and relevant disclosure standards. Key reference sources include:

- GRI Standards 2021
- SASB Sustainability Accounting Standards
- TCFD Climate-related financial disclosures
- SDGs UN Sustainable Development Goals
- International ESG development trends
- Industry-wide sustainability issues
- Regulatory requirements and competent authority regulations
- Corporate risk management issues
- Stakeholder feedback

Following a consolidation process, 22 sustainability topics were established for the 2025 fiscal year.

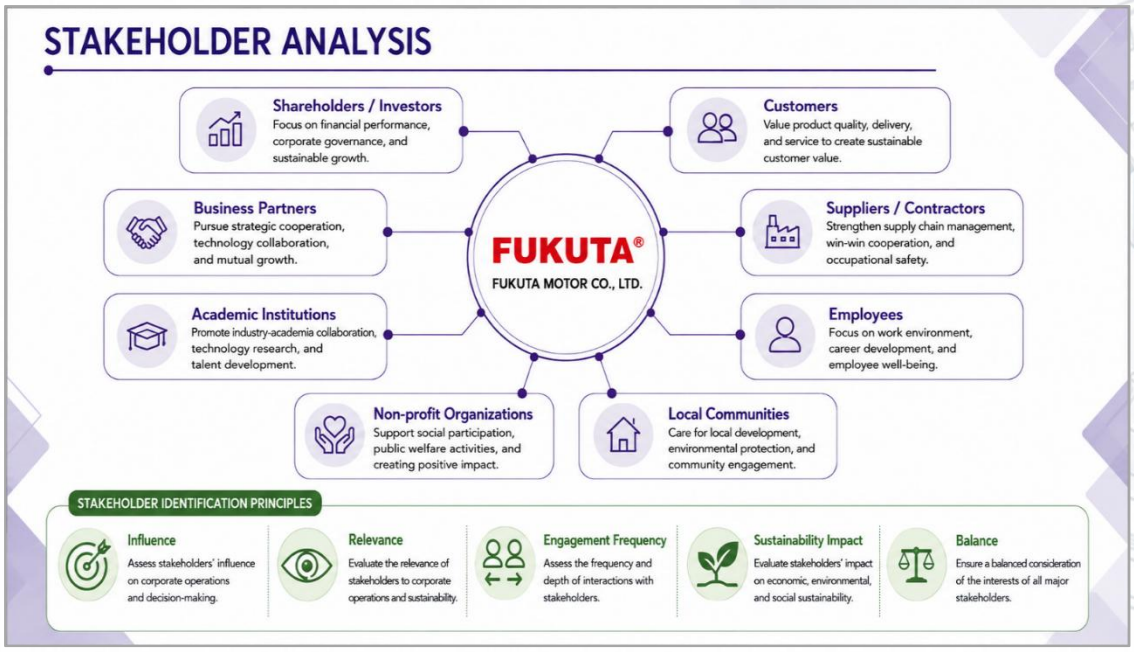


- **Stakeholder Analysis**

The Company identifies key stakeholders based on principles such as "degree of impact," "level of concern," "frequency of interaction," and "sustainability impact," and gathers feedback through methods including surveys and routine communication. Key stakeholders include:

- Shareholders/Investors
- Client
- Employees
- Partners
- Supplier/Contractor
- Academic institutions
- Non-profit organization
- Community residents
- Other

A total of 111 valid questionnaires were collected for the 2025 fiscal year.



- **Stakeholder recovery statistics and proportions**

To ensure that the results of the material issue identification process fully reflect the needs and expectations of various stakeholders, the Company conducted a stakeholder survey in 2025 targeting shareholders/investors, customers, employees, partners, suppliers/contractors, academic institutions, non-profit organizations, local residents, and other relevant parties; a total of 111 valid responses were received.

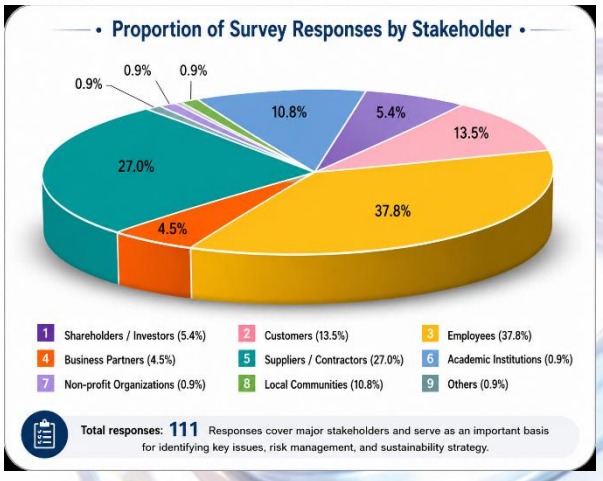
The respondents primarily consisted of employees (37.8%) and suppliers/contractors (27.0%), followed by customers (13.5%) and local residents (10.8%), demonstrating the Company's high regard for the opinions and feedback of core stakeholders such as internal employees, supply chain partners, and customers. At the same time, diverse perspectives from shareholders/investors, partners, academic institutions, and non-profit organizations were also incorporated to enhance the comprehensiveness and representativeness of the material issue assessment.

Based on survey results, the Company analyzes sustainability issues of concern to various stakeholders. By integrating insights from management interviews, risk management assessments, and operational management meetings—alongside analyses of international sustainability trends—we conduct a double materiality assessment and prioritize key issues. These findings serve as a crucial foundation for sustainability strategic planning, risk management, and sustainability reporting disclosures, enabling us to continuously strengthen stakeholder communication and trust while realizing our corporate sustainability goals.

Stakeholder Feedback Statistics

No.	Stakeholders	Responses Received	Percentage
1	Shareholders / Investors	6	5.4%
2	Customers	15	13.5%
3	Employees	42	37.8%
4	Business Partners	5	4.5%
5	Suppliers / Contractors	30	27.0%
6	Academic Institutions	1	0.9%
7	Non-profit Organizations	1	0.9%
8	Local Communities	12	10.8%
9	Others	1	0.9%
Total		111	100%

Survey Period: January 1 – December 31, 2025



- **Materiality assessment**

Based on the results of the questionnaire survey, the Company analyzes the level of attention and impact associated with various issues and adopts the concept of "double materiality" to assess the extent of their influence on corporate operations and the external environment/society. The assessment dimensions include:

- Level of stakeholder interest (X-axis)
- Extent of positive impact
- Severity of negative impact
- Impact on corporate finance and operations (Y-axis)

and perform calculations based on the analysis results

- Prioritization by significance
- Importance score
- Position on the materiality matrix

Identify the company's most significant ESG management issues.

- **Confirmation and Disclosure**

Once the analysis results regarding material issues have undergone internal review and confirmation by senior management, they are incorporated into the company's sustainability strategy, annual management objectives, and risk management mechanisms, and disclosed in the 2025 Sustainability Report. Implementation methods include:

- Sustainability Strategic Planning
- ESG Target Management
- Risk and Opportunity Management
- Annual Improvement Plan
- Sustainability Information Disclosure
- Stakeholder communication

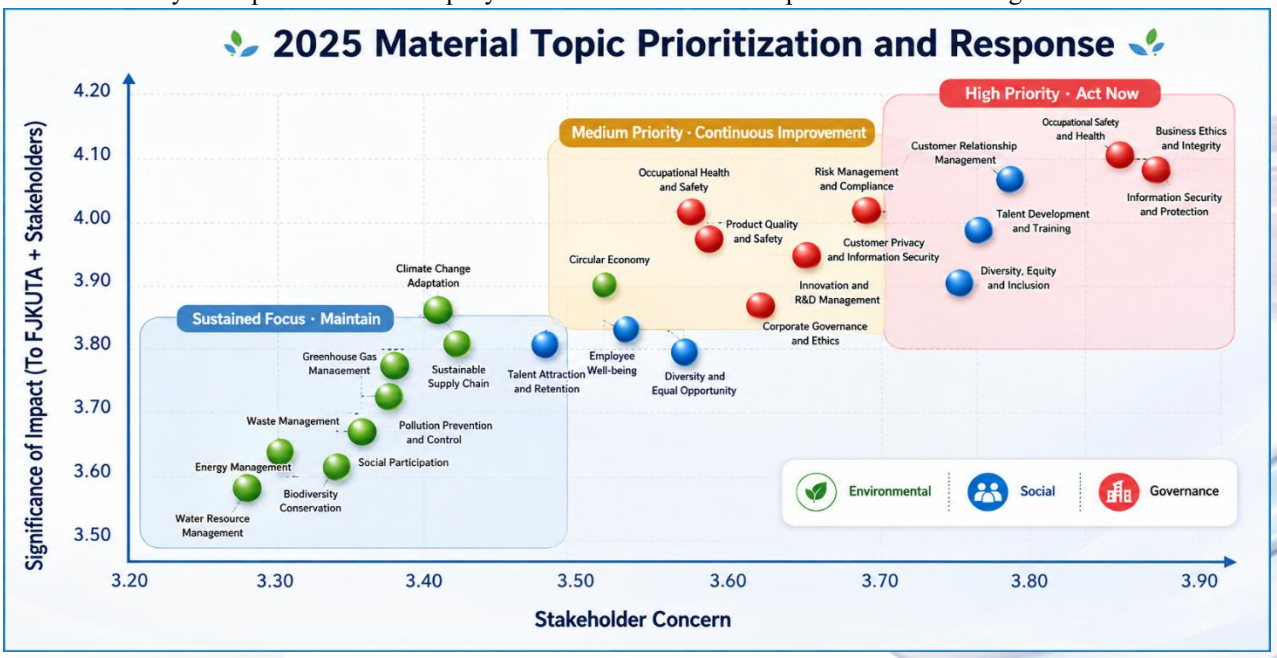
- **Additional Information**

In conducting its materiality analysis for the 2025 fiscal year, the Company primarily gathered stakeholder feedback through surveys. Taking into account the nature of its interactions with government agencies, academic institutions, and non-profit organizations, the Company also collected relevant opinions and suggestions through channels such as regulatory audits, regulatory outreach, industry-academia collaborations, public welfare activities, and routine communications. These inputs serve as a reference for evaluating material issues and managing sustainability, thereby enhancing the completeness and representativeness of the materiality analysis results.

Ranking of the Top 10 Major Issues

The results of the 2025 materiality analysis indicate that issues such as "Occupational Health and Safety," "Customer Relationship Management," "Product Responsibility," "Integrity and Business Ethics," and "Information Security and Personal Data Protection" (as shown in the figure below) are core issues that are of greatest concern to stakeholders and have a significant impact on the company's operations.

Furthermore, in response to global trends regarding the net-zero transition and industrial transformation, the importance of issues such as "Sustainable Supply Chain Management," "Innovative Technology and Sustainable Transformation," "Greenhouse Gas Management," and "Climate Change Risks and Adaptation" continues to rise; these will serve as key focal points for the company's future sustainable development and risk management.



Rank	Material Topic	ESG Dimension	Materiality Score
1	Occupational Health and Safety	Social (S)	3.96 ★★★★★
2	Customer Relationship Management	Governance (G)	3.95 ★★★★★
3	Product Responsibility	Governance (G)	3.94 ★★★★★
4	Employee Relations and Well-being	Social (S)	3.90 ★★★★★
5	Business Ethics and Integrity	Governance (G)	3.86 ★★★★★
6	Talent Development, Recruitment and Training	Social (S)	3.83 ★★★★☆
7	Regulatory Compliance	Governance (G)	3.80 ★★★★☆
8	Information Security and Data Protection	Governance (G)	3.80 ★★★★☆
9	Sustainable Supply Chain Management	Governance (G)	3.79 ★★★★☆
Rank	Material Topic	ESG Dimension	Materiality Score
10	Innovation in Technology and Sustainable Business Strategies	Governance (G)	3.78 ★★★★☆

Mapping of Material Issues to GRI Topics

In accordance with the GRI Standards (2021), the Company maps the results of its materiality analysis to the relevant GRI Topic Standards to ensure the consistency, completeness, and comparability of its sustainability disclosures. Linking material issues with GRI Topics serves as a key basis for sustainability management, performance tracking, and reporting, while also helping stakeholders understand the Company's sustainability governance priorities and management direction.

Material Topics & GRI Standards Mapping

Material Topics & GRI Standards Mapping

• Based on GRI Standards 2021 •

Social

Material Topic	GRI Topic
Occupational Health and Safety	GRI 403
Employee Relations and Well-being	GRI 401
Talent Development, Recruitment and Training	GRI 404

Governance

Material Topic	GRI Topic
Customer Relationship Management	GRI 416 – 417
Product Responsibility	GRI 416
Business Ethics and Integrity	GRI 205
Regulatory Compliance	GRI 206
Information Security and Data Protection	GRI 418
Sustainable Supply Chain Management	GRI 204, 308, 414
Innovation in Technology and Sustainable Business Strategies	Custom Disclosure

This table is based on the GRI Standards 2021 and our materiality assessment results. It reflects the consistency, completeness, and comparability of our sustainability disclosures.

We identify and manage material topics as the foundation for sustainable management and the key reference for responding to stakeholder expectations and driving corporate sustainability.

Risk Assessment and Management Measures for the Top 10 Key Issues

2025 Top 10 Material Topic Risk Assessment and Management Measures

	1. Occupational Health and Safety	2. Customer Relationship Management	3. Product Responsibility	4. Employee Relations and Employee Well-being	5. Business Ethics and Integrity	6. Talent Development, Recruitment and Training	7. Regulatory Compliance	8. Information Security and Data Protection	9. Sustainable Supply Chain Management	10. Innovation in Technology and Sustainable Business Strategies
Definition of the Material Topic	Ensure a safe and healthy workplace, prevent accidents and injuries, and continuously improve occupational health and safety performance.	Understand customer needs, provide quality products and services, enhance customer satisfaction, and strengthen long-term relationships.	Ensure product quality and safety, enhance product reliability and value, and promote responsible product management.	Build a positive workplace, protect employee rights, enhance employee well-being, and strengthen team engagement.	Establish business ethics and integrity standards, prevent unethical behavior, and build a trustworthy corporate culture.	Develop diverse talent, provide continuous learning opportunities, and enhance employee competency.	Comply with laws and regulations, reduce legal risks, and ensure stable business operations.	Strengthen information security and protect data privacy to ensure operational continuity and customer trust.	Build a sustainable supply chain, work with suppliers to improve sustainability performance, and create value together.	Leverage innovation and technology applications to drive business growth and enhance long-term competitiveness.
Key Management Strategies	• Improve workplace safety and health management • Strengthen hazard identification and risk control • Provide education and training	• Deepen customer understanding • Enhance service quality • Establish effective communication channels	• Ensure product quality and safety • Enhance R&D and innovation • Comply with product labeling and information standards	• Protect employee rights • Provide fair compensation and benefits • Create a healthy and supportive workplace	• Strengthen ethical management and code of conduct • Prevent corruption and unethical behavior • Promote a culture of integrity	• Develop training systems • Build career development paths • Enhance recruitment effectiveness	• Identify and monitor legal requirements • Implement compliance management • Conduct regular internal audits	• Strengthen information security infrastructure • Implement access control and data protection • Conduct security awareness training	• Evaluate supplier performance • Promote sustainable practices in the supply chain • Enhance partnership and communication	• Invest in R&D and innovative technologies • Promote digital transformation • Develop sustainable business models
Risk Impact										
Very High										
High	●	●	●	●	●	●	●	●	●	●
Medium										
Low										
Very Low										
Risk Likelihood										
Very High	◆									
High		◆	◆		◆	◆	◆	◆	◆	◆
Medium				◆						
Low										
Very Low										
Key Management Measures	• Comply with ISO 45001 and promote safety culture • Conduct risk assessments and implement improvements • Provide health checks and promote wellness	• Establish customer feedback mechanisms • Improve service processes • Monitor customer satisfaction	• Implement quality management systems • Stringent product testing and verification • Comply with relevant standards and regulations	• Regular employee surveys • Improve welfare and benefit systems • Organize employee activities and communication	• Establish ethics policies and reporting systems • Conduct education and training • Implement disciplinary mechanisms	• Establish training plans • Provide multi-level learning resources • Implement performance management	• Monitor regulatory updates • Conduct compliance training • Regularly review internal procedures	• Comply with information security standards • Conduct penetration tests and data backup • Promote security awareness	• Conduct supplier assessments • Promote CSR and sustainability requirements • Collaborate to reduce environmental impact	• Allocate R&D resources • Collaborate with industry partners • Evaluate innovation outcomes

Note: Risk Impact: ● Very High ● High ● Medium ● Low ● Very Low **Risk Likelihood:** ◆ Very High ◆ High ◆ Medium ◆ Low ◆ Very Low (◆ indicates higher likelihood)

Policy on Managing Material Issues

Based on the results of a materiality analysis, the Company has established management policies and performance indicators (KPIs) for key issues of high concern to stakeholders, with relevant departments responsible for implementation and progress tracking. The scope of management encompasses areas such as occupational health and safety, customer relationship management, product responsibility, business integrity, information security, and sustainable supply chain management. Management effectiveness is continuously enhanced through measures including the establishment of systems, education and training, risk management, and performance monitoring. Management outcomes are regularly reviewed and integrated into the annual objective management mechanism to inform resource allocation and continuous improvement; this approach aims to mitigate operational risks, boost corporate competitiveness, meet stakeholder expectations regarding sustainable operations, and realize the goal of long-term, steady corporate development.

Material Topic Management Policies

Material Topic	Responsible Unit	Management Measures	KPI	Target
Occupational Health and Safety	Plant Affairs Dept.	ISO 45001	Zero Major Disasters	Zero Major Disasters
Customer Relationship Management	Sales Dept.	Customer Satisfaction Survey	Customer Satisfaction	Satisfaction Rate 90% or above
Product Responsibility	Quality Assurance Dept.	Quality Improvement	Customer Complaint Rate	Continuous Improvement
Employee Relations and Employee Well-being	HR Dept.	Employee Communication and Engagement	Employee Satisfaction	Satisfaction Rate 85% or above
Business Ethics and Integrity	Compliance Dept.	Legal Compliance and Internal Control	Number of Violations	0 Violations
Talent Development, Recruitment and Training	HR Dept.	Training and Development Program	Training Hours	Average 20 Hours or more per person
Regulatory Compliance	Compliance Dept.	Regulatory Identification and Compliance Management	Compliance Rate	100% Compliance
Information Security and Data Protection	Information Dept.	Information Security Management and Protection	Security Incidents	0 Major Incidents
Sustainable Supply Chain Management	Procurement Dept.	Supplier Management and Assessment	Supplier Assessment Pass Rate	Pass Rate 100%
Innovation in Technology and Sustainable Business Strategies	R&D Dept.	R&D Innovation and Process Improvement	Number of Innovation Achievements	Continuous Year-over-Year Growth

2.3 Double Materiality

In its materiality analysis for the 2025 fiscal year, the Company adopted a "Double Materiality" assessment mechanism. In addition to considering the level of stakeholder interest, this approach simultaneously evaluates the impacts of sustainability issues on the Company's financial operations as well as on the environment and society. This enables a more comprehensive understanding of sustainability-related risks and opportunities, serving as a crucial foundation for sustainability governance and strategic planning.

■ Assess the two-way impact of issues on "corporate finance" and "environment and society."

- **Financial Materiality**

  Assess the potential impact of sustainability issues on corporate operations, financial performance, and long-term development, including:

  - Increase or decrease in operating costs
  - Changes in market competitiveness
  - Customer Demand and Order Impact
  - Regulatory compliance risk
  - Regulatory compliance risk
  - Brand reputation and investor trust
  - Information Security and Operational Risk
  - Impact of climate change on operations

  Identify sustainability issues of high importance to the company's operations by analyzing the extent of their impact on corporate finance, operations, and risk management.

- **Impact Materiality**

  Assess the potential positive or negative impacts of the enterprise's operational activities on the environment and society, including:

  Environmental aspects

  - Greenhouse gas emissions
  - Energy use
  - Waste management
  - Air pollution control
  - Water resource management
  - Climate change impacts

  social aspect

  - Occupational Health and Safety
  - Employee Rights and Human Rights
  - Labor-Management Relations
  - Community Impact
  - Customer Rights
  - Supply Chain Management

  By analyzing the extent of the company's impact on the external environment and society, identify the sustainability issues that should be prioritized for management and improvement.

- **Double materiality assessment approach**

  The Company, through:

  - Stakeholder surveys
  - Interviews with internal executives
  - Reviews by the Sustainability Committee and management
  - Risk management assessments
  - Analysis of international sustainability trends

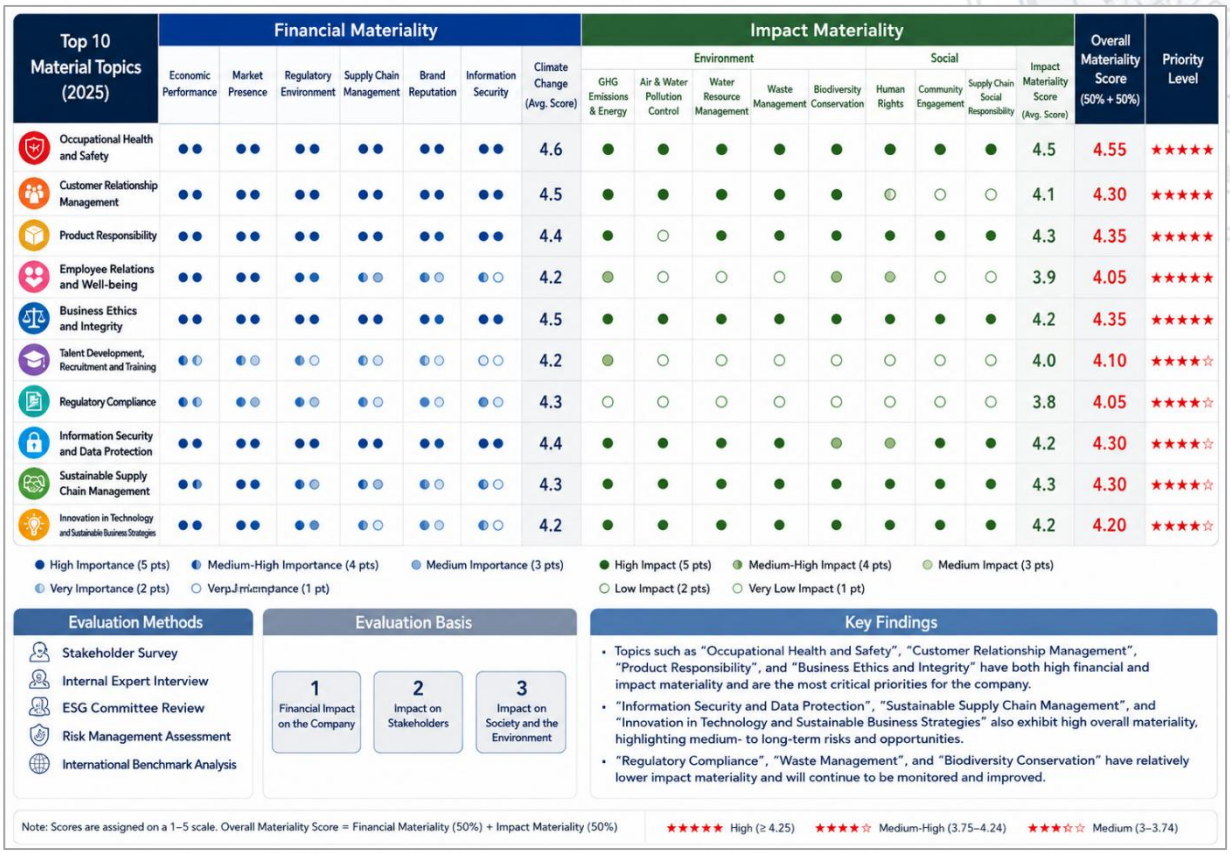
  Comprehensive assessment of the various issues at:

  - Level of stakeholder interest
  - Impact on corporate finance and operations
  - Degree of environmental and social impact

  A materiality matrix and prioritization framework are established to serve as the key basis for sustainability reporting disclosures and ESG management.

Results of the 2025 Double Materiality Assessment

- **The evaluation results indicate:**
  - Issues such as "Occupational Safety and Health," "Customer Relationship Management," "Product Responsibility," and "Integrity and Business Ethics" have a significant impact on both the company's financials and its environmental and social performance, classifying them as highly material issues.
  - Issues such as "Information Security and Personal Data Protection," "Sustainable Supply Chain Management," and "Innovative Technology and Sustainable Transformation" are seeing their financial and operational impacts rise in response to digitalization and global ESG trends.
  - nvironmental issues—specifically "Greenhouse Gas Management," "Climate Change Risks and Adaptation," and "Green Manufacturing"—reflect the company's strong commitment to low-carbon transformation and environmental sustainability.



Top 10 Material Topics (2025)	Financial Materiality							Impact Materiality									Overall Materiality Score (50% + 50%)	Priority Level
								Environment					Social					
	Economic Performance	Market Presence	Regulatory Environment	Supply Chain Management	Brand Reputation	Information Security	Climate Change (Avg. Score)	GHG Emissions & Energy	Air & Water Pollution Control	Water Resource Management	Waste Management	Biodiversity Conservation	Human Rights	Community Engagement	Supply Chain Social Responsibility	Impact Materiality Score (Avg. Score)		
Occupational Health and Safety	●●	●●	●●	●●	●●	●●	4.6	●	●	●	●	●	●	●	●	4.5	4.55	★★★★★
Customer Relationship Management	●●	●●	●●	●●	●●	●●	4.5	●	●	●	●	●	◐	○	○	4.1	4.30	★★★★★
Product Responsibility	●●	●●	●●	●●	●●	●●	4.4	●	○	●	●	●	●	●	●	4.3	4.35	★★★★★
Employee Relations and Well-being	●●	●●	●●	◐◐	◐◐	◐○	4.2	◐	○	○	○	◐	◐	○	○	3.9	4.05	★★★★★
Business Ethics and Integrity	●●	●●	●●	●●	●●	●●	4.5	●	●	●	●	●	●	●	●	4.2	4.35	★★★★★
Talent Development, Recruitment and Training	◐◐	◐◐	◐○	◐◐	◐○	○○	4.2	◐	○	○	○	○	○	○	○	4.0	4.10	★★★★☆
Regulatory Compliance	◐◐	◐◐	◐◐	◐◐	◐○	◐○	4.3	○	○	○	○	○	○	○	○	3.8	4.05	★★★★☆
Information Security and Data Protection	●●	●●	●●	●●	●●	●●	4.4	●	●	●	●	◐	◐	●	●	4.2	4.30	★★★★☆
Sustainable Supply Chain Management	●●	●●	●◐	◐◐	◐○	◐○	4.3	●	●	●	●	●	●	●	●	4.3	4.30	★★★★☆
Innovation in Technology and Sustainable Business Strategies	●●	●●	●●	◐○	◐◐	◐○	4.2	●	●	●	●	●	●	●	●	4.2	4.20	★★★★☆

● High Importance (5 pts) ◐ Medium-High Importance (4 pts) ◐ Medium Importance (3 pts)
◐ Very Importance (2 pts) ○ Very Importance (1 pt)

● High Impact (5 pts) ◐ Medium-High Impact (4 pts) ◐ Medium Impact (3 pts)
○ Low Impact (2 pts) ○ Very Low Impact (1 pt)

Evaluation Methods

- Stakeholder Survey
- Internal Expert Interview
- ESG Committee Review
- Risk Management Assessment
- International Benchmark Analysis

Evaluation Basis

1. Financial Impact on the Company
2. Impact on Stakeholders
3. Impact on Society and the Environment

Key Findings

- Topics such as "Occupational Health and Safety", "Customer Relationship Management", "Product Responsibility", and "Business Ethics and Integrity" have both high financial and impact materiality and are the most critical priorities for the company.
- "Information Security and Data Protection", "Sustainable Supply Chain Management", and "Innovation in Technology and Sustainable Business Strategies" also exhibit high overall materiality, highlighting medium- to long-term risks and opportunities.
- "Regulatory Compliance", "Waste Management", and "Biodiversity Conservation" have relatively lower impact materiality and will continue to be monitored and improved.

Note: Scores are assigned on a 1–5 scale. Overall Materiality Score = Financial Materiality (50%) + Impact Materiality (50%)

★★★★★ High (≥ 4.25) ★★★★☆ Medium-High (3.75–4.24) ★★★☆☆ Medium (3–3.74)

2.4 Mapping of Stakeholders and Material Issues to the SDGs

In accordance with the GRI Standards (2021), the Company maps the material issues identified through its materiality analysis to the relevant GRI topics, establishing a foundation for sustainability management and information disclosure. This comparative analysis enables a systematic approach to managing sustainability issues, tracking performance, and meeting disclosure requirements, thereby ensuring the completeness, consistency, and comparability of the sustainability report. Furthermore, the Company leverages the GRI Standards framework to strengthen its management of Environmental, Social, and Governance (ESG) issues and address stakeholder concerns; by integrating material issues into operational decision-making and sustainability strategies, the Company continuously enhances its corporate governance effectiveness and sustainability performance.

Stakeholders and Key Topics Aligned with the SDGs

Integrating Sustainable Development Goals (SDGs) into Corporate Strategy,
Fulfilling Social Responsibility, and Creating Long-term Value.

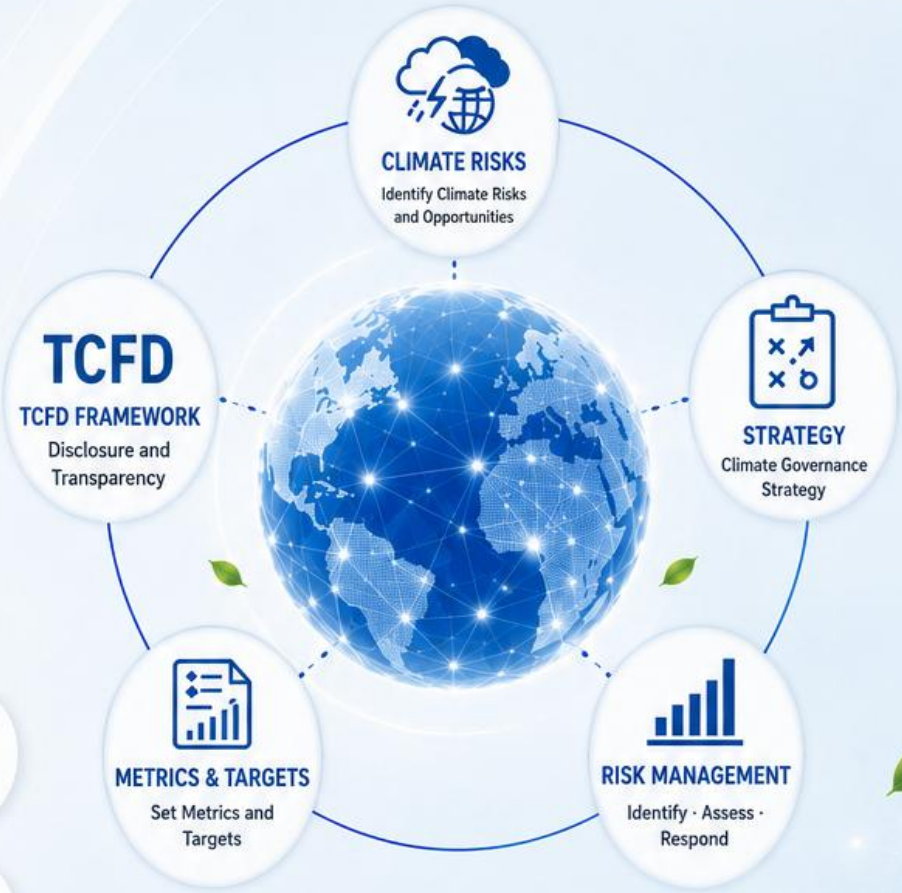
Key Topics	Stakeholders	Aligned SDGs
Occupational Health and Safety Provide a safe working environment, prevent occupational accidents, and protect the health of all employees.	• Employees, Contractors / Suppliers • Partners, Local Communiities • Government Agencies	SDG 3 Good Health and Well-being SDG 8 Decent Work and Economic Growth
Customer Relationship Management Deliver high-quality products and services, fulfill customer needs, and enhance customer satisfaction.	• Customers, Shareholders / Investors • Partners, Employees	SDG 9 Industry, Innovation and Infrastructure SDG 12 Responsible Consumption and Production
Product Responsibility Ensure product quality and safety, implement green design, and develop sustainable products.	• Customers, Employees • Suppliers / Contractors • Government Agencies	SDG 12 Responsible Consumption and Production SDG 13 Climate Action
Business Ethics and Integrity Strengthen corporate governance, comply with laws and regulations, and promote ethical management.	• Shareholders / Investors, Customers • Employees, Contractors / Suppliers • Government Agencies, Local Communities	SDG 16 Peace, Justice and Strong Institutions
Information Security and Data Protection Protect information security, safeguard customer privacy, and ensure business continuity.	• Customers, Employees • Shareholders / Investors, Government Agencies	SDG 9 Industry, Innovation and Infrastructure SDG 16 Peace, Justice and Strong Institutions
Sustainable Supply Chain Management Collaborate with suppliers to promote ESG, build a sustainable supply chain.	• Suppliers / Contractors, Customers • Partners, Local Communities	SDG 12 Responsible Consumption and Production SDG 13 Climate Action
Innovation in Technology and Sustainable Development Drive technological innovation, improve product competitiveness.	• Shareholders / Investors, Customers • Employees, Partners	SDG 9 Industry, Innovation and Infrastructure SDG 13 Climate Action
Green Manufacturing and Energy Management Improve energy efficiency, reduce environmental impact, and implement green manufacturing.	• Employees, Government Agencies • Local Communities, Suppliers / Contractors	SDG 7 Affordable and Clean Energy SDG 13 Climate Action
Community Engagement and Social Inclusion Participate in community activities, promote social inclusion, and create shared value.	• Local Communities, Non-profit Organizations • Employees, Government Agencies	SDG 11 Sustainable Cities and Communities SDG 16 Peace, Justice and Strong Institutions

CHAPTER

3

RISK MANAGEMENT AND CLIMATE GOVERNANCE

Risk Management & Climate Governance



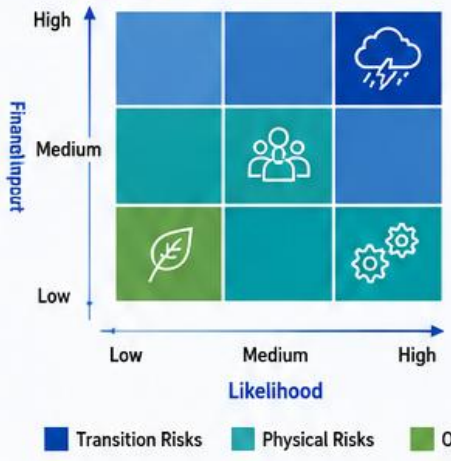
3.1 RISK MANAGEMENT SYSTEM

3.2 CLIMATE GOVERNANCE (TCFD FRAMEWORK)

3.3 CLIMATE-RELATED RISKS AND STRATEGIES

3.4 RISK MANAGEMENT AND CLIMATE GOVERNANCE ALIGNMENT WITH SDGs

ESG RISK MATRIX



TYPES OF CLIMATE RISKS

TRANSITION RISKS
- Policy and Legal
- Technology
- Market
- Reputation

PHYSICAL RISKS
- Acute Risks
- Chronic Risks

SUPPORTING THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)



Strengthening risk management and climate governance, enhancing resilience, and driving low-carbon transformation to build a sustainable future together.

FUKUTA

FUKUTA MOTOR CO., LTD.

富田電機股份有限公司

3 Management and Climate Governance

3.1 Risk management system

The Company has established a risk management system in accordance with its "Risk and Opportunity Management Procedures." By integrating ISO management systems, internal control frameworks, and ESG sustainability governance structures, we comprehensively implement risk management practices to ensure operational stability, enhance business resilience, and foster sustainable development.

Our risk management scope encompasses operational management, product quality, environmental protection, occupational health and safety, information security, regulatory compliance, and stakeholder requirements. Departments identify internal and external issues and assess risks based on their respective areas of responsibility. Through management mechanisms—including risk identification, analysis, assessment, mitigation, and monitoring—we continuously track risks and opportunities that could impact our operations.

The Company regularly convenes risk management meetings to review significant risks and monitor improvement progress. We verify the effectiveness of control measures through management reviews, internal audits, and cross-departmental communication. For risks assessed as high-priority, relevant units formulate improvement plans and preventive measures to mitigate impact and enhance overall management efficiency.

By continuously refining our risk management systems and early-warning mechanisms, we strengthen organizational resilience and adaptability, laying a solid foundation for stable business operations and sustainable development.

■ Risk Management Governance Principles

The Company regards risk management as a cornerstone of corporate governance and sustainable operations. Through a management mechanism involving Board oversight, executive leadership, and cross-departmental participation, we continuously strengthen our capabilities in risk identification, assessment, monitoring, and mitigation. In addition to addressing traditional operational risks, we are progressively incorporating emerging risk issues—such as climate change, supply chain resilience, information security, and regulatory compliance—to enhance our adaptability to external environmental changes and bolster our operational resilience.



Risk Management Roles and Responsibilities



Risk Management Process

The Company conducts risk management activities in accordance with the "Risk and Opportunity Management Procedure." Through regular identification of internal and external issues by various departments, we assess risks and opportunities regarding matters that may impact operations, quality, the environment, health and safety, and stakeholder needs.

The risk management process comprises the following stages: risk identification, risk analysis, risk assessment, risk response, and monitoring and improvement. Individual units assess and classify risks based on the likelihood of occurrence, the severity of impact, and the effectiveness of existing control measures, categorizing them into high, moderate, and low-risk levels. For matters assessed as high-risk, the responsible units formulate improvement plans and preventive measures—specifying implementation deadlines and management objectives—and continuously review the effectiveness of these improvements through regular tracking, management reviews, and internal audit mechanisms. These efforts aim to mitigate risk impacts, enhance organizational resilience, and ensure the achievement of sustainable business objectives.

For matters assessed as carrying medium-to-high risk, relevant departments must formulate improvement strategies and preventive measures. They must also verify the effectiveness of these improvements through mechanisms such as periodic tracking, management reviews, and internal audits, thereby reducing the likelihood of risk occurrence and minimizing operational impact.

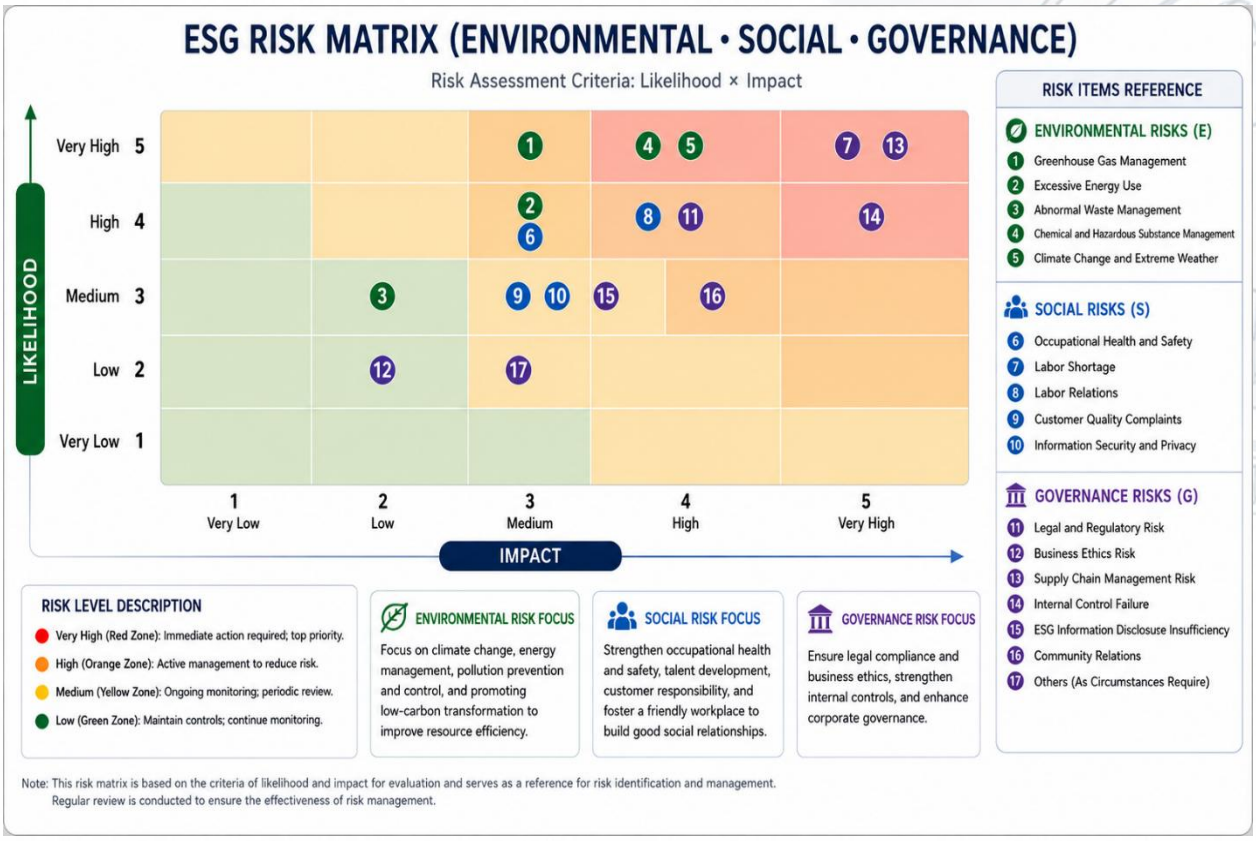
Furthermore, the Company continuously integrates ISO management systems, ESG sustainability practices, and internal control frameworks to strengthen risk management mechanisms and organizational resilience, serving as a vital foundation for sustainable business operations.

