

# 富田電機 股份有限公司

## 2023 永續報告書 SUSTAINABILITY REPORT





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# Statement from the Highest Management

## Message from the Chairman – Sustainable Development Strategy

The Russia-Ukraine conflict, which began in February 2022, remains unresolved, with the situation continuing to stagnate. Similarly, the Israel-Hamas conflict, which erupted in October 2023, shows no indications of reconciliation. Beyond the immense destruction, loss of life, and displacement caused by these conflicts, their economic repercussions have been profound. Simultaneously, the world has been grappling with extreme weather events that have led to catastrophic natural disasters. The combination of climate abnormalities and disruptions to global food supplies caused by ongoing conflicts has exacerbated inflationary pressures, keeping inflation rates persistently high.

In response to the European Union's implementation of CBAM on imports starting in October 2023, the Taiwan government established the Taiwan Carbon Solution Exchange in Kaohsiung. This initiative mandates that all TWSE and TPEX-listed companies submit ISO-16064-compliant greenhouse gas inventory reports in 2024. The goal is to monitor greenhouse gas and carbon dioxide emissions and prepare for alignment with the EU's CBAM. These developments underscore the urgency of integrating ESG principles into corporate strategies, shifting the imperative from "when to act" to "acting now."

Over the years, Fukuta has been honored with several prestigious awards, including Tesla Motors' "Global Best Supplier Award" in 2013, the Ministry of Economic Affairs' "18th Rising Star Award" and "24th National Award of Outstanding SMEs" in 2015, and the "5th Taiwan Mittelstand Award" in 2019. These recognitions are a testament to the collaborative efforts and dedication of our employees and leadership teams. At Fukuta, we specialize in the research, design, and manufacturing of industrial

motors, marketing our products under the FUKUTA brand. In recent years, we have actively aligned with advanced technological trends. Notably, our participation in the Ministry of Economic Affairs' initiatives, including the "Fukuta Supply Chain Automotive Motor Smart Manufacturing AI Application Program" and "Electric Vehicle Integrated Power System Design and Development," has allowed us to maintain our technological leadership while integrating AI-driven innovations.

In navigating the challenges of global climate change and energy transition, we uphold our corporate philosophy of **"innovation, passion, and integrity."** We have centered our efforts on four strategic pillars: energy conservation and carbon reduction, innovative product services, people-oriented operations, and sustainable management. These pillars drive our actions to achieve long-term corporate objectives. I am proud of the dedication and hard work of our teams across all functions, which have been instrumental in fulfilling our mission. Below are the highlights of our sustainability achievements in 2023:



Environmental **E**

1. Successfully completed the ISO-14064-1 greenhouse gas inventory, positioning the Company to address international CBAM challenges.
2. Upgraded high-carbon-emission production equipment, achieving significant reductions in energy consumption and carbon intensity across operational facilities.
3. Advanced renewable energy initiatives by installing solar panels on underutilized resources at the Tongluo factory, reinforcing our commitment to environmental sustainability.

Social **S**

1. Proactively implemented policies and measures to safeguard human rights, fostering a workplace culture centered on diversity, equality, and inclusion.
2. Achieved ISO-45001 certification for the Occupational Safety and Health Management System, enhancing systematic management practices and progressing toward the target of "zero occupational incidents."
3. Prioritized employee well-being by enhancing physical and mental health support and providing emergency response training. Over 70% of employees at the Tongluo and Shengang factories have completed CPR and AED first-aid certification courses.

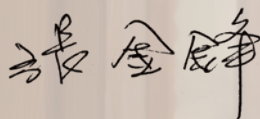
Governance **G**

1. Strengthened corporate governance by enhancing policies and systems, achieving an improved evaluation ranking compared to 2023.
2. Ensured full compliance with social responsibility codes of conduct by all suppliers.
3. Initiated the adoption of TISAX standards in 2024 to optimize information security practices. This initiative aims to mitigate potential security risks, safeguard data from customers and partners, and support steady business growth through robust and sustainable information security measures.

Looking ahead to 2024, Fukuta will continue to uphold its philosophy of **"innovation, passion, and integrity"** as we advance to a new stage of corporate sustainability. Our strategic focus will emphasize five key areas: green product innovation and service expansion, decarbonization of critical processes, effective risk management, workplace equality and diversity, and enhanced information security. We remain committed to maintaining open and effective communication with stakeholders, deepening our understanding of international ESG rating frameworks, and achieving the United Nations Sustainable Development Goals (SDGs).

We firmly believe that by embedding ESG principles into our daily operations, we will realize our objectives of ethical management, strong corporate governance, environmental stewardship, social responsibility, and sustainable business practices.

Chairman :




# Report Overview and Scope

## Report Overview

This Report has been prepared in accordance with the Sustainability Reporting Standards (GRI Standards) issued by the Global Reporting Initiative (GRI). It provides a comprehensive account of the corporate citizenship responsibilities undertaken by Fukuta Electric & Machinery Co., Ltd. (hereinafter referred to as Fukuta or the Company). The content spans various domains, including sustainability management practices (incorporating ESG organizations and responsibilities, stakeholder identification, communication and analysis of material topics, prioritization and response to critical issues, assessment of material topics' impacts on sustainable operations, risk evaluations, and the realization of the United Nations Sustainable Development Goals), corporate governance and ethical management, operational performance and customer relationship management, product innovation and development, supply chain sustainability management, environmental sustainability efforts, workplace safety and well-being, and community co-prosperity initiatives.

### ■ Reporting Period

The period covered by this Report is the year 2023 (from January 1, 2023, to December 31, 2023). It details Fukuta's ESG sustainability management guidelines, risk assessments, material issue prioritization, responses, listed management measures, and the outcomes of ESG initiatives. Certain additional content is included to enhance readers' comprehension of the disclosed information.

The Company is committed to revising and publishing its ESG report on an annual basis.

### ■ Scope and Boundaries

The disclosed information primarily pertains to Fukuta's four factories located in Taiwan, excluding subsidiaries in Taiwan and China. The scope of relevant material topics encompasses Fukuta employees, customers, suppliers, and investors.

Financial performance data is presented in New Taiwan Dollar (NT\$) or thousands thereof. The reliability of financial data has been confirmed by certified public accountants prior to public disclosure and is presented in commonly accepted textual and numerical formats.

### ■ Frequency of Publication

**The 2023 Sustainability Report marks the inaugural publication.**

Current version

Published in August 2024

Next version

Scheduled for August 2025

## ■ Principles and Guidelines

This Report adheres to international standards and Taiwan's legal frameworks to ensure the comparability and materiality of disclosed information. The standards referenced include:

- Global Reporting Initiative Sustainability Reporting Standards (GRI Standards: 2021)
- Task Force on Climate-related Financial Disclosures (TCFD): Addressing risks, opportunities, and financial impacts related to climate change
- Sustainability Accounting Standards Board (SASB): Resource Transformation Standards and Sustainability Accounting Metrics for the Electrical and Electronic Equipment Industry
- United Nations Sustainable Development Goals (SDGs)
- Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies (effective January 26, 2024)
- Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies (revised December 23, 2022).

## ■ Accuracy of Disclosed Information

### Internal Verification

Unless otherwise noted, all currency units in this Report are expressed in New Taiwan Dollar. Figures are rounded to two decimal places.

To highlight medium- and long-term trends, financial data is presented for three consecutive years (2021–2023), while other information spans two years.

All disclosed data, reviews, and verification processes have been documented, confirmed by relevant department heads, and approved by the highest management.

### External Verification

Financial data is based on standalone financial statements audited by Deloitte & Touche.

### Contact Information

**Address** : No. 6, Tongke 6th Rd., Tongluo Township, Miaoli County

**Contact Person** : Assistant Manager  
Tu Ping-Yu

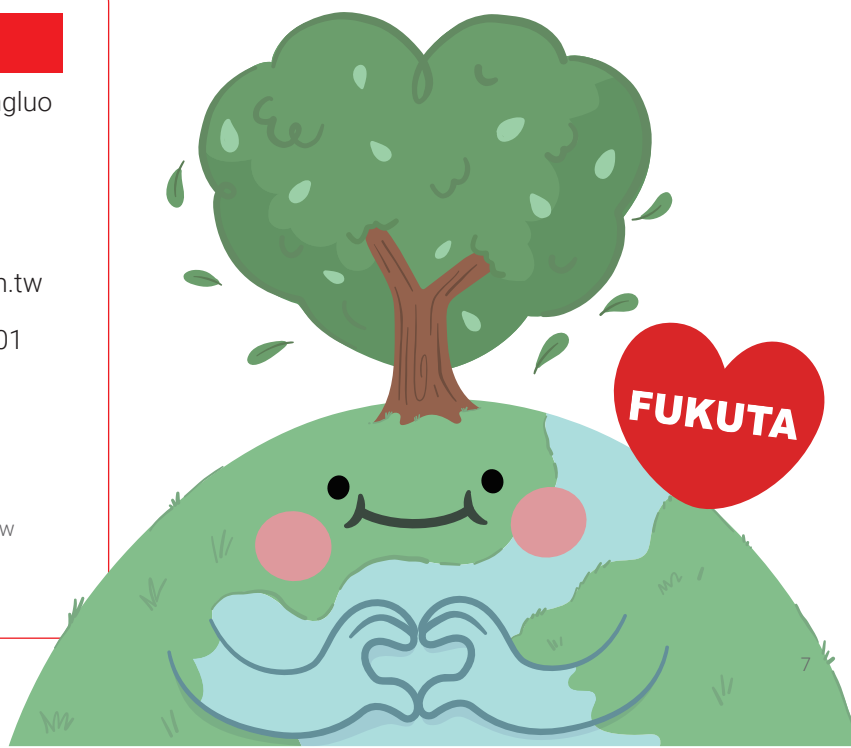
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# 01

## Implementation of Sustainability Management

### 1.1 Stakeholder Organizations and Identification

- 1.1.1 ESG Organizations and Responsibilities
- 1.1.2 Identification of Key Stakeholders
- 1.1.3 Communication and Grievance Mechanisms for Key Stakeholders

### 1.2 Communication Channels for Stakeholder Concerns and Process for Identifying Material Topics

- 1.2.1 Identification and Direct/Indirect Impact Analysis of Stakeholder Concerns

### 1.3 Material Issue Identification, Prioritization, and Response

- 1.3.1 Responses to Major and Minor Issues

### 1.4 Impact of Sustainable Operations

- 1.4.1 Major Issues and Their Impact on Fukuta's Value Chain
- 1.4.2 Risk Management of Major Issues

### 1.5 Implementation of United Nations Sustainable Development Goals

# 1 Implementation of Sustainability Management

## 1.1 Stakeholder Organizations and Identification

### 1.1.1 ESG Organizations and Responsibilities

Fukuta Electric & Machinery Co., Ltd. has established a cross-functional task force to enhance execution efficiency, reduce environmental impact, and promote continuous improvement through integrated horizontal management. The Company has formed an ESG Sustainability Committee to oversee sustainability initiatives across three key dimensions: “corporate governance and operations,” “green production and innovation,” and “employees and society.” Relevant units have been assigned responsibilities for managing issues related to sustainability, ensuring alignment with corporate objectives and stakeholder expectations.

The Corporate Sustainability Committee, created to respond to stakeholders’ interests and expectations, is composed of the Company’s executive team. Chaired by Chairman Chang Chin-Feng, the Committee is tasked with integrating ethical management, corporate social responsibility, and the establishment of strategic goals for sustainable development. Under the Corporate Sustainability Committee, two functional subcommittees have been established: the Corporate Social Responsibility Committee and the Ethical Management Committee. The Management Department currently serves as the primary unit responsible for advancing these initiatives.

The Committee conducts annual reviews of its goals and evaluates the progress of its initiatives, with results reported to the Board of Directors. Department managers are empowered to take ownership of their respective areas and are required to regularly report project implementation statuses and resource requirements to the President. This reporting structure enables real-time tracking of project progress and ensures the timely allocation of necessary resources.

#### ■ Sustainability Policy

Fukuta integrates corporate social responsibility into its core operational strategies to achieve sustainable business management. The Company embeds these principles into its daily operations, fostering a corporate culture grounded in the core values of “integrity,” “innovation and transformation,” and “caring for society.” This culture is further encapsulated in the values of “integrity, teamwork, innovation, responsibility, and learning.”

Fukuta is committed to deepening its sustainability efforts while fulfilling its obligations as a corporate citizen. The Company adopts a people-centric approach, collaborating with employees to achieve mutual growth and create maximum value for shareholders, customers, and the Company itself. By fostering long-term partnerships with customers and social groups, Fukuta seeks to fully embrace its corporate citizenship responsibilities.



The ESG Sustainability Committee oversees initiatives related to corporate social responsibility and ethical management. **Below is the organizational structure of the ESG Sustainability Committee:**



**The ESG Sustainability Committee** serves as a cross-departmental communication platform responsible for planning, executing, and monitoring various action plans. It integrates and supervises the progress and performance of initiatives across four dimensions: corporate governance, social responsibility, environmental sustainability, and risk management. The Committee ensures effective horizontal and vertical communication within the organization to achieve sustainable development objectives.

Responsibilities of the ESG Sustainability Committee:

- (1) Establishing strategic directions for corporate sustainability development, corporate governance, and the economic, environmental, and social dimensions.
- (2) Planning corporate sustainability development, energy management, carbon reduction, and various environmental protection activity programs.
- (3) Monitoring and reviewing corporate development plans, new product initiatives, employee welfare programs, customer service enhancements, and social responsibility projects.
- (4) Addressing significant or risk-related issues and providing annual performance reports to the Board of Directors.
- (5) Convening regular review meetings to discuss corporate sustainability-related topics and assess business progress. During operations, the Committee executes ESG-related tasks and actively participates

in relevant activities.

The ESG focus areas and responsible units across the Committee's organizational dimensions are outlined in the table below:

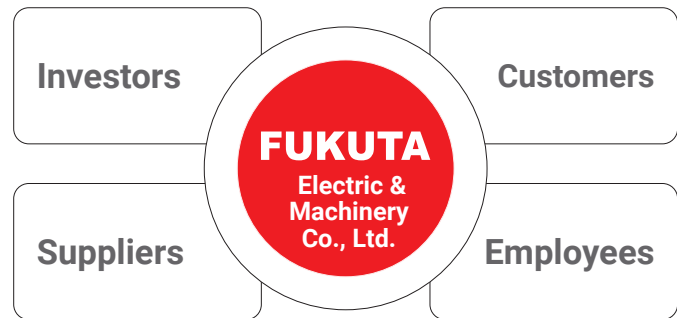
Dimension		Key ESG Items	Responsible Unit
Corporate Governance	Corporate governance	Corporate governance financial management system, ethical management	Management Department, Financial and Accounting Department, Audit Office
		Management systems: Finance/ ISO/ personnel management	
		Ethical management systems: regulatory compliance, ethical management and business ethics	Human Resource Department/ employees/ labor representatives
		Information security	Information Department
		Risk management (climate change, environment, safety & health, and operation)	Management Department
		Customer privacy	R&D Department, Marketing Department
		Sustainable development management mechanism and goals	ESG Sustainability Committee
		Grievance mechanism employees/ customers/ suppliers/ shareholders	Management Department/ Legal Affairs Department/ Audit Office
	Economy	Business performance	Financial and Accounting Department
Environment	Environmental management / energy saving and carbon reduction	<ul style="list-style-type: none"> <li>Energy resources management/ energy saving and carbon reduction</li> <li>Greenhouse gas management (including carbon emissions)</li> <li>Water resources management</li> <li>Working environment management system</li> </ul>	Management Department
Society	Supplier	<ul style="list-style-type: none"> <li>Supply chain sustainability management (including contractors)</li> </ul>	Materials and Logistics Department
	Product Safety and Customer Service Satisfaction	<ul style="list-style-type: none"> <li>Innovating product service</li> <li>Product responsibility</li> <li>Customer service and satisfaction</li> </ul>	Marketing Department, Quality Assurance Department
	Product Quality Management and Delivery Schedule	<ul style="list-style-type: none"> <li>Product quality management system</li> <li>Key process control methods for quality management</li> <li>Yield rate of product quality and lead time</li> </ul>	Quality Assurance Department, Production Department, Manufacturing Department
	Employee Management System	<ul style="list-style-type: none"> <li>Talent recruitment, development and retention</li> <li>Compensation, benefits, and development of talent cultivation</li> <li>Labor employment/ labor-management relations</li> </ul>	Human Resource Section
		<ul style="list-style-type: none"> <li>Occupational safety and health</li> </ul>	Environmental Safety Section
	Communities and charitable activities	<ul style="list-style-type: none"> <li>Local neighborhood relations</li> <li>Community charitable activities</li> </ul>	Management Department

## 1.1.2 Identification of Key Stakeholders

Fukuta identifies its key stakeholders based on six principles: responsibility, influence, proximity, dependency, representation, and policy and strategic intent. Through discussions during ESG Committee meetings, four primary stakeholder groups were identified: investors (shareholders), employees, customers, and suppliers. Additionally, two secondary stakeholder groups were recognized: communities and government agencies.

The Company utilizes various communication channels to listen to stakeholders, gather information on their concerns, and respond to their expectations.

The Company's key stakeholders are illustrated below



## 1.1.3 Communication and Grievance Mechanisms for Key Stakeholders

Fukuta Electric & Machinery discloses its corporate social responsibility efforts on its corporate website. The Company provides designated contact points and methods for engaging with its four primary stakeholder groups. The grievance reception and management office, along with the relevant points of contact and the concerns addressed, are listed below:

Email Contact: [fukuta@fukuta-motor.com.tw](mailto:fukuta@fukuta-motor.com.tw)

### Employees

**Contact Point:** Tu Ping-Yu / Management Department  
**Email:** [jinji.Tu@fukuta-motor.com.tw](mailto:jinji.Tu@fukuta-motor.com.tw)  
**Responsibilities:** Promote harmonious labor-management relations and provide labor rights and conditions in compliance with labor regulations, as well as address issues related to compensation and benefits, training and development, work-related matters, and occupational safety and health.

### Customers

**Contact Point:** Wu Chun-Wei / Marketing Department  
**Email:** [export4@fukuta-motor.com.tw](mailto:export4@fukuta-motor.com.tw)  
**Responsibilities:** Maintain and develop relationships with upstream, midstream, and downstream industrial partners within the professional industrial and electric vehicle sectors. Provide support for the supply and service of professional powertrain and motor components, while ensuring customer relationship management, satisfaction, trust, and privacy.

### Suppliers

**Contact Point:** Chen Fei-Hong / Materials and Logistics Department  
**Email:** [feihong@fukuta-motor.com.tw](mailto:feihong@fukuta-motor.com.tw)  
**Responsibilities:** Foster partnerships with suppliers to support Fukuta's sustainable development. Promote social responsibility standards including green environmental protection, labor rights and conditions, health and safety, risk management, ethical standards, and the prohibition of conflict minerals.

### Investors

**Contact Point:** Hsin-Yu Shih / Finance Department  
**Email:** [invest@fukuta-motor.com.tw](mailto:invest@fukuta-motor.com.tw)  
**Responsibilities:** Establish effective communication channels with investors, host online institutional investor conferences quarterly, and disclose relevant materials on both the Company and TWSE websites to enhance information transparency and protect investor rights.



## 1.2 Communication Channels for Stakeholder Concerns and Process for Identifying Material Topics

Fukuta collects sustainability-related topics and identifies material issues based on sustainable development goals (SDGs), industry regulations and standards, organizational annual objectives, and survey questionnaires.

Through various stakeholder communication channels, representatives from relevant departments engage with stakeholders on a regular or ad hoc basis. This includes conducting surveys with primary stakeholders to understand their key concerns.

The Company compiles and evaluates these concerns by involving employees and management in analyzing the top 20 topics prioritized by stakeholders. This analysis assesses the economic, environmental, and social (including human rights and social impact) implications of these topics on business operations. Subsequently, internal managers and employees conduct a secondary assessment to determine the degree of impact these issues may have on the Company's operations.

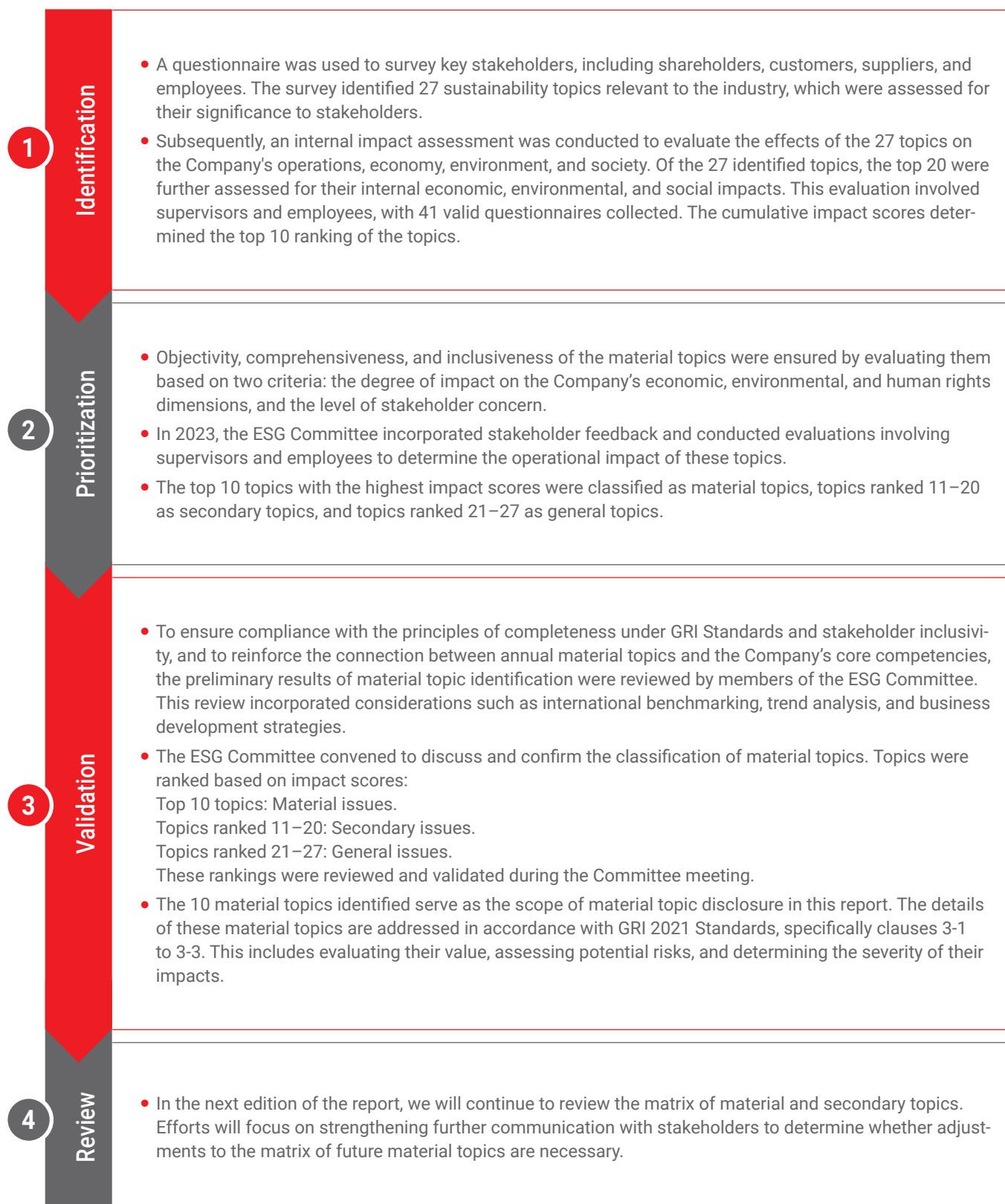
The process resulted in the identification of 25 stakeholder concerns (with one topic overlapping). These concerns are detailed in the following table:

	Concerns	Main Communication Channels & Frequency	Engagement Methods
Investors	<ul style="list-style-type: none"> <li>• Operational Performance</li> <li>• Risk Management</li> <li>• Regulatory Compliance</li> <li>• Information Security</li> <li>• Corporate Governance and Taxation</li> <li>• Energy and Resource Management</li> <li>• Energy Conservation and Carbon Reduction</li> <li>• Climate Change Adaptation Methods</li> <li>• Digital Transformation</li> </ul>	<ul style="list-style-type: none"> <li>• Board of Directors meetings At least 4 times/ year</li> <li>• Shareholders' meetings/Annual reports 1 time/ year</li> <li>• Public Information Observatory 1 time/ year</li> <li>• Corporate website Monthly/ Quarterly/ Annually</li> <li>• Investor conferences As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Annual general shareholders' meetings</li> <li>• Public investor conferences</li> <li>• Annual dividends</li> <li>• Securities Exchange Act</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Sustainable Supply Chain Management</li> <li>• Green Procurement</li> <li>• Energy Conservation and Carbon Reduction</li> <li>• Waste Management</li> </ul>	<ul style="list-style-type: none"> <li>• Written audits Irregular</li> <li>• Written/On-site evaluations Once/year</li> <li>• On-site audits Once/year</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier conferences</li> <li>• Procurement contracts</li> <li>• Supplier audits</li> <li>• Civil Code – Contract Law</li> <li>• International procurement regulations</li> </ul>

<b>Employees</b>	<ul style="list-style-type: none"> <li>• Human Rights Protection, Diversity and Inclusion</li> <li>• Occupational Safety and Health</li> <li>• Talent Recruitment, Retention and Development</li> <li>• Labor-Management Relations</li> <li>• Ethical Business Conduct</li> </ul>	<ul style="list-style-type: none"> <li>• Two-way communication meetings Irregular</li> <li>• Labor-management meetings Quarterly</li> <li>• Occupational safety committees Quarterly</li> <li>• Training courses Irregular</li> <li>• Internal websites/Email notifications/Official announcements/Complaint mailbox Irregular</li> </ul>	<ul style="list-style-type: none"> <li>• Labor contracts</li> <li>• Supervisor-subordinate meetings</li> <li>• Regular labor-management meetings</li> <li>• Legal and relational guidance</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Innovative Product Services</li> <li>• Customer Relationship Management</li> <li>• Product Responsibility</li> <li>• Green Manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>• Customer complaint handling and responses Irregular</li> <li>• Customer satisfaction surveys Annual</li> <li>• Customer meetings Irregular</li> <li>• Phone/Email/Website Irregular</li> </ul>	<ul style="list-style-type: none"> <li>• Orders/ Contracts</li> <li>• Supplier conferences</li> <li>• Civil Code - Contract Law</li> <li>• International procurement regulations</li> </ul>
<b>Government Agencies (Secondary)</b>	<ul style="list-style-type: none"> <li>• Regulatory Compliance</li> <li>• Greenhouse Gas Emissions</li> <li>• Air Pollution Control</li> <li>• Occupational Safety and Health</li> <li>• Labor Conditions and Human Rights</li> </ul>	<ul style="list-style-type: none"> <li>• Official correspondence/ Phone/Email Irregular</li> <li>• Policy advocacy meetings Irregular</li> <li>• Regulatory briefing sessions Regular/Irregular</li> <li>• Supervisory agency visits</li> </ul>	<ul style="list-style-type: none"> <li>• Policy advocacy</li> <li>• Announcement of new laws</li> <li>• Regular inspections</li> <li>• Irregular audits</li> <li>• Regulatory penalties</li> </ul>
<b>Community (Secondary)</b>	<ul style="list-style-type: none"> <li>• Community Engagement</li> <li>• Public Welfare Activities (Including Donations)</li> </ul>	<ul style="list-style-type: none"> <li>• Community environmental advocacy meetings Irregular</li> <li>• Public welfare activities Irregular</li> </ul>	<ul style="list-style-type: none"> <li>• Community activity notifications</li> <li>• Public welfare activity notifications</li> </ul>

The aforementioned stakeholder concerns were analyzed with reference to the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards). Following the steps of identification, prioritization, validation, and review, the analysis ensures the identification of material topics disclosed in the report. This process defines the scope of material topics and examines the sustainability challenges faced by the Company both internally and externally. This comprehensive review aims to evaluate the effectiveness of the Company's sustainability management efforts.

The process for identifying material topics is outlined as follows:





## 1.2.1 Identification and Direct/Indirect Impact Analysis of Stakeholder Concerns

The degree of stakeholder attention to specific topics is analyzed in relation to corporate governance across economic, environmental, and social dimensions (including human rights and social groups). The analysis assesses the direct and indirect impacts of these topics on the Company's internal operations and evaluates the level of stakeholder concern and the magnitude of the impacts. This evaluation forms the basis for identifying and prioritizing material topics.

The average scores for stakeholder attention and impact levels, as calculated by the ESG Sustainability Committee in 2023, along with the ranking of direct and indirect impacts, are summarized in the table below:

No.	Topic concerned	Level of concern and impact					Description	Level of concern	Level of impact	Direct or indirect/ negative or positive impact to the enterprise
		Shareholders	Suppliers	Customers	Employees	Supervisors				
1	Occupational Safety and Health	●	●		○	○	Maintain a safe and healthy workplace, reduce internal hazards, minimize workplace injuries, and improve occupational safety and health performance.	4.80	4.09	Positive: 0
2	Customer Relationship Management	●	●	○	○	○	Establish customer satisfaction and trust in products and services as key factors for building high customer confidence.	4.66	4.00	Negative: 4.09
3	Risk Management	●	●	●	○	○	Enhance the documentation of risk management procedures and their execution, and report risk conditions annually to the Board of Directors.	4.60	4.00	Positive: 0
4	Innovative Products and Services	●	●		○	○	Foster innovative products and services while reducing operational risks, minimizing injuries, and improving occupational safety and health performance.	4.55	4.04	Negative: 4.00
5	Operational Performance	●	●		○	○	Achieve annual economic performance and sustainable profitability.	4.24	4.01	Positive: 0
6	Energy Resource Management / Carbon Reduction	●	●	○	○	○	Formulate comprehensive GHG reduction strategies aligned with national policies, manage resources, conserve energy, and reduce emissions.	4.37	4.00	Negative: 4.00

7	Corporate Governance and Tax Policies	●	●	○	○	○	Ensure sustained profitability, develop sustainable tax policies, and manage tax risks effectively.	4.49	3.90	Positive: 0
8	Supply Chain Sustainability Management	●	●	○	○	○	Use non-hazardous materials and avoid conflict minerals, continuously promote environmental sustainability, and mitigate product responsibility impacts.	4.60	3.86	Negative: 3.90
9	Human Rights and Diversity	●	●	○	○	○	Appoint information security personnel to manage and execute security-related tasks.	4.72	3.86	Positive: 0
10	Regulatory Compliance	●	●	○	○	○	Compliance builds trust among employees and supports external credibility and labor harmony.	4.73	3.81	Negative: 3.86
11	Labor-Employer Relations	●	●		○	○	Develop harmonious labor relations, enhance employee welfare and care, and build a comprehensive talent development and retention system.	4.59	3.78	Positive: 0 Negative: 3.78
12	Talent Recruitment, Retention, and Development	●	●	○	○	○	Offer competitive remuneration, recruit qualified talent, develop talent systematically, and retain key personnel.	4.71	3.77	Positive: 0 Negative: 3.77
13	Information Security			○	●	●	Assign dedicated personnel to manage and execute information security practices.	4.58	3.76	Positive: 0 Negative: 3.76
14	Digital Transformation	●	●		○	○	Use digital technologies for production, manufacturing, and operational management.	4.49	3.75	Positive: 0 Negative: 3.75
15	Ethical Management and Business Ethics		○	●	○	○	Establish robust ethical management systems, create ethical guidelines, avoid conflicts of interest, and promote sustainability.	4.60	3.72	Positive: 0 Negative: 3.72
16	Climate Change Adaptation		○	●	○	○	Evaluate both physical and transitional risks associated with climate change and implement corresponding measures.	4.35	3.73	Positive: 0 Negative: 3.73
17	Greenhouse Gas Emissions	○		○	●	●	Monitor emissions and adopt sustainable development tax policies to maintain profitability and control tax risks.	4.30	3.72	Positive: 0 Negative: 3.75

18	<b>Air Pollution Control</b>	●	●	●	○	○	Align with national greenhouse gas reduction strategies, manage energy efficiency, and monitor greenhouse gas emissions.	4.39	3.60	Positive: 0 Negative: 3.60
19	<b>Product Responsibility</b>	●	●	○	○	○	Eliminate hazardous materials and conflict minerals, promote environmental sustainability, and reduce product liability impacts.	4.71	3.59	Positive: 0 Negative: 3.59
20	<b>Green Manufacturing</b>	○		●	○	○	Develop green products and coordinate supply chain improvements for greener production to meet future business trends.	4.43	3.54	Positive: 0 Negative: 3.54
21	<b>Social Participation</b>				●	●	Engage in public welfare activities and support disadvantaged communities.	4.31	3.45	Positive: 0 Negative: 3.45
22	<b>Green Value Chain</b>	○		○	○	○	Establish green supply chain mechanisms to improve internal green processes and promote green value chain products externally to meet future business trends.	4.26	3.31	Positive: 0 Negative: 3.31

**Concern and Impact Levels:**

● Indicates the organization's concern level. ○ Indicates the organization's (direct/indirect) positive/negative impact level.

**Assessment Scale for Concern Level:**

1 = Very Unconcerned 2 = Unconcerned 3 = Neutral (Moderately Concerned) 4 = Relatively Concerned 5 = Highly Concerned

**Assessment Scale for Impact Level:**

1 = Very Insignificant Impact 2 = No Impact 3 = Neutral (Moderate Impact) 4 = Relatively Significant Impact 5 = Highly Significant Impact

**Major Issues:** ○ (Concern Level ≥ 4.37 and Impact Level ≥ 3.81)

These issues are ranked within the top 10 based on high impact scores. In addition to being addressed, their value and risks are evaluated.

**Minor Issues:** ○ (Level ≤ 4.43 and Impact Level ≤ 3.78)

These issues rank between 11th and 20th in terms of moderate impact scores. Only responses are provided in Section 1.3.1 for these issues.

## 1.3 Material Issue Identification, Prioritization, and Response

Based on the stakeholder identification results, the ESG Committee convened to discuss the key stakeholder concerns identified in the 2022 ESG Sustainability Report. The discussion focused on stakeholders' attention levels and the immediate or potential economic, environmental, and social impacts of these issues.

On May 22, 2024, the ESG Committee conducted a review meeting to evaluate and prioritize the key stakeholder concerns for 2023. The discussion categorized the issues into major, minor, and general topics, totaling 22 items. Meeting minutes were prepared, and the outcomes were submitted to the ESG Committee Chairperson for approval.

For 2023, the report disclosed 10 major issues, 10 minor issues, and 2 general issues, as outlined in the table below:

Stakeholder Attention Level	Low	Moderate	High	
	Green Manufacturing	Labor/Employer Relations, Information Security, Talent Recruitment, Retention, and Development	Occupational Safety and Health, Customer Relationship Management, Risk Management, Innovative Products and Services, Operational Performance Supply Chain Sustainability Management, Human Rights and Diversity, Energy Resource Management / Carbon Reduction, Corporate Governance and Tax Policies, Regulatory Compliance	High
	Social Participation	Green Manufacturing	Digital Transformation, Ethical Management and Business Ethics, Product Responsibility, Climate Change Adaptation, Greenhouse Gas Emissions, Air Pollution Control	Moderate
				Low
	Impact on Economy, Environment, and Society (Including People and Human Rights)			

Note: ■ Major issue ■ Minor issue

### 1.3.1 Responses to Major and Minor Issues

2023 identified 10 major issues and 10 minor issues, totaling 20 issues. Their significance and corresponding measures are as follows:

Item	GRI Standards	Significance to Fukuta	Corresponding Measures
• Corporate Governance/Economic Dimension			
Operational Performance	201 Economic Performance	Sustained profitability is key to achieving the goal of sustainable operations. Expanding new customers, increasing market share, creating new job opportunities, and attracting exceptional key talent remain priorities.	Continuously monitor economic conditions and increase capital expenditure at opportune moments. Expand customer base and market share. Control costs and expenses.
Risk Management	2-25 Remediation Procedures for Negative Impacts	To address operational, environmental, and climate change risks faced by global enterprises, a robust risk management mechanism must be established. This ensures swift responses to mitigate losses and continuously safeguard stakeholder interests.	Implement "Risk and Opportunity Management Procedures" and "Emergency Response Procedures" to mitigate operational risks and damages.



Item	GRI Standards	Significance to Fukuta	Corresponding Measures
Corporate Governance and Taxation • stockholder rights/interests • Ethical Management	201-4 Government Financial Assistance 102-22 Governance Body Composition 102-16,17 Ethics and Integrity	The Company has established a sustainable development tax policy and is committed to controlling tax risks. Satisfying shareholders is a critical mission for the Company. Implementing an integrity management policy is essential for building the Company's credibility and reputation.	Develop tax policies and management guidelines. Draft company charters to specify shareholder dividend policies. Establish "Ethical Management Guidelines."
Regulatory Compliance	2-27 Compliance	Compliance with laws and regulations is fundamental to Company policy, forming the basis for employee trust, harmonious labor relations, and external creditworthiness.	Formulate "Work Rules" and "Occupational Safety and Health Guidelines" for government approval.
Innovative Products and Services	416 Customer Health and Safety 417 Marketing and Labeling	Continuous product innovation creates added value for the Company's products, increases profitability, and ensures a competitive edge in a highly competitive market.	Establish a dedicated R&D center to develop new products in response to customer and market needs.
Customer Relationship Management	416-2 Customer Health and Safety 417 Product and Service Quality Product Quality and Lead Time	Customer product service and satisfaction are crucial factors in establishing trust, positive relationships, and reputation with customers.	Regular annual customer satisfaction surveys are conducted, with responsible units required to implement improvements within specified timeframes in response to customer complaints.
Supply Chain Sustainability Management	308-1 Supplier Environmental Assessment 414 Supplier Social Responsibility Assessment	Fukuta Electric aims to promote sustainable business development by fostering partnerships with suppliers, who are also required to comply with environmental and social responsibility regulations.	Draft "Supplier Management Procedures" to foster trust and stable partnerships, building a sustainable supply chain.
Integrity and Business Ethics	2-15 Conflict of Interest	To enhance the Company's integrity management, professional ethics guidelines have been developed to avoid conflicts of interest and create a sustainable operating environment.	Formulate "Corporate Social Responsibility Handbook" and "Integrity Operation Procedures and Guidelines" for employee and stakeholder adherence.

Item	GRI Standards	Significance to Fukuta	Corresponding Measures
Information Security	2-3 ~ 2-5 Reporting Practices	The Company discloses annual financial reports and ESG sustainability reports in accordance with legal requirements to ensure transparency of information.	Ensure transparency in financial and ESG reports.
Digital Transformation	TCFD Transition Risks and Green Products	According to the international requirements of TCFD regarding climate-related risks, opportunities, and financial impacts, Taiwanese companies must embrace green products and digital transformation.	Establish a dedicated R&D unit for green product development and digital transformation to meet customer and market needs.
Product Liability	416-2 Customer Health and Safety 417 Products and Services; Product Quality	Customers highly value product quality and delivery schedules, which are key factors in building trust and a strong reputation with customers.	Supply chain for product manufacturing passed certification of ISO9001 quality management (procedures and operating standards) and continued maintaining its validity.
Green Manufacturing	416-2 Customer Health and Safety 417 Products and Services 414 Supplier Social Assessment	The Company develops new green products and adopts green process equipment, avoiding the purchase of hazardous substances from suppliers.	Through QC080000 hazardous substance management system and assessment of supplier social responsibility.
• Environmental Dimension			
Energy Resource Management / Carbon Reduction	302 Energy 305-1,2 Carbon Emissions	To align with global environmental trends and national greenhouse gas reduction strategies, the Company monitors energy conservation and greenhouse gas emissions.	Reduce fuel and electricity consumption to achieve efficient energy management and lower greenhouse gas emissions. Reduce fuel and electricity consumption to achieve efficient energy management.
Climate Change Adaptation	TCFD Climate Risks, Opportunities, and Financial Impacts	The physical and transitional impacts of climate change on businesses are detailed in Table 6 of this report under Sustainable Environment, outlining strategies and measures for response.	Decentralize production bases, develop green products, implement sustainable processes, and build a green supply chain for industrial transformation and opportunities.

Item	GRI Standards	Significance to Fukuta	Corresponding Measures
Greenhouse Gas Emissions	<b>305-1,2</b> Carbon Emission	The Company monitors greenhouse gas emissions in accordance with global environmental trends and national greenhouse gas reduction strategies.	Reduce oil and electricity consumption, implement effective energy management, and lower carbon emissions.
Air Pollution Control	<b>305-6</b> Ozone Depleting Substances (ODS) <b>305-7</b> Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and other significant air emissions	To address air pollutants that damage the ozone layer, Fukuta implements air pollution control measures. Pollutants are filtered and effectively reduced to comply with environmental regulations before being discharged externally.	Conduct regular testing of emissions based on ISO 14001 standards and ensure compliance with environmental regulations.
<b>• Social Dimension</b>			
Human rights protection, diversity, and Inclusion	<b>405</b> Diversity and Equal Opportunity <b>406</b> Non-discrimination <b>408</b> No Child Labor <b>409</b> No Forced Labor	The Company complies with the Labor Standards Act and the Gender Equality in Employment Act to protect labor rights.	Formulate the Work Rules for submission to the Labor Bureau for approval and establish the Grievance Management Procedures and Workplace Sexual Harassment Prevention, Complaint, and Disciplinary Measures, which include provisions for human rights protection, prevention of forced labor, and sexual harassment.
Occupational Safety and Health	<b>403</b> Occupational Safety and Health	The Company adheres to the Occupational Safety and Health Act, providing employees with a safe, healthy, and high-quality workplace.	Establish "Occupational Health and Safety Guidelines" and obtain approval from regulatory authorities.
Labor Relations	<b>401</b> Employment Relations <b>402</b> Labor Relations	Employees are regarded as the Company's most important partners. Fukuta strives to create a harmonious, challenging, and sustainable work environment that supports learning and growth.	Create a friendly, safe, and healthy work environment to enhance employee engagement.
Talent Recruitment, Development, and Retention	<b>401</b> Employment Relations <b>403</b> Occupational Health and Safety <b>404</b> Training and Education	The Company values its employees as critical partners and resources, recruiting suitable talent, offering competitive compensation and benefits systems, and retaining outstanding talent.	Develop "Compensation Management Guidelines" to offer competitive compensation packages and retain critical talent.

