



sheh fung  
screws company

ESG Environmental  
Social  
Governance

# 2024 Sustainability Report



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# About this Report

This Report marks the ninth sustainability report published by Sheh Fung Screws Co., Ltd. (hereinafter referred to as "Sheh Fung Screws" or "the Company"). It aims to provide stakeholders with a comprehensive understanding of the Company's actions and performance across four key dimensions: corporate governance, economy, environment, and society (including human rights). By disclosing performance information on various ESG management policies, as well as responses to key issues and actions, the Company seeks to enable stakeholders to gain deeper insight into and confidence in Sheh Fung Screws.

## ➤ Boundary and Scope of this Report

The disclosure scope of this Report covers ESG-related performance achievements from January 1 through December 31, 2024, and presents the sustainable development issues of most concern to stakeholders. The boundary of this report primarily focuses on the operational performance of Sheh Fung Screws Co., Ltd.'s Taiwan factories (Qiaotou and Mituo). It excludes the subsidiary Sheh Fung Screws Viet Nam Co., Ltd., unless otherwise specified.

The statistical data disclosed in this Report come from the Company's own statistics and investigation results. The source of the relevant financial data is the annual Financial Report data certified by the accountants (KPMG Taiwan), and are represented in New Taiwan dollars. In addition, environmental protection, safety and health-related performance is presented using internationally accepted indicators. Some data are quoted from publicly released information on government agency websites and are presented in commonly used numerical descriptions. If there are any estimates, they will be noted in each relevant chapter. Any restatement of information will be disclosed in the relevant sections of this Report. The Company has established procedures for the preparation and assurance of the sustainability report, which have been incorporated into the internal control system and were completed in December 2024.

## ➤ Basis and Structure of the Report

The structure of this Report refers to the GRI - Universal Standards 2021, which serves as the reference basis for information disclosure in the Report, and echoes the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, the Task Force on Climate-related Financial Disclosures (TCFD), and Sustainability Accounting Standards Board (SASB).

## ➤ Issue Date of the Report

In response to international trends and customer expectations, the Company publishes an ESG sustainability report on an annual basis.

Current edition: Published in August 2025

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# Message from the Chairman

In 2024, the global screw industry faced multiple challenges arising from market competition, regulatory changes, and the overall macroeconomic environment. With the restructuring of manufacturing supply chains, low-price competition has intensified, exerting mounting pricing pressures on Taiwan's screw industry. At the same time, geopolitical crises such as the U.S.–China trade war, the Russia–Ukraine war, and the Israel–Palestine conflict remain unresolved, with these disruptions continuing to hinder