ESG Risk Matrix (Environmental, Social, and Governance Risks)

The Company identifies, analyzes, and assesses Environmental (E), Social (S), and Governance (G) risks using an ESG risk matrix, implementing tiered management based on the likelihood of occurrence and the severity of impact. For the 2025 fiscal year, a total of 94 risk items were identified—including 13 high-risk items—primarily concentrated in areas such as infrastructure and equipment, product and process design, and operational management. Responsible units have established management measures and improvement plans for each risk, incorporating them into annual management objectives for ongoing monitoring. Moving forward, the Company will continue to integrate ISO management systems, internal control frameworks, and sustainability governance mechanisms to strengthen risk early-warning and response capabilities. This approach aims to mitigate the potential impact of operational risks on the

Company's finances, the environment, and society, thereby ensuring stable operations and the achievement of sustainable development goals.

2025 Risk Management Outcomes



Category	Risk Item	Potential Risk / Impact	Impact Level	Likelihood	Management Measures
ENVIRONMENTAL (E)	Greenhouse Gas Emissions Management	Increased carbon emissions, non-compliance with regulations, customer concern and pressure	High	Medium	• Promote ISO 14064 inventory, energy saving and carbon reduction, and equipment improvement
	Excessive Energy Use	Increased production costs, decreased energy efficiency	Medium	High	• Introduce energy-efficient equipment, monitor energy usage, and drive improvement
	Abnormal Waste Management	Regulatory violations, environmental pollution and related liabilities	Medium	Medium	• Outsource transportation properly, conduct regular audits, and classify and manage waste
	Chemical/Hazardous Substance Management	Chemical leaks, occupational hazards, regulatory risk	High	Low	• Implement HSF management, education and training, and emergency response system
	Climate Change and Extreme Weather	Power outages, water shortages, supply chain disruptions	High	Medium	• Establish disaster prevention plan and conduct equipment damage insurance mechanism
SOCIAL (S)	Occupational Health and Safety	Work accidents, employee injuries	High	Medium	• ISO 45001, risk identification, and safety training
	Labor Shortage	Production delays, skill gaps	Medium	High	• Talent cultivation, retention system, and recruitment plan
	Labor Relations	Labor disputes, declining employee engagement and productivity	Medium	Medium	• Communication mechanisms and employee welfare measures
	Customer quality complaints	Customer quality complaints, returns, brand damage	High	Medium	• TQC management, process improvement, and customer feedback tracking
	Information Security and Privacy Protection	Data leakage, customer trust decline	High	Medium	• Access control, data protection, and security training
GOVERNANCE (G)	Legal Compliance Risk	Fines or penalties, business disruption	High	Medium	• Legal compliance classification, internal audit, and education and training
	Business Ethics Risk	Reputation damage, loss of stakeholder trust	High	Low	• Code of conduct, ethics policy, and reporting system
	Supplier Management Risk	Supplier non-compliance affects company operations	Medium	Medium	• Supplier evaluation and audits
	Internal Control Failure	Financial mismanagement, asset loss	High	Low	• Internal control system, management review, and internal audit
	ESG Information Disclosure Insufficiency	Lower investor confidence, stakeholder concern	Medium	Medium	• Improve ESG reporting quality and manage ESG committee

The Company has established an ESG risk matrix based on the likelihood and impact of risk events, serving as a tool for annual risk management assessment. A total of 94 risk items were identified for 2025, including 13 high-risk items primarily concentrated in areas such as product and process design, infrastructure and equipment, and operational management. The "infrastructure and equipment" category accounted for the highest number of risk items (13), highlighting equipment stability and infrastructure management as key management priorities for the year.

Through the continuous improvement and monitoring efforts of the relevant responsible units, improvement plans for all high-risk items were established by the end of 2025, and these items have been incorporated into annual management objectives for ongoing tracking. No major operational disruptions, significant quality anomalies, major information security incidents, or significant environmental accidents occurred in 2025, demonstrating the effectiveness of the Company's risk management mechanism.



■ Key Points on ESG Risk Management

The Company identifies and assesses Environmental (E), Social (S), and Governance (G) risks using an ESG risk matrix. Risks are managed based on their impact and likelihood of occurrence and are incorporated into the annual risk management and internal control mechanisms for continuous monitoring.

For high-risk items, the relevant responsible units formulate improvement measures and preventive strategies. Implementation progress is regularly reviewed through management reviews, internal audits, and ESG governance mechanisms to mitigate operational impacts and enhance corporate sustainability resilience.

3.2 Climate Governance (TCFD Framework)

■ Climate Governance Policies

In response to the challenges and risks posed by global climate change, the Company has integrated climate governance into its corporate sustainability strategy and established a climate management system based on the TCFD and IFRS S2 frameworks. The Board of Directors oversees the management of climate-related risks and opportunities, while management drives the implementation of climate strategies and carbon reduction measures. Functional units carry out greenhouse gas inventories, energy management, and energy-saving and carbon-reduction projects within their respective areas of responsibility, collectively enhancing the Company's climate resilience and capacity for low-carbon transition.

Board oversight of climate-related issues

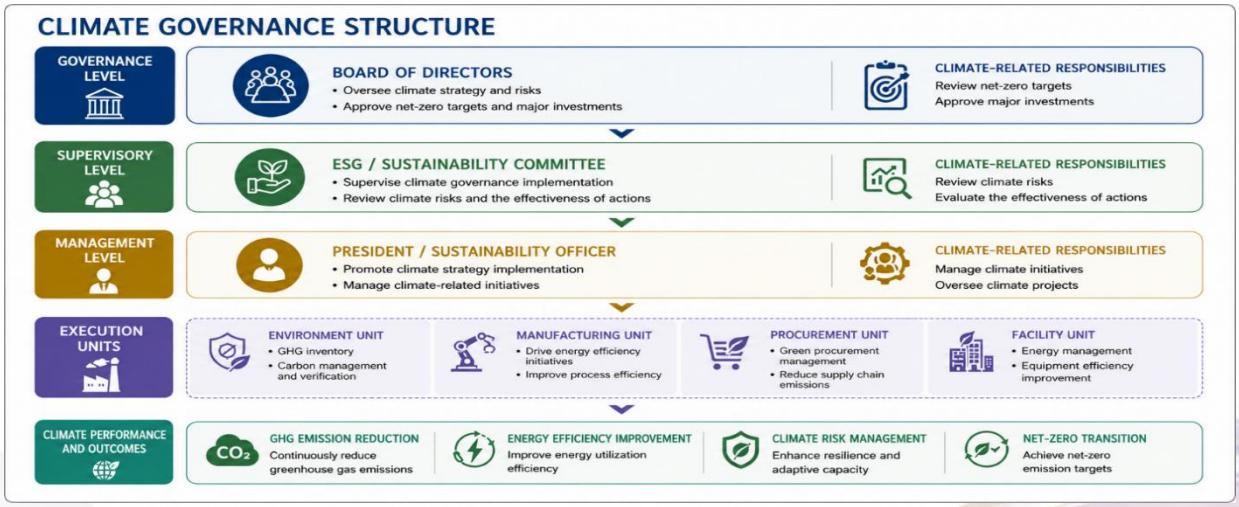
The Company's Board of Directors serves as the highest governing body for climate-related risks and opportunities; it is responsible for reviewing climate change strategies, risk management policies, and the direction of sustainable development, as well as periodically assessing progress toward carbon reduction targets and evaluating significant climate risks. To strengthen sustainability governance mechanisms, the Company established a Sustainability Committee in December 2025 to assist the Board in driving and overseeing Environmental, Social, and Governance (ESG) matters. Moving forward, the Committee will regularly report to the Board on climate change risks and opportunities, greenhouse gas management performance, and sustainability achievements, thereby enhancing the Board's oversight of climate-related issues.

The Board of Directors oversees the implementation of climate-related initiatives through the Sustainability (or ESG) Committee, covering the following areas:

- **Identification and management of climate risks (physical and transition risks)**
- **Greenhouse gas emissions management and achievement of reduction targets**
- **Investment decisions regarding capital expenditure and low-carbon transition**
- **Compliance with climate-related regulations and customer requirements**
- **Climate-related management mechanisms**

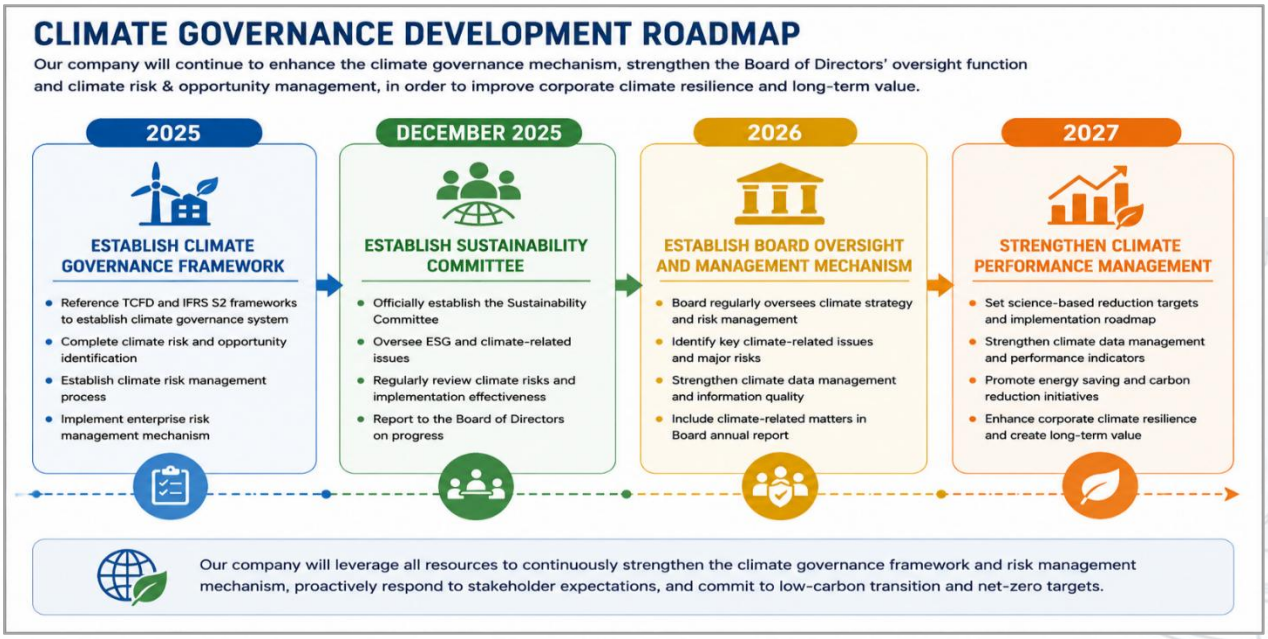
The General Manager serves as the Chief Sustainability Officer responsible for the execution of climate strategy, while a cross-departmental sustainability task force oversees its implementation:

- Periodically review greenhouse gas inventory and management performance
- Drive energy conservation and carbon reduction initiatives (process improvements, energy efficiency enhancements)
- Assess supply chain carbon emissions and risks
- Report significant climate-related risks and opportunities to the Board of Directors



Evolution of Climate Governance

The Company continues to refine its climate governance mechanisms and is progressively establishing a climate governance framework aligned with TCFD and IFRS S2 standards. We completed the development of processes for identifying and managing climate-related risks and opportunities in 2025 and formally established a Sustainability Committee that same December, thereby strengthening the Board of Directors' oversight of sustainability and climate-related issues. Moving forward, we will continue to advance Board oversight, climate performance management, and the implementation of decarbonization strategies. By steadily enhancing our climate risk management capabilities and the quality of our disclosures, we aim to bolster corporate resilience, respond to the trend of low-carbon transition and stakeholder expectations, and make steady progress toward our goals of sustainable operations and net-zero development.

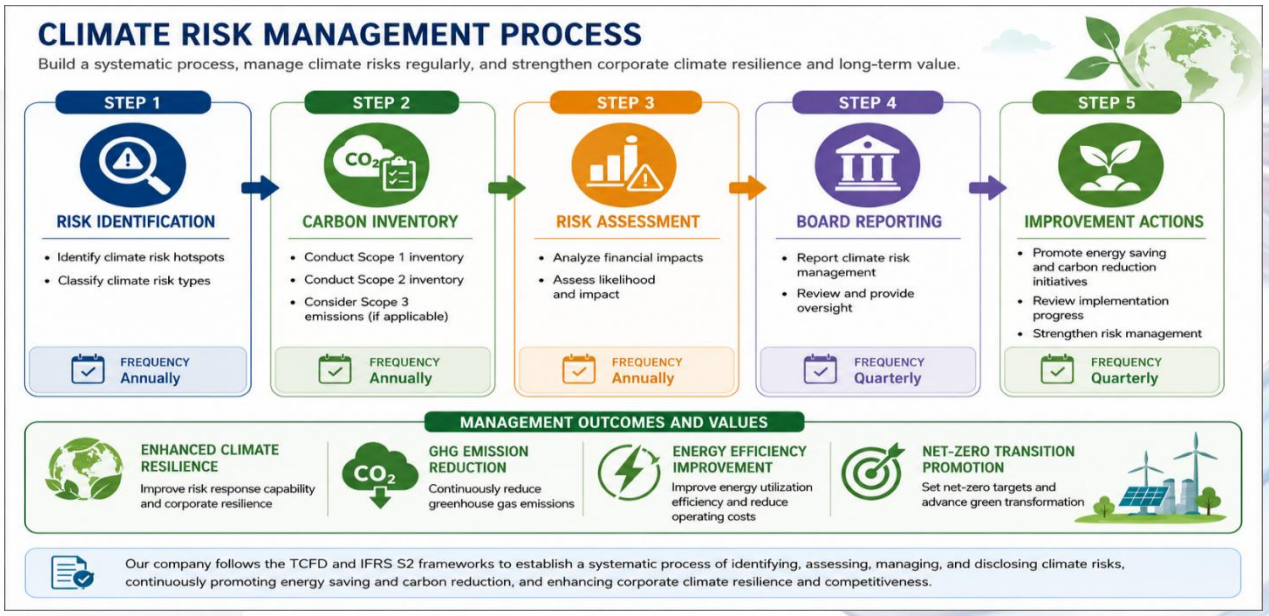


3.3 Climate Risks and Strategies

The Company continuously monitors the risks and opportunities arising from climate change regarding its operations, supply chain, and market demand, utilizing the TCFD framework to identify, assess, and manage climate-related risks. Assessments indicate that key physical risks include operational disruptions at facilities due to extreme weather, instability in water and power supplies, and the impact of high temperatures on operations; transition risks encompass issues such as stricter carbon emission management requirements, rising energy costs, and growing customer demand for low-carbon products.

To mitigate the impact of climate risks, the Company actively implements energy-saving and carbon-reduction measures, including enhancing energy efficiency, gradually phasing out high-energy-consumption equipment, adopting LED lighting, and evaluating the use of renewable energy. Simultaneously, the Company actively develops high-efficiency motors and powertrain systems for electric vehicles to meet the trends of the green transition and market demand. Moving forward, the Company will continue to strengthen its climate governance mechanisms, establish long-term carbon reduction targets and performance tracking systems, and enhance corporate resilience and sustainable competitiveness.

■ Climate management process



To address the physical and transition risks associated with climate change, the Company has established a comprehensive climate risk management mechanism and integrated it into its enterprise risk management framework. We conduct annual risk identification, greenhouse gas inventories, and risk assessments to analyze the impact of climate-related issues on our operations, financial performance, and supply chain, reporting the results regularly to the Board of Directors. Regarding identified material climate risks, we continuously implement energy conservation, carbon reduction, energy management, and improvement tracking measures to mitigate potential impacts and seize opportunities arising from the low-carbon transition, thereby steadily advancing toward our goals of corporate sustainability and net-zero emissions.

The Company has established a climate risk management process aligned with the TCFD and IFRS S2 frameworks. Through mechanisms such as risk identification, carbon inventorying, risk assessment, Board oversight, and improvement tracking, we continuously drive carbon reduction and climate adaptation initiatives, thereby enhancing our corporate climate resilience and capacity for sustainable development.

Climate-related opportunities

In addition to climate risks, the Company also closely monitors market opportunities arising from the low-carbon transition. As global trends toward energy conservation, carbon reduction, and electrification accelerate, the demand for high-efficiency motors, electric vehicle powertrains, and energy-saving products continues to grow, creating new market opportunities and driving growth momentum for the Company.

The Company will continue to invest in the R&D of high-efficiency motors and electric vehicle products to enhance energy efficiency and market competitiveness, while leveraging green supply chain management and low-carbon manufacturing measures to capitalize on opportunities for future industrial transformation.

The Company has integrated climate change considerations into the following decision-making processes:

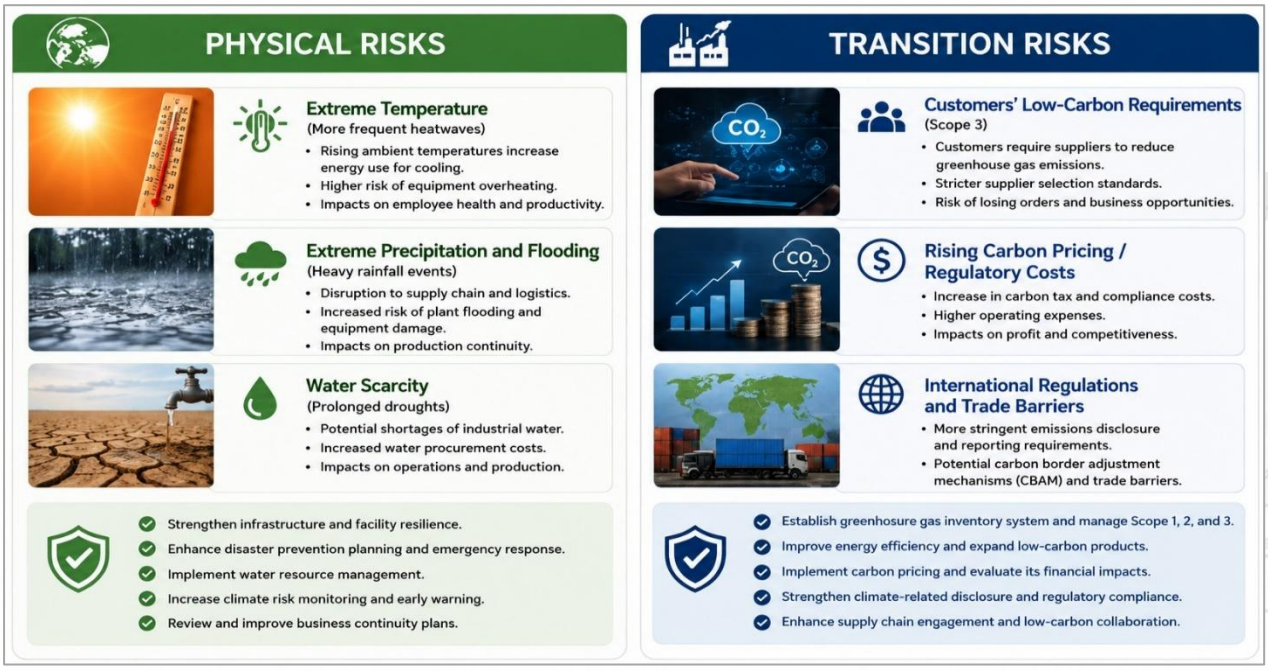
- **Investment evaluation (energy-saving benefits must be factored in for equipment replacement)**
- **Procurement decisions (prioritizing low-carbon materials and suppliers)**
- **Planning for new or expanded facilities (energy and climate risk assessment)**

Climate Opportunities and Response Strategies

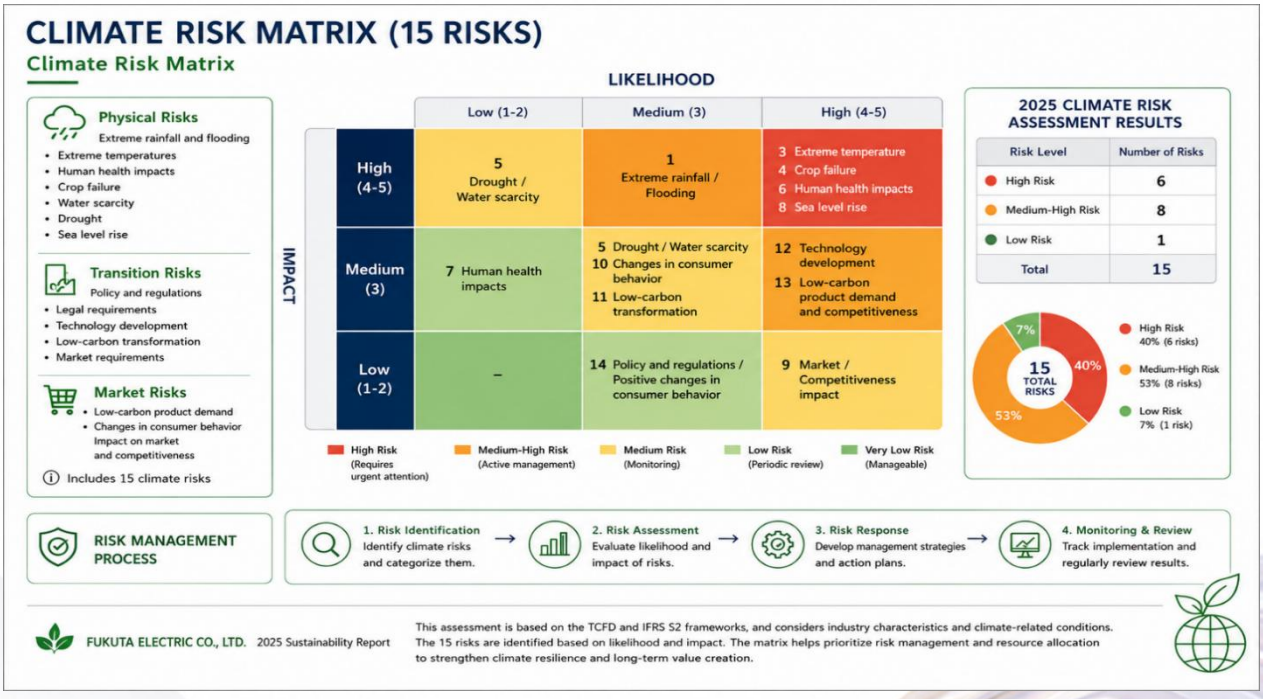


As the global trend toward net-zero emissions and low-carbon transformation accelerates, the Company not only actively manages climate-related risks but also remains focused on the market opportunities arising from climate change. Through strategic initiatives—such as high-efficiency motors, electric vehicle powertrains, green supply chains, and low-carbon manufacturing—we continue to enhance product competitiveness and corporate sustainability value, thereby capturing growth opportunities driven by industry transformation.

Analysis of transition risks (e.g., carbon fee policies) and physical risks (e.g., extreme weather).



Results of the climate change risk matrix analysis

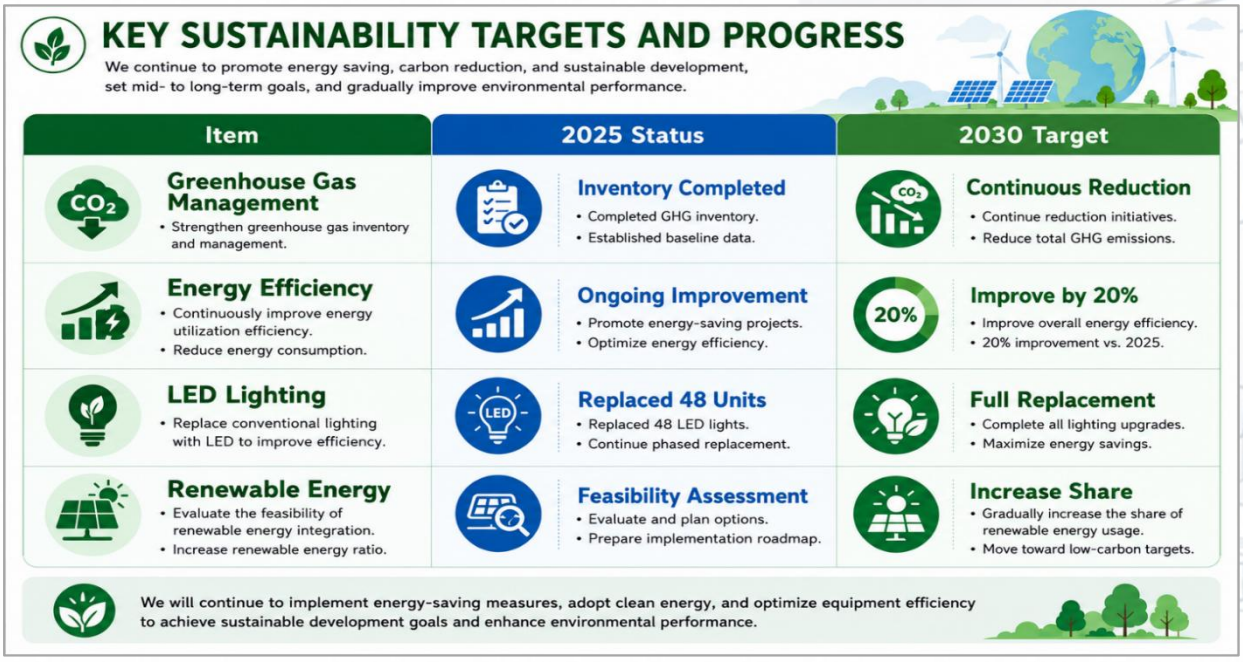


Assessment of the Financial Impact of Climate Risks

The Company assesses the potential impact of climate change-related risks on operating costs, capital expenditures, and supply chain stability. For instance, extreme weather events could lead to equipment damage, production disruptions, and supply chain delays; carbon pricing mechanisms and energy price fluctuations could increase operating costs; and rising customer demands regarding product carbon emissions and decarbonization performance could affect market competitiveness.

Therefore, the Company continuously implements energy conservation and carbon reduction measures, energy management systems, and supply chain risk management to mitigate the potential impact of climate risks on its financial performance and operations.

Climate management goals



The Company is committed to advancing climate governance and low-carbon transformation. Based on its operational characteristics and sustainability strategy, it has established climate management goals covering greenhouse gas management, energy efficiency improvements, LED lighting upgrades, and the adoption of renewable energy. Having completed its greenhouse gas inventory for 2025, the Company continues to drive energy efficiency improvements—including the replacement of 48 LED lighting units—while evaluating the feasibility of integrating renewable energy. Moving forward, the Company will steadily advance toward its goals of low-carbon manufacturing and sustainable operations by implementing energy-saving and carbon-reduction measures, upgrading equipment, and utilizing energy management mechanisms to progressively lower carbon emissions, enhance energy efficiency, and increase the share of renewable energy.

Climate Scenario Analysis

Taking into account international trends regarding climate change, the Company continuously monitors the physical and transition risks associated with global warming scenarios of 1.5°C and 2°C—such as the increased frequency of extreme weather events, the implementation of carbon pricing mechanisms, and rising customer demands for low-carbon practices. We incorporate these risks into our annual risk assessment and management processes to enhance our corporate climate resilience and sustainable competitiveness.

Overview of Climate Change Risk Identification and Response Measures

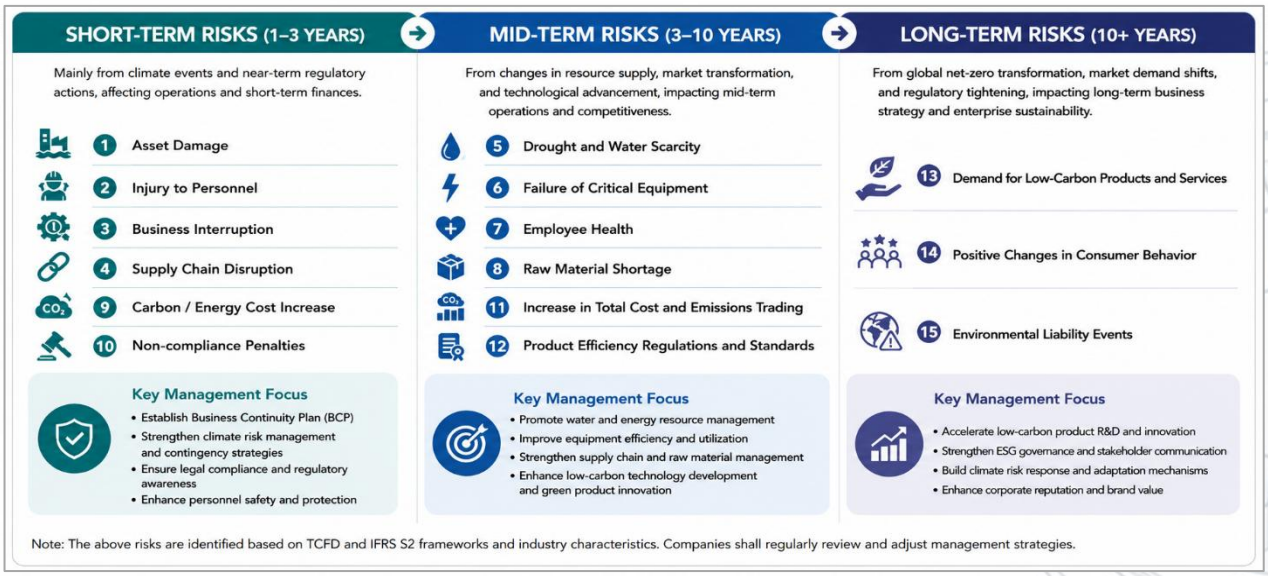
category	High-risk projects	Risk Disclosure	Potential impact	Management measures
Physical Risks: Typhoons, Floods, and Extreme Precipitation	Damage to operational equipment	Extreme weather caused damage to factory buildings, equipment, and information systems.	Increased equipment repair costs, production stoppages, and higher insurance claim payouts.	Conducting regular equipment inspections; elevating critical equipment; purchasing property insurance; and establishing an off-site backup center.
	Personal injury	Extreme weather may result in employee injuries while at work or during their commute.	Increased risk of workplace injuries, rising medical compensation costs, and disruptions to workforce scheduling.	Establish criteria for work and school suspensions due to extreme weather; conduct disaster prevention education and training; hold emergency response drills; implement employee care and notification systems; and provide necessary protective equipment.
	Business Interruption	Natural disasters may lead to work stoppages, affecting production and operations.	Production shutdowns, delayed order deliveries, and revenue losses.	Establish a Business Continuity Plan (BCP); implement multi-site production scheduling; set up off-site backup for critical systems; and establish emergency supply and logistics mechanisms.

	Supply chain disruption	Extreme weather conditions impact supplier operations and the stability of raw material supplies.	Raw material shortages, production schedule delays, and rising procurement costs.	Establish a multi-vendor system; maintain safety stock for critical components; conduct climate risk assessments for suppliers; and build localized supply chains and secondary sources of supply.
Physical Risks: Impacts of Long-term Climate Change	Drought and Water Scarcity	Water scarcity may impact manufacturing processes and operating costs.	Increased water costs, reduced production capacity, and heightened fire risk.	Promote water-saving measures and water recovery systems; install water storage facilities; improve water-use efficiency in manufacturing processes; and regularly assess water-related risks.
	The occurrence of power shortages	Power shortages or rationing may result in production interruptions and equipment downtime.	Production interruption, equipment damage, and reduced operating revenue.	Install solar power, self-generation, and energy storage systems; enter into green power purchase agreements (PPAs); equip critical facilities with backup generators; and implement energy management systems (ISO 50001).
	Personnel Health	High-temperature environments may increase risks to employee health and occupational safety.	Decreased work efficiency, increased absenteeism, and heightened occupational safety risks.	Management of high-temperature work; provision of cooling equipment and drinking water; adjustment of working hours; establishment of health monitoring and occupational safety management systems.。
	Shortage of raw materials	Climate change may lead to shortages or price fluctuations in raw material supplies.	Increased procurement costs, delayed delivery times, and declining customer satisfaction.	Establish a supply chain risk monitoring platform; increase safety stock; develop alternative materials; and implement long-term procurement contracts and supplier collaboration mechanisms.
Transition Risk: Policy and Regulation	Levying of carbon fees/energy taxes	Carbon fees and energy-related regulations may increase operating costs.	Increased production costs and declining profitability	Establish a carbon inventory system (ISO 14064); drive energy-saving and carbon-reduction projects; improve energy efficiency; and formulate strategies for managing carbon fees and carbon costs.。
	Penalties for Non-compliance	Failure to comply with climate regulations may result in penalties or litigation.	Increased expenditure on fines and penalties; damage to corporate reputation.	Conducting regular regulatory compliance checks; establishing an ESG regulatory tracking mechanism; performing internal audits and providing training; and enhancing the quality of climate-related disclosures.
	Cap-and-Trade	Emission limits and the demand for carbon credits may increase operating costs.	Additional carbon credit costs and increased capital investment requirements	Establish decarbonization pathways; implement internal carbon pricing; devise strategies for carbon credit management and trading; and invest in low-carbon technologies and renewable energy.
	Product Efficiency Regulations and Standards	Stricter energy efficiency regulations may drive the need for product R&D and improvements.	Rising R&D costs and accelerating product turnover	Continuously develop low-emission and new energy vehicle products; improve product energy efficiency; and establish a product life cycle assessment (LCA) management system.
Transition Risk: Market Trends	Demand for low-carbon products and services	Rising market demand for low-carbon products increases the pressure to transition.	Increased costs associated with product transformation and heightened market competition.	Develop new energy vehicles and low-carbon products; implement product carbon footprint management; increase the proportion of green products; and establish a green supply chain.
	Changes in consumer behavior and preferences	The shift in consumer trends toward green products is influencing market competition.	Shift in market demand; decline in sales of existing products.	Strengthen market research; accelerate the strategic deployment of electric vehicles and smart mobility; build an ESG brand image; and enhance after-sales service and digital marketing.
Transition Risk: Reputation	Negative environmental incidents	Environmental incidents or negative news can affect a company's reputation.	Damage to brand image, customer churn, and declining revenue.	Establishment of an environmental management system (ISO 14001); real-time environmental monitoring; environmental incident response mechanisms; stakeholder communication and information disclosure.

Based on the TCFD and IFRS S2 frameworks, the Company identifies potential physical and transition risks associated with climate change and formulates corresponding response measures to mitigate operational impacts and enhance corporate climate resilience.

■ Summary of short-, medium-, and long-term risks

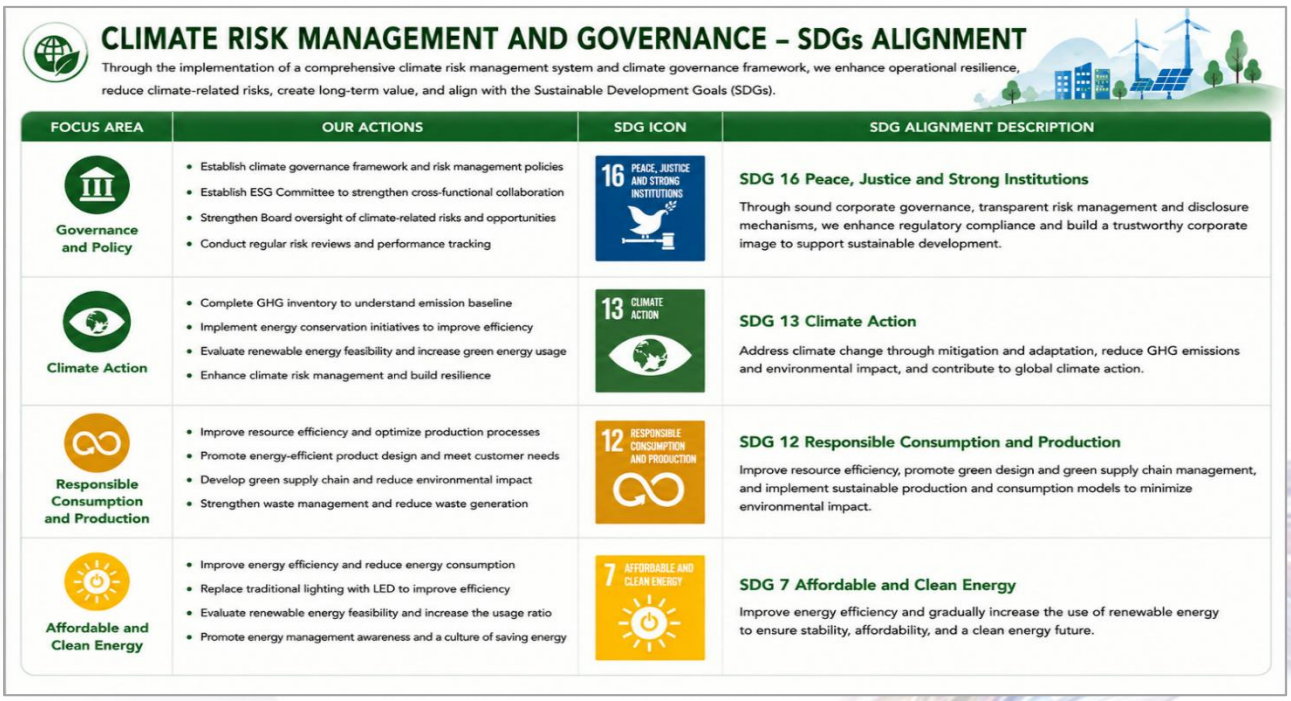
Based on the timing and potential impact of climate change risks, the Company assesses and manages these risks across three time horizons: short-term (1–3 years), medium-term (3–10 years), and long-term (over 10 years). Short-term risks primarily stem from factors such as extreme weather events, regulatory requirements, and carbon pricing mechanisms, which may directly impact operations, production, and the supply chain. Medium-term risks focus on resource supply, energy costs, product regulations, and market transformation demands, while long-term risks center on issues such as the transition to a low-carbon economy, shifting consumer preferences, and corporate reputation. Through phased risk management and strategic planning, the Company continuously enhances operational resilience, mitigates climate-related impacts, and captures emerging business opportunities arising from the low-carbon transition.



■ Future Direction

Moving forward, the Company will continue to refine its climate governance and risk management mechanisms, progressively enhancing the depth of climate risk assessments, greenhouse gas management capabilities, and low-carbon transition planning. Aligned with regulatory trends and stakeholder expectations, we will continuously improve the quality of information disclosure and management transparency, steadily advancing toward our goals of low-carbon manufacturing, sustainable operations, and a net-zero transition.

3.4 Alignment of Risk Management and Climate Governance with the SDGs



CHAPTER

4

ENVIRONMENTAL SUSTAINABILITY

Environmental Sustainability, Creating a Better Future

4.1 Environmental Management
4.2 Greenhouse Gas Management
4.3 Energy and Resource Management
4.4 Water Resource and Waste Management
4.5 Pollution Prevention
4.6 Environmental Expenses
4.7 Environmental Sustainability and SDGs Alignment



2025 ENVIRONMENTAL PERFORMANCE HIGHLIGHTS

GHG Emissions (Scope 1+2)	Renewable Energy Usage	Water Intensity	Waste Recycling Rate
-18.5%	23%	-26%	96%
vs. 2021	vs. 2024	vs. 2021	Target 95%

OUR COMMITMENT

Strengthen environmental management, promote green and create shared value with society toward a sustainable future.

ENVIRONMENTAL SUSTAINABILITY AND SDGs ALIGNMENT



Through green operations and responsible management, we contribute to the Sustainable Development Goals (SDGs) and move toward a low-carbon, circular, and nature-positive future.

FUKUTA

FUKUTA MOTOR CO., LTD.

4 Environmental Sustainability

4.1 Environmental Management

Amidst accelerating global climate change and the trend toward a low-carbon transition, the Company upholds a philosophy of sustainable operation. We continuously monitor the impact of environmental issues on our business activities and, in compliance with relevant regulations and sustainability standards, have established mechanisms for environmental management and climate governance. We actively promote energy conservation, carbon reduction, pollution prevention, and resource recycling to minimize the environmental impact of our operations.

The Board of Directors oversees sustainability and climate-related issues, while the ESG Sustainability Committee coordinates environmental management initiatives and regularly reviews implementation results and improvement outcomes. Through risk assessment, performance tracking, and continuous improvement mechanisms, we strengthen our environmental management capabilities and operational resilience.

Moving forward, we will continue to implement measures such as energy management, greenhouse gas reduction, water resource management, and waste reduction to enhance resource efficiency and steadily achieve our low-carbon transition and sustainability goals.