## 1.4 Impact of Sustainable Operations

### 1.4.1 Major Issues and Their Impact on Fukuta's Value Chain

Sustainability Task	Major Issue	GRI Specific Standard	Upstream
		SASB Standard Electronics & Electrical Equipment Industry	Procurement
Corporate Governance	Operational Performance	201: Economic Performance	◎
	Product Innovation Services	202: Market Position	◎
	Customer Relationship Management	416: Product Safety	◎
	Regulatory Compliance	417: Product Services	◎
		RT-EE-250a.12 Product Safety	◎
		RT-EE-410a.13 Product Lifecycle Management	◎
	Risk Management	2-25: Procedures for Remediating Negative Impacts TCFD: Climate-Related Financial Impact	▲
Sustainable Environment	Governance and Tax Policies	201-4: Government Financial Assistance 102-22: Governance Body Composition 102-16,17: Ethics and Integrity RT-EE-510a.1~3 Business Ethics	
	Supply Chain Sustainability Management	308-1: Supplier Environmental Assessment 414: Supplier Social Responsibility Assessment RT-EE-440a.1 Material Sourcing	◎
Friendly Workplace	Energy Resource Management / Carbon Reduction	302: Energy 305-1,2: Carbon Emissions RT-EE-130a.1 Energy Management	◎
Friendly Workplace	Occupational Safety and Health	403: Occupational Health and Safety	◎
	Human Rights Policy and Diversity	405: Diversity and Equal Opportunity 406: Non-discrimination 408: No Child Labor 409: No Forced Labor	▲

Notes: ◎ Significant Impact ▲ Partial Impact

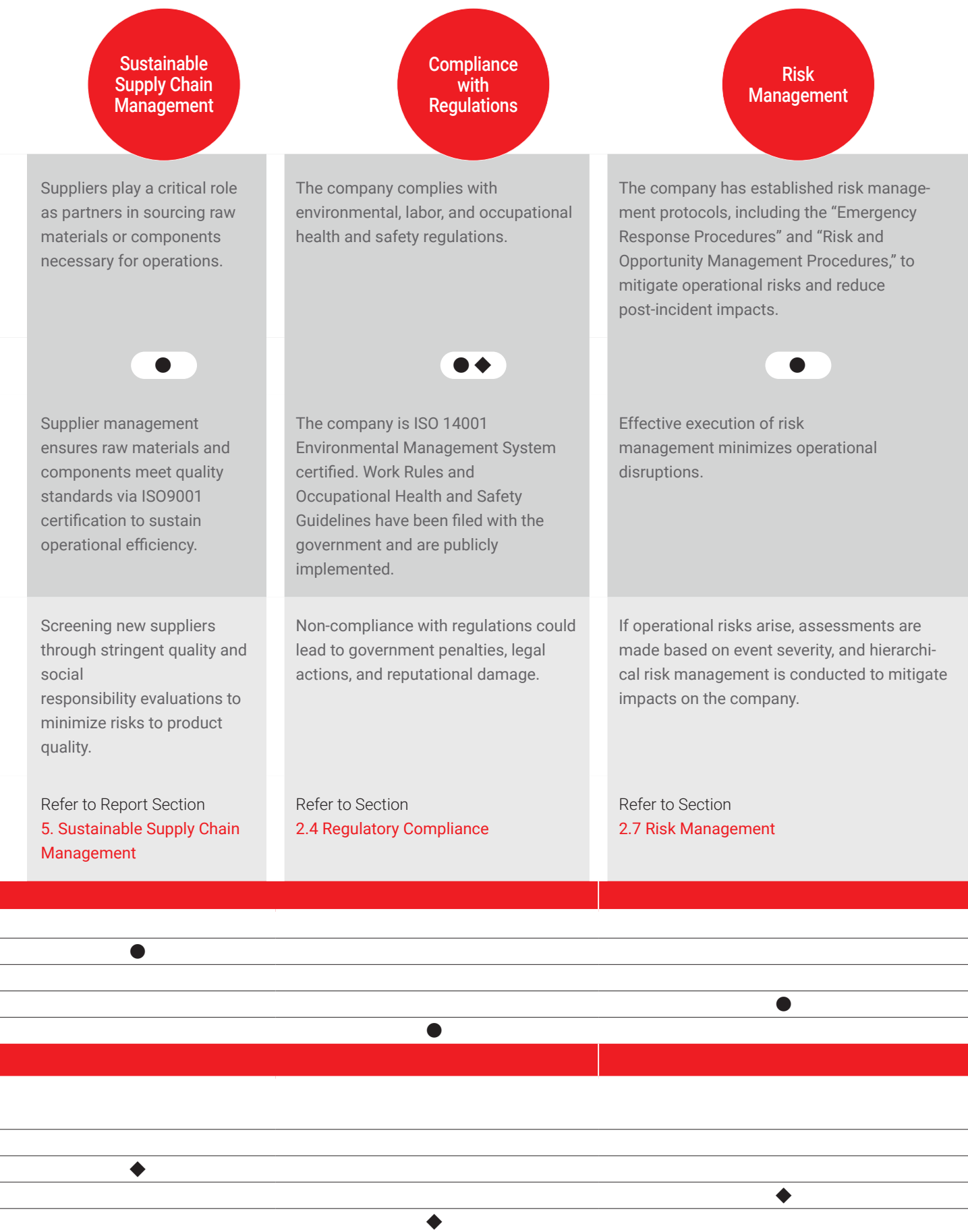
### 1.4.2 Risk Management of Major Issues

In 2023, ten major issues were identified with respect to the severity and likelihood of their associated risks, including considerations, assessments, and management measures. The detailed analysis and explanation are summarized in the table below:



Fukuta Products			Downstream		Operational Importance		
Industrial-Specific Motors	Green Energy Power Motors	Three-in-One Modules	Customer Use	Revenue Growth	Customer Satisfaction	Employee Morale	Operational Risk
◎	◎	◎	◎	◎	◎	◎	◎
◎	◎	◎	◎	◎	◎	◎	◎
◎	◎	◎	◎	◎	◎		
◎	◎	◎	◎	◎	◎	◎	◎
◎	◎	◎	◎	◎	◎	◎	◎
◎	◎	◎	◎	◎	◎	◎	◎
◎	◎	◎	◎	◎	◎	◎	◎
◎	◎	◎	▲	◎	◎	◎	◎
◎	◎	◎	▲	▲	◎	◎	◎
◎	◎	◎	▲	▲	◎	◎	◎

		Economic Performance		Product Innovation Services	Customer Relationship Management
Risk Considerations	Economic Surplus	Economic Deficit	Product innovation and services remain key to growth and sustained profitability.	Building strong customer relationships is a primary responsibility of business leaders.	
	★ ●	★ ●  Inventory pressure during the first half of 2023 led to operational losses.	★ ●  Establishment of R&D units to develop new or improved products, creating higher value propositions.	● ◆  Customer satisfaction drives trust and solidifies long-term positive relations.	
Risk Assessment and Management Measures	Due to weak consumer demand, clients have temporarily postponed or partially canceled orders. The sales department is planning to actively develop new clients.		Implementing a "Patent Proposal Management Plan" to enhance competitiveness, strengthen intellectual property, and encourage innovation.	Conducting annual customer satisfaction surveys and addressing client complaints promptly with corrective measures.	
	Refer to Report Section: 3.1 Business Performance and Challenges		Refer to Report Section 4.1 Product Development and Innovation	Refer to Report Section 3.2 Customer Operations and Services	
Risk probability					
Almost Certain					
Very likely					
Likely					
Unlikely					
Very unlikely					
Risk Severity Levels					
Severe					
Catastrophe					
Severe					
Moderate					
Minor					
Very Minor					



		Energy Resource Management/ Carbon Reduction	Corporate Governance and Taxation
Risk Considerations		<p>The company complies with environmental regulations, reducing electricity consumption and purchasing green energy.</p> <p>●◆</p>	<p>The company has established a corporate charter and sustainable taxation policies, aiming to control tax risks</p> <p>●◆</p>
		<p>Achieved ISO 14001 certification, ensures waste-water compliance through regular testing, purchases green energy as per government policies, and legally disposes of waste.</p>	<ul style="list-style-type: none"><li>• The company enforces taxation policies and management directives.</li><li>• The corporate charter specifies shareholder dividend policies and outlines ethical corporate governance guidelines.</li></ul>
Risk Assessment and Management Measures		<p>Non-compliance with energy-related regulations could result in penalties and reputational harm, potentially affecting operational continuity.</p>	<p>Violations of corporate or taxation-related regulations may result in government penalties, reputational damage, and operational risks.</p>
		<p>Refer to Section <a href="#">6.3 Energy Conservation and Carbon Reduction Management</a></p>	<p>Refer to Section <a href="#">2.2 Corporate Governance</a></p>
Risk probability			
Almost Certain			
Very likely		●	
Likely			●
Unlikely			
Very unlikely			
Risk Severity Levels			
Severe			
Catastrophe			
Severe			
Moderate		◆	◆
Minor			
Very Minor			



## Occupational Health and Safety

Compliance with Occupational Health and Safety Act and establishment of occupational health and safety management systems and protocols.



Adoption of ISO 45001 Occupational Health and Safety Management System and related regulations. Development of Occupational Health and Safety Work Rules, hazard identification, self-inspections, and safety standards to prevent potential incidents.

In the event of workplace accidents, investigation and resolution are conducted per the Accident (Including Near-Miss) Reporting and Investigation Procedures to identify causes, implement improvements, and develop preventive measures.

Refer to Section  
7.7 Occupational Health and Safety

## Human Rights Policies and Diversity

Compliance with the Labor Standards Act and Gender Equality in Employment Act to ensure labor rights protection.







Establishment of Work Rules and Workplace Sexual Harassment Prevention Measures, Complaint, and Disciplinary Procedures. Filed with the Labor Bureau, these include human rights protection and prevention of forced labor and harassment.

Implementation of Complaint Management Guidelines to handle employee grievances promptly or regularly, ensuring issues are addressed lawfully and appropriately.

Refer to Section  
7.5 Human Rights Protection

# 1.5 Implementation of United Nations Sustainable Development Goals

Fukuta aims to implement the United Nations Sustainable Development Goals (SDGs) by focusing on six key sustainability goals: SDG 3 (Good Health and Well-being), SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 6 (Clean Water and Sanitation), SDG 12 (Responsible Consumption and Production), and SDG 13 (Climate Action). Through the economic, environmental, and social dimensions, the company has established its 2023 targets and management measures, taking concrete actions to achieve a sustainable impact.

SDGs	Company Objectives	Management Measures	ESG Report Section
<b>Economic Dimension</b>			
	Disclose relevant information in line with the government's corporate governance blueprint	Disclose non-financial information following international reporting standards and obtain third-party assurance	<ul style="list-style-type: none"> <li>Report Overview and Scope</li> </ul>
	Address climate change and energy supply risks by identifying risks from climate change and controlling extreme weather impacts	Develop adaptation policies and solutions for physical risks like floods, typhoons, power outages, and rising temperatures to ensure rapid recovery post-disasters	<ul style="list-style-type: none"> <li>2.7 Risk Management</li> <li>6. Sustainable Environment</li> <li>Climate Change Risks and Adaptation Methods</li> </ul>
<b>Environmental Dimension</b>			
	Promote energy conservation and carbon reduction	Monitor water quality and categorize water use into cooling towers, process wastewater, and domestic water to recycle	<ul style="list-style-type: none"> <li>6.2 Climate Change and Low-Carbon Manufacturing</li> </ul>
	Scope 1 and 2 implement greenhouse gas accounting for Scope 3	Obtain SGS company verification statements	<ul style="list-style-type: none"> <li>6.3 Energy Conservation and Carbon Management</li> </ul>

SDGs	Company Objectives	Management Measures	ESG Report Section
<b>Social Dimension</b>			
	Enhance the knowledge and skills of new and existing employees	Conduct pre-employment training for new employees on company-wide regulations including personnel rules, occupational safety and health regulations, and other important management regulations; provide on-the-job training by supervisors until employees can work independently without operational errors, ensuring product and work quality.	7.3 Training and Development
	Promote occupational safety and health self-inspections and management measures to prevent workplace accidents and reduce risks	Based on "ISO 45001 Occupational Health and Safety Management System" and related occupational safety regulations, establish occupational safety and health work rules, identify hazardous operations, establish self-inspection and safe operation standards to prevent various potential hazardous incidents.	7.7 Occupational Safety and Health 7.8 Health Promotion
	Prohibit gender discrimination in recruitment, employment, compensation, promotion, training, etc.	The company has established "Employee Work Rules" filed with and approved by the competent authority, clearly stipulating policies and systems prohibiting gender discrimination.	7.5 Human Rights Focus 7.6 Employee Care and Communication - Human Rights Protection







A photograph of a modern building interior, likely a corporate headquarters, featuring large glass windows and a glass railing. The image is partially obscured by a red geometric overlay on the left side.

# 02

## Corporate Governance and Ethical Corporate Management

### 2.1 Company Overview

### 2.2 Corporate Governance

### 2.3 Integrity and Ethical Business Practices

#### 2.3.1 Operating Philosophy and Commitment to Integrity

#### 2.3.2 Code of Ethics

### 2.4 Regulatory Compliance

#### 2.4.1 Regulatory Compliance

### 2.5 Internal Control Mechanism and Management System Verification

### 2.6 Information Security

### 2.7 Risk Management

#### 2.7.1 Impact of External Risks and Countermeasures

#### 2.7.2 Identification, Assessment, and Management of Emerging Risks

### 2.8 Honors and Recognitions

## 2 Corporate Governance and Ethical Corporate Management

In addressing key sustainability issues and objectives related to corporate governance, including ethical corporate management, risk management, and regulatory compliance, the Company's short-term, mid-term, and long-term indicators for sustainable corporate governance are outlined below:

	Short-Term Indicators	Mid-Term Indicators	Long-Term Indicators
	2023~2024	2025~2028	2029 and beyond
<b>Corporate Governance</b>	Zero major violations of corporate governance-related regulations	Zero major violations of corporate governance-related regulations	Zero major violations of corporate governance-related regulations
	≥95% employee completion rate for annual ethics and ethical corporate management code training	≥97% employee completion rate for annual ethics and ethical corporate management code training	≥99% employee completion rate for annual ethics and ethical corporate management code training
<b>Risk Management</b>	Annual review and 100% completion rate for risk assessments across all departments	Annual review and 100% completion rate for risk assessments across all departments	Annual review and 100% completion rate for risk assessments across all departments
<b>Regulatory Compliance</b>	Zero violations of the Company Act or tax laws	Zero violations of the Company Act or tax laws	Zero violations of the Company Act or tax laws

### ■ Material Issues: Goals and Achievements in Corporate Governance and Ethical Corporate Management

The Company addresses corporate governance and sustainable business management with a commitment to ethical operations and transparency. By adhering to regulations, enhancing business performance, strengthening internal controls and personnel management mechanisms, and ensuring ISO management system certifications, the Company aims to instill a high-quality corporate culture that aligns with its ethical principles. The key issue goals and achievements are as follows:

#### Corporate Governance

2023 Performance Goals	2023 Target Achievement	2024 Performance Goals
Zero cases of ethical violations by managers or employees	Achieved: 0 cases	Zero cases of ethical violations by managers or employees
100% return rate for signed integrity and intellectual property agreements	Achieved: 100%	100% return rate for signed integrity and intellectual property agreements

## Risk Management

2023 Performance Goals	2023 Target Achievement	2024 Performance Goals
Annual review and 100% completion rate for risk assessments across all departments	Achieved: 100%	Annual review and 100% completion rate for risk assessments across all departments

## Regulatory Compliance

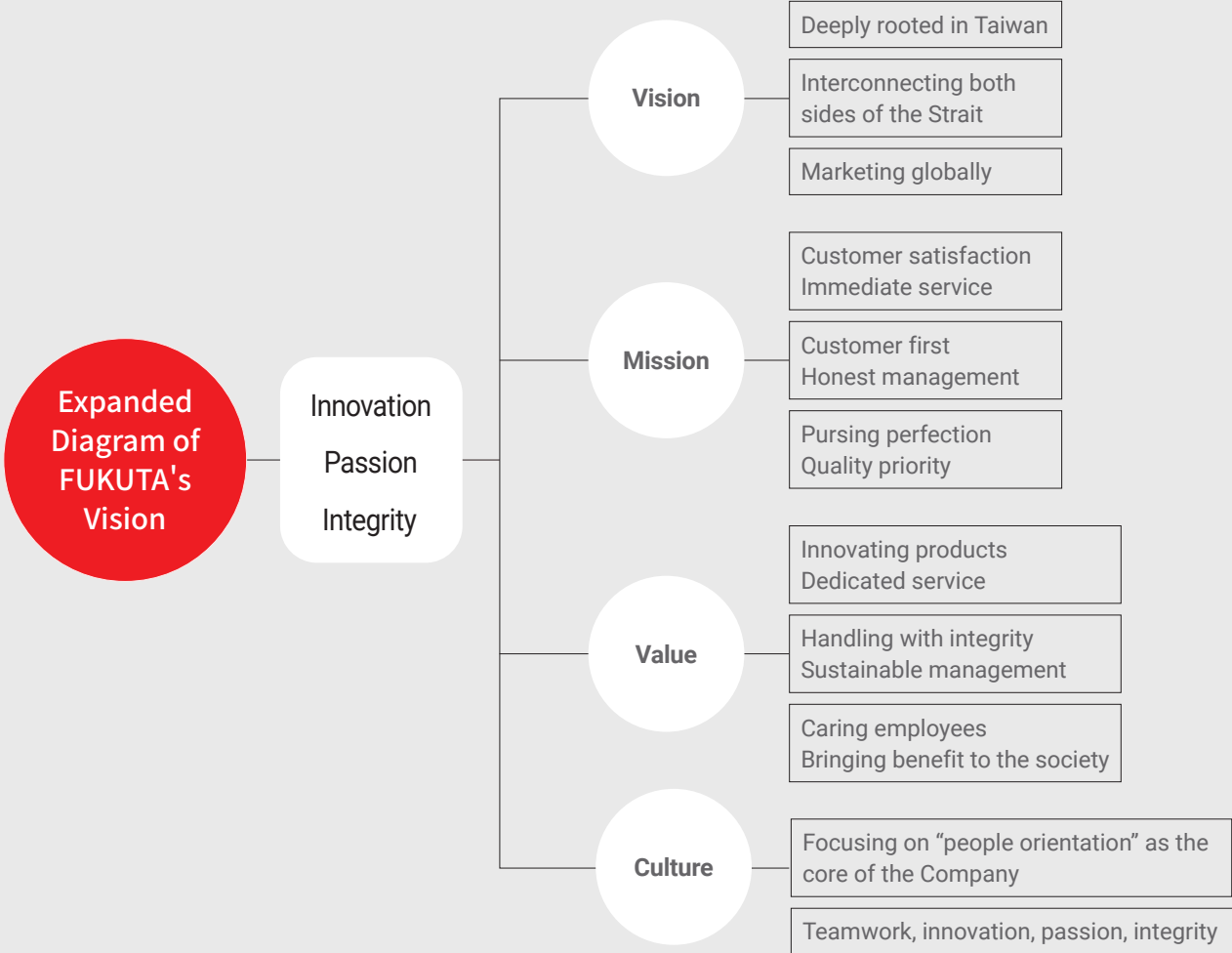
2023 Performance Goals	2023 Target Achievement	2024 Performance Goals
Zero violations of the Company Act or tax laws	Achieved: 0 cases	Zero violations of the Company Act or tax laws

## 2.1 Company Overview

Fukuta Electric & Machinery Co., Ltd. (hereinafter referred to as "Fukuta" or "the Company"), was established in 1988 by its founder and Chairman, Mr. Chang Chin-Feng. Guided by the principles of "Innovation, Passion, and Integrity," the Company has focused on the research, design, and manufacturing of various industrial motors, marketing its proprietary brand, FUKUTA, globally.

Fukuta Electric & Machinery is committed to providing "innovative R&D and stable quality" products to support customers' industrial development. With its abundant R&D capabilities, the Company meets customized needs and enhances product strength, helping customers increase brand value and competitiveness. With the spirit of "FUKUTA does what others don't," the Company creates business opportunities with customers. Through years of effort and industry trends, the Company has transformed from a traditional industrial motor manufacturer to encompass the development and manufacturing of electric vehicle motors and power systems. Since 2005, the Company has accumulated valuable practical experience through continuous participation in domestic and international electric vehicle motor and power system development projects. This experience helps the Company assist customers in reducing risks and shortening timelines in new development projects, enabling customers to quickly transition to mass production.

Headquartered at the Fengzhou factory in Taichung, Fukuta has expanded its facilities in response to market demand by establishing factories in the Fengzhou Science and Technology Industrial Park and the Tongluo Science Park in Miaoli. These facilities are equipped with management, production, and quality systems tailored to industry needs, ensuring sustainable growth and a shared future with its clients. Fukuta aspires to bring innovative ideas and value to its customers, industry, and society through its motor products. The Company's vision is illustrated in the following diagram.





## Company Overview

- Stock Code: 4590 (Officially listed on November 23, 2022)
- Global Presence: Taiwan, Mainland China
- Website: <https://www.fukuta-motor.com.tw/>
- Headquarters: No. 6, Tongke 6th Rd., Tongluo Township, Miaoli County, Taiwan
- Number of Employees: Approximately 400 (as of December 31, 2023)
- Business Scope:
  - Design and production of industrial electric motors
  - R&D and manufacturing of electric vehicle motors and power systems
  - Performance testing and validation for electric vehicle and industrial motors
- Established: 1988
- Chairman: Chang Chin-Feng
- Capital: NT\$510,652,000

## Headquarters and Locations

Name	Address	Phone
Head Office	No. 6, Tongke 6th Rd., Jiuhu Village, Tongluo Township, Miaoli County	(037)980-799
Tongluo Science Park factory	No. 1, Tongke 6th Rd., Jiuhu Village, Tongluo Township, Miaoli County	(037)980-799
Fengzhou factory	No. 2-1, Lane 301, Fengzhou Rd., Shengang District, Taichung City	(04)2528-8833
Fenggong factory	No. 18, Fenggong S. Rd., Shengang District, Taichung City	(04)2515-9568
Northern Sales Office	2F, No. 29, Huaya 2nd Rd., Guishan District, Taoyuan City	(03)327-2909
Southern Sales Office	1F, No. 1, Lane 201, Guangming St., East District, Tainan City	(06)209-8236



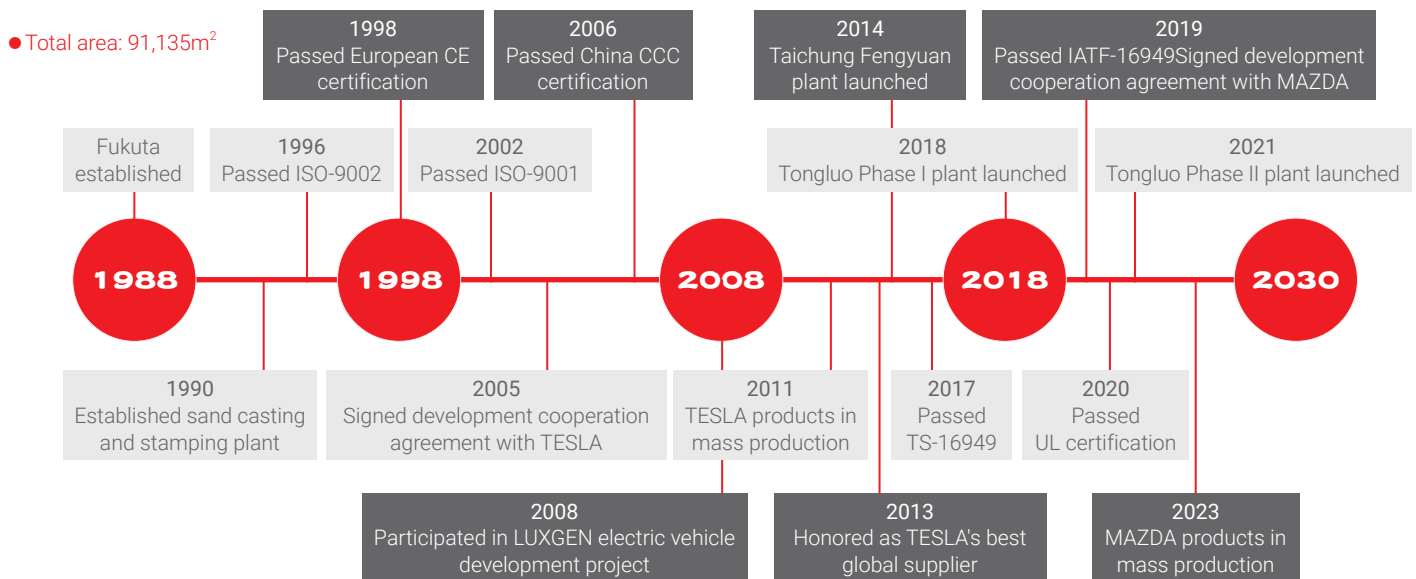
Fengzhou Factory	Fenggong Factory	Tongluo Factory
<ul style="list-style-type: none"> <li>• Induction motor assembly and production</li> <li>• Inverter motor assembly and production</li> <li>• Varnish treatment process</li> <li>• Paint spray process</li> <li>• Winding process</li> <li>• Inserting process</li> <li>• Maximum capacity: 10,000 pcs/ month</li> </ul>	<ul style="list-style-type: none"> <li>• Servo motor assembly and production</li> <li>• Electric car motor assembly and production</li> <li>• Three-in-one car motor assembly and production</li> <li>• Dynamic testing lab</li> <li>• Paint spray process</li> <li>• Maximum capacity: 5,000 pcs/ month</li> </ul>	<ul style="list-style-type: none"> <li>• Core production</li> <li>• Silicon steel sheet stamping/welding/jointing process</li> <li>• Silicon steel rotor production</li> <li>• Heat treatment process activation</li> </ul>
		COMING SOON
		<ul style="list-style-type: none"> <li>• Electric vehicle motor assembly production</li> <li>• Automotive three-in-one motor assembly production</li> <li>• Motor driver assembly line</li> <li>• Comprehensive testing laboratory</li> <li>• Current maximum capacity: 16,700 motors/month</li> <li>• Current parts maximum capacity: 150,000 sets/month</li> <li>• Future maximum capacity: 2,000,000 motors/year</li> </ul>



## ■ Key Milestones (Post-2008)

Year	Key Events of the Last 15 Years
2024	<ul style="list-style-type: none"> <li>Issued NT\$45,000 in new shares through employee stock option conversion, increasing actual paid-in capital to NT\$510,652,000.</li> </ul>
2023	<ul style="list-style-type: none"> <li>Conducted a capital increase of NT\$60,000,000, raising actual paid-in capital to NT\$510,000,000.</li> <li>Issued NT\$607,000 in new shares through employee stock option conversion, raising actual paid-in capital to NT\$510,607,000.</li> <li>Achieved ISO-14064 greenhouse gas inventory certification.</li> </ul>
2022	<ul style="list-style-type: none"> <li>Achieved ISO-14001 Environmental Management System and ISO-45001 Occupational Health and Safety Management System certifications.</li> <li>Conducted a capital increase of NT\$50,000,000, raising actual paid-in capital to NT\$450,000,000.</li> <li>Participated in A+ Enterprise Innovation R&amp;D Enhancement Program, led by AcBel Polytech Inc., for next-generation EV integrated power systems.</li> <li>Made company shares publicly traded.</li> </ul>
2021	<ul style="list-style-type: none"> <li>Launched the second phase of the Tongluo Science Park factory.</li> <li>Received support from the Ministry of Economic Affairs' Industry Upgrade and Innovation Platform for the development of integrated electric vehicle power systems.</li> </ul>
2020	<ul style="list-style-type: none"> <li>Received support from the Ministry of Economic Affairs' Industry Upgrade and Innovation Platform for the "AI Smart Manufacturing Application in Automotive Motor Supply Chain" project.</li> <li>Obtained UL certification.</li> </ul>
2019	<ul style="list-style-type: none"> <li>Achieved IATF 16949 certification.</li> </ul>
2018	<ul style="list-style-type: none"> <li>Launched the first phase of the Tongluo Science Park factory.</li> <li>Conducted a capital increase of NT\$64,765,000, raising actual paid-in capital to NT\$400,000,000.</li> <li>Won the Ministry of Economic Affairs' Fifth "Outstanding Enterprise Award."</li> </ul>
2017	<ul style="list-style-type: none"> <li>Achieved TS-16949 Global Automotive Quality Management System certification.</li> <li>Conducted a capital increase of NT\$50,000,000, raising actual paid-in capital to NT\$335,235,000.</li> </ul>
2015	<ul style="list-style-type: none"> <li>Conducted a capital increase from surplus of NT\$25,235,000, raising actual paid-in capital to NT\$285,235,000.</li> <li>Supported the Industrial Development Bureau's "Electric Sanitation Truck Program."</li> <li>Acted as the lead manufacturer in the Ministry of Economic Affairs' electric bus shared power project.</li> <li>Received the Ministry of Economic Affairs' 24th "National Rock Award."</li> <li>Won the 18th "Small Giant Award" for export excellence.</li> </ul>
2014	<ul style="list-style-type: none"> <li>Conducted a capital increase of NT\$30,000,000, raising actual paid-in capital to NT\$240,000,000.</li> <li>Recognized as a key counseling target in the Ministry of Economic Affairs' second "Outstanding Enterprise Program."</li> <li>Obtained TUV SUD IE3 high-efficiency motor patent certification.</li> <li>Conducted a capital increase of NT\$20,000,000, raising actual paid-in capital to NT\$260,000,000.</li> </ul>

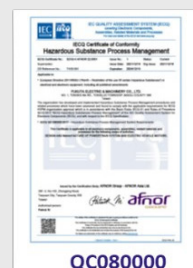
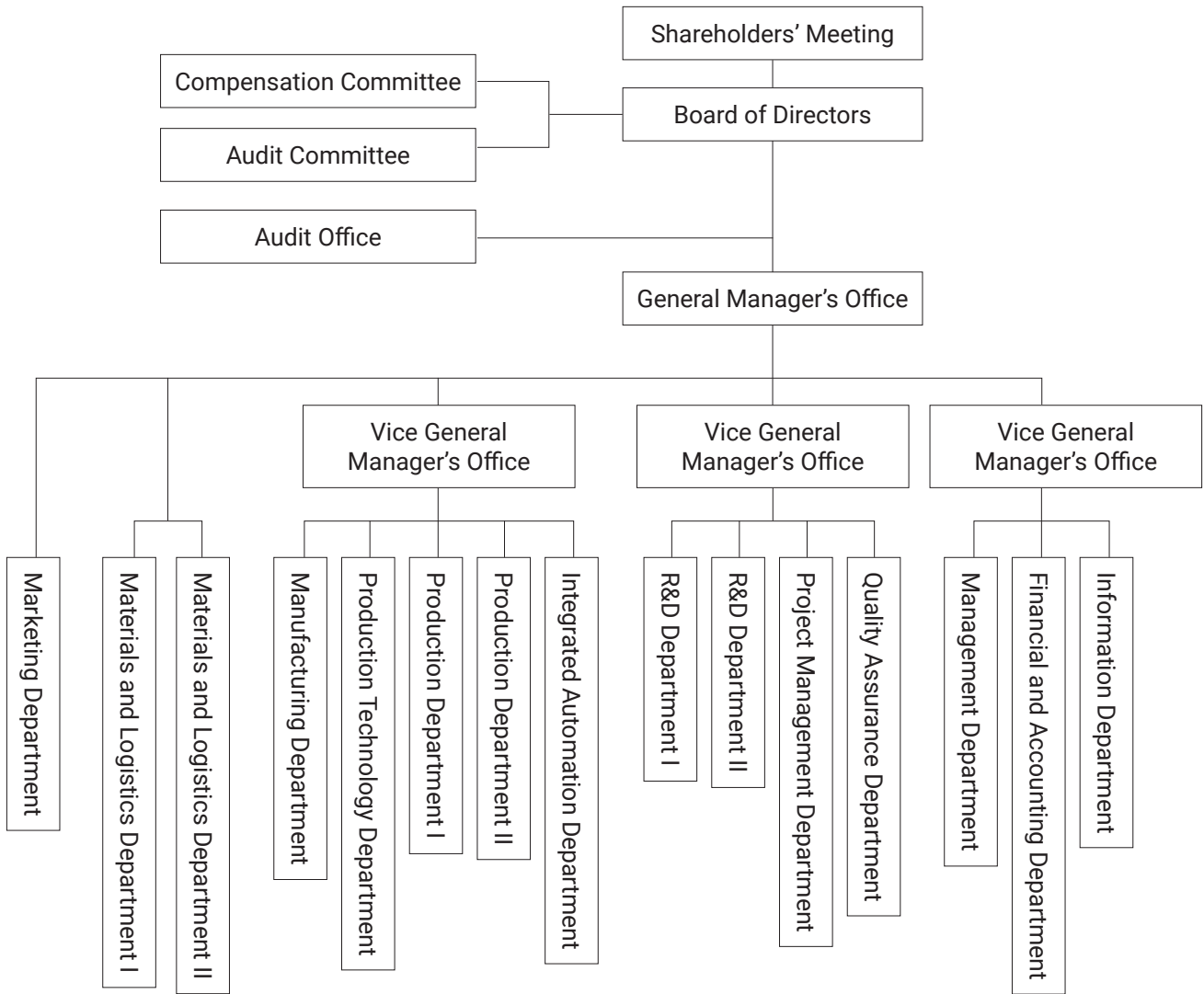
Year	Key Events of the Last 15 Years
2013	<ul style="list-style-type: none"> <li>Won the "Golden Creation Award" at the National Invention and Creation Awards.</li> <li>Named Tesla Motors' "Global Best Supplier."</li> <li>Finalist in the Ministry of Economic Affairs' first "Outstanding Enterprise Program."</li> <li>Developed a preliminary R&amp;D plan for copper rotor motors in electric vehicles under the Ministry of Economic Affairs' program.</li> </ul>
2011	<ul style="list-style-type: none"> <li>Completed the development of the first electric patrol boat power system for Sun Moon Lake.</li> <li>Conducted a capital increase of NT\$30,000,000, raising actual paid-in capital to NT\$210,000,000.</li> </ul>
2010	<ul style="list-style-type: none"> <li>Acted as the lead manufacturer in the Ministry of Economic Affairs' Advanced Electric Vehicle Power System R&amp;D Alliance.</li> </ul>
2009	<ul style="list-style-type: none"> <li>Conducted a capital increase of NT\$60,000,000, raising actual paid-in capital to NT\$180,000,000.</li> <li>Participated in Yulon Motor's key technology development program for electric vehicles.</li> </ul>
2008	<ul style="list-style-type: none"> <li>Secured funding for a 5kW vertical wind turbine generator project under the Ministry of Economic Affairs' program for new products.</li> </ul>



## 2.2 Corporate Governance

### ■ Organizational Structure

The organizational structure of the company is as follows:



## ■ Organizational Responsibilities

### Compensation Committee

- Establish and regularly review policies, systems, standards, and structures related to the remuneration of Directors and Managers.
- Evaluate the rationality of remuneration policies and ensure they align with the company's objectives and market standards.

### Research and Development Departments (1 & 2)

- Executing new product R&D plans, estimating and evaluating processes and costs.
- Managing execution and tracking of mass production transfers.
- Managing drafting techniques, equipment, information, and drawing management.
- Implementing advanced product quality planning systems and continuous improvement operations.
- Responsible for internal and customer drawing management and new product design and development.
- Applying for and managing intellectual property rights and patents.

### Marketing Department

- Expand global market presence and achieve sales targets.
- Develop new markets, customers, and manage agent relations.
- Oversee customer management, credit risk, and after-sales service.
- In charge of domestic and international OEM/EDM project developments and management.
- Plan and manage domestic and international trade shows, corporate websites, and social media platforms.
- Handle customer complaints and improve client satisfaction.

### Management Department

- Planning and executing safety management and labor occupational safety and health.
- Responsible for promoting, planning, supervising, and maintaining ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System, and providing customers with related environmental, safety, and health requirements.
- Handling declarations, modifications, supervision, and planning improvements for environmental protection tasks related to air pollution prevention, water pollution prevention, waste management, and toxic substance control.
- Managing declarations, modifications, supervision, and planning improvements for employee health management, safety and health, and disaster prevention.
- General affairs management, procurement, and fixed asset management.
- Overall planning of the company's human resources, organizational development, and training.
- Compiling annual budgets, controlling execution, analyzing results, and reporting.
- Managing company general affairs, administrative tasks, document archiving, and handling official correspondence.
- Overseeing insurance matters, meal services, environmental greening maintenance, establishing public relations with society and schools, and other related administrative tasks.



### Audit Committee

- Ensure the proper presentation of financial statements.  
Appoint, remove, or determine the remuneration of external auditors.
- Oversee the effectiveness of internal controls and compliance with relevant laws and regulations.
- Manage significant financial business activities and Directors' conflict of interest issues.

### Audit Office

- Develop, revise, and evaluate the effectiveness of internal control and internal audit systems.
- Execute and promote self-assessment operations.
- Conduct regular and ad hoc audits of management systems and operational processes.
- Track and implement improvement measures based on audit findings.

### General Manager's Office

- Drafting, reviewing, and managing contracts, resolving legal issues, and handling litigation.
- Conducting legal research, protecting intellectual property, and promoting legal education.
- Managing improvements, organizing business data, and executing project plans.
- Overseeing manufacturing systems and resolving operational issues.
- Leading company operations, implementing policies, and achieving goals.

### Manufacturing Departments (1 & 2)

- Planning, arranging, inspecting, and adjusting in-plant production operations to execute production plans and achieve targets.
- Planning, introducing, and improving man-machine-material methods in production processes to meet production needs.
- Continuously improving production processes to ensure goals for quality, cost, delivery time, and quantity are met.
- Executing new product development and production management tasks as assigned by the company.
- Managing and controlling product production and maintaining machinery and equipment.
- Reporting production data, tracking production progress, maintaining the work environment, and supervising personnel.
- Preventive maintenance of main equipment, mold management, and facility improvements.

### Production Technology Department

- Developing new products and controlling progress, developing and introducing production technologies, machinery, and fixtures.
- Reviewing and proposing process improvements, communicating, and responding to technical issues from customers.
- Responsible for mold manufacturing and modification, improving mold and fixture manufacturing techniques, workflows, mold repairs, and equipment maintenance.
- Evaluating manufacturing feasibility and cost analysis of newly developed molds.
- Setting process equipment parameters, improving conditions, and updating operation manuals for each station.
- Troubleshooting and standardizing production abnormalities.

**Quality Assurance Department**

- Leading internal audits and external verifications of quality systems, such as promoting and maintaining ISO 9001, IATF 16949, and QC 080000 management systems.
- Formulating product HSF (Hazardous Substance Free) standards according to RoHS and customer requirements, aligning with customer quality audits and documents to meet customer needs.
- Ensuring the implementation of document modifications, archiving, approvals, issuance, and retrieval through the document control center.
- Investigating, analyzing, and improving customer complaints and service cases.
- Operating and maintaining analytical instruments and executing verification report reviews and archiving.
- Conducting sampling inspections, analyses, and handling abnormalities of raw materials, semi-finished, and finished products.
- Ensuring implementation of self-inspection and quality awareness in production units through on-site inspections and audits.
- Analyzing product quality specifications to improve quality and reduce quality cost losses.
- Managing customer audits and supplier quality and performance.

**Finance and Accounting Department**

- Planning and formulating financial systems and procedures; managing capital utilization and risk.
- Managing finance, accounting, costing, taxation, stock affairs, decision support analysis, and reporting.
- Regularly organizing annual shareholder and board meetings and related coordination matters.
- Preparing annual budgets, periodic financial statements, and formulating and executing cost control plans.
- Implementing and tracking annual plans and conducting performance evaluations of each unit.
- Evaluating and executing the start-up or termination of investment businesses, operational supervision, and providing performance analysis and suggestions.
- Reviewing various company contracts and documents.

**Materials and Logistics Department (1 & 2)**

- Collecting, compiling, and analyzing market trend information.
- Managing procurement of raw materials and machinery equipment.
- Formulating production plans for each plant based on company goals, coordinating production and sales, integrating resources to achieve shipment schedules.
- Raw materials and products bonded import/export, as well as logistics and shipping arrangements, to ensure on-time delivery.
- Planning and controlling raw material demands, procurement operations, sourcing development, cost reduction, and supply chain management.
- Scheduling, tracking progress, quality control, and account management of outsourced production processes.
- Regular audits and evaluations of outsourced partners.
- Managing inventory of production raw materials, regularly conducting stocktakes of raw materials and finished products, and reviewing discrepancies.
- Dispatching, safeguarding, and maintaining in-plant raw material transport vehicles.

### Information Technology Department

- Planning and executing information strategies and annual plans.
- Planning and managing information systems, network resources, and information security to maintain smooth computer operations.
- Planning and managing computer-related hardware and software, and data backup.
- Overall planning, executing, and managing company information to optimize system architecture and enhance information management efficiency.
- Promoting various information activities, implementing information cycles, and enforcing information security mechanisms.

### Automation Integration Department

- Designing company production and manufacturing structures, planning production line automation, and developing automation programs.

### Project Management Department

- Overseeing new product and technology project initiation and management, process coordination, progress control, and assigning and managing project team members' work.

## ■ Governance Framework

### Key Topics ► Corporate Governance and Taxation

Management Guidelines	Corporate Governance Policy	Adherence to the Company Act and related commercial regulations to ensure the smooth functioning of the Board of Directors.
	Tax Management Policy	Compliance with tax laws, ensuring timely and lawful tax payments to protect shareholders' interests.
	Objectives and Targets	The successful operation of the enterprise is underpinned by governance systems and tax management policies that are supported by executives, employees, and shareholders.
	Commitment	Implementing due diligence and early-warning communication methods to enforce company-established codes, safeguarding stakeholder rights.
	Management Measures	<ol style="list-style-type: none"> <li>(1) Establishing a "Corporate Governance Best Practice Principles" system to ensure the structure, agenda, and duties of the Board of Directors.</li> <li>(2) Complying with legal standards and requirements to enhance the setup of Board members.</li> <li>(3) Pursuing professionalism in decision-making by ensuring the Board comprises individuals with diverse academic, professional, and skill-based backgrounds.</li> <li>(4) Upholding ethical corporate management to foster sustainable governance, creating profits and value for the company.</li> <li>(5) Regularly updating critical information on the Market Observation Post System and the company website to protect stakeholder rights.</li> </ol>

## ■ Tax Management Guidelines

The company supports tax policies that encourage innovation in products and technology while promoting sustainable development. It is committed to managing tax risks, advancing sustainability goals, and fulfilling corporate social responsibility. Fukuta promises:

- Major operational decisions comply with relevant legal regulations, with assessments of their tax risk implications.
- Following OECD's Base Erosion and Profit Shifting (BEPS) Action Plan, the company ensures its entities generate real economic value and meet tax residency requirements under applicable local tax rules.
- Avoiding tax evasion schemes involving transactions in low-tax jurisdictions.
- Disclosure of financial reports and tax information in full compliance with relevant laws.
- Maintaining mutual respect and effective communication with tax authorities within applicable tax jurisdictions.

**In 2023, the company adhered to its tax policies and regulations, with no penalties or sanctions from regulatory authorities.**



## ■ Board of Directors

The company has established the Ethical Corporate Management Best Practice Principles, which clearly define the structure, meeting procedures, and responsibilities of the Board of Directors. Elections for directors and independent directors adopt a nomination system to ensure fairness, transparency, and impartiality while promoting diversity in composition.

## ■ Board Structure

In alignment with the company's operational scale and development needs, the appropriate number of seats is determined based on practical considerations. Members are selected to ensure they possess the necessary knowledge, skills, and qualities to perform their duties diligently while upholding the responsibilities of good corporate citizenship and sound management.

The board's composition and diversity are carefully evaluated, including individuals with expertise in relevant industries, management, law, and finance. All members are equipped with the professional knowledge and skills required for executing their responsibilities.

The company's Board of Directors comprises 9 members, including 4 independent directors.

An Audit Committee was established in June 2022.

In 2023, the Board convened 7 meetings, achieving an average attendance rate of 97.6% across all directors.

## Board of Directors Educational and Professional Background

Title	Name	Term	Major Educational and Professional Background
<b>Chairperson</b>	Chang O-Feng	3 years	Master's in Electrical Engineering, National Kaohsiung University of Applied Sciences; Design Engineer, TECO Electric & Machinery Co., Ltd.; Design Engineer, Hsieh-Hsing Electric Co., Ltd.; Chairperson and General Manager, Fukuta Electric & Machinery Co., Ltd.
<b>Director</b>	Chang O-Jou	3 years	Department of International Trade, Overseas Chinese University; Auditor, MasterLink United Accounting Firm; Sales Assistant, Kunyu Precision Machinery Co., Ltd.; Sales Specialist, MiTAC International Corp.; Financial Specialist, Pan-Globe Biotechnology Co., Ltd.
<b>Director</b>	Representative: Lee O-Cheng, Zhongying Investment Development Co., Ltd.	3 years	Department of Power Mechanical Engineering, National Tsing Hua University; Sales Director, China Steel Corporation; Assistant Vice President, China Steel Corporation; Director, Dragon Steel Corporation; Director, Yuning Co., Ltd.; Director, CSC Steel Sdn. Bhd.; Chairperson, China Steel Sumikin Vietnam Joint Stock Company; Director, East Asia United Steel Corporation; Director, HEMO International Co., Ltd.
<b>Independent Director</b>	Chao O-Hsiang	3 years	Ph.D., Institute of Electrical Engineering, National Tsing Hua University; Distinguished Professor, Department (Institute) of Electrical Engineering, Chien Hsin University of Science and Technology
<b>Independent Director</b>	Chen O-Ko	3 years	Ph.D., Institute of Electrical Engineering, National Tsing Hua University; Distinguished Professor, Department (Institute) of Electrical Engineering, Chien Hsin University of Science and Technology; Independent Director, Pao Wei Industrial Co., Ltd.; Remuneration Committee Member and Audit Committee Convener
<b>Independent Director</b>	Weng O-Liang	3 years	United College of Industry; Assistant Manager, Automotive Research & Testing Center (ARTC); General Manager, Hwei Vehicle Technology Co., Ltd.
<b>Independent Director</b>	Wang O-Sheng	3 years	Lunghwa University of Science and Technology; Chairperson, Tianhe Film and Art Enterprise Co., Ltd.



The competencies of each board member are detailed below

Board Member	Management Knowledge and Professional Competencies							
	Gender	Operational Judgment	Accounting/ Finance Expertise	Business Management	Crisis Management	Industry Knowledge	International Perspective	Leadership and Decision-Making
Chang O-Feng	Male	●		●	●	●	●	●
Chang O-Jou	Female		●					
Representative: Lee O-Cheng, Zhongying Investment Development Co., Ltd.	Male	●		●	●	●	●	●
Chao O-Hsiang	Male	●		●	●	●	●	●
Chen O-Ko	Male	●	●	●	●	●	●	●
Weng O-Liang	Male	●		●	●	●	●	●
Wang O-Sheng	Male	●		●	●	●	●	●

## ■ Diversified Academic and Professional Background

The composition of the Board of Directors considers professional and management capabilities, including operational judgment, financial and accounting expertise, crisis management, industry knowledge, international perspective, leadership, and decision-making skills.

## ■ Board Remuneration

The remuneration for the company's directors is determined based on the Articles of Incorporation, with a maximum allocation of 2.24% of the distributable earnings. The remuneration is calculated considering the company's actual operating performance, future business risks and development, and benchmarking against industry standards. This is reviewed by the Remuneration Committee, approved by the Board of Directors, and reported at the Shareholders' Meeting before distribution.

For Independent Directors, remuneration is granted regardless of the company's profit or loss, with amounts determined by the Board of Directors based on their involvement in company operations and their contributions. Industry benchmarks are also considered, with any adjustments reviewed and recommended by the Remuneration Committee.

## ■ Board Operations and Execution

The Board of Directors operates with access to transparent and comprehensive information, enabling it to make decisions with significant impact on organizational development, performance enhancement, operational results, and risk management. Through thorough communication and deliberation, the Board formulates strategies for the company's future operations and sustainable development, maximizing its functional effectiveness.

Board Responsibilities:

1. Review and approve the company's operational plans.
2. Examine and approve annual and semi-annual financial reports.
3. Establish or amend the internal control system and evaluate its effectiveness.
4. Formulate or revise procedures for significant financial and business transactions, including acquisition or disposal of assets, derivative transactions, loans to others, endorsements, or guarantees.
5. Approve the issuance or private placement of equity-related securities.
6. Appoint or remove financial, accounting, or internal audit supervisors.
7. Review donations to related parties or significant contributions to unrelated parties.
8. Promote sustainable operations and verify implementation schedules.
9. Address matters stipulated under Article 14-3 of the Securities and Exchange Act or as required by the Articles of Incorporation, laws, or regulatory authorities.

● **The Board of Directors convened a total of 7 meetings (A) in 2023. The attendance details for each Director are outlined below:**

Position	Name	Actual Attendance (B)	Proxy Attendance	Attendance Rate (%) (B/A)	Notes
Chairperson	Chang O-Feng	7	0	100	-
Director	Zhang O-Huan	4	0	100	Resigned upon re-election at the Shareholders' Meeting on June 30, 2023 (Note 1). Required attendance: 4 meetings.
Director	Zhang O-Fu	4	0	100	
Director	Zhang O-Shan	4	0	100	
Director	Zhang O-Jie	2	0	67	Newly appointed at the Extraordinary Shareholders' Meeting on January 17, 2023; resigned upon re-election at the Shareholders' Meeting on June 30, 2023 (Note 2). Required attendance: 3 meetings.
Director	Chang O-Jou	3	0	100	Newly elected at the Shareholders' Meeting on June 30, 2023 (Note 3)
Director	Zhongying Investment Development Co., Ltd. Representative: Huang O-Jian	1	0	100	Zhongying Investment Development Co., Ltd. reassigned its representative, Wu O-Hui, to replace Huang O-Jian on February 1, 2023. Required attendance: 1 meeting.
Director	Zhongying Investment Development Co., Ltd. Representative: Wu O-Hui	3	0	100	Zhongying Investment Development Co., Ltd. reassigned its representative, Wu O-Hui, to replace Huang O-Jian on February 1, 2023, and resigned after the re-election on June 30, 2023. Required attendance: 3 meetings.

Position	Name	Actual Attendance (B)	Proxy Attendance	Attendance Rate (%) (B/A)	Notes
Director	Zhongying Investment Development Co., Ltd. Representative: Liu O-Xiong	6	1	86	Zhongying Investment Development Co., Ltd. reassigned its representative, Li O-Cheng, to replace Liu O-Xiong on January 31, 2024. Required attendance: 7 meetings.
Independent Director	Chao O-Hsiang	5	1	83	Newly appointed at the Extraordinary Shareholders' Meeting on January 17, 2023; re-elected at the Shareholders' Meeting on June 30, 2023 (Note 4). Required attendance: 6 meetings.
	Weng O-Liang	6	0	100	
	Chen O-Ko	5	1	83	
	Wang O-Sheng	6	0	100	

Note 1: Directors Zhang O-Huan, Zhang O-Fu, Zhang O-Shan, and Zhongying Investment Development Co., Ltd. representative Huang O-Jian (succeeded by Wu Junhui on February 1, 2023) resigned after the re-election of directors during the Shareholders' Meeting on June 30, 2023. During their tenure in 2023, 4 board meetings were convened.

Note 2: Director Zhang O-Jie, elected during the Extraordinary Shareholders' Meeting on January 17, 2023, and resigned after the re-election on June 30. During their tenure in 2023, 2 board meetings were convened.

Note 3: Director Chang O-Jou, elected during the Shareholders' Meeting on June 30, 2023. During their tenure in 2023, 3 board meetings were convened.

Note 4: Independent Directors Chao O-Hsiang, Weng O-Liang, Chen O-Ko, and Wang O-Sheng were elected at the Extraordinary Shareholders' Meeting on January 17, 2023, and re-elected on June 30. During their tenure in 2023, 6 board meetings were convened.

#### Additional Information

I. In the event of any of the following circumstances, the Board of Directors must provide detailed disclosure, including the meeting date, session number, motion details, independent directors' opinions, and the company's handling of these opinions:

(1) Significant Resolutions under the Securities Exchange Act, Article 14-3:

Board Meeting	Resolution Details	Independent Director Objections or Reservations	Handling of Independent Director Opinions	Resolution Outcome
11th Term, 14th Session (January 17, 2023)	Amendment to the internal control system on "Real Estate, factory, and Equipment Cycle Procedures."	Not applicable	Not applicable	Approved by all attending directors.
11th Term, 15th Session (February 14, 2023)	Appointment, dismissal, and salary adjustment of the Deputy General Manager of Finance, Administration, and IT.	None	Not applicable	Approved by all attending directors (including independent directors).
11th Term, 16th Session (April 26, 2023)	<ol style="list-style-type: none"> <li>Proposal for the allocation of Director and Supervisor remuneration and employee compensation for 2022.</li> <li>Assessment of the effectiveness of the internal control system for 2022 and the proposal for the Internal Control System Statement.</li> <li>Proposal to establish the "Evaluation Measures for the Independence and Suitability of Certifying Accountants" for the Company.</li> <li>Proposal to evaluate the independence and suitability of the Company's certifying accountants for financial reports.</li> </ol>	None	Not applicable	Approved by all attending directors (including independent directors).

Position	Name	Actual Attendance (B)	Proxy Attendance	Attendance Rate (%) (B/A)	Notes	
	Board Meeting	Resolution Details		Independent Director Objections or Reservations	Handling of Independent Director Opinions	Resolution Outcome
		5. Proposal for the appointment and remuneration of the Company's certifying accountants. 6. Proposal to establish the Company's Director Compensation Payment Measures. 7. Proposal to define the scope of applicable managers required to submit remuneration proposals to the Remuneration Committee for preliminary review. 8. Proposal for the Company's policies, systems, standards, and structure for performance evaluation and salary remuneration of managers. 9. Proposal for the allocation of employee subscription shares to managers in the first cash capital increase for 2023.				
	12th Term, 2nd Session (August 14, 2023)	1. Proposal for the distribution of Director and Supervisor remuneration for 2022. 2. Proposal for the distribution of managerial and employee compensation for 2022. 3. Proposal for the Board-authorized internal audit report presented to the Board of Directors.		None	Not applicable	Approved by all attending directors (including independent directors).
	12th Term, 3rd Session (December 14, 2023)	1. Proposal for the appointment of Deputy General Managers of Finance, Management, and IT. 2. Proposal for the 2024 Audit Plan.		None	Not applicable	
Note: Independent directors were newly elected at the Extraordinary Shareholders' Meeting on January 17, 2023.						

- (2) Other Matters: Independent Directors' Objections or Reservations  
Beyond the previously mentioned items, no additional resolutions were opposed or subject to reservations by independent directors that were recorded or issued in written statements.

## II. Implementation of Conflict of Interest Abstentions

- (1) During the 12th session, 1st Board meeting held on June 30, 2023, a motion regarding the appointment of the second-term Compensation Committee members was discussed. Independent Directors Chao O-Hsiang, Weng O-Liang, Chen O-Ko, and Wang O-Sheng abstained from participation in discussions and voting due to conflicts of interest. The motion was approved by the remaining directors present.

## III. Disclosure of Board Self-Evaluation for Listed Companies

Listed companies are required to disclose the evaluation cycle, period, scope, method, and content of the Board's self-evaluation (or peer evaluation) and present this information in an attached table. However, as this company is not publicly listed, this requirement is not applicable. Nevertheless, the company will adopt such measures in the future based on its needs or in compliance with legal requirements.

## IV. Current Year and Recent Year Goals For Strengthening Board Functions (Such As Establishing An Audit Committee, Enhancing Information Transparency, Etc.) And Implementation Assessment:

- To strengthen corporate governance and enhance the Board's functionality, the company established a Compensation Committee and an Audit Committee on January 17, 2023. These functional committees operate in accordance with their organizational rules and assigned responsibilities, providing recommendations for discussion and resolution by the Board.
- The company actively enhances transparency by comprehensively disclosing operational information, financial data, corporate governance practices, and the promotion and implementation of sustainable development in its annual reports, corporate website, and through public information platforms.

## ■ Compensation Committee

Committee Composition and Operations

The Compensation Committee consists of four members, operating in accordance with the company's Compensation Committee Charter.

**The roles, responsibilities, and operational details for 2023 are outlined below:**

Category	2023 Actual Operations
Members	Independent Directors: Weng O-Liang, Chao O-Hsiang, Chen O-Ko, Wang O-Sheng
Responsibilities	Evaluating compensation policies, systems, structures, and standards for directors and executives.
Operational Details	1. Term: June 30, 2023 - June 29, 2026. 2. Held 3 meetings in 2023, with an average attendance rate of 91.8%.

### Attendance of Compensation Committee Members in 2023

Position	Name	2023		Actual Attendance Rate
		Actual Attendance	Proxy Attendance	
<b>Chairperson</b>	Weng O-Liang	2	1	67%
<b>Member</b>	Chao O-Hsiang	3	0	100%
<b>Member</b>	Chen O-Ko	3	0	100%
<b>Member</b>	Wang O-Sheng	3	0	100%

## ■ Audit Committee

Attendance of Audit Committee Members in 2023

The Audit Committee convened four times in 2023. Attendance details are as follows:

Position	Name	2023		Actual Attendance Rate
		Actual Attendance	Proxy Attendance	
<b>Independent Director</b>	Chao O-Hsiang	3	1	75%
<b>Independent Director</b>	Weng O-Liang	4	0	100%
<b>Independent Director</b>	Chen O-Ko	4	0	100%
<b>Independent Director</b>	Wang O-Sheng	4	0	100%

## ■ Independent Directors' Communication with Auditors and Internal Audit Supervisors

Communication with Auditors:

The Audit Committee holds at least one meeting annually with auditors to discuss financial reporting, accounting and auditing standards, internal control processes, and updates on tax and securities regulations. At the end of each fiscal year, the Audit Committee reviews the audited financial statements and business reports submitted by auditors and provides their evaluation.



■ **Communication with Internal Audit Supervisors:**

The Audit Committee communicates with the Internal Audit Supervisors following the completion of monthly audit reports, quarterly follow-up reports, and self-inspection reports. Discussions include the execution of the annual audit plan, internal audits, self-assessments, and internal control deficiencies or anomalies noted in the Internal Control System Declaration. The Committee actively tracks the corrective actions taken by responsible units for identified issues, ensuring effective oversight. The longstanding effective communication has significantly enhanced the supervisory role of the Audit Committee.

## 2.3 Integrity and Ethical Business Practices

### 2.3.1 Operating Philosophy and Commitment to Integrity:

The company operates under the philosophy of Innovation, Passion, and Integrity, aiming to protect shareholder interests and ensure information transparency. By strengthening Board functions and leadership capabilities, the company strives to achieve peak operational performance.

■ **Code of Business Conduct:**

Guided by the company's core values, all employees are required to learn, understand, and comply with the Code of Business Conduct ("the Code"). The Code fosters a culture of honesty and openness, enabling employees to work diligently and lawfully. Violations of the Code, company policies, or related laws are addressed promptly with corrective and preventive actions to avoid recurrence.

■ **Commitment to Integrity:**

The company emphasizes the principles of integrity and accountability. It has established the Ethical Corporate Management Best Practice Principles and the Operational Procedures and Behavioral Guidelines for Ethical Corporate Management to cultivate a culture of integrity and sound business operations. These guidelines apply to all levels of the company, including directors, management, and employees, prohibiting any form of corruption, bribery, or illicit gain.

A dedicated unit, overseen by the Board of Directors, comprises the Legal and Audit Departments to enforce the company's integrity policies. The unit reports biannually to the Board on implementation status. To prevent conflicts of interest and provide appropriate reporting channels, the Company established the Integrity Management Code in 2023. Key responsibilities include:

1. Incorporating integrity values into business strategies and compliance measures.
2. Establishing procedures and guidelines to prevent unethical conduct.
3. Implementing risk management and supervisory mechanisms for unethical activities.
4. Conducting training and advocacy for ethical practices.
5. Developing whistleblowing mechanisms to ensure effectiveness.

6. Assisting the Board and management in evaluating the effectiveness of integrity measures and compliance.

## ■ Business Activities Under Ethical Management:

Business dealings are conducted transparently and fairly. Prior to engagements, the company assesses the legality and ethical records of agents, suppliers, and customers to avoid partnerships with entities linked to unethical practices. Contracts include provisions for adherence to integrity policies, with clauses allowing termination in case of violations.

## ■ Prevention Plans for Ethical Risks:

The company prohibits the following:

1. Unfair competition practices.
2. Illegal political contributions.
3. Improper charitable donations or sponsorships.
4. Acceptance or provision of unreasonable gifts or benefits.
5. Bribery or corruption.
6. Violations of trade secrets or intellectual property rights.

Through training, self-assessment, and an anonymous reporting system, the company maintains high ethical standards and transparency. Integrity-related updates are published on the company's website, Fukuta consistently monitors developments in domestic and international integrity management regulations, with input from stakeholders encouraged to refine policies and enhance effectiveness.

## ■ Education and Training:

1. Senior management communicates the importance of integrity to directors and employees regularly.
2. Educational sessions are organized, with business partners also invited to participate.
3. Integrity policies are linked to employee performance evaluations and HR policies, incorporating clear reward and punishment mechanisms.

### ● Achievements in the Last Two Years

1. Regular advocacy of core values in ethical management.
2. Training for new employees, covering topics such as intellectual property protection, trade secret safeguards, and prevention of insider trading.
3. Participation in internal ethical training by 273 individuals, totaling approximately 683 hours.
4. 100% recovery rate for signed agreements on integrity and intellectual property compliance.

	Year	2022	2023
Category			
Participants (people)		257	273
Training Hours (hours)		642	683
Contract Recovery Rate (%)		100%	100%

● **Whistleblower Mechanism**

1. The company has established an internal grievance mailbox and provides a whistleblower section on its official website.
2. A designated unit is assigned to promptly investigate relevant facts and, if necessary, seek assistance from legal or other departments.
3. Records and documentation related to cases must be retained for five years or until the conclusion of legal proceedings.
4. The identity of the whistleblower and the content of the report are kept confidential to protect whistleblowers from improper treatment due to their report.
5. A whistleblower reward system is in place, offering bonuses based on the severity of the case.

● **2023 Implementation Results:**

No supervisors or employees were found to have violated the principles of integrity.

■ **Information Disclosure**

In line with the company's integrity management policies, annual reports, prospectuses, and ESG sustainability reports are submitted within legally mandated timeframes. Relevant information is disclosed through the Market Observation Post System and the company's website.

## 2.3.2 Code of Ethics

The company has established related standards to improve corporate governance and foster a sustainable operating environment. The Code of Ethical Conduct was formulated to ensure employee behavior aligns with ethical standards and to provide stakeholders with an understanding of the company's ethical principles.

■ **Ethical Compliance**

1. Employees are prohibited from offering or accepting improper benefits, directly or indirectly, while conducting business.
2. Offering or promising facilitation payments or disguised bribes is strictly prohibited.
3. Disclosure of company confidential information is prohibited, and confidentiality agreements must be adhered to.

4. Employees are prohibited from engaging in insider trading.
5. Business transactions with entities engaged in dishonest practices are strictly forbidden.
6. Company assets must be protected and used lawfully for official purposes only.
7. Employees must comply with government regulations, as well as the company's established policies, rules, and procedures.

### ■ **Supervisory Responsibilities**

1. The Management Department and the Financial and Accounting Department report to the Board of Directors annually.
2. On April 26, 2023, the Board of Directors adopted the company's Integrity Management Code. To date, no unethical conduct by company personnel has been reported or discovered.

### ■ **Statement of Compliance and Signature**

All directors approved the 2023 Internal Control System Statement, affirming that the design and execution of internal controls during 2023 were effective and compliant with laws and regulations.

Upon assuming office, directors and managerial staff sign a Code of Conduct Declaration, committing to integrity. In 2023, no violations of integrity were reported.

### ■ **Conflict of Interest Avoidance**

Directors maintain strict self-discipline and, in cases where board proposals involve their own interests or those of the legal entities they represent, refrain from participation in discussions or voting.

Employees are prohibited from using company resources for commercial activities outside of the company or engaging in such activities in a way that affects their job performance.

The company adheres to internal operating procedures established in compliance with publicly listed company regulations and adjusts these procedures as needed. Employees must strictly follow company policies and standards while conducting daily tasks and operations, ensuring respect and trust from clients, suppliers, and stakeholders.

Confidentiality obligations are integrated into employment contracts, supported by policies on infringement prevention, personal data protection, and information security management. Continuous training programs enhance employee awareness of legal compliance.

## 2.4 Regulatory Compliance

### Material Issue ► Regulatory Compliance

Management Approach	Policy	Comply with Taiwan's Company Act, environmental, labor, occupational safety, and health-related regulations.
	Objectives and Targets	Adhere to relevant laws, regulations, and systems in Taiwan and internationally. Regularly assess the applicability and legality of internal management systems to mitigate the risk of legal violations.
	Commitment	Employ due diligence and proactive communication methods to closely monitor developments in Taiwan's legal framework. Conduct practical assessments of applicability and legality, and adjust sustainability strategies in a timely manner to minimize regulatory risks.
	Management Measures	<ol style="list-style-type: none"> <li>1. Establish effective internal control and management systems to ensure compliance with legal requirements.</li> <li>2. Adhere to international laws and regulations and collaborate with government initiatives to promote corporate sustainability.</li> <li>3. Strengthen communication with stakeholders, striving to meet their expectations for the company's sustainable operations.</li> </ol>

### 2.4.1 Regulatory Compliance

The following table outlines the key laws, internal policies, or procedural documents related to the company's compliance with corporate governance, environmental, economic, and social regulations, as well as any instances of violations in 2023:

Category	Key Laws in Taiwan	Corresponding Company Policies/Procedures	2023 Violations
Corporate Governance	Company Act, Corporate Governance Best Practice Principles, Integrity Management Code for Listed Companies, Audit Committee Charter, Remuneration Committee Charter.	Articles of Incorporation, Code of Business Conduct, Integrity Management Code, Whistleblower and Grievance Mechanism Policies.	The company operated in accordance with the law and did not incur any major monetary fines or other penalties.
Employees Labor Rights and Conditions	Labor Standards Act, Employment Service Act, Gender Equality in Employment Act, Labor Insurance Act, Labor Pension Act, National Health Insurance Act, Employee Welfare Fund Act, Leave-Taking Regulations, Guidelines for Labor-Management Meetings, etc.	Approved Work Rules, Approved Labor-Management Meeting Representatives List, Recruitment, Employment, and Resignation Management Policies, Salary Management Policies, Employee Work Rules, Labor Rights Testing for New Hires	The company complied with the Labor Standards Act and related regulations, with no violations of the Labor Standards Act or labor-management disputes. However, one violation of the Employment Service Act was penalized.



Category	Key Laws in Taiwan	Corresponding Company Policies/Procedures	2023 Violations
Health and Safety	Occupational Safety and Health Act and its Enforcement Rules, Labor Health Protection Rules, Occupational Safety and Health Facilities Rules, Occupational Safety and Health Training Rules, etc.	Approved Occupational Safety and Health Work Rules, Approved Occupational Safety and Health Organization and Personnel Lists, ISO 45001 Occupational Health and Safety Management System and related procedures.	The company complied with the Occupational Safety and Health Act and related regulations, with no workplace accidents or penalties resulting from labor inspections.
Environment	Basic Environmental Act, Climate Change Response Act, Waste Disposal Act, Resource Recycling Act, Air Pollution Control Act, Noise Control Act, Drinking Water Management Act, Effluent Standards, Water Pollution Control Act and its Enforcement Rules, etc.	ISO 14001 Environmental Management System and related procedures, SOPs and forms for waste management, noise control, drinking water management, and wastewater management. ISO 14064 Greenhouse Gas Inventory System and Reports.	The company complied with relevant environmental laws and did not incur any penalties.
Economy	Fair Trade Act, Patent Act, Copyright Act, Intellectual Property Act, Trade Secrets Act, Computer-Processed Personal Data Protection Act; Civil Code, Communicable Disease Control Act, Sexual Harassment Prevention Act, etc.	Labor Contracts, Code of Ethics, Personnel Management Systems.	The company had no violations of economic or social regulations and did not incur any penalties.
Social			
Products	Fair Trade Act, Computer-Processed Personal Data Protection Act, QC 080000 Hazardous Substance Process Management System	ISO 9001 Quality Management System and related procedures, SOPs and forms, QC 080000 or RoHS systems for hazardous substance control.	The company did not experience customer privacy breaches resulting in penalties or compensation and had no violations of marketing, communication, product, or service safety laws.

## 2.5 Internal Control Mechanism and Management System Verification

### Internal Control Mechanism

The Audit Office is under the supervision of the company's Board of Directors. The Chief Audit Officer reports audit-related matters regularly to the Audit Committee and attends Board meetings to present audit reports.

The primary role of the Audit Office is to assist the Board in understanding the performance of various departments by inspecting and reviewing deficiencies in the internal control system and evaluating key operational performance metrics. It provides timely recommendations for improvement to ensure the continuous and effective implementation of the internal control system, serving as a basis for reviewing and revising internal control systems or related procedures.

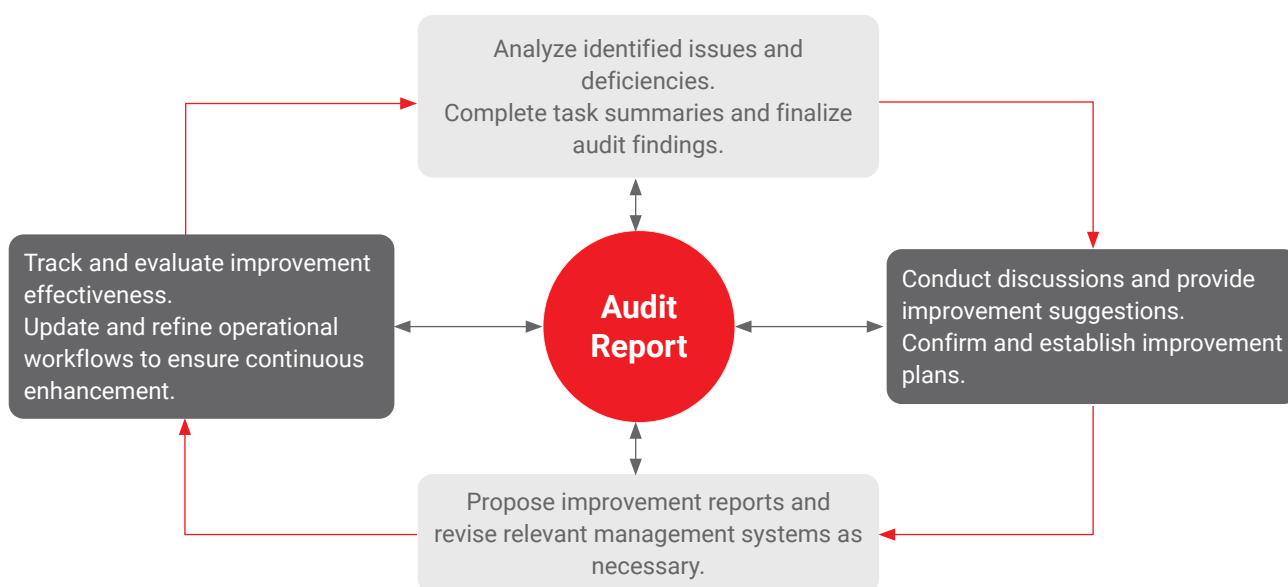
Internal Control Mechanism	Scope		To inspect and evaluate the appropriateness and effectiveness of the internal control systems within all departments of the company and the efficiency of operational activities.
	Subjects		The audit targets include the operations overseen by all units of the company, using due diligence and proactive communication methods.
	Management Measures	Planned Audits	▷ At the end of each year, the Audit Office formulates the audit plan for the following year based on risk assessment results and relevant regulations. The plan is submitted to the Board of Directors for discussion and approval, serving as the basis for audit execution
		Special Audits	▷ When necessary, high-level management or the Chief Audit Officer assigns specific audit topics and timelines. Auditors are required to conduct the necessary audit tasks within the designated timeframe.

### Audit Process

1. Formulate the annual audit plan based on risk assessment results.
2. Execute audit tasks as outlined in the annual audit plan.
3. Conduct special audits when required, providing timely insights into identified deficiencies or potential risks for management.
4. Issue audit reports upon completing audit tasks, offering recommendations and improvement suggestions.
5. Continuously track the rectification of audit deficiencies, preparing at least quarterly follow-up reports until all issues are resolved.
6. After approval, submit audit reports and follow-up reports to independent directors for review by the

end of the month following the completion of the audit.

**The audit operation management process follows the P-D-C-A (Plan-Do-Check-Act) cycle, as illustrated below:**



- The Audit Office reviewed the 2023 self-assessment reports of internal control systems from all company units and subsidiaries. This included reports on operational cycle audits and departmental self-assessments. These assessments were conducted to evaluate the overall effectiveness of the company's internal control system, providing the main basis for issuing the Internal Control System Statement, which was disclosed in the annual report.

#### 2023 Audit Highlights

- The scope covered operational cycle procedures, audit items mandated by the Financial Supervisory Commission, and the internal control system.
- A total of 12 audit reports were issued, involving 92 audit operation items.
- Identified 4 deficiencies or irregularities in the internal control system. The audited units were notified and instructed to adopt appropriate improvement measures promptly. Progress was tracked until achieving 100% improvement completion.
- Each completed audit report was submitted to independent directors for review by the end of the following month, as per regulations.

### ■ Internal Management Systems

The Board of Directors and management, following the Guidelines for the Establishment of Internal Control Systems by Public Companies and relevant regulations, have implemented internal management systems aimed at enhancing operational efficiency and product quality.

#### Three Key Internal Management Systems

## 1. Internal Control System

- ① The internal control system encompasses the entire company's operations, covering planning, organization, and control functions.
- ② It includes nine operational cycles: sales, production, procurement, financing, payroll, fixed assets, IT, investment, and R&D, along with the standard procedures and measures implemented for each.
- ③ The primary goals of the internal control system are:
  - Ensuring compliance with company policies and operational procedures.
  - Preventing asset wastage, theft, and inefficient usage.
  - Ensuring the accuracy and reliability of accounting and operational data.

## 2. ISO Management Systems

ISO management systems are established to address production, quality, and environmental issues. Certifications obtained include:

- **ISO 9001:** Quality Management System
- **ISO 14001:** Environmental Management System
- **ISO 45001:** Occupational Health and Safety Management System
- **ISO 14064:** Greenhouse Gas Inventory and Self-Assessment

## 3. Special Management Measures

Specific measures are in place to manage high-risk operational items, such as credit management operations and expense approval authorities, to minimize operational risks.

These three internal management systems are grounded in the company's corporate culture, core employee values, business philosophy, professional ethics, and integrity management practices. Cultivating a strong corporate culture enables these systems to operate effectively and continuously improve, aligning with the company's sustainability goals, enhancing operational efficiency, and ensuring product quality reliability.

**Diagram of the Internal Control Management System**



## 2.6 Information Security

## ■ Information and Communication Security Risk Management Framework

The Information Department, as an independent unit not affiliated with user departments, is responsible for coordinating and implementing information security policies, promoting security awareness among employees, and collecting and improving the performance and effectiveness of the organization's information security management system through technical, product, and procedural enhancements.

The Audit Office annually conducts audits of computerized information processing operations as part of the internal control system to evaluate the effectiveness of internal control mechanisms for the company's information operations.

## ■ Information Security Policy

1. In accordance with the Information System Management Procedures and Information Security Policy, ensure that system architecture, network security, resource management, and software/hardware licensing comply with corporate environment requirements and maintain high availability. Risk-related issues are adjusted or incorporated into improvement plans as necessary.
2. Promote confidentiality policies, data protection awareness, file and record management, mobile device control, tiered access permissions, and regular audits by the audit unit. Compile and report anomalies to mitigate risks of information leakage and protect key corporate assets and competitiveness.
3. Continuously enhance employee information security awareness by advancing security education to integrate best practices into daily operations.

## ■ Implementation Measures

### ● Network Protection

1. Deploy network firewall devices with advanced functionalities to monitor traffic, identify applications, analyze unknown malware, and preemptively block suspicious connections and intrusions.
2. Use VPNs for network control across facilities, with additional firewall installations to prevent virus and attack proliferation between facilities.
3. Separate OT (Operational Technology) and IT networks through firewall systems to strengthen OT security and ensure IT-related security issues do not disrupt OT production processes.

### ● Endpoint Protection

#### • EDR (Endpoint Detection and Response) Software:

Install EDR software on computers to augment traditional antivirus protections. This includes real-time monitoring, endpoint data collection, advanced correlation analysis, and detection of unusual activities. Suspicious operations are blocked immediately, and malicious programs are removed to prevent lateral infections. Machine learning and behavioral analysis are utilized to counter fileless malware and memory-based attacks.

#### • Software and Device Control:

1. Restrict the use of portable storage devices.
2. Monitor internet usage, computer operations, and software applications to prevent unauthorized access and protect corporate assets from internal and external threats.

#### ● **Data Security Protection**

1. Limit personnel access to sensitive data, control file activity permissions, and log file operations to prevent data leakage.
2. Restrict access to cloud storage spaces.
3. Implement a data backup system with clear mechanisms and offline storage for added security.
4. Prohibit the use of unlicensed software. Unauthorized installation of software on company-provided or personal devices is considered a violation.
5. Conduct monthly inspections under a structured audit mechanism.

#### ● **Information Confidentiality Regulations**

Employees must adopt appropriate protective measures to safeguard trade secrets and confidential information obtained through their work. These measures include:

1. Signing declarations for software policies, internet usage, employment contracts, and integrity/intellectual property agreements upon employment.
2. Adhering strictly to confidentiality regulations specified in employment contracts and other related agreements.
3. Implementing necessary protective actions to prevent unauthorized access to trade secrets and confidential information.
4. Company disclosure principles: Employees must not disclose company assets—including information, business strategies, technical data, and any tangible or intangible trade secrets or confidential information—to third parties without authorization.

## **2.7 Risk Management**

### ■ **Risk Management**

To enhance the Board of Directors' functions and the company's risk management mechanism, the company has established the Risk and Opportunity Management Procedures, which have been approved by the Board of Directors. The risk management policy aims to effectively identify, analyze, evaluate, control, and monitor risks while fostering risk awareness among employees. This approach ensures risks remain within tolerable levels, guaranteeing the integrity, effectiveness, and optimized benefits of the risk management process.



## ● Mission of Risk Management

The mission of risk management is to establish and maintain an effective risk management system with ongoing improvements. This system aims to reduce operational costs, ensure sustained profitability, and create a quality working environment to achieve the company's sustainability goals. The details of the policies, objectives, commitments, and management measures are as follows:

### Material Issue ► Risk Management

Management Approach	Policy	Reduce losses with a focus on prevention.
	Objectives and Targets	Proactively address global economic trends, climate change, and energy supply risks. Develop company strategies and adjust operational models accordingly, implementing appropriate countermeasures.
	Commitment	Conduct due diligence and maintain proactive communication to closely monitor global industrial trends and climate changes. Adjust development goals and operational strategies promptly to mitigate potential risks.
	Management Measures	Respond to operational risks by holding irregular management meetings to review countermeasures and adjust operational directions in advance to mitigate risks effectively.

#### Integration of Risk Management and Sustainable Development

To comply with laws and regulations, demonstrate operational capability, reduce the likelihood of accidents, and minimize asset losses, the company prioritizes sustainable development and risk management in its business expansion efforts.

To ensure these principles are fully integrated into daily operations, the company adopts proactive control measures to manage and address uncertainties. The company continuously develops and refines its corporate risk management systems while enhancing employee awareness of risk management. This ensures the company effectively identifies, monitors, and mitigates risks and uncertainties, aligning with its long-term sustainability goals.

## 2.7.1 Impact of External Risks and Countermeasures

External Risk Factors	Impact on Operations and Corporate Governance	Countermeasures and Actions
Industry Competition	Due to competition from motor manufacturers in Taiwan and mainland China, the company holds a leading advantage in high-end DC motors. However, the intense industry competition necessitates maintaining leadership in R&D patents, process efficiency, and product yield to sustain competitiveness.	The company continually increases R&D personnel and patent filings. It enhances process efficiency and equipment improvements to boost production effectiveness and yield rates. Particularly in motor R&D, the company strives to maintain a lead of at least 1–2 generations in motor products.

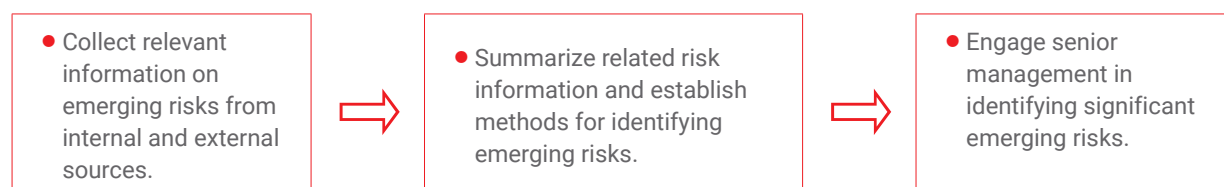
External Risk Factors	Impact on Operations and Corporate Governance	Countermeasures and Actions
Customer Relationships	Fluctuations in market prices may affect customer relationships.	Provide customers with advanced, high-quality products that deliver new value. The company also commits the necessary resources to ensure business continuity and operational stability for its customers.
Business Operations	Sudden or unforeseen accidents or natural disasters may disrupt operations, create financial burdens, or introduce other risks.	Develop emergency response plans and business continuity plans. Conduct regular drills to enhance staff responsiveness, minimize business interruptions, and reduce the associated impacts and disruptions.
Climate Change	Physical risks from extreme global weather events, such as droughts, power outages, or water shortages, may lead to company losses.	<ul style="list-style-type: none"> <li>● Install uninterruptible power systems (UPS) to support power supply.</li> <li>● Automatic deployment of backup generators.</li> </ul> For more details, refer to 6.3 Types of Climate Risks, Potential Operational Impacts, and Adaptation Methods.
Regulatory Risks	Stricter regulations on total emissions control, air pollution, and carbon emission standards may require enhanced efficiency in pollution prevention equipment and increased capital investment.	Invest in high-efficiency pollution prevention equipment to reduce pollution and operational costs, ensuring compliance with emission standards.
Supply Chain	To stabilize supply sources and ensure raw material quality, the company seldom changes suppliers after evaluation and trial production.	Establish shared ESG goals with suppliers. Conduct regular audits, management reviews, and procedures to ensure the effectiveness of business continuity management. Collaborate with suppliers to build a robust and competitive supply chain.

For risk evaluation of other significant issues, including occurrence considerations, severity, and responses, please refer to 1.4.2 Risk Management of Major Issues.

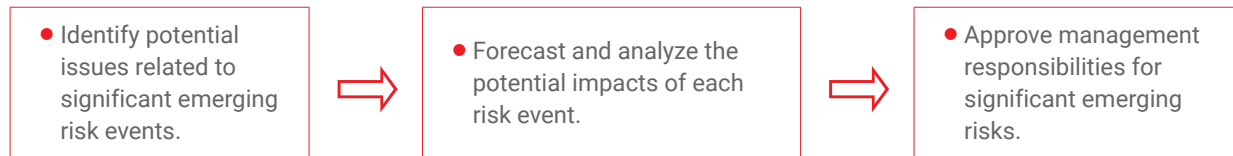
## 2.7.2 Identification, Assessment, and Management of Emerging Risks

The company closely monitors trends in changes to the economic environment, identifying long-term risks and opportunities to appropriately adjust its business strategies. These efforts aim to achieve sustainable development goals and long-term operational performance. To this end, the company's risk management teams gather relevant domestic and international information and assess potential long-term operational risks through surveys or discussions in senior management meetings. These methods help determine topics with the highest potential future impact. Strategies for mitigating impacts and responding to these risks are reviewed and submitted to the Risk Management Promotion Center for deliberation, serving as a critical reference for formulating future business strategies.

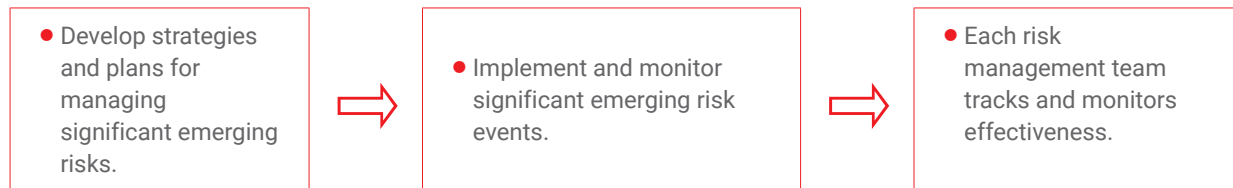
### Annual Identification of Significant Emerging Risks



## Evaluation of Significant Emerging Risks



## Management of Significant Emerging Risks



## 2.8 Honors and Recognitions

Since its establishment, the company has been honored by the Taiwan government and globally renowned suppliers. The following are notable achievements:



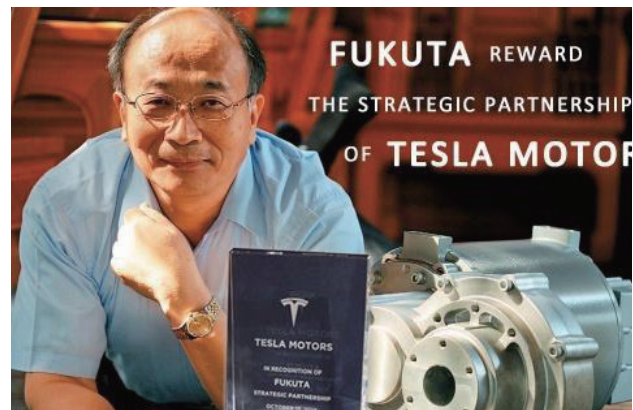
▲ Awarded the 18th Small Giant Award by the Ministry of Economic Affairs.



▲ Awarded the 24th National Rock Award by the Ministry of Economic Affairs.



▲ Awarded the 5th Mid-Sized Enterprise Excellence Award by the Ministry of Economic Affairs.



▲ Recognized with the Global Best Supplier Award by Tesla Motors.







# 03

## **Operational Performance and Customer Service**

**3.1 Operational Performance and Challenges**

**3.2 Customer Engagement and Service**

**3.3 Customer Privacy**



### 3 Operational Performance and Customer Service

■ Sustainable Development and Short-, Medium-, and Long-term Goals

Fukuta is a world-class professional manufacturer of motors and power systems, dedicated to providing high-quality products and the best services to customers. The company strives to meet global customer demand for advanced motor product portfolios, assisting customers in developing high-end products and achieving stable mass production. By being a trusted strategic partner to its customers, Fukuta aims to deliver excellent service and high customer satisfaction, maximizing revenue and profit.