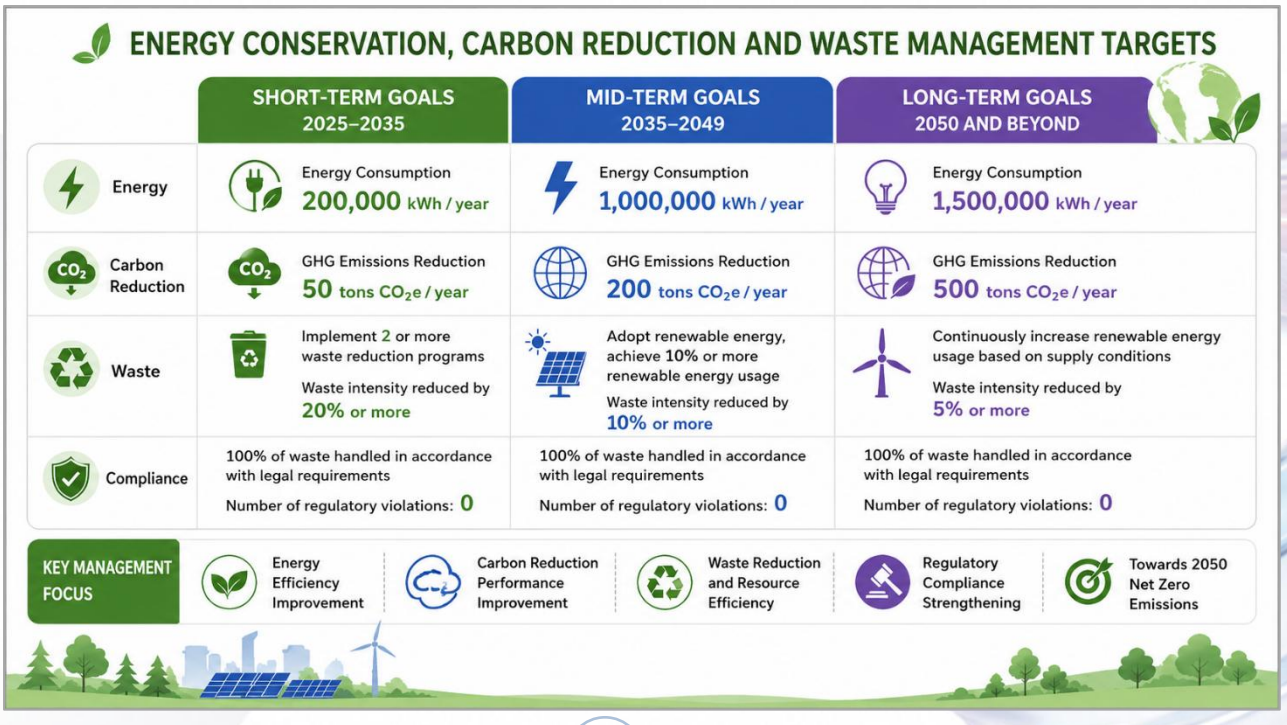
■ Metrics and Targets

The Company remains committed to energy conservation, emission reduction, pollution prevention, and environmental management, focusing its efforts on enhancing energy efficiency, lowering greenhouse gas emissions, promoting resource recycling, and advancing the use of renewable energy.

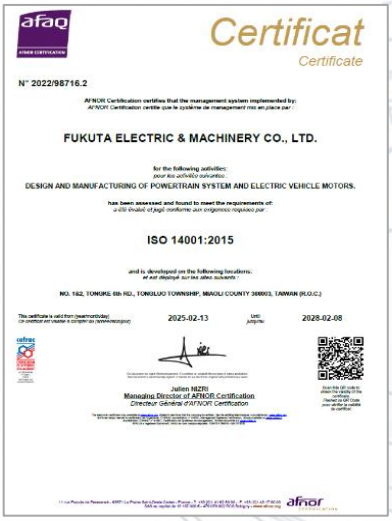
Moving forward, we will continue to conduct greenhouse gas inventories, maintain energy management systems, and track environmental performance; we will regularly review our progress to steadily achieve our low-carbon transition and sustainability goals.

- **Continuously promote energy-saving measures and greenhouse gas emission reductions.**
- **Reduce air pollution and environmental impact**
- **Promote renewable energy and green electricity planning.**
- **Enhance climate change risk management and operational resilience.**
- **Strengthen resource recycling and waste management**

The Company has established short-, medium-, and long-term goals for environmental sustainability management and regularly reviews implementation progress to maintain environmental performance and sustainability governance outcomes:



We continue to adhere to the ISO 14001:2015 international standard—with certification valid from February 13, 2025, to February 8, 2028 (see image)—by promoting and refining our environmental management system. Having successfully renewed our certification, we demonstrate our steadfast commitment to environmental sustainability. A dedicated unit regularly reviews environmental performance and strengthens the implementation of operational systems and management responsibilities.


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Certificat
Certificate
N° 2022/98716.2
FUKUTA ELECTRIC & MACHINERY CO., LTD.
DESIGN AND MANUFACTURING OF POWERTRAIN SYSTEM AND ELECTRIC VEHICLE MOTORS.
ISO 14001:2015
2025-02-13
2028-02-08
Julien MIZRI
Managing Director of AFNOR Certification
afnor

We consistently incorporate a life-cycle perspective to analyze and manage the environmental impact of our products across all stages—from design and production to end-of-life disposal. Through internal operational mechanisms, we effectively prevent pollution and implement various improvement measures to minimize environmental impact and achieve our sustainable business goals.

In the face of increasingly severe climate change risks, we actively identify potential operational challenges posed by extreme weather events—such as floods, droughts, typhoons, and power outages. We regularly review our risk management and emergency response mechanisms, continuously strengthening our adaptation strategies and response capabilities to enhance our corporate resilience against climate change.

Environmental Policy

Adhering to the environmental management philosophy of "regulatory compliance, pollution prevention, energy conservation and carbon reduction, and continuous improvement," the Company makes the following commitments:



The Company implements its environmental policy across all operational activities through education and training, internal communication, and the promotion of management systems.

- **Greenhouse Gas Policy Statement**

Adhering to the philosophy of sustainable operations, the Company pays close attention to global climate change issues and actively responds to international environmental trends. To effectively utilize resources and fulfill our corporate social responsibility, we conduct systematic greenhouse gas (GHG) emission inventories and establish corresponding records in accordance with the ISO 14064-1:2018 standard and the Greenhouse Gas Protocol (GHG Protocol). This enables us to accurately assess our GHG emissions and provides a basis for future reduction efforts, with the aim of contributing to the mitigation of global warming. Our objectives and management measures are outlined in the table below:

category	Target	Specific management measures
Energy Resource Management and Conservation	Reduce fuel/electricity consumption and costs by 1%	● **Oil/Electric system** • Replace with energy-efficient LED lighting fixtures • Set air conditioner temperature to 26–28°C. • Conduct energy management training to enhance employees' awareness of energy conservation and environmental protection. • Gradually and comprehensively phase out high-energy-consuming production equipment and replace it with energy-efficient machinery.。 • Regularly clean the filter and maintain the equipment.

		• Vehicle fuel consumption management; tracking and improvement of abnormal fuel consumption. • Zoned air conditioning control
	Reduce water consumption/costs by 1%	**Water Resources Management** • Install water-saving faucets or dual-flush toilets at restroom washbasins. • Regularly check water pipes, valves, and equipment for leaks. • Other methods to reduce water consumption
Waste Management	100% of industrial and municipal waste is disposed of in accordance with the law.	**Lawful disposal of waste** • Collection and sorting of waste at headquarters, followed by recycling and disposal based on category. • Sorted disposal and regular inspection of domestic waste • Review opportunities for reusing waste materials.

■ Environmental Performance Summary



The Company remains committed to advancing environmental management, energy conservation, carbon reduction, and the transition to a low-carbon model. Through the implementation of the ISO 14001 environmental management system, ISO 14064-1 greenhouse gas inventorying, and various energy-saving initiatives, we continuously enhance energy efficiency and mitigate our environmental impact. Greenhouse gas emissions in 2025 decreased by 13.87% compared to the previous year, while we maintained an exemplary record of zero major environmental regulatory violations and zero environmental incidents—demonstrating the successful implementation of our commitment to environmental sustainability and green governance.

4.2 Greenhouse Gas Management

The Company conducts greenhouse gas inventories in accordance with ISO 14064-1:2018 and the GHG Protocol, covering Scope 1 and Scope 2 emission sources across all operational sites. We engage third-party verification bodies to validate the data, ensuring the accuracy and credibility of the results. The findings from these periodic inventories and analyses serve as a crucial basis for our energy conservation, carbon reduction, and low-carbon transition strategies.

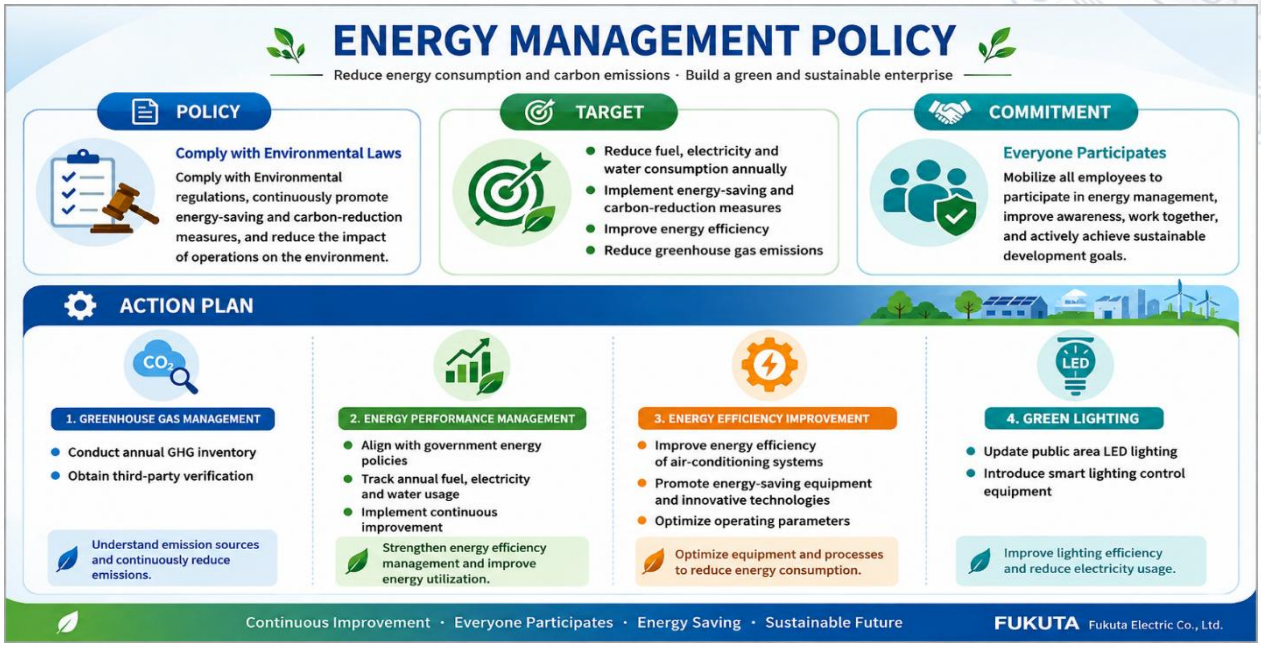
■ Energy Conservation, Carbon Reduction, and Management Policies

In the face of intensifying global climate change, the escalating greenhouse effect, and the trend toward energy transition, the Company is deeply aware of its responsibilities regarding environmental protection and sustainable development. As international carbon reduction policies, carbon management requirements, and stakeholder concern for environmental issues continue to grow, energy management has become a crucial priority for enhancing corporate competitiveness and achieving sustainable operations.

Adhering to the management philosophy of "energy conservation and carbon reduction, efficiency enhancement, continuous improvement, and sustainable development," the Company continuously reduces energy consumption and greenhouse gas emissions while improving energy efficiency and resource utilization. These goals are achieved through measures such as energy management, equipment efficiency upgrades, process optimization, and the promotion of energy-saving awareness among employees.

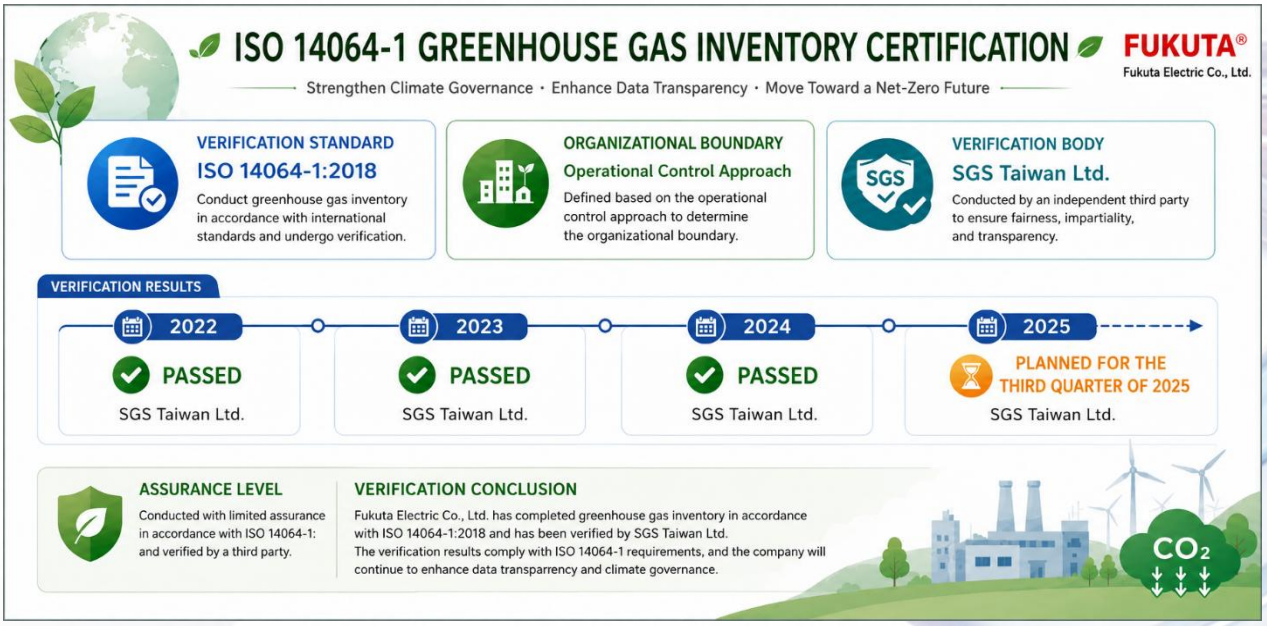
Regarding energy management, the Company continuously adopts high-efficiency equipment, replaces aging, energy-intensive facilities, and optimizes air conditioning and lighting systems. Through mechanisms for monitoring energy usage and analyzing performance, we regularly review energy consumption and the results of improvements, using these insights as a key basis for planning energy conservation and carbon reduction strategies.

Moving forward, the Company will continue to align with government net-zero emission policies and international trends in sustainable development. We will progressively advance our low-carbon transition, evaluate the feasibility of adopting renewable energy and green power, and integrate greenhouse gas inventory and reduction management mechanisms. By minimizing the environmental impact of our operations, we aim to steadily progress toward our goals of low-carbon, smart, and sustainable development.



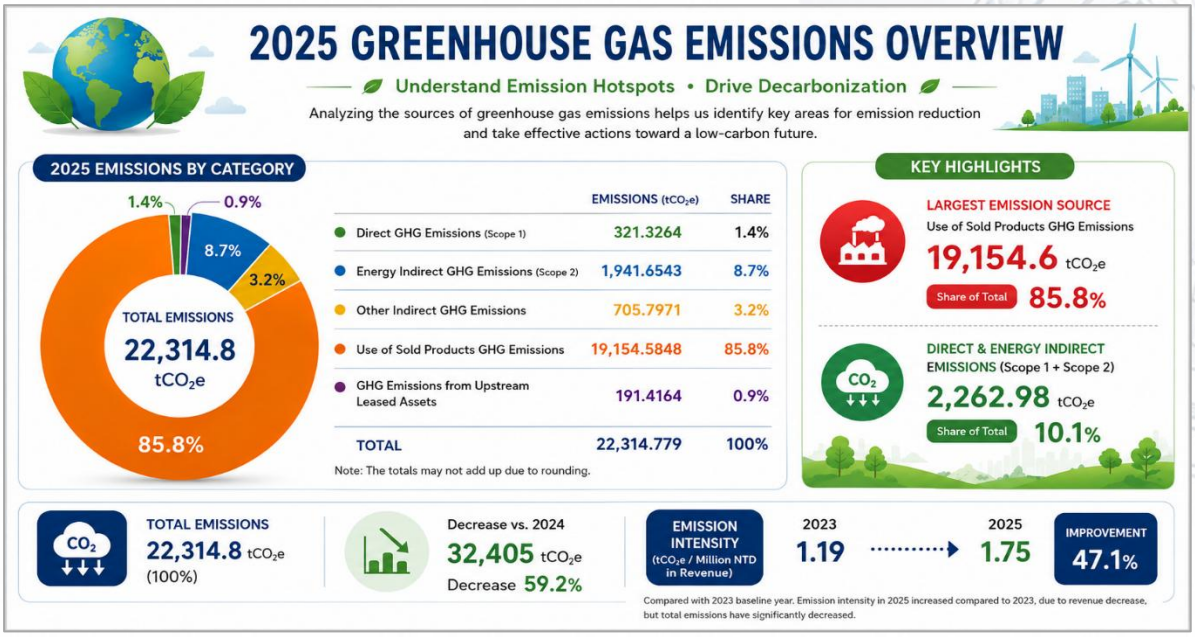
Implementation Results

The Company has established a greenhouse gas inventory management system in accordance with ISO 14064-1:2018 and engaged SGS Taiwan Ltd. to conduct third-party verification. Successful verification was achieved annually



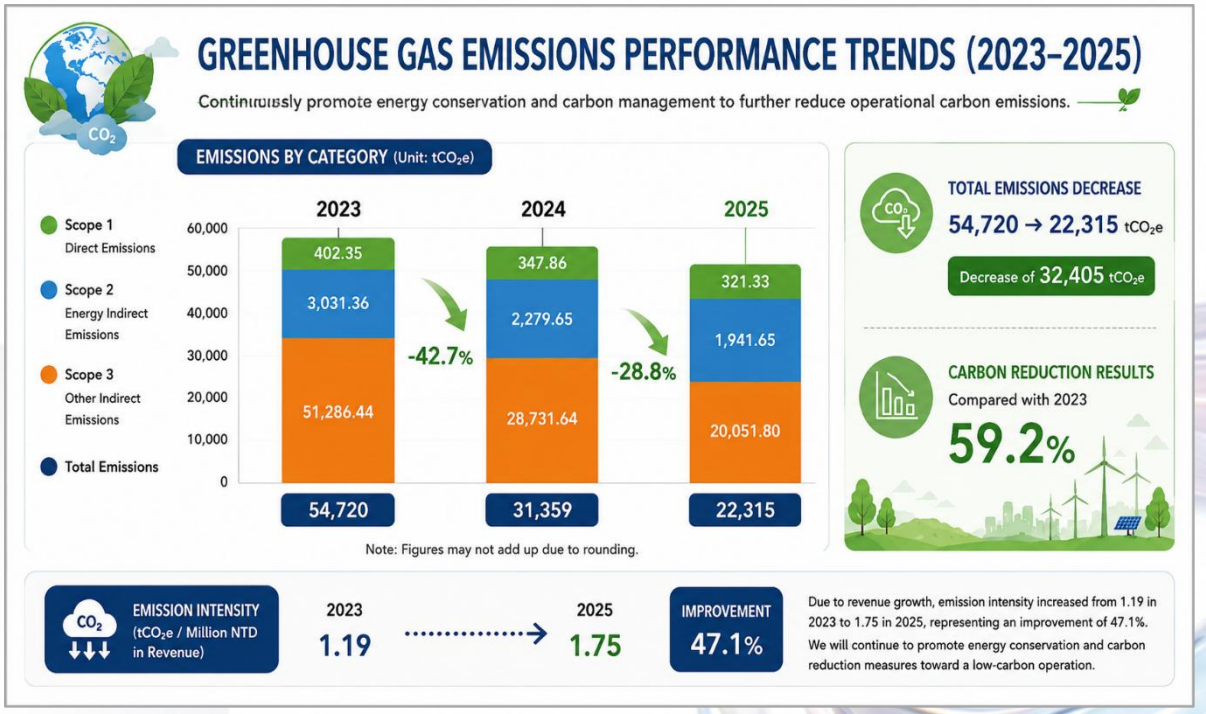
from 2022 to 2024, meeting the requirements for a "reasonable assurance" level; this demonstrates the Company's commitment to advancing climate governance, enhancing information transparency, and implementing a low-carbon transition. (See figure below)

- **Greenhouse gas inventory data table (tCO2e) (as shown below)**



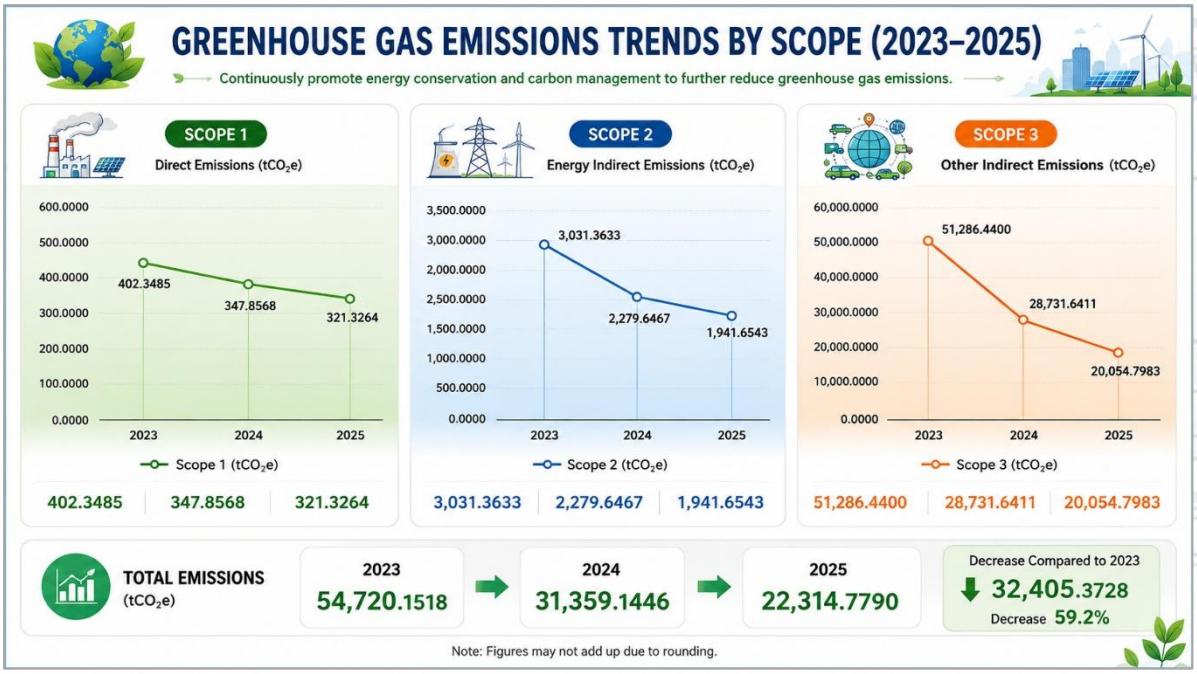
Total greenhouse gas emissions for 2025 amounted to 22,314.8 tCO₂e, with indirect emissions from the product use phase accounting for the largest share at 85.8%. This represents a 59.2% reduction compared to 2023, demonstrating the gradual effectiveness of carbon reduction measures. Moving forward, efforts to manage energy use, reduce product-related carbon emissions, and foster supply chain collaboration will continue in order to lower overall carbon emissions.

- **Trends in greenhouse gas emission performance by category (as shown in the figure below)**



Between 2023 and 2025, the Company's total greenhouse gas emissions decreased from 54,720 tCO₂e to 22,315 tCO₂e, representing a cumulative reduction of 59.2%. The most significant decline was observed in Scope 3 emissions, demonstrating the effectiveness of the Company's ongoing efforts to implement low-carbon management, value-chain decarbonization, and energy efficiency improvements—initiatives that serve as a vital foundation for the future net-zero transition and sustainable development.

- **Trends in greenhouse gas emissions by category over the years (2023–2025) (as shown in the figure below)**



Over the past three years, the Company has continuously strengthened its greenhouse gas management and carbon reduction measures, resulting in a downward trend in emissions across all scopes. Total emissions for the 114th fiscal year decreased by 32,405 metric tons of CO_2e compared to the 112th fiscal year—a reduction of 59.2%. The most significant decline occurred in Scope 3 (other indirect emissions), demonstrating that the Company has effectively lowered its overall carbon footprint through initiatives such as product carbon management, supply chain collaboration, and energy efficiency improvements, while steadily advancing toward its goals of low-carbon operations and a net-zero transition.

4.3 Energy and Resource Management

The Company continuously advances energy-saving management and equipment optimization, enhancing energy efficiency and reducing operating costs through the adoption of high-efficiency equipment, process improvements, and energy monitoring.

Currently, the Company's primary energy source is purchased electricity. Moving forward, in alignment with government energy transition policies and our own carbon reduction goals, we will continue to evaluate the feasibility of adopting renewable energy and procuring green power.

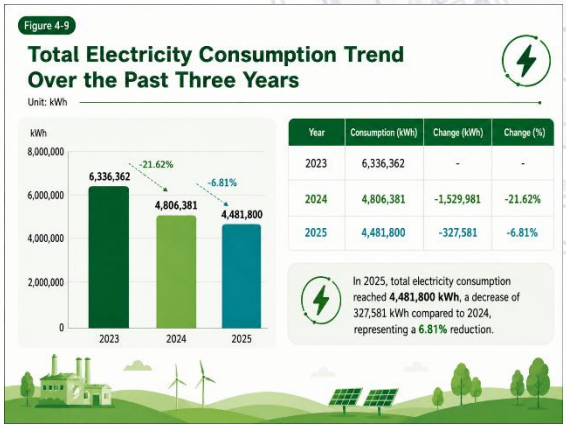
■ Energy Use and Direct Greenhouse Gas Emissions

project		Energy Category	2023	2024	2025
Tongke Plant No. 1	Category I	Fuel consumption for official vehicles(kiloliters)	14.8287	8.4029	10.3943
		Greenhouse gases(metric tons CO2e)	37.4005	21.4523	25.8479
	Scope 2	Electricity consumption(MWh)	1543.2000	1368.2000	1372.8000
		Greenhouse gases(metric tons CO2e)	762.3480	648.5268	639.7248
Tongke No. 2 Plant	Category I	Fuel consumption for official vehicles(kiloliters)	0.0000	4.1231	4.0478
		Greenhouse gases(metric tons CO2e)	0.0000	9.7191	8.9094
	Scope 2	Electricity consumption(MWh)	3807.4400	2679.9369	2105.1895
		Greenhouse gases(metric tons CO2e)	1880.8759	1270.2901	981.0183
Toyosu Plant	Category I	Fuel consumption for official vehicles(kiloliters)	30.1054	26.6612	24.1029
		Greenhouse gases(metric tons CO2e)	77.5450	68.9343	63.9908
	Category I	Electricity consumption(MWh)	463.8817	441.3243	384.6905

		Greenhouse gases(metric tons CO2e)	229.1576	209.1877	179.2658
Feng Factory	Category I	Fuel consumption for official vehicles(kiloliters)	4.0383	3.9286	2.7565
		Greenhouse gases(metric tons CO2e)	9.5192	9.2606	6.3665
	Category I	Electricity consumption(MWh)	321.8400	319.9200	303.9600
		Greenhouse gases(metric tons CO2e)	158.9890	151.6421	141.6454
Total: Energy Use and Greenhouse Gas Emissions		Greenhouse gases (metric tons CO2e)	**3,155.8352**	**2,389.0130**	**2,046.7689**

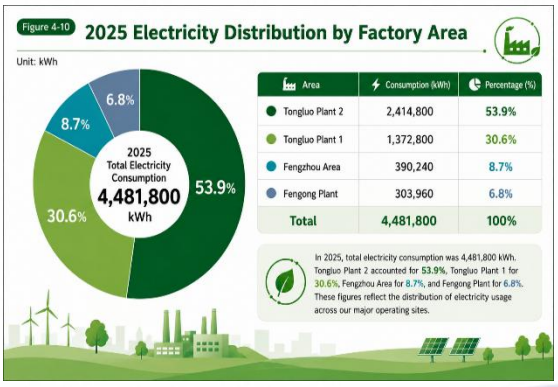
Trend of total electricity consumption over the past three years

The Company has effectively reduced energy consumption and greenhouse gas emissions through improved equipment efficiency, process optimization, and energy monitoring mechanisms. Total electricity consumption in 2025 was 4,481,800 kWh—a decrease of 327,581 kWh (6.81%) compared to 2024 and a cumulative reduction of 1,654,562 kWh (26.97%) compared to 2023—demonstrating the progressive effectiveness of these energy-saving measures. Among the various facilities, the Tongke Plant II accounted for the highest share of electricity usage at 53.9%, followed by Tongke Plant I at 30.6%, while the Fengzhou Plant and Fenggong Plant accounted for 8.7% and 6.8%, respectively. Moving forward, the Company will continue to implement high-efficiency equipment, optimize lighting systems, and strengthen energy management as it advances toward its goals of low-carbon manufacturing and sustainable development.



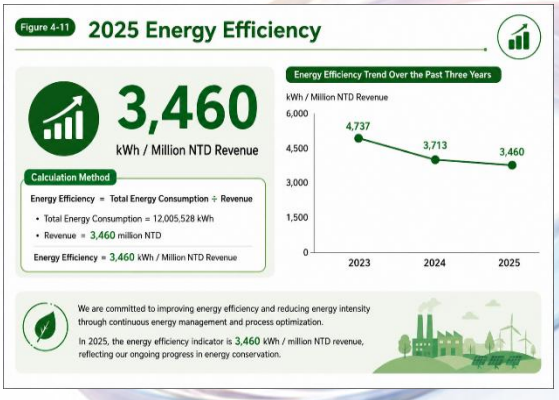
Electricity consumption distribution across plant sites in 2025

The Company's total electricity consumption for 2025 was 4,481,800 kWh. Tongke Plant II recorded the highest consumption at 2,414,800 kWh (53.9% of the total), making it the primary energy-consuming site, followed by Tongke Plant I at 1,372,800 kWh (30.6%). Together, these two plants accounted for 84.5% of total electricity usage, driven primarily by the operation of production equipment, air compressor systems, and air conditioning units. The Fengzhou and Fenggong plants accounted for 8.7% and 6.8% of consumption, respectively. The Company remains committed to enhancing energy efficiency and reducing energy consumption and greenhouse gas emissions through measures such as equipment energy-saving upgrades, energy management, and process optimization.



2025 Energy Intensity

The Company continuously advances energy management and energy-saving initiatives, effectively reducing energy consumption through equipment efficiency upgrades, process optimization, and energy usage monitoring. Energy intensity in 2025 stood at 3,460 kWh per million NTD of revenue—a decrease of 6.81% from 3,713 kWh/million NTD in 2024 and 26.97% from 4,737 kWh/million NTD in 2023—demonstrating a continuous improvement in energy efficiency. Moving forward, the Company will persist in implementing energy-saving equipment and energy management measures to further lower energy intensity and advance toward goals of low-carbon, sustainable development.



Annual Energy-Saving Measures

To implement policies regarding ESG, energy conservation, carbon reduction, and sustainable operations, the Company continuously upgrades lighting systems across its facilities. We are progressively replacing traditional, high-energy-consuming fluorescent and mercury-vapor lamps with high-efficiency LED lighting and optimizing lighting layouts based on the specific needs of different work areas. These equipment upgrades effectively reduce electricity consumption and carbon emissions while enhancing lighting quality and workplace comfort; simultaneously, they lower maintenance costs and extend the service life of the lighting fixtures.



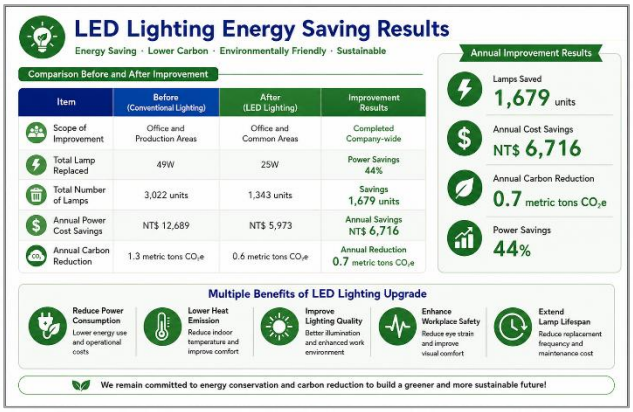
Factory fluorescent lights



Factory mercury-vapor lamp

- **Lighting Energy Efficiency (Fluorescent Lamps)**

This lighting energy-efficiency upgrade involved replacing 23 traditional fluorescent fixtures with high-efficiency LED units. The assessment of energy-saving benefits is based on an average industrial electricity rate of NT$4 per kWh, utilizing the 2025 (Year 114) electricity emission factor of 0.424 kg CO_2e/kWh as the benchmark for carbon emission calculations. Upgrading the lighting equipment effectively reduces electricity consumption and energy costs while lowering greenhouse gas emissions, thereby enhancing energy efficiency and environmental sustainability performance.



- **Lighting Energy Efficiency (Mercury Lamps)**

This lighting energy-efficiency upgrade involved replacing 25 traditional mercury-vapor lamps with high-efficiency LED lighting units. The assessment of energy-saving benefits is based on an average industrial electricity rate of NT$4 per kWh and utilizes the 2025 (Year 114) electricity emission factor of 0.424 kg CO_2e/kWh as the benchmark for carbon emission calculations. Upgrading the lighting equipment effectively reduces electricity consumption and energy costs while lowering greenhouse gas emissions; simultaneously, it improves lighting quality, reduces maintenance requirements, and extends the service life of the fixtures, thereby advancing the company's goals for energy conservation, carbon reduction, and sustainable development.



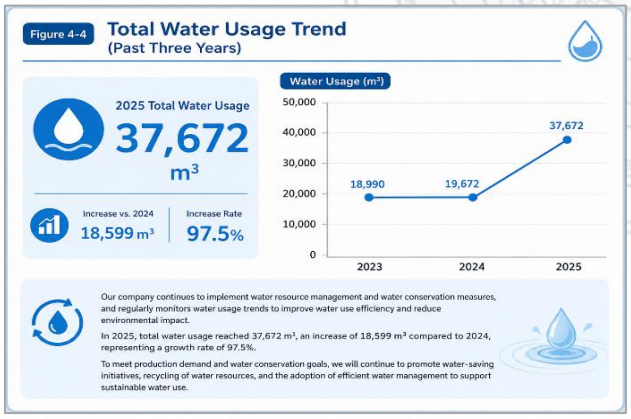
4.4 Water Resources and Waste

Water is a vital resource for the Company's operations. Our production facilities primarily rely on municipal water supplies for purposes such as equipment cleaning and meeting the daily needs of employees. To enhance water-use efficiency and minimize waste, we continuously promote water conservation awareness and regularly inspect water supply equipment and piping to ensure the effective functioning of our water management systems.

We regularly monitor water consumption across our facilities and analyze usage trends to inform water-saving improvements, while strictly adhering to environmental regulations and properly managing water intake and discharge. Moving forward, we will continue to monitor climate change and risks associated with water supply, strengthen water management measures, and enhance both water-use efficiency and operational resilience.

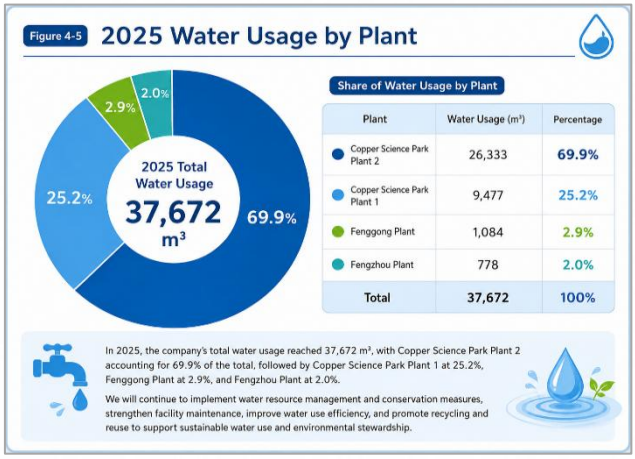
Trend in total water consumption over the past three years

The Company continuously promotes water resource management and water-saving measures, regularly monitoring water usage across all plant sites to enhance water efficiency and reduce environmental impact. Total water consumption for 2025 was 37,672 cubic meters—an increase compared to 2024—primarily due to rising production demands and adjustments to the scope of water usage statistics. Moving forward, the Company will continue to implement water-saving improvements and water recycling initiatives to strengthen water resource management performance and reduce operational reliance on water resources.



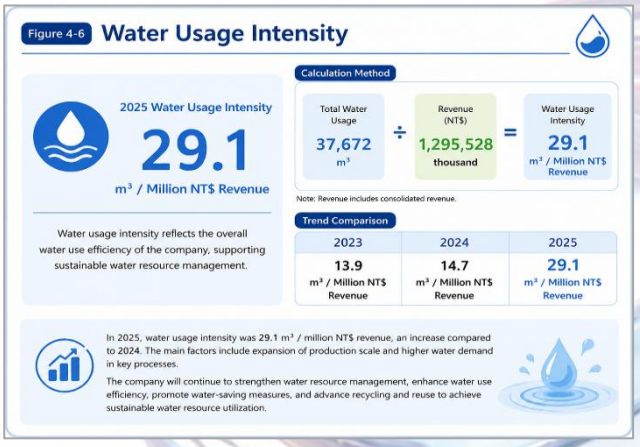
Water Usage Performance by Plant Site

In 2025, the Company's total water consumption was 37,672 cubic meters. The Tongke Plant II recorded the highest usage at 26,333 cubic meters, accounting for 69.9% of the total, followed by the Tongke Plant I at 9,477 cubic meters (25.2%). The Feng Plant and Fengzhou Plant accounted for 2.9% and 2.0%, respectively. Water usage across the sites primarily supports production processes, equipment cooling, air conditioning systems, and employee domestic needs; the Company will continue to implement water-saving measures and monitoring mechanisms to enhance overall water-use efficiency.



Water intensity

Water usage intensity serves as a key indicator of the water resources consumed per unit of revenue. For the 2025 fiscal year, the Company's water usage intensity was 29.1 cubic meters per million yuan of revenue, reflecting the efficiency of water resource utilization in its operations. Moving forward, the Company will continue to reduce water usage intensity and enhance water resource management performance through measures such as process optimization, equipment upgrades, and water recycling and reuse.



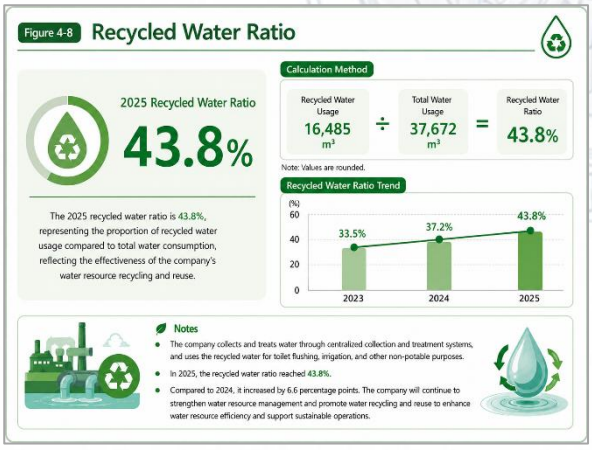
Volume of reclaimed water used

The Company prioritizes water recycling and actively promotes the reuse of reclaimed water, utilizing treated reclaimed water for facility operations and related purposes to reduce mains water consumption. In 2025, reclaimed water usage reached 16,485 cubic meters, effectively enhancing water resource utilization efficiency and reducing the demand on natural water resources for operational activities.

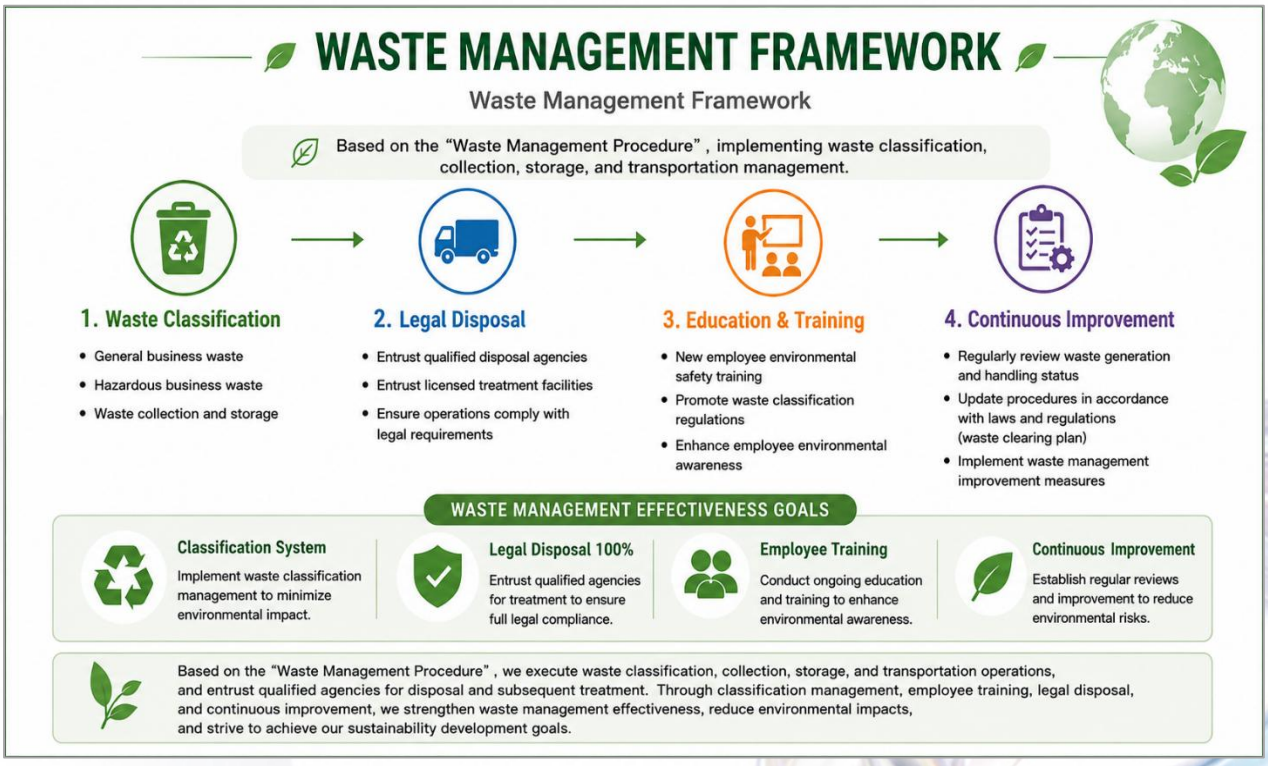


Water recovery rate

To enhance the benefits of water recycling, the Company continues to implement management measures for reclaimed water. In 2025, the reclaimed water utilization rate reached 43.8%, indicating that over 40% of the water used came from recycled sources; this helps reduce tap water consumption and alleviate environmental impact. Moving forward, we will continue to evaluate the feasibility of increasing the proportion of reclaimed water usage to further strengthen our sustainable water resource management efforts.