The short-, medium-, and long-term plans for operational performance and customer service related to key issues are as follows:

	Short-term Targets	Medium-term Targets	Long-term Targets
	2023~2024	2025~2028	2029 and beyond
Operational Performance	Maintain customer satisfaction above 90 points	Maintain customer satisfaction above 90 points	Maintain customer satisfaction above 92 points
Regulatory Compliance	No violations of product or fair trade laws (0 cases)	No violations of product or fair trade laws (0 cases)	No violations of product or fair trade laws (0 cases)

■ Key Issue Goals and Performance

To achieve steady operational growth, enhance the added value of innovative products, provide excellent customer service with high satisfaction, and ensure the sustainable operation of key supply chains, the company has set the following key issue goals and performance metrics:

Customer Satisfaction

Performance Target (2023)	Achievement (2023)	Performance Target (2024)
Maintain customer satisfaction above 90 points	91 points → Achieved	Maintain customer satisfaction above 90 points



## Regulatory Compliance

Performance Target (2023)	Achievement (2023)	Performance Target (2024)
Zero violations of product or fair trade laws	0 cases → Achieved	Zero violations of product or fair trade laws
Zero violations of customer privacy or information security regulations	0 cases → Achieved	Zero violations of customer privacy or information security regulations

## 3.1 Operational Performance and Challenges

### Material Issue : Operational Performance

Management Approach	Policy	Maintain continuous profitability and revenue growth.
	Objectives and Targets	Achieve sustainable development and steady financial performance with consistent growth and profitability.
	Commitment	Utilize due diligence and proactive communication to consistently create economic value.
	Management Measures	(1) Maintain a solid financial structure to support marketing, production, and R&D initiatives. (2) Plan short-, medium-, and long-term capital allocation strategies to maximize investment returns under a prudent approach.

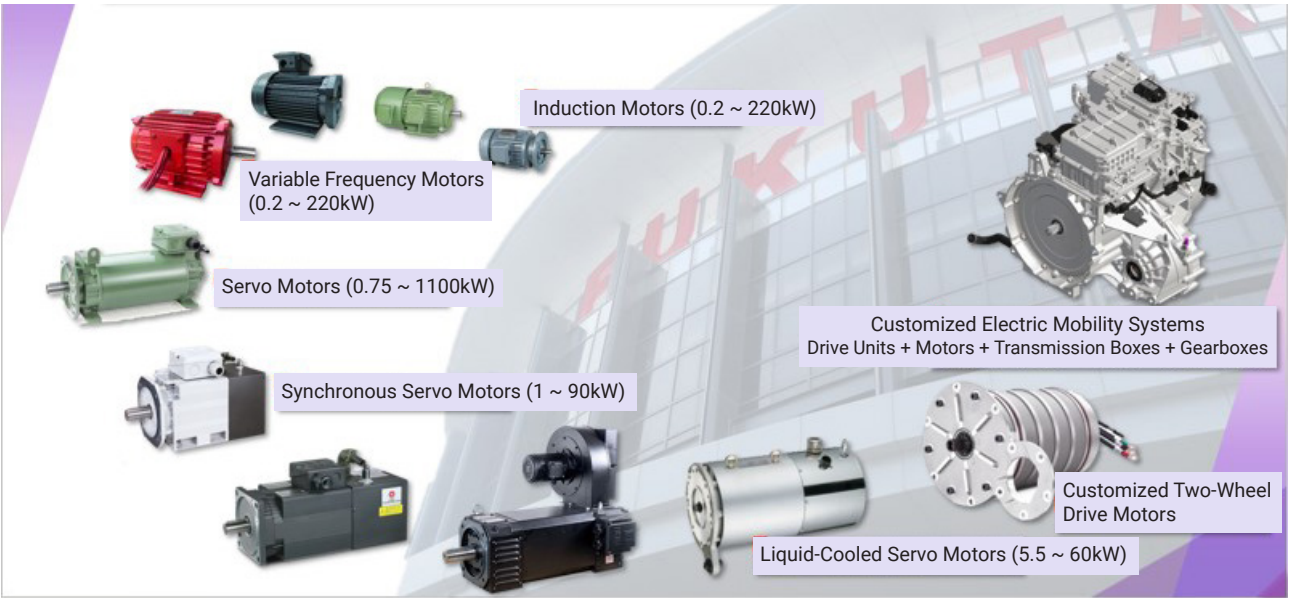
The company adheres to the philosophy of “Integrity, Innovation, and Enthusiasm”, prioritizing the protection of shareholder rights and transparency of information. The company aims to strengthen the functionality of the Board of Directors, enhance team leadership, and guide operations to peak performance.

### ■ Operational Strategies by Function

#### ● Product Strategies:


Evaluate customer and market changes, develop motors tailored to customer needs, and upgrade products based on diverse industry demands. This creates clear product and market differentiation from competitors, enhances overall competitiveness, and satisfies comprehensive customer requirements. The product portfolio is categorized into three main segments:

- ① Industrial Specialty Motors: Includes three-phase induction motors, variable frequency motors, induction servo motors, synchronous servo motors, and high-efficiency motors.
- ② Green Energy and Environmental Power (Electric Vehicle) Motors: Includes power motors for electric vehicles (and boats), wind turbines, and wind power systems.
- ③ Integrated Module Solutions (Three-in-One): Integrates motors, drivers, and differential speed reducers to save space and costs, enhance safety, and reduce interference with other electronic equipment.




## 产品介绍


**富田電機 FUKUTA**  
*The Energy Within*




Induction Motor



Inverter Motor



Servo Motor



Synchronous Servo Motor

Motor Types	Induction Motor	Inverter Motor	Servo Motor	Synchronous Servo Motor
Frame Size	63-315	63-280	80LA~280X	90S~145XXL
Output	0.2kW~200kW	0.2kW~110kW	750W~550kW	2kW~100kW
Features	Compact size, lightweight, precise control, fast response	Ultra-compact, lightweight, precise control, fast response	Suitable for various control formats, powerful, high efficiency, precise control, fast response	Low inertia, powerful, high efficiency, precise control, fast response

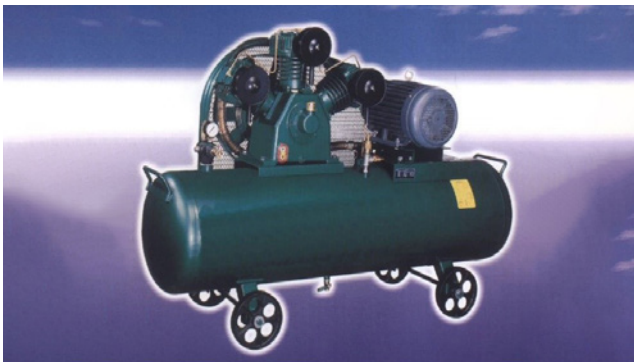
● Production Strategy

Transition from Traditional Air Compressors to Variable Frequency Screw Air Compressors:

- Reduce heat generation by 10%.
- Increase production efficiency by 20%.
- Utilize variable frequency screw air compressors equipped with inverters to monitor heat and power consumption, significantly reducing carbon emissions to achieve green efficiency.

### Energy Conservation Promotion:

- Implement energy savings of approximately 25% by pairing variable frequency motors with inverters for precise control.
- Promote energy-efficient initiatives, replacing outdated equipment with energy-saving alternatives, and upgrading factory equipment to enhance overall efficiency.



▲ Traditional Air Compressor



▲ Variable Frequency Screw Air Compressor

### Moving Towards a Smart Factory: Implementation of MES System

Collect data from equipment, optimize production through data analysis, and present relevant production information on dashboards in real-time to prevent abnormalities before they occur. Through MES, monitor production line conditions and manage equipment, integrating and analyzing data from various units such as production efficiency, quality inspection, product warehousing, and shipping information.

Integrate and digitize all internal company resources, invest in automation technology to improve production efficiency, reduce labor costs, enhance product quality, precision, and accuracy control, significantly reduce manual operations during manufacturing, improve process technology and production efficiency, and strengthen the company's overall competitiveness.

The new automated production line reduces labor demand by 60%, increases production capacity by 56%, and lowers costs, highlighting the advantages and benefits of introducing automated production lines.

### Current Production Equipment and Technology Enhancements

Existing production equipment improves process technology and production efficiency. The company fully implements ISO 14001 & ISO 45001 environmental, safety, and health policies, complies with HSF regulations and TISAX information security certification, and rigorously executes ISO 9001 & IATF-16949 quality management systems to achieve quality targets.

For power and energy-saving planning of automated equipment, IE4 motors are used to reduce energy consumption and lower costs.

To align with the requirements of "Comprehensive Upgrading of Traditional Industries" and "Accelerated



Promotion of Emerging Industries”, the company actively interacts with industry, government, academia, and research institutions to introduce new technologies, raw materials, equipment, and management concepts and methods at the appropriate time to create high-value-added products. The company also recruits or trains R&D and technical personnel through schools and research institutions, continually building and refining its knowledge base so that relevant members can quickly adapt and strive for excellence.



PLM

Design Quality ...

Process Qualit...

報表設定

個人待辦事項

1.計畫

2.專案

專案統計圖表

工程圖

文件

料件申請單

產品

零組件

EMS

Management process control system

Part/storage control system

## ● Sales Strategy

In response to channel differences, the company sets different prices and adjusts or revises strategies in real time according to market sales demands. The company provides the following solutions to serve customers and meet varying needs:

- ① Standard Quantitative Products: Based on shared materials to achieve reasonable circulation strategies for finished products.
- ② Flexible Solutions for Industry-Specific Changes: Adapt to changes in the economic environment.
- ③ Customized Products (Industrial Motors): Enhance the value of products based on standard products.
- ④ OEM/ODM Integrated Balanced Profit Solutions: Share benefits equitably through integration.
- ⑤ New Energy Products: Price based on characteristics and value.

- **For Existing Customers** ▶ Provide competitive products and services in the market.
- **For Potential New Customers** ▶ Actively develop power applications using existing motor technologies to target potential customer groups.
- **For End Customers** ▶ Directly connect with end users and introduce products as recommended by manufacturers.

## ● R&D Strategy

The company is committed to cultivating an R&D team by establishing training systems for R&D personnel, accumulating and strengthening R&D capabilities, and cooperating with industry, government, academia, and research institutions to jointly participate in R&D. This aims to achieve:

- **Mechatronic integration.**
- **Production automation.**
- **Localization of raw materials.**
- **Lightweight and environmentally friendly materials.**

The company continues to develop new products, improve manufacturing efficiency, and enhance product reliability to meet international standards.

As a leader in key components for electric vehicles and electric boats—power motors—the company continues to develop customized new products, using specialized products in specific industries as a competitive differentiator to achieve reasonable profitability. Employees are encouraged to actively develop patentable products, expanding the company's patent portfolio.

## ● R&D Strategy

Adopt a flat organizational structure and strengthen project-based organizational structures. Internally, reinforce employee training; externally, actively recruit outstanding talent to enhance the company's competitive advantage.



## ● Financial Strategy

The company's financial strategy is aimed at maintaining a stable financial structure to support diverse activities in sales, production, and R&D within the motor manufacturing industry.

Plan short- and long-term capital utilization to maximize returns on investment.

The company's product offerings include but are not limited to:

- **Three-phase induction motors.**
- **Variable frequency motors.**
- **Motors for variable frequency applications.**
- **Spindle motors.**
- **Induction servo motors.**

Additionally, the company has successfully expanded into:

- **Electric vehicle and boat power motors.**
- **Wind turbine generators and complete wind turbine systems.**
- **High-efficiency motors.**

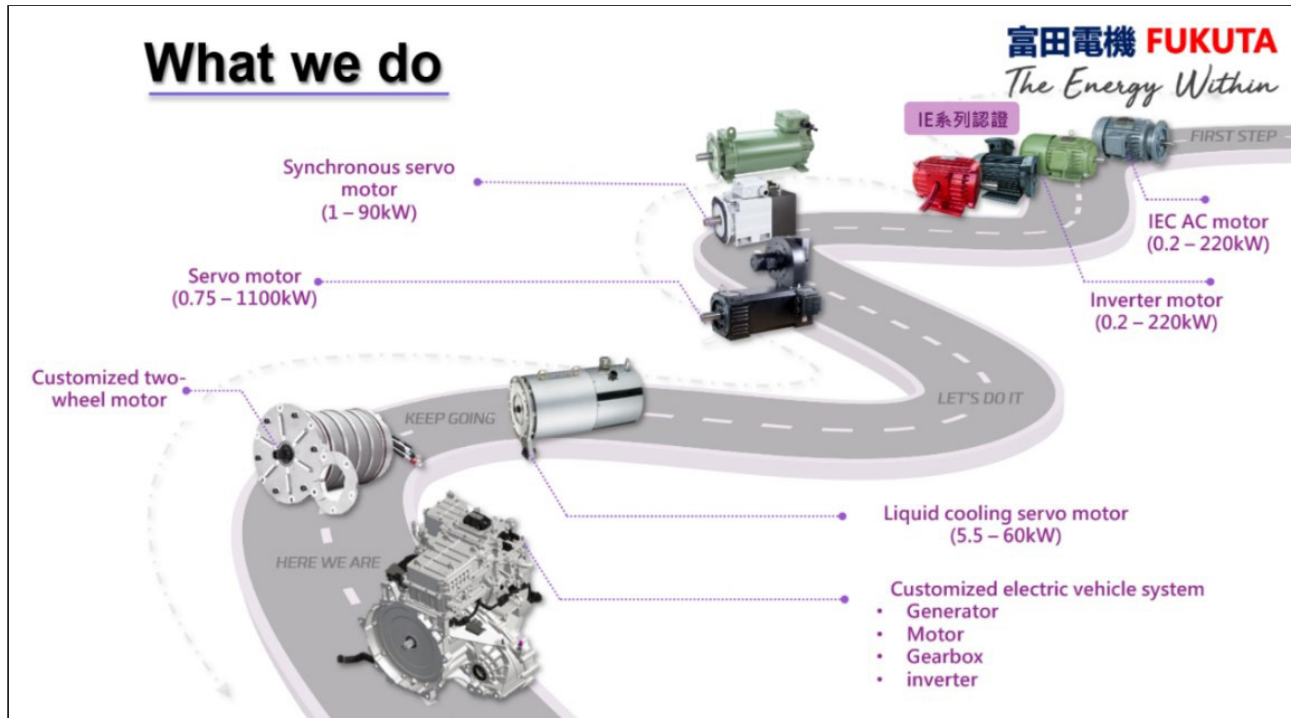
As a leader in motor manufacturing, the company is dedicated to continuous innovation and aims to become a global pioneer in advanced green energy and environmentally friendly power solutions.

The company insists on high-quality product manufacturing, actively explores new technological applications, improves product performance and production efficiency, and expands product variety and capacity. It keeps pace with domestic and international trends to meet evolving market demands.

## ■ Applications and Functions of Main Products

Main Product	Application/Function	
Traditional Motors	Three-phase motors	For various machines, the company has developed traditional motors, variable frequency motors, and servo motors with stable torque output and low vibration during processing.
	Servo motors	
Electric Vehicles	PT electric assemblies	Due to rising awareness of global warming and environmental protection, the company provides customized electric vehicle solutions and components, including motors for electric cars, motorcycles, and buses.
	Electric vehicle motors	
Electric Vehicle Parts	Stamped silicon steel sheets	Silicon steel sheet stamping range: 0.2~0.65mm. High-precision stamped products supplied to electric vehicle manufacturers and Tier 1 suppliers for motor or powertrain assembly.
	Electric vehicle stators and rotors	

## ■ Applications and Functions of Main Products



As the adoption rate of green energy electric vehicles continues to increase, the overall electric vehicle market has reached a plateau.

The company continuously invests in research and development, successfully developing technologies and products, ensuring sustained growth in business performance.

## ■ Direct Economic Value Generated and Distributed Over the Past Three Years

Unit: NT\$ Thousand

Item	2021	2022	2023
<b>Consolidated Revenue</b>	1,695,740	1,974,879	2,863,457
<b>Gross Profit</b>	367,041	404,673	195,955
<b>Pre-tax Net Income</b>	87,482	24,827	(226,634)
<b>Post-tax Net Income</b>	76,962	24,125	(173,873)
<b>Other Comprehensive Income</b>	(45)	126	(120)
<b>Total Comprehensive Income</b>	76,917	24,251	(173,993)
<b>Earnings Per Share</b>	1.92	0.58	(3.75)
<b>Debt Ratio</b>	52.03%	49.36%	49.51%
<b>Return on Equity</b>	3.39%	0.95%	(5.86%)
<b>Directors' and Supervisors' Shareholding Ratio</b>	30.42%	29.26%	23.94%

## ■ Revenue Proportion of Main Products Over the Past Three Years

Unit: NT\$ Thousand

Product	2021		2022		2023	
	Amount	Percentage%	Amount	Percentage%	Amount	Percentage%
PT Electric Assemblies	-	-	61,313	3.10	1,429,956	49.94
EV Stators and Rotors	476,076	28.07	527,536	26.71	449,137	15.69
Three-phase Motors	350,251	20.65	417,407	21.14	310,564	10.84
EV Motors	73,198	4.32	120,893	6.12	181,088	6.32
Servo Motors	112,993	6.66	115,711	5.86	124,876	4.36
Service Revenue	386,558	22.80	561,553	28.43	241,921	8.45
Others	296,664	17.50	170,466	8.64	125,915	4.40
PT Electric Assemblies	1,695,740	100.00	1,974,879	100.00	2,863,457	100.00

## ■ Sales Revenue by Region Over the Past Three Years

Unit: NT\$ Thousand

Region	2021		2022		2023	
	Amount	Percentage%	Amount	Percentage%	Amount	Percentage%
Taiwan	561,358	33.10	614,188	31.10	596,250	20.82
Japan	575,191	33.92	686,944	34.78	1,703,290	59.48
USA	404,328	23.84	537,199	27.2	474,395	16.57
China	108,586	6.40	36,072	1.83	8,402	0.29
Others	46,277	2.74	100,476	5.09	81,120	2.84
Total	1,695,740	100	1,974,879	100	2,863,457	100

## ■ Production Volume and Value Over the Past Two Years

Annual Production Value of Main Products	2022			2023		
	Production Capacity	Production Output	Production Value	Production Capacity	Production Output	Production Value
PT Electric Assemblies	399	261	124,983	18,000	6,998	1,226,469
EV Stators and Rotors	1,016,426	873,669	455,637	1,039,912	1,039,912	768,335
Three-phase Motors	83,510	59,048	351,220	83,510	37,935	271,330
EV Motors	8,786	8,786	89,783	12,807	12,807	147,579
Servo Motors	3,610	2,552	82,162	3,610	1,850	65,145
Total	1,112,731	944,316	1,103,785	1,157,839	1,099,502	2,478,858

The company primarily engages in the research and development, design, production, sales, and after-sales technical services of standard three-phase induction motors, variable frequency (specialized) motors, servo motors, electric vehicles, and components. Responding to societal demands and adhering to principles of integrity and practicality, the company provides cost-effective and high-quality products to support customers' industrial development. It continues to develop new products to enhance customer and organizational competitiveness, offering "high quality and cost-effective" products and services to contribute to society. The company invests in R&D to develop successful technologies and new products, ensuring continuous growth in business performance.

## ■ Marketing Diversification

To establish the Fukuta brand image, the company has set up sales offices in the northern, central, and southern regions to achieve the goal of "service without distance" and "service at your doorstep." This enables prompt pre-sales explanations and rapid after-sales services while actively expanding direct sales to machinery manufacturers and OEM/ODM clientele.

The company has established overseas service locations to strengthen cross-cultural management capabilities and expand its international market presence. Additionally, it actively participates in major international exhibitions related to motors and green energy to enhance global visibility.

In 2023, the company's top three sales regions were:

- ① Japan: accounting for the largest share of 59.48% of revenue.
- ② Taiwan: accounting for 20.82%.
- ③ United States: accounting for 16.57%.

The top three regions collectively represented 96.87% of total revenue. In the future, the company plans to develop customers in other countries or regions, such as India, Southeast Asia, Europe, or local markets in the Americas, to diversify markets and risks. This strategy aims to mitigate potential delays in deliveries caused by disruptions in logistics or mobility in a single region, thereby reducing potential losses to the company.

## 3.2 Customer Engagement and Service

### Material Issue ▶ Customer Relationship Management

Management Approach	Policy	Maintain strong customer relationships and improve customer satisfaction with products.
	Objectives and Targets	Continuously enhance customer satisfaction in terms of product quality and delivery timelines.
	Commitment	Utilize due diligence and proactive communication to steadily improve customer satisfaction.
	Management Measures	<ol style="list-style-type: none"> <li>1. Conduct regular annual customer satisfaction surveys for domestic and international customers.</li> <li>2. Handle customer complaints immediately and ensure responses are completed within the requested timeline.</li> <li>3. Set high customer satisfaction target values and encourage sales staff to challenge themselves to meet these goals annually.</li> </ol>

### ■ Customer Retention and Satisfaction Surveys

Following the Customer Communication Procedures, the company conducts regular annual customer satisfaction surveys. These surveys are carried out via personal visits, fax, email, or postal mail through the marketing department's personnel:

#### Survey Process:

- **Customers complete the Customer Satisfaction Survey forms.**
- **Marketing personnel are responsible for tracking and providing feedback.**
- **Sales staff address dissatisfaction by proposing improvement plans to the relevant departments.**

In addition to satisfaction levels being part of the performance indicators, the following metrics are monitored, analyzed, and logged for improvement:

- **Delivery accuracy or fulfillment rates and the frequency of excess freight charges.**
- **Number of internal complaints received each month.**
- **Number of external failure costs or compensation claims.**
- **Instances of customer production line interruptions and the associated compensation amounts.**
- **Costs or amounts related to product returns, recalls, or rework caused by quality issues.**
- **Special cases notified by customers (e.g., disqualifications, compensation claims).**

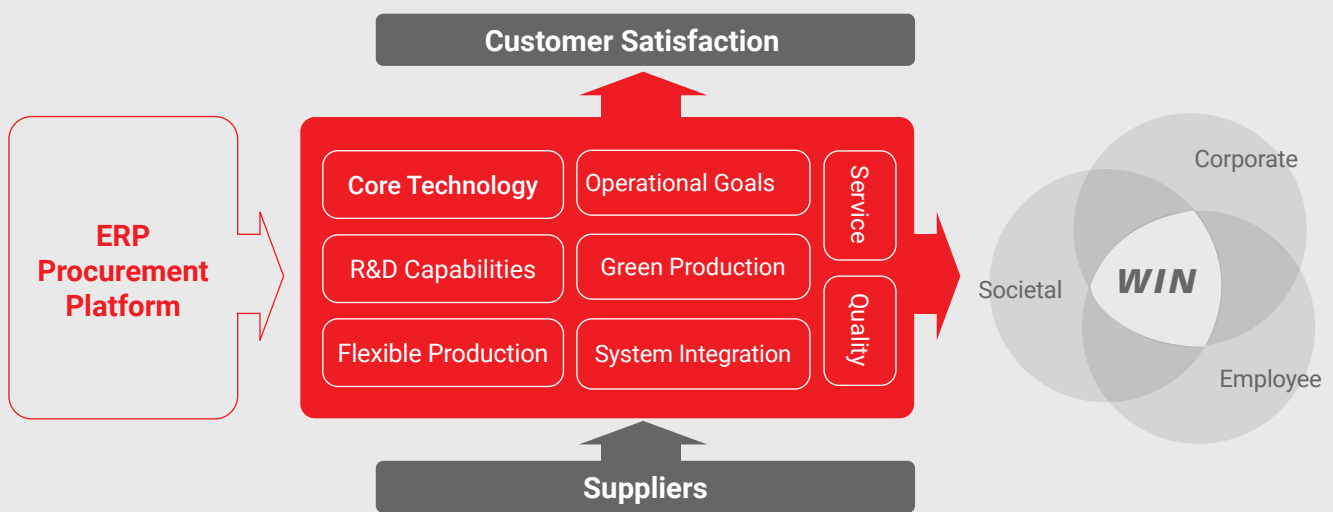
To achieve the long-term goal of sustained operations and growth, customer satisfaction is viewed as the key to market success.



To enhance customer satisfaction, the company effectively utilizes two management systems:

- ① Enterprise Resource Planning (ERP)
- ② Customer Relationship Management System (CRM)

Through these systems, the company fosters a "win-win-win" philosophy between customers, suppliers, and Fukuta, optimizing costs, quality, and services. This mutual benefit generates improved business performance and secures more future orders.



## ■ Customer Satisfaction Survey Statistics

Target Audience : All domestic and international customers.

Year	2021	2022	2023
Item	Domestic/International		
Number of Responses/ Surveys Sent	243/243	331/402	331/392
Response Rate (%)	100%	82%	84%
Average Satisfaction Score	86	91	91
Target Score	90	90	90
Achievement Status	Not Achieved	Achieved	Achieved
<div> <div> <ul style="list-style-type: none"> <li>● Top Three Satisfaction Factors</li> <li>1. Professionalism of sales personnel.</li> <li>2. Service attitude of sales personnel.</li> <li>3. Development capabilities/Delivery accuracy/Sample provision</li> </ul> </div> <div> <ul style="list-style-type: none"> <li>1. Delivery accuracy/Service attitude of sales personnel.</li> <li>2. Development capabilities/Product packaging/Sample provision/Professionalism of sales personnel/Speed of business communication/Logistics efficiency.</li> <li>3. Capability to handle product variety adjustments/Delivery schedule flexibility.</li> </ul> </div> </div>			

● Customer Feedback and Handling

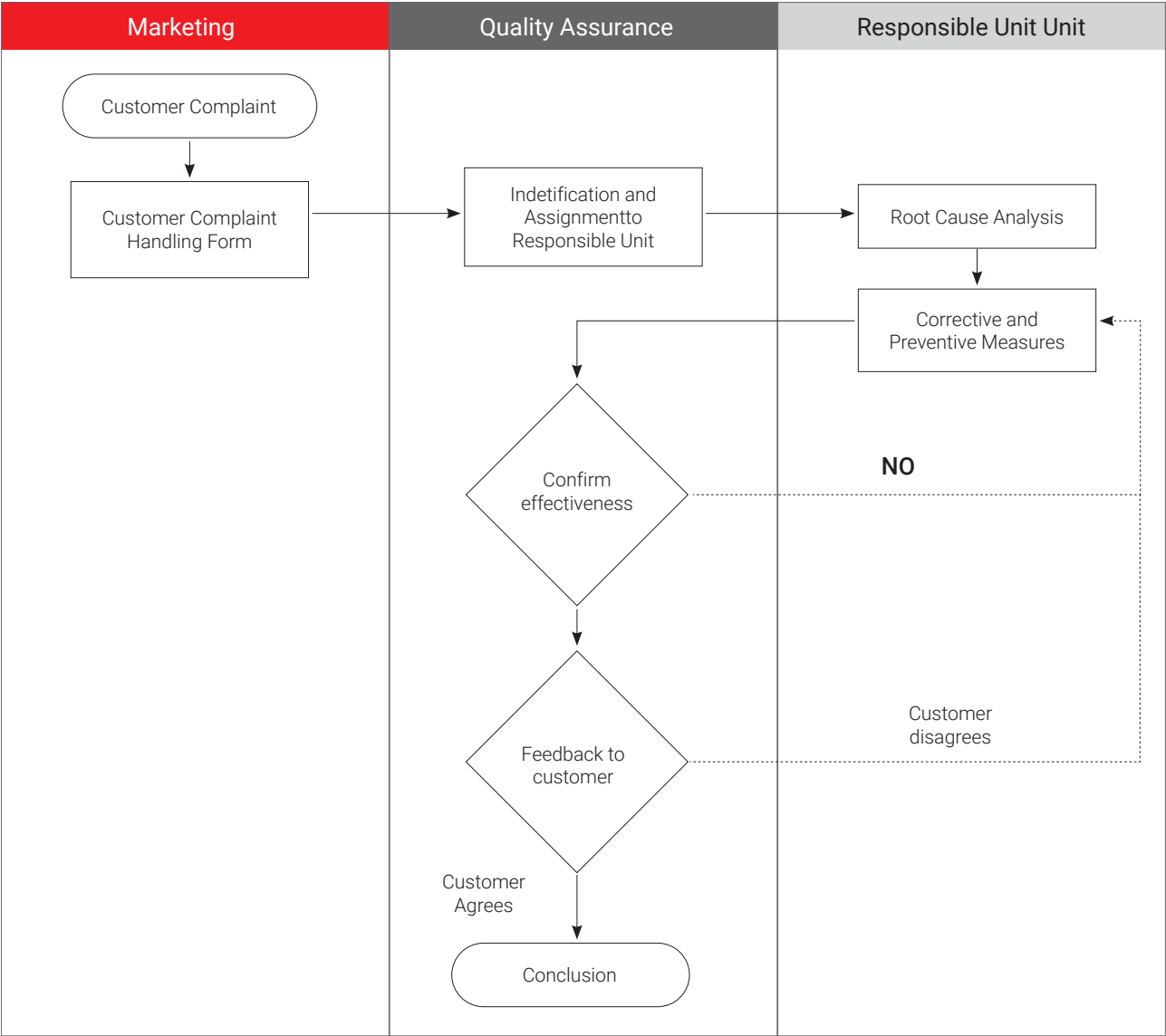
To promptly address customer inquiries and needs, the company has set up a messaging system on its official website. Customers can provide feedback directly via the website's sales service hotline and email address. The company ensures all customer needs are addressed promptly. Complaints are immediately communicated internally upon receipt to protect customer interests.

● Customer Complaint Handling Process Overview

- ① When a customer complaint or feedback is received, the complaint handling procedure is initiated to ensure customer feedback is promptly acknowledged and addressed, reducing recurrence and preventing additional complaints.
- ② For any abnormalities in customer complaints, the 5W2H Problem Solving Method is employed to form an improvement team that identifies the root cause, implements temporary and permanent corrective actions, and reviews the results. Internal continuous improvement activities are reinforced through personnel re-education, consistently enhancing the company's product quality.

■ **Marketing Quality Assurance Responsible Unit**

- ① Customer Complaint
- ② Customer Complaint Handling Form
- ③ Identification and Assignment to Responsible Unit
- ④ Root Cause Analysis
- ⑤ Corrective and Preventive Measures
  - If NO: Confirm effectiveness → Feedback to customer → Customer disagrees → Repeat cycle.
  - If YES: Proceed to Conclusion.
- ⑥ Effectiveness Verification
- ⑦ Feedback to Customer
- ⑧ Conclusion.



3.3 Customer Privacy

The company is committed to providing the best customer service, believing that high-quality and timely service is a crucial factor in maintaining strong customer relationships. Positive customer relationships help foster loyalty, which, in turn, supports the expansion of business scope and strengthens partnerships with customers.

As valued partners of Fukuta, customers’ privacy and confidential information are safeguarded with the same rigor as the company’s own confidential information. The company places great importance on intellectual property rights protection, including the establishment of dedicated cross-departmental units and the implementation of management measures.

In 2024, Fukuta began the TISAX® Trusted Information Security Assessment Exchange Certification, ensuring compliance with international laws and standards during product development processes. This initiative guarantees the safety of products and services. Additionally, the company has implemented rights protection policies, provided grievance channels, and taken preventive measures to avoid products or services harming the rights, health, or safety of consumers or other stakeholders, whether directly or indirectly.

Through continuous review and improvement, Fukuta aims to enhance customer satisfaction with its after-sales service and build trust and loyalty in its products.

As of the end of 2023, the company has achieved remarkable results in protecting customer personal information, with no incidents of customer complaints regarding breaches of confidential information. Furthermore, no violations of laws or regulations related to product and service information or labeling have resulted in significant government penalties.



# 04

## Innovation and Development

4.1 Product Research and Innovation

4.2 Patent Development Achievements

4.3 Trade Secret Protection Achievements

4.4 Product Quality Management

4.5 Market Prospects



## 4 Innovation and Development

The company is dedicated to product development and quality enhancement, with the continuous creation of profitable growth as a key objective. Key focus areas include product research and innovation, securing patent results, protecting trade secrets, ensuring regulatory compliance, product quality management, and evaluating the market potential of products. Short, medium, and long-term targets are outlined in the following table.

	Short-Term Goals	Medium-Term Goals	Long-Term Goals
	2023~2024	2025~2028	2029 and beyond
innovation	Patent count: 150	Patent count: 160	Patent count: 170
Product Quality Management	1. Annual compliance with ISO 9001/IATF 16949 quality management systems. 2. No violations of the EU RoHS hazardous substance ban. 3. No violations of the REACH SVHC ban. 4. Average yield rate of key products >95%	1. Annual compliance with ISO 9001/IATF 16949 quality management systems. 2. No violations of the EU RoHS hazardous substance ban. 3. No violations of the REACH SVHC ban. 4. Average yield rate of key products >97.5%.	1. Annual compliance with ISO 9001/IATF 16949 quality management systems. 2. No violations of the EU RoHS hazardous substance ban. 3. No violations of the REACH SVHC ban. 4. Average yield rate of key products >98.5%.
Regulatory Compliance	No violations of product or patent laws: 0 cases.	No violations of product or patent laws: 0 cases.	No violations of product or patent laws: 0 cases.

### ■ Key Issue Goals and Performance

The company is committed to product research and innovation, patent development, product quality management, and regulatory compliance. The achievement of important goals and performance indicators over the past two years is as follows:

#### Product Innovation

2023 Performance Target	2023 Achievement	2024 Performance Target
Annual patent approvals: 2 cases	5 cases → Achieved	Annual patent approvals: 2 cases
R&D expenditure as a percentage of revenue: 4–8%	4.47% → Achieved	R&D expenditure as a percentage of revenue: 5–10%

## Product Quality Management

2023 Performance Target	2023 Achievement	2024 Performance Target
Annual compliance with ISO 9001/IATF 16949 quality management systems.	Annual compliance with ISO 9001/IATF 16949 → Achieved	Annual compliance with ISO 9001/IATF 16949 quality management systems.
Average yield rate of key products >95%.	Average yield rate of key products: 99.3% → Achieved	Average yield rate of key products > 95%.

## Regulatory Compliance

2023 Performance Target	2023 Achievement	2024 Performance Target
Violations of product labeling or patent laws: 0 cases.	0 cases → Achieved	Violations of product labeling or patent laws: 0 cases.

## 4.1 Product Research and Innovation

The company is dedicated to product development and quality improvement, continually striving for self-improvement and growth to generate greater profits. By focusing on innovative applications in motor manufacturing technology, the company actively supports energy conservation and carbon reduction, advancing as a pioneer in green energy and eco-friendly power solutions.

Through vertical supply chain integration, the company consolidates resources, embraces the challenges of niche markets, and explores new applications for motor products, successfully establishing a competitive industrial supply chain to compete in international markets. The company's innovative product and service policies, as well as management approaches, are as follows:

### Material Issue ► Innovative Product Services

Management Approach	Policy	Anticipate future product development trends and co-develop new motor-related products.
	Objectives and Targets	Actively enhance motor production technology and capacity to maintain cost advantages and improve overall production and marketing competitiveness.
	Commitment	Utilize due diligence and proactive communication to understand customer needs and supplier capabilities, collaborating to develop green energy motor products.
	Management Measures	<ol style="list-style-type: none"> <li>1. Improve or enhance the processes of existing motor production equipment.</li> <li>2. Anticipate future trends in motor-related product development and innovate new products to strengthen the company's competitive edge.</li> <li>3. Strengthen internal professional and management training programs for employees while actively recruiting talented individuals externally.</li> </ol>

The company focuses on advancing technologies to enhance the superior quality of motor-related products and providing reliable and practical customer service. Building on the foundation of exceptional designs for three-phase induction motors, variable-frequency motors, specialized variable-frequency motors, spindle motors, and induction servo motors, the company has developed a strong competency in motor manufacturing.

Over the past 18 years, the company has successfully expanded into manufacturing key products such as power motors for electric vehicles (EVs) and ships, wind turbine generators and complete systems, and high-efficiency motors. These innovations align with the industry's move toward green energy, environmental protection, and energy-saving power solutions. In response to global warming and the rising awareness of environmental sustainability, the company has embraced global trends in energy conservation, carbon reduction, and eco-friendly power. Motors now incorporate copper rotors instead of die-cast aluminum, optimizing applications for energy-efficient high-performance motors, enhanced EV power systems, and upgraded EV systems to establish itself as a global leader in green and sustainable power technology.

The company's primary operations include the research, development, design, production, sales, and post-sales technical support of various powertrains and motor components. The product portfolio includes industrial motors, EV motors, all-in-one powertrains (commonly referred to as X-in-1 systems), silicon steel sheets, stators (inline and hairpin stators), rotors, and die-cast aluminum rotors. By designing, manufacturing, and marketing these components, the company has positioned itself as a pioneer in Taiwan's global EV supply chain. Beyond developing compact, high-efficiency, powerful, and high-quality power components, the company actively expands product categories and production capacity to align with global EV development trends and meet market demand.

### ■ Enhancing Company Competitiveness

Our company emphasizes the research and development of various products; and has expanded into the green energy sector to enter the electric vehicle market, bringing growth, new business opportunities, and sustainable operational momentum to the enterprise, motivating colleagues to create more new R&D projects and patents, thereby enhancing corporate competitiveness. Only by developing effective new products that meet market demands, shortening research and development timelines, continuously optimizing products, and striving for excellence can the enterprise achieve sustainable operations and growth. Therefore, we have adopted the following key technical planning strategies:

1. Focus on motors as the core component to meet future advanced, green energy, environmentally friendly, and new power medium-to-high-end products.
2. Establish product evaluation mechanisms based on future enterprise and market developments to develop customized new products.
3. Establish optimized standard development processes and perfect audit confirmation mechanisms for each key control point.
4. Develop product design and development toward customization, flexibly integrating and arranging according to needs to achieve effective new products.
5. Conduct regular educational training where senior colleagues share work experience with new


personnel, making good use of tools and various support systems to analyze and solve problems, shortening work execution timelines.

6. Establish comprehensive core technology databases across various domains, constantly updated, allowing colleagues from all departments to quickly find needed resources and rapidly meet various customer requirements.
7. Integrate the development of people, affairs, time, location, and materials to achieve goal-oriented management, performance-based management, modular management, and effective management, ensuring all products meet market demands, satisfy customers, and fulfill the enterprise's sustainable operation objectives.


R&D expenses in 2023 accounted for 4.47% of revenue, with R&D expenses in 2024 projected to account for 5-10% of revenue. Future research and development plans will depend on global market conditions and the company's actual revenue situation. In addition to continuously improving the specifications of existing products, we are actively developing the following.

## 产品介绍


**富田電機 FUKUTA**  
*The Energy Within*




Induction Motor



Inverter Motor



Servo Motor



Synchronous Servo Motor

Motor Types	Induction Motor	Inverter Motor	Servo Motor	Synchronous Servo Motor
Frame Size	63-315	63-280	80LA~280X	90S~145XXL
Output	0.2kW~200kW	0.2kW~110kW	750W~550kW	2kW~100kW
Features	Compact size, lightweight, precise control, fast response	Ultra-compact, lightweight, precise control, fast response	Suitable for various control formats, powerful, high efficiency, precise control, fast response	Low inertia, powerful, high efficiency, precise control, fast response

## ■ Development of Technology and Products

### A. Design and Production of Various Industrial Motors

Since its establishment in 1988, Fukuta has focused on the research, design, and manufacturing of various industrial motors, marketing its products under the proprietary brand, FUKUTA. Starting with IEC-standard AC motors, the company has maintained its original vision while continually driving innovation. Fukuta has optimized and enhanced its comprehensive product lines, which include solutions such as induction servo motors, synchronous servo motors, liquid-cooled servo motors, spindle servo induction motors, and variable-frequency motors.

All product lines meet international high-efficiency standards, offering products that are both cost-effective and stable in quality, supporting customers in their industrial advancements. With robust R&D capabilities, the company meets diverse customization needs, enhances product competitiveness, and assists customers in increasing their brand value and market advantage.

The company also rejuvenates older products to meet the needs of industrial innovation. Upholding the philosophy of “Fukuta takes on what others won’t,” it co-creates opportunities with customers and continues to deepen its innovation capacity, aligning with global energy-saving trends.

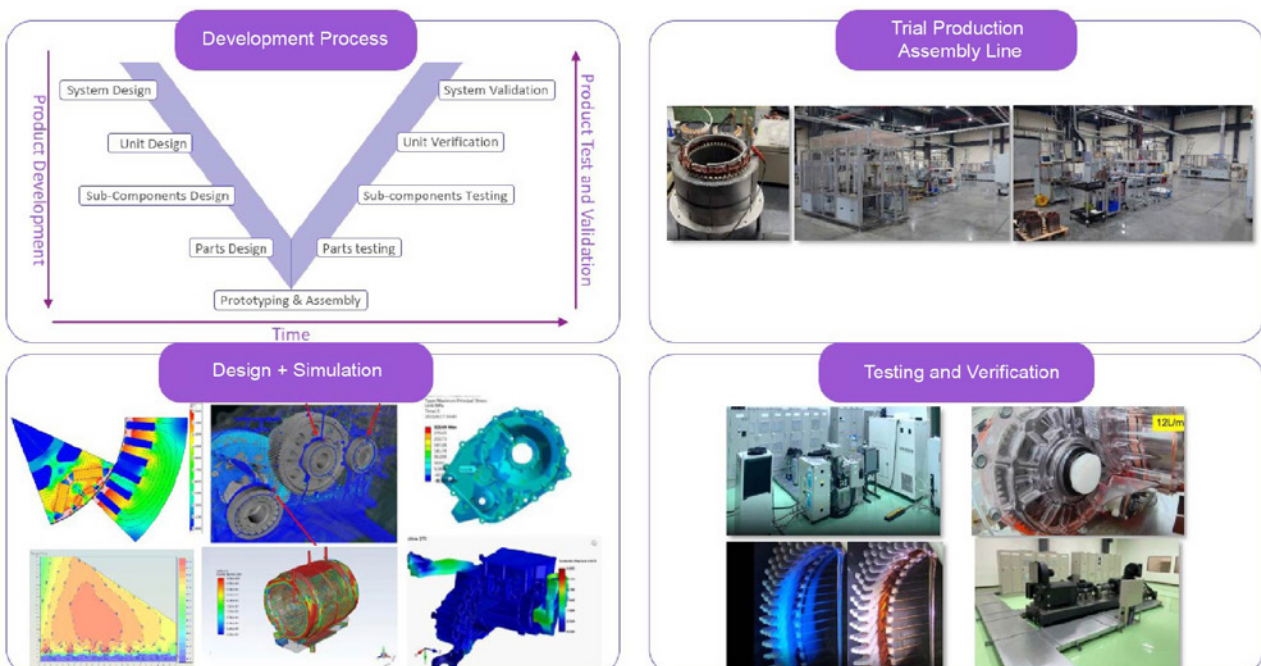
## B. Diversified Electric Vehicle Power System Integration and Development

Through years of dedication and alignment with market trends, Fukuta has transformed from a traditional industrial motor manufacturer to a developer and producer of electric vehicle (EV) motors and power systems.

Since 2005, the company has participated in numerous domestic and international EV motor and power system projects, accumulating extensive practical experience. This invaluable expertise helps clients mitigate risks, shorten timelines, and reduce costs, enabling them to implement mass production in a short timeframe.

Leveraging nearly 17 years of experience collaborating with automotive manufacturers, Fukuta integrates components from domestic suppliers specializing in electric control systems, gears, wiring, electromagnetic steel, and die-cast aluminum bodies. By acting as a system integrator, the company enhances the performance of EV power modules.

Fukuta became the first domestic supplier to enter the power supply chain for electrified vehicle models of Japanese automakers, securing a foothold in the international market. The company has also expanded its presence in the domestic EV key system market and achieved export success. Fukuta has pioneered integrated power system solutions for domestic production, establishing itself as a forerunner in supplying EV power systems to international automakers.





## ■ Annual R&D Achievements

### Year (ROC) R&D Achievements

<b>2023</b>	(112)	<ul style="list-style-type: none"> <li>Completed mass production of power system for Japanese carmaker</li> <li>Developed flat wire high power density motor</li> <li>Independently developed automotive drive unit</li> </ul>
<b>2021</b>	(110)	<ul style="list-style-type: none"> <li>Commissioned development and research project for Japanese carmaker's power system</li> </ul>
<b>2020</b>	(109)	<ul style="list-style-type: none"> <li>Completed commissioned development of 16.3-ton fully electric bus system</li> </ul>
<b>2019</b>	(108)	<ul style="list-style-type: none"> <li>Completed commissioned development of 2.6-ton fully electric small truck system</li> <li>Completed commissioned development of main power motor for range-extended electric sports car</li> <li>Completed commissioned development of auxiliary power motor for range-extended electric sports car</li> <li>Developed three-in-one power module system for electric scooters</li> <li>Developed oil circuit system for electric scooter power module</li> </ul>
<b>2018</b>	(107)	<ul style="list-style-type: none"> <li>Developed control system for electric scooters- Integrated power motor for motorcycles</li> </ul>
<b>2017</b>	(106)	<ul style="list-style-type: none"> <li>Optimized motor core structure design</li> <li>Improved magnet fixing process on rotor shaft</li> </ul>
<b>2015</b>	(104)	<ul style="list-style-type: none"> <li>Completed electric garbage truck project</li> <li>Completed excitation generator development project</li> <li>Completed shared power system development for electric buses</li> </ul>
<b>2013</b>	(102)	<ul style="list-style-type: none"> <li>Completed research on remote monitoring system for electric vehicle green charging stations</li> <li>Completed early-stage R&amp;D on copper rotor motor process for electric vehicles</li> <li>Participated in development alliance led by Tong Jun Dynamics for electric garbage truck project, initiated pioneering new product development</li> </ul>
<b>2012</b>	(101)	<ul style="list-style-type: none"> <li>Completed development of 120kW electric vehicle drive motor</li> <li>Collaborated in full electric bus export development project</li> </ul>
<b>2011</b>	(100)	<ul style="list-style-type: none"> <li>Completed development of 40kW electric vehicle drive motor</li> <li>Collaborated in development projects for electric patrol boat and hybrid yacht at Sun Moon Lake</li> </ul>

## ■ R&D Expenditures as a Percentage of Revenue Over the Past Two Years

Year	Expense Item	R&D Expenditure (NT\$ Million)	Revenue (NT\$ Million)	Percentage of Revenue (%)
2022		109	1,975	5.52
<b>2023</b>		128	2,863	4.47

## 4.2 Patent Development Achievements

### Patents Obtained for Products Developed in Recent Two Years

Category	Inventions	Utility Models	Design Patents	Total
Year				
2022	0	0	0	0
2023	1	4	0	5
Currently Valid Patents	26	16	38	80
<b>Total Patents Obtained</b>	<b>28</b>	<b>76</b>	<b>46</b>	<b>150</b>

As of December 31, 2023, the company holds a total of **150** valid patents worldwide.

**Total Patents Obtained**

- **Utility Models : 76**
- **Inventions : 28**
- **Design Patents : 46**

### ■ Awards, Certifications, and Subsidies for R&D and Innovation (10–15 years)

#### ① Related Innovation Awards

Year	Award
<b>2018</b> (107)	<ul style="list-style-type: none"> <li>Received the 5th Excellence Mid-Tier Enterprise Award from the Ministry of Economic Affairs (MOEA).</li> </ul>
<b>2015</b> (104)	<ul style="list-style-type: none"> <li>Led the MOEA's Industrial Development Bureau Electric Bus Powertrain Project for electric vehicles.</li> <li>Received the 18th Little Giant Award for outstanding export performance by SMEs.</li> </ul>
<b>2014</b> (103)	<ul style="list-style-type: none"> <li>Received the 2nd Excellence Mid-Tier Enterprise Award from MOEA.</li> <li>Obtained the TUV SUD IE3 high-efficiency motor patent certification from Germany.</li> </ul>
<b>2013</b> (102)	<ul style="list-style-type: none"> <li>Won the National Invention and Creation Award (Gold Medal) from the Intellectual Property Office, MOEA.</li> <li>Recognized as a Mid-Tier Enterprise Focus Enterprise under the MOEA's 2nd program.</li> </ul>
<b>2011</b> (100)	<ul style="list-style-type: none"> <li>Won the 1st National Industrial Innovation Award from the MOEA's Department of Industrial Technology.</li> <li>Shortlisted as a Mid-Tier Enterprise in the MOEA's 1st program.</li> </ul>
<b>2008</b> (97)	<ul style="list-style-type: none"> <li>Selected as a 2008 Breakthrough Success Case Study Enterprise by the Small and Medium Enterprise Administration, MOEA.</li> </ul>
<b>2006</b> (95)	<ul style="list-style-type: none"> <li>Recognized as an Outstanding Performer in the 93rd SBIR Project by the MOEA's Department of Industrial Technology.</li> <li>Received the 1st Industrial Innovation Achievement Award from the MOEA's Department of Industrial Technology.</li> </ul>

## ② Related R&D Project Subsidies (Corrected with Title Case)

Start-End Period	R&D Project
Oct 2022 – Sep 2024	<ul style="list-style-type: none"> <li>Next-Generation EV Integrated Power System Development Project.</li> </ul>
Aug 2021 – Jan 2023	<ul style="list-style-type: none"> <li>Integrated Powertrain System Design and Development Project for Electric Vehicles.</li> </ul>
Jan 2020 – Aug 2021	<ul style="list-style-type: none"> <li>Fukuta Electric &amp; Machinery Co., Ltd. Automotive Motor Smart Manufacturing and AI Application Project.</li> </ul>
Jul 2014 – Dec 2015	<ul style="list-style-type: none"> <li>MOEA Thematic Electric Vehicle R&amp;D Project: Electric Bus Powertrain Development, led by Fukuta Electric &amp; Machinery Co., Ltd. (Document Ref: 103 Asset Letter No. 1801)</li> </ul>
Dec 2013 – May 2015	<ul style="list-style-type: none"> <li>MOEA Industrial Development Bureau Leading New Product Development Project: Electric Garbage Truck.</li> </ul>
Apr 2013 – Sep 2013	<ul style="list-style-type: none"> <li>MOEA Science and Technology Research Project: Preliminary Development of Copper Rotor Manufacturing For Electric Vehicle Motors. (Project No. 102-EC-17-A-05-I1-0009)</li> </ul>
Sep 2012 – May 2013	<ul style="list-style-type: none"> <li>Taichung City Local SBIR Green Energy EV Charging Station Remote Monitoring System Research Project. (Project No. 101TC004)</li> </ul>
Oct 2010 – Mar 2012	<ul style="list-style-type: none"> <li>MOEA Industry-Academia Collaborative Project: Advanced Powertrain Systems R&amp;D Alliance for Electric Vehicles. (Project No. 99-EC-17-A-05-I1-0064)</li> <li>Lead Company: Fukuta Electric &amp; Machinery Co., Ltd.</li> </ul>
Jul 2008 – Dec 2009	<ul style="list-style-type: none"> <li>MOEA Industrial Development Bureau 5 kW Vertical Direct-Drive Wind Turbine System Development Project. (Document Ref: MOEA Letter No. 09720409800, Dated July 17, 2008)</li> </ul>
Dec 2006 – Nov 2008	<ul style="list-style-type: none"> <li>MOEA Industry-Academia Collaborative Project: Integration of High-Value, High-Efficiency Motor Technology Based on Premium Electrical Steel. (Project No. 95-EC-17-A-05-I1-0059)</li> <li>Lead Company: China Steel Corporation.</li> <li>Alliance Member: Fukuta Electric &amp; Machinery Co., Ltd., Among Others.</li> </ul>

## 4.3 Trade Secret Protection Achievements

Fukuta Electric & Machinery Co., Ltd. recognizes trade secrets as a cornerstone of sustainable industrial development. To protect these secrets, the company has developed and implemented the Intellectual Property Management Handbook, which actively safeguards sensitive information. Key measures include the Document and Record Management Procedure and the Confidential and Intellectual Property-Related External Document Management Method, which restrict access to documents. Additionally, the Information System Management Procedure strengthens digital security measures to prevent unauthorized access, with clear guidelines for document storage and destruction.

Furthermore, the company requires all partners to sign a Non-Disclosure Agreement (NDA) upon confirming collaboration, enhancing confidentiality protections for sensitive content and ensuring the secure progress of subsequent partnerships. These combined measures enable Fukuta to effectively prevent unauthorized dis-

closure or misuse of its trade secrets, underscoring its commitment to protecting proprietary technologies and maintaining competitiveness within the industry.

## 4.4 Product Quality Management

### ■ Quality/HSF Policy Vision

To be Asia's leading provider of electric vehicle power systems and industrial motor technology services and manufacturing.

### ■ Quality/HSF Policy Mission

Deliver cost-effective, high-quality products that support industrial development while continuously innovating to enhance customer and organizational competitiveness.

### ■ Quality Policy

**"Integrity, Innovation, Passion, People-Oriented, Social Sharing."**

Fukuta specializes in traditional motor design and manufacturing, as well as vehicle-grade electric vehicle power systems and motors. The Quality/HSF Policy includes the following principles:

- Customer-Oriented: Authentic and pragmatic, consistently improving to maximize team efficiency and meet customer needs.
- Sustainable Development: Dedicating efforts to electric vehicle power systems and energy-saving industrial motors, delivering superior quality/HSF, timely delivery, and excellent service with innovation and passion.

### ■ Quality/HSF Policy Core Principles

- Integrity: Upholding integrity with excellent products and services. Operating with honesty and commitment to deliver "high-quality, cost-effective" products and services.
- Innovation: Striving for continuous innovation to meet customer satisfaction and promote corporate prosperity. Developing advanced, green, and environmentally friendly products aligned with customer needs to generate value and sustainable growth.
- Passion: Cultivating a respectful, safe, and supportive work environment. Demonstrating mutual support and care for customers and colleagues, fostering a win-win-win scenario for customers, the company, and individuals.
- People-Oriented, Social Sharing: Meeting not only customer demands but also regulatory requirements (Quality/HSF) and societal expectations while embracing social responsibility.

## ■ 2023 Compliance Statement

Fukuta Electric & Machinery Co., Ltd. reported no incidents of violations related to product and service health and safety regulations in 2023.

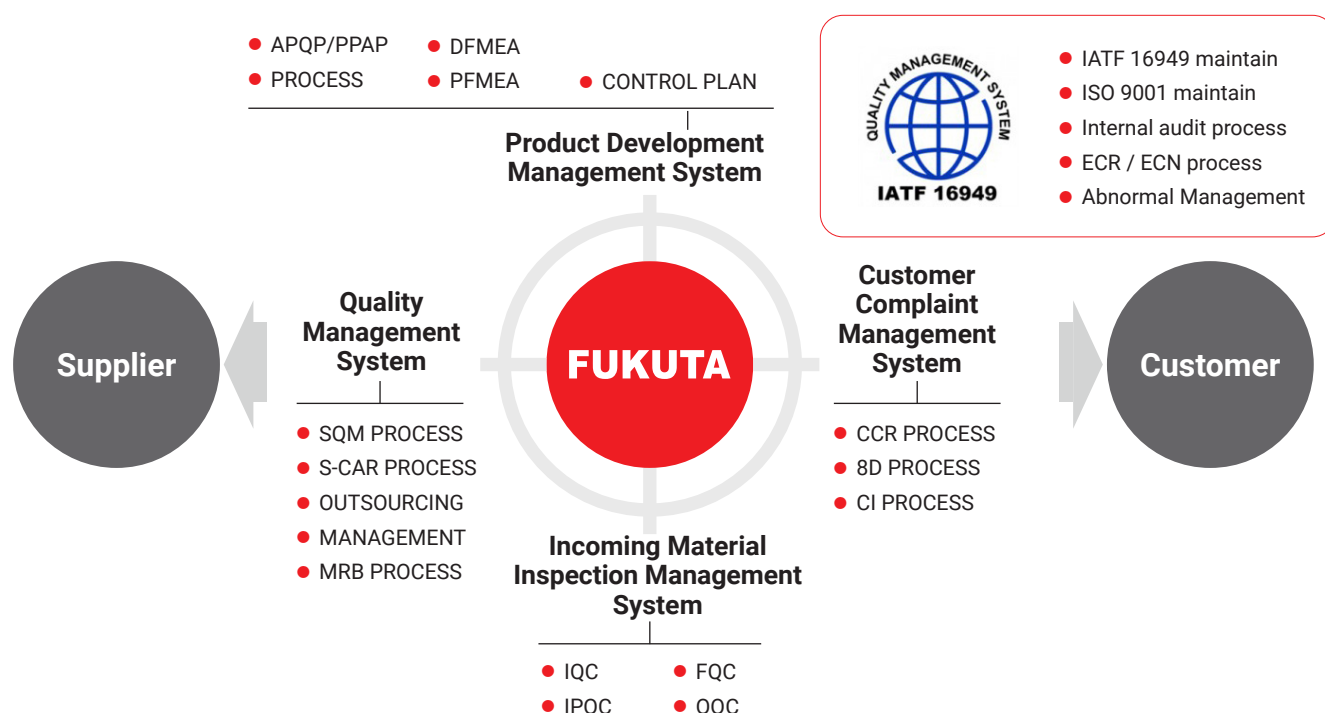
## ■ Quality Management Process

- Understanding the internal and external context of the organization
- Understanding the needs and expectations of stakeholders
- Determining the scope of applicability
- Systematic management processes

- Non-conformity Correction
- PDCA Continuous Improvement







## Yield Rates of Key Products

	Main Products	2022 Yield Rate	2023 Yield Rate
<b>Electric Vehicle Motors</b>	PT Electric Drive Assembly	Not Yet Mass Produced	98.55%
	EV Rotor and Stator	99%	99.8%
<b>Conventional Motors</b>	Three-Phase Motor	99.1%	99.2%
	Servo Motor	100%	99.8%

## 4.5 Market Prospects

Fukuta Electric & Machinery Co., Ltd. started with traditional motor manufacturing and was recognized by a major American electric vehicle manufacturer in 2005 for developing rare vehicle motors. Today, it is a leading brand in EV power systems. The company leads the industry with its three-in-one power system and has pioneered the world's first seven-in-one power system, integrating more components into a smaller space. The thermal output has increased, with the three-in-one system operating at 85°C and the seven-in-one system at 105°C. The 20°C difference highlights the variations in component selection and design philosophy, demonstrating Fukuta's long-standing technical foundation, innovative thinking, and the value of Taiwanese expertise cultivated through international collaboration.

The company's product portfolio includes high-efficiency IE4 motors, specialty fire-resistant motors for smoke extraction, explosion-proof motors, and high-precision synchronous and induction servo motors.

The company is not restricted to single products or markets. Its end-to-end professional services—from customized product design to testing and mass production—have attracted numerous automakers to collaborate on development and manufacturing. By integrating Taiwanese component suppliers into modular product offerings, Fukuta has not only enhanced the supply chain’s value but also significantly increased Taiwan’s global market visibility.

### **Fukuta is a domestic company equipped with integrated research and development technologies for electric vehicle powertrains.**

International-Level Production Site	Tier 1 Supply Chain
<ul style="list-style-type: none"> <li>✓ To meet the orders for T magnetic steel sheets and M factory powertrain systems, our company has secured a site in the Steel and Aluminum Science Park, established a new production facility, and plans to set up smart machinery production lines, creating the first international-level production site in Taiwan.</li> <li>✓ The facility covers an area of 75,600 square meters, with a total investment of 2 billion NT dollars, an annual production capacity of 2 million units, and advanced preparations to take on global orders for electric vehicle powertrain systems.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Obtained approval from Japan’s M factory for mass production activities of electric vehicle powertrain systems.</li> <li>✓ Secured qualified supplier certification from Japan’s M factory with the supplier code KA317.</li> <li>✓ Fukuta is capable of producing electric vehicle powertrain systems for genuine exports to international automobile manufacturers, truly making it the pride of Taiwan’s electric vehicle supply chain.</li> </ul>
Domestic Production Industry Chain	Clear Follow-Up Orders
<ul style="list-style-type: none"> <li>✓ This project integrates domestic suppliers for battery and motor systems, gears, wires, magnetic steel sheets, and vehicle chassis to jointly build an international vehicle supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Establishes long-term strategic partnerships with international automobile manufacturers.</li> <li>✓ Complies with functional safety design and information security management requirements for automotive manufacturers.</li> </ul>

### **■ Market Sales Strategies**

- ① **Existing Market Customers:** Provide competitive products and services.
- ② **Potential New Customers:** Utilize advanced motor development technologies to expand into related electric vehicle supply chains.
- ③ **End-Product Customers:** Establish direct connections with end customers and secure supplier designation for product integration.





**supply chain**

# 05

## **Sustainable Supply Chain Management**

**5.1 Supply Chain Management Policy and Objectives**

**5.2 Supplier Management and Local Procurement**

**5.3 Supplier Selection and Social Responsibility Implementation**

**5.4 Ethical Procurement**

# 5 Sustainable Supply Chain Management

Fukuta Electric & Machinery Co., Ltd. is committed to establishing a sustainable supply chain by adhering to regulations and ethical procurement while developing a comprehensive supplier management system. The company aims to support sustainable operations within its supply chain and assist suppliers in adopting ESG practices. This approach enhances suppliers' sustainability management capabilities and promotes adherence to corporate social responsibility, ultimately improving sustainable management across the supply chain.

	Short-term Targets	Mid-term Targets	Long-term Targets
	2023~2024	2025~2028	2029~
Supply Chain Management	Conduct investigations into the sourcing of precious metals, ensure compliant mineral use, and achieve 89% completion of REACH SVHC banned substance surveys.	Conduct investigations into the sourcing of precious metals, ensure compliant mineral use, and achieve 91% completion of banned substance surveys.	Conduct investigations into the sourcing of precious metals, ensure compliant mineral use, and achieve 91% completion of banned substance surveys.
	Conduct supplier audits and social and environmental responsibility surveys, achieving an 89% completion rate.	Conduct supplier audits and social and environmental responsibility surveys, achieving a 91% completion rate.	Conduct supplier audits and social and environmental responsibility surveys, achieving a 95% completion rate.

## ■ Key Issue Goals and Performance

To go beyond compliance and ethical procurement, Fukuta has established a direction for a sustainable supply chain and green supply chain management policy. The company actively engages suppliers through interviews and discussions on market trends, sustainable operations, and environmental protection. These interactions aim to build mutual understanding and consensus regarding Taiwan's Ministry of Economic Affairs' 2050 Net-Zero Carbon goal. The following major goals and performance indicators have been set:

## ■ Sustainable Supply Chain Goals

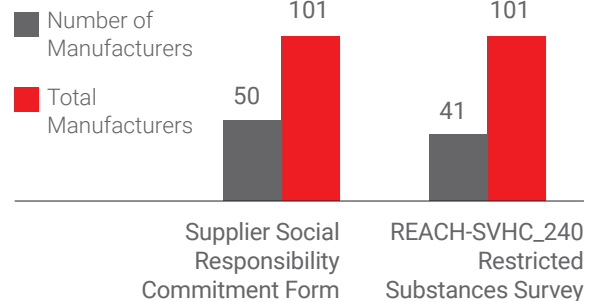
2023 Performance Target	2023 Achievement	2024 Performance Target
Conduct investigations on the sourcing of precious metals, ensure the use of compliant minerals, and achieve an 89% completion rate for REACH SVHC banned substance surveys.	90.1% → Achieved	Conduct investigations on the sourcing of precious metals, ensure the use of compliant minerals, and achieve an 89% completion rate for REACH SVHC banned substance surveys.
Conduct supplier audits and social and environmental responsibility surveys, achieving an 89% completion rate.	100% → Achieved	Conduct supplier audits and social and environmental responsibility surveys, achieving an 89% completion rate.



## ■ 2023 Achievements

- 49.5% of raw material suppliers signed the social responsibility commitment letter.
- Achieved a 100% completion rate for regular evaluations of raw material suppliers.
- Achieved a 100% completion rate for screening and evaluating supplier performance forms.

## 2023 Supplier Survey Performance Achievement Rate



# 5.1 Supply Chain Management Policy and Objectives

## Material Issue ► Sustainable Supply Chain Management

Management Approach	Policy	Establish a sustainable supply chain.
	Objectives and Targets	Develop and maintain a mutually trustworthy and stable partnership with suppliers, achieve growth together, and construct a mutually beneficial green sustainable supply chain.
	Commitment	Employ due diligence and proactive communication methods to ensure suppliers' effectiveness in product/HSF quality, delivery schedules, pricing, cooperation, manufacturing capabilities, and after-sales service, meeting the requirements of both customers and the company.
	Management Measures	<ol style="list-style-type: none"> <li>1. Formulate Supplier Management Procedures for evaluating and tiered managing suppliers.</li> <li>2. Ensure qualified suppliers through adequate quality, timely delivery, and reasonable pricing.</li> <li>3. Require suppliers to commit to social responsibility, conduct self-assessments, and undergo on-site audits.</li> </ol>

To promote sustainable development in business operations, Fukuta Electric & Machinery Co., Ltd. emphasizes forming partnerships with supply chain vendors. These partners must adhere to social responsibility principles, including green environmental practices, labor rights, ethics, safety and hygiene, risk management, and the prohibition of hazardous substances and conflict minerals. By establishing the Supplier Management Procedures, the company ensures that suppliers provide qualified raw materials and components, fostering a trustworthy and stable partnership for mutual growth and constructing a sustainable supplier relationship.

## 5.2 Supplier Management and Local Procurement

### (1) Supplier Categories and Local Procurement Proportion and Philosophy

The majority of the Company's supply chain is based in Taiwan, with main products including standard three-phase induction motors (IEC), inverter motors, induction servo motors, synchronous motors, spindle motors, liquid-cooled servo motors, and motor accessories. These products are applied in both on-road and off-road electric vehicles and mass production machinery such as extruders, corrugated board machines, woodworking machines, machine tools, pumps, and fans. The Company also specializes in designing and manufacturing customized motors to meet client needs. The primary supplier categories are classified based on client types, including electric vehicle suppliers, industrial machinery suppliers, and equipment and engineering-related suppliers.

- **2022**: The total number of qualified raw material suppliers (electric vehicle-related) was 33, of which 27 were domestic (81.81%), and 6 were international (18.19%)
- **2023**: The total number of qualified suppliers (electric vehicle-related) was 31, of which 25 were domestic (80.65%), and 6 were international (19.35%).

Supplier Type Year	Domestic Suppliers		International Suppliers	Total Suppliers
	Raw Materials	Subtotal		
2022	27	27	6	33
<b>2023</b>	25	25	6	31

### (2) Supplier Relationships and Philosophy

To ensure that qualified suppliers comply with EU RoHS, REACH, and conflict minerals regulations, all major raw material suppliers must sign declarations of compliance with EU RoHS restrictions and commitments to avoid conflict minerals. These requirements guarantee that suppliers meet international regulations and the Company's standards during the supply period. Additionally, new supplier reviews include these compliance documents to uphold the Company's green and sustainable product philosophy.

### (3) Supplier Management Objectives

The Company collects supplier management data using an ERP system, providing real-time information to the procurement team. The procurement team applies management objectives such as:

- IQC Incoming Material Inspection
- Warranty and After-Sales Service
- Delayed Deliveries
- Quality Issue Handling

These data points are consolidated to present supplier performance evaluation results.

#### (4) Supplier Communication Methods

The Company aims to collaborate with suppliers on a win-win basis, ensuring that suppliers and their processes meet ethical and environmental standards. Regular evaluations are conducted on supplier product quality, on-time delivery rates, and cooperation levels. Continuous communication is maintained to strengthen partnerships. For suppliers with outstanding performance, procurement units appropriately adjust their annual procurement allocation to achieve mutual benefits.

## 5.3 Supplier Selection and Social Responsibility Implementation

### 1. Qualified Supplier Auditing

The auditing frequency and timing are categorized into two types: regular audits and irregular audits.

#### (1) Regular Audits

- Conducted annually for key raw material suppliers with significant impact factors, such as irreplaceability, substantial financial value, and other risks to supply stability.
- Ensure suppliers maintain consistent supply and service quality.
- Use the Supplier Audit Evaluation Form and the Social and Environmental Responsibility Assessment Form.
- Audit methods include on-site evaluations or documentary reviews (supplier self-assessments).

#### (2) Irregular Audits

- Initiated when there are variations in management conditions or major abnormalities in incoming materials.
- Conducted upon the request of senior management.

### 2. Auditing and Evaluation

To ensure effective sustainability management of the supply chain, the Materials Department performs evaluations based on the Supplier Performance Regular Evaluation Form. These evaluations assess the overall supply chain and guide different management strategies:

- High-Risk Suppliers: Issued notices with deadlines for improvement and provided support for transformation. Suppliers unable to improve are temporarily suspended from collaboration.
- Medium-Risk Suppliers: Managed under reduced procurement strategies due to required quality

improvements. Assistance is provided to identify production capacity issues and offer resources to improve material quality.

- Low-Risk Suppliers: Operate under normal business terms and are prioritized for procurement. Collaboration is strengthened through close relationships to meet delivery schedules.

### 2023 Supplier Evaluation Results:

- 31 main raw material suppliers were evaluated, with 27 rated as "Excellent."
- No suppliers were listed under "Prohibited Collaboration."

## ■ Supplier Evaluation Grades and Criteria

Evaluation Grade	Score	Risk Level	Description	Actions
<b>A</b>	90 points or above	Low	Excellent	Prioritized for procurement
<b>B</b>	70–89 points	Low	Meets Standards	Normal business relations
<b>C</b>	60–69 points	Medium	Needs Improvement	Reduced procurement
<b>D</b>	Below 60 points	High	Poor	Improvement notification; disqualification if unresolved

## ■ Supplier Evaluation Grades, Criteria, Weights, and Responsible Units

Evaluation Item	Score Weight	Grade				Responsible Unit
Quality	45%	90 points or above	70–89 points	60–69 points	Below 60 points	Quality Assurance
Delivery Timeliness	25%					Procurement Unit
HSF Compliance	10%					Quality Assurance
Service	10%					Procurement Unit
Technical Capability and Capacity Assessment	10%					R&D/Biotech
Total	100%	A	B	C	D	

## 3. Sample Approval and Delivery Management

Our company complies with the export control regulations of the Bureau of Foreign Trade, Ministry of

Economic Affairs, to ensure that all export decisions adhere to governmental export control requirements. Procurement notifies suppliers of environmental requirements, and when samples are approved, suppliers must provide a Certificate of Analysis (COA) and a Safety Data Sheet (SDS) as part of the shipment quality certification. If there are changes in the formulation, suppliers are required to update the SDS promptly and inform the company.

#### 4. Supplier Environmental Mechanism

To address global climate change, we have formulated climate adaptation strategies to reduce and manage greenhouse gas emissions. This ensures intergenerational justice, environmental equity, and a just transition, fulfilling the shared responsibility of protecting the planet and ensuring sustainable national development. Since 2022, the company has initiated greenhouse gas inventorying for raw material procurement under ISO 14064-1, tracking baseline carbon dioxide emissions to prioritize reduction targets.

- **Emission Reduction and Improvement Plan:**

1. Establish Support Teams: Assist suppliers in refining production processes and improving yield to enhance sustainable performance.
2. Promote Sustainability to Suppliers: Advocate sustainable operations and green supply chain management policies through supplier engagement and market trend discussions to strengthen cooperation and consensus.
3. Prioritize Local Suppliers: Provide evaluation opportunities for local enterprises as new suppliers and involve them in product development to manage quality and reduce customer complaints.

##### Recent Carbon Reduction Projects

The company has implemented the following two key carbon reduction plans in recent years:

1. Procurement of Raw Materials
2. Reutilization of In-house Consumables

#### (1) Please refer to the following tables and descriptions

CO<sub>2</sub> Emissions Per Ton of Raw Material Procurement: The Tongluo Science Park factory ranks highest in CO<sub>2</sub> emissions per ton of raw material procurement among the three sites, followed by Fengzhou, with Fenggong having the lowest emissions:

Facility	Tongluo Science Park No. 1	Fengzhou Factory	Fengzhou Factory	Total
Raw Material (tons)	8,917.7789	2,859.2026	229.4238	12,006.4053
CO <sub>2</sub> Emissions (tCO <sub>2</sub> e)	22,294.4473	13,666.2832	1,364.6196	37,325.3501



Tongluo Science Park Factory No. 1		CO <sub>2</sub> Emissions Per Ton of Raw Material Procurement		
Subcategory	Item Name	Activity Data	Emission Factor	Emission Source Subtotal
		tons	tCO <sub>2</sub> e/ton	tCO <sub>2</sub> e
Goods_Main Material	Steel Coils (Carbon Steel_Cold Rolled)	8,917.7789	2.5000000000	22,294.4473

Fengzhou Factory		CO <sub>2</sub> Emissions Per Ton of Raw Material Procurement		
Subcategory	Item Name	Activity Data	Emission Factor	Emission Source Subtotal
		tons	tCO <sub>2</sub> e/ton	tCO <sub>2</sub> e
Goods_Main Material	Copper Wire	204.0202	4.2800	873.2064
	Frame (Cast Iron)	609.8249	1.7700	1,079.3901
	Frame (Aluminum)	44.5401	4.2700	190.1862
	Stator (Silicon Steel Sheet)	833.9836	7.7700	6,480.0525
	Rotor (Silicon Steel Sheet)	466.4035	7.7700	3,623.9552
	Shaft (Carbon Steel)	190.6146	2.7000	514.6596
	Bracket (Cast Iron)	508.8319	1.7700	900.6324
	Bracket (Aluminum)	0.9838	4.2700	4.2009
		Total		13,666.2832

Fenggong Factory		CO <sub>2</sub> Emissions Per Ton of Raw Material Procurement		
Subcategory	Item Name	Activity Data	Emission Factor	Emission Source Subtotal
		tons	tCO <sub>2</sub> e/ton	tCO <sub>2</sub> e
Goods_Main Material	Frame (Aluminum)	14.1656	4.2700000000	60.4871
	Stator (Silicon Steel Sheet)	94.6205	7.7700000000	735.2013
	Rotor (Silicon Steel Sheet)	53.2215	7.7700000000	413.5311
	Shaft (Carbon Steel)	29.0237	2.7000000000	78.3640
	Bracket (Cast Iron)	34.7601	1.7700000000	61.5254
	Bracket (Aluminum)	3.6325	4.2700000000	15.5108

Fenggong Factory

CO<sub>2</sub> Emissions Per Ton of Raw Material Procurement

Subcategory	Item Name	Activity Data	Emission Factor	Emission Source Subtotal
		tons	tCO2e/ton	tCO2e
			Total	1,364.6196

(2) In-House Material Reuse

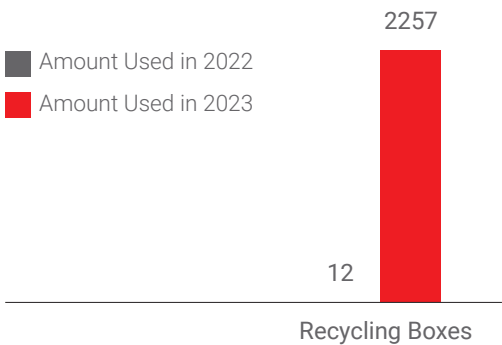
- Substitution of Recycled Boxes for Wooden and Cardboard Boxes

In 2022, the company utilized 12 recycled boxes for in-house use in motor vehicles, increasing the usage to 2,257 boxes in 2023, marking an approximate 92.31% increase in usage rate. Concurrently, the company significantly reduced the use of wooden and cardboard boxes:

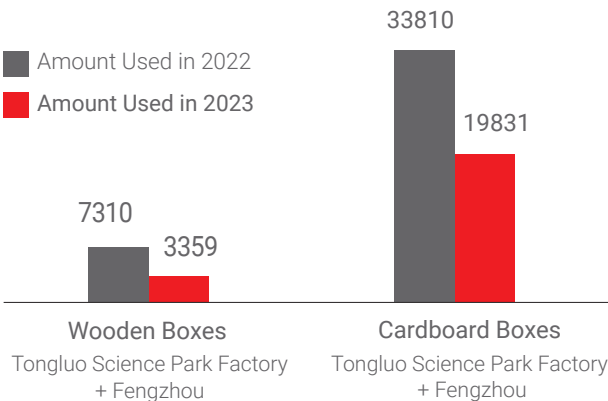
Wooden Boxes: Usage decreased from 7,310 boxes in 2022 to 3,359 boxes in 2023, reflecting a 54% reduction in usage rate.

Cardboard Boxes: Usage dropped from 33,810 boxes in 2022 to 19,831 boxes in 2023, a 41.3% reduction in usage rate.

Total Number of Reused Recycling Boxes



Reduction in Use of Shipping Packaging Materials



- Reuse of Pallets

In 2022, 2,853 pallets were purchased, whereas in 2023, the number decreased to 1,800 pallets, a reduction of approximately 36.9% in purchase rate.



• **2023 Environmental Compliance of Suppliers**

The general qualification criteria for supplier selection and approval include compliance with ISO 9001:2015 or IATF 16949:2016 quality certifications for key domestic raw material and major consumable suppliers. For suppliers without these certifications, on-site evaluations will be arranged based on necessity.

**Required Standards**

- RBA (Responsible Business Alliance) Standards
- Prohibition of slavery conventions
- Ban on conflict minerals
- Safe transportation management of hazardous chemicals
- Integrity and ethical conduct

The "Supplier Management Procedure" specifies guidelines for selecting suppliers dealing with hazardous substances, sample submissions, approvals, and delivery management. It also includes provisions for supplier self-assessments and circumstances requiring on-site audits to ensure effective supplier management.

**5. Supplier Implementation of Social Responsibility Commitment**

In addition to audits and evaluations, the Company provides raw material suppliers with a Supplier Social Responsibility Commitment and a Supplier Social Responsibility Evaluation Form. These tools assess suppliers on their adherence to specific environmental protection, labor rights and conditions, safety and health, environmental, and ethical standards, ensuring that suppliers fulfill their corporate social responsibilities. Currently, self-assessment forms and on-site audits have not been implemented. In the future, the Company plans to conduct self-assessments and on-site audits for high-risk and high-value transaction suppliers.

Supplier Social Responsibility Commitment: 50 Companies	Implementation of Supplier Social Responsibility Self-Evaluation Form
<ul style="list-style-type: none"><li>• Compliance with all applicable local laws and regulations and commitment to following the latest social responsibility standards, including labor, health and safety, environmental protection, ethical standards, and management system requirements to promote economic, social, and environmental balance and sustainable development. All products directly or indirectly shipped to Fukuta Electric &amp; Machinery Co., Ltd. comply with hazardous substance-free (HSF) and conflict-free mineral requirements.</li></ul>	<ul style="list-style-type: none"><li>• Covers five primary areas: labor rights and conditions, health and safety, environmental protection, ethical standards, and social responsibility management systems. Suppliers evaluate whether they meet each item and identify opportunities for improvement.</li></ul>

- 2023 Raw Material Suppliers (50 Companies): Implementation of Supplier Social Responsibility Commitment Statements – All Fully Recovered.

## 5.4 Ethical Procurement

### 1. Prohibition of Hazardous Substances

To ensure that raw materials from qualified suppliers meet EU RoHS, REACH, and conflict mineral regulations, all primary raw material suppliers have signed declarations of compliance with EU RoHS restrictions on hazardous substances and meet international standards such as RoHS and QC080000.

### 2. Conflict-Free Metals

In accordance with the “Supplier Social Responsibility Commitment,” suppliers are required to guarantee that the materials sourced by this company do not originate from conflict regions. This ensures that metals such as gold, tantalum, tungsten, tin, cobalt, and palladium are not extracted from mines in the Democratic Republic of Congo or other conflict areas designated by the United Nations.

#### ● Company Declaration on Non-Use of Conflict Minerals:

- The company and its suppliers are committed to jointly taking responsibility for social and environmental protection.
- The company does not accept illegally mined gold, tantalum, tungsten, tin, cobalt, or palladium from the Democratic Republic of Congo or adjacent conflict regions.
- The company will inform and require its suppliers to comply with the above statement.







A photograph of a person's hands holding a small green seedling in soil, symbolizing sustainability. The image is partially obscured by a white diagonal band with a red border and a dotted pattern, which contains the page number and title.

# 06

## Sustainable Environment

### 6.1 Environmental Policy and Commitment

### 6.2 Climate Change and Low-Carbon Manufacturing

### 6.3 Energy Conservation, Carbon Reduction, and Energy Management

#### 6.3.1 Energy Conservation and Carbon Reduction

#### 6.3.2 Energy Management

#### 6.3.3 Renewable Energy

#### 6.3.4 Environmental Management Policy

### 6.4 Water Resource Management

### 6.5 Waste Management

### 6.6 Air Pollution Prevention

## 6. Sustainable Environment

Climate change is one of the key environmental concerns currently addressed by the United Nations, governments, society, and businesses. Following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), as established by the International Financial Stability Board, the company has formulated its governance, strategy, risk management, and targets as follows:

Management Level	Fukuta's Measures
Governance	<ul style="list-style-type: none"> <li>• The ESG Sustainability Committee conducts risk identification, prioritization, and response measures, regularly reporting to the Board of Directors and senior management to review risk control implementation effectiveness and provide decision-making guidance.</li> <li>• The ESG Sustainability Committee drafts policies and improvement objectives based on Board discussions or resolutions, assigns responsibilities to relevant departments, and reports periodically or as required to the Board on climate change-related issues, ensuring the Board is informed of the risks faced by the company.</li> </ul>
Strategy	<ul style="list-style-type: none"> <li>• Assess, categorize, and prioritize the physical risks climate change poses to the company's assets, developing response strategies and rigorous preventative and emergency measures. In case of a crisis or disaster, implement the most appropriate response and recovery plans to minimize potential damage and instability.</li> <li>• For transition risks, align with trends in energy diversification and the stipulations and goals of the Renewable Energy Development Act by planning and purchasing renewable energy and investing in green energy certificates.</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>• Following the TCFD framework, identify climate risk issues through reports from international organizations, industry analysis, and related regulations. Evaluate risk significance using weight values for financial or strategic impact intensity and likelihood of occurrence, and rank risk issues accordingly.</li> </ul>
Targets and Indicators	<ul style="list-style-type: none"> <li>• Energy conservation and reduction of greenhouse gas emissions</li> <li>• Continuous reduction in air pollutant emissions</li> <li>• Development of renewable energy (e.g., solar energy)</li> <li>• Strengthen corporate resilience and effectiveness in responding to climate change.</li> </ul>

## Facing Climate Change Issues: Environmental Management Targets

	Short-Term Targets	Mid-Term Targets	Long-Term Targets
	2023~2024	2025~2028	2029 and Beyond
Energy Conservation and Carbon Reduction	Electricity savings: 200,000 kWh/year	Electricity savings: 1,000,000 kWh/year	Electricity savings: 1,500,000 kWh/year
	Greenhouse gas (GHG) reduction: 50 tons CO2/year	GHG reduction: 500 tons CO2/year	GHG reduction: 1,000 tons CO2/year
	Implement energy management in the factory, plan carbon reduction goals, and continuously reduce carbon emissions	Use renewable energy; purchase at least 10% of renewable energy based on contract usage	Purchase at least 10% of renewable energy based on contract usage, with adjustments based on renewable energy supply in the market
Waste Management	Achieve a waste recycling rate of 70%	Achieve a waste recycling rate of 80%	Achieve a waste recycling rate of 90%
	Ensure 100% of waste is handled by certified entities	Ensure 100% of waste is handled by certified entities	Ensure 100% of waste is handled by certified entities
Regulatory Compliance	Zero violations of air pollution regulations	Zero violations of air pollution regulations	Zero violations of air pollution regulations
	Zero violations of wastewater discharge regulations	Zero violations of wastewater discharge regulations	Zero violations of wastewater discharge regulations
	Zero violations of waste management regulations	Zero violations of waste management regulations	Zero violations of waste management regulations

### ■ Key Issue Goals and Performance

Our company is committed to fulfilling its environmental protection responsibilities, striving to become a sustainable development enterprise, and continuously improving. In line with the short-, medium-, and long-term energy-saving and carbon-reduction targets and related implementation plans mentioned earlier, we have achieved the following performance targets and outcomes over the past two years to reduce potential impacts on society and the environment.

## Energy Conservation and Carbon Reduction

2023 Performance Target	2023 Achievement	2024 Performance Target
Electricity Savings: 2,000,000 kWh	2,013,000 kWh → Achieved	Electricity Savings: 2,000,000 kWh
Greenhouse Gas Emission Reduction: 50 tons CO <sub>2</sub> /year	99.67 tons CO <sub>2</sub> /year → Achieved	Greenhouse Gas Emission Reduction: 50 tons CO <sub>2</sub> /year

## Waste Management

2023 Performance Target	2023 Achievement	2024 Performance Target
Waste Recycling Rate: 70%	70.46% → Achieved	Waste Recycling Rate: 70%
Waste Properly Treated: 100% by Certified Providers	100% → Achieved	Waste Properly Treated: 100% by Certified Providers

## Regulatory Compliance

2023 Performance Target	2023 Achievement	2024 Performance Target
Violations of Air Pollution and Environmental Regulations: 0 cases	0 cases → Achieved	Violations of Air Pollution and Environmental Regulations: 0 cases
Violations of Waste Disposal Regulations: 0 cases	0 cases → Achieved	Violations of Waste Disposal Regulations: 0 cases
Violations of Wastewater Discharge Compliance Regulations: 0 cases	0 cases → Achieved	Violations of Wastewater Discharge Compliance Regulations: 0 cases

## Risks Associated with Climate Change, Potential Operational Impacts, and Adaptation Methods

	Risk Type	Potential Operational Impact	Adaptation Method
Physical Risks	Earthquake, Earthquake, Floods, Typhoons, Drought, Power Outages, Chemical Accidents	<ul style="list-style-type: none"> <li>● Decreased production capacity, revenue loss.</li> <li>● Delivery delays or disruptions.</li> <li>● Supply chain interruptions.</li> </ul>	<ul style="list-style-type: none"> <li>● Establish robust water resource management.</li> <li>● Water storage capacity is capable of supporting 3~5 days.</li> <li>● Form typhoon task force to implement preventive measures.</li> <li>● Regularly inspect process equipment. Deploy water trucks to support water-scarce sites.</li> <li>● Automatic generator activation provides emergency power for firefighting purposes, with fuel supply and tanker refills supporting operation for several days or more.</li> </ul>

	Risk Type	Potential Operational Impact	Adaptation Method
Transition Risks	Temperature Increase	<ul style="list-style-type: none"> <li>Increased power usage and greenhouse gas emissions.</li> </ul>	<ul style="list-style-type: none"> <li>Adjust air conditioning maintenance schedules.</li> <li>Optimize temperature control settings.</li> <li>Install energy-efficient devices.</li> </ul>
	Emission Reductions	<ul style="list-style-type: none"> <li>Increased operational costs due to carbon tax on emissions exceeding international standards.</li> </ul>	<ul style="list-style-type: none"> <li>Purchase green energy and accumulate carbon credits.</li> <li>Execute energy management and carbon reduction projects.</li> <li>Implementation of tree planting project</li> </ul>
	Green Products & Decentralized Production	<ul style="list-style-type: none"> <li>Higher reliance on suppliers with lower carbon footprints.</li> <li>Mitigate risks by diversifying production bases.</li> </ul>	<ul style="list-style-type: none"> <li>ESG team to establish related management measures.</li> <li>Invest in eco-friendly processes and low-carbon materials.</li> </ul>

## Environmental Risk Management

Key Risks	Energy Conservation and Carbon Reduction	Water Resources	Waste Management
Control Measures	<ul style="list-style-type: none"> <li>Conducted ISO 14064:2018 voluntary greenhouse gas inventory in 2023.</li> <li>Annual electricity savings of 200,000 kWh (or more) as part of carbon reduction goals, achieved through factory greening and equipment improvements.</li> <li>Promoted paperless operations to reduce paper consumption.</li> </ul>	<ul style="list-style-type: none"> <li>Installed water-saving devices and encouraged employees to conserve water.</li> <li>Used alternative water sources such as air conditioning condensate, rainwater, and cooling tower discharge.</li> <li>Lowered water supply pressure</li> <li>Regularly inspected and replaced pipelines to minimize water wastage.</li> <li>Periodically educated employees on water conservation practices.</li> </ul>	<ul style="list-style-type: none"> <li>Waste totaled 187.7 tons in 2023.</li> <li>Established "Waste Treatment and Control Procedures" for classification, collection, storage, and processing.</li> <li>Increased recycling rates for reusable materials and waste previously designated for incineration.</li> </ul>

## 6.1 Environmental Policy and Commitment

The company is committed to fulfilling environmental protection responsibilities and becoming a sustainable development enterprise through continuous improvement:

**Regulatory Compliance** : Comply with relevant environmental regulations and strive to meet international environmental standards.