Waste Management



The Company carries out waste sorting, collection, storage, and removal operations in accordance with the "Waste Management Procedure" and manages these activities in compliance with relevant environmental regulations, aiming to minimize environmental impact and maintain the environmental quality of the plant site.

- **Waste classification management**

  The Company categorizes industrial waste into general and hazardous types based on its nature and implements rigorous management practices regarding segregated collection, labeling, and storage, aiming to enhance resource recovery efficiency and mitigate environmental risks.

- **Employee Education and Training**

  The Company conducts EHS (Environment, Health, and Safety) training for new hires, communicating regulations regarding waste sorting and environmental protection, while continuously raising employee environmental awareness to collaboratively implement waste management practices.

- **Legal removal and disposal**

  All types of waste are entrusted to qualified collection and disposal agencies for subsequent processing; disposal pathways and relevant records are regularly verified to ensure compliance with regulatory requirements and environmental management standards.

- **Continuous Improvement Management**

  Periodically review waste generation volumes, disposal methods, and regulatory compliance; update relevant management systems and disposal plans based on operational needs; and continuously improve waste management performance.

Total waste volume (hazardous/general) and recycling rate

The Company continues to implement measures for waste reduction and resource recycling. In 2025, the total volume of waste generated was 2,088.08 tonnes—a decrease of 916.30 tonnes (or 30.49%) from the 3,004.38 tonnes generated in 2024—demonstrating the effectiveness of our waste management and process improvement initiatives. Scrap iron remained the primary waste category, accounting for 96.95% of the total volume; 100% of this material was recycled, maintaining a high recycling rate. Meanwhile, the proportion of waste sent for incineration (comprising domestic waste and paint sludge) fell from 2.67% in 2024 to 2.25% in 2025, further highlighting the success of our waste reduction efforts. Moving forward, the Company will continue to promote waste reduction at the source, waste segregation, and resource recycling to minimize environmental impact and advance toward our goals of a circular economy and sustainable development. The statistics for recyclable and non-recyclable waste in 2025 are presented below:

WASTE MANAGEMENT PERFORMANCE

2024–2025 Waste Generation and Disposal Statistics

Waste Category	Treatment Method	2024		2025	
		Waste Generated (tons)	Percentage (%)	Waste Generated (tons)	Percentage (%)
Paper & Paperboard	Recycling	35.60	1.26%	15.55	0.80%
Plastic Bags & PE Film	Recycling	2.35	—	1.13	—
Scrap Metal	Reuse	2,853	96.07%	2,008	96.95%
Wood Pallets	Reuse	33.34	—	16.48	—
General Waste	Incineration	68.09	2.67%	35.92	2.25%
Wastewater Sludge	Incineration	12	—	11	—
Total		3,004.38	100%	2,088.08	100%

KEY HIGHLIGHTS

Total Waste Generated (tons)
3,004.38 → 2,088.08
Decrease of 916.30 tons
Reduction Rate 30.49%

Reuse Rate (Scrap Metal + Wood Pallets)
96.07% → 96.95%
Maintain High Reuse Rate

Change in Incinerated Waste Proportion (General Waste + Wastewater Sludge)
2.67% → 2.25%
Proportion Continues to Decrease

Notes:
- Data Source: Company internal statistics.
- Unit: tons.
- Percentage may not add up to 100% due to rounding.

4.5 Pollution Prevention and Control

■ Effectiveness of Air Pollution and Wastewater Discharge Management

- **Regulatory Compliance and Implementation of Management Measures**

  The Company strictly implements water quality testing and periodic reporting on water pollution prevention and control, ensuring that all discharged water meets regulatory standards. Furthermore, by utilizing the ISO environmental management system, we have established a systematic management mechanism to continuously enhance the organization's performance in green governance.

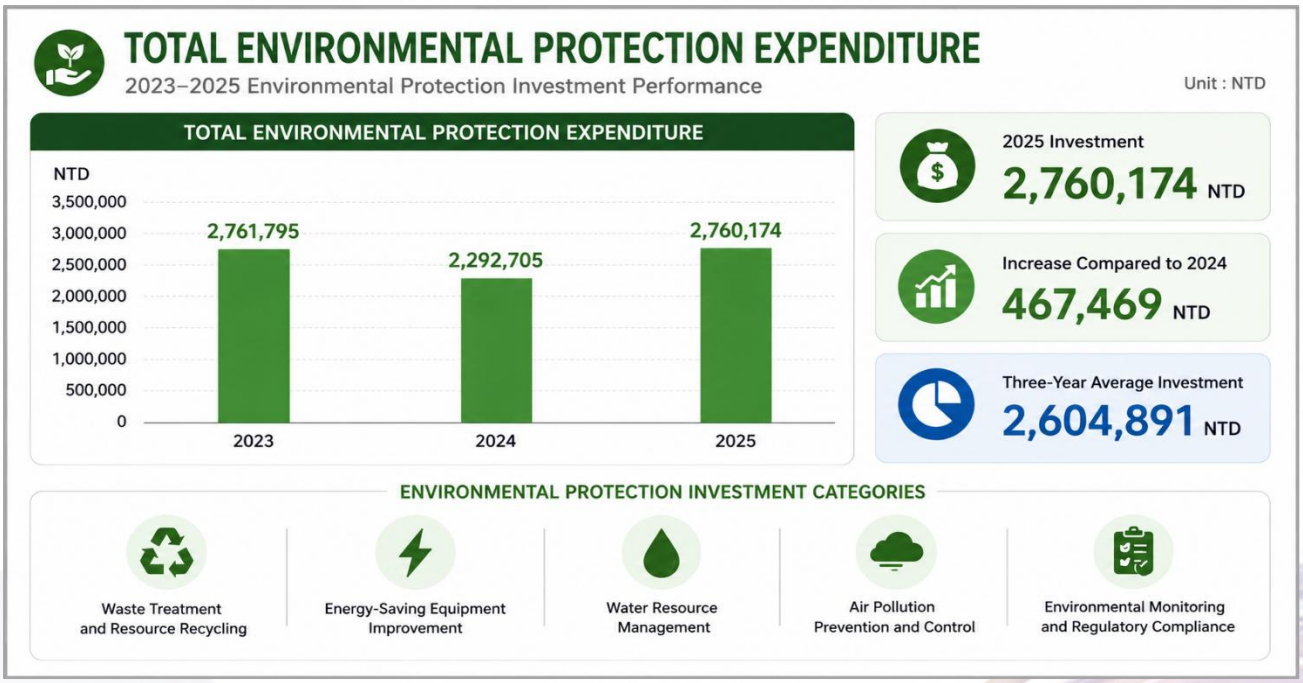
- **Air pollution control and process-based reduction**

  We continuously maintain air pollution control equipment to minimize the potential impact of our manufacturing processes on surrounding air quality, actively practice green manufacturing, and conscientiously fulfill our corporate social and community responsibilities.

- **Resource Circulation and Sustainable Waste Management**

  We fully contract with certified waste removal and treatment agencies to establish a comprehensive disposal mechanism. We actively promote the reduction of operational waste, significantly lower our overall environmental impact, and fully ensure the health and safety of our employees and local community residents.

4.6 Total annual environmental expenditure



The Company consistently invests resources in environmental protection, mitigating the environmental impact of its operations through measures such as pollution prevention and control, waste management, energy-saving improvements, and environmental monitoring. Total environmental protection investment for 2025 amounted to NT$2,760,174—an increase of NT$467,469 over 2024—demonstrating the Company's ongoing commitment to strengthening environmental management and sustainable development.

Over the past three years, the average annual investment in environmental protection has reached NT$2,604,891. These investments encompass areas such as waste treatment and resource recycling, energy-saving equipment upgrades, water resource management, air pollution control, environmental monitoring, and regulatory compliance. Moving forward, the Company will continue to refine its environmental investments and management practices to enhance environmental performance, reduce environmental risks, and fulfill its corporate responsibility for sustainable operations.

4.7 Environmental Sustainability vs. SDGs

Environmental Sustainability SDGs Alignment

Focusing on energy and carbon reduction, resource circularity, and pollution prevention, to reduce environmental impacts and build a low-carbon sustainable future.

Theme	SDGs	Alignment & Implementation Approach
Environmental Management Establish environmental management systems and climate governance mechanisms.	SDG 13 Climate Action	• Establish environmental management systems and climate governance mechanisms. • Proactively identify and manage environmental risks to implement low-carbon management strategies.
Greenhouse Gas Management Implement greenhouse gas inventory and reduction management to move toward net-zero emissions.	SDG 13 Climate Action	• Comply with ISO 14064-1 for greenhouse gas inventory. • Set reduction targets and promote reduction management and net-zero transformation.
Energy & Resource Management Promote energy efficiency and optimization to enhance the efficiency of energy use.	SDG 7 Affordable and Clean Energy	• Promote LED lighting replacement and high-efficiency equipment upgrades. • Introduce renewable energy and energy management systems to improve energy efficiency and reduce costs.
Resource Circularity Promote waste reduction, resource recycling, and reuse to improve resource efficiency.	SDG 12 Responsible Consumption and Production	• Promote waste reduction, resource recycling, and reuse. • Reduce waste generation and improve resource utilization efficiency.
Water Resource Management Implement water conservation measures, wastewater reuse, and water quality monitoring to reduce water risks.	SDG 6 Clean Water and Sanitation	• Implement water conservation and wastewater reuse. • Strengthen water resource efficiency and reduce water resource risks.
Pollution Prevention Implement air pollution prevention, wastewater treatment, and waste management to reduce pollution impacts.	SDG 15 Life on Land	• Implement air pollution control, wastewater treatment, and waste management. • Reduce pollutant emissions and protect ecosystems and biodiversity.
Environmental Investment Invest in green technologies and equipment to strengthen green competitiveness.	SDG 9 Industry, Innovation and Infrastructure	• Invest in environmental improvement equipment and green facilities. • Enhance green innovation and infrastructure to improve sustainability and competitiveness.

Fukuta Electric will continue to advance sustainability through concrete actions and collaborate with global partners to create a better and sustainable future.

CHAPTER

5

SUSTAINABLE PRODUCTS & SUPPLY CHAIN

Creating Sustainable Value for a Better Future

- 5.1 Green R&D and Technological Innovation
- 5.2 Product Responsibility and Quality Management
- 5.3 Customer Service and Product Responsibility
- 5.4 Sustainable Supply Chain Management
- 5.5 Responsible Sourcing and Local Procurement
- 5.6 Green Supply Chain & Hazardous Substance Management
- 5.7 Sustainable Products & Supply Chain Alignment with SDGs



2025 SUPPLY CHAIN HIGHLIGHTS

Suppliers Assessed for ESG Criteria	Local Procurement Ratio	Green Logistics Partners	Supplier Sustainability Training Sessions	Major Supplier Risk Incidents
100%	85%	120 partners	65 sessions	0 cases
Target 100%	Target ≥80%	+15% vs. 2024	+20% vs. 2024	Target 0 cases



FUKUTA

FUKUTA MOTOR CO., LTD.

INNOVATION Innovating for Value Creating Green Products

QUALITY & SAFETY Quality First Ensuring Product Safety

RESPONSIBILITY Upholding Responsibility Building Mutual Value with Partners

ENVIRONMENT Protecting the Earth Operating with Environmental Stewardship

COLLABORATION Working Together for a Better Future and Shared Growth

5 Sustainable Products and Supply Chain

5.1 Green R&D and Technological Innovation

The Company is committed to driving sustainable corporate growth through "green R&D and technological innovation," continuously refining the development of low-carbon products and advancing high-efficiency technologies. To ensure long-term competitive advantage amidst the wave of the net-zero transition, we have integrated principles of sustainable operation into our R&D objectives and are rigorously managing and advancing initiatives across the following three strategic areas:

- ✧ **Green Product R&D and Innovation: Focus on developing high-efficiency, low-energy technologies to drive the industry's green transformation.**
- ✧ **Green Energy Patents and IP Protection: Actively securing patents for green technologies and establishing a robust intellectual property protection framework. ◦**
- ✧ **Confidentiality Management and Regulatory Compliance: Strictly implement trade secret management for core technologies and fully comply with relevant domestic and international regulations and standards regarding environmental protection, safety, and information security.**



- **Research and Development Strategy and Genes**

  Guided by the core philosophy of "Innovation, Quality, and Sustainability," the Company has embedded the principles of energy conservation and carbon reduction deep within its R&D DNA. We have long invested in the development of motor technologies and power systems, striving to maximize product efficiency, optimize manufacturing processes, and achieve technological self-reliance. To align with global trends toward low-carbon transformation and net-zero emissions, our R&D efforts focus on innovative applications for green power; by launching high-efficiency, low-energy products, we are steadily advancing toward becoming a leading international provider of green power solutions.

  To strengthen our green competitiveness and potential for sustainable development, the Company is implementing the following R&D and management strategies:

- **R&D Policies and Management Guidelines**
  - **Strategic Direction:** Precisely grasp trends in the low-carbon industry and collaborate with customers and strategic partners to jointly develop forward-looking energy-efficient motors and power systems.
  - **R&D Objectives:** Continuously refine manufacturing technologies and production capacity, maintain cost advantages, and enhance the production and sales efficiency as well as market responsiveness of the green supply chain.
  - **Corporate Commitment:** Implement due diligence and early-warning mechanisms, deepen sustainable supply chain partnerships, and ensure new product development aligns with green design principles.

- **Management measures:**
  - Optimize production equipment and processes to comprehensively enhance energy efficiency and product quality.
  - Focus on high-power-density and ultra-high-efficiency motor technologies to develop next-generation power modules for electric vehicles, vessels, and other transport platforms.
  - Foster internal awareness of sustainability and provide training in professional and management skills, while actively recruiting top talent in green technology.
  - Establish a core technology database to facilitate resource sharing and cross-departmental collaboration regarding energy-saving technologies.
  - Implement modular and flexible design approaches to rapidly meet market demand for customized, low-carbon products.

- **Innovation Achievements and the Evolution of Low-Carbon Technologies**

Since 2006, the company has actively implemented energy-saving concepts within the fields of green energy and environmental protection, accumulating a wealth of achievements in innovation and R&D that encompass:

- Propulsion motors for electric vehicles and electric boats
- Wind turbine generators and complete drive systems
- Ultra-high-efficiency, energy-saving motor series
- Motor propulsion systems for drones
- Joint motors for robots and robotic dogs

In terms of product development, we have adopted a copper rotor design to replace traditional cast aluminum, and are committed to promoting the industrial application of permanent magnet synchronous motors; this approach significantly boosts the energy efficiency of motor drive systems and effectively reduces carbon emissions across the product lifecycle, demonstrating our tangible commitment to global environmental policies and the need for industrial upgrading.

- **Green Product Line and Industrial Layout**

The company's core business encompasses the design, manufacturing, and global sales of powertrain systems and key components for industrial and automotive motors; its primary products include:

- High-efficiency industrial motors, EV drive motors, drone motors, and motors for robot/robotic dog joints
- Highly integrated all-in-one (X-in-1) powertrains
- High-end precision components such as silicon steel laminations, wound stators, hairpin stators, and various types of rotors

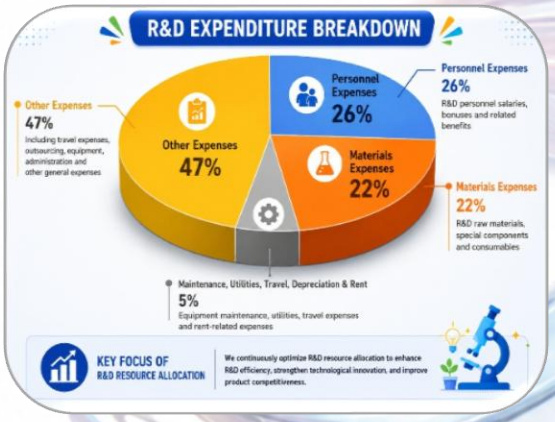
Through deep vertical integration and the accumulation of green energy technologies, we are progressively building a comprehensive low-carbon industry ecosystem while actively expanding into international markets. We remain committed to delivering energy-efficient products that are compact, powerful, and of superior quality, aiming to become a leader in key technologies within Taiwan's green energy and electric vehicle sectors.

R&D Investment Data: Investment in [High-Efficiency Motors / EV Powertrain Modules]

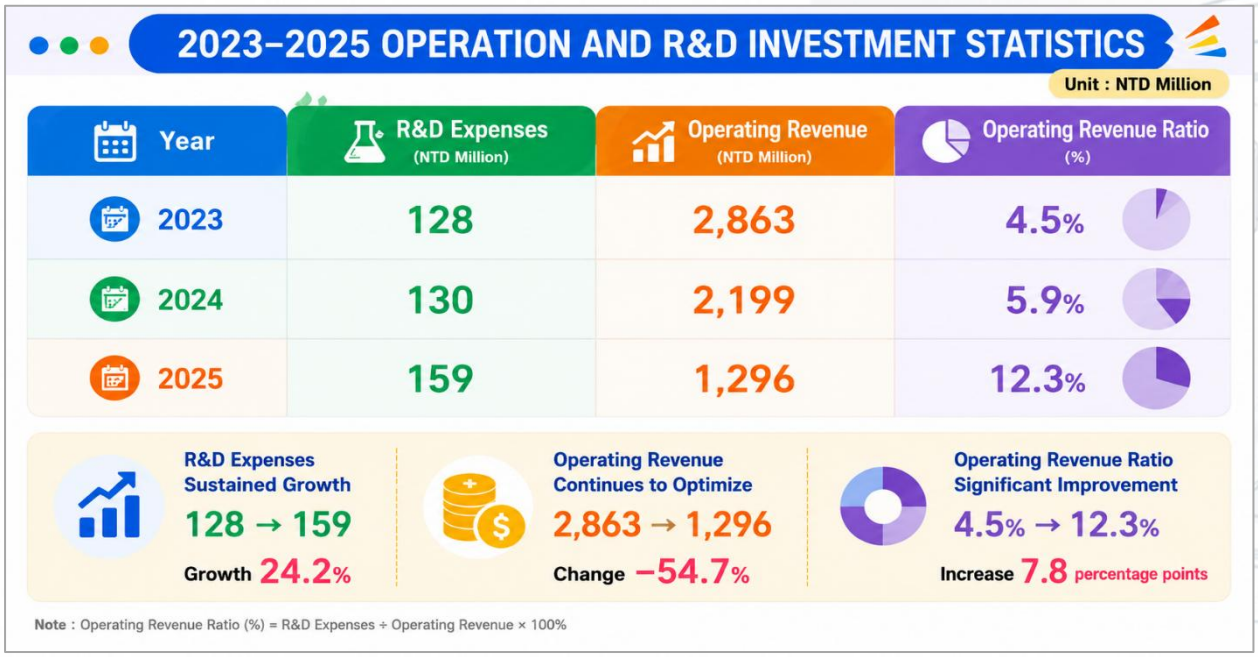
The Company consistently regards technological innovation as the core driving force for sustainable operations, actively investing R&D resources to strengthen product competitiveness and maintain a leading technological position. In 2025, the Company invested NT$76,913 thousand in projects related to high-efficiency motors and electric vehicle power modules—accounting for 48% of the total R&D budget (covering personnel and material costs)—demonstrating the high priority placed on green products.

R&D expenditure as a percentage of revenue

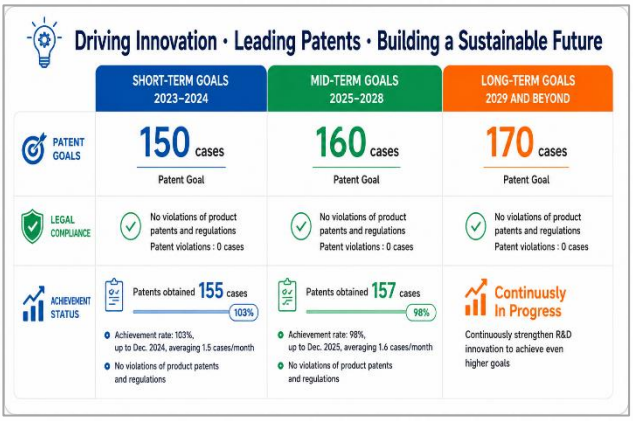
Solidifying our R&D capabilities is the cornerstone of our commitment to sustainable operations. We firmly believe that technological innovation drives long-term green competitive advantages; our R&D investment for the 2025 fiscal year reached 12.3% of revenue—a ratio we expect to maintain in 2026—underscoring our determination to deepen innovation and accelerate product upgrades. In response to the rapidly evolving global market and the trend toward net-zero emissions, our R&D roadmap is highly flexible; we are not only dedicated to enhancing the energy conversion efficiency and system reliability of our existing products but are also proactively laying the groundwork for forward-looking technologies to capitalize on the burgeoning mainstream shift toward low-carbon solutions.



■ **Intellectual Property Achievements:** New Patent Applications and Cumulative Valid Patents in 2025：



Innovative R&D is the core driver of the Company's sustainable growth. To ensure long-term technological competitiveness, we place great importance on intellectual property (IP) portfolio development, the rigorous management of trade secrets, and full compliance with relevant regulations. We have designated "safeguarding patent achievements and controlling confidential information" as a key strategy and established a clear IP development roadmap based on principles of sustainable operation. Details regarding new patent applications for 2025, the total number of valid patents held, and the progress made toward short-, medium-, and long-term IP management goals are presented in the table on the right.



■ **Progress on low-carbon product R&D:**

In 2024, the company strengthened its powertrain module integration capabilities by successfully integrating component resources—including electronic control systems, gear modules, winding materials, high-efficiency silicon steel sheets, and aluminum cast structures—thereby playing a pivotal role in electric vehicle powertrain integration. Furthermore, the company secured a position in the supply chain of a Japanese automaker, becoming the first domestic supplier to enter that manufacturer's electrified powertrain sector. Moving into 2025, the company is developing a "3-in-1" electric powertrain system for commercial electric vehicles; this system has already been installed in test vehicles and has entered the durability testing phase, with mass production validation projected for 2026.

5.2 Product Liability and Quality Management

Adhering to the business philosophy of "Quality First, Customer Satisfaction, and Continuous Improvement," the Company has established comprehensive product liability and quality management systems. Rigorous quality control and risk management mechanisms are implemented across all stages—from product design, raw material procurement, and manufacturing to after-sales service. By consistently adhering to quality management system requirements and driving process improvements, quality audits, and customer satisfaction surveys, the Company ensures product safety, reliability, and regulatory compliance. In 2025, there were no major product safety incidents, instances of harm to customer health, or significant regulatory violations related to product quality, demonstrating the Company's concrete commitment to product liability and sustainable quality.

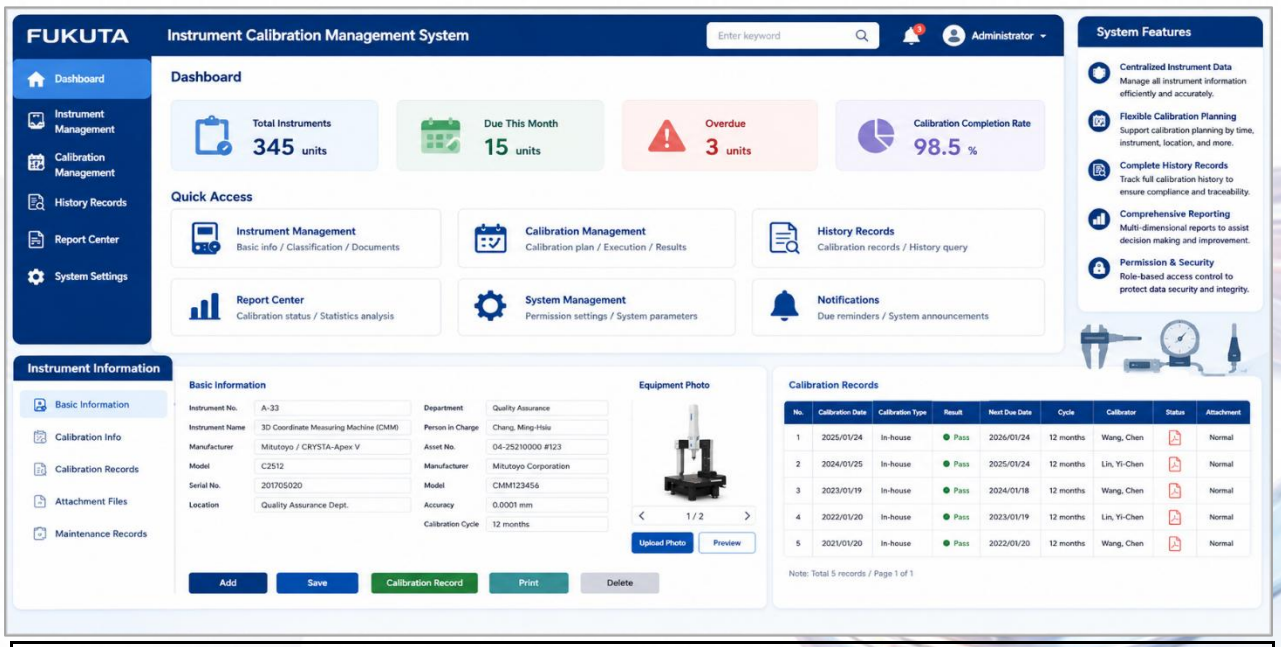
Quality Management:



The Company continuously improves and optimizes its quality management, with a particular focus on reducing quality-related costs to better meet customer expectations. Through these enhancements, we achieved a 5.3% reduction in quality costs in the second half of 2025 compared to the first half, demonstrating significant improvements in both internal quality control costs and external costs associated with customers.

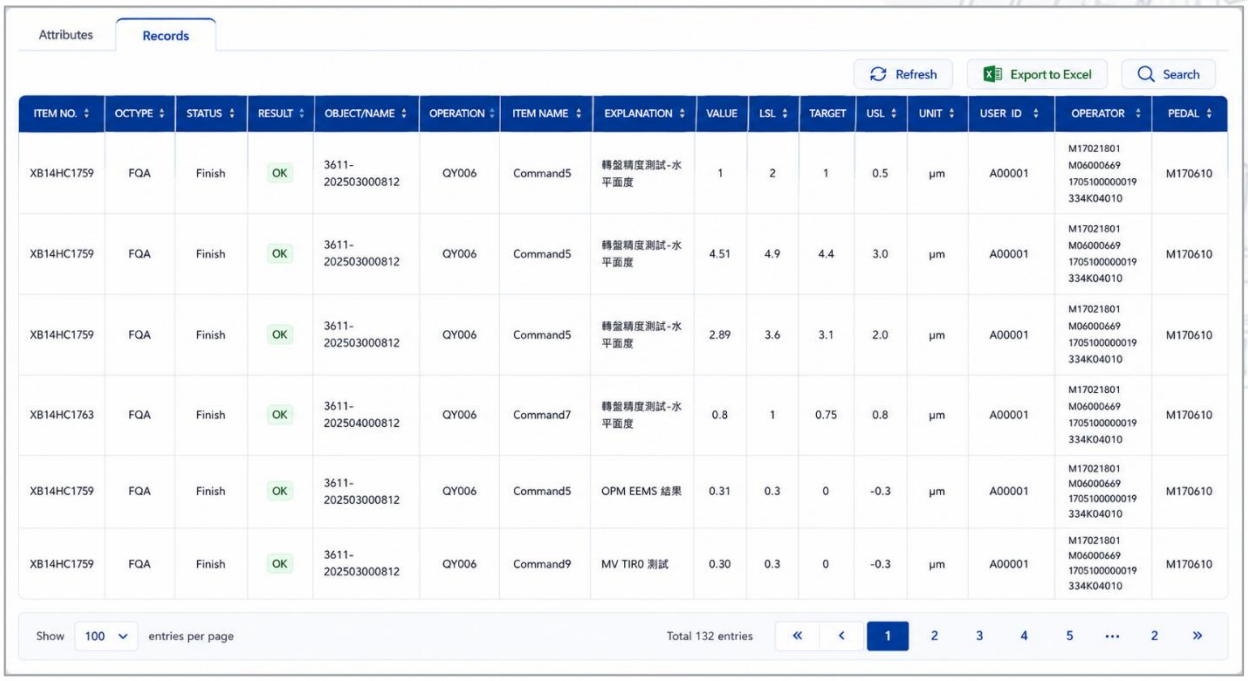
To address the diverse needs of clients across various industries and consistently meet their requirements, we are not only refining our currently certified IATF 16949 (automotive industry) quality management system—while closely monitoring the upcoming revision scheduled for late 2026—but are also preparing for AS9100D (defense and aerospace industry) certification. We anticipate obtaining this certification in the fourth quarter of 2026, aiming to leverage the AS9100D system to elevate our internal quality culture and management practices, thereby strengthening our ability to satisfy the rigorous quality management standards of our aerospace clients.

Furthermore, the company continues to advance its paperless initiatives to minimize environmental impact. The Instrument Calibration Center utilizes an instrument calibration and measurement management system; this not only reduces paper consumption for reports but also boosts operational efficiency and lowers the administrative workload. Given the extensive use of instruments and equipment for quality control, this system significantly simplifies management and mitigates the risk of human error.

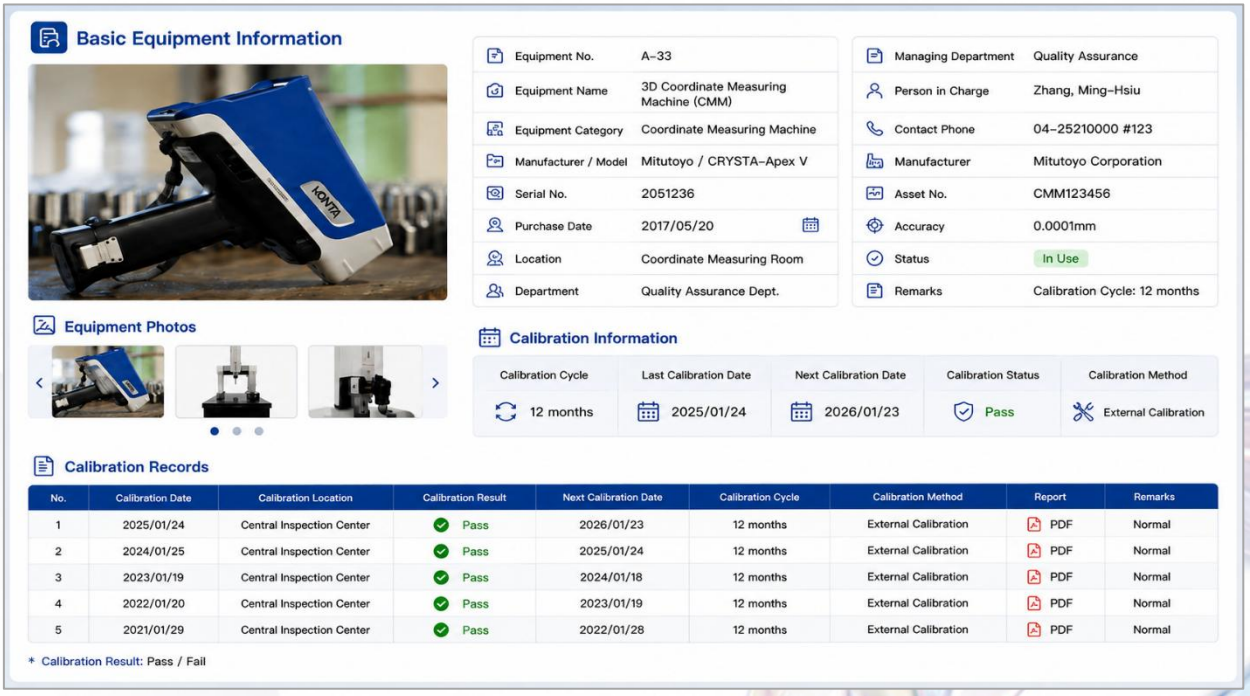


Instrument Calibration and Measurement Management System

Regarding product quality control, a quality management module has been implemented within the Manufacturing Execution System (MES). Beyond digitizing inspection records, this system enhances quality management capabilities by enabling the query, monitoring, statistical analysis, and management of quality status across parts, manufacturing processes, and finished goods. It also controls the flow of defective items to prevent them from leaving the facility, thereby safeguarding the quality of products received by customers. Should quality issues arise at the customer end, the system facilitates rapid root-cause analysis and traceability—covering processes, parts, and raw materials—to quickly assess the scope of impact, manage quality risks, and minimize the effect on the customer.



Production Management Information System – Quality Information



Regarding the management of hazardous substances, in addition to requiring suppliers to provide test reports from certified laboratories and declarations of hazardous substances, the company utilizes X-ray fluorescence (XRF) analyzers (as shown above) for incoming material inspections. This ensures strict control to prevent the acceptance or release of hazardous substances, thereby guaranteeing product compliance with regulations such as RoHS and REACH and fulfilling our corporate environmental responsibilities.

Customer Complaint Feedback Mechanism

A total of 32 customer complaints were recorded in 2025 (monthly figures are shown in the chart below); corrective actions were completed for all cases, resulting in a 100% resolution rate. Each complaint underwent investigation, root cause analysis, and remediation, with the findings applied horizontally to similar products, processes, and components to prevent recurrence. Additionally, there were zero incidents involving product safety violations, product recalls, or major quality issues.



Our company's approach to addressing customer complaints focuses on rapid response, root cause identification, and the establishment of preventive mechanisms. Upon receiving a complaint, we immediately gather relevant information—such as product batch numbers, production records, inspection data, and customer usage details—to verify the nature of the issue and its scope of impact, while keeping the customer informed of the resolution progress to maintain their trust.

During the root cause analysis phase, we employ tools such as the "5 Whys," cause-and-effect diagrams, and Fault Tree Analysis (FTA). We analyze factors across personnel, equipment, materials, methods, and the environment to identify the true underlying cause rather than merely addressing superficial symptoms. Subsequently, we formulate corrective measures based on the identified causes—such as revising standard operating procedures, enhancing training, increasing equipment maintenance frequency, adding control points for critical processes, or improving inspection methods.

Following the implementation of improvements, we verify their effectiveness to ensure the issue has been successfully resolved and monitor the situation over time to prevent recurrence. We also incorporate the lessons learned into our standard operating procedures and quality management systems, establishing preventive measures and a knowledge base. Through systematic complaint analysis and continuous improvement mechanisms, we not only reduce the incidence of complaints and boost product quality and customer satisfaction but also strengthen our corporate competitiveness and brand image.

Quality objective achievement rate

The overall achievement rate for quality objectives in 2025 was 87.0% (769/884), with monthly rates illustrated in the chart below. Moving forward, we will focus on quantitative quality metrics to ensure that all departments fully understand and implement the necessary measures. We aim to continuously improve the achievement rate of our quality objectives by establishing a robust quality management system, regularly monitoring Key Performance Indicators (KPIs) to detect anomalies early and implement corrective actions, strengthening employee training to enhance quality awareness and professional competence, utilizing data analysis to identify root causes and drive continuous improvement, resolving quality issues through cross-departmental collaboration, and having management regularly review performance while providing the necessary resources and support



In 2025, the company undertook 12 continuous quality improvement initiatives. By systematically analyzing root causes, formulating improvement measures, and continuously monitoring results, we effectively reduced defect rates and process variability, thereby enhancing product quality and production efficiency. These efforts also minimized rework, scrap, and customer complaints, lowered quality-related costs, and boosted customer satisfaction. Furthermore, driving these improvement activities strengthened cross-departmental collaboration and employees' problem-solving capabilities, fostered a culture of continuous improvement, and ultimately enhanced the company's competitiveness and operational performance.

Moving forward, the company will continue to foster a culture of continuous improvement, encouraging employees to proactively identify issues and propose solutions. Through training, we will enhance employees' proficiency in using quality tools—such as PDCA, 8D, fishbone diagrams, and FMEA—thereby ensuring that

improvement proposals are systematic and feasible. Furthermore, we have established a clear proposal system and incentive mechanism to recognize and reward initiatives that successfully reduce defect rates, boost efficiency, or cut costs, thereby motivating greater employee participation.

Regarding improvement initiatives, priority is given to issues aligned with the company's quality objectives and customer needs. We utilize data analysis to identify root causes, ensuring we address underlying issues rather than merely treating superficial symptoms. Cross-departmental collaboration integrates resources from R&D, production, quality assurance, and the supply chain to enhance the comprehensiveness and executability of improvement plans. Upon completion, we verify results and implement standardized management, incorporating successful practices into operational workflows to prevent recurrence and drive continuous improvement in quality performance and outcomes.

5.3 Customer Service and Product Liability

The Company's primary product portfolio encompasses high-efficiency industrial motors, integrated powertrain systems for electric vehicles, high-power-density drive modules, and miniaturized power modules. Technical specifications, functional descriptions, performance data, and application scopes for these products are disclosed based on actual design capabilities, validation results, test data, and real-world application outcomes, ensuring the reasonableness, credibility, and market transparency of the information provided.

Furthermore, the Company prioritizes the comprehensive disclosure of product usage information. Through channels such as our official website, product catalogs, technical support, and sales services, we assist customers in fully understanding product purposes, operating conditions, and suitable application scenarios, thereby mitigating the risk of misuse and enhancing overall application efficiency.

As of the end of 2025, the Company has not experienced any significant customer complaints arising from inaccurate product information, misleading labeling, greenwashing controversies, or violations of relevant regulations. Moving forward, the Company will continue to refine its sustainability-related product information disclosure and marketing management systems, enhance information transparency and the quality of external disclosures, and strengthen product responsibility management and corporate sustainability capabilities.

■ Customer Satisfaction Survey

Item	Domestic/Overseas (2023)	Domestic/Overseas (2024)	Domestic/Overseas (2025)
Return Quantity / Shipment Quantity	331/392	299/374	244/252
Recycling Rate	84%	80%	97%
Average Satisfaction	91	91	92
Target Value	90	90	90
Achievement Status	Achieved	Achieved	Achieved
Top 3 Satisfaction Items	1. Accuracy of delivery / Service attitude of staff 2. Product development capability / Product quality / Professional support from business	1. Good attitude, confidence and service enthusiasm 2. Professional explanation of products	1. Good attitude, confidence and service enthusiasm / Proactive problem solving / Meet customer needs 2. Professional explanation of products / Professional support for solution provision / Proper handling of product abnormal conditions / Level of service attitude for cases
Remarks			

To continuously enhance customer satisfaction and service quality, the company conducts regular customer satisfaction surveys among domestic and international clients. We utilize survey responses, feedback analysis, and improvement tracking mechanisms as a vital basis for the ongoing refinement of our products and services. For the 2025 survey, 252 questionnaires were distributed and 244 were returned, resulting in a response rate of 97%—a significant increase compared to the previous two years that reflects growing customer engagement. The overall average satisfaction score reached 92 points, surpassing the company's target of 90 points and marking the third consecutive year of meeting this performance goal.

Survey results indicate that customers place the highest value on aspects such as service attitude, technical expertise, problem-solving efficiency, and delivery schedule management. Notably, the company received high ratings for "proactively resolving issues and meeting customer needs," "providing professional product explanations and solutions," and "service attitude when handling complaints or product issues," reflecting strong performance in technical services and customer relationship management. Moving forward, the company will continue to gather customer

feedback, strengthen quality management and customer service mechanisms, and enhance the overall customer experience and market competitiveness.

- **2025 Satisfaction Analysis**

Survey results indicate that customers continue to hold the company's overall service quality in high regard; notably, technical service quality, product quality, and on-time delivery remain core areas that customers prioritize and where continuous improvement is essential. To address delivery schedule management, the company has established a weekly cross-departmental review mechanism involving Sales, Production Planning, Procurement, Manufacturing, and Quality Assurance. Through real-time information sharing and the tracking of exceptions, the company has effectively improved on-time delivery rates and customer satisfaction.

項目類別	2025年滿意度
服務態度	93
積極解決問題	94
產品專業解說	94
交期管理	91
平均滿意度	92

Furthermore, as the demand for electric vehicles and high-efficiency motor products continues to grow, customer expectations regarding technical support, product application, and problem-solving capabilities have risen in tandem. The company has incorporated these requirements into its project management agenda, utilizing cross-departmental collaboration to track progress and drive improvements, thereby strengthening technical service capabilities and communication efficiency. The overall satisfaction score for the 2025 fiscal year reached 92 points—a 1% increase over the previous year—demonstrating the effectiveness of these improvement measures and successfully enhancing customer recognition of the company's product quality, professional services, and collaborative partnerships.

Customer Relationship Management

We value our customers' needs and long-term partnerships, upholding a business philosophy of "customer-centricity, quality first, and continuous improvement." Through diverse communication channels and robust customer service mechanisms, we gain deep insights into customer requirements and market trends. We incorporate customer feedback into product development, quality enhancement, and service optimization to consistently boost customer satisfaction and the value of our partnerships.