**Waste Reduction** : Continuously promote production waste reduction to fulfill the commitment to pollution prevention.



**Green Production** : Ensure new factory zones adhere to green building standards and advance energy conservation and carbon reduction efforts.

**Recycling Strategy** : Assess and promote the reuse of water, metals, plastics, and chemicals involved in company activities, and enhance employee awareness and knowledge of resource recycling through internal education.

The company has established a compliant environmental management system based on ISO 14001:2015 and has assigned a dedicated unit to manage and uphold environmental responsibilities. By incorporating life cycle environmental considerations into product evaluation, the company seeks to reduce pollution and minimize negative impacts through internal management and continuous environmental system improvements, contributing to environmental protection.

To address risks associated with climate change and energy supply, such as droughts, typhoons, and power outages, the company actively identifies climate-related risks and regularly monitors the operational impacts and damages caused by extreme weather. The company proactively implements climate risk adaptation policies and solutions to mitigate potential risks.



## 6.2 Climate Change and Low-Carbon Manufacturing

### ■ Climate Change

Following the adoption of the Paris Agreement by the United Nations, climate change has become a critical issue for governments and businesses globally. The company recognizes the economic and social impacts of climate change, assesses the environmental considerations of its product life cycle, and formulates preventive measures to mitigate climate impacts and associated external costs.

With Taiwan and the European Union implementing carbon tariffs starting in October 2023, alongside requirements for ESG sustainability reporting and greenhouse gas inventory verification, the company has established specific carbon emission reduction targets and management measures, outlined below:

Category	Goal	Specific Management Measures
Energy Resource Management and Conservation	Reduce oil/electricity usage and costs by 1%	<ul style="list-style-type: none"> <li>Oil use / Electricity System <ul style="list-style-type: none"> <li>Transition to hybrid or electric vehicles for new company cars.</li> <li>Conduct energy management training to enhance employee awareness of energy conservation.</li> <li>Gradually replace high-energy-consuming production equipment with energy-efficient alternatives.</li> <li>Perform regular inspections and maintenance of production equipment, and acquire green energy devices.</li> <li>Implement other methods to reduce electricity consumption.</li> </ul> </li> </ul>
Water Resource Management	Reduce water usage and costs by 1%	<ul style="list-style-type: none"> <li>Water Resources Management <ul style="list-style-type: none"> <li>Install water-saving faucets and dual-flush toilets in restrooms.</li> <li>Regularly inspect and maintain rooftop water tanks to ensure proper water flow.</li> <li>Implement rainwater harvesting systems to use recycled water for toilet flushing.</li> <li>Explore additional methods to reduce water consumption.</li> </ul> </li> </ul>
Waste Management	Ensure 100% compliance with lawful disposal of industrial and domestic waste	<ul style="list-style-type: none"> <li>Legal and Appropriate Handling of Wastes <ul style="list-style-type: none"> <li>Collect and sort waste at headquarters for recycling or disposal based on category.</li> <li>Classify and inspect domestic waste regularly.</li> <li>Evaluate opportunities for waste reuse.</li> </ul> </li> </ul>

Note: The company does not generate hazardous waste or industrial wastewater, so no management measures are required for these areas.

## Greenhouse Gas Policy Statement

The company prioritizes global climate change and aligns with international environmental protection trends to maximize resource efficiency and fulfill corporate social responsibilities. Guided by ISO 14064-1:2018 standards and the Greenhouse Gas Protocol (GHG Protocol), the company systematically conducts greenhouse gas inventories to monitor emissions, providing a foundation for future reduction efforts.

The company's 2022 greenhouse gas inventory focuses on emissions from Tongluo Science Park Factory 1, Fengzhou Factory, and Fenggong Factory, using 2022 as the baseline year due to organizational boundary adjustments. The inventory covers the following gases:

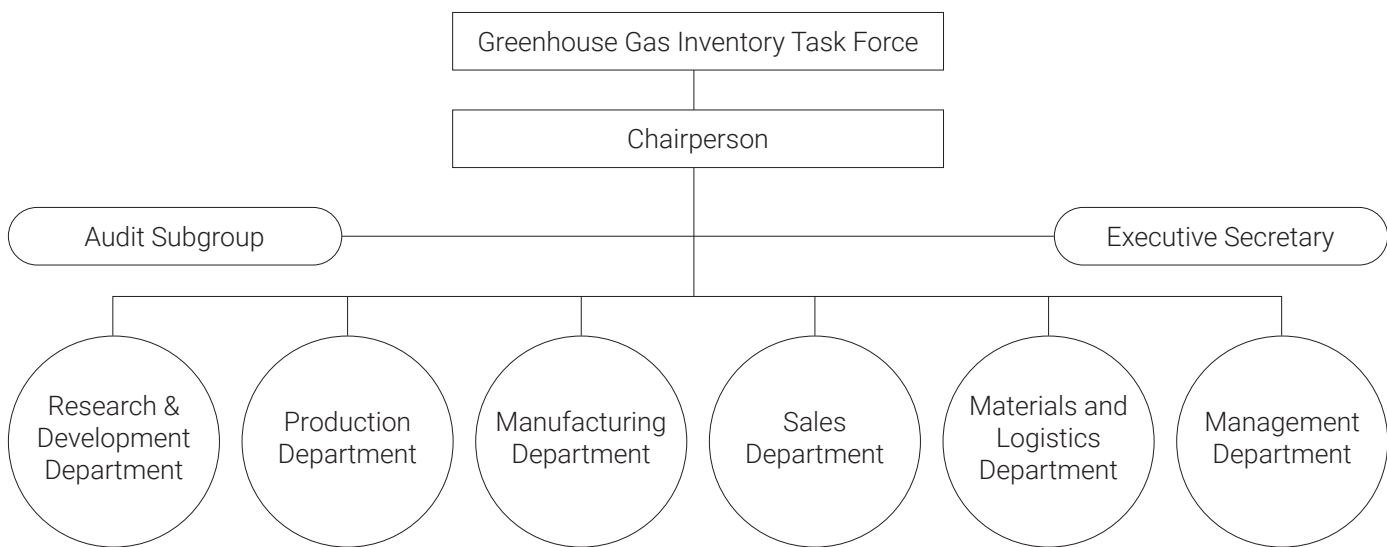


- Carbon Dioxide (CO2)
- Nitrous Oxide (N2O)
- Perfluorocarbons (PFCs)
- Nitrogen Trifluoride (NF3)
- Methane (CH4)
- Hydrofluorocarbons (HFCs)
- Sulfur Hexafluoride (SF6)

Fuels used in Scope 1 and Scope 2 emissions during the inventory do not include bio-based components.

In 2022, the company established a dedicated Greenhouse Gas Inventory Task Force to ensure accuracy and thoroughness in its reporting

The organizational chart for the company's 2022 Greenhouse Gas Inventory Task Force is structured as follows:



## 6.3 Energy Conservation, Carbon Reduction, and Energy Management

### 6.3.1 Energy Conservation and Carbon Reduction

In light of global warming and Taiwan's energy challenges, which have severely impacted the environment and businesses, the company is committed to protecting and preserving the environment as a global citizen. Our energy conservation and carbon reduction policies and management approaches are as follows:

## Material Issue ▶ Energy Resource Management / Energy Conservation and Carbon Reduction

Management Approach	Policy	Comply with environmental regulations and persistently promote energy conservation and carbon reduction.
	Objectives and targets	Reduce annual fuel/electricity consumption and expenses, water usage, and associated costs. Purchase green energy to achieve effective energy conservation and carbon reduction.
	Commitment	Apply due diligence and precautionary communication methods to provide employees and assist suppliers with energy conservation and carbon reduction measures.
	Management Measures	<p>Conducted the first greenhouse gas inventory in 2022 and obtained third-party verification.</p> <p>Aligned with government policies to reduce fuel/electricity and water usage/costs by 1%.</p> <p>Adjusted air-conditioning maintenance frequency and scope.</p> <p>Introduced temperature control and timer devices for heating systems to reduce energy consumption.</p> <p>Gradually replaced old or energy-intensive equipment.</p> <p>Improved lighting in office areas or replaced with sensor-controlled or LED lights.</p>

The company encourages employees to avoid using air conditioning unless the outdoor temperature exceeds 26°C, opts for LED energy-saving lighting and efficient air-conditioning systems, and optimizes lighting configuration and switch control for energy efficiency. Office areas and workshops have fully transitioned to energy-saving lighting. These measures aim to reduce energy consumption and carbon emissions, embodying the company's energy conservation and carbon reduction principles.

Despite progress, energy conservation and carbon reduction remain critical. The company has outlined the following short-, mid-, and long-term goals and plans:

**Short-Term Goals** (1-2 years) : Continue monitoring energy usage and greenhouse gas emissions in operational activities and enhance employee awareness of energy conservation and carbon reduction.

**Mid-Term Goals** (3-5 years) : Manage greenhouse gases based on international standards, such as ISO 14064-1, for inventory and reduction.

**Long-Term Goals** (6+ years) : Develop sustainable mechanisms for energy conservation and carbon reduction tailored to company operations.

Electricity and vehicle fuel are the primary energy sources in operations:

### Electricity Usage:

- 2022 total electricity consumption : 2,085,490.90 kWh.
- 2023 total electricity consumption : 6,136,362.70 kWh, reflecting an increase of 4,050,871.80 kWh primarily due to the addition of new facilities in 2023.

**Fuel Usage for Company Vehicles:**

- 2022 total fuel consumption: 49,207.38 liters.
- 2023 total fuel consumption: 50,860.41 liters.

**Electricity and Vehicle Fuel Greenhouse Gas Emissions:**

Item		Energy Type	2022	2023 (Unverified)
Tongluo Science Park 1	Energy Use and Direct Greenhouse Gas Emissions (Scope 1)	Vehicle Fuel Consumption (liters)	16654.33	14828.73
		Greenhouse Gas Emissions (tons CO2e)	42.09	37.40
	Energy Use and Indirect Greenhouse Gas Emissions (Scope 2)	Electricity Consumption (kWh)	1210400.00	1543200.00
		Greenhouse Gas Emissions (tons CO2e)	705.91	912.49
Tongluo Science Park 2	Energy Use and Direct Greenhouse Gas Emissions (Scope 1)	Vehicle Fuel Consumption (liters)	Note -3	0.00
		Greenhouse Gas Emissions (tons CO2e)	Note -3	0.00
	Energy Use and Indirect Greenhouse Gas Emissions (Scope 2)	Electricity Consumption (kWh)	Note -3	3807441.00
		Greenhouse Gas Emissions (tons CO2e)	Note -3	2251.34
Fengzhou Factory	Energy Use and Direct Greenhouse Gas Emissions (Scope 1)	Vehicle Fuel Consumption (liters)	27858.06	31993.40
		Greenhouse Gas Emissions (tons CO2e)	72.52	82.54
	Energy Use and Indirect Greenhouse Gas Emissions (Scope 2)	Electricity Consumption (kWh)	533370.90	463881.70
		Greenhouse Gas Emissions (tons CO2e)	311.06	274.29
Fenggong Factory	Energy Use and Direct Greenhouse Gas Emissions (Scope 1)	Vehicle Fuel Consumption (liters)	4694.99	4038.28
		Greenhouse Gas Emissions (tons CO2e)	11.07	9.52
	Energy Use and Indirect Greenhouse Gas Emissions (Scope 2)	Electricity Consumption (kWh)	341720.00	321840.00
		Greenhouse Gas Emissions (tons CO2e)	199.29	190.30
Total Energy Use and Greenhouse Gas Emissions		Greenhouse Gas Emissions (tons CO2e)	1347.8141	3757.89

- Notes:
1. Scope 1 emission sources only account for CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O emissions from vehicle gasoline combustion.
  2. Scope 2 emission sources only include electricity usage. Calculations are based on Taiwan's Bureau of Energy CO<sub>2</sub> equivalent emission factors: 0.509 kgCO<sub>2</sub>e/kWh (2021), 0.495 kgCO<sub>2</sub>e/kWh (2022), with 2023 data not yet released. Thus, the 2022 emission factor was used.
  3. In 2023, due to incomplete process design and equipment installation at Tongluo Science Park 2, no relevant data was available for inventory.



## 6.3.2 Energy Management

Climate change is a shared challenge for all enterprises. The scope of energy inventory for the company includes all energy consumed by the company and its facilities. The company actively implements energy conservation and carbon reduction initiatives to achieve effective energy management.

### Energy Usage Status

YEAR	2022				2023			
Company	Tongluo Science Park 1	Tongluo Science Park 2	Fengzhou Factory	Fenggong Factory	Tongluo Science Park 1	Tongluo Science Park 2	Fengzhou Factory	Fenggong Factory
Direct Energy Use(GJ)	568.07	-	968.46	153.22	505.11	-	1039.44	131.79
Indirect Energy Use(GJ)	4357.44	13706.79	1920.14	1230.19	5555.52	13706.79	1669.97	1158.62
Total Energy Use (GJ)	4925.51	13706.79	2888.6	1383.41	6060.63	13706.79	2709.41	1290.41
Annual Growth Rate(%)	-		-	-	23.05%		(6.20%)	(6.72%)

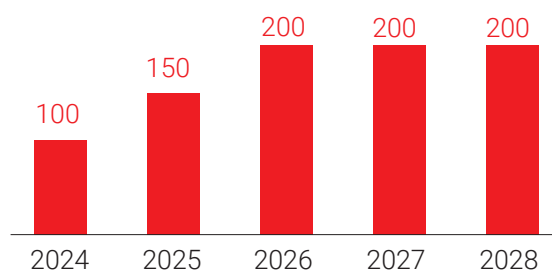
NOTES:

- The company's energy usage increased in 2023 due to a rise in population and production volume during the year.
- Tongluo Science Park 2 does not use company vehicles, so no direct energy usage is recorded.
- Energy conversion coefficients :
  - Electricity: 1 kWh = 3,600 kJ
  - Gasoline: 1 L = 32,635.2 kJ (7,800 kcal)
  - Diesel: 1 L = 35,145.6 kJ (8,400 kcal).

### Energy saving target

Goal	Short-term	Mid-term			Long-term
Item	2024	2025	2026	2027	2028~
Annual Additional Energy Savings (10,000 kWh)	100	150	200	200	200

### Energy Saving Targets for 2024 thru 2028



## 6.3.3 Renewable Energy

To promote environmental sustainability, the Company has decided to lease idle rooftop spaces to relevant vendors for the installation of solar panels. This initiative not only maximizes the use of existing resources but also actively supports the promotion of green energy. Through this measure, the Company can significantly reduce carbon emissions, decrease dependency on traditional energy sources, and encourage the adoption of clean energy, thereby enhancing its environmental image.

The installation of solar panels contributes to achieving the Company's environmental goals while also generating economic benefits. Lease income will be used to fund additional environmental projects, supporting the Company's sustainable development strategy. Additionally, the installation and maintenance of solar panels will create employment opportunities, driving the growth of the green energy sector.

This project demonstrates the Company's sense of responsibility and determination toward environmental protection. By effectively utilizing idle resources, the Company aims to make a positive impact in the renewable energy field, setting an example for other businesses and inspiring more companies to join environmental efforts.

We believe that with continued effort and innovation, we can make even greater contributions to future environmental initiatives and create a better planet for future generations.



### **6.3.4 Environmental Management Policy**

In recent years, the increasing emphasis on environmental protection and stricter pollutant emission standards have significantly raised the requirements for environmental management. Since its establishment in 1988, the Company has invested billions of New Taiwan Dollars in purchasing pollution prevention equipment, replacing outdated systems, and adopting energy-efficient equipment. These efforts aim to achieve robust pollution prevention, reduce energy consumption, lower carbon emissions, and advance the goal of maintaining a sustainable green planet.

## Environmental Protection Expenditures and Benefits for 2023

Item	Year 2023				Benefits	Unit : NT\$
	Tongluo Science Park Factory 1	Tongluo Science Park Factory 2	Fengzhou Factory	Fenggong Factory		
Water Quality Testing Fees	29,812		53,760		The Water Quality Testing Fees includes testing of effluent and drinking water to ensure compliance with water pollution regulations and provide employees with safe drinking water, prioritizing employee health.	
Industrial Waste Treatment Fees	364,265		875,602		Regulatory Compliance: Proper disposal of industrial and employee-generated waste.	
Air Pollution Fees	-		238,889		Regulatory Compliance: Maintain proper equipment operation to effectively improve air quality.	
Water Pollution Fees	160,120		757,851		Regulatory Compliance: Reduce soil and groundwater contamination.	
Management Costs		251,496			Through management system verification, achieving environmental sustainability KPIs (verification costs).	
Total Environmental Expenditure		2,731,795				

### ■ Green Space and Organic Composting Initiatives

To promote sustainable environmental development and optimize the ecological environment of its facilities, the Company has actively implemented green landscaping projects within its premises. Natural methods are used for handling weeds and fallen leaves, which are returned to the earth by placing them in the hills behind the facilities. Through large-scale factorying of various greenery and flowers, the Company not only beautifies the working environment but also effectively improves air quality and reduces the greenhouse effect. This approach minimizes waste emissions and enhances soil fertility, fostering healthy factory growth.

These greening initiatives not only enhance the aesthetic appeal and comfort of the premises but also boost employee morale and well-being. The Company's green landscaping projects demonstrate its steadfast commitment to environmental protection and sustainable development, reflecting its unrelenting efforts to create a green and healthy working environment.

### ■ Energy-Saving Initiatives and Promotion

The Company has implemented various management measures aimed at energy conservation, power savings, and carbon emission reductions. Specific actions include:

1. Replacing LED Lighting: Replacing traditional emergency light bulbs in all facilities with energy-saving LED lighting, significantly reducing power consumption.

- 2. Air Conditioning System Cleaning: Regular cleaning of air conditioning systems to lower operational power requirements, enhance energy efficiency, and reduce electricity usage.
- 3. Production Equipment Power Adjustment: Optimizing the power regulation of production equipment to achieve maximum efficiency and minimal power consumption, ensuring normal production efficiency while saving energy.

These energy-saving measures are expected to reduce electricity consumption by 201,365 kWh, thereby cutting greenhouse gas emissions by 99.676 metric tons of CO2e. The Company's efforts have not only reduced energy consumption and carbon emissions but also improved production efficiency and environmental friendliness, demonstrating its unwavering commitment to environmental protection and sustainable development.



▲ Replacing Traditional Emergency Lights with LED Fixtures



▲ Production Equipment Power Adjustment to Achieve Maximum Efficiency with Minimal Energy Usage

Construction Phase: ■ Before <input type="checkbox"/> During <input type="checkbox"/> After Date of Work: December 27, 2023 Equipment ID: F-001-10-A Description: Measured Current: 33.56A	Construction Phase: ■ Before <input type="checkbox"/> During <input type="checkbox"/> After Date of Work: December 27, 2023 Equipment ID: F-001-10-A Description: Measured Current: 33.56A	Construction Phase: ■ Before <input type="checkbox"/> During <input type="checkbox"/> After Date of Work: December 27, 2023 Equipment ID: F-001-11-A Description: Measured Current: 31.79A	Construction Phase: ■ Before <input type="checkbox"/> During <input type="checkbox"/> After Date of Work: December 27, 2023 Equipment ID: F-001-11-A Description: Measured Current: 31.79A
Construction Phase: <input type="checkbox"/> Before <input type="checkbox"/> During <input checked="" type="checkbox"/> After Date of Work: December 27, 2023 Equipment ID: F-001-10-A Description: Measured Current: 30.4A	Construction Phase: <input type="checkbox"/> Before <input type="checkbox"/> During <input checked="" type="checkbox"/> After Date of Work: December 27, 2023 Equipment ID: F-001-10-A Description: Measured Current: 30.4A	Construction Phase: <input type="checkbox"/> Before <input type="checkbox"/> During <input checked="" type="checkbox"/> After Date of Work: December 27, 2023 Equipment ID: F-001-11-A Description: Measured Current: 28.99A	Construction Phase: <input type="checkbox"/> Before <input type="checkbox"/> During <input checked="" type="checkbox"/> After Date of Work: December 27, 2023 Equipment ID: F-001-11-A Description: Measured Current: 28.99A

▲ Tongluo Science Park Factory 1: Regular Air Conditioner Cleaning to Maintain Temperature and Reduce Operating Power

## 6.4 Water Resource Management

### Water Resource Risk Management

The company has established an internal “Wastewater Discharge Control Procedure” to ensure the proper operation of domestic sewage and wastewater treatment facilities within its factories. The aim is to regulate and treat pollution sources to meet the wastewater quality acceptance standards of the Science Park Administration, ensuring water supply and environmental discharge quality. Key indicators include assessing water resource and wastewater quality risks at the facilities, developing comprehensive emergency response procedures, expanding regional water resource sources, and promoting recycled water reuse.

Risk Types	Type	Potential Operational Impact	Mitigation Measures
Water Resource Risk	Drought/Dry Spells	Impact on production capacity and increased operational costs. Decline in revenue.	Establish comprehensive water resource control.
	Flood Risk	Delivery delays or interruptions.	Increase water storage capacity to support 3–5 days (resistance to drought for three days).
	Untreated Sewage Discharge	Fines for untreated wastewater discharge.	Deploy water trucks to support water-deficient facilities.
			Inspect and improve production equipment in all facilities.
			Implement water management policies compliant with environmental regulations.
			Contract with qualified vendors for wastewater management and transportation.
			Ensure wastewater processing complies with environmental regulations.

### Water Resource Usage

Tongluo Factory 1 and Factory 2 are located in Tongluo Science Park, while Fenggong Factory are located in Fengzhou Technology Park. The primary water source for these facilities is tap water derived from Liyutan Reservoir. The daily water usage across the factories ranges from 50 to 55 tons. The total water consumption for all facilities in 2023 was 19,049 tons.



The water consumption for the past two years is shown below:

Unit : tons

YEAR	2022				2023			
Category	Tongluo Factory 1	Tongluo Factory 2	Fengzhou Factory	Fenggong Factory	Tongluo Factory 2	Tongluo Factory 2	Fengzhou Factory	Fenggong Factory
Tap Water	7326	4991	-	1780	697	89596	-	1400
Groundwater	-	-	1427	-	-	-	1075	-
Total	15,524				19,049			

## ■ Water-Saving Measures

The company prioritizes innovation and continuous improvement, striving to achieve resource conservation through water-saving initiatives. Efforts are continuously made to identify new opportunities and implement water-saving measures, as detailed below:

### 1. Adoption of Water-Saving Equipment

Employees are encouraged to conserve water to reduce overall water consumption demands.

### 2. Utilization of Alternative Water Sources

The company employs methods such as reclaiming air-conditioning condensate water, rainwater harvesting, and recycling water from cooling tower discharges.

### 3. Reduction of Water Supply Pressure

Lowering the water supply pressure minimizes unnecessary water wastage.

### 4. Routine Inspection and Maintenance of Water Supply Pipelines

Regular inspections, maintenance, and replacement of supply pipelines are conducted to prevent water waste caused by leaks.

### 5. Occasional Promotion of Water-Saving Awareness

Employees are educated through occasional campaigns on the importance and methods of conserving water.

## 6.5 Waste Management

The company has established a “Waste Management Procedure”, incorporating environmental considerations based on product lifecycle perspectives. This procedure governs the classification, collection, storage, and treatment of industrial waste, aiming to manage waste efficiently while minimizing environmental threats, even amidst increasing production capacities.

### Supplier Requirements

- Suppliers are required to use reusable packaging containers. For non-reusable containers, materials must be recyclable.

- Waste generated during the supply process must either be recyclable or categorized as reusable waste as per regulations.

### Production Requirements

- Implement source control on materials used in production processes to avoid using raw materials and equipment components that cannot be managed with existing environmental technologies.
- Regularly review and explore recycling and reuse opportunities for production raw materials and waste, reducing unnecessary resource waste and enhancing circular reuse.

### Employee Requirements

- On their first day of work, employees receive environmental, safety, and hygiene training, which includes waste classification education.
- Employees are encouraged to enhance their environmental awareness and independently classify recyclable waste, contributing to global environmental sustainability efforts.

### Waste Treatment and Recycling Standards

- The company annually reviews the appropriateness of waste disposal channels to ensure compliance with the latest environmental standards.
- When selecting waste disposal contractors, environmental processing capabilities are prioritized. Contracts explicitly require compliance with environmental regulations.
- Efforts are continually made to identify opportunities for recycling and reuse of waste produced in the facility, promoting eco-friendly waste treatment, minimizing environmental impacts, and improving resource utilization.

### ● Transforming Waste into Energy

Since 2023, the company has actively promoted the conversion of product waste from incineration to recycling and reuse. This approach aims to transform waste into renewable energy, underscoring the company's commitment to supporting environmental sustainability efforts globally.

Statistics of Recyclable and Non-Recyclable Waste (2023)

**The company generated no hazardous waste in 2023. A breakdown of recyclable and non-recyclable waste is as follows:**

Waste Category	Hazardous/ Non-Hazardous	Waste Generated (tons)	Treatment Method	Proportion (%)
Cardboard & Paper	Non-Hazardous	82.89	Recycled	44.16%
Plastic Bags & PE Film	Non-Hazardous	8.15	Recycled	4.34%
Iron Drums	Non-Hazardous	1.43	Recycled	0.76%
Domestic Waste	Non-Hazardous	39.44	Incinerated	21.01%
Paint Wastewater	Non-Hazardous	16	Incinerated	8.52%
Wooden Pallets	Non-Hazardous	39.79	Recycled	21.20%
<b>Total</b>		<b>187.7</b>		

Note: Data covers Tongluo Science Park Factory 1, Tongluo Science Park Factory 2, Fengzhou Factory, and Fenggong Factory .

## 6.6 Air Pollution Prevention

### ■ Air Pollution Management

In recent years, governments worldwide have placed increasing emphasis on improving air quality, with air pollutants becoming a critical global environmental issue. Aligning with these trends, the company has planned and implemented air pollution prevention measures since its establishment. By conducting internal audits, self-reviews, and adhering to strict maintenance, training, and operational practices, the company effectively manages pollution prevention efforts. The company is committed to ongoing improvement in pollution and hazard prevention. Notably, in 2023, there were no violations of the Air Pollution Control Act, and no fines were imposed.

### ■ Optimization of Air Pollution Control Equipment

1. Environmental Impact Assessment: The company conducts preemptive evaluations of potential environmental hazards associated with production processes, striving to minimize environmental impact.

#### Fengzhou Factory

Installation of Spray Painting Equipment Dust Collection System – Water curtain spray painting system. Through the water circulation and air pressure of the water curtain machine, suspended particles in the air during spray painting are collected, thereby reducing airborne pollutant dispersion.



#### Fenggong Factory

High-Efficiency Dry Spray Painting System. The Fenggong Plant employs a dry spray painting system that achieves high dust collection efficiency. This system conserves water and reduces electricity waste, while eliminating concerns





# 07

## Friendly Workplace

### 7.1 Talent Policies and Commitments

### 7.2 Talent Development

### 7.3 Training and Development

### 7.4 Compensation and Benefits

7.4.1 Employee Benefits

7.4.2 Employee Retirement Benefits

7.4.3 Leave Without Pay

### 7.5 Respect for Human Rights

### 7.6 Caring and Communication - Human Rights Protection

### 7.7 Occupational Health and Safety

### 7.8 Health Promotion

## 7 Friendly Workplace

To establish a sustainable enterprise, this Company prioritizes fostering a friendly workplace as one of its core missions. This includes attracting and retaining talent (salary and benefits), employee training and development, promoting harmonious labor relations, safeguarding human rights and safety, and enhancing care and support. The short-, mid-, and long-term goals for these key issues are outlined as follows:

		Short-Term Goals	Mid-Term Goals	Long-Term Goals
		2023~2024	2025~2028	2029 and beyond
Labor Relations	Total Turnover Rate	<33% (annual)	<30% (annual)	<25% (annual)
	Local Retention Rate	70% (3 months)	75% (3 months)	80% (3 months)
	Regular Labor Meetings Execution	100%	100%	100%
Training and Development	Annual Training Sessions	10	12	14
	New Employee Training Pass Rate	100%	100%	100%
Human Rights Protection	Workplace Harassment or Bullying Cases	0	0	0
	Employee Grievance/Arbitration Cases	1	1	1
	Employee Ethics Training Completion Rate	100%	100%	100%
Safety and Health	Health Check Participation	90%	90%	90%
	Hazard Risk Identification	100%	100%	100%
	Major Occupational Incidents	≤ 1 case/year	≤ 1 case/year	≤ 1 case/year
	Chemical Exposure Illness Cases	0		0
	Disability Injury Frequency/Severity	≤ 3/≤ 50	≤ 2.5/≤ 35	≤ 2.5/≤ 25

### ■ Material Issue Goals and Performance

#### Talent Development and Sustainability

The Company is committed to fostering a friendly workplace characterized by a safe and healthy work environment, fulfilling its responsibilities in selecting, cultivating, employing, and retaining talent. This dedication fuels the Company's sustainable development and growth. Based on the key material issues of labor relations,



training and development, human rights protection, and occupational health and safety, short-term goals and related implementation plans have been established. Recent performance goals and achievements for the past two years are summarized below to ensure the retention of capable, stable, and high-potential talent, thereby enhancing the Company's competitive edge for sustainable development.

## Labor Relations

2023 Performance Target	2023 Achievement	2024 Performance Target
Total turnover rate: <33%	32.7% → Achieved	Total turnover rate: <33%
Retention rate of local new hires (3 months): 70%	71.6% → Achieved	Retention rate of local new hires (3 months): 75%
Conduct regular labor-management meetings: 100%	100% → Achieved	Conduct regular labor-management meetings: 100%

## Training and Development

2023 Performance Target	2023 Achievement	2024 Performance Target
Average annual training hours: 20 (including occupational health and safety)	25 → Achieved	Average annual training hours: 25 (including occupational health and safety)
New hire training pass rate: 100%	100% → Achieved	New hire training pass rate: 100%

## Human Rights Protection

2023 Performance Target	2023 Achievement	2024 Performance Target
Workplace unlawful acts/bullying mediation cases: ≤2	1 → Achieved	Workplace unlawful acts/bullying mediation cases: 0
Employee complaints/mediation cases: 1	1 → Achieved	Employee complaints/mediation cases: 1
Employee professional ethics training completion rate: 100%	100% → Achieved	Employee professional ethics training completion rate: 100%

## Occupational Health and Safety

2023 Performance Target	2023 Achievement	2024 Performance Target
Maintain ISO 45001:2018 occupational health and safety certification	ISO 45001 certification passed → Achieved	Maintain ISO 45001:2018 occupational health and safety certification
Participation in occupational safety and health education for new hires: 100%	100% → Achieved	Participation in occupational safety and health education for new hires: 100%

Health checkup participation rate: 90%	91% → Achieved	Health checkup participation rate: 90%
Hazard identification and risk assessment for operations: 100%	100% → Achieved	Hazard identification and risk assessment for operations: 100%
Major occupational accidents (excluding fatalities): ≤1/year	1/year → Achieved	Major occupational accidents (excluding fatalities): ≤1/year
Occupational diseases caused by chemical exposure: 0 cases	0 cases → Achieved	Occupational diseases caused by chemical exposure: 0 cases
Disability injury frequency: ≤3; severity: ≤50	Frequency: 21.42 → Not achieved Severity: 199 → Not achieved	Disability injury frequency: ≤3; severity: ≤50

Notes \*1. Disability Injury Frequency (FR) = (Number of disabling injuries × 1,000,000) / Total work hours

\*2. Disability Injury Severity (SR) = (Days lost to disabling injuries × 1,000,000) / Total work hours

## 7.1 Talent Policies and Commitments

The Company strictly adheres to labor-related regulations by formulating the "Work Rules" and the "Occupational Safety and Health Guidelines and Safety Organization and Personnel Framework," which are duly submitted to the relevant government authorities for record-keeping. These policies ensure the legal protection of employees' labor conditions and safeguard their occupational safety and health rights. In alignment with the "RBA Responsible Business Alliance Code of Conduct," the Company provides a healthy and safe work environment while fostering diverse and open communication channels between labor and management.

Furthermore, the Company is dedicated to offering fair remuneration and promotion opportunities, establishing a comprehensive training and development system, nurturing employees' professional ethics, and protecting trade secrets. The Company also maintains a robust welfare system to create a warm and harmonious work atmosphere. By implementing transparent incentive bonuses and profit-sharing mechanisms, employees are encouraged to contribute their skills and performance with peace of mind, growing and developing together with the Company, thereby laying a strong foundation for sustainable operations.

The following outlines the Company's talent selection, development, utilization, and retention management policies:

<b>Talent Policies</b>	Prohibit the employment of child labor and forced labor, providing mechanisms to attract and retain outstanding talent while emphasizing employees' freedom of employment and career choices.
<b>Nurturing Policies</b>	Establish comprehensive training and development plans, cultivating adaptable and skilled professionals. Enhance employees' technical expertise and job satisfaction while strengthening organizational cohesion.

<b>Employment Policies</b>	Provide competitive compensation and welfare systems, transparent evaluation processes, and fair promotion opportunities. Retain talent while empowering employees to actively contribute and grow professionally.
<b>Retention Policies</b>	Create a safe and healthy work environment with diverse and inclusive communication channels. Establish effective employee care programs, gather employee feedback, and improve internal operations.

## ■ Corporate Sustainable Development Policies

The Company adheres to the principle of integrity in business operations, with employees embodying the core values of "Innovation, Enthusiasm, and Integrity." Efforts are dedicated to implementing sustainable development policies that encompass "Environmental Protection, Employee Care, Friendly Workplace, Integrity in Business, Full Participation, and Social Harmony."

To promote labor rights, the Company not only complies with Taiwan's Labor Standards Act and related regulations but also files the "Work Rules" for official record. Internal policies have been established to address sexual harassment prevention, anti-corruption and bribery, fair trade, grievance procedures, and management mechanisms to safeguard employee rights.

To ensure employees can fully express their opinions, "CEO Mailboxes" have been set up at each site. A personal data protection mechanism is also in place to prevent unfair treatment. The Company is committed to maintaining harmonious labor relations and implementing comprehensive personnel management systems to foster a friendly workplace and care for employees.

In compliance with the eight human rights policies regarding employee care and a friendly workplace, the Company makes the following commitments:

- No employment of child labor under the age of 16. Employees aged 16–18 are hired in accordance with legal protections.
- Prohibit all forms of forced labor.
- Respect employees' freedom of association and collective bargaining rights.
- Prohibit all forms of discrimination, harassment, and retaliation.
- Provide competitive and reasonable compensation and benefits.
- Offer diverse communication channels to maintain harmonious labor relations.
- Provide a healthy and safe working environment with preventive measures in place.
- Ensure employment opportunities for individuals with disabilities.

## 7.2 Talent Development

With the rapid growth of the electric vehicle market, the demand for electric vehicle motors has significantly increased. The Company continues to invest in research and development, striving to expand the scale of the R&D team and the scope of its products, adding new product lines, and improving the quality and quantity of its offerings.

Talent is the Company's most valuable asset. We are committed to creating a challenging, continuously learning, and enjoyable work environment that ensures health and safety. Salaries are determined based on employees' educational and professional backgrounds, technical expertise, and years of experience, ensuring the recruitment of suitable and stable talents. Our personnel management system includes mechanisms for talent selection, development, and cultivation, performance evaluation and promotion, diverse welfare programs, and statutory retirement systems.

To maintain competitiveness in the labor market, the Company established a Compensation Committee (comprising four members). In 2023, the committee held three meetings to discuss compensation plans for Directors, Supervisors, and employee profit-sharing allocations, which were subsequently approved by the Board of Directors.

The Company formulates annual business plans, with each department submitting recruitment requests based on new-year staffing needs and goals to the Human Resources Department. The HR Department disseminates job openings through various recruitment channels and facilitates internal transfers, enabling employees to broaden their expertise. An internal job posting platform allows employees to proactively apply for positions aligning with their career plans.

In 2023, talent recruitment channels included online job banks, campus recruitment, employee referrals, government employment service centers, job fairs, headhunters, university collaborations, and internal recruitment. The Company actively seeks top talent with relevant engineering backgrounds or interdisciplinary integration skills to develop new products, such as higher-performance electric vehicle motors. Simultaneously, it scales up production capacity and automation levels to meet market demands and drive profit growth.

As of the end of December 2023, the Company had 641 employees, recruiting 346 new hires. This marks an increase of 283 employees compared to the 508 employees in 2022. Below is the workforce distribution over the past two years:

Category	Item	2022				2023			
		Female		Male		Female		Male	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Type	Direct	30	5.91%	145	28.54%	49	7.64%	241	37.60%
	Indirect	60	11.81%	90	17.72%	71	11.08%	112	17.47%
	Marketing	35	6.89%	40	7.87%	31	4.84%	34	5.30%
	Management	17	3.35%	30	5.91%	18	2.81%	26	4.06%
	R&D	15	2.95%	46	9.06%	12	1.87%	47	7.33%
Total:		157	30.91%	351	69.09%	181	28.24%	460	71.76%
Grand Total:		508 employees				641 employees			
Category	Item	2022 <sup>1</sup>				2023 <sup>2</sup>			
		Female		Male		Female		Male	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Local	Below 30 years	42	8.27%	68	13.39%	47	7.33%	99	15.44%
	31–50 years	105	20.67%	210	41.34%	125	19.50%	221	34.48%
	Above 50 years	10	1.97%	29	5.71%	9	1.40%	26	4.06%
Foreign	Below 30 years	0	0.00%	28	5.51%	0	0.00%	79	12.32%
	31–50 years	0	0.00%	16	3.15%	0	0.00%	35	5.46%
	Above 50 years	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total:		157	30.91%	351	69.09%	181	28.24%	460	71.76%
Grand Total:		508 employees				641 employees			

Notes: 1. Direct Personnel: Production or manufacturing staff.  
2. Indirect Personnel: Quality assurance, procurement, production control, or process staff.  
3. Marketing Personnel: Sales and marketing staff.  
4. Management Personnel: Administrative or management staff.  
5. R&D Personnel: Research and development design staff.

Our company exclusively recruits employees for full-time positions, without engaging temporary workers or similar labor categories. Therefore, newly recruited employees are immediately entitled to the full range of benefits afforded to formal staff, without any discriminatory treatment. The company upholds equality for job candidates, ensuring no discrimination based on gender or physical disability. Through diverse recruitment channels, we aim to provide opportunities for more women and individuals with disabilities to contribute to the company and demonstrate their personal value.



No major operational changes occurred in 2023. In the event of significant operational changes, the company will adhere to Article 16 of the Labor Standards Act, providing advance notice of 10, 20, or 30 days based on tenure.

## ■ 2023 Male and Female Recruitment and Turnover Ratios

To foster diversity and promote equality in the workplace, the company evaluates candidates based on their capabilities and suitability for the position, irrespective of gender, religion, race, nationality, or political affiliation. However, discrepancies in turnover rates by age or gender may suggest potential inequities in the workplace. To address this, recruitment and turnover rates are calculated based on specific categories, enabling meaningful comparisons across groups.

Category	Year	2022				2023			
	Item	Female/Male Ratio				Female/Male Ratio			
			Ratio	Male	Ratio	Female	Ratio	Male	Ratio
New Hires	Below 30	30	10.60%	87	30.74%	24	6.94%	134	38.73%
	31–50	55	19.44%	102	36.04%	61	17.63%	118	34.10%
	Above 50	1	0.35%	8	2.83%	0	0%	9	2.60%
Female/Male New Hire Rate		30.39%		69.61%		24.57%		75.43%	
Total:		283 hires				346 hires			
Annual Average New Hire Rate		55.71%				53.98%			
Turnover	Below 30	14	8.54%	31	18.90%	19	8.92%	52	24.41%
	31–50	32	19.51%	78	47.56%	41	19.25%	88	41.32%
	Above 50	3	1.83%	6	3.66%	1	0.47%	12	5.63%
Female/Male Turnover Rate		29.88%		70.12%		28.64%		71.36%	
Total:		164 turnovers				213 turnovers			
Annual Average Turnover Rate		32.28%				33.23%			

- Notes: 1. **New Employees Definition:** Includes employees who joined in 2022 and 2023.
2. **Calculation of New Hire Age Proportion:** E.g., the proportion of employees below 30 years old = (Number of new hires below 30 years) / (Total new hires in that year).
3. **Calculation of Turnover Age Proportion:** E.g., the proportion of employees below 30 years old = (Number of turnover employees below 30 years) / (Total turnover in that year).
4. **Subcategory Gender Proportion Formula:** For example, the proportion of female new hires in a specific category = (Number of female hires in the category for the year) / (Total employees of that gender in the same year).
5. **Female/Male New Hire or Turnover Rate Formula:** (Number of female/male hires or turnovers in the year) / (Total employees of the same gender in that year).
6. **Total Proportion Calculation:** For new hires, for example = (Total new hires in the year) / (Total employees in that year).

## ■ 2023 Non-Employee Information

To support factory operations, the company has outsourced security, factory cleaning, elevator maintenance, electrical equipment maintenance, and fire safety management. Details are as follows:

Outsourcing Item	Number of Personnel	Summary of Work
Factory Security	4	<ol style="list-style-type: none"> <li>1. Registration and control of personnel and visitor access.</li> <li>2. Vehicle entry and exit guidance, factory patrols, and safety maintenance tasks.</li> <li>3. Surveillance of the factory's perimeter to maintain public safety, reducing risks of fire, theft, or other hazards.</li> </ol>
Factory Cleaning Management	1	<ol style="list-style-type: none"> <li>1. Cleaning and maintenance of public areas in the head office (sweeping, mopping, etc.).</li> <li>2. Daily collection and organization of garbage.</li> <li>3. Simple glass cleaning.</li> <li>4. Management of cleaning tools.</li> </ol>
Factory Elevator Maintenance	4	<ol style="list-style-type: none"> <li>1. Maintenance of elevators at Fengzhou and Fenggong factories.</li> <li>2. Maintenance of elevators at Tongluo Science Park Phase II Factory.</li> </ol>
Factory Electrical Equipment Maintenance	2	<ol style="list-style-type: none"> <li>1. Maintenance of high- and low-voltage electrical equipment at Fengzhou and Fenggong factories.</li> <li>2. Maintenance of high- and low-voltage electrical equipment at Tongluo Science Park factories.</li> </ol>
Fire Safety	6	<ol style="list-style-type: none"> <li>1. Regular inspections and maintenance of fire safety equipment.</li> <li>2. Fire safety inspections and annual fire safety reporting.</li> <li>3. Fire zone configuration adjustments in response to factory area changes.</li> </ol>

### ● Employment of Persons with Disabilities

In compliance with the People with Disabilities Rights Protection Act, enterprises are required to employ persons with disabilities who are capable of working in numbers not less than 1% of the total workforce. Should the weighted total fall short of the requirement, the company must regularly pay a "balance subsidy fee" to the Employment Fund for Persons with Disabilities administered by labor authorities.

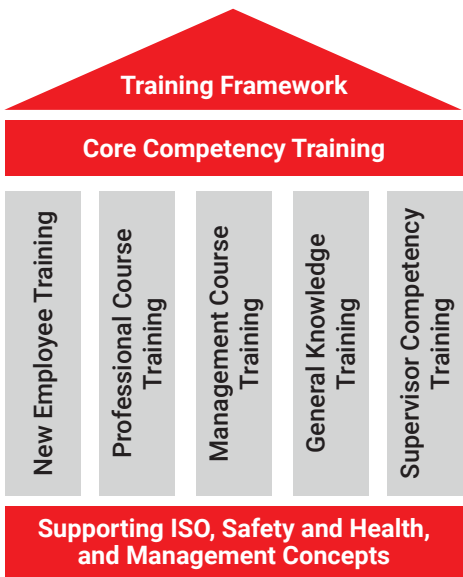
The company provides full-time employment opportunities for persons with disabilities. As of 2023, the company employs six individuals with disabilities: two with mild disabilities, none with moderate disabilities, and two with severe disabilities (each counted as two individuals under the law). This employment achieves a weighted proportion of 1% of the total workforce, meeting legal requirements. The company actively promotes employment opportunities for persons with disabilities within its human resource policies and continues to open positions, welcoming more applicants with disabilities.

The company adopts a human-centered management approach, fostering a win-win concept of co-existence between labor and management. In 2023, no labor disputes resulting in losses occurred, reflecting harmonious labor relations.

### 7.3 Training and Development

To ensure that employees possess the necessary skills for their jobs, individual departments may organize internal training sessions or facilitate participation in external training programs. Flexible adjustments are made based on individual needs, providing effective career development plans. Additionally, we regularly invite professional instructors to deliver specialized and technical lectures, ensuring employees can continually enhance their professional skills.

We are dedicated to providing diverse learning opportunities, enabling employees to grow and progress throughout their careers.



■ **Continuing Education and Training System**

Each year, in alignment with the company's operational plans, we design an annual training program and establish a training framework, as illustrated in the accompanying diagram. The training program encompasses various components, including onboarding training, general knowledge training, specialized training, management training, and competency training for supervisors.

The specific course content covers the company's history, organizational structure, business philosophy, corporate culture, ethical standards, labor and human rights laws, various policies and regulations, green environmental concepts, quality systems, occupational health and safety, manufacturing process overviews, and information on the company's environment and benefits. These courses assist employees in becoming familiar with the work environment and company policies.

After onboarding, employees are assigned mandatory general and professional skill courses based on their roles and job levels to enhance their functional development. Through a comprehensive training system, we monitor and manage the progress of training programs, ensuring tangible training benefits.

Our commitment is to nurture talents that align with the organization's developmental needs, thereby ensuring the company achieves sustainable growth.

■ **Employee Training Hours**

In 2022, the total employee training hours reached 2,015 hours, with an average of 3.97 hours per employee annually. In 2023, this increased to 5,262 hours, with an annual average of 8.21 hours per employee. Due to the reliance on video-based online courses in 2022 and the lack of system features to track viewing times, the statistics below do not include online learning hours or attendance.

The statistics for employee training hours and averages for the last two years are as follows:

Category	2022				2023			
	Gender	Total Hours	Participants	Average Hours	Gender	Total Hours	Participants	Average Hours
Direct Employees	Male	723	276	2.62	Male	1192	416	2.87
	Female	160	80	2.00	Female	137	61	2.25
Indirect Employees	Male	96	28	3.43	Male	748	202	3.70
	Female	324	90	3.60	Female	712	200	3.56
Sales Personnel	Male	179	40	4.48	Male	228	84	2.71
	Female	209	32	6.53	Female	57	21	2.71
R&D Personnel	Male	120	11	10.91	Male	80	5	16.00
	Female	44	10	4.40	Female	16	1	16.00
Management Staff	Male	96	12	8.00	Male	1366	31	44.06
	Female	64	8	8.00	Female	726	43	16.88
Annual Subtotal		2015	587	53.97	Annual Subtotal	5262	1064	110.74
Annual Average Hours		3.97 hours			8.21 hours			

Note: Annual average hours = total annual hours / total number of employees at the end of the year.

■ Performance Management and Employee Development

Employee Career Development

Performance evaluation is instrumental in enhancing the company's human resource system and refining the overall management structure. For newly onboarded employees, the company conducts an evaluation three months post-joining. This process guides supervisors and new employees in understanding the company's expectations across behavioral, results-oriented, and personality dimensions, striving for shared growth and optimized performance.

Supervisors execute fair, reasonable, and objective performance assessments according to operational guidelines, ensuring that every team member understands their role and strives to meet the performance standards of their position. Employees are provided with clear work objectives and future improvement directions, aligning individual efforts with the company's overarching operational goals.

In 2023, the company evaluated 273 new Taiwanese employees and 637 total employees as part of the annual performance assessment. The system is designed not only to align work goals between employees and supervisors but also to emphasize employee development. The system's dual focus on evaluation and development aims to foster individual employee capabilities, enabling them to master their roles, become key personnel, and enhance the company's competitiveness and organizational effectiveness. Internal recommendations are utilized to fill management positions, ensuring the right talent is appointed for the right roles.

The performance evaluation statistics for the last two years are as follows:

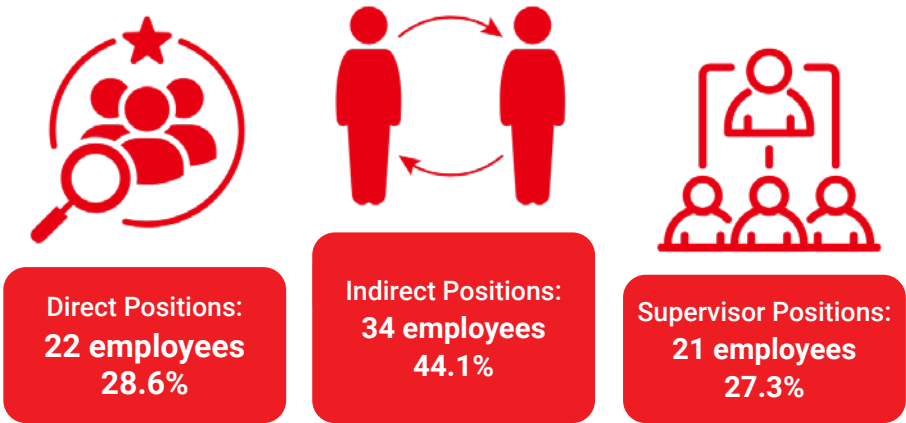
Pos.	2022 Total Employees							
	Taiwanese New Employees: 257				Taiwanese Employees: 623			
	Evaluation Count		Percentage %		Evaluation Count		Percentage %	
	Male	Female	Male	Female	Male	Female	Male	Female
Direct Staff	79	31	30.7	12.1	154	45	24.7	7.2
Indirect Staff	77	53	30	20.6	194	143	31.1	23
Supervisors	15	2	5.8	0.8	69	18	11.1	2.9
Total	171	86	66.5	33.5	417	206	66.9	33.1

Pos.	2023 Total Employees							
	Taiwanese New Employees: 273				Taiwanese Employees: 637			
	Evaluation Count		Percentage %		Evaluation Count		Percentage %	
	Male	Female	Male	Female	Male	Female	Male	Female
Direct Staff	88	43	32.2	15.8	137	52	21.5	8.2
Indirect Staff	90	42	33	15.4	219	143	34.4	22.4
Supervisors	10	0	3.7	0	69	17	1.3	12.2
Total	188	85	68.9	31.2	425	212	57.2	42.8

Employee Promotions

The company conducts performance evaluations annually or quarterly based on job titles. Evaluations are based on supervisors’ assessments, attendance records, and individual performance. Supervisors nominate employees demonstrating outstanding work performance for promotion. In 2023, the company promoted a total of 77 employees:

Promotion distribution map for 2023





## 7.4 Compensation and Benefits

Talent is the company's most valuable asset. To attract and retain outstanding individuals, the company provides a competitive overall compensation strategy that serves as the foundation for sustainable growth. In addition to salary adjustments during promotions, the company also implements structural and performance-based adjustments. These are determined by benchmarking industry salary standards and evaluating the company's overall operational status to maintain competitive remuneration.

According to the company's Articles of Incorporation, 7.47% of the company's pre-tax net profit is allocated as employee compensation. This approach aims to attract and retain exceptional talent, reward high-performing employees, boost morale, and improve work efficiency.

### ■ Remuneration Policies for Senior Management and Governing Bodies

#### 1. Compensation for Board Members and Executives

- Compensation for directors, the President, and Vice Presidents is determined in accordance with the company's Articles of Incorporation and managerial remuneration standards. These are reviewed by the Compensation Committee and approved by the Board of Directors.
- The proportion of compensation to net after-tax profit for directors, supervisors, and executives over the past two years is as follows:

Unit: NT\$ thousands; %

Recipient	2022		2023	
	Proportion to Net Profit (%) and Net Loss (%)			
	Standalone	Consolidated	Standalone	Consolidated
Directors	47.71	47.71	(5.32)	(5.32)
Supervisors	1.28	1.28	(0.01)	(0.01)
President and Vice Presidents	42.38	42.38	(5.24)	(5.24)

Note: The company reported net after-tax profits (losses) of NT\$24,125,000 in 2022 and (NT\$173,873,000) in 2023

#### 2. Remuneration Standards

- Directors and executives' compensation is managed per the "Director Remuneration Guidelines." If there is a surplus after offsetting accumulated losses, employee compensation and directors' remuneration can be allocated up to a maximum of 2.24% of pre-tax net profits.
- The procedure for determining remuneration takes into account the company's overall operational performance, future industry risks and development trends, as well as the individual's position, responsibilities, performance achievement rate, contribution to the company, and level of participa-

tion in the company's operations. Consideration factors include implementation of the company's core values, operational management capabilities (such as moral conduct), leadership abilities, communication and coordination skills, and comprehensive management indicators, to provide reasonable compensation.

- Regular reviews of performance assessments and remuneration structures are conducted by the Compensation Committee and the Board of Directors, ensuring compliance with legal regulations and the company's operational conditions.

## ■ Employee Salary Structure

The company provides salaries, allowances, year-end bonuses, and employee compensation. The following shows the average and median annual salaries for full-time employees (non-management positions) over the past two years:

Year	Average Salary	Median Salary	Number of Full-Time Non-Management Employees
	NT\$		people
<b>2022</b>	429,658	454,608	363
<b>2023</b>	427,498	450,155	432

## Gender and Monthly/Annual Salary Comparison

Category	Metric	2022		2023	
		Ratio	Ratio	Ratio	Ratio
		Female:Male	Female:Male	Female:Male	Female:Male
<b>Position</b>	<b>Production Staff</b>	1 : 1.04	1 : 1.03	1 : 1.03	1 : 1.04
	<b>Management</b>	1 : 1.15	1 : 1.13	1 : 1.13	1 : 1.12
	<b>R&amp;D</b>	1 : 1.17	1 : 1.24	1 : 1.24	1 : 1.23

Notes: 1. Male employees generally have higher qualifications and seniority, leading to a disparity in salary ratios.

2. Differences in job responsibilities, performance achievements, and contributions mean that the highest-to-median salary ratio is not calculated.

## 7.4.1 Employee Benefits

The Company sets aside employee welfare funds to handle various welfare matters in accordance with Article 5 of the Salary Operation Management Regulations. Regarding insurance benefits, the Company provides employees with various insurance rights according to relevant laws, including statutory insurance (such as labor insurance and national health insurance) and additional company-provided accident insurance and group insurance.

## 1. Health Care for Employees

- Contracted nurses are available weekly at each site to offer on-site nursing services, providing immediate resources and proactively caring for injured or ill employees.
- Employees requiring return-to-work assessments receive timely evaluations, which can also be requested voluntarily.
- Annual free labor health check-ups ensure employee health is monitored.

## 2. Family-Friendly Policies

- Breastfeeding (milk expression) rooms are established at each site, and dedicated parking spaces are provided for pregnant employees.
- Agreements with nearby childcare facilities offer a variety of childcare solutions to support employees with parental responsibilities.

## 3. Bereavement Compensation

In the unfortunate event of an employee's death during their employment, the company provides financial support to ease the family's economic burden and express its care:

- For death due to ordinary illness or injury: NT\$10,000 condolence payment per individual.
- For accidental death: An additional NT\$1,000,000 accident insurance benefit per individual.

## ■ Additional Employee Benefits

Subsidies	Other Benefits
<ul style="list-style-type: none"> <li>• Dining subsidies, domestic and international travel subsidies</li> <li>• Maternity subsidies, marriage allowances</li> <li>• New home moving subsidies</li> <li>• Birthday gifts, Mid-Autumn Festival gifts, Labor Day gifts</li> <li>• Hospitalization and funeral subsidies, condolence funds</li> <li>• External education and training subsidies</li> </ul>	<ul style="list-style-type: none"> <li>• Free parking and shuttle services</li> <li>• Free lunches and employee uniforms</li> <li>• Free industrial safety shoes and helmets</li> <li>• Discounts at partner stores</li> <li>• Year-end raffle events and annual banquets</li> <li>• Group insurance</li> </ul>

## 7.4.2 Employee Retirement Benefits

The company's retirement benefits plan is formulated in accordance with the Labor Standards Act (Old Scheme), Labor Pension Act (New Scheme), and Labor Insurance Act (Old-Age Benefits), ensuring the employees' right to claim retirement benefits.

## 1. Retirement Eligibility (Old Scheme)

<p>Employees may apply for retirement under any of the following conditions:</p> <ul style="list-style-type: none"> <li>(1) Completed 15 years of service and reached the age of 55.</li> <li>(2) Completed 25 years of service.</li> <li>(3) Completed 10 years of service and reached the age of 60.</li> </ul>	<p>The company may enforce retirement under the following conditions:</p> <ul style="list-style-type: none"> <li>(1) Reached the age of 65.</li> <li>(2) Physical or mental disability renders the employee unable to perform their duties.</li> </ul>
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## 2. Retirement Eligibility (New Scheme):

- (1) Employees may apply for retirement upon reaching the age of 60.
- (2) Employees below the age of 60 may apply for early retirement under the following conditions:
  - A. Has received disability pension benefits or a Level 1, 2, or 3 disability lump-sum benefit under the Labor Insurance scheme.
  - B. Receives disability-related benefits under the National Pension Act, such as Disability Pension or Basic Guaranteed Disability Pension.
  - C. For those not covered by Labor Insurance or National Pension Insurance, they must meet the eligibility for receiving the above disability-related benefits.

## 3. Retirement Eligibility (Old-Age Benefits):

- (1) Employees aged 60 with accumulated insurance coverage are eligible to claim old-age benefits under the following:
  - A. Accumulated insurance coverage of 15 years or more: eligible for Old-Age Pension.
  - B. Accumulated insurance coverage less than 15 years: eligible for Old-Age Lump-Sum Benefit.
- (2) Employees meeting the following conditions may choose to claim Old-Age Lump-Sum Benefit. Once claimed, changes are not permitted:
  - A. Accumulated insurance coverage of at least one year, aged 60 (or 55 for female employees), and resigned.
  - B. Accumulated insurance coverage of at least 15 years, aged 55, and resigned.
  - C. Accumulated insurance coverage of at least 25 years with the same insured unit and resigned.
  - D. Accumulated insurance coverage of at least 25 years, aged 50, and resigned.
  - E. Completed 5 years of work with hazardous or physically demanding conditions, aged 55, and resigned.

## ■ **Benefit Standards:**

### **1. Old Scheme Retirement Benefits:**

- (1) Two units are granted for each year of service. For service exceeding 15 years, one unit is granted per additional year. The maximum is capped at 45 units. Service under six months is counted as half a year; service over six months is counted as a full year.
- (2) For employees forced into retirement due to work-related physical or mental disability, an additional 20% is granted under the above calculation.

### **2. Old-Age Pension Benefits: Benefits are calculated in the following methods, with the higher amount being granted:**

- (1) For each year of insured coverage, 0.775% of the average monthly insured salary is calculated, plus an additional NT\$3,000.
- (2) For each year of insured coverage, 1.55% of the average monthly insured salary is calculated.
- (3) Employees aged 60 with 15 years of insured coverage opting to defer their pension claim receive an increment of 4% per deferred year, up to a maximum of 20%.
- (4) Employees aged 60 with 15 years of insured coverage opting for early claim face a reduction of 4% per advanced year, up to a maximum reduction of 20%.

## ■ **Base Unit Calculation:**

### **1. Old Scheme:**

The base unit refers to the average monthly wage at the time of retirement approval.

### **2. Old-Age Pension:**

- (1) One month's salary for each year of insured coverage. For coverage exceeding 15 years, two months' salary is granted per additional year, up to a maximum of 45 months.
- (2) For employees continuing to work past the age of 60, coverage after age 60 is capped at five years and combined with pre-60 coverage, with a total maximum of 45 months.

## ■ **Payment Timing:**

The company must pay retirement benefits within 30 days after the employee's retirement application is approved. If a lump-sum payment is not feasible, it may be paid in installments upon approval by the regulatory authority.

## ■ **Other Provisions:**

Employees must submit a retirement application form, which, upon approval, facilitates the process. For mandatory retirement, the respective unit submits a report for approval, and the retiring employee is notified to proceed with formalities. The right to claim retirement benefits lapses five years after the month following retirement.



### ■ Retirement Fund Contributions (New Scheme):

The company contributes 6% of the employee's monthly salary to their individual retirement fund account managed by the Bureau of Labor Insurance.

- The company's contribution rate must not be lower than 6%.
- Employees may voluntarily contribute up to 6%.

### ■ Recent Retirement Statistics:

The number of retirements over the past three years is as follows:

- 2021: 1 employee
- 2022: 1 employee
- 2023: 4 employees

## 7.4.3 Leave Without Pay

The company complies with government regulations, allowing all eligible employees, regardless of gender, to apply for leave without pay. Over the past two years, 7 employees returned to work in 2022, and 6 employees returned in 2023. The application and return-to-work rates are summarized as follows:

Category	2022			2023		
	Female	Male	Total	Female	Male	Total
<b>Eligible for Parental Leave Without Pay (A)</b>	11	21	32	13	28	41
<b>Actual Applicants (B)</b>	7	6	13	3	1	4
<b>Application Rate (B/A) (%)</b>	63.6%	28.6%	40.6%	23.1%	3.6%	12.9%
<b>Awaiting Return-to-Work (C)</b>	6	2	8	5	4	9
<b>Actual Return-to-Work (D)</b>	5	2	7	2	4	6
<b>Return-to-Work Rate (D/C) (%)</b>	83.3%	100%	87.5%	40%	100%	66.7%
<b>Previous Year Return-to-Work (E)</b>	0	0	0	5	2	7
<b>Retained for One Year After Return (F)</b>	0	0	0	5	0	5
<b>Retention Rate (F/E) (%)</b>	0%	0%	0%	100%	0%	71.4%

Notes: 1. According to Article 16 of the Act of Gender Equality in Employment, employees may apply for parental leave without pay for each child before the child reaches the age of three.  
 2. 2022 eligible employees for parental leave without pay: Employees eligible between 2019–2022.  
 3. 2023 eligible employees for parental leave without pay: Employees eligible between 2020–2023.

## 7.5 Respect for Human Rights

### Material Issue: Protecting Human Rights and Diversity Inclusion

Management Approach	Policy	Comply with labor regulations, protect labor rights and prohibit discrimination, establish fair and diverse inclusive systems.
	Objectives and Targets	Create a challenging, sustainable learning environment that is enjoyable to work in, and establish a diverse, equal management culture that protects human rights.
	Commitment	Implement due diligence and early warning communication methods to build a harmonious work environment that ensures gender equality, respects diversity and protects human rights, with 100% compliance with relevant labor regulations.
	Management Measures	<ol style="list-style-type: none"> <li>(1) Establish labor rights protection codes and regularly assess labor risks. Fukuta references international labor conventions, RBA (Responsible Business Alliance) code of conduct, and complies with Taiwan's labor-related laws to formulate provisions covering working hours, wages, humane treatment, non-discrimination, anti-workplace bullying, and freedom of association for labor rights protection management.</li> <li>(2) Prevent involuntary labor.</li> <li>(3) Sexual harassment prevention, workplace maternity protection, and prevention methods for illegal infringement when performing duties.</li> <li>(4) The "Recruitment and Employment Management Regulations" clearly stipulate standards prohibiting child labor and protecting young workers from night work.</li> <li>(5) Respect a diverse cultural and religious work environment, ensuring all employees enjoy equal treatment at work regardless of their religious beliefs, specifically establishing "Religious Belief Management Regulations" to guarantee their labor rights.</li> </ol>

#### ■ The Management Department regularly assesses the risk of forced labor:

If any violations are found, the information will be disclosed to the relevant department heads, accompanied by a warning, to ensure that such incidents do not recur.

Item	Prohibition of Forced Labor	Prohibition of Child Labor and Protection of Youth Workers
Risk Assessment	Internal control of working hours	Verify age during interviews via ID checks
Goal	No coercion or forced labor	Policy: Prohibit child labor; safeguard youth workers
Control Measures	Working hours tracking, continuous attendance monitoring, grievance channels	Control of working hours, prohibit continuous or night shifts, grievance channels

Item	Elimination of Discrimination	Safety and Health
<b>Risk Assessment</b>	Comply with Taiwan's labor laws and disclose anti-discrimination principles in interviews, training, salary, and promotion policies	Identify hazards and conduct risk assessments for high-risk jobs, ensure occupational disease prevention
<b>Goal</b>	Prohibit irrelevant questions during interviews and verbal discrimination among colleagues	Build a health and safety culture, create a friendly workplace environment
<b>Control Measures</b>	Regular review of legal and internal management compliance	Enforce safety and environmental measures, medical services, employee training
Item	Work-Life Balance	
Risk Assessment	Promote interpersonal interactions through recreational activities	
Goal	Increase participation rates	
Control Measures	Enhance factory committee promotions and issue questionnaires for feedback	

The Management Department, the dedicated human rights unit, is responsible for educating employees on labor rights and corporate social responsibility policies. New employees are required to complete training on labor rights and undergo effectiveness assessments for compliance.

- (1) Training: On the first day of onboarding, a 30-minute session is arranged to introduce the company's Corporate Social Responsibility and labor rights policies. This includes videos, presentations, and explanations by personnel, aiming to deepen employees' understanding of human rights regulations, their rights, and grievance mechanisms.
- (2) Assessment: To ensure employees fully grasp the training content, a written test is conducted post-training. Employees must meet the passing standard to qualify. Those scoring below the standard are scheduled for additional training sessions to ensure thorough understanding of labor rights and associated benefits.
- (3) Training Pass Rate: (Exam comprises 40 questions; passing score is 80.)
  - In 2022, 283 new employees (Taiwanese nationals) received training, achieving a 100% pass rate.
  - In 2023, 346 new employees (Taiwanese nationals) received training, also achieving a 100% pass rate.

### The company aims for all employees to fully understand labor rights.

Year	Number of Trainees	Pass Rate
2022	283	100%
<b>2023</b>	346	100%

## Implementation of Human Rights Indicators in the Past Two Years

	2022	2023
No Discrimination Cases	✓	✓
No Restriction on the Freedom of Association	✓	✓
No Cases of Child Labor	✓	✓
No Incidents of Forced or Compulsory Labor	✓	✓

## 7.6 Caring and Communication - Human Rights Protection

The company provides various communication channels to facilitate labor-management dialogue and co-ordination, gaining deeper insights into employees' satisfaction with management and welfare systems while maintaining harmonious labor-management relations. Since its establishment, the company has experienced no labor disputes resulting in losses, and the likelihood of such losses occurring in the future is expected to remain minimal.

Through regular labor-management meetings, employee representatives can reflect on colleagues' suggestions and perspectives on specific topics. Discussions during these meetings help build consensus with the company, ensuring smooth communication channels.

Additionally, the company has established a Staff Welfare Committee, an Occupational Safety and Health Committee, and a Labor Pension Reserve Supervision Committee, all of which operate officially after receiving approval from regulatory authorities. Labor-management meetings are held quarterly, and the Staff Welfare and Occupational Safety Committees convene regularly. Each organization addresses specific issues, promoting harmony and mutual benefits between labor and management.

The company adopts a comprehensive, diverse, bidirectional, and open feedback mechanism to enhance employee communication and feedback, ensuring employees' voices are effectively addressed and responded to. Through fair, confidential, and prompt processes, employee concerns are resolved, fostering strong labor-management relationships.

### ■ Diverse Labor-Management Communication Channels

The company respects employees' legally granted rights to freedom of assembly and association. It neither opposes, obstructs, nor interferes with employees' assembly and association activities. In addition to labor-management meetings, the company has established an Occupational Safety and Health Committee and a Staff Welfare Committee per legal requirements.

**In 2023, the representation for labor and management in these committees was as follows:**

Communication Organization	2023	
	Labor Representatives	Management Representatives
Labor-Management Meeting	5	5
Occupational Safety and Health Committee	11	19
Staff Welfare Committee	10	1

## ■ Employee Opinions

Workplace Improvement Suggestions

- (1) Install surveillance cameras at emergency exits to reduce blind spots in the factory area and enhance workplace safety.
- (2) Improve the environment and labeling of the waste storage area to enhance safety and hygiene.
- (3) Revise driving route signage and strengthen traffic control measures to improve driving safety within the factory premises.
- (4) Increase boundary noise measurements and actively address noise issues in the factory area.

## ■ Handling of Employee Feedback During Labor-Management Meetings

The company's labor-management meetings consist of five representatives each from labor and management. Labor representatives are elected by all employees, with the top five vote-getters serving as representatives. The process ensures both male and female representation to comprehensively reflect employee opinions. Labor-management meetings aim to facilitate labor-management cooperation, address potential labor issues, and encourage voluntary consultation and collaboration to foster mutual understanding and consensus.

### Key Objectives of Labor-Management Meetings:

- Strengthen communication between labor and management.
- Mitigate conflicts and promote collaborative decision-making.
- Gather collective wisdom and energy for implementing resolutions.

## ■ Topics of Labor-Management Meetings

### 1. Reporting Items:

- (1) Follow-up on resolutions from the previous meeting.
- (2) Updates on employee numbers, personnel changes, turnover rates, etc.
- (3) Updates on the company's production plans, business performance, and market conditions.



- (4) Employee activities, welfare programs, and workplace improvement updates.
- (5) Other reporting items.

## 2. Discussion Items:

- (1) Coordination of labor-management relations and promotion of collaboration.
- (2) Labor conditions.
- (3) Planning of employee welfare programs.
- (4) Selection and dismissal of labor-management meeting representatives.
- (5) Operations of the labor-management meeting.
- (6) Other discussion items.

## 3. Proposals:

Drafting and revising work rules and related matters for inclusion in the meeting agenda.

## ■ Employee Suggestion Box

The company has installed suggestion boxes and electronic mailboxes in discreet locations within the workplace to encourage employees to express suggestions and opinions. Employees are welcome to use these channels in addition to standard management systems. The suggestion box or email may be used to address:

- Anti-discrimination, anti-harassment, and anti-abuse measures; prevention of forced labor.
- Recruitment agency management and protection of migrant workers.
- Prevention of child labor and protection of minor and student workers.
- Working hours, wages, benefits, and employment contracts.
- Freedom of association and collective bargaining.
- Occupational health and safety management, incident management, and emergency preparedness and response.
- Dormitory and canteen management.
- Hazardous waste, wastewater, rainwater, exhaust emissions, and factory boundary noise management.

Employees or potential employees acting in good faith can submit questions, suggestions, complaints, or grievances directly to supervisors or management. Participation in investigations or handling of such matters is protected, with the company guaranteeing no dismissal, blacklisting, discrimination, harassment, intimidation, retaliation, or other employment decisions resulting from such actions.

### Feedback Summary for Recent Years:

Year	2022	2023
<b>Number of Feedback Cases</b>	1	5
<b>Cases Resolved</b>	1	5

## 7.7 Occupational Health and Safety

Material Issue: Occupational Health and Safety

Management Approach	Policy	Achieve zero workplace accidents, prioritize prevention, and foster a healthy and safe working environment.
	Objectives and Targets	Commit to environmental protection and safety management, implement the "Environment, Health, and Safety Management System," comply with occupational safety regulations, focus on hazard prevention, and continuously improve occupational health and safety (OHS) management goals.
	Commitment	Utilize due diligence and proactive communication to understand the needs of managers and employees regarding the work environment, gradually building a high-quality, healthy, and safe workplace.
	Management Measures	(1) Adopt "ISO 45001 Occupational Health and Safety Management System" and "Occupational Safety and Health Act" as the foundation. (2) Comply with OHS regulations and other requirements by establishing hazard identification and graded management to reduce OHS risks. (3) Implement an OHS management system with self-inspections and irregular audits by OHS officers to establish preventive management mechanisms. (4) Provide OHS education and training, emergency response drills, and workplace environment assessments.

The company is committed to providing employees with a safe, healthy, and high-quality workplace while ensuring the safety of contractors and visitors. Based on the "ISO 45001:2018 Occupational Health and Safety Management System" and the "Occupational Safety and Health Act," the company has established the "Occupational Safety and Health Code of Practice." This assists various departments in identifying operational hazards, conducting graded management, and creating safe operational standards to prevent potential incidents.

To enhance occupational health and safety (OHS) performance and reduce OHS risks, the company assesses risks and opportunities, implements necessary improvements or controls, and continuously monitors OHS audits. The company successfully completed the ISO 45001 system upgrade and obtained third-party certification in 2022, as demonstrated by the accompanying certification.

Through the Plan (P), Do (D), Check (C), and Act (A) process, the company remains dedicated to implementing and improving OHS policies and continuously advancing OHS management performance.



## ■ Key Occupational Safety and Health Initiatives:

- Implement the ISO 45001 Occupational Health and Safety Management System to provide a safe and healthy work environment and ensure personal safety protection.
- Comply with OHS-related laws and other requirements by establishing graded hazard identification and reducing OHS risks.
- Promote active participation, consultation, and effective communication channels for safety, health, and well-being.

## ■ Certified Legal Professionals for Occupational Safety and Health

The company has allocated sufficient personnel, and in 2023, the number of certified occupational safety and health professionals is as follows:

Professional Safety and Health Certification Titles	Number of Personnel
<b>Occupational Safety and Health Administrator (Class B Technician)</b>	2
<b>On-site Occupational Health Service Nurse</b>	2
<b>Occupational Safety and Health Supervisor (Class A)</b>	4
<b>Fire Safety Manager</b>	4
<b>First Aid Personnel</b>	16

The number of certified personnel listed above complies with occupational safety and health regulations, and all certifications remain valid through required periodic retraining.

## ■ Occupational Safety and Health System and Autonomous Inspections and Management

The company has established a comprehensive occupational safety and health system, which includes:

- Occupational safety and health management systems and training
- Autonomous inspections of production equipment
- Working environment measurement
- Internal safety and health audits
- Health examinations and medical care
- Emergency response planning and drills
- Occupational incident management
- Legal reporting procedures
- Contractor management and construction audits

The company's autonomous management measures include pre-employment training, on-the-job training, and certification training. It identifies and categorizes potential hazards for grading and control, establishes safe operating standards for machinery and equipment to reduce operational risks, and provides protective measures and personal protective equipment as necessary. Measures also include conducting working environment measurements, organizing emergency response and evacuation drills, providing regular health checks with proactive care by levels of concern, and ensuring timely medical care and occupational hazard management in the event of incidents.

### Infrastructure and Facilities:

The company follows various regulations, international standards, and internal guidelines to plan, design, and construct facilities. The auditing and safety and health departments oversee safety and health management, audits, and improvements to enhance efficiency and effectiveness.

### Operational Safety and Health Management:

This includes controls over high-risk operations, contractor entry and construction safety management, chemical safety management, and statistical analysis of occupational incidents. Proper arrangements are also made for working environment measurements, emergency disaster responses, and regular fire drills to minimize damage and impact on company property, personnel, society, and the environment in the event of a disaster.

## ■ Occupational Safety and Health Education and Training

To ensure that new employees familiarize themselves with the company's relevant operations as soon as they join, occupational safety and health education training is conducted during onboarding. An annual training plan is developed and executed to promote safety awareness and operational knowledge. The training courses are evaluated based on their content. The participation details for training sessions, including class counts, attendees, and total training hours, are as follows:



Training Category	Annual Hours	2022			
		Classes	Attendees	Classes	Attendees
General Safety Education for New Employees		12	257	3	771
<b>Occupational Safety Education for Existing Employees</b>		8	398	13	5174
<b>Internal Occupational Safety Auditor Training</b>		2	25	6	150
<b>Emergency Response Training</b>		2	508	4	2032
Total		24	1188	26	8127
Average Hours per Person		16.0			

Training Category	Annual Hours	2023			
		Classes	Attendees	Classes	Attendees
<b>General Safety Education for New Employees</b>		35	273	3	819
<b>Occupational Safety Education for Existing Employees</b>		12	442	15	6630
<b>Internal Occupational Safety Auditor Training</b>		6	65	15	975
<b>Emergency Response Training</b>		2	641	4	2564
Total		55	1421	37	10988
Average Hours per Person		17.1			

Note: Average hours per person = Total hours / Total number of employees at year-end.

## ■ Work Environment Measurements

To ensure the safety of the work environment within the facilities, semi-annual work environment measurements are conducted to monitor actual exposure to hazards. This process includes tracking dust, noise, carbon dioxide, and organic solvents. If any abnormal results are identified, engineering controls and administrative improvements are implemented for the affected areas.

Eight sessions of Work Environment Measurements were performed in 2022 as well as in 2023, all of which complied with regulations.

Year	Work Environment Measurements	Completion Rate
2022	8	100%
<b>2023</b>	8	100%

## ■ Emergency Response and Drills

Employees are a vital asset to the company. To minimize the impact of disasters, each facility has established self-defense firefighting teams that organize periodic regional evacuation and disaster response drills for scenarios such as fires and chemical spills. Local fire departments are invited to provide on-site guidance and evaluate the effectiveness of emergency responses. Shortcomings are reviewed comprehensively to improve participation and implementation, reducing potential impacts on employees and the company.

Emergency Response Center Equipment

### Response Information:

- Facility layout maps
- Evacuation and escape route diagrams
- Emergency response management procedures

### Firefighting and Life Safety Monitoring:

- Firefighting systems
- Gas monitoring systems
- Emergency smoke exhaust systems
- Public announcement systems

**Response Equipment:**

- Protective clothing
- Personal protective equipment (PPE)
- Respiratory protection equipment
- Spill containment equipment
- Warning devices

**First Aid Equipment:**

- AEDs (Automated External Defibrillators)
- Emergency eyewash stations
- First aid kits

To prepare for scenarios where the emergency response center may be affected by disasters, each facility is equipped with simpler, readily accessible response equipment at strategic locations to ensure continuous operation when needed.

Disaster Prevention and  
Evacuation Drills



Evacuation Drills



Fire Extinguisher Training



Protective Equipment Training



Emergency Rescue Equipment Drills



Safety Data Sheet (SDS) Review





## ■ Occupational Hazard Management

Overview:

The company places great emphasis on investigating the causes of each occupational accident to ensure effective management. A formal procedure for "Incident (including near-miss) Reporting and Investigation" is in place. Upon any incident occurrence, the respective unit must report and address the case as per protocol. The Environmental Safety Section, along with labor representatives and supervisors, conducts a thorough investigation to identify the root causes, assess legal compliance, and evaluate the correlation between the incident and work activities. Corrective and preventive measures are implemented, and their effectiveness is re-evaluated in case of recurrence.

Preventative Measures:

The Environmental Safety Section collaborates with various departments through:

- Operational observations
- Educational training
- Workplace inspections
- Internal and external audits

These initiatives aim to minimize operational hazards and environmental risks while enhancing overall safety awareness among employees. Beyond the workplace, the company prioritizes commuting safety by disseminating defensive driving and traffic safety messages through periodic meetings, bulletin boards, and electronic displays, reducing the likelihood of traffic accidents.

2023 Incident Summary:

- One major occupational accident occurred due to personal oversight and an unsafe working environment.
- The company revised and reinforced its safety procedures for processing operations and improved unsafe environmental conditions.

### 2023 Occupational Injury Reports = 1; FR = 21.42, SR = 199, FSI = 2.1.

Occupational Incident Rate/Index	2022	2023	<p>Notes: The above statistics exclude traffic-related accidents. Formulas Used:</p> <ul style="list-style-type: none"> <li>• Frequency Rate (FR): <math>(\text{Total Disability Injuries} / \text{Work Hours}) \times 1,000,000</math></li> <li>• Severity Rate (SR): <math>(\text{Total Lost Days of Disability Injuries Excluding Deaths} / \text{Work Hours}) \times 1,000,000</math></li> <li>• Combined Injury Index (FSI): <math>\sqrt{(\text{FR} \times \text{SR} / 1000)}</math></li> <li>• Fatality Rate: <math>(\text{Fatalities} / \text{Work Hours}) \times 1,000,000</math></li> </ul>
<b>Reported Incidents</b>	0	1	
<b>Frequency Rate (FR)</b>	0	21.42	
<b>Severity Rate (SR)</b>	0	199	
<b>Combined Injury Index (FSI)</b>	0	2.1	
<b>Fatality Rate</b>	0	0	

Internal Safety and Health Audits

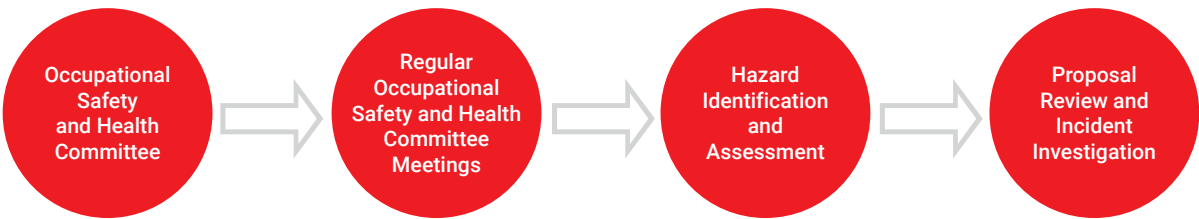
To ensure personnel perform internal inspections of machinery, equipment, and safety and health matters, eliminating potential occupational hazards, the Environmental Safety Section conducts audits focusing on five key areas: chemicals, machinery and equipment, workplace environment, fire safety equipment, and waste disposal.

In 2022, audits were conducted on 15 site departments, identifying 5 deficiencies, all categorized as administrative management (100%). Guidance and tracking for improvements were provided, achieving a completion rate of 100%.

In 2023, audits were conducted on 16 site departments, identifying 31 deficiencies. The top three categories were other issues (56%), machinery and workplace environment (28%), and chemicals (9%). Other issues included deficiencies such as improper use of protective gear and incomplete form signing. Guidance and tracking for improvements were provided, achieving a completion rate of 100%.

Year	Departments Audited	Total Deficiencies	Chemicals	Machinery/ Workplace Environment	Fire Safety Equipment	Other Issues
2022	15	5	-	-	-	5
2023	16	31	3	9	1	18

Internal Participation and Consultation Channels



Occupational Safety and Health Committee

The company has established an Occupational Safety and Health Committee, with worker representatives elected in accordance with regulations to provide a formal communication channel for managers and employees to discuss environmental safety and health issues face-to-face. Quarterly meetings are held to deliberate on matters related to environmental safety and health, with timely reviews and adjustments to execution measures. In 2023, a total of 30 labor and management committee members participated in the committee's regular meetings.

## ■ Hazard Identification, Opportunities, and Risk Assessment

Hazard identification teams are formed among departments to assess potential routine and non-routine hazard events related to operations, areas, equipment, and both physical and mental aspects of personnel. Supervisors and safety personnel conduct risk assessments, serving as the basis for risk control, incident prevention, and continuous improvement under the occupational safety and health system.

In 2023, 17 departments participated, identifying a total of 1,083 hazard factors and completing the formulation of corresponding control measures.

## 7.8 Health Promotion

### ■ Workplace Health Promotion

Work Focus Areas:

- Health Care and Medical Support
- Ergonomic Hazard Assessment and Management
- Abnormal Workload Prevention
- Prevention of Workplace Unlawful Harassment
- Maternal Health Protection and Management

The company actively promotes workplace health. In addition to meeting regulatory requirements for labor safety and health care, the company has dedicated efforts and resources to aspects of health awareness, health activities, healthy eating, and health management. Every employee's health is genuinely cared for. Details of health promotion measures are outlined below:

Health Awareness	Health Activities
(1) Public education and announcements on epidemic prevention (2) Promotion of epidemic prevention awareness (3) Smoking cessation seminars	(1) Daily morning health exercises for employees to stretch (2) Hepatitis screening (3) Arranging vaccination programs (4) Providing free masks for employees
Healthy Eating	Health Management and Promotion
(1) Encouraging the use of reusable tableware (2) Providing healthy meal options	(1) Annual health examinations with classification and tracking of high-risk groups (2) Prevention and improvement of ergonomic hazards (3) Stress management and coping mechanisms

## ■ Health Care and Medical Support

### Health Examinations:

Exceeding regulatory requirements, the company provides free annual health examinations for employees, including special health examinations for those in jobs with specific health hazards. The results of the health examinations are statistically analyzed to identify potential pathogenic factors. Based on health risk management, employees are classified and high-risk groups are tracked. Workplace health promotion and occupational disease prevention measures are implemented, providing comprehensive medical and health services for employees.