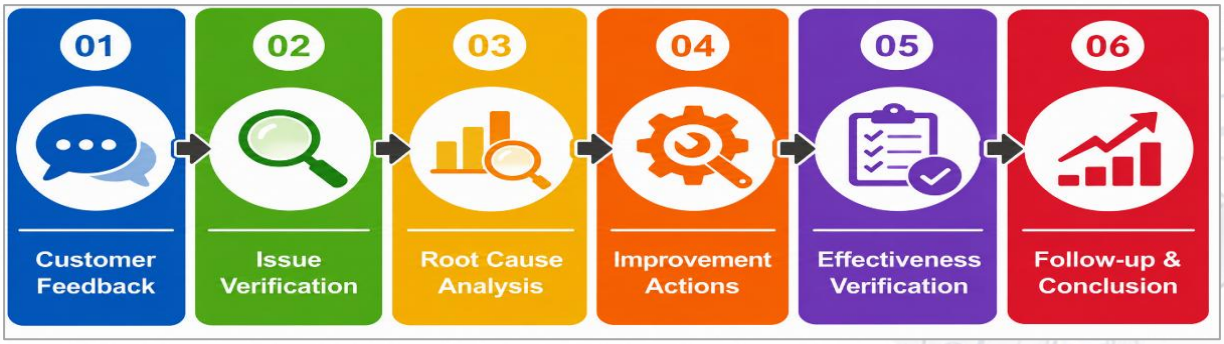
To establish a real-time and effective communication mechanism, we regularly host technical exchange meetings with customers to facilitate two-way dialogue on topics such as product performance, quality improvements, technological innovation, and market demands. Additionally, we systematically gather feedback through customer satisfaction surveys and a customer complaint management system, using this data as a key reference for continuous improvement across all departments. Our primary channels for gathering customer requirements include the following:

- **Communication via telephone and email**
- **Customer Satisfaction Survey**
- **Customer audits and factory visits/exchanges**
- **Business and Technical Service Point of Contact**

Through these channels, the company gains real-time insight into customer needs, product usage, and market trends, enabling rapid responses and improvements regarding matters of concern to customers. Furthermore, we have established a cross-departmental coordination and tracking mechanism involving Sales, R&D, Quality Assurance, Production, and Technical Service units in problem analysis and improvement efforts, ensuring that customer feedback is effectively translated into concrete improvements. Moving forward, we will continue to strengthen customer relationship management, enhance the quality of technical services and product competitiveness, and strive to become our customers' most trusted long-term partner, fostering a mutually beneficial and sustainable partnership.

Customer Complaint and Product Liability Management

The Company has established a comprehensive process for handling customer complaints. All complaints are managed in accordance with the "Corrective and Preventive Action Procedure," encompassing stages such as issue identification, root cause analysis, formulation of improvement measures, effectiveness verification, and case closure follow-up; this ensures that issues are effectively resolved and recurrence is prevented. Relevant departments collaborate on analysis and improvement, with implementation progress tracked through cross-departmental coordination mechanisms to continuously enhance product quality and service standards. Furthermore, the Company regularly reviews complaint trends and improvement outcomes, integrating customer feedback into its quality management and continuous improvement cycles. This approach aims to boost customer satisfaction and market competitiveness while fostering long-term, mutually trusting partnerships with customers. The process includes the following steps:



- **Customer Complaint Management Performance**

In 2025, the company maintained a strong performance in customer complaint management, recording a total of 32 cases—with zero major complaints—and achieving a 100% rate for both case resolution and the completion of corrective actions. These results demonstrate the establishment of a robust system for handling complaints and driving continuous improvement. For all issues raised by customers, the company followed its standard complaint-handling process to analyze root causes, formulate corrective measures, verify their effectiveness, and track outcomes. Annual statistics indicate that complaints primarily centered on product quality, technical support, and delivery schedule management; the company has designated these areas as key priorities for improvement, leveraging cross-departmental collaboration to continuously refine operations and enhance customer satisfaction as well as the quality of products and services.

Item	FY 2025
Total Complaint Cases	32 cases
Major Customer Complaint Cases	0 cases
Complaint Case Closure Rate	100%
Improvement Completion Rate	100%
Recurrence Rate	0%

- **Product liability outcomes**

Adhering to the business philosophy of "Quality First, Safety Foremost," the Company continuously strengthens its product quality management and regulatory compliance mechanisms, striving to provide safe, reliable products that meet customer needs. In 2025, the Company recorded no product safety incidents, recalls, regulatory violations, or product liability claims, demonstrating the effective operation of its systems for product design, manufacturing, quality control, and regulatory management. Through robust quality management systems, product verification procedures, and customer feedback mechanisms, the Company consistently mitigates product risks and enhances product reliability. Furthermore, the Company regularly reviews relevant regulations and customer specifications to ensure products meet the requirements of both domestic and international markets, thereby safeguarding customer interests and corporate reputation while upholding its commitment to sustainable business operations.

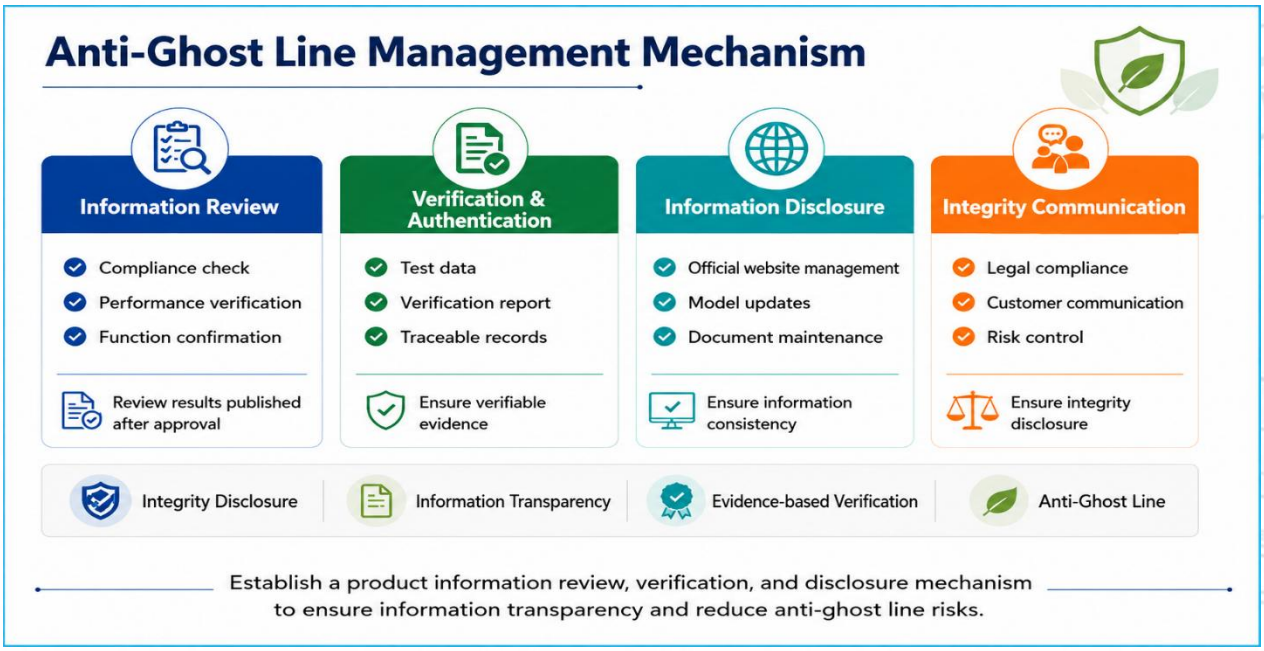
2025 Product Responsibility Results	
Zero Product Safety Incidents	Zero
Zero Product Recall Events	Zero
Zero Non-compliant Products or Violations	Zero
Zero Customer Liability Cases for Defective Products	Zero

- **Continuous improvement results**

To continuously enhance product quality and customer satisfaction, the company regularly reviews quality performance and customer feedback through mechanisms involving customer complaint analysis, the remediation of quality anomalies, and preventive management. In 2025, the number of customer complaints decreased by approximately 3.33% compared to the previous year, and the rework rate for quality anomalies saw a corresponding decline of about 3.33%, demonstrating the gradual effectiveness of various quality improvement measures. The company continues to employ management processes—such as root cause analysis, improvement tracking, and effectiveness verification—to mitigate quality risks and reduce the incidence of anomalies; simultaneously, it strengthens process controls and quality assurance capabilities to consistently improve product reliability and market competitiveness.



Management to Prevent Greenwashing



Upholding the principles of integrity and sustainable governance, the Company prioritizes the accuracy, transparency, and consistency of disclosures regarding product information, environmental performance, and sustainability. We avoid exaggerated or unsubstantiated environmental claims and strictly implement management principles to prevent greenwashing. All information concerning the environment, energy, carbon emissions, and sustainability is disclosed based on actual data, regulatory requirements, and international standards; such information is released only after internal review and verification to ensure its accuracy and credibility.

The company has established the following management mechanisms for product information and sustainability marketing content:

- **Product specifications, performance data, and functional descriptions must be reviewed and approved by the relevant departments before release.**
- **Claims regarding energy conservation, carbon emission reduction, or environmental benefits must be supported by test results, verification, or substantiating documentation.**
- **Regularly update the official website, product catalogs, and technical documentation to ensure information consistency.**
- **All external communications adhere to regulatory requirements and the principles of honest disclosure.**

The Company's primary products encompass high-efficiency industrial motors, powertrains for electric vehicles, and miniaturized power modules. Information regarding their technology and performance is disclosed based on actual test results, with comprehensive details provided via the official website, product catalogs, and technical support services. As of the end of 2025, there have been no instances of inaccurate product information, misleading labeling, "greenwashing" controversies, or major regulatory violations.

Moving forward, the Company will continue to refine its sustainability disclosure practices and product responsibility management systems, enhancing the quality and transparency of disclosures to safeguard the interests of stakeholders and uphold the corporate reputation.

Management System Validation

The Company continuously strengthens its capabilities in quality, environmental, occupational health and safety, and hazardous substance management by obtaining international management system certifications and establishing systems that meet international standards. As detailed in the table below, the Company has secured key certifications—including ISO 9001 (Quality Management), ISO 14001 (Environmental Management), ISO 45001 (Occupational Health and Safety Management), IECQ QC080000 (Hazardous Substance Process Management/HSPM), and IATF 16949 (Automotive Quality Management)—and undergoes regular audits by third-party certification bodies to ensure the continued effectiveness of these management systems. Through the implementation and continuous improvement of

these systems, the Company consistently enhances product quality, environmental performance, and workplace safety standards, thereby strengthening its corporate competitiveness and the foundation for sustainable development.



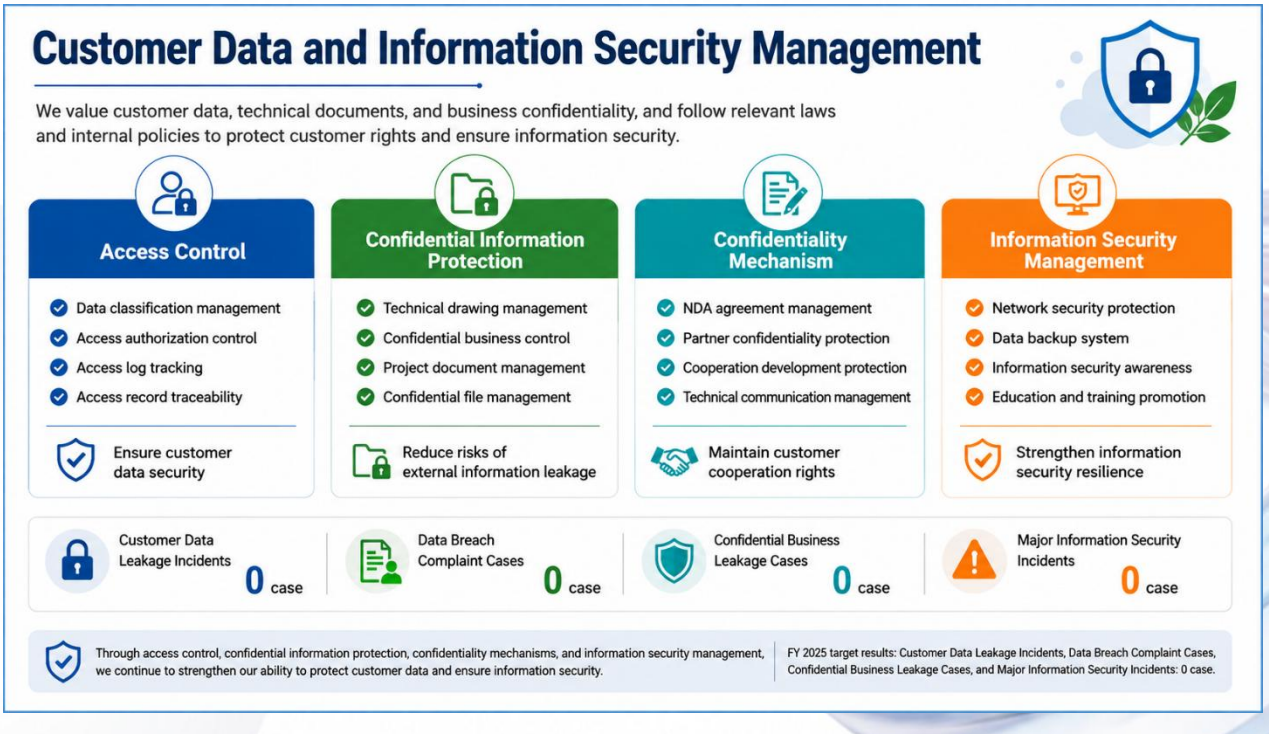
Management Performance

The Company attaches great importance to the accuracy and transparency of product information disclosure. Adhering to relevant regulations and principles of integrity, we ensure that product labeling, marketing materials, and public disclosures are truthful, complete, and consistent. In 2025, there were no incidents involving violations of product labeling regulations, misleading advertising, "greenwashing" controversies, customer complaints, or government penalties, demonstrating the Company's robust mechanisms for product information management and regulatory compliance. We continue to strengthen the management of product labeling and marketing information through internal audits, regulatory monitoring, and training programs. By preventing the dissemination of false or misleading information, we safeguard customer rights, corporate reputation, and stakeholder trust, thereby upholding our commitment to sustainable business operations.

Product Labeling Compliance Results

Item	FY 2025
Product Labeling Violation Cases	0 cases
Misleading Advertising Cases	0 cases
Greenwashing Dispute Cases	0 cases
Customer-related Complaint Cases	0 cases
Government Penalty Cases	0 cases

Customer Privacy and Information Security



The Company places great importance on protecting customer personal data, technical documents, design drawings, and trade secrets. Adhering to relevant standards for information security and personal data protection, we implement measures such as access controls, confidential information management, non-disclosure agreements (NDAs), data backups, and information security training to safeguard customer interests and maintain trust in our partnerships.

Through information system access management, network security defenses, and risk monitoring mechanisms, the Company continuously strengthens its information security management capabilities, thereby mitigating the risks of data breaches, misuse, and other security threats. As of the end of 2025, there have been no incidents involving customer data breaches, complaints regarding personal data, trade secret leaks, or major information security events, demonstrating the effectiveness of our information security management system.

Moving forward, the Company will continue to optimize its information security management system and internal control processes, enhance information security resilience and risk response capabilities, strengthen the protection of customer data and business information, and safeguard the interests of stakeholders and the Company's reputation.

Protection Standards and Performance

The Company attaches great importance to the protection of customer privacy and trade secrets, managing these matters in accordance with information security management standards and relevant laws and regulations regarding personal data protection. Measures include:

- **Customer Data Access Rights Management**
- **Signing of Non-Disclosure Agreement**
- **Regular backups and access control**
- **Information Security Education and Training**
- **IT Equipment Security Management**

The Company attaches great importance to customer privacy and information security management, dedicating itself to protecting the confidentiality, integrity, and availability of customer data while implementing control measures in accordance with relevant regulations and its internal information security management policies. In 2025, there were no incidents involving customer data breaches, complaints regarding personal data, leaks of trade secrets, or major information security incidents, demonstrating the effective operation of the Company's information security management mechanisms. The Company continues to mitigate information security risks through measures such as access control, information system protection, security training, and risk monitoring, thereby ensuring the proper protection of customer data and business information while upholding customer trust and corporate reputation.

Item	FY 2025
Customer Data Leakage Incidents	0 case
Customer Complaint Cases	0 case
Customer Data Loss Incidents	0 case
Customer Losses Caused by Data Leakage	0 NTD

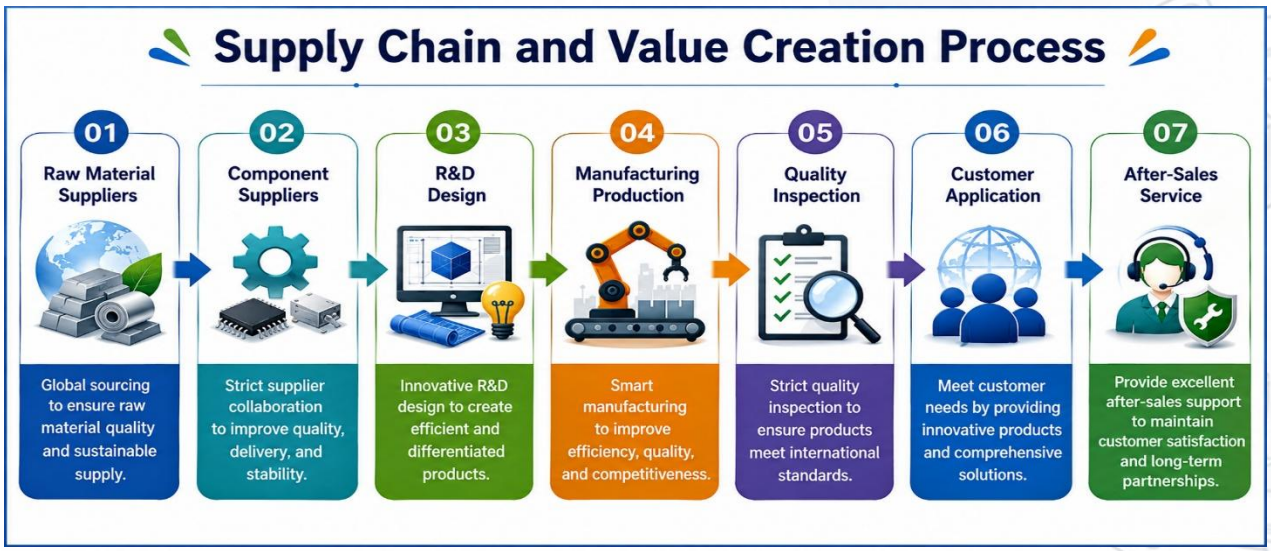
5.4 Supplier Sustainability Management

We firmly believe that a robust and resilient supply chain is the cornerstone of sustainable corporate development. To enhance overall supply chain competitiveness and mitigate operational risks, we look beyond traditional management metrics—such as Quality, Cost, and Delivery—to incorporate Environmental, Social, and Governance (ESG) considerations into our supplier management framework, thereby driving our supply chain partners to jointly implement sustainable business practices.

Through measures such as supplier evaluations, sustainability commitments, risk management, on-site audits, and training programs, we strengthen supply chain transparency and risk management capabilities. We collaborate with suppliers to build a supply chain system characterized by responsibility, resilience, and sustainable value, ultimately enhancing our long-term competitiveness and operational performance.

We continue to bolster supply chain resilience and sustainability management capabilities through strategies such as supplier segmentation, local sourcing, and risk-based classification systems. Moving forward, we remain committed to expanding the scope of supplier ESG management and progressively building a sustainable supply chain system that balances environmental protection, social responsibility, and corporate governance.

Supply Chain and Value Chain Process Construction



Supplier Composition

To enhance supply chain management efficiency and supply stability, the Company continuously builds a diverse and robust supplier partnership network.

We consistently promote a local procurement strategy; in 2025, domestic suppliers totaled 46, accounting for 82% of the total supplier base, while local procurement spending in Taiwan represented 82% of total procurement expenditure, demonstrating our ongoing commitment to this policy. Overseas suppliers numbered 10, accounting for 18%. Prioritizing local suppliers effectively shortens supply chain distances, reduces transportation-related carbon emissions, and improves supply timeliness, thereby strengthening supply chain resilience and sustainability management capabilities.

Suppliers cover categories such as raw materials, components, processing services, packaging materials, and equipment consumables. They are managed through a classification system based on supply characteristics, procurement value, and supply risk to ensure product quality and the stable operation of the supply chain.



Indicator	No. of Suppliers	Share
Qualified Suppliers	56	100%
Domestic Suppliers	46	82%
Overseas Suppliers	10	18%
Key Partners (Suppliers)	13	23%

The Company primarily partners with local suppliers in Taiwan; by shortening supply distances, mitigating logistics risks, and reducing carbon emissions from transportation, we enhance our supply chain's responsiveness and overall operational stability. Simultaneously, we establish long-term partnerships with suppliers of key raw materials and specialized processes to strengthen supply chain resilience and technical integration capabilities.

- **Categorized by supplier type**

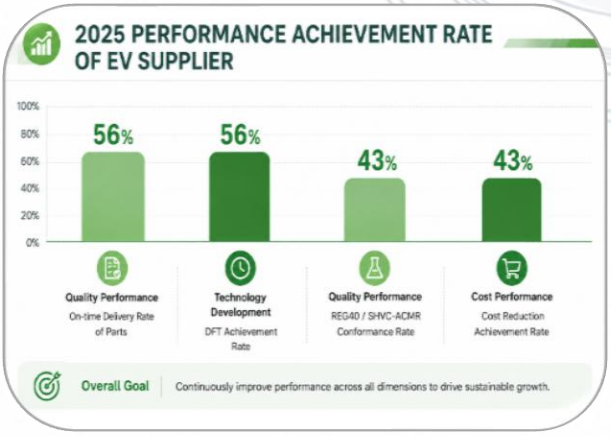
Indicator	No. of Suppliers	Share
Qualified Suppliers	56	100%
Domestic Suppliers	46	82%
Overseas Suppliers	10	18%
Key Partners (Suppliers)	13	23%

- **Categorized by region**

Region	Description
Suppliers in Taiwan	Major suppliers are local, with close communication and operational collaboration advantages.
Suppliers in Asia	Sourced mainly from specialized materials and components.
Suppliers Overseas	Sourced from specific technologies or special specification suppliers.

- **FY2025 Performance**
  - The signing rate for the Social Responsibility and Sustainability Commitment by qualified raw material suppliers has reached 100%.
  - The return rate for signed supplier survey documents regarding the 240 REACH-SVHC restricted substances reached 100%.

  Furthermore, the company continuously advances its supply chain risk management and supplier sustainability audit mechanisms. It conducts on-site audits, document reviews, and follow-ups on corrective actions for key suppliers; through regular assessments and proactive improvements, the company enhances its supply chain risk management capabilities, thereby boosting supply chain resilience and sustainable operational performance.



- **2025 Audit Plan**

  In 2025, on-site audits were successfully completed for 13 additional key suppliers; corrective actions for all audit findings were finalized—achieving a 100% rectification rate—thereby mitigating supply chain risks and enhancing overall supply chain management performance. A 100% completion rate was achieved regarding the screening and evaluation of qualified suppliers based on the periodic performance assessment criteria.



ESG Assessment Mechanism for New Suppliers

The Company does not rely on a single, fixed-ratio scoring method for supplier selection; instead, it utilizes its supplier management system as the benchmark for on-site evaluations and tiered assessments of both new and existing suppliers. To facilitate long-term supply chain management, the Materials Department conducts audits and assessments using the "Supplier Performance Periodic Evaluation Form." This process enables the effective identification and monitoring of potential supply chain risks and operational status, serving as the basis for determining future management strategies for suppliers. To implement the principles of sustainable supply chain management, new suppliers must not only meet fundamental requirements regarding quality, delivery schedules, costs, and technical capabilities but also sign the "Supplier Social Responsibility and Sustainability Commitment." This commitment entails adherence to standards concerning environmental protection, labor and human rights, occupational health and safety, business ethics, and relevant legal regulations. For key or high-risk suppliers, the Company conducts ESG risk assessments—utilizing methods such as document reviews, questionnaires, or on-site visits—which serve as critical criteria for supplier qualification reviews and ongoing partnership management.

- **The assessment criteria, weightings, and responsible units for supplier evaluation ratings are listed in the table below:**

Evaluation Criteria	Weight	Rating				Responsible Department / Unit
		90+ Points (Inclusive)	70–89 Points	60–69 Points	Below 60 Points	
Quality	45%	90+ Points (Inclusive)	70–89 Points	60–69 Points	Below 60 Points	Quality Assurance
Delivery	25%	90+ Points (Inclusive)	70–89 Points	60–69 Points	Below 60 Points	Materials Department
HSF Compliance	10%	90+ Points (Inclusive)	70–89 Points	60–69 Points	Below 60 Points	Quality Assurance
Service	10%	90+ Points (Inclusive)	70–89 Points	60–69 Points	Below 60 Points	Materials Department
Technical Capability / Production Capacity Evaluation	10%	90+ Points (Inclusive)	70–89 Points	60–69 Points	Below 60 Points	R&D / Engineering
Total Score	100%	A	B	C	D	—

Notes:
The ESG evaluation includes three dimensions: Evaluation Criteria, Management Approach, and Quantitative Indicators & Degree of Achievement.
Each weight is calculated based on actual conditions, and the final rating is determined accordingly.
The evaluation follows applicable laws and regulations, sustainability standards, the Ten Principles of the UN Global Compact, and other internationally recognized guidelines and principles.
The final score will be determined based on the company's management and execution status classification standards.

The Company incorporates Environmental, Social, and Governance (ESG) requirements into its supplier evaluation system. Comprehensive assessments—integrating factors such as quality, delivery schedules, HSF (Hazardous Substance Free) compliance, service, and technical capabilities—serve as key criteria for supplier onboarding and ongoing collaboration.

For the 2025 fiscal year, the ESG qualification review coverage for new suppliers reached 100%. New suppliers are included on the approved supplier list only after successfully completing the qualification review and signing the "Supplier Social Responsibility and Sustainability Commitment," thereby ensuring that supply chain partners meet the Company's sustainability management requirements.

■ Supplier Risk Management

To comprehensively identify and address risks and opportunities associated with its production and management activities, the Materials Department assesses supplier risk levels in accordance with the "Supplier Management Procedure." The company implements supplier risk assessments and periodic audit mechanisms—utilizing methods such as tiered supplier management, performance evaluations, and on-site audits—to identify potential supply chain risks and ensure the tracking of improvements, thereby enhancing supply chain resilience and risk management capabilities.

- **Types of supply chain risks**

The Company continuously monitors global supply chain dynamics and market risks, assessing and managing supply chain risks that could affect operational stability in order to mitigate the risks of supply disruptions, delivery delays, and operational impacts. The primary categories of supply chain risk are as follows:

Risk Type	Risk Disclosure
Risk of raw material price fluctuations	International prices for steel, copper, and electronic materials are subject to market supply and demand as well as the international situation, which may lead to fluctuations in procurement costs.
Geopolitical risk	The international political landscape, armed conflicts, trade restrictions, or changes in tariff policies may impact the supply of raw materials and logistics.
Risk of material shortage	Shortages of critical raw materials or electronic components may lead to delivery delays and the risk of production interruptions.
Natural disaster risk	Natural disasters such as earthquakes, typhoons, and floods may affect suppliers' production and logistics capabilities.
Exchange rate risk	International procurement involves foreign currency transactions, and exchange rate fluctuations may impact procurement costs and operational performance.
Concentration risk regarding key suppliers	A high reliance on a limited number of suppliers for specific raw materials or manufacturing processes may increase the risk of supply disruptions and difficulties in finding alternatives.
ESG compliance risk	If suppliers are involved in environmental violations, human rights disputes, or major workplace safety accidents, it could impact the company's reputation and customer trust.

Risk Response Measures

To mitigate the impact of supply chain risks on operations, the Company has established mechanisms for supplier risk management and contingency planning, while continuously promoting the diversification of supply sources and supply chain resilience management. Key measures include:

- **Establish a "second source" mechanism to mitigate the risk of reliance on a single supplier.**
- **Build long-term partnerships with key suppliers to enhance supply stability.**
- **Conduct regular supplier performance evaluations and on-site audits to strengthen supply risk monitoring.**
- **Implement safety stock and alternative material mechanisms to reduce the risk of material shortages.**
- **Prioritize local Taiwanese suppliers to shorten supply chain distances and lower logistics risks.**
- **Continuously monitor international raw material markets and geopolitical developments, adjusting procurement strategies and supply allocations as needed.**

The Company manages suppliers through risk-based classification—considering factors such as supplier importance, procurement volume, supply substitutability, and ESG risk levels—and periodically reviews the progress of high-risk suppliers in addressing issues to inform decisions regarding future collaboration and adjustments to procurement strategies.

- **Supplier evaluation ratings and corresponding measures are shown in the table below.**

Evaluation Grade	Score Range	Risk Level	Remarks	Action
A	90 or above (All Items)	Low	Excellent	Preferential Purchase
B	70–89 (Points)	Low	Standard	Regular Supplier
C	60–69 (Points)	Medium	Needs Improvement	Increase Improvement
D	Below 60 (Points)	High	Poor	Notify and Request Corrective Action

- **The supplier evaluation results for 2025 are shown in the table below.**

Rating Level	Number of Suppliers	Percentage
A Level	20	36%
B Level	30	54%
C Level	6	10%
D Level	0	0%

The Company continuously monitors potential supply chain risks through regular risk assessments, tiered supplier management, and improvement tracking mechanisms. We also establish early warning systems and contingency measures to enhance supply chain and operational resilience, thereby mitigating the impact of external environmental changes on our business operations.

Supplier ESG Audit Results

The Company conducts annual on-site audits and document reviews of key suppliers, covering areas such as quality management, environmental management, health and safety, social responsibility, and regulatory compliance, to ensure adherence to our sustainable supply chain management standards.

In 2025, on-site audits were completed for 13 key suppliers; corrective actions for all identified deficiencies have been tracked, achieving a 100% completion rate. Moving forward, we will continue to strengthen supplier sustainability management and guidance mechanisms, working together to enhance supply chain sustainability performance and risk management capabilities.

Item	2025
Number of Key Suppliers	13
Number of Audited Suppliers	13
Audit Coverage Rate	100%
Improvement Completion Rate	100%

- **2025 Key Supplier Audit Results**

By 2025, the ESG audit coverage rate for key suppliers reached 100%, and the completion rate for rectifying audit findings also reached 100%; no major cases of environmental violations, human rights infringements, or significant occupational health and safety deficiencies were identified.

In addition to quality management, the audits covered ESG topics such as environmental management systems, occupational health and safety, human rights protections, labor conditions, business ethics, and regulatory compliance; supplier sustainability management capabilities were continuously enhanced through a tracking mechanism for the rectification of findings.

5.5 Responsible Sourcing and Local Supply Chains

Management Policy

Adhering to the principles of responsible procurement, local collaboration, and green supply chain management, the Company integrates environmental protection, human rights management, regulatory compliance, and supply chain risk management into its procurement decision-making processes. Through supplier selection, qualification reviews, the signing of sustainability commitments, and ongoing management mechanisms, the Company drives its supply chain partners to jointly fulfill corporate social responsibilities, thereby building a safe, transparent, and resilient sustainable supply chain system.

Conflict Minerals Management

The Company requires suppliers to adhere to a conflict-free minerals policy, ensuring that minerals such as gold, tantalum, tungsten, and tin used in its products do not originate from the Democratic Republic of the Congo or surrounding areas of armed conflict, and conducts due diligence through supplier surveys and document review mechanisms.

In 2025, conflict mineral surveys were completed for a total of 43 suppliers, achieving a 100% response rate; verification confirmed that none of the 3TG minerals used in the products originated from armed conflict zones or high-risk mining areas.



Local Procurement Management

The Company continues to prioritize the procurement of raw materials, components, and related services from local Taiwanese suppliers to enhance supply chain responsiveness, mitigate logistics risks, and reduce carbon emissions from transportation.

In 2025, procurement from local Taiwanese suppliers accounted for approximately 82% of total procurement spending; key items included metal materials, machined parts, packaging materials, and equipment maintenance services.



Human Rights and Responsible Procurement

The Company requires suppliers to sign the "Supplier Social Responsibility and Sustainability Commitment" and incorporates labor and human rights, occupational health and safety, and corporate social responsibility into its supplier management criteria. The Company prohibits suppliers from engaging in:

- **Child labor**
- **Forced labor**
- **Discrimination**
- **Harassment**
- **Other acts infringing upon human rights**

In the 2025 fiscal year, no major human rights controversies occurred within the supply chain, nor were there any instances involving child labor, forced labor, or significant labor-management disputes.



5.6 Green Supply Chain and Hazardous Substance Management

■ Management Policy

Adhering to the principles of "reduction at the source, safety and compliance, and green sustainability," the Company has established a hazardous substance management system and a green supply chain management mechanism to ensure product compliance with international environmental regulations and to minimize the impact of the product lifecycle on the environment and human health.

■ International Regulatory Compliance Management

To meet the requirements of global customers and markets, our company's products and processes fully comply with:

- **RoHS**
- **SVHC**
- **REACH**
- **QC080000 HSPM**

...and the requirements of international environmental regulations and management systems.

All major suppliers are required to provide RoHS and related compliance declarations and to adhere to the hazardous substance management policy.



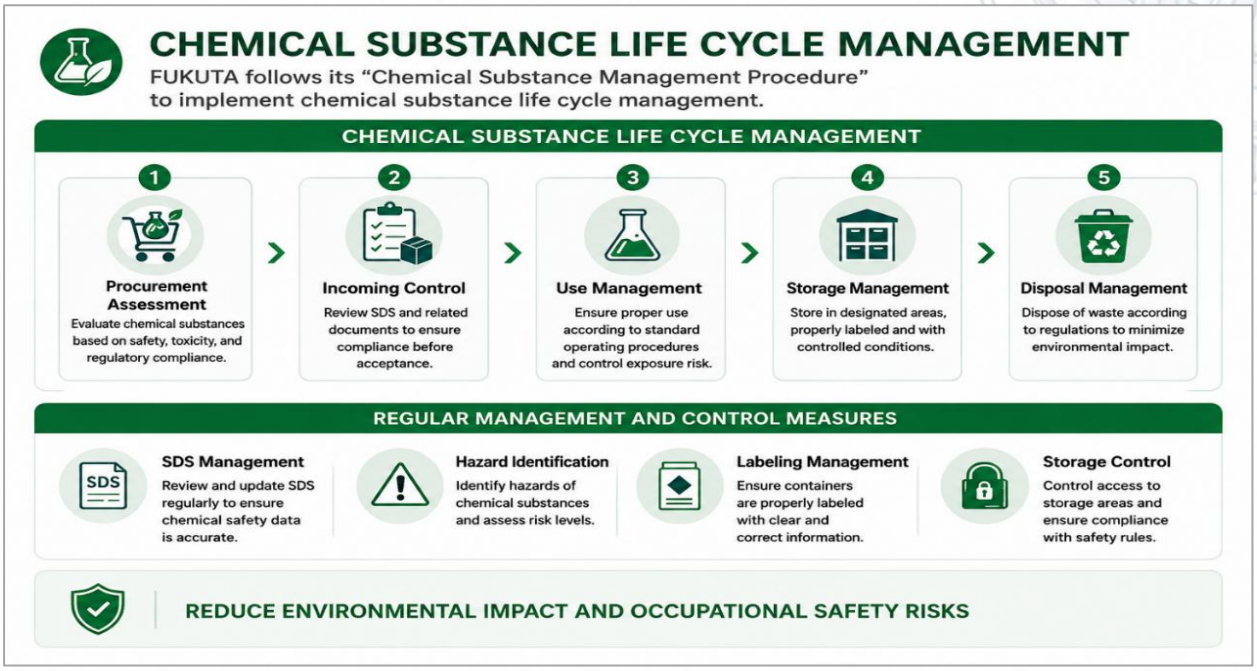
Raw Material and Regulatory Compliance Management

The Company prioritizes the management of raw material sources and compliance with environmental regulations regarding its products. We require key suppliers to provide declarations and supporting documentation confirming compliance with international environmental regulations. Furthermore, through supplier qualification reviews, document management, and continuous monitoring mechanisms, we mitigate the risk of hazardous substances entering our products and manufacturing processes. Our products and processes fully comply with:

- **RoHS**
- **SVHC**
- **REACH**
- **QC080000 HSPM**

...and requirements of international environmental regulations and management systems, to ensure product safety, environmental friendliness, and compliance with global market regulations, thereby continuously enhancing the company's sustainable competitiveness.

Chemical Substance Inventory Management:



- **Chemicals Lifecycle Management**

  The Company implements full lifecycle management of chemical substances in accordance with the《Chemicals Management Procedure》, including:

  - Procurement Evaluation
  - Incoming Material Control
  - Usage Management
  - Storage Management
  - Waste Disposal

  and execute periodically:

  - SDS Management
  - Hazard Identification
  - Labeling Management
  - Storage Control

- **Green Supply Chain Management**

  The Company extends its environmental management requirements to the supply chain, mandating that suppliers provide declarations of conformity and test data regarding RoHS, REACH, and SVHC; furthermore, through qualification reviews, document management, and continuous monitoring mechanisms, the Company mitigates the risk of high-risk chemical substances entering the manufacturing process.

- **Future areas of continued focus**

  - Reduction of hazardous substances
  - Adoption of green materials
  - Low-carbon supply chain
  - Green design
  - Sustainable procurement management
  - Gradually reduce the environmental impact of the product lifecycle and enhance supply chain sustainability performance.

5.7 Alignment of Sustainable Products and Supply Chains with SDGs

Sustainable Products and Supply Chain SDGs Alignment

Through innovative technology, responsible procurement, and green supply chain management, we collaborate with supply chain partners to create lasting value for a sustainable future.

Theme	SDGs	SDG	Alignment and Implementation
Product Research and Innovation Continuously invest in R&D resources to develop high-efficiency, high-reliability products and enhance technical innovation and market competitiveness.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**SDG 9** Industry, Innovation and Infrastructure	• Continuously invest in industrial motors, drive systems, and electric vehicle powertrain R&D to enhance product technology and market competitiveness. 
Sustainable Product Development Develop energy-efficient and low-consumption products to help customers reduce energy use and carbon emissions.	13 CLIMATE ACTION	**SDG 13** Climate Action	• Develop high-efficiency motors and low-carbon products to improve energy efficiency and help customers reduce energy use and carbon emissions. 
Responsible Procurement Implement responsible procurement policies, promote supplier management, and strengthen material traceability.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**SDG 12** Responsible Consumption and Production	• Promote green supply chain management, RoHS, REACH, and hazardous substance management systems to ensure suppliers meet international environmental requirements. 
Local Sourcing Prioritize local suppliers to promote local economic development and strengthen supply chain resilience.	8 DECENT WORK AND ECONOMIC GROWTH	**SDG 8** Decent Work and Economic Growth	• Prioritize local suppliers in Taiwan to promote local economic development and enhance supply chain resilience and responsiveness. 
Green Supply Chain Require suppliers to comply with international environmental laws and promote green supply chain management to reduce environmental impact.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**SDG 12** Responsible Consumption and Production	• Require suppliers to comply with RoHS, REACH, and other international environmental regulations, and promote green supply chain management to reduce environmental impact. 
Human Rights and Responsible Procurement Require suppliers to respect human rights, prohibit forced labor, and promote a fair and just supply chain.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**SDG 16** Peace, Justice and Strong Institutions	• Require suppliers to respect human rights, prohibit forced labor, and ensure compliance with laws and regulations to build a responsible supply chain environment. 

FUKUTA continuously drives innovation, responsible procurement, and green supply chain management, working with supply chain partners to create economic, environmental, and social value for a sustainable future.

CHAPTER

6

TALENT DEVELOPMENT & FRIENDLY WORKPLACE

Talent Development & Friendly Workplace

6.1 Talent Structure and Recruitment
6.2 Training and Benefits
6.3 Labor Relations and Human Rights
6.4 Talent Development & Friendly Workplace SDGs Alignment





Employee Travel

Domestic and international trips to broaden perspectives and enhance team cohesion.



Health Seminars

Regular health education programs to promote well-being and a healthy lifestyle.



Health Exercise

Daily morning exercise to boost energy and vitality.



Employee Events

Workplace event activities to strengthen teamwork and celebrate achievements.

6 Talent Development and a Supportive Workplace

6.1 Talent Structure and Recruitment

The Company prioritizes talent development and organizational sustainability, continuously optimizing its workforce structure and recruitment mechanisms to actively attract professionals with specialized expertise and growth potential in alignment with operational needs. Our workforce spans diverse functions—including R&D, manufacturing, quality assurance, management, and sales—and we strengthen employee capabilities and organizational competitiveness through internal training, skill enhancement, and performance management systems.

Regarding recruitment, we utilize diverse channels such as online job boards, campus recruitment, industry-academia partnerships, and employee referrals. We uphold principles of fairness, impartiality, and diversity and inclusion, ensuring no discrimination based on gender, age, religion, or nationality. Furthermore, to meet the demands of industry evolution and smart manufacturing, we continuously strengthen our talent pipeline in R&D, technical fields, and ESG sustainability; this approach enhances our long-term development capacity and workforce resilience, enabling us to build a stable, cohesive, and high-quality team.

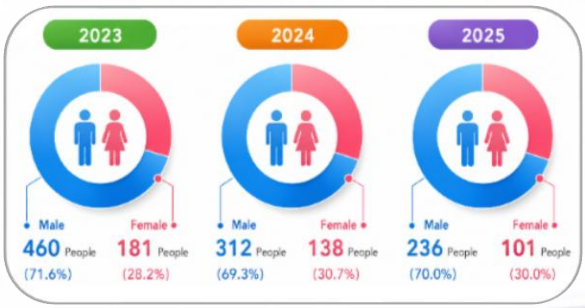
■ Employee Statistics (Gender, Age, Job Level)

The company's total headcount decreased from 641 in 2023 to 450 in 2024, and is set to drop further to 337 in 2025—a total reduction of 304 employees, or approximately 47.4%, over the three-year period. This downward trend in staffing is primarily driven by organizational restructuring, operational transformation, and workforce streamlining. Moving forward, the company will continue to focus on talent recruitment, retention, and the transfer of key technical expertise to maintain organizational effectiveness and ensure the sustainable development of its human resources.