### Health Examination Categories and Participation in Recent Two Years:

Item	2022		2023	
	Examination Item	Number of Participants	Examination Item	Number of Participants
<b>General Health Examination</b>	In accordance with Labor Health Protection Regulations	433	In accordance with Labor Health Protection Regulations	434
<b>Special Health Examination (Noise)</b>		37		40

Through on-site physician services, the company proactively arranges consultations for employees with abnormal health examination results, maternity groups, those with abnormal workloads, and occupational injury cases. For those classified under secondary management or higher, physicians conduct comprehensive evaluations of their health conditions and job nature, offering recommendations for appropriate job arrangements.

Participation in Health Consultation Services in Recent Two Years:

Item	2022	2023
	Health Consultation Services	Health Consultation Services
<b>Participants (Sessions)</b>	<b>605</b>	<b>720</b>

## ■ Health Risk Management (Grades 1-4)

Employees listed under Grade 3 were scheduled for occupational medicine consultations for reassessment. Following reclassification, one individual was determined to have no connection to occupational work and was downgraded to Grade 2. However, three individuals were upgraded to Grade 4, with continued improvements implemented and the hearing protection plan executed. Focus on Statutory Infectious Diseases.

<b>Grade 1 : 298</b>	Health examination results are entirely normal, and physicians confirm no abnormalities.
<b>Grade 2 : 133</b>	Health examination results are abnormal, and evaluations show no connection to occupational work. Under health guidance, appropriate follow-ups or treatments are conducted.
<b>Grade 3 : 0</b>	Health examination results show abnormalities. Initial evaluations suggest a possible connection to occupational work. Employees are referred to occupational medicine clinics for further assessments and reclassification.
<b>Grade 4 : 3</b>	Health examination results show abnormalities. Physicians comprehensively evaluate and confirm the connection to occupational work. Occupational disease evaluations and treatments are arranged as required.

## ■ Awareness of Notifiable diseases

Seasonal flu (e.g., H1N1, H3N2, Type A or B) continues to pose a significant risk of widespread outbreaks annually. The company recognizes the profound societal, economic, and health impacts of statutory infectious diseases. Over the past three years, the outbreak and spread of severe acute respiratory syndromes worldwide have posed serious public health threats while disrupting supply chains and market stability.

### 1. Response Measures and Challenges

During outbreaks, the company swiftly adapted its operational strategies to ensure employee and client safety. Measures included implementing remote work policies, providing health information and support, and developing emergency response plans to address unforeseen challenges. However, challenges such as supply chain disruptions and declining market demand required flexibility and innovation. These challenges underscored the need for sustainable strategies to maintain business stability and societal safety.

### 2. Sustainability Strategies

The company promoted remote work to protect employee health while enhancing business agility and resilience. By leveraging various online meeting platforms and tools, the company ensured seamless collaboration within remote teams and continued operations. These efforts not only addressed the current pandemic's challenges but also laid a foundation for stronger preparedness and adaptability for potential future emergencies.

### 3. Future Outlook

The company will continue monitoring trends in statutory infectious diseases and global prevention measures. Efforts will focus on enhancing sustainability and resilience in business operations.



▲ Public Area Disinfection



▲ Rodent Control and Baiting



▲ Vector Mosquito Prevention

Through scientific methodologies and a collaborative spirit, the company aims to contribute positively to the stability of global society and economy, addressing these challenges effectively.

## ■ Ergonomic Hazard Assessment and Management

For equipment hardware design and handling operations in production areas, the company ensures safety from the source by providing ergonomic safety education and training to plant personnel, establishing correct safety awareness. It also carries out ergonomic assessments and improvement projects, such as evaluating and improving maintenance and repair operations for machinery. This includes providing hoists, lift carts, and jigs for replacing components.

The company reviews fully automated and semi-automated auxiliary equipment to reduce work-related hazards. In terms of task scheduling, an MES (Manufacturing Execution System) board is implemented to assign work tasks, ensuring rotation arrangements for personnel performing relatively strenuous tasks.

To prevent musculoskeletal disorders triggered by repetitive operations, occupational health services personnel conduct annual assessments as part of the health check-up program. This includes surveys evaluating pain in various body parts and its impact on work. High-risk groups are identified, and case management measures are implemented, while plant nurses and the Environmental Safety Department are notified to conduct ergonomic risk assessments and develop improvement plans.

### Installation of Labor-Saving Arm Devices in the Workplace





## ■ As of the end of 2023, the company reported no statutory occupational diseases.

### Maternity Health Protection and Management

In line with the "Gender Equality in Employment Act," the company provides seven days of prenatal examination leave, eight weeks of maternity leave, and seven days of paternity leave for spouses. To support infant care, both male and female employees can apply for unpaid parental leave. Additionally, the company has established lactation rooms within its premises to facilitate breastfeeding and milk expression for female employees returning to work after childbirth. These rooms are equipped with refrigerators for milk storage, allowing mothers to take the expressed milk home for their children.

To prevent female employees from being exposed to workplace hazards that may affect maternity health, the company has implemented a "Maternity Health Protection Guidelines for Workplaces." This document outlines qualitative and quantitative risk assessments for tasks potentially harmful to maternity health, while taking individual differences into account. After comprehensive evaluations by contracted occupational medical specialists, tiered management and on-site improvements are conducted to ensure the health of female employees.

In addition to arranging physician evaluations, the company provides designated parking spaces for pregnant women and lactation rooms, enhancing workplace friendliness and promoting the overall health and well-being of female employees. Breastfeeding Room, Breast Milk Storage Refrigerator, Interior of the Breastfeeding Room.



▲ Breastfeeding room



▲ Breast milk storage refrigerator



▲ Breastfeeding room space





# 08

## **Social Co-Prosperity**

**8.1 Policy and Management System**

**8.2 Participation in External Organizations**

**8.3 Social Welfare Activities**

## 8 Social Co-Prosperity

The company's direction for social co-prosperity primarily encompasses four major aspects: industry-academia collaboration, vocational training and matching, social welfare, and caring for disadvantaged groups. In the future, we will actively promote care for the underprivileged in a more direct way and earnestly fulfill our corporate citizenship responsibilities.

### 8.1 Policy and Management System

The company, committed to social responsibility, advances various social responsibility activities in accordance with the "Responsible Business Alliance (RBA) Code of Conduct." The "ESG Sustainability Committee" has been established to present the results of sustainable operations and social responsibility initiatives in the form of performance data in the ESG sustainability report.

#### ■ Corporate Social Responsibility Policy

The company's overall ESG-Social Responsibility Policy focuses on six key dimensions: "Environmental Protection, Friendly Workplace, Employee Care, Social Co-Prosperity, Integrity in Business, and Total Participation."

##### ( 1 ) Environmental Protection

The company is dedicated to fulfilling its social responsibility by implementing the concept of sustainable development for both the corporation and the environment. Measures to reduce the environmental impact and enhance the corporate environmental image are promoted to ensure sustainable corporate and environmental development.

##### A. Energy Management

- Energy efficiency, renewable energy, energy-saving equipment.

##### B. Waste Management

- Waste reduction, sorting and recycling, resource recovery.

##### C. Pollution Control

- Water, air, and soil pollution control.

##### D. Resource Conservation

- Water resource management, raw material savings, energy conservation, and carbon reduction.

##### E. Environmental Awareness

- Employee training and educational campaigns.



## **F. Greening and Biodiversity**

- Plant greening and biodiversity protection.

## **G. Green Supply Chain**

- Eco-friendly procurement and supply chain management.

## **H. Product Design**

- Green design and sustainable packaging.

## **I. Social Engagement**

- Environmental charity and compliance with environmental regulations.

## **( 2 ) Friendly Workplace**

The company values employee rights and benefits, sharing profits with employees to create a friendly workplace environment. It ensures employees' physical and mental health, professional development, and a quality working environment. Efforts include hiring differently-abled employees, enhancing employee training, and providing customized work environments and facilities. The company follows gender equality principles to create a secure environment for all genders, ensuring employee success reflects the company's achievements.

### **A. Health, Safety, and Psychological Support**

- Safety measures, health and psychological programs, stress management.

### **B. Employee Welfare**

- Convenient transportation, employee benefits.

### **C. Career Development**

- Training, performance evaluation, promotion opportunities.

### **D. Workplace Environment**

- Comfortable workspaces, social areas, green spaces.

### **E. Culture and Values**

- Diversity, inclusion, open communication, and shared values.

### **F. Social Responsibility**

- Volunteering and environmental measures.

## **( 3 ) Employee Care**

To enhance labor rights, the company complies with legal requirements and has established internal regulations such as work rules, sexual harassment prevention, and grievance procedures. Mechanisms to protect employees' rights include opinion mailboxes at each plant and whistleblower protection measures to ensure employees are not unfairly treated, fostering harmonious labor relations.

#### ( 4 ) Social Co-Prosperity

A corporate foundation has been established to implement corporate social responsibility. The company facilitates internal and external communication, organizes regular training programs to build consensus among employees, adheres to corporate social responsibility standards, and encourages employees to actively participate in external organizational activities.

#### ( 5 ) Integrity in Business

Committed to integrity in business, the company ensures transparency in its governance mechanisms and structures to fulfill its corporate citizenship responsibilities. Policies such as "Anti-Corruption and Anti-Bribery," "Fair Trade," and "Integrity Business Operational Procedures and Code of Conduct" have been implemented to reinforce integrity and establish a sound governance framework.

#### ( 6 ) Total Participation

Employees are encouraged to engage in various safety supervision, management, and communication activities. The company organizes periodic regional evacuation and disaster drills for scenarios such as fires and chemical spills to minimize the impact of disasters.

## 8.2 Participation in External Organizations

To effectively leverage industrial power and stay updated on industry developments, the company has joined domestic industry associations. As a member, we actively participate in forums and seminars organized by the associations, fostering close interaction and collaboration with the industry to jointly create a blueprint for industrial co-prosperity.

### Organizations Participated in and Roles Held:

External Organization Name	Role
Greater Taichung Police (Fengzhou Police Friends Station)	Member
Allied Association for Science Park Industries	Member
Taiwan Motor Industry Association	Member
Taiwan Refrigeration and Air Conditioning Engineering Industry Association	Member
Taiwan Ventilation Equipment Association	Member
National Association of Small and Medium Enterprises	Member
Taiwan Electrical and Electronic Manufacturers' Association	Member
Taichung General Chamber of Industries	Member
Police Friends Association - Northern District	Member



### Specific Actions in Domestic Industry Associations

- Attending regularly scheduled industrial forums and seminars.
- Actively participating in the formulation and revision of industry standards.
- Assisting in promoting best practices and establishing communication platforms within the industry.

### Collaboration and Communication with Government Agencies

- Participating in industry policy forums and public seminars organized by the government.
- Submitting suggestions and feedback to facilitate a favorable regulatory environment.
- Assisting the government in understanding the specific challenges enterprises face when implementing new policies or laws.

### Other Contributions to Social Responsibility and Sustainable Development

- Participating in community service and environmental protection projects.
- Supporting education and training programs to enhance technical and professional capabilities within the industry.
- Promoting diversity and inclusion initiatives to encourage fairness and equality in the workplace

## 8.3 Social Welfare Activities

### ■ ESG Directions and Promotion Measures for Social Welfare Activities

#### 1. Industry-Academia Collaboration

To enhance students' practical skills, the Company not only donates equipment but also provides scholarships for hands-on projects. Regular sessions with company lecturers are held on campuses to strengthen industry-academia interaction and connectivity.

#### 2. Vocational Training and Matching

The Company collaborates with the Taichung-Changhua-Nantou Branch of the Workforce Development Agency to provide vocational training courses targeting unemployed workers, youth, and in-service employees. Trainees are matched with job opportunities upon course completion.

## ■ Social Welfare Activities

### 1. Cultivating Future Leadership Talent – Industry-Academia Collaboration

The Company is committed to sustainable talent development through collaborations with renowned institutions such as National Cheng Kung University, National United University, National Kaohsiung University of Science and Technology, National Chin-Yi University of Technology, Providence University, Minth University of Science and Technology, and Taichung Industrial High School.

- Occasional exchange and recruitment events offer students internships, professional mentorship, and career advice, enabling them to learn through practice, enhance their skills, and improve their competitiveness.
- Lectures and workshops are organized where senior executives and industry experts share insights into industry trends and career experiences, helping students better understand industry dynamics and plan their careers.
- These efforts contribute to individual growth and foster a pool of outstanding talents for society, promoting industry-academia collaboration to create more value for the future.

### Vocational Training and Matching Data for the Past Two Years

Year	Vocational Training and Matching
2022	<b>Ministry of Education:</b> <ol style="list-style-type: none"> <li>1. National United University – Industry-Academia Collaboration Program (6 participants)</li> <li>2. Minth University of Science and Technology – Smart Vehicles and Energy Collaboration Program (4 participants)</li> </ol>
2023	<b>Ministry of Labor, Workforce Development Agency Taichung-Changhua-Nantou Branch:</b> <ol style="list-style-type: none"> <li>1. Stable Employment Program (28 participants)</li> </ol> <b>Ministry of Education:</b> <ol style="list-style-type: none"> <li>1. Vocational High School Industry-Academia Partnership Program – Taichung Industrial High School (3 participants)</li> <li>2. National United University – Electrical Industry-Academia Collaboration Program (4 participants)</li> <li>3. Providence University – Spanish Language Industry-Academia Collaboration Program (3 participants)</li> </ol>

### 2. Continuing Donations to Public Welfare Activities

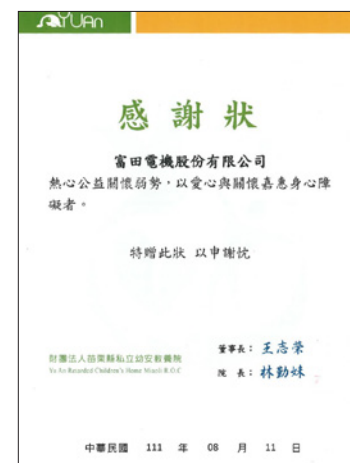
Guided by the philosophy of “taking from society, giving back to society,” the Company actively fulfills its social responsibilities through a variety of donation activities, supporting diverse fields and public welfare endeavors. Donations for 2022–2023 Totaled NT\$566,600, including contributions to:

<b>Temples</b>	Supporting local culture and traditions, promoting community harmony and cultural preservation.
<b>Care Homes</b>	Assisting children and the elderly in need, improving their quality of life and welfare.
<b>Police Friends Associations</b>	Supporting police officers and their families, acknowledging their contributions to social security.
<b>Chinese Institute of Engineers</b>	Promoting engineering and technical development, supporting the cultivation of professional talents.
<b>Neighborhood Watch Programs</b>	Enhancing community safety and cohesion, encouraging mutual assistance among neighbors.
<b>Underprivileged Groups</b>	Aiding socially disadvantaged individuals to improve their living conditions.

These activities showcase the Company's care for various social groups and reinforce its sense of social responsibility across multiple sectors.

We believe that through continuous donations and support, we can make meaningful contributions to the harmonious development and progress of society.

In the future, we will continue to explore more donation opportunities, expand the scope of public welfare, and encourage greater employee participation, working together to bring more positive impacts to society.



### 3. Supporting Taiwanese Farmers Through Practical Actions

In recent years, mainland China has abruptly ceased importing Taiwanese agricultural and fishery products such as pineapples, sugar apples, and groupers, citing technical trade barriers like pest infestations and excessive pesticide residues. This measure has significantly impacted Taiwanese farmers and fishery workers.

Our company has actively responded to this societal challenge by taking concrete actions to support Taiwanese farmers. We have made large-scale purchases of Taiwanese sugar apples, not only helping farmers alleviate sales pressure but also demonstrating our commitment to supporting local agriculture.

Through these efforts, we have not only stabilized farmers' incomes but also increased awareness among our employees and consumers of Taiwan's high-quality agricultural products. We will continue exploring ways to support local agriculture and promote Taiwanese agricultural products in both domestic and international markets.

#### 4. Blood Donation Drives

To give back to society and support public health, our company regularly organizes blood donation drives aimed at providing urgently needed blood resources to patients. These events, held quarterly, attract significant employee participation, showcasing a strong sense of social responsibility and team spirit within the organization.

Each event is conducted in collaboration with local blood centers, ensuring that the donated blood reaches patients swiftly and safely.

These blood donation drives not only raise employees' awareness of social responsibility but also effectively support local medical institutions, generating positive societal impact.

We will continue promoting such charitable activities and encourage more employees to participate, contributing to societal health and well-being.



▲ Fukuta Makes Large-Scale Purchase of Taiwan Sugar Apples, Supporting Local Agriculture



▲ Blood donation vehicle at the company entrance



▲ Certificate of appreciation for the blood donation activity



A photograph of a modern building's interior, featuring large glass windows and white columns. The image is partially obscured by a red geometric shape in the top left corner and a white dotted pattern in the bottom right corner.

# 09

## Appendix

9.1 Appendix 1: ESG Performance (ESG PERFORMANCE for TCFD)

9.2 Appendix 2: Correlation Table of GRI Standards (2021) and the 2023 ESG Sustainability Report Sections

9.3 SASB Index: Electrical and Electronic Equipment Industry

## ■ Appendix 1 : ESG Performance ( ESG PERFORMANCE for TCFD )

Category	Sustainability Indicators	Unit	2021	2022	2023
Corporate Governance	Violations of integrity principles by managers or employees	Cases	0	0	0
	Integrity and intellectual property agreements signed and returned (100% completion rate)	%	100	100	100
	Completion rate of employee annual training on occupational ethics and integrity management codes	%	100	100	100
Risk Management	Annual completion rate of hazard risk assessments across all departments	%	100	100	100
Customer Satisfaction	Customer satisfaction ≥90%	%	86	91	91
	Customer complaints about privacy or order information leakage	Cases	0	0	0
Innovative Products & Services	Patents approved during the year ≥2	Cases	3	0	5
	R&D expenses as a percentage of revenue (4–8%)	%	5.12	5.52	4.47
	Certified under ISO 9001/IATF 16949 quality management systems	Cases	Certified	Certified	Certified
	Average yield rate of key products >95%	%	99.2	99.4	99.3
Regulatory Compliance	Major violations of corporate governance regulations	Cases	0	0	0
	Violations of customer privacy or information security regulations	Cases	0	0	0
	Violations of product or fair trade regulations	Cases	0	0	0
	Violations of product labeling or patent laws	Cases	0	0	0
	Violations of air pollution regulations	Cases	0	0	0
	Violations of wastewater discharge compliance	Cases	0	0	0
	Violations of waste management environmental regulations	Cases	0	0	0
	Violations of labor and occupational safety regulations	Cases	0	2	2



Category Sustainability Indicators		Unit	2021	2022	2023
Sustainable Supply Chain Management	Ratio of suppliers signing social responsibility commitments >45%	%	43.8	45.6	49.5
	Annual completion rate of supplier evaluations	%	100	100	100
	Completion rate of supplier performance evaluations	%	100	100	100
	Supplier environmental and social responsibility survey rate >85%	%	85	87	90
	Investigation rate of conflict minerals and REACH SVHC restricted substances >89%	%	89.5	90.0	90.1
Energy Conservation & Carbon Reduction	Annual electricity savings ≥ 200,000 kWh per year	Ten-thousand kWh per year	18.5	20.0	20.13
	Annual greenhouse gas reductions ≥ 50 tons CO <sub>2</sub>	Tons CO <sub>2</sub> /year	85.36	90.56	99.67
	Resilience to climate disasters (production interruptions caused by disasters)	Days	0	0	0
Waste Management	Waste recycling rate reaches 70%	%	60.45	65.32	70.46
	Proper disposal of waste (100% handled by certified contractors)	%	100	100	100
Labor Relations	Total turnover rate ≤33%	%	33.2	33.0	32.7
	Retention rate of new Taiwanese hires (after three months) ≥70%	%	70.2	70.8	71.6
	Regular labor-management meetings held (100% execution rate)	%	100	100	100
	New hire training pass rate	%	100	100	100
	Average training hours per year ≥20H	Hours	17	20	25
Human Rights	Employee occupational ethics training completion rate	%	100	100	100
	Workplace bullying incidents ≤2	Cases	1	0	1
	Employee grievances/penalties/compensation cases ≤1	Cases	1	1	1

Category Sustainability Indicators		Unit	2021	2022	2023
Occupational Safety & Health	Certified under ISO 45001 occupational safety systems	Certified	Certified	Certified	Certified
	New hires participating in occupational safety training 100%	%	100	100	100
	Participation rate in health checkups ≥90%	%	91	90	91
	100% completion rate for workplace hazard identification and risk assessment	%	100	100	100
	Major occupational accidents ≤1/year	Cases/year	1	0	1
	Cases of occupational diseases caused by chemical exposure	Cases/year	0	0	0
	Disability injury frequency rate ≤3	Million hours/year	--	--	21.42
	Disability injury severity rate ≤50	Million hours/year	--	--	199

Statement of Use:

Fukuta Electric & Machinery Co., Ltd. has prepared this report in accordance with the GRI Standards for the reporting period from January 1, 2023, to December 31, 2023.

GRI 1 Used: Foundation 2021

Applicable GRI Sector Standards: None

## ■ Appendix 2 : Correlation Table of GRI Standards (2021) and the 2023 ESG Sustainability Report Sections

GRI Indicators		2023 ESG Corresponding Sections	Page Number	Notes
General Disclosures (2-1~2-30)				
Organizational and Reporting Practices	2-1 Organizational Details	2.1 Company Overview	2-3	
	2-2 Entities Included in the Organization's Sustainability Reporting	<ul style="list-style-type: none"> <li>Report Overview and Scope</li> <li>Report Overview</li> <li>Scope Boundary</li> </ul>	• -1	
	2-3 Reporting Period, Frequency, and Contact Points	<ul style="list-style-type: none"> <li>Data Period</li> <li>Reporting Period and Publication Frequency</li> <li>Contact Window</li> </ul>	<ul style="list-style-type: none"> <li>• -1</li> <li>• 1,2</li> </ul>	
	2-4 Restatements of Information	<ul style="list-style-type: none"> <li>Scope Boundary</li> <li>Principles and Guidelines</li> </ul>	• -1	This is Fukuta's first sustainability report
	2-5 External Assurance	<ul style="list-style-type: none"> <li>Ensuring Accuracy of Publicly Disclosed Information</li> <li>External Verification and Audit</li> </ul>	• -2	

	GRI Indicators	2023 ESG Corresponding Sections	Page Number	Notes
Activities and Workers	2-6 Activities, Value Chain, and Other Business Relationships	3.1 Operational Performance and Challenges 3.3 Customer Management and Services	3-2 3-8	
	2-7 Employees a. Total number of employees, broken down by gender and region b. Total number of employees in different categories	7.2 Cultivating Talent Workforce Structure over the Past Two Years	7-4 7-4,5,6	
	2-8 Workers Who Are Not Employees	Workforce Structure over the Past Two Years	7-6,7	(3) Information on Non-employees in 2023
Governance	2-9 Governance Structure and Composition	2.2 Corporate Governance • Governance Structure • Board Composition	2-6 2-8 2-9	
	2-10 Nomination and Selection of the Highest Governance Body	• Board of Directors	2-9	Board elections adopt the candidate nomination system.
	2-11 Chair of the Highest Governance Body	• Board Structure Academic and Professional Backgrounds of Board Members	2-10	Board Chair: Chairperson
	2-12 Role of the Highest Governance Body in Overseeing Impact Management a. Role of the highest governance body and senior management in shaping the organization's purpose, values, or vision b. Role of the highest governance body in supervising due diligence and reviewing the effectiveness of processes	Board Responsibilities • Audit Committee 1.1 Sustainability Committee 2.3 Ethical Business Practices and Code of Conduct • Implementation Outcomes from the Past Two Years • Whistleblowing Mechanism 2.3.2 Code of Conduct ` Conflict of Interest 2.5 Internal Control Mechanism and System Verification	2-11,14  1-2 2-15 2-16 2-17 2-21	
	2-13 Delegation of Responsibility for Impact Management a. How the highest governance body delegates responsibility for managing economic, environmental, and social impacts b. Senior management or other employees reporting to the highest governance body on managing economic, environmental, and social impacts	1.1 Sustainability Committee • Company Structure • Department Responsibilities 2.7 Risk Management	1-2 2-6 2-24	The Sustainability Committee Chairperson is authorized by the Chairperson to be the President.

	GRI Indicators	2023 ESG Corresponding Sections	Page Number	Notes
Governance	<b>2-14 Role of the Highest Governance Body in Sustainability Reporting</b> a. The role of the highest governance body in reviewing and approving the information in the report b. If the highest governance body does not review and approve the report (including significant topics), provide reasons	<b>Board Responsibilities</b> <b>8. Promoting Sustainability Management and Verification Timeline</b>	2-11	The Board serves as the strategic planning unit for ESG, while the [Sustainability Committee] is responsible for supervision and execution.
	<b>2-15 Conflict of Interest</b> a. Processes for the highest governance body to ensure conflict of interest is avoided and mitigated b. Disclosure of conflict of interest to stakeholders	<b>2.3 Ethical Business Practices and Code of Conduct</b> • Ethical Business Activities • Implementation Outcomes from the Past Two Years • Whistleblowing Mechanism	2-15 " " 2-16 " "	
	<b>2-16 Communication of Critical Events</b> a. How critical events are communicated to the highest governance body	<b>Board Responsibilities</b> • Sustainability Committee Responsibilities	2-11 1-2	(6) Regular reporting of corporate sustainability implementation outcomes to the Board
	<b>2-17 Collective Knowledge of the Highest Governance Body</b> a. Collective knowledge, skills, and experience of the highest governance body in sustainable development	• Academic and Professional Backgrounds of Board Members • Diverse Professional Experiences	2-9 2-10	
	<b>2-18 Evaluation of the Performance of the Highest Governance Body</b> a. Evaluation processes for the highest governance body in managing economic, environmental, and social impacts	• Board Operations • Board Meeting Attendance Rate (2023) • Sustainability Committee Structure • Responsibilities of Each Working Group	2-11 2-11,12 1-2 1-3	(6) Regular reporting of corporate sustainability implementation outcomes to the Board
	<b>2-19 Remuneration Policy</b>	<b>2.2 Corporate Governance · Director Remuneration</b> • Remuneration Committee • 7.4 Compensation and Benefits • Employee Salary Structure	2-11 2-14 7-9 7-10	
	<b>2-20 Process for Determining Remuneration</b> a. Organization's design of its remuneration policy and process	<b>2.2 Corporate Governance · Director Remuneration</b> • 7.4 Compensation and Benefits • Employee Salary Structure	2-11 7-9 7-10	
	<b>2-21 Annual Total Compensation Ratio</b>	<b>77.4 Compensation and Benefits</b> • Proportions of Total Compensation for Non-supervisory Positions Over the Past Two Years • Gender and Monthly/Annual Salary Comparisons	7-9 7-10 " "	

	GRI Indicators	2023 ESG Corresponding Sections	Page Number	Notes
Strategy, Policies, and Practices	2-22 Sustainability Strategy Statement a. Relationship and involvement of the highest governance body or senior management in sustainability strategy	0. Message from Top Management • Chairperson's Statement • Sustainability Strategy	0-1	
	2-23 Policy Commitments a. Description of policies on responsible business practices b. Specific commitments to respecting human rights	• Corporate Sustainability Policy 7.1 Talent Policy and Commitments • Commitment to Implement Eight Human Rights Policies	7-3 7-4 " "	Commitment to implement eight significant issue policies and management guidelines
	2-24 Embedding Policy Commitments a. How policy commitments to responsible business practices are embedded in activities and business relationships	• List and Management of 12 Key Issues	Appendix-7	
	2-25 Processes for Remediation of Negative Impacts a. Organization's identification of caused or contributed negative impacts b. Description of grievance mechanisms	7.5 Respect for Human Rights 7.6 Care and Communication - Human Rights Protection • Employee Suggestion Box	7-14 7-16 7-17	In the past two years, six pieces of feedback were received and resolved on time
	2-26 Mechanisms for Seeking Advice and Raising Concerns	• Stakeholder Communication Channels and Contact/Grievance	1-5,6	
	2-27 Compliance with Laws and Regulations a. Total number of significant violations of regulations during the reporting period	2.5 Compliance with Laws and Regulations	2-19	No violations of laws and regulations in 2023.
	2-28 Membership of Associations	7.2 Participation in External Organizations	8-2,3	
Stakeholder Engagement	2-29 Stakeholder Engagement Approach a. Description of the approach to stakeholder engagement	1.2 Stakeholder Concerns and Communication Channels/Engagement 1.1.3 Key Stakeholder Communication and Grievance Mechanisms	1-4,5 1-3	
	2-30 Collective Bargaining Agreements a. Percentage of total employees covered by collective bargaining agreements	7.6 Care and Communication - Human Rights Protection • Diversified Labor-Management Communication Channels	7-16 7-16,17	No collective bargaining agreements, labor-management meetings in place.

	GRI Indicators	2023 ESG Corresponding Sections	Page Number	Notes
Material Issues	• Material Issue Identification Guidelines	1.2 Stakeholder Concerns and Process for Generating Material Issues	1-4	
	3-1 Process of Determining Material Issue	1.2 Materiality Analysis and Process for Generating Material Issues	1-5	
		1.2.1 Direct and Indirect Impact Analysis of Issues	1-5,6	
		3-2 Material Issue List and Changes	1-7	
		1.4 Impact of Sustainable Management	1-10	
		1.4.1 Relationship and Impact of Material Issues in Fukuta's Value Chain	1-10	
		1.4.2 Risk Management of Material Issues	1-11	First-time report preparation by Fukuta.
	3-2 Material Issue List and Changes	1.4.1 Relationship and Impact of Material Issues in Fukuta's Value Chain	0-1	
	a. List of material issues	1.4.2 Risk Management of Material Issues		
	b. Changes to the list of material issues	• Report Changes		
	3-3 Material Issue Management	• List and Management of 10 Material Issues	Appendix-7	Appendix 2-1

NO	Clause	GRI Clause Key Points	ESG Corresponding Sections	Page Number	Notes
10 Material Topics List and Management with ESG Corresponding Sections					
1. Occupational Health and Safety	<b>Occupational Safety and Health : Material Issue Disclosure 3-3</b>		• Occupational Health and Safety Policy and Management Guidelines	7-18	Certificates include
			Implementation of ISO 45001	7-18	hazard identification
			Occupational Health and Safety Management System	" "	and risk assessment for accidents.
	403		Implementation of ISO 45001		
	403-1	Occupational Health and Safety Management Systems	Occupational Health and Safety Management System	7-23	Internal participation
	403-2	Hazard Identification, Risk Assessment, and Incident Investigation		7-22	and consultation
				7-19	communication
				7-20	channels.
	403-3	Occupational Health Services	7.8 Health Promotion	7-23	Statistics for 2023
	403-4	Worker Participation, Consultation, and Communication	• Occupational Health and Safety Committee	7-20,21	Occupational Safety Training per Plant.
	403-5	Worker Training on Occupational Health and Safety	• Licensed Professionals in Safety and Health		
			• Occupational Safety and Health Training		
	403-6	Promotion of Worker Health	7.8 Health Promotion		
	403-7	Mitigating Occupational Health and Safety Impacts	• Emergency Response and Drills		



NO	Clause	GRI Clause Key Points	ESG Corresponding Sections	Page Number	Notes
	403-8	Workers Covered by Occupational Health and Safety Management System	<ul style="list-style-type: none"> <li>Occupational Health and Safety Committee</li> <li>Occupational Hazard Management</li> </ul>	7-22 7-21,22 7-23,24	<ul style="list-style-type: none"> <li>Number of safety and health certificates</li> <li>Recent two-year statistics of work-related incidents</li> </ul>
	403-9	Occupational Injury and Accident Statistics	7.8 Health Promotion	7-25	
	403-10	Work-Related Illnesses	<ul style="list-style-type: none"> <li>No statutory occupational diseases by end of 2023.</li> </ul>		
2. Customer Relationship Management	<b>Customer Relationship Management : Material Issue Disclosure 3-3</b>		Customer Relationship Management Policy and Management Guidelines	3-8 " " 4-10	
	416	Assessment of Health and Safety Impacts of Products and Services	3.2 Customer Operations and Services	3-8	
	416-1	Incidents of Non-Compliance Concerning Product Safety	4.6 Customer Operations and Services		
			<ul style="list-style-type: none"> <li>Customer health and safety incidents in 2023: None</li> </ul>		
	<b>Customer Privacy : Material Issue Disclosure 3-3</b>		Customer Privacy Policy and Management Guidelines.	3-10 3-10	
	418	Substantiated Complaints Concerning Breaches of Customer Privacy	3.4 Customer Privacy.	3-11	
			<ul style="list-style-type: none"> <li>Customer privacy breach incidents in 2023: None.</li> </ul>		
3. Risk Management	<b>Risk Management : Material Issue Disclosure 3-3</b>		<ul style="list-style-type: none"> <li>Risk Management Policy and Guidelines.</li> </ul>	2-25 " "	
			2.7 Risk Management		
	2-25	Procedures for Remedying Negative Impacts	7.5 Respect for Human Rights	7-14 " " 7-15	
			<ul style="list-style-type: none"> <li>Regular forced labor risk assessments by management.</li> <li>Implementation status of human rights indicators for the past two years.</li> </ul>		
	TCFD	Climate change risks and financial impacts.	6.1 Environmental Policy and Commitments	6-4 6-1 6-3	Climate change governance, strategy, risks, and objectives.
			<ul style="list-style-type: none"> <li>TCFD Framework,</li> <li>Climate change risks and adaptation methods.</li> </ul>		
4. Innovative Products and Services	<b>Innovative Products and Services : Material Issue Disclosure 3-3</b>		Innovation Policy and Management Guidelines	4-2	
			4.1 Product R&D and Innovation	4-2	
			4.2 Patent Achievements	4-5	
			4.3 Trade Secret Protection Initiatives	4-6 4-7	

NO	Clause	GRI Clause Key Points	ESG Corresponding Sections	Page Number	Notes
5. Operational Performance	<b>Risk Management : Material Issue Disclosure 3-3</b>		<ul style="list-style-type: none"> <li><b>Operational Performance Policy and Management Guidelines.</b></li> </ul>	3-2 " "	
	201	Economic Performance	3.1 Operational Performance and Challenges		FUKUTA's operational strategy
	201-1	Direct Economic Value Generated and Distributed	<ul style="list-style-type: none"> <li>Direct economic value generated and distributed over the last three years operational results</li> </ul>	3-6 3-7	<ul style="list-style-type: none"> <li>Production unit volume by product category as a percentage of revenue</li> </ul>
	201-2	Financial Impact and Risks of Climate Change	6Sustainable Environment <ul style="list-style-type: none"> <li>TCFD Framework</li> <li>Climate Change Risks, Impacts, and Adaptation Strategies</li> </ul>	6-1 6-3	Governance, strategies, risks, and objectives related to climate change
	201-3	Defined Benefit Obligations and Other Retirement Plans	7.4.1 Employee Benefits 7.4.2 Employee Retirement Fund	7-11 7-11-13	
	201-4	Financial Assistance Received from the Government	2.4.2 Tax Management Policy	2-20	No government financial assistance
6. Energy Resources and Carbon Reduction	<b>Energy Management / Carbon Reduction Material Issue Disclosure 3-3</b>		<b>Energy and Carbon Reduction Policy and Guidelines.</b>	6-6 6-4 " "	
	302	Material Issue Disclosure	6.1 Environmental Policy and Commitments	6-7 6-8	
	302-1	Energy Consumption Within the Organization	6.3.1 Energy and Carbon Reduction		
	302-2	Energy Consumption Outside the Organization	6.3.2 Energy Management		
	302-5	Energy Consumption Outside the Organization Reductions in Energy Requirements of Products and Services	6.3.3 Renewable Energy		
	305	Emissions: Material Issue Disclosure 3-3	Energy Management / Carbon Reduction Policy and Guidelines	6-6 6-7	
			Electricity Usage and Greenhouse Gas Emissions from Official Vehicle Fuel Consumption	" "	
	305-1	Direct Greenhouse Gas (GHG) Emissions (Scope 1)	6.3.4 Environmental Management Policy	6-9	
	305-2	Indirect Greenhouse Gas (GHG) Emissions (Scope 2)		" "	

NO	Clause	GRI Clause Key Points	ESG Corresponding Sections	Page Number	Notes
7. Corporate Governance and Taxation	<b>Corporate Governance and Taxation : Material Issue</b>		<b>Policies and Management Guidelines for Corporate Governance and Taxation</b>	2-8	<b>Taxation Management Policy</b>
	2--9	Governance Structure and Composition	2.2 Corporate Governance <ul style="list-style-type: none"> <li>Governance Structure</li> <li>Board Composition</li> </ul>	2-6 2-8,9	
	2-12	Roles of Governance Bodies in Impact Oversight	Board of Directors Powers `Audit Committee 1.1 Sustainable Development Committee 2.3 Integrity Management and Ethical Norms <ul style="list-style-type: none"> <li>Implementation Results for the Past Two Years</li> <li>Whistleblowing Mechanism</li> </ul> 2.3.2 Ethical Norms `Conflict of Interest Avoidance 2.5 Internal Control Mechanism and Management System Verification	2-11,14  1-2 2-15 2-16 2-17 2-21	
	2-15	Conflicts of Interest a. Describe how the highest governance body ensures and mitigates conflicts of interest processes. b. Report whether conflicts of interest were disclosed to stakeholders.	2.3 Integrity Management and Ethical Norms <ul style="list-style-type: none"> <li>Ethical Business Operations</li> <li>Implementation Results for the Past Two Years</li> <li>Whistleblowing Mechanism</li> </ul>	2-15 " " 2-16 " "	
	201-4	Financial Assistance from Government	2.4.2 Taxation Management Guidelines	2-8	
	<b>Sustainable Supplier Management : Material Issue Disclosure 3-3</b>		<b>Supplier Sustainability Policies and Management Guidelines</b>	5-2	
8. Sustainable Supplier Management	308	Disclosure of Topic Management Policy	5.3 Supplier Selection and Implementation of Social Responsibility 4. Supplier Environmental Protection Mechanism	5-3	
	308-1	Environmental Screening of New Suppliers		5-5	

NO	Clause	GRI Clause Key Points	ESG Corresponding Sections	Page Number	Notes
8. Sustainable Supplier Management	414	Disclosure of Topic Management Policy	5.1 Supplier Chain Management Policies and Goals	5-3 5-8	
	414-1	Social Screening of New Suppliers	5.3 Supplier Selection and Implementation of Social Responsibility	5-9	
	414-2	Negative Social Impacts in the Supply Chain and Actions Taken	<ul style="list-style-type: none"> <li>Supplier Social Responsibility Management Self-Assessment in Five Dimensions</li> </ul>		
	204-1	Proportion of Spending on Local Suppliers	5.2 Supplier Management and Local Procurement	5-3	
			(1). Supplier Categories and Local Procurement Ratio	" "	
9. Human Rights and Diversity	406	Human Rights and Diversity: Material Issue Disclosure 3-3	Human Rights and Diversity Policies and Management Guideline	7-14 7-14 7-15	
	406-1	Incidents of Discrimination and Corrective Actions Taken	7.5 Respect for Human Rights Recent two years' implementation of human rights indicators		
	408	Child Labor Operational sites and suppliers with significant risks of child labor	Friendly workplace: Eight human rights policies we commit to	7-4 " "	
			1. Do not employ workers under 16 years old.		
	409	Forced Labor : Material Issue Disclosure	7.5 Respect for Human Rights	7-14	
10 Regulatory Compliance			<ul style="list-style-type: none"> <li>Diverse communication channels for labor issues</li> </ul>	7-16 7-15	
	409-1	Operations and Suppliers at Risk for Forced Labor	Recent two years' implementation of human rights indicators		
	3-3	Material Issue Disclosure	<ul style="list-style-type: none"> <li>Regulatory Compliance Policies and Management Guidelines</li> </ul>	2-19 2-19,20	
		Compliance with Laws and Regulations	2.5 Regulatory Compliance		

Note: Page numbers 1-3 indicate Chapter 1, Page 3; Page numbers 7.6-3 indicate Chapter 7, Section 6, Page 3

## ■ SASB Index : Electrical and Electronic Equipment Industry

### Sustainable Development Topics and Accounting Metrics with ESG Sections Cross-Referenced

Theme	Code	Accounting Metric	Type	Measurement Unit	ESG Section/Page
Energy Management	RT-EE-130a.1	(1) Total Energy Consumption	Data	(GJ)	6.3.2 Energy Control (6-7)
		(2) Percentage of Grid Electricity		Percentage (%)	Not Disclosed
		(3) Percentage of Renewable Energy			6.3.3 Renewable Energy (6-8)
Hazardous Waste Management	RT-EE-150a.1	Hazardous Waste Generated	Quantitative	ton	6.5 Waste Management (6-12, 6-13): Company reports no hazardous waste generated Statistics of Recyclable and Non-Recyclable Non-Hazardous Wastes of 2023
		Hazardous Waste Recycling Rate	Quantitative	Percentage (%)	
	RT-EE-150a.2	Reportable Spills Count	Quantitative	ton / %	N/A
		Reportable Spills Volume	Quantitative	Kg	N/A
		Reportable Recovery Volume	Quantitative		N/A
Product Safety	RT-EE-250a.1	Product Recalls Count	Quantitative	Count	0 / 4.4 Product Quality Management (4-7, 4-8)
		Number of Recalled Products	Quantitative		" "
	RT-EE-250a.2	Financial Losses Due to Product Safety Lawsuits	Quantitative	Instances/ Amount	No financial losses reported
Product Lifecycle Management	RT-EE-410a.1	Revenue from Products Containing Declarable Substances per IEC 62474	Quantitative	Percentage (%)	N/A
	RT-EE-410a.2	Revenue from Energy Star Certified Products	Quantitative	Percentage (%)	N/A
	RT-EE-410a.3	Revenue from Renewable Energy or Energy Efficiency Products	Quantitative	Amount	N/A
Materials Procurement	RT-EE-440a.1	Discussion of Risk Management Mechanisms Related to Critical Materials	Discussion/ Analysis	Not Applicable	5.3 Supplier Selection and Social Responsibility (5-3), 5.4 Ethical Procurement (5-8)

Theme	Code	Accounting Metric	Type	Measurement Unit	ESG Section/Page
Business Ethics	RT-EE-510a.1	Discussion of Anti-Corruption or Anti-Bribery Policies and Actions	Discussion/ Analysis	Not Applicable	2.3.1 Business Philosophy and Ethical Conduct (2-16), Reporting and Whistleblowing Mechanisms (2-17)
		Discussion of Anti-Competitive Behavior Policies	Discussion/ Analysis	Not Applicable	
	RT-EE-510a.2	Financial Losses from Anti-Bribery or Corruption Lawsuits	Quantitative	Amount	0 / 2.4.1 Compliance with Laws and Regulations (2-19) 0 / 2.4.2 Compliance (2-19)
	RT-EE-510a.3	Financial Losses from Anti-Competitive Behavior Lawsuits	Quantitative	Amount	
Activity Metrics					
RT-EE-000.A		Units Produced by Product Category	Quantitative	Count	3.1 Recent Two-Year Production Value Table (3-7)
RT-EE-000.B		Number of Employees	Quantitative	Count	7.2.1 Employee Structure Statistics (7-3)





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