■ Distribution of Employees by Gender

The Company's total workforce decreased from 641 employees in 2023 to 337 in 2025, with the number of both male and female employees declining year by year. The number of male employees fell from 460 to 236, with their proportion dropping from 71.8% to 70.0%; the number of female employees fell from 181 to 101, while their proportion rose from 28.2% to 30.0%. Although the workforce remains predominantly male, the proportion of women has increased slightly; the gender structure has remained stable and is evolving toward a more balanced composition.



■ 2025 Statistics on Age and Job Grade

In 2025, the workforce is predominantly composed of employees aged 31 to 50, who account for 66.2% of the total and serve as the company's core human capital; this age group also comprises 73.2% of management positions, demonstrating that mid-career professionals have become the driving force behind organizational development. While the overall age structure remains stable, the proportion of young managers is still relatively low. Moving forward, the company will continue to strengthen talent development, technical knowledge transfer, and succession planning to build a robust talent pipeline, thereby ensuring sustainable business operations and organizational competitiveness.

Age Group	Management Positions	Non-Management Positions
30 and Under	1 Person	73 People
31 – 50 Years Old	41 People	184 People
51 and Above	14 People	24 People
Total	56 People	281 People

Average and Median Salaries

Adhering to a "people-oriented" philosophy, the Company has established a market-competitive compensation system designed to attract and retain top talent. Compensation adjustments take into account individual and departmental performance, industry salary benchmarks, and the Company's operational status; these adjustments are guided by principles of fairness, ensuring no differential treatment based on gender, race, or other personal factors.

Furthermore, the Company shares the fruits of its operational success through employee remuneration and incentive schemes, thereby fostering employee cohesion and enhancing organizational effectiveness. The average salary for full-time, non-managerial employees in 2025 represents an 11.6% increase over 2024, demonstrating the Company's ongoing commitment to optimizing its compensation system and improving employee remuneration, benefits, and overall competitiveness.

- **Annual salary statistics for full-time non-supervisory employees (Taiwanese nationals, section-level and below)**

The Company maintains a fair, reasonable, and market-competitive compensation system, regularly reviewing salary structures and adjustment mechanisms to attract and retain top talent. In 2025, the average annual salary for full-time non-managerial employees was NT$597,000, an increase of 11.6% over 2024, while the median salary was NT$539,000, up 10.1% from 2024. Both average and median salaries have shown steady growth over the past three years, demonstrating the Company's commitment to continuously improving employee compensation and benefits, sharing operational success with staff, and strengthening the foundation for talent retention and sustainable corporate development.

Unit: NT$ Thousand / Pers.

Year	2023	2024	2025	Change
Average Salary	427	535	597	11.6% ↑
Median Salary	450	489	539	10.1% ↑

NOTE Calculation of Change: (2025 Amount − 2024 Amount) / 2024 Amount × 100%

Note: Both average salary and median salary are calculated on an annual basis for each employee's total annual salary. Unit: NT$ Thousand / Person.

- **Gender pay ratio (male:female)**

The Company upholds the principles of equal pay for equal work and fair compensation. Our remuneration system is structured based on job responsibilities, professional capabilities, work performance, and market standards, ensuring no pay disparity based on gender. In 2025, the male-to-female compensation ratios across all job categories remained within reasonable ranges: for production roles, the ratio was 1:1.07 for monthly salary and 1:1.08 for annual salary; for management roles, it was 1:1.15 for both monthly and annual salaries; and for R&D roles, it was 1:1.36 for monthly salary and 1:1.39 for annual salary. These figures demonstrate that compensation differences across job categories primarily reflect factors such as job rank, seniority, and professional background. Moving forward, we will continue to strengthen talent development and promotion mechanisms while fostering a workplace culture rooted in gender equality and diversity and inclusion.

SALARY RATIO ANALYSIS TABLE (BY JOB CATEGORY AND GENDER)

Unit: times (Female : Male)

CATEGORY / JOB CATEGORY	ITEM	2023		2024		2025	
		Female : Male	Female : Male	Female : Male	Female : Male	Female : Male	Female : Male
		Monthly Salary Ratio	Annual Salary Ratio	Monthly Salary Ratio	Annual Salary Ratio	Monthly Salary Ratio	Annual Salary Ratio	Monthly Salary Ratio	Annual Salary Ratio	Monthly Salary Ratio	Annual Salary Ratio
PRODUCTION JOBS	Production Jobs	1 : 1.03	1 : 1.04	1 : 1.05	1 : 1.06	1 : 1.07	1 : 1.08
MANAGEMENT JOBS	Management Jobs	1 : 1.13	1 : 1.12	1 : 1.11	1 : 1.13	1 : 1.15	1 : 1.15
R&D JOBS	R&D Jobs	1 : 1.24	1 : 1.23	1 : 1.15	1 : 1.15	1 : 1.36	1 : 1.39

NOTE The salary ratios reflect differences in job level, years of service, and professional background, not gender-based discrimination. The Company will continue to optimize talent development and promotion systems to strengthen gender equality.

New Hire/Turnover Rate:

In alignment with client requirements, the Company attracts diverse talent through various channels—including online and offline recruitment—while offering competitive compensation and a collaborative work environment. In 2025, the Company recruited 35 male employees, representing 63.64% of all new hires. Regarding age demographics, 14 new hires were under the age of 30 (25.45% of the total); 33 were aged 30 to under 50 (60%); and 8 were aged 50 or older (14.55%).

New Employee Statistics / Year		2023		2024		2025	
		Total	Percentage	Total	Percentage	Total	Percentage
Age Group	Under 30 years old	158	45.66%	12	23.53%	14	25.45%
	30 to 50 years old	179	51.73%	35	68.63%	33	60.00%
	51 years old and above	9	2.60%	4	7.84%	8	14.55%
Gender	Male	261	75.43%	29	56.86%	35	63.64%
	Female	85	24.57%	22	43.14%	20	36.36%

The gender and age distribution of employees who have left the company in recent years is as follows:

The Company continuously monitors workforce mobility, regularly analyzing turnover patterns and evaluating the effectiveness of retention measures. In 2025, the 30–50 age group continued to account for the majority of departing employees (64.90%); however, the turnover rate among employees under the age of 30 declined compared to the previous two years, indicating an improvement in the retention of new hires. Moving forward, the Company will continue to enhance compensation and benefits, training programs, and career development systems to boost employee engagement and organizational stability, thereby fostering a competitive environment for talent development.

2023-2025 EMPLOYEE TURNOVER COMPOSITION ANALYSIS		2023		2024		2025	
		Count	Percentage	Count	Percentage	Count	Percentage
AGE GROUP	Under 30 years old	71	33.33%	84	34.01%	39	25.83%
	30 years old and over under 51 years old	129	60.58%	159	64.37%	98	64.90%
	51 years old and over	13	6.10%	4	1.62%	14	9.27%
GENDER	Male	152	71.36%	178	72.06%	98	64.90%
	Female	61	28.64%	69	27.94%	53	35.10%

Note: Percentage = (Number in each category / Total number of employees) × 100%

Industry-Academia Collaboration and Corporate Visits

To foster interaction and alignment between academia and industry while cultivating top-tier talent that meets industry needs, the company has long prioritized industry-academia collaboration and talent development, actively participating in campus engagement and talent development initiatives. We have previously collaborated and interacted with institutions such as Dajia Industrial High School, National United University, and Providence University, using practical exchanges to enhance students' understanding of industry trends and the workplace environment.

In 2025, we hosted faculty and students from Southern Taiwan University of Science and Technology for a corporate visit. Through on-site tours and interactive sessions, we helped students gain insights into industry trends, corporate operational models, and future career paths, thereby further strengthening the ties between the company and educational institutions while advancing our goals of corporate social responsibility and sustainable talent development.


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企業參訪
熱心教育 嘉惠師生
特致此狀 謹申謝忱
校長 黃能富
中華民國 114 年 5 月 9 日

Key Talent and Succession Planning

The Company firmly believes that talent is the cornerstone of sustainable corporate development. To support organizational growth and future operational needs, we continuously drive key talent development and succession planning initiatives, establishing a robust talent pipeline to ensure the effective transfer of core technologies, management expertise, and operational knowledge. Tailored to specific roles and development needs, we design distinct training pathways for senior executives, middle managers, and technical professionals; through education and training, competency development, practical work experience, and professional advancement, we strengthen both individual competitiveness and organizational resilience.

Through systematic talent development and succession planning, the company continuously strengthens the leadership capabilities of managers at all levels and the technical expertise of professionals. By establishing a robust talent development system, the company enhances its organizational competitive advantage and capacity for sustainable operations, thereby laying a solid foundation for future growth.



6.2 Training and Benefits

The Company places great importance on talent development and employee well-being, continuously establishing a comprehensive education and training system. We design courses—covering onboarding, professional skills, management competencies, and occupational health and safety—tailored to specific job requirements to enhance employees' professional capabilities and work efficiency. Furthermore, we strengthen talent development and organizational competitiveness through internal and external training, on-the-job professional development, and regulatory training.

Training Planning Mechanism

In the fourth quarter of each year, the Human Resources Department coordinates a company-wide training needs assessment and consolidates OJT (On-the-Job Training) recommendations from various units. By aligning these inputs with the operational priorities and strategic direction for the upcoming year, the department plans cross-departmental core courses to establish a comprehensive training roadmap. The curriculum combines the transfer of internal expertise

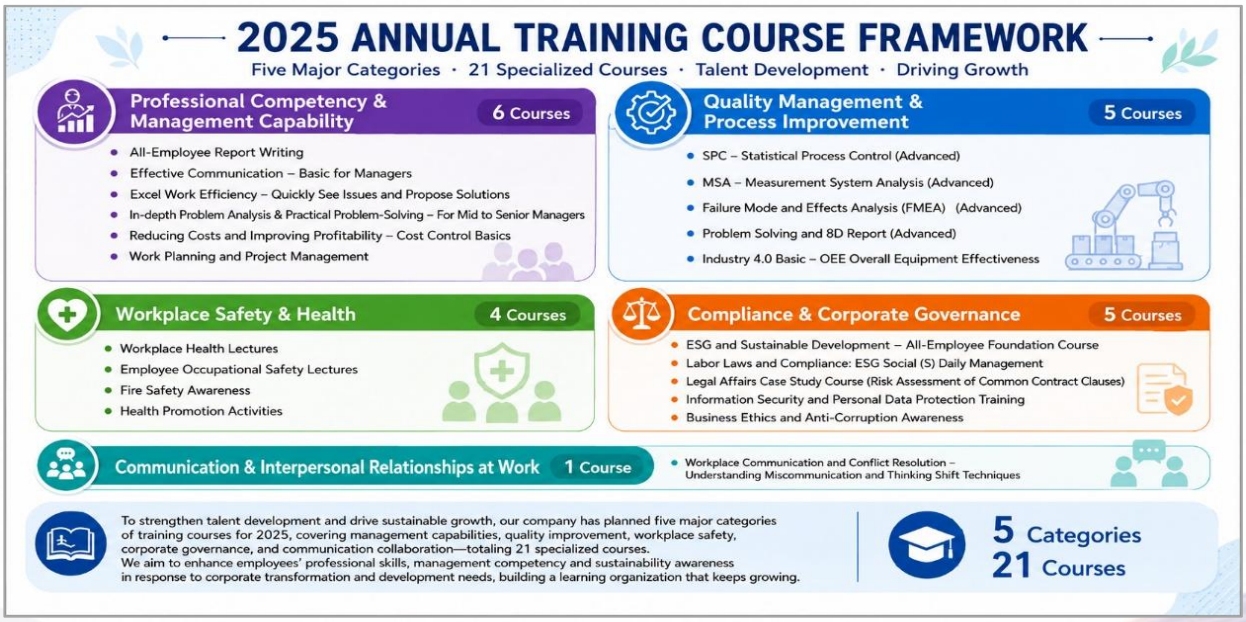
with instruction from external professional lecturers, covering areas such as professional skills, management competencies, regulatory compliance, and sustainability topics, thereby continuously enhancing the overall capabilities of the workforce.

Diverse Curriculum Design

Based on varying job levels and functional requirements, the Company has designed diverse training programs; the target audiences and content are outlined below:



2025 Course Types and Examples:



Statistics on Employee Training (2025)

The Company places great importance on talent cultivation and professional development, designing tiered training programs tailored to specific job roles to continuously enhance employees' professional capabilities and management competencies. In 2025, training hours totaled 580.5 hours for management (averaging 10.37 hours per person), 1,629 hours for indirect personnel (averaging 9.25 hours per person), and 1,284.5 hours for direct personnel (averaging 12.23 hours per person—the highest average among the categories). With a total of 3,494 training hours for the year, the Company demonstrates its ongoing commitment to investing in talent development, thereby strengthening organizational competitiveness and the foundation for sustainable growth.

Category	Total Training Hours (hours)	Number of Participants (persons)	Average Training Hours (per person)
Management Level	580.5 hrs	56 persons	10.37 hrs
Indirect Staff (Support Functions)	1629 hrs	176 persons	9.25 hrs
Direct Staff (Production)	1284.5 hrs	105 persons	12.23 hrs

Average Training Hours (per person) = Total Training Hours (hours) / Number of Participants (persons)

Analysis of training results:

The Company remains committed to employee training and talent development. Through a diverse curriculum, we help staff enhance their professional expertise, management skills, and sustainability literacy, thereby fostering a corporate culture of continuous learning and self-growth.

The training program for 2025 covers areas such as professional competencies, quality management, ESG and sustainable development, regulatory compliance, information security, workplace health, and collaborative communication. These initiatives effectively strengthen employees' professional capabilities and cross-departmental collaboration efficiency while raising awareness regarding corporate sustainability and risk management.

In 2025, a total of 404,598 yuan was invested in education and training, amounting to 3,494 hours. The training covered various job levels—including management, indirect personnel, and direct personnel—with an average of over 10 hours of training per person, demonstrating the company's commitment to talent development and sustainable operations.



Employee Compensation and Benefits Policy

The Company has established a competitive compensation and benefits system. Salaries are determined through a comprehensive assessment of job responsibilities, professional expertise, work performance, and market rates, and are subject to periodic review and adjustment. For the 2025 fiscal year, a company-wide salary adjustment is being implemented, resulting in an average increase of approximately 3%. Additionally, incentive measures—such as year-end bonuses and performance bonuses—are provided to boost employee engagement and retention.

Regarding employee benefits, the company complies with legal requirements by providing labor and health insurance, pension contributions, and various leave schemes, alongside perks such as holiday bonuses, allowances for weddings and funerals, company trips, health check-ups, and provided lunches. Furthermore, through initiatives that foster well-being—such as health promotion activities, stress-relief classes, and a Muslim prayer room—the company cultivates a safe, healthy, diverse, and inclusive work environment, continuously enhancing employee happiness and corporate competitiveness.

Category	Benefits
Basic Benefits	• Includes statutory benefits such as health insurance, labor insurance, parental leave, maternity leave, breastfeeding room, special leave, and retirement system in accordance with government regulations.
Employee Rewards	• Year-end bonus • Performance (merit) bonus • Employee retention bonus • Attendance bonus
Employee Welfare	• Marriage, childbirth, funeral, and education subsidies and other welfare programs to meet employees' needs at different life stages. • Meal allowances, employee clubs and associations. • Holiday gifts and vouchers for occasions such as Labor Day, Dragon Boat Festival, and Mid-Autumn Festival. • Travel subsidies.
Education & Training	• Subsidies are provided for external education and training courses based on business needs.
Insurance & Healthcare	• Group insurance: accidental insurance, hospitalization insurance, overseas business trip insurance. • Regular employee health check-ups. • Irregular health seminars and wellness activities. • On-site nurse service.
Diversity, Equity & Inclusion	• Nursery and prayer rooms. • Pregnant and breastfeeding priority parking spaces, and accessible parking spots.
Employee Welfare Facilities	• Employee dormitories. • Safety and security facilities in the workplace. • Company shuttle bus service.

Employee Care and a Happy Workplace

- **Health promotion activities**

The company plans and implements diverse health promotion activities annually—including the execution of four major occupational health protection programs, health seminars, and stress-relief workshops—aimed at enhancing employees' health awareness and quality of life.

In addition, the company organizes health seminars and ESG-focused stress-relief activities, with topics including:

- **Implementation of the four major plans for worker health protection**

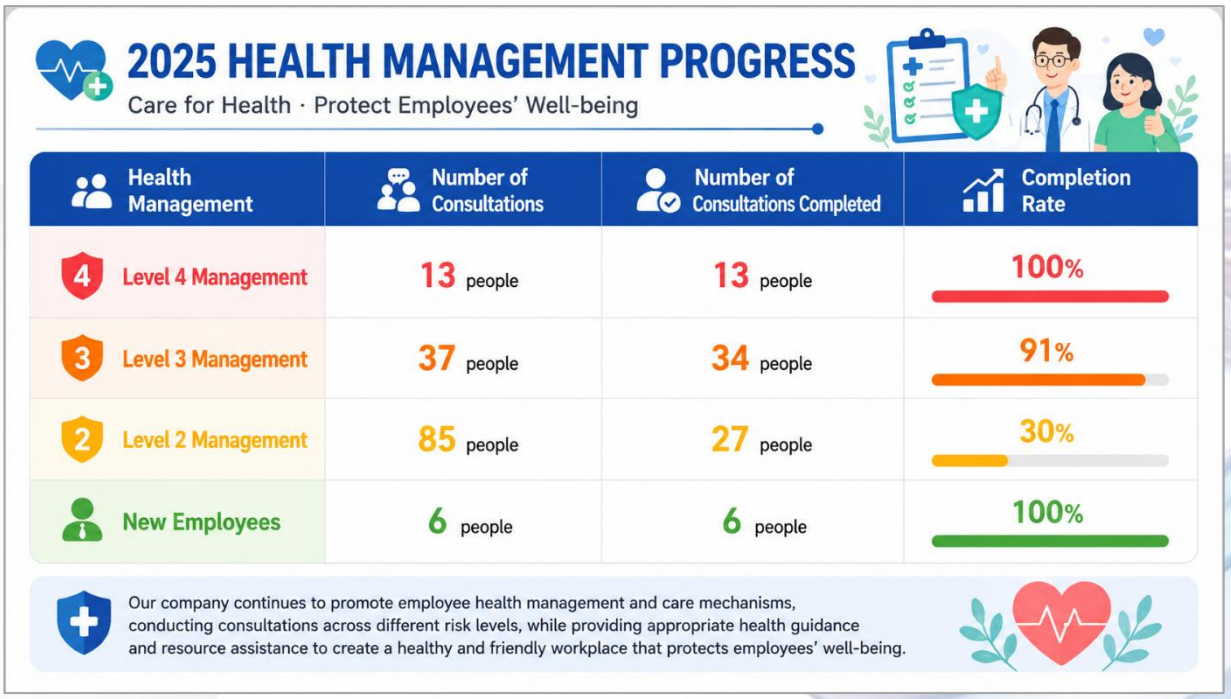
The Company attaches great importance to the physical and mental health and occupational safety of its employees. To implement the concept of a healthy workplace, starting in 2024, it is comprehensively promoting four major worker health protection programs, including:

- Prevention Program for Diseases Triggered by Excessive Workload
- Prevention Program for Human Factor Hazards
- Maternal Health Protection Program
- Plan for Preventing Unlawful Infringement During the Performance of Duties

We continuously enhance the quality of employee health care through institutionalized management and the integration of professional medical resources. To strengthen our health management framework, we partner with professional medical institutions to station a qualified occupational health nurse at the facility on a weekly basis. This professional provides services such as health consultations, health risk assessments, occupational injury and illness prevention, and case follow-ups, helping employees cultivate sound health management concepts.

In addition, we arrange for occupational medicine specialists to visit the site quarterly to conduct interviews and assessments for employees with abnormal health check-up results, those engaged in high-risk tasks, individuals requiring chronic disease management, and those needing mental health support; these specialists provide professional health guidance and recommendations for improvement. For employees experiencing health abnormalities, work adjustment issues, or high levels of psychological stress, we utilize individual interviews and follow-up mechanisms to assist them in improving their health status and ability to adapt to their work.

The Company prioritizes employee health and occupational safety. We have established a tiered health management system based on health check-up results, utilizing occupational health nurses and occupational medicine specialists to conduct health risk assessments, case follow-ups, and health guidance. In 2025, we conducted health management follow-ups for employees across various tiers: 13 in Tier 4, 37 in Tier 3, 85 in Tier 2, and 6 new hires. Notably, the interview completion rate reached 100% for both Tier 4 employees and new hires, while the completion rate for Tier 3 employees was 91%. Moving forward, the Company will continue to strengthen health care and monitoring mechanisms for high-risk groups and fully implement the four major worker health protection programs, thereby creating a safe, healthy, and supportive workplace environment.



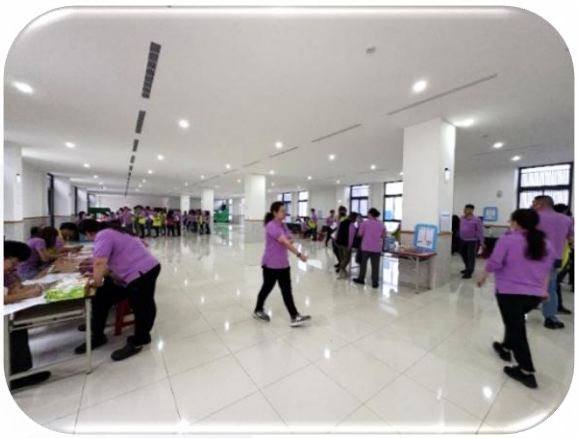
- **Healthy Diet**

Through health seminars and health education activities, practical knowledge is provided—such as how to interpret nutrition labels, tips for making healthy choices when dining out, and methods for managing one's daily diet.



- **Explanation of Health Checkup Indicators**

The Company conducts annual health check-ups for all employees, as well as specialized health examinations for those engaged in specific types of work; the scope and frequency of these examinations exceed regulatory requirements, and the Company covers all associated costs. Results from the 2025 health examinations revealed no cases of occupational disease caused by chemical, physical, or ergonomic hazards. For individuals identified as high-risk or showing abnormal health indicators, the Company has established a tiered health management and tracking mechanism. We provide job adjustments and preventive measures as necessary to continuously mitigate occupational health risks and safeguard employee health and workplace safety.



- **Breast Cancer Prevention and Control**

Promote the practice of regular breast self-examinations and help employees establish a habit of daily self-monitoring of their health, thereby facilitating the early detection of abnormal signs.



- **Psychological Stress Management**

The Company prioritizes the physical and mental well-being of its employees and their work-life balance, continuously implementing health promotion and psychological support initiatives to help staff effectively manage work-related stress and enhance workplace well-being. Through health seminars, employee care interviews, and diverse recreational activities, we foster positive health attitudes and a culture of open communication. Furthermore, by leveraging managerial support, cross-departmental coordination, and workplace safety management mechanisms, we mitigate work-related stress and risks, creating a friendly, safe, and supportive environment that strengthens employee cohesion and organizational resilience.



- **Morning Meeting and Morning Exercises**



Short columns are selected daily from the newspaper, and the duty officer (or supervisor) leads a reading and shares personal reflections during the morning meeting. This cultural activity has been sustained for over 30 years, becoming a vital mechanism for upholding the company's corporate culture and passing on its spirit.

In addition to work announcements and safety reminders, the daily morning meeting incorporates morning exercises and stretching routines to promote employees' physical and mental well-being and enhance team cohesion. Through articles rich in life wisdom, the meetings encourage colleagues to center themselves before the workday begins, cultivate positive thinking and humanistic values, and foster a workplace atmosphere that is warm, harmonious, and filled with positive energy.

- **Employee Trip**

The company places great importance on the physical and mental well-being of its employees as well as work-life balance, viewing company trips as a key initiative to foster team cohesion and enhance workplace happiness. To accommodate diverse employee needs and ensure a rewarding travel experience, the company alternates between domestic and international destinations for these excursions. This allows colleagues to relax, interact, broaden their horizons, and gain cultural insights through varied leisure activities. Beyond offering a chance to unwind and relieve work-related stress, these trips facilitate cross-departmental interaction and teamwork, strengthening interpersonal bonds and organizational cohesion while cultivating a positive corporate culture and collaborative atmosphere. The company also encourages employees to bring their families along; this fosters stronger family ties and deepens the employees' sense of identification with the organization, allowing them to truly feel the company's care and support.



2024 Trip to Cebu, Philippines



2024 Trip to Chiang Mai, Thailand



2025 Travel to Southern China



2025 Domestic Travel to Hualien

- Festivals and Events



2025 Kick-off Lucky Draw - 1



2025 Kick-off Lucky Draw - 2



2025 Year-End Party - 1



2025 Year-End Party - 2

■ Outcomes of Welfare Investment

Adhering to a "people-oriented" management philosophy, the Company continuously invests in employee health care, benefits, and talent development, striving to create a safe, healthy, and growth-oriented work environment. In 2025, total investment in areas such as health check-ups, group insurance, employee trips, and training programs reached NT$980,600. Specifically, NT$404,600 was allocated to training to continuously enhance professional capabilities and career development; NT$263,000 went toward group insurance to strengthen employee protection; NT$224,000 was invested in employee trips to foster physical and mental well-being as well as team cohesion; and NT$89,000 was spent on health check-ups to implement effective health management. Through these diverse benefits and talent development initiatives, the Company not only boosts employee satisfaction and engagement but also strengthens organizational competitiveness and the foundation for sustainable development, thereby achieving the goal of mutual growth for both the enterprise and its employees.

2025 INVESTMENT OVERVIEW

Item	2025 Investment Amount
Health Examinations	89,000 NTD
Group Insurance	263,000 NTD
Employee Travel	224,000 NTD
Education & Training	404,600 NTD
Total	980,600 NTD

6.3 Labor-Management Relations and Human Rights

The Company attaches great importance to harmonious labor-management relations and the protection of human rights. Upholding principles of legality, equality, and mutual respect, we have established effective communication mechanisms—utilizing meetings, announcements, and feedback channels—to understand and promptly address employee needs, thereby maintaining stable and harmonious labor-management relations. We strictly comply with labor laws and regulations, safeguarding employees' rights regarding compensation, working hours, leave, insurance, and benefits, while providing a safe and healthy work environment.

Regarding its human rights policy, the Company upholds international human rights principles and establishes fair, transparent, and inclusive workplace systems. It prohibits all forms of discrimination, harassment, forced labor, and child labor, ensuring no unfair treatment based on gender, age, religion, nationality, or other differences, while striving to cultivate a workplace culture of diversity, equity, and inclusion. At the same time, the Company prioritizes the well-being and communication needs of foreign employees, providing a supportive work and accommodation environment. Through education, training, and awareness-raising activities, it enhances employees' human rights awareness and fosters a culture of mutual respect in the workplace, ensuring that every employee works in an environment characterized by safety, respect, and opportunities for growth. In line with the spirit of corporate sustainability and social responsibility, the Company focuses on the following four key areas regarding employee rights:

■ Labor-Management Meeting

The Company values the right of employees to express their views and participate in decision-making. In accordance with the Labor Standards Act and relevant regulations, we have established a formalized, two-way, and representative labor-management communication mechanism, committed to building a labor-management relationship based on fairness, transparency, and mutual trust.

- **Statutory Communication Organization Structure and Representative Composition (2025)**

  ※Worker representatives are elected by the entire workforce, with guaranteed quotas based on gender to ensure that the voices of diverse groups of workers are represented.

- **Overview of Labor-Management Meeting Operations**:
  - Frequency of meetings: Held regularly on a quarterly basis; extraordinary meetings may be convened when necessary.
  - Meeting Agenda: In addition to reporting on personnel updates, business status, benefits planning, and operational improvements, discussions will also cover topics such as work rules, employment conditions, and the election of representatives.
  - Processing Mechanism: Recommendations will be incorporated into meeting discussions; following a feasibility assessment, they will be included in the improvement plan, and relevant units will track their implementation.



■ Human Rights Protection Policy

The Company attaches great importance to the protection of human rights and the fundamental rights of employees. Upholding principles of respect, equality, and fair treatment, we are committed to creating a safe, diverse, and inclusive work environment. In compliance with labor laws and the spirit of international human rights standards, the Company prohibits all forms of discrimination, harassment, forced labor, child labor, and improper treatment, ensuring that no employee is subjected to unfair treatment based on gender, age, religion, nationality, race, or other differences.

Furthermore, the Company has established channels for labor-management communication and grievance reporting to safeguard employees' rights to freedom of expression and the filing of complaints. We regularly conduct training sessions on occupational health and safety, human rights, and the prevention of sexual harassment to enhance employees' human rights awareness and foster a workplace culture of mutual respect. We also prioritize the well-being and employment rights of foreign employees by providing a welcoming work and accommodation environment, striving to cultivate a workplace culture that is healthy, safe, and respectful of human rights, thereby fulfilling our commitment to corporate sustainability and social responsibility.

● Establishment of Management Policies and Systems

- Policy Principles: Establish a Code of Conduct for the Protection of Labor Human Rights, covering aspects such as working hours management, the prohibition of child labor and forced labor, humane treatment, anti-discrimination, the prevention of workplace sexual harassment, the protection of religious beliefs, and freedom of association.
- Commitment to Diversity and Inclusion: Established the "Administrative Measures for Religious Beliefs" and "Administrative Measures for Recruitment and Employment" to explicitly safeguard religious and cultural diversity, while strictly prohibiting the assignment of night shifts to underage workers and the employment of child labor.
- Goal Setting: 100% compliance with regulatory requirements; continuously build a workplace culture that fosters gender equality, ethnic diversity, and respect for human rights.

- **Risk identification and control mechanisms**
  - Regularly assess internal risks regarding forced labor and working hour controls; monitor consecutive workdays and holiday scheduling; and establish grievance mechanisms to eliminate involuntary labor.
  - Verify age documentation during interviews to ensure no child labor is employed, and enforce restrictions on work periods and hours for juvenile workers.
  - Explicitly prohibit discriminatory treatment based on gender, age, religion, or status in recruitment, promotion, performance evaluation, and compensation systems.
  - Ensure employees enjoy the right to freedom of association, free from any interference or restriction.
- **Human Rights Education and Training System**
  - The Company has established a comprehensive human rights education and training mechanism designed to embed human rights awareness into its core corporate culture, ensuring that policies are effectively communicated and implemented:
  - Onboarding Training: On their first day, new employees attend a 30-minute course on human rights and corporate social responsibility. The curriculum covers labor rights, grievance mechanisms, and anti-discrimination policies, utilizing multimedia instruction through videos and presentations.
  - Assessment of Learning Outcomes: Employees are required to complete a post-training test (consisting of 40 questions, with a passing score of 80). Those who do not meet the passing standard must undergo remedial training to ensure a thorough understanding of the material.
  - The implementation results are shown in the figure below:



- **Human Rights Management Performance**

Guided by a business philosophy that upholds respect for human rights, equal treatment, and legal compliance, the Company continuously advances its human rights management systems and related training programs, striving to create a safe, friendly, diverse, and inclusive workplace. In 2025, the Company maintained strong performance across all human rights management indicators; there were no incidents involving child labor, forced labor, discrimination, sexual harassment, or human rights grievances—maintaining a record of zero violations—demonstrating the effective integration of human rights policies and management measures into daily operations. Additionally, the completion rate for human rights training assessments among new hires reached 100%; through ongoing advocacy and training, the Company has strengthened employee awareness regarding labor rights, diversity and inclusion, anti-discrimination, and workplace respect. Moving forward, the Company will continue to refine its human rights risk management mechanisms, deepen its human rights culture, safeguard employees' legitimate rights and interests, and foster a work environment built on fairness, respect, and trust.

HUMAN RIGHTS MANAGEMENT PERFORMANCE

Fukuta Electric is committed to upholding human rights and providing a fair, respectful, and safe working environment.

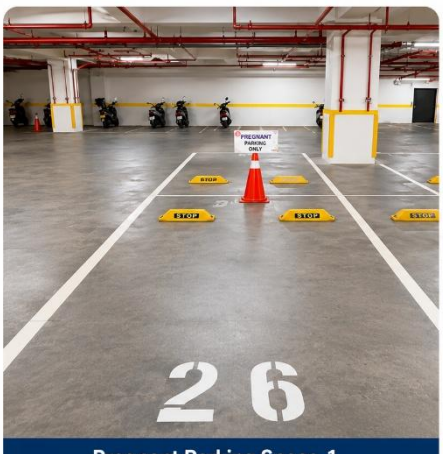
MANAGEMENT INDICATORS	2025
Child Labor Incidents	0
Forced Labor Incidents	0
Discrimination Cases	0
Sexual Harassment Cases	0
Human Rights Complaint Cases	0
Human Rights Training Completion Rate	100%



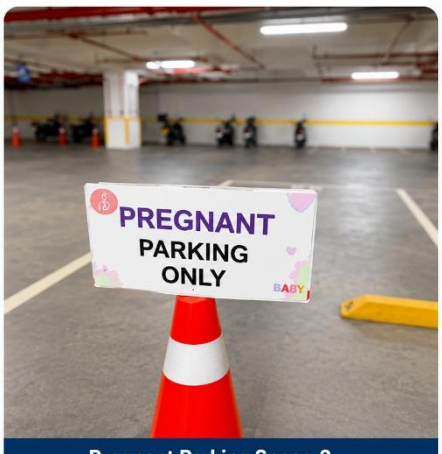
We continue to strengthen our human rights management system and conduct regular education and awareness programs to ensure all employees understand and follow human rights policies.
Together, we build a respectful, inclusive, and trustworthy workplace.

- **Workplace measures friendly to women and children**

With an emphasis on employee well-being and a diverse and inclusive workplace culture, the Company is committed to creating a friendly, safe and supportive work environment, with special attention to the needs of female employees during pregnancy and childcare. To improve the convenience and safety of pregnant colleagues commuting to and from work, the company plans to set up a "female and child-specific parking space" near the main exit and entrance of the factory parking lot to provide pregnant female colleagues with priority use, reduce the burden of walking distance and stairs up and down, reduce the discomfort and potential risks caused by long distance walking or carrying items.



Pregnant Parking Space-1



Pregnant Parking Space-2

In addition to designated parking spaces for women and those with young children, the company provides—in accordance with the law—leave for prenatal checkups, accompanying leave for prenatal checkups and childbirth, maternity leave, and parental leave without pay. We have also established nursing rooms across our facilities, offering private, safe, and comfortable spaces to help female employees balance their professional duties with family care responsibilities. Furthermore, supervisors proactively monitor the work situations of pregnant employees, adjusting tasks or work environments based on actual needs to minimize workplace risks and safeguard the health of both the mother and the fetus.



We believe that a friendly workplace environment not only enhances employee well-being and job satisfaction but also demonstrates our commitment to respecting human rights, promoting gender equality, and caring for our workforce. Moving forward, we will continue to implement measures that support women and families, fostering an inclusive and supportive environment where every employee can work with peace of mind and achieve steady professional growth at various stages of life, thereby realizing our shared goal of sustainable, mutual prosperity for both the company and its employees.

- **Multicultural care**

The Company respects the diverse cultural backgrounds, religious beliefs, and fundamental human rights of its employees, and is committed to fostering a friendly, equal, and inclusive work environment. Recognizing that many of our foreign migrant workers come from Muslim-majority nations such as Indonesia, we have established a dedicated Muslim prayer room within the dormitory complex to help them balance their work responsibilities with their religious observances. This space provides a quiet, clean environment suited to religious worship, enabling colleagues to perform their daily prayers and practice their faith with peace of mind.



In addition to providing dedicated prayer spaces, the company respects the lifestyle habits and cultural needs of Muslim employees during Ramadan. Through dormitory management, personal care, and daily communication channels, the company assists foreign migrant workers in adapting to their work and living environments, thereby fostering a sense of belonging and job stability. Furthermore, the company regularly gathers employee feedback and identifies their needs through management, dormitory staff, and support mechanisms for foreign workers; these efforts establish effective communication channels that promote harmonious labor relations and cultural integration.

- **Diversity and Inclusion Achievements**

The Company is committed to fostering a workplace environment rooted in Diversity, Equity, and Inclusion (DEI), respecting the rights and needs of employees across diverse genders, ages, nationalities, religious beliefs, and cultural backgrounds. As of 2025, women account for 30% of the workforce and 34% of management positions, demonstrating the Company's ongoing success in promoting gender equality and women's career advancement. Furthermore, the Company employs 45 foreign nationals and provides a dedicated Muslim prayer room, ensuring a work-life environment that is welcoming and respectful of religious beliefs. Facilities such as three nursing rooms and two designated parking spaces for expectant mothers and employees with young children are also provided to help staff balance family and professional responsibilities. Moving forward, the Company will continue to advance DEI policies and cultivate a workplace culture defined by fairness, respect, and care, enabling every employee to work with peace of mind, fully realize their potential, and collectively achieve our corporate sustainability goals.

- **Implementation Results and Audit Outcomes (2023–2025)**

Upholding the principles of respect for human rights, equal treatment, and diversity and inclusion, the Company strictly adheres to international human rights conventions, labor laws, and corporate social responsibility standards, striving to create a fair, safe, and dignified work environment. In 2025, all human rights management targets were met; there were no incidents involving child labor, forced labor, discriminatory treatment, or violations of the freedom of association, demonstrating the Company's tangible achievements in safeguarding human rights and protecting labor interests. Furthermore, the pass rate for human rights training assessments among new hires reached 100%, indicating that human rights awareness has been deeply embedded in both onboarding programs and corporate culture. Moving forward, the Company will continue to strengthen human rights risk management and foster a culture of workplace respect through education, policy refinement, and grievance communication mechanisms, ensuring that every employee can work and grow with peace of mind in an environment characterized by safety, equality, and mutual respect.

MANAGEMENT INDICATORS	RESULTS
Presence of Child Labor	No
Occurrence of Forced Labor or Involuntary Labor	No
Occurrence of Discrimination	No
Freedom of Association and Right to Collective Bargaining	No
New Employee Human Rights Training Completion Rate	100%

Communication channels



The Company values employee feedback and has established diverse, two-way, and institutionalized communication mechanisms to facilitate dialogue and coordination between labor and management, thereby continuously deepening mutual understanding and trust. Since its inception, the Company has maintained harmonious labor-management relations, free from any major disputes, and the risk of future losses is extremely low—demonstrating a stable and mature communication culture. To effectively capture employee feedback regarding management policies and benefits systems, the Company utilizes the following multiple communication channels:

- **Regular labor-management meetings**

Held quarterly, these meetings enable employee representatives to discuss and propose ideas regarding working conditions, benefits policies, and workplace issues; through this process, mutual consensus is reached, ensuring open and effective communication.

- **Response and Handling Process**

All reported matters are handled in accordance with the principles of fairness, confidentiality, and promptness; significant cases are referred to the relevant departments for review and a response regarding the outcome, ensuring that issues receive a substantive reply and are effectively addressed.

- **System of three specialized committees**

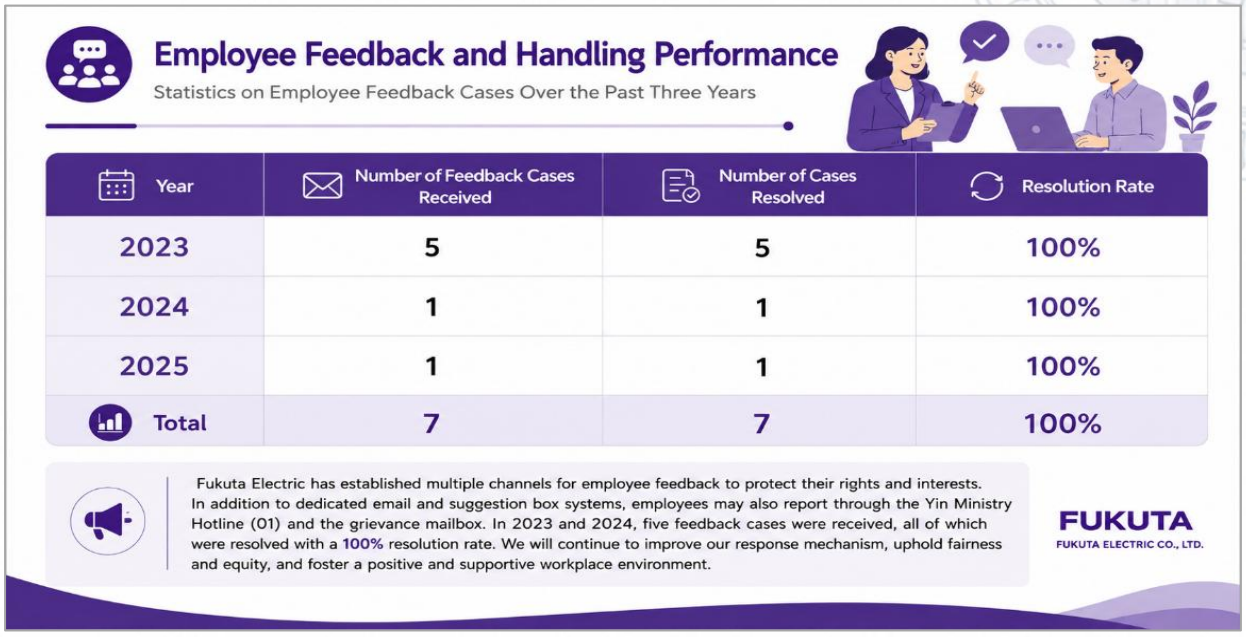
  The Welfare Committee and the Labor Retirement Reserve Fund Supervisory Committee meet regularly to assist in safeguarding employees' rights and interests and enhancing their well-being, in accordance with their respective responsibilities. ◦

- **Anonymity and real-time response mechanism**

  Channels for anonymous and immediate communication—such as suggestion boxes, internal feedback systems, email, and HR contact points—are provided, allowing employees to freely express suggestions, inquiries, or grievances.

- **Effectiveness of handling employee feedback**

  The Company values employee feedback and needs, establishing diverse and accessible communication channels that encourage staff to voice suggestions and concerns through feedback mechanisms, labor-management meetings, and grievance procedures. Between 2023 and 2025, a total of seven employee feedback cases were received; all have been addressed and responded to, achieving a 100% completion and response rate. Through real-time communication and continuous improvement mechanisms, the Company actively responds to employee concerns, strengthens mutual trust and organizational cohesion, and fosters an open, respectful, and harmonious work environment.

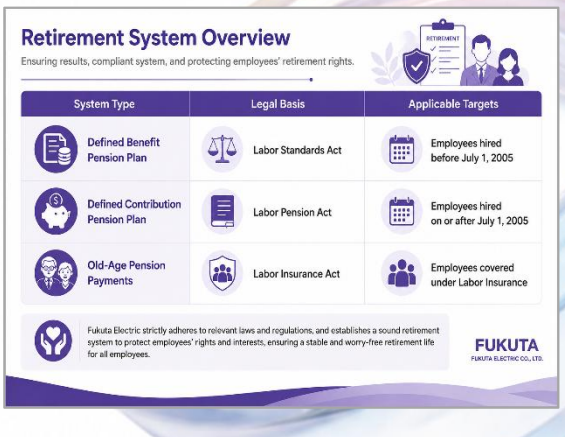


Retirement Management

The Company has established a comprehensive retirement security system in accordance with the Labor Standards Act, the Labor Pension Act, and the Labor Insurance Act. This system encompasses three mechanisms—the old pension scheme, the new pension scheme, and the labor insurance old-age benefit—to safeguard employees' retirement rights. In compliance with the law, the Company makes monthly contributions (at a rate of 6%) to employees' individual pension accounts under the new scheme and engages professional accounting consultants to periodically conduct actuarial valuations of retirement reserves, thereby ensuring the system's long-term sustainability and stability.

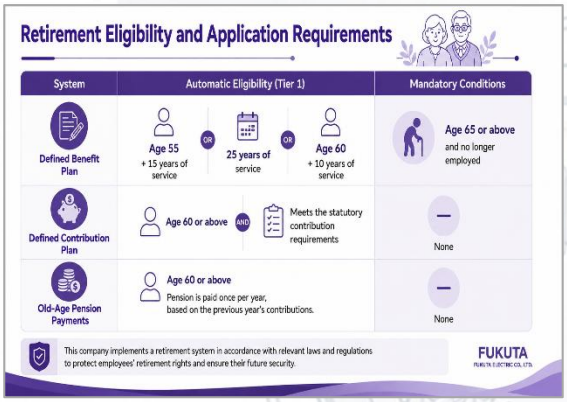
- **Basis for the retirement system**

  In accordance with relevant regulations—including the Labor Standards Act, the Labor Pension Act, and the Labor Insurance Act—the Company has established a comprehensive and diverse retirement security system. We provide various safeguards tailored to employees subject to different regulatory frameworks, such as the "old system" and "new system" pensions and labor insurance old-age benefits, while ensuring statutory pension contributions and benefit disbursements are properly handled. Through the sound planning and management of our retirement system, we enable employees to work with peace of mind and effectively plan for their retirement, thereby fulfilling our commitment to employee well-being and sustainable business operations.



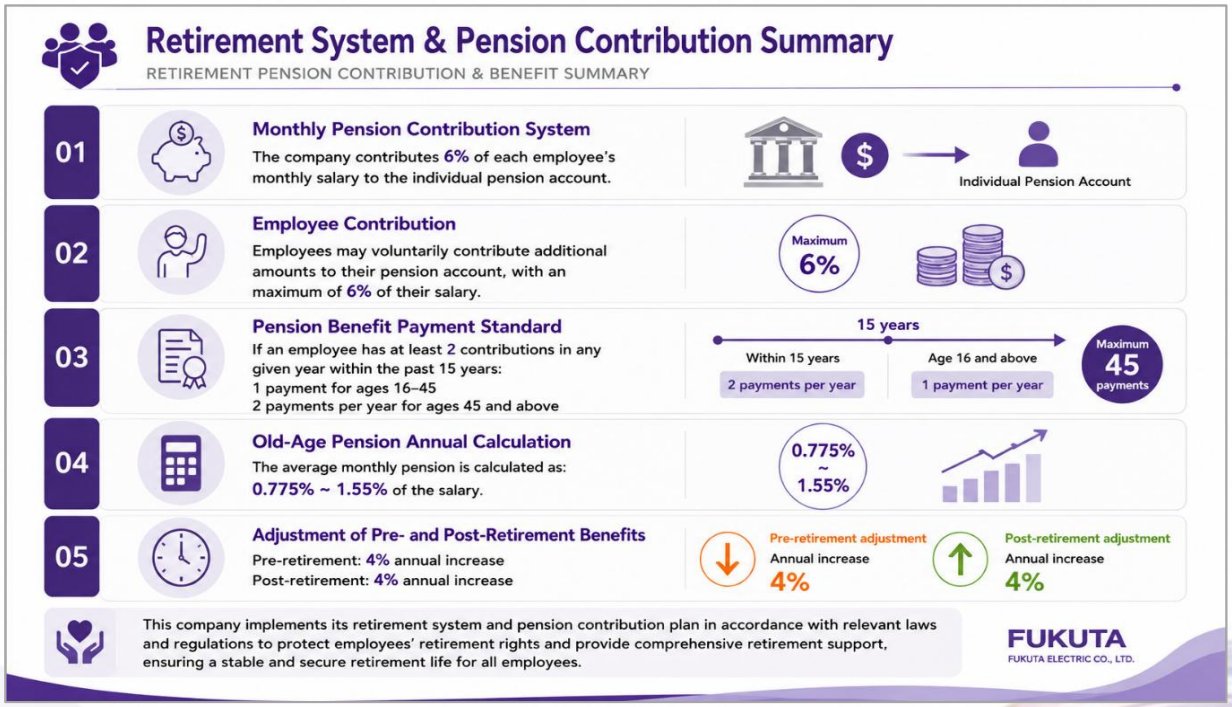
- **Retirement Eligibility and Claim Conditions**

The Company strictly adheres to the Labor Standards Act and the Labor Pension Act, safeguarding employees' retirement rights and ensuring their financial security in retirement. In addition to making mandatory pension contributions, the Company manages retirement-related procedures in accordance with both the new and old labor pension systems and the labor insurance old-age benefit scheme, thereby ensuring a stable source of income for employees upon retirement. By consistently implementing a lawful, transparent, and comprehensive retirement system and assisting employees with long-term career and retirement planning, the Company demonstrates its commitment to employee well-being and long-term care.



- **Summary of Contributions and Benefits**

The Company administers employee pension contributions in accordance with the Labor Pension Act and relevant regulations. In addition to making mandatory monthly pension contributions, the Company encourages employees to make voluntary contributions based on their individual needs to enhance their retirement security. By integrating the new and old labor pension systems with the labor insurance old-age benefit scheme, the Company helps employees establish a comprehensive retirement security framework, thereby strengthening long-term livelihood security and support for career development.



- Payment and Administration Procedures
  - The company must complete payment within 30 days after an employee applies for retirement.
  - Installment payments may be arranged subject to approval by the competent authority.
  - Applications for pension payments must be submitted within five years, starting from the month following retirement; claims become void after this period.
  - The retirement reserve oversight committee is responsible for the allocation and use of funds.
  - Professional actuarial calculations are conducted annually to ensure sufficient funds and the sustainability of the system.

- **Statistics on the number of retirees over the past three years (see chart below)**

The Company has established a comprehensive retirement system and management mechanism for retirement applications in accordance with the law, thereby safeguarding employees' retirement rights and quality of

life in retirement. Between 2023 and 2025, a total of six employees applied for retirement (four in 2023, one in 2024, and one in 2025); all cases were reviewed and processed in compliance with regulations, achieving a 100% completion rate for retirement procedures. The Company continues to handle retirement-related matters in accordance with the Labor Standards Act and the Labor Pension Act. Through measures such as pension contributions, guidance on retirement applications, and the communication of retirement rights, the Company assists employees in planning their retirement with peace of mind, demonstrating its commitment to employee care and sustainable development.



6.4 Talent Development and Workplace Friendliness: Alignment with SDGs



CHAPTER

7

OCCUPATIONAL SAFETY & SOCIAL ENGAGEMENT

Occupational Safety & Social Engagement

- 7.1 Occupational Safety and Health
- 7.2 Annual Safety Training and Drills
- 7.3 Health Checkups and Employee Health
- 7.4 Social Engagement and Community Relations
- 7.5 2025 Social Engagement Achievements
- 7.6 Sustainable Development Summary and Future Outlook
- 7.7 Alignment with the SDGs in This Chapter



Safety Management
Strengthen occupational safety and health management to build a safe workplace.

Safety Culture and Education
Promote safety culture and education training to enhance safety awareness and skills.

Employee Health and Well-being
Care for employees' health to promote a healthy and balanced lifestyle.

Social Engagement and Public Welfare
Participate in social welfare initiatives and give back to society.

Local Engagement and Community Co-prosperity
Deepen local connections and achieve shared growth with communities.

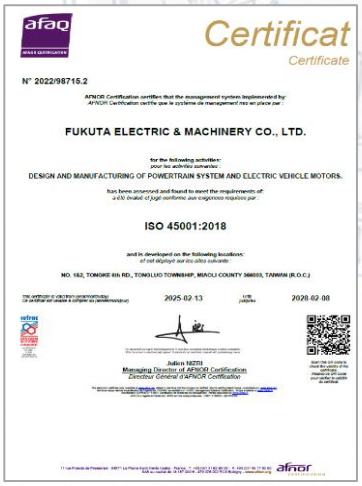
Environmental Coexistence and Cultural Heritage
Promote environmental coexistence and preserve cultural heritage for the future.



7 Occupational Safety and Social Participation

7.1 Occupational Safety and Health

Adhering to the management philosophy of "Safety First, Prevention-Oriented, and Continuous Improvement," the Company operates in accordance with the ISO 45001 Occupational Health and Safety Management System and the ISO 14001 Environmental Management System. The certifications for these systems remain valid, with a validity period extending from February 13, 2025, to February 8, 2028.


afaq
Certificat
Certificate
N° 2022/98715.2
FUKUTA ELECTRIC & MACHINERY CO., LTD.
DESIGN AND MANUFACTURING OF POWERTRAIN SYSTEM AND ELECTRIC VEHICLE MOTORS.
ISO 45001:2018
2025-02-13
2028-02-08
afnor

The Company has established a comprehensive EHS (Environment, Health, and Safety) management framework. Through institutionalized management, risk assessment, education and training, and continuous improvement mechanisms, we aim to mitigate the risk of occupational hazards and create a safe, healthy, and friendly work environment.

To address rapid industry changes, regulatory updates, IPO and ESG disclosure requirements, and heightened client expectations regarding environmental and safety management, the Company continuously reviews the suitability and effectiveness of its management systems. Through management reviews, internal audits, and performance tracking, we strengthen our overall EHS (Environment, Health, and Safety) governance capabilities, ensuring that management measures align with both domestic and international regulations as well as stakeholder expectations.

The Company actively promotes occupational health and safety management by mitigating workplace risks through hazard identification, prevention, and improvements to the working environment. We have also established emergency response and incident reporting mechanisms to enhance overall workplace safety resilience.

Furthermore, the Company prioritizes the physical and mental well-being of its employees, regularly organizing health check-ups, health promotion activities, and safety and health training to reinforce safety awareness and self-management capabilities.

■ Objectives and Policies :

Committed to environmental protection and occupational health and safety management, we continuously promote our EHS (Environment, Health, and Safety) management system. We adhere to relevant laws and regulations, implement hazard prevention, risk management, and continuous improvement measures, and strive to achieve the goal of zero major occupational accidents.

■ Management Commitment:

2025 Performance Targets	2025 Achievement Status	2026 Performance Targets
Maintain ISO 45001:2018 Occupational Health and Safety Management System Certification	ISO 45001 System Certification Audit Passed → Achieved ✓	Maintain ISO 45001:2018 Occupational Health and Safety Management System Certification
New Employee Occupational Health and Safety Training Completion Rate 100%	100% → Achieved ✓	New Employee Occupational Health and Safety Training Completion Rate 100%
Health Check Participation Rate ≥ 90%	94.7% → Achieved ✓	Health Check Participation Rate ≥ 90%
Workplace Hazard Identification and Risk Assessment Completion Rate 100%	100% → Achieved ✓	Workplace Hazard Identification and Risk Assessment Completion Rate 100%
Major Occupational Accidents ≤ 1 Case / Year	0 Cases / Year → Achieved ✓	Major Occupational Accidents (Including Fatalities) ≤ 1 Case / Year
Chemical Exposure Caused Occupational Diseases 0 Cases	0 Cases → Achieved ✓	Chemical Exposure Caused Occupational Diseases 0 Cases
Lost-Time Injury Frequency Rate (LTIFR) ≤ 3*	LTIFR 7.38 → Not Achieved ✗	Lost-Time Injury Frequency Rate (LTIFR) ≤ 3*
Lost-Time Injury Severity Rate (LTISR) ≤ 50*	LTISR 36.92 → Achieved ✓	Lost-Time Injury Severity Rate (LTISR) ≤ 50*

Note: *1 Lost-Time Injury Frequency Rate (LTIFR) = (Number of lost-time injuries × 1,000,000) / Total work hours
*2 Lost-Time Injury Severity Rate (LTISR) = (Total days lost due to injuries × 1,000,000) / Total work hours

The Company employs due diligence, risk assessment, and proactive communication mechanisms to understand the work environment needs of employees and supervisors at all levels; through cross-departmental collaboration and company-wide participation, it is progressively establishing a high-quality work environment that is healthy, safe, and sustainable.

Occupational Health and Safety Governance Structure

The Company established a Sustainability Committee in 2025 and designated occupational health and safety as a key issue in its sustainability governance. The Board of Directors bears ultimate supervisory responsibility, regularly reviewing the implementation status of occupational health and safety measures and the outcomes of major risk management efforts. Through the collaborative efforts of the Sustainability Committee, the Environmental and Safety Section, and the Safety and Health Committee, the Company drives various management initiatives to continuously enhance its workplace safety culture and health management systems.



Key measures for occupational health and safety

Implement the ISO 45001 Occupational Health and Safety Management System to provide a safe and healthy work environment and ensure personal safety. Comply with occupational health and safety regulations and other requirements; establish processes for hazard identification, risk assessment, and risk mitigation. Foster channels for consultation and communication regarding safety, health, and well-being.

Occupational Safety and Health Systems, Self-Inspection, and Management

The Company has established and continuously refines its occupational safety and health management system in accordance with the law, ensuring that all work environments comply with domestic regulations and international standards while safeguarding workplace safety and employee health. This system encompasses the following key management areas:

Management-oriented	Management Content
Management Systems and Operational Mechanisms	• Establish an Occupational Health and Safety (OHS) management system and implement the PDCA cycle. • Maintain a dedicated OHS unit and hold regular management meetings. • Conduct workplace environment monitoring and statistical analysis of accidents.
Self-inspection and Risk Management and Control	• Implement autonomous equipment inspections and preventive maintenance • Conduct internal audits and track hazard remediation • Identify hazards and implement risk-based controls • Provide PPE and ensure proper training

Management-oriented	Management Content
Education, Training, and Certification Management	• New hires complete pre-job training • Conduct regular on-the-job safety training • Personnel performing specialized tasks hold required certifications and undergo periodic refresher training • Conduct emergency response and evacuation drills
Healthcare and Disaster Response	• Conduct health check-ups and implement risk-based management • Provide on-site nursing and medical care • Ensure immediate notification and emergency response in the event of an incident, followed by root cause analysis and corrective actions
Management of Contractors and High-Risk Operations	• Establish a safety review system for contractors entering the facility • Implement pre-construction training and risk assessments • Enforce GHS labeling and storage standards for chemicals • Conduct regular disaster response and fire drills
Hardware Facilities Planning and Verification	• Plan and design safety facilities in accordance with regulations and standards • Conduct inspections during construction and final checks upon completion • Perform regular patrols and risk assessments to ensure facility safety

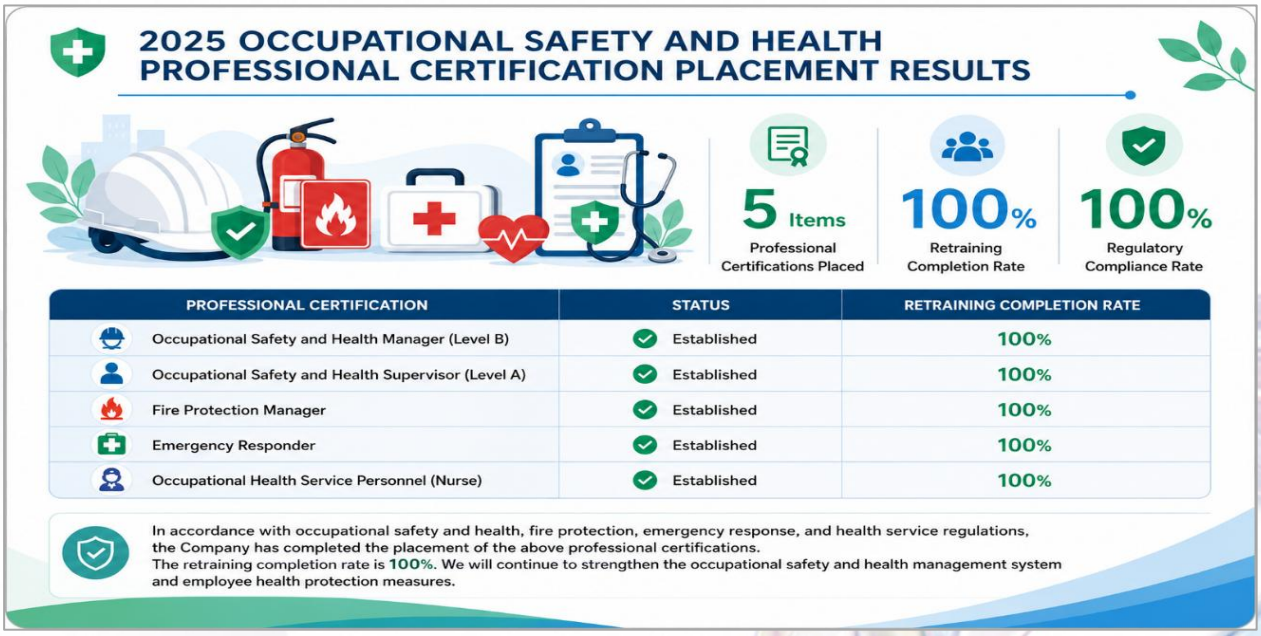
Related Party Risk Management

To prevent operational activities from indirectly affecting worker health, the Company extends its health and safety standards to the following related parties:

Management of outsourced service providers and contractors is as follows:

- **Require construction and maintenance contractors to sign a "Safety and Health Commitment."**
- **Contractors must attend a safety briefing prior to commencing work and comply with on-site occupational safety and health regulations.**
- **Safety supervision and audits are conducted by company personnel during the project execution phase.**
- **Suppliers of certain high-risk materials or equipment are evaluated based on occupational health and safety criteria.**

Professionals holding statutory certifications in safety and health



In compliance with the《Occupational Safety and Health Act》and relevant regulations, the Company has appointed necessary professional safety and health personnel—including safety and health administrators, supervisors, fire safety managers, first-aid personnel, and occupational health nursing staff—to comprehensively address safety and health requirements across all operational areas.

All such professionals hold the requisite statutory certifications and have achieved a 100% pass rate in mandatory periodic refresher training, ensuring their expertise and emergency response capabilities remain aligned with the latest

regulations and on-site operational needs. These measures guarantee the professionalism and responsiveness of the Company's occupational safety and health system, effectively preventing and managing workplace health and safety risks.

Risk Management and Hazard Identification

In accordance with the requirements of the ISO 45001 Occupational Health and Safety Management System, the Company has established mechanisms for hazard identification and risk management. We conduct systematic assessments covering work activities, equipment operation, chemical usage, and the working environment to prevent occupational accidents and mitigate potential risks.

The Company regularly performs hazard identification, risk assessments, and reviews of control measures. We implement appropriate improvements based on risk levels—such as engineering controls, administrative management, the establishment of standard operating procedures, and the use of personal protective equipment—to reduce both the likelihood and severity of workplace hazards.

For high-risk operations and specialized equipment, the Company has established safe operating procedures, equipment inspection protocols, and anomaly reporting processes. Furthermore, through education, training, and awareness-raising activities, we enhance employees' risk identification skills and safety awareness, thereby strengthening a safety culture rooted in company-wide participation.

In addition, the company continuously reviews the effectiveness of its management systems through internal audits, incident investigations, near-miss analyses, and improvement tracking mechanisms. These reviews serve as the basis for subsequent risk mitigation and continuous improvement, aiming to build a safe, healthy, and sustainable work environment. High-risk operations include:

- **Risk of equipment nip-in/entrapment**
- **Risk of laser burns**
- **Risk of sensor failure**
- **Chemical management risks**
- **Electrical safety risks**



To enhance workplace safety and mitigate potential risks, the company continues to implement various on-site safety improvement measures, including:

- **Forklift Speed Limit Control**
- **Bilingual labeling of chemical hazards**
- **Improvement of signage for the separation of pedestrians and vehicles**
- **Install explosion-proof cabinets and an exhaust ventilation system.**
- **Setup of protective enclosure for small motor testing**
- **Installation of earth leakage circuit breaker**



Safety and Health Committee

To strengthen occupational health and safety management and foster communication between labor and management, the Company has established a Health and Safety Committee in accordance with the law, serving as a platform for consultation, communication, and decision-making regarding occupational health and safety matters. Comprising representatives from management, heads of relevant departments, and worker representatives, the Committee is responsible for reviewing health and safety policies, evaluating performance, promoting risk management, and tracking the implementation of improvement measures.

The Health and Safety Committee holds regular meetings on a quarterly basis—totaling four meetings per year—and convenes ad-hoc meetings as needed to address critical health and safety issues promptly and continuously enhance workplace safety management. Committee members serve a two-year term; following this year's re-election, two new

members were added, and two new worker representatives were selected through an election process, thereby further strengthening the mechanism for employee participation in occupational health and safety affairs.

Item	2025 Performance Summary
Number of Occupational Safety and Health Committee Members	9 members
Number of Regular Meetings Held	4 times (once per quarter)
Number of Extraordinary Meetings Held	Held on an as-needed basis
Committee Term	2 years
Number of New Committee Members	2 members
Number of New Labor Representative Members	2 members



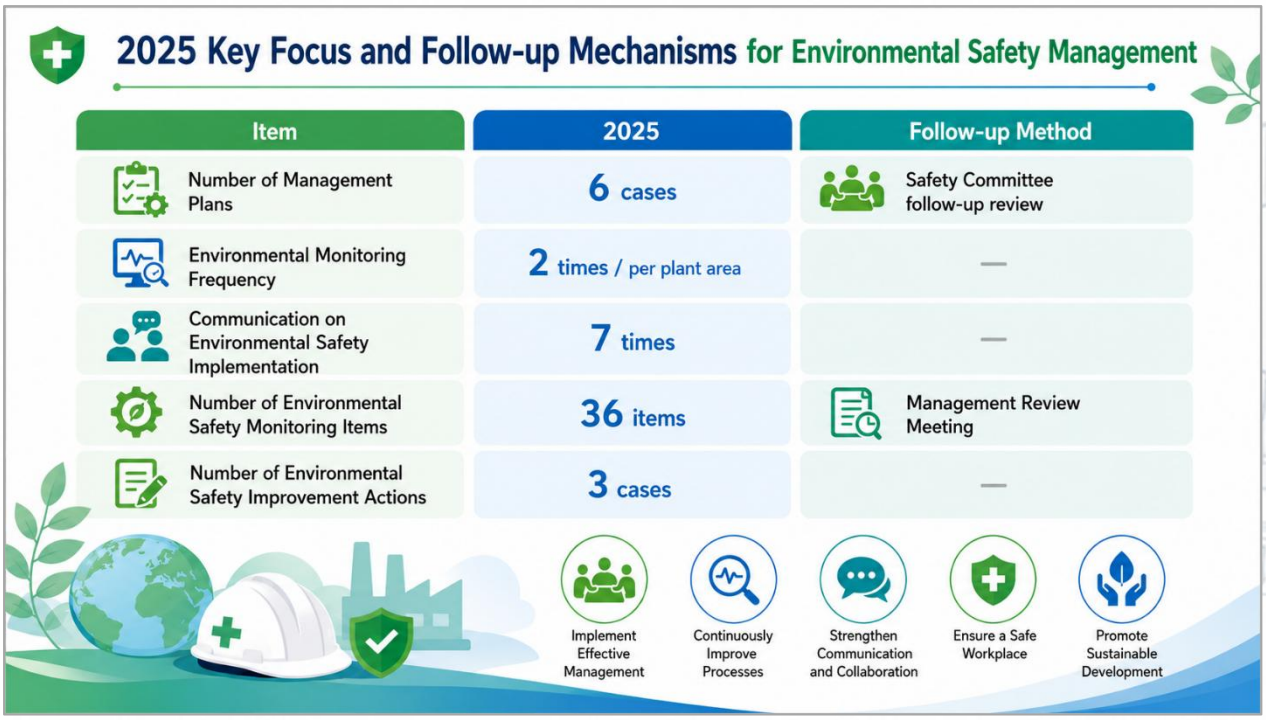
■ Implementation Status of the Safety and Health Committee

The Company consistently adheres to the requirements of the ISO 14001 Environmental Management System and the ISO 45001 Occupational Health and Safety Management System, implementing various management initiatives that encompass environmental protection, occupational safety, health promotion, and risk prevention. A total of 17 such initiatives were carried out during the 2024–2025 period; all have been successfully completed and closed out, achieving a 100% implementation rate. Progress is regularly reported to the Safety and Health Committee for review and tracking to ensure the effective implementation of improvements and to continuously enhance performance in environmental protection, occupational safety, and employee health management.

Through the implementation of these management systems and improvement measures, the Company continues to refine its occupational health and safety performance, strengthen employee safety awareness and workplace safety, and advance toward the goals of zero major occupational accidents and sustainable operations.

In addition, the company is progressively implementing automated laser welding lines, MES systems, and equipment for the automation of specific process steps. These measures aim to mitigate risks associated with manual operations and reduce the likelihood of human error, while enhancing process stability, production efficiency, and

overall operational safety, as the company continues to advance toward its goals of smart manufacturing and safe production.



Occupational Safety and Health Education and Training

The number of training sessions, participants, and total training hours over the past two years (see table on the right) reflects the company's ongoing expansion of training scope and enhancement of training effectiveness.

In addition, the company conducts various in-house training programs, including:

- **Safety Training on Machinery and Equipment for Migrant Workers**
- **Fire Safety Education and Training**
- **Communication on Contractor Management**
- **Safety Guidelines for Unloading**
- **Greenhouse Gas Inventory Course**
- **General on-the-job safety education and training**

2024 and 2025 Training Statistics Table

Training Category / Hours	2024				2025			
	Sessions	Participants	Hours per Session	Total Hours	Sessions	Participants	Hours per Session	Total Hours
New Employee Orientation Training	21	48	3	144	24	31	3	93
General Courses	18	680	4	2,720	20	574	3	1,722
Occupational Safety Education and Training	25	816	33	26,928	10	336	27	9,072
Total	46	864	36	31,104	54	941	33	10,877
Average Hours per Person	36 hours				11.6 hours			

Note: Average hours per person = Total hours ÷ Participants (Unit: hours/person)

Occupational Safety Performance

In 2025, the Company continued to implement its occupational safety and health management system, maintaining a record of zero major occupational accidents, near-miss incidents, or environmental, safety, and health (EHS) violations and penalties, thereby demonstrating effective risk management. A total of five occupational accidents occurred during the year; the Disabling Injury Frequency Rate (FR) was 7.38 (indicating 7.38 disabling injury incidents per million work hours), the Disabling Injury Severity Rate (SR) was 36.92 (indicating 36.92 workdays lost due to occupational accidents per million work hours), and the Frequency-Severity Indicator (FSI) was 0.52. Additionally, the completion rates for EHS management programs and education and training initiatives both reached 100%, with all management measures executed according to plan.

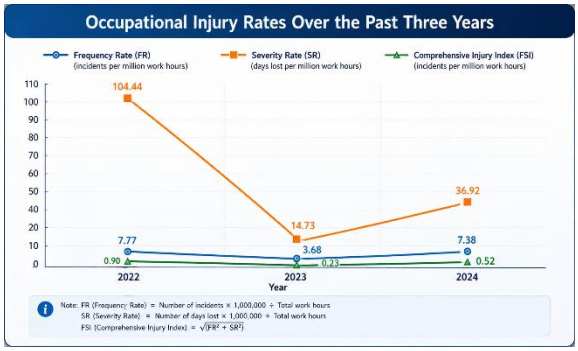
Through management measures such as hazard identification, risk assessment, workplace environment improvements, safety education and training, and on-site inspections, the company continuously reduces the likelihood and severity of occupational accidents and enhances workplace safety performance. Moving forward, the company will

continue to strengthen hazard prevention, education and training, and improvement tracking mechanisms to create a safe, healthy, and sustainable work environment.



■ Occupational Injury Management / Statistical Analysis of Employee Disabling Injuries

Occupational injury statistics are calculated based on the definition of occupational injuries under the Occupational Safety and Health Act, utilizing the Frequency Rate (FR) and Severity Rate (SR) of disabling injuries as key metrics. In 2025, four incidents of disabling employee injuries occurred, resulting in a total of 25 lost workdays. Crush injuries were the primary type of injury; these incidents occurred during material handling operations when workers failed to use required auxiliary handling equipment. Falls while handling fixtures led to crush injuries, necessitating extended recovery periods and thereby increasing the total number of lost workdays.



Occupational Injury Rates / Index	2024 (Year 2024)	2025 (Year 2025)	Trend	Notes
Frequency Rate (FR) (incidents per million work hours)	3.68	7.38	Increase	Frequency Rate (FR) = Number of incidents × 1,000,000 ÷ Total work hours
Severity Rate (SR) (days lost per million work hours)	14.73	36.92	Increase	Severity Rate (SR) = Number of days lost × 1,000,000 ÷ Total work hours
Comprehensive Injury Index (FSI) (incidents per million work hours)	0.23	0.52	Increase	Comprehensive Injury Index (FSI) = $\sqrt{(FR^2 + SR^2)}$
Occupational Fatalities Rate (deaths per million work hours)	0	0	Stable	Occupational Fatalities Rate = Number of fatalities × 1,000,000 ÷ Total work hours

Note: All rates are calculated per 1,000,000 work hours. **Trend Indicator:** Increase Decrease Stable

- **Improvement of high-risk equipment and enhancement of operational safety**

To mitigate the risk of occupational hazards associated with high-risk machinery, the company regularly conducts equipment safety audits and risk assessments, establishes a tiered equipment management system, and strengthens routine inspections, preventive maintenance, and safety function testing. Concurrently, we implement interlock protection devices and Lockout/Tagout (LOTO) procedures to ensure the effective isolation of hazardous energy during equipment maintenance, servicing, and troubleshooting. These measures prevent accidental startup or operation, reduce the risk of entanglement, impact, and mechanical injury, and continuously enhance operational safety standards.

- **Anti-slip improvements for the employee parking lot**

In response to employee concerns regarding motorcycle traffic flow and parking area safety, the company proactively conducted on-site inspections and risk assessments. We reviewed traffic routing and parking layouts, while also installing anti-slip warning signs, safety road markings, and other improvement measures. By continuously gathering employee feedback and monitoring the effectiveness of these changes, we have successfully reduced the risks of slips, collisions, and traffic accidents, thereby enhancing traffic safety and the quality of the working environment within the facility.



- **Vehicle securing measures**

To enhance safety during loading and unloading operations, the company has strengthened the management of vehicle securing procedures at loading docks. We have revised relevant operational standards and implemented protective measures—such as the use of wheel chocks—to ensure vehicle stability during operations and prevent collisions or personnel injuries caused by vehicle movement. Concurrently, we are intensifying safety training for drivers and on-site personnel to improve risk identification and emergency response capabilities. By strictly enforcing pre-operation verification and safety inspection protocols, we aim to continuously reduce operational risks and safeguard both personnel and equipment.



- **Electrical safety enhancement**

To enhance electrical safety in the workplace, the company regularly assesses the safety status of handheld electric tools and other electrical equipment, progressively acquiring and installing protective devices—such as earth-leakage circuit breakers—to mitigate the risks of electric shock and electrical fires. Concurrently, we have established mechanisms for the periodic inspection and maintenance of electrical equipment, strengthened management protocols and anomaly reporting procedures, and raised employee awareness regarding safe electricity use through training. These measures ensure the safe and stable operation of equipment, continuously reduce the likelihood of electrical hazards, and safeguard the safety of personnel and the working environment.



- **Installation of additional protective equipment**

To mitigate the risks of entanglement and contact-related hazards associated with machinery, the company conducted a safety risk assessment of its motor R&D production lines and related equipment. Protective measures—such as safety barriers, guards, and warning signs—were installed in high-risk areas to strengthen isolation controls. Concurrently, the company implemented rigorous equipment inspections, operational training, and pre-work safety checks to enhance workers' risk awareness, thereby effectively preventing occupational accidents involving entanglement, crushing, or hazardous contact and ensuring the safety and health of employees.



Three-Year Trend of OHS KPIs

Indicator	2023	2024	2025
Number of Occupational Injuries	1	1	4
FR (Frequency Rate)	7.77	3.68	7.38
SR (Severity Rate)	104.44	14.73	36.92
Training Hours per Person	17.1 hrs / person	40 hrs / person	11.6 hrs / person
Health Check-up Participation Rate	91%	92%	94.7%

From 2023 to 2025, the Company consistently advanced its occupational health and safety management systems and health promotion initiatives. Although the number of occupational accidents rose to four in 2025—resulting in higher Frequency Rates (FR) and Severity Rates (SR) compared to 2024—these figures still showed significant improvement over 2023, indicating that accident severity has been effectively controlled. The Company continues to strengthen workplace safety management through measures such as hazard identification, risk assessment, safety training, and equipment upgrades. Additionally, the employee participation rate for health check-ups increased from 91% in 2023 to 94.7% in 2025, reflecting a continued rise in employee health awareness and the effectiveness of health management efforts.

7.2 Annual Safety Training and Drills

In 2024, the Company continued to strengthen its operational risk management and emergency response mechanisms. Emergency response plans addressing major equipment failures, labor shortages, fires, occupational accidents, cyberattacks, and utility disruptions were established and integrated into the daily management and operational workflows of various departments, thereby enhancing capabilities for the immediate handling of and recovery from unexpected incidents.

Production units strengthened the management of equipment anomalies and process continuity; Human Resources established contingency measures for labor shortages; the Environment, Health, and Safety (EHS) unit refined response mechanisms for fires, occupational accidents, and other incidents; the IT Department implemented response procedures for cybersecurity incidents; and General Affairs established management measures for utility disruptions, such as water or power outages. Through cross-departmental collaboration and systematic management, the Company continues to enhance its operational resilience and risk-bearing capacity, ensuring stable business operations while realizing its goals for sustainable governance and operational continuity.



General On-the-Job Safety and Health Training - 1



General On-the-Job Safety and Health Training -2



Equipment Anomalies and Process Emergency Response – Training on Troubleshooting Equipment Anomalies



Cyberattack Emergency Response – Strengthening Information Security Protection and Operational Resilience



Emergency Response to Labor Shortage: Identifying Manpower Gaps and Reassigning Production Line Personnel for Training



Carry out emergency repairs and resolve faults resulting from power outages that caused disruptions to public facilities.



Fire Emergency Response – Evacuation and Assembly Drill



Fire Emergency Response – Fire Extinguishing Training

7.3 Health Checks and Care

The Company prioritizes employee health and workplace well-being. In addition to conducting mandatory general and special-duty health check-ups—with all costs fully covered by the Company—we implement health management measures that exceed statutory requirements, encouraging employees to regularly monitor their health and actively engage in disease prevention and health promotion. We employ a tiered management approach based on check-up results, providing health consultations, follow-up care, and recommendations for work adjustments for cases with abnormal findings to mitigate health risks.

In 2025, the total number of employees required to undergo health check-ups was 281, with 266 completing the process—a participation rate of 94.7%. This demonstrates the high importance employees place on health management and reflects the effectiveness of the Company's health promotion initiatives. Moving forward, we will continue to advance health promotion activities, occupational health protection programs, and health risk management measures to create a safe, healthy, and supportive work environment, thereby enhancing employee well-being and the Company's resilience for sustainable development.

Employee Health Management and Health Promotion

The Company attaches great importance to the physical and mental health of its employees; in addition to conducting legally required health check-ups, it continuously promotes health-enhancing activities and implements measures for preventing health risks.

- **On-site nursing services**

  The company employs qualified nursing professionals who regularly visit the workplace to provide health consultations, conduct educational outreach on occupational disease prevention and health promotion, and manage individual health cases. These professionals assist employees in addressing health-related concerns regarding both work and personal life, foster healthy habits, and safeguard employee safety and well-being.

- **Tracking and management of health abnormalities**

  The Company remains committed to advancing worker health protection and health management systems. We utilize a tiered management mechanism based on health check-up results to arrange individual consultations and follow-up guidance tailored to employees' specific health risk levels.

  For the 2025 fiscal year, consultations have been completed for all 13 employees under Level 4 management and all 6 newly hired employees (100% completion rate). Among those under Level 3 management, 34 out of 37 employees have been consulted (91% completion rate), while 27 out of 85 employees under Level 2 management have received consultations (30% completion rate). Moving forward, we will continue to enhance employee health awareness and the effectiveness of workplace health management through on-site nursing care, occupational physician consultations, and health promotion activities.



- **Health promotion activities**

  The company plans and implements a variety of annual health promotion activities—such as health seminars and stress-relief workshops—aimed at enhancing employees' health awareness and quality of life.
  In addition, the company organizes health seminars and ESG-focused stress-relief activities, covering topics such as:

- **Healthy Diet**

  Through health seminars and health education activities, practical knowledge is provided—such as how to interpret nutrition labels, tips for making healthy choices when dining out, and methods for managing one's daily diet.



- **Breast Cancer Prevention and Control**

  Promote the practice of regular breast self-examinations and assist employees in establishing a habit of daily self-monitoring of their health, thereby facilitating the early detection of abnormal signs.

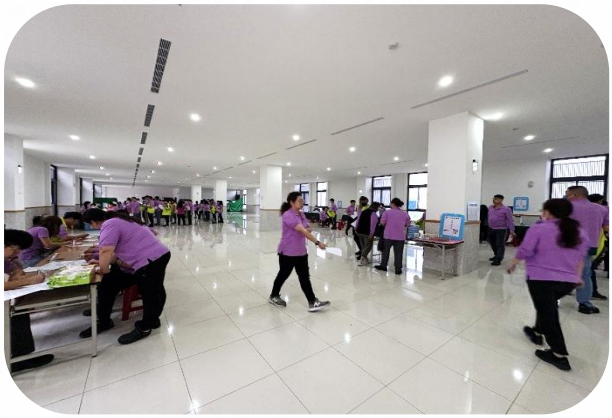


- **Explanation of Health Checkup Indicators**

Results from the 2025 health examinations indicate no cases of occupational disease resulting from chemical, physical, or ergonomic hazards. The company will continue to implement follow-up management and preventive measures based on health risk classification results to safeguard employee health and workplace safety.

- **Psychological Stress Management**

The Company prioritizes the physical and mental well-being of its employees and their work-life balance, continuously implementing measures for managing psychological stress and promoting health. Through health seminars, care-oriented interviews, and diverse recreational activities—supported by managerial care, cross-departmental coordination, and workplace safety management mechanisms—we aim to reduce work-related stress and potential risks, thereby fostering a friendly, safe, and supportive work environment.





- **Healthy Morning Exercises**

To foster a healthy, safe, and cohesive workplace, the Company has established "Operational Guidelines for Morning Meetings." By conducting these meetings during working hours and integrating health promotion, workplace communication, and safety awareness initiatives, the Company continuously enhances employee well-being and productivity. In accordance with these guidelines, units gather daily before work for stretching exercises—incorporating the "Taoist Meihua School Five-Step Calisthenics" and appropriate warm-ups—to improve flexibility and blood circulation, thereby reducing the risk of musculoskeletal discomfort and occupational injuries while effectively implementing workplace health protections. Furthermore, the Company prioritizes employee safety and well-being by establishing flexible adjustment and protective mechanisms to address environmental factors such as extreme temperatures, rainfall, and poor air quality; these measures ensure that employee health and safety remain the top priority, preventing heat-related hazards and other environmental health risks. As these morning meetings take place during regular working hours rather than during breaks or personal time, they demonstrate the Company's commitment to employee rights and work-life balance. Beyond disseminating administrative announcements and facilitating cross-departmental communication, the daily interactions fostered by these meetings strengthen team cohesion and employee engagement, helping to build a positive corporate culture and a friendly work environment. Moving forward, the Company will continue to integrate health promotion, occupational health and safety, and employee care initiatives to deepen the development of a healthy workplace and create an environment that is safe, healthy, sustainable, and inclusive.



7.4 Social Engagement and Community Relations

The Company has long upheld the principles of corporate social responsibility and sustainable operations, consistently engaging in various public welfare activities. Through the integration of resources and concrete actions, we deepen our connections with local communities, society at large, and our employees, thereby putting into practice the core spirit of "giving back to society what is derived from it." Our public welfare initiatives this year span a wide range of areas—including community engagement, support for the disadvantaged, promotion of sports and culture, environmental stewardship, respect for cultural diversity, and employee care—aiming to address societal needs through diverse approaches and generate a positive impact.

Community Interaction Record

The company actively engages in community involvement and cultural promotion, dedicated to fostering local development and upholding the principles of sustainability. In 2025, we partnered with the Genesis Social Welfare Foundation (Miaoli Branch) to host the "Sustainable Retro Fair," an event designed to promote resource recycling and reuse through entertaining, educational activities. By integrating charitable outreach with environmental education, the event encouraged the public to adopt a green lifestyle. The program featured a second-hand goods exchange, environmental awareness initiatives, charity fundraising, and interactive family activities, drawing enthusiastic participation from local residents. These efforts not only improved resource efficiency but also strengthened community ties and local cohesion. Through such tangible actions, we have deepened the bond between the company and the community, demonstrating our commitment to corporate social responsibility, support for charitable organizations, and the promotion of sustainable development, while continuing to make a positive impact on local welfare, environmental protection, and social inclusion.











Participate in the installation of public art within the park



Gate of the Sky



A trickling stream; verdant mountain mists.



Carrying the load makes for a smooth journey ahead.



Group photo at the unveiling ceremony (Director Hu, Hsinchu Science Park Bureau)



A Heart of Hospitality Brings Prosperity

Our company participated in the Tongluo public art installation project, integrating local cultural imagery with the beautification of public spaces to enhance environmental quality and the value of local culture. Through public art, we created a distinctive cultural landscape, fostered residents' identification with and participation in local culture, and promoted interaction among businesses, the government, and the community.

Moving forward, the company will continue to support cultural preservation and community development, putting into practice the principles of cultural sustainability, environmental friendliness, and shared local prosperity, to jointly create a sustainable living environment that embodies both aesthetic appeal and humanistic care.

Initiatives to Support Vulnerable Groups

The Company remains committed to caring for vulnerable groups and addressing the needs of remote communities. We provide tangible support—such as donating daily necessities to indigenous communities and offering supplies to the Miaoli Family Support Center—to help vulnerable families and children improve their living conditions, thereby fulfilling our corporate social responsibility.

Furthermore, the Company encourages employees to participate in charitable donations, supply drives, and volunteer services, fostering a corporate culture of care and raising awareness regarding social engagement. Moving forward, we will continue to collaborate with local charitable groups and social welfare organizations to expand our efforts in areas such as supporting children in remote regions, assisting vulnerable families, and providing elderly care. By putting into practice the philosophy of "taking from society and giving back to society," we aim to create shared value and foster a sustainable, thriving community.







Sports and Educational Support

Committed to the long-term development of local sports and youth cultivation, our company upholds the spirit of corporate social responsibility by actively engaging in community-based public welfare initiatives. We have sponsored the Dashengang Community Baseball Team by providing baseball gear and related equipment; this initiative aims to foster grassroots baseball development while equipping players with superior training resources and safety gear. Clad in neat uniforms and radiating team cohesion and youthful energy, the players embody the collaborative partnership between the company and the local community in laying a solid foundation for grassroots sports.

In addition to donating baseball gear, the event provided practical equipment—such as catcher's protective gear, bats, and training aids—to effectively address the team's shortage of resources, thereby enabling the children to learn and grow in a safer, better-equipped environment. Baseball not only fosters regular exercise habits among young people

but also cultivates teamwork, discipline, and the right attitude toward facing challenges, all of which contribute positively to character building and holistic physical and mental development.









■ Environmental Preservation and Cultural Sustainability

- **Adoption Program for Fengyue Pond and Surrounding Green Spaces at Toyosu Technology Industrial Park**

The Company actively participates in the "Adoption Program for Fengyue Pond and Surrounding Green Spaces" at the Fengzhou Science and Technology Industrial Park. We are committed to ongoing public environmental maintenance and green space management, thereby upholding ecological conservation and environmental sustainability. The scope of our adoption covers the green spaces and public landscape areas surrounding Fengyue Pond; we regularly carry out tasks such as lawn care, plant maintenance, tree pruning, site cleanup, and landscape improvements to ensure the park remains tidy and ecologically sound.

We invest approximately NT$230,000 annually in lawn and vegetation maintenance, pond area restoration, equipment upgrades, and professional labor costs, continuously enhancing green space coverage and landscape quality. This long-term commitment not only improves the park's environment but also fosters biodiversity conservation and a workplace that is environmentally friendly. Moving forward, we will continue to fulfill our corporate environmental responsibilities, working alongside our partners in the park to create a high-quality industrial zone that balances ecological value with sustainable development.





Our company has adopted the landscape of Fengyue Pond at the Fengzhou Technology Industrial Park.

- **Tongluo Science Park – "Green Heart" Park Adoption (Tudigong Site)**



The Temple of the Mountain God and the Earth God is located at No. 6, Industrial 6th Road, within the "Green Heart" zone of the company's Tongluo Science Park facility. Spanning approximately 1,385 square meters, this area reflects the company's long-standing commitment—dating back to the plant's construction—to respecting nature and coexisting with the environment; through continuous maintenance and conservation efforts, the site retains a rich and diverse ecosystem. To preserve local religious culture and foster community interaction, the company rebuilt the temple and restored the deity statues in 2015. The site is now open to local residents and neighbors for worship and prayer, serving as a vital venue that bridges cultural heritage with community connection.

The Green Heart Park is home to several historic banyan trees, most notably the "Tree King" (Shu-Wang-Gong), which serves as a vital local natural asset. Given their advanced age, these trees are susceptible to pests, diseases, and environmental stressors. Consequently, from 2021 to 2025, the company has engaged professional arborists to conduct health assessments, pest and disease control, soil improvement, and general tree care. With an average annual investment of nearly NT$420,000, total maintenance expenditure has reached NT$2,123,622. This long-term, professional management not only preserves these precious old trees and ecological resources but also upholds the park's landscape quality and biodiversity, fostering a high-quality environment where nature, ecology, and culture coexist harmoniously. Moving forward, the company remains committed to corporate social responsibility, environmental protection, and cultural preservation, striving to create a welcoming park that embodies ecological value, cultural character, and the spirit of sustainable development.



2021–2025 Green Space Maintenance Investment Trend

Continued investment in green space maintenance to create a sustainable, greener environment.

Year	Lawn Maintenance (NTD)	Tree Care (NTD)	Annual Total (NTD)	Investment Trend
2021	238,875	–	238,875	
2022	363,300	–	363,300	
2023	546,000	250,050	798,073	
2024	199,500	156,450	357,974	
2025	365,400	–	365,400	
Total	1,717,122	406,500	2,123,622	–

Cumulative Investment Over the Past Five Years

2,123,622 NTD

- 2021 NTD 238,875
- 2022 NTD 363,300
- 2023 NTD 798,073
- 2024 NTD 357,974
- 2025 NTD 365,400

Our company continues to improve green space maintenance and landscape environment through professional landscaping care, tree health management and environmental beautification. From 2021 to 2025, the cumulative investment reached **NTD 2,123,622**, demonstrating our commitment to sustainable development and a green enterprise.

A Friendly Workplace and Employee Care

The Company places great importance on the physical and mental well-being of its employees and respects cultural diversity. We continuously promote a friendly workplace and health-oriented initiatives, striving to create an environment that is safe, healthy, inclusive, and conducive to employee happiness. To help employees alleviate work-related stress and achieve a better balance between their personal well-being and professional lives, we regularly host "Corporate Stress-Relief Days." Through activities such as stress-relief workshops, health-focused care, and interactive sessions, we assist employees in managing stress, fostering physical and mental health, and cultivating a positive work atmosphere—thereby further strengthening team cohesion and organizational unity.



Furthermore, recognizing that foreign employees come from diverse national, religious, and cultural backgrounds, the company has established dedicated prayer rooms in its foreign worker dormitories. These facilities provide a suitable and comfortable space for Muslim employees and others with religious needs to pray, thereby respecting their religious beliefs, lifestyles, and cultural requirements, and demonstrating the company's commitment to multiculturalism and equal human rights. Such inclusive measures not only help foreign employees adapt to life and foster a sense of belonging but also promote cross-cultural understanding and respect, cultivating a diverse and inclusive workplace culture.



Information on Social Participation

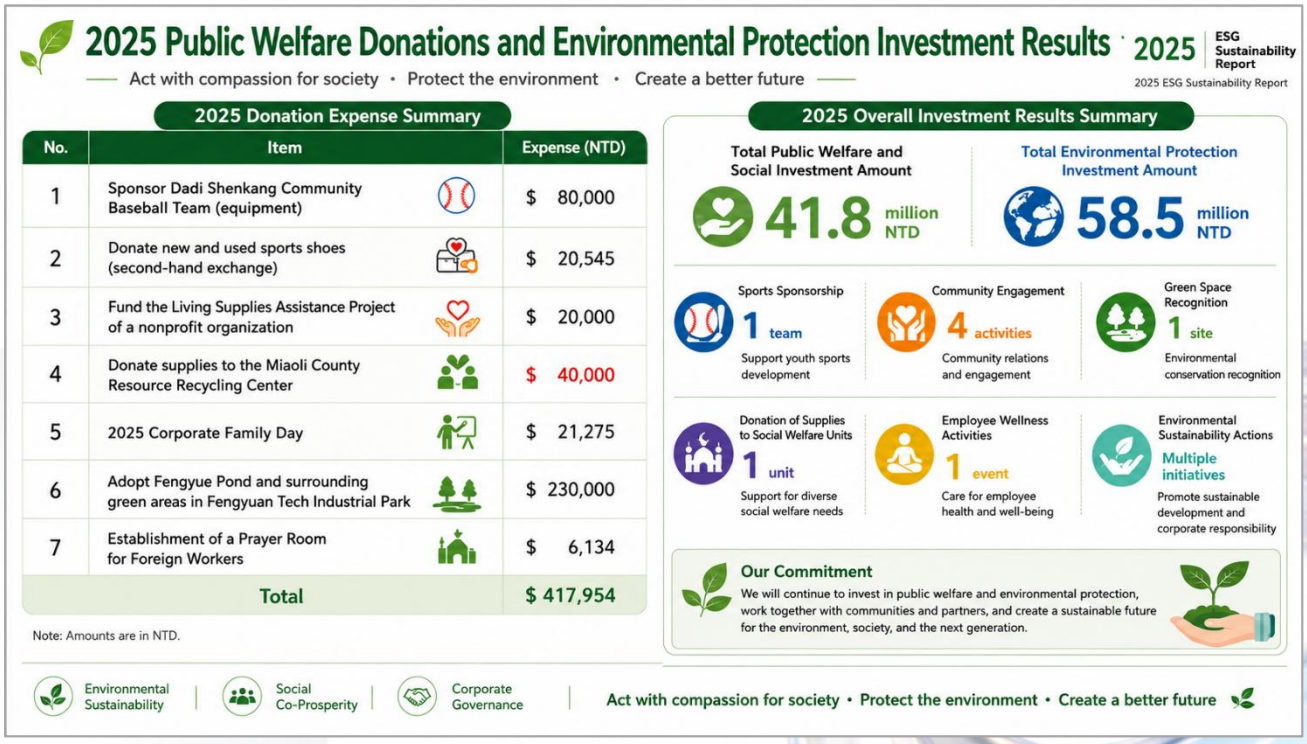
The Company has long been committed to social welfare, local culture, and employee well-being, actively fulfilling its corporate social responsibility through diverse public service initiatives. In 2025, the Company organized eight public welfare and care activities—spanning community engagement, environmental sustainability, support for the disadvantaged, multiculturalism, and employee health—demonstrating its dedication to environmental, social, and cultural development.

Regarding community and cultural engagement, the Company hosted the "Sustainable Retro Fair" to promote resource reuse and sustainability concepts. It also participated in the "Tongluo Public Art Installation Project," integrating local culture with the beautification of public spaces to enhance local cultural value and community cohesion. Furthermore, the Company supported grassroots sports by sponsoring equipment for the Da-Shen-Gang Community Baseball Team, encouraging local youth to cultivate healthy exercise habits and team spirit. In terms of social care, the Company donated supplies—including daily necessities and ritual offerings—to the Miaoli branch of the Taiwan Fund for Children and Families (TFCF), helping disadvantaged families and remote communities meet their needs while conveying corporate warmth and positive social energy. Additionally, the Company prioritizes multiculturalism and employee well-being; it established a "Prayer Room" in the dormitory for migrant workers to respect diverse religious and cultural needs and organized health-promotion events such as "Corporate Stress-Relief Day." Through these efforts, the Company fosters a friendly, healthy, and inclusive workplace, continuously advancing toward the sustainable goal of shared prosperity between the enterprise and society.

No.	Category	Public Welfare Activities
1	Community and Cultural Participation	**Sponsorship of Yongan Temple's Annual Pilgrimage** We sponsor the annual pilgrimage of Yongan Temple to promote traditional beliefs, strengthen community interaction, and foster a friendly neighborhood atmosphere.
2	Local Sports Support	**Sponsorship of Dadi Shenkang Community Baseball Team** We support local sports development by providing resources and equipment, encouraging youth to stay active and build teamwork and sportsmanship.
3	Support for Disadvantaged Residents	**Donation of Daily Necessities to Disadvantaged Households** We donate daily necessities to disadvantaged residents in local communities to help improve their living conditions and promote social care and inclusion.
4	Support for Disadvantaged Groups	**Donation of Everyday Supplies to Hsinchu Family Support Foundation** We donate daily supplies to support the basic living needs of disadvantaged families and contribute to the Foundation's care and support programs.
5	Public Art and Culture	**Support for Tongluo Public Art Project** We support public art initiatives in Tongluo to enhance local cultural aesthetics, promote community identity, and encourage the development of arts and culture.
6	Environmental Sustainability	**Adoption of Fengyuan Tech Industrial Park - Fengyue Pond and Surrounding Green Areas** We adopt and maintain Fengyue Pond and surrounding green spaces to promote environmental protection, biodiversity, and a sustainable corporate environment.
7	Multicultural Inclusion	**Establishment of a Prayer Room for Foreign Workers** We provide a dedicated prayer room to respect diverse beliefs and cultures, and to offer foreign workers a comfortable and inclusive space.
8	Employee Wellness	**Employee Health and Wellness Activities – Corporate Family Day** We organize health and wellness activities to relieve work stress, promote physical and mental well-being, and enhance team cohesion and employee morale.

7.5 2025 Social Engagement Outcomes

Upholding the principles of corporate social responsibility and sustainable development, the Company allocated NT$418,000 to public welfare and social engagement initiatives and NT$585,000 to environmental preservation in 2025. We continue to drive efforts focused on community care, support for the disadvantaged, employee health promotion, the creation of a diverse and inclusive workplace, and environmental conservation. Through concrete actions—such as supporting local sports, making charitable donations, adopting green spaces, and maintaining ecosystems—we actively respond to stakeholder expectations and demonstrate our commitment to Environmental, Social, and Governance (ESG) principles, working hand-in-hand with the local community toward sustainable development.



7.6 Sustainability Summary and Future Commitments



Sustainable development is central to the Company's long-term operations and value creation. Moving forward, we will continue to uphold our core values of "Innovation, Passion, and Integrity," embedding Environmental, Social, and Governance (ESG) principles into our business operations and decision-making processes.

Regarding the environment, we will continue to drive energy conservation, carbon reduction, greenhouse gas management, and the development of green products. On the social front, we will deepen our commitment to talent development, employee well-being, and occupational safety. In terms of governance, we will strengthen ethical business practices, information transparency, and board oversight mechanisms. By joining forces with employees, customers, suppliers, and the broader community, we aim to realize our sustainable development goals, create shared value that benefits the environment, society, and the Company, and steadily advance toward becoming a globally competitive, sustainable enterprise.

7.7 Alignment of Occupational Safety and Social Participation with the SDGs



CHAPTER

8

SUSTAINABILITY PERFORMANCE & FUTURE OUTLOOK

Sustainability Performance & Future Outlook



8.1 Sustainability Management Mechanism

8.2 Future Strategy and Objectives

8.3 ESG Performance and SDGs Alignment

ESG KPI HIGHLIGHTS

Renewable Energy Usage	Reduction in GHG Emissions	Reduction in Water Intensity	Waste Recycling Rate
100%	-36%	-28%	98%
Target 100%	(Base Year 2021)	(Base Year 2021)	Target 98%

2030 SUSTAINABILITY GOALS

Reduce GHG Emissions	Reduce Water Intensity	Waste Recycling Rate	Employee Engagement & Training Hours Increase	Strengthen Partner Training and Capabilities	Sustainable Supply Chain
-50%	-30%	≥98%			100%

NET ZERO PATHWAY

2025 — 2030 — 2050

FUKUTA

FUKUTA MOTOR CO., LTD.

People First
Value and respect our employees as our greatest asset

Drive Growth
Continuously improve performance and create value

Health and Safety
Put safety and health first and build a safe workplace

Co-Prosperity
Work together with partners to achieve mutual growth

Sustainability
Fulfill corporate social responsibility and protect the environment

Create Sustainable Value
Innovate for a better future and create sustainable value together

8 Sustainable Performance and Future Outlook

8.1 Sustainable performance management mechanism

The Company incorporates ESG performance management into the Sustainability Committee and management review mechanisms; relevant departments regularly track the achievement of performance indicators and report implementation status to the Sustainability Committee and the Board of Directors. By employing the PDCA (Plan-Do-Check-Act) management cycle, the Company continuously reviews and improves strategies and resource allocation to ensure the effective implementation of sustainability goals and the creation of long-term value.

■ Summary Table of ESG KPIs

To achieve our goal of sustainable operations, the Company has established an annual KPI management mechanism based on the three pillars of ESG (Environmental, Social, and Governance) to serve as a performance benchmark for sustainability initiatives across all departments. Through quantitative indicator management and regular tracking, we integrate sustainability principles into our daily operations and management processes, thereby continuously enhancing corporate competitiveness and the effectiveness of our sustainability governance.

Regarding the Environmental (E) aspect, we focus on greenhouse gas management, energy efficiency, energy conservation and carbon reduction, waste reduction, and regulatory compliance. We also actively implement ISO 14001 and ISO 14064 management systems to minimize environmental impact and improve resource efficiency.

Regarding the Social (S) aspect, we prioritize occupational health and safety, talent development, employee care, labor-management relations, and the protection of human rights. Through education and training, health promotion programs, and workplace-friendly initiatives, we enhance employee safety and well-being while fostering organizational cohesion.

Regarding the Governance (G) aspect, we strengthen systems for corporate governance, ethical business practices, regulatory compliance, risk management, and information security. By establishing robust internal controls and a sound sustainability governance framework, we enhance corporate transparency and build trust among stakeholders.

The Company regularly reviews the implementation status of ESG KPIs and drives continuous improvement through management reviews, the ESG Committee, and cross-departmental communication mechanisms; these efforts serve as a vital basis for adjusting future sustainability strategies and enhancing performance.

■ Consolidated trend table of key performance data regarding Environmental, Social, and Governance (ESG) aspects over the past three years.



The Company continues to advance its ESG (Environmental, Social, and Governance) sustainability strategy, reviewing the implementation status of sustainability goals and improvement outcomes through the tracking and analysis of key performance data over the past three years.

Regarding the Environmental (E) aspect, the Company actively promotes energy conservation and carbon reduction, adopts high-efficiency equipment, and conducts greenhouse gas inventories. We are progressively strengthening our energy and environmental management systems and maintaining the effective operation of standards

such as ISO 14001 and ISO 14064, thereby demonstrating our commitment to low-carbon transition and environmental sustainability.

Regarding the Social (S) aspect, the Company prioritizes occupational health and safety, talent development, and employee well-being. By increasing training hours, organizing health promotion activities, and implementing workplace-friendly measures, we effectively boost employee satisfaction and organizational cohesion while continuously reducing the risk of occupational accidents, ultimately fostering a safe, healthy, diverse, and inclusive work environment.

Regarding governance (G), the Company continues to strengthen board operations, business integrity, risk management, and information security systems. It has also initiated the formal operation of the ESG Committee to enhance corporate governance transparency and regulatory compliance capabilities. Moving forward, the Company will continue to deepen sustainable governance through ESG management mechanisms and performance tracking, thereby progressively boosting corporate competitiveness and sustainability performance.

Category	KPI Indicators	2023	2024	2025	Trend
Environmental (E)	Greenhouse Gas Emissions Intensity	Scope 1 + 2	Scope 1 + 2	Scope 1 + 2 + 3	▲
	Energy Saving Initiatives	8 cases	12 cases	18 cases	▲
	High-efficiency Equipment Introduction	Partial introduction	Continued expansion	Significant improvement	▲
	Waste Recycling Rate	To be established	Continued improvement	Strengthen management	▲
	ISO 14001 Certification	Maintained valid	Maintained valid	Maintained valid	=
	ISO 14064 Greenhouse Gas Inventory	Initial inventory	Completed inventory	Continuing inventory	▲
Social (S)	Employee Training Programs	25 programs	32 programs	40 programs	▲
	Workplace Injury Cases	3 cases	2 cases	1 case	▼
	Employee Health Promotion Programs	Basic activities	Expanded initiatives	Continuing enhancement	▲
	Average Training Hours per Employee	8 hours	12 hours	16 hours	▲
	Diversity and Inclusion Initiatives	Basic management	Expanded initiatives	Enhanced work-life balance	▲
Governance (G)	Board Attendance Rate	92%	95%	96%	▲
	Complaints from Stakeholders	2 cases	4 cases	6 cases	▲
	ESG Risk Management	Preliminary stage	Development stage	Fully operational	▲
	Risk Management System	To be established	Regular operation	Continuing enhancement	▲
	Information Security Management	Basic management	Enhanced management	Continuing improvement	▲
	Legal Violations and Major Incidents	0 cases	0 cases	0 cases	=

TREND LEGEND ▲ Improved / Increased ▼ Declined / Decreased (Need Improvement) = Maintained / Stable

FUKUTA is committed to advancing ESG sustainability, environmental protection, social responsibility, and corporate governance, creating long-term value together and building a better future.

8.2 Future Strategies and Objectives



The Company remains committed to a core development strategy centered on "sustainable operations, smart manufacturing, and green transformation," while deepening its ESG governance framework to enhance corporate competitiveness and global alignment.

Regarding the environment, we continue to drive energy conservation, carbon reduction, low-carbon manufacturing, and greenhouse gas management. We are progressively expanding the scope of Scope 3 emissions inventories and implementing high-efficiency equipment, smart energy management, and green supply chain initiatives as we advance toward our net-zero emissions goal.

On the social front, we are fostering a safe, healthy, diverse, and inclusive work environment. We are strengthening talent development, employee care, and occupational health and safety management, while actively engaging in public welfare and community initiatives to fulfill our corporate social responsibility.

Regarding governance, we continue to enhance board functions, risk management, information security, and integrity-based business practices. By strengthening internal controls and the quality of sustainability disclosures, we aim to meet the expectations of investors and stakeholders and realize our vision of steady, sustainable corporate growth.

Fokuta 2030 Sustainability Goals

With a core vision of "Green Sustainability, Smart Innovation, and Shared Prosperity," and aligning with ESG (Environmental, Social, and Governance) strategic directions, the Company has established sustainability goals for 2030. These goals serve as a key foundation for medium- to long-term corporate development and sustainability management, driving the continuous enhancement of our competitiveness and sustainable value.

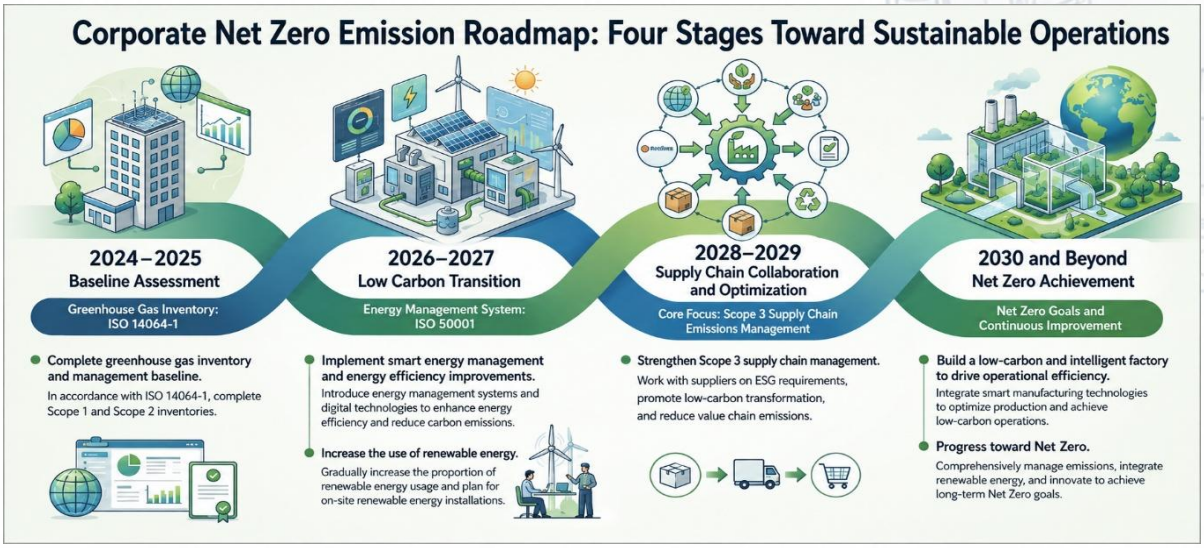


Net-Zero Emissions Pathway Planning

In response to global trends regarding net-zero carbon emissions and climate change, and guided by international decarbonization initiatives and government net-zero policies, the Company is progressively advancing its low-carbon transition and sustainable operations. Centered on the core pillars of "energy conservation and carbon reduction," "smart manufacturing," and "green supply chains," we have mapped out a roadmap for achieving net-zero emissions while continuously reducing greenhouse gas emissions and environmental impacts associated with our operations.

- **Phase I (2024–2025): Baseline Inventory and Management**
  - Completed Scope 1 and 2 greenhouse gas inventory assessments.
  - Established an ISO 14064 greenhouse gas management system.
  - Promoted energy usage monitoring and the replacement of high-energy-consuming equipment.
  - Strengthened education, training, and internal communication regarding energy conservation and carbon reduction.
- **Phase II (2026–2027): Energy Conservation, Carbon Reduction, and Low-Carbon Transition**
  - Implement high-efficiency equipment and smart energy management systems.
  - Improve energy efficiency in manufacturing processes and enhance production productivity.
  - Promote green office practices and energy-saving measures.
  - Expand the use of renewable energy and conduct assessments for green electricity.

- **Phase 3 (2028–2029): Supply Chain Decarbonization and Carbon Management**
  - Expand the scope of Scope 3 greenhouse gas inventory.
  - Promote supplier requirements regarding ESG and carbon management.
  - Establish a green supply chain and low-carbon procurement mechanism.
  - Strengthen product carbon footprint and circular economy management.
- **Phase 4 (Post-2030): Moving towards net-zero emissions**
  - Continuously increase the proportion of renewable energy usage.
  - Promote low-carbon manufacturing and smart factories.
  - Continuously optimize carbon management and carbon reduction performance.
  - Advance toward the Net Zero goal in alignment with international trends.



Future ESG Investment Plan

To further deepen its ESG (Environmental, Social, and Governance) sustainability strategy, the Company will align its business objectives with global sustainability trends. It will continue to invest resources and capital expenditure to drive low-carbon transformation, smart manufacturing, and sustainable governance initiatives, thereby enhancing its long-term competitiveness and capacity for sustainable operations.

- **Environmental (E) Investment Plan**
  - Implement high-efficiency, energy-saving equipment and smart energy management systems.
  - Drive process improvements and replace equipment with low-energy alternatives.
  - Continuously conduct greenhouse gas inventories and carbon management activities.
  - Evaluate plans for adopting renewable energy and green power.
  - Strengthen waste reduction, resource recycling, and circular economy management.
  - Promote green supply chains and the transition to low-carbon manufacturing.
- **Social (S) Investment Plan**
  - Continuously invest in safety and health equipment and workplace environment improvements.
  - Strengthen employee education, training, and talent development programs.
  - Promote employee health initiatives and measures for a friendly workplace.
  - Foster a workplace culture of Diversity, Equity, and Inclusion (DEI).
  - Enhance employee care and welfare systems.
  - Continuously engage in public welfare and community outreach activities.
- **Governance (G) Investment Plan**
  - Strengthen ESG governance structures and risk management systems.
  - Continuously enhance information security and personal data protection management.
  - Promote smart management systems and digital governance platforms.
  - Strengthen regulatory compliance management and internal control systems.
  - Continuously optimize the quality and transparency of sustainability disclosures.
  - Deepen board governance functions and the operations of the ESG Committee.

- **Future Outlook**

  The Company will continue to uphold its core values of integrity, innovation, and care. By integrating smart manufacturing, low-carbon transformation, and sustainable governance strategies, we will deepen our ESG management mechanisms and collaborate with employees, customers, suppliers, and the broader community to create sustainable value. Moving forward, we will continue to refine our practices in environmental protection, social responsibility, and corporate governance, steadily advancing toward our corporate vision of green sustainability, smart innovation, and shared prosperity.

8.3 Alignment of ESG Achievements with SDGs



CHAPTER

9

APPENDICES

Appendices

1. ESG Performance Summary
(ESG Performance Summary)

2. GRI Standards (2021)
Content Index

3. SASB Index
(SASB Index)



9 Appendices

Appendix 1 : ESG Performance for TCFD

Based on FUKUTA's 2022–2025 ESG disclosure, the company continues to strengthen ESG management and create long-term value.

Robust Management	Happy Workplace	Green Commitment	Innovative Service	Shared Prosperity
Build resilient operations	Open and win-win	Reduce impact, protect the earth	Create customer value	Work with partners for growth

Category	Indicator	Unit	2022	2023	2024	2025
Corporate Governance	Mainstream of anti-corruption policy	Item	0	0	0	0
	Rate of member attendance at board/ESG review	%	100	100	100	100
	Achievement rate of annual remuneration committee review plan	%	100	100	100	100
Environmental Management	Energy efficiency audit completion rate	%	100	100	100	100
	Carbon emissions reduction ≥ 90% targets	%	91	91	91	91
	Customer complaints on environmental issues	Cases	0	0	0	0
Customer Satisfaction	Annual business growth ≥ 2%	%	0	5	10	15
	R&D expense ratio 4–8%	%	5.52	4.47	5.94	12.30
Product Innovation	Compliance with ISO 9001 / IATF 16949	-	Passed	Passed	Passed	Passed
	Main product quality rate ≥ 95%	%	99.4	99.3	98.78	98.95
Legal & Regulatory Compliance	Violations of relevant laws and regulations	Item	0	0	0	0
	Government inspections and legal compliance	Item	0	0	0	0
	Inspections found in violation of regulations	Item	0	0	0	0
	Violations of environmental regulations	Item	0	0	0	0
	Violations of air pollution control laws	Item	0	0	0	0
	Violations of wastewater management regulations	Item	0	0	0	0
	Violations of waste management regulations	Item	0	0	0	0
	Traffic and vehicles related violations	Item	2	2	0	0

2025 Performance Highlights (vs. 2024)

GHG Emission Reduction	Electricity Consumption Intensity	Resource Recycling Rate	Employee Safety	Health Coverage	ESG Goal Achievement
112.45 tCO_2e / year ▲ 12.2%	32.76 kWh/unit ▲ 55.0%	72.15% ▲ 10.8%	69.8 Hours / person ▲ 6.2%	94.7% ▲ 2.7%	95.0% ▲ 13.5%

Notes : Data source: FUKUTA Electric Co., Ltd. ESG disclosure (2022–2025).
Reporting period: January 1 – December 31, 2025 | GRI reference: Foundation 2021 |
No applicable GRI indicators: None

Appendix: ESG Performance Indicators

Fukuta Electric Co., Ltd.

Category	Sustainability Indicator	Unit	2022	2023	2024	2025
Supply Chain Management	Ratio of raw material suppliers that have signed the Supplier Social Responsibility Commitment ≥ 45%	%	45.6	49.5	81.5	95.0
	Rate of suppliers' regular assessment completion	%	100	100	100	100
	Rate of suppliers' efficiency assessment completion	%	100	100	100	100
	Rate of suppliers audited for social and environmental responsibility ≥ 85%	%	87	90	100	100
	Ratio of suppliers that completed conflict minerals and REACH SVHC surveys ≥ 89%	%	90.0	90.1	100	100
Energy & Climate Action	Energy intensity ≥ 20 kWh / year	kWh / year	20.0	20.13	21.14	32.76
	GHG emissions reduction ≥ 50 tCO_{2e} / year	tCO_{2e} / year	90.56	99.67	100.20	112.45
	Climate resilience: Production interruption days caused by climate disasters	Days	0	0	0	0
Waste Management	Waste recycling rate ≥ 70%	%	65.32	70.46	61.38	72.15
	Proper treatment rate of hazardous waste (by legal disposers) 100%	%	100	100	100	100
Labor Relations	Overall turnover rate ≤ 33.50%	%	32.28	33.23	52.76	38.86
	Retention rate of new hires (within 3 months) ≥ 70%	%	70.8	71.6	80.39	81.22
	Regular labor-management meetings held 100%	%	100	100	100	100
	New hire training completion rate 100%	%	100	100	100	100
	Average training hours per employee ≥ 20H / year	Hours	20	25	65.7	69.8
Human Rights	Completion rate of human rights education and training 100%	%	100	100	100	100
	Incidents of illegal infringement / bullying ≤ 0	Cases	0	0	0	0
	Employee complaints / investigations / penalties ≤ 1 case	Cases	1	1	1	1
Occupational Safety and Health	Passed ISO 45001 occupational health & safety management system certification	-	Passed	Passed	Passed	Passed
	Completion rate of newcomer OHS training 100%	%	100	100	100	100
	Health check participation rate ≥ 90%	%	90	91	92	94.7
	Workplace hazard identification & risk assessment completion rate 100%	%	100	100	100	100
	Number of major occupational accidents ≤ 1 / year	Cases / year	0	0	0	0
	Number of chemical leaks causing environmental impact = 0 incidents	Cases / year	0	0	0	0
	Lost-time injury frequency rate ≤ 3	Million hours	--	7.7	3.68	2.21
	Lost-time injury severity rate ≤ 50	Million hours	--	104.44	14.73	8.62

Notes:

1. Red numbers indicate 2025 performance.
2. Depending on calculation standards or methods, some data may differ from previous reports.

Unit of Use : Fukuta Electric Co., Ltd.

Reporting Period : January 1, 2025 – December 31, 2025

Appendix 2 GRI Standards (2021) Content Index

Chapter 1. General Disclosures (GRI 2)

This chapter discloses how the organization manages its governance, strategies, policies, and stakeholder engagement.

GRI Index		Disclosure	Response	Page
	2-1	Organizational details	0.2 Overview of Fukuta	10–16
	2-2	Entities included in the organization's sustainability reporting	0.1 About this ESG Report	6–8
	2-3	Reporting period, frequency and contact point	0.1 About this ESG Report	7–9
	2-6	Activities, value chain and other business relationships	0.2 Overview of Fukuta, Chapter 5 Sustainable Products & Supply Chain	10–16, 72–91
	2-7	Employees	Chapter 6 Talent Development & Friendly Workplace	92–107
	2-9	Governance structure and composition	Chapter 1 Sustainability Strategy & Governance	20–25
	2-12	Role of the highest governance body	Chapter 1 Sustainability Strategy & Governance	20–31
	2-15	Conflicts of interest	Chapter 1 Sustainability Strategy & Governance	32–35
	2-19	Remuneration policies	Chapter 1 and Chapter 6	30, 96–97
	2-22	Statement on sustainable development strategy	1.1 Sustainability Strategy	18–20
	2-23	Policy commitments	Chapter 1 and Chapter 6	19–20, 98–100
	2-27	Compliance with laws and regulations	Chapter 1, Chapter 6 and Chapter 7	34–35, 69–116
	2-28	Membership associations	Chapter 7 Occupational Safety & Social Engagement	120–121
	2-29	Approach to stakeholder engagement	Chapter 2 Stakeholder Engagement & Material Topics	34–43
	2-30	Collective bargaining agreements	Chapter 6 Talent Development & Friendly Workplace	101–102

Statement of Use

This report has been prepared in accordance with the GRI Standards (2021). Fukuta Electric Co., Ltd. has disclosed the information referenced below for the period January 1 to December 31, 2025.

Chapter 2. GRI 3 Material Topics

GRI Index	Description	Corresponding Topic	Page
3-1	Process to determine material topics	Chapter 2 Stakeholder Engagement & Material Topics	38–41
3-2	List of material topics	Chapter 2 Stakeholder Engagement & Material Topics	41–42
3-3	Management of material topics	Each Chapter	18–129

2025 Top 10 Material Topics

Rank	Material Topic	ESG Aspect	Importance Score
1	Occupational Safety and Health	S	3.96 ★★★★★
2	Customer Relationship Management	G	3.95 ★★★★★
3	Product Responsibility	G	3.94 ★★★★★
4	Labor Relations and Employee Well-being	S	3.90 ★★★★☆
5	Business Ethics and Integrity	G	3.86 ★★★★☆
6	Talent Development, Recruitment and Training	S	3.83 ★★★★☆
7	Legal Compliance	G	3.80 ★★★☆☆
8	Information Security and Privacy Protection	G	3.80 ★★★☆☆
9	Sustainable Supply Chain Management	G	3.79 ★★★☆☆
10	Innovation and Technology / Corporate Governance and Policies	G	3.78 ★★★☆☆

ESG Aspect: S Social G Governance E Environmental

★ : Maximum score is 5

Chapter 3. Topic Standards Index

Category	GRI Index	Topic Standard	Corresponding Chapter	Page
Economic Governance	201	Economic Performance	Chapter 1 Sustainability Strategy & Governance	11, 18–20
	204	Procurement Practices	Chapter 5 Sustainable Products & Supply Chain	83–89
	205	Anti-corruption	Chapter 1 Sustainability Strategy & Governance	32–35
Environment	302	Energy	Chapter 4 Environmental Sustainability	63–65
	303	Water and Effluents	Chapter 4 Environmental Sustainability	65–67
	305	Emissions	Chapter 4 Environmental Sustainability	60–63
	306	Waste	Chapter 4 Environmental Sustainability	67–69
Social	401	Employment	Chapter 6 Talent Development & Friendly Workplace	92–102
	403	Occupational Safety and Health	Chapter 7 Occupational Safety & Social Engagement	108–116
	404	Training and Education	Chapter 6 Talent Development & Friendly Workplace	102–104
	405	Diversity and Equal Opportunity	Chapter 6 Talent Development & Friendly Workplace	98–100
	413	Local Communities	Chapter 7 Occupational Safety & Social Engagement	120–126
	414	Supplier Social Assessment	Chapter 5 Sustainable Products & Supply Chain	88–89
	418	Customer Privacy	Chapter 1 Sustainability Strategy & Governance	35–36



Appendix 3 SASB Index

Sustainability Accounting Standards Board Index
(Electrical & Electronic Equipment)

1. SASB Index Mapping

(Electrical & Electronic Equipment)

SASB Topic	SASB Code	Corresponding Report Chapter	Page
Energy Management	RT-EE-130a.1	Chapter 4 Environmental Sustainability	63–65
Greenhouse Gas Emissions	RT-EE-110a.1	Chapter 4 Environmental Sustainability	60–63
Water Management	RT-EE-140a.1	Chapter 4 Environmental Sustainability	65–67
Waste Management	RT-EE-150a.1	Chapter 4 Environmental Sustainability	67–69
Product Quality & Safety	RT-EE-250a.1	Chapter 5 Sustainable Products & Supply Chain	72–83
Product Innovation	RT-EE-410a.1	Chapter 5 Sustainable Products & Supply Chain	83–86
Supply Chain Management	RT-EE-430a.1	Chapter 5 Sustainable Products & Supply Chain	86–91
Materials Sourcing	RT-EE-440a.1	Chapter 5 Sustainable Products & Supply Chain	88–91
Workforce Health & Safety	RT-EE-320a.1	Chapter 7 Occupational Safety & Social Engagement	108–116
Employee Engagement	RT-EE-330a.1	Chapter 6 Talent Development & Friendly Workplace	92–107
Business Ethics	RT-EE-510a.1	Chapter 1 Sustainability Strategy & Governance	32–35
Data Security & Privacy	RT-EE-540a.1	Chapter 1 Sustainability Strategy & Governance	35–36

Statement of Use

This report has been prepared in accordance with the SASB Standards (Electrical & Electronic Equipment Industry). Fukuta Electric Co., Ltd. has disclosed the information referenced above to assist investors and stakeholders in understanding our material sustainability topics.



2. SASB Material Topics Overview

Environment	2025 Performance
Energy Use (electricity)	4,481,800 kWh
Greenhouse Gas Management (Scope 1, 2, and 3)	Completed
Water Use (total water)	36,894 m^3
Waste Management (recycling rate)	72.15%
Air Quality (Days exceed air quality standards)	0 days

Social Capital	2025 Performance
Customer Satisfaction	91%
Customer Privacy Incidents	0 cases
Product Recall Incidents	0 cases
Number of Whistleblower Reports	15 cases
Quality Management System	ISO 9001 / IATF 16949 Certified

Human Capital	2025 Performance
Average Training Hours per Employee	69.8 hours / person
Employee Health Check Participation Rate	94.7%
Number of Major Occupational Accidents	0 cases
Female Manager Ratio	34%
Human Rights Training Completion Rate	100%

Leadership & Governance	2025 Performance
Number of Ethics Violations	0 cases
Number of Significant Legal Violations	0 cases
Number of Major Compliance Incidents	0 cases
Sustainability Committee Established	Established in 2025/12
Internal Audit Results	12 findings, 103 Improvement Actions

Statement of Use

This report has been prepared in accordance with the SASB Standards (Electrical & Electronic Equipment Industry). Fukuta Electric Co., Ltd. has disclosed the information referenced above to assist investors and stakeholders in understanding our material sustainability topics.

FUKUTA

FUKUTA ELEC. & MACH, CO., LTD.

2025
ESG SUSTAINABILITY REPORT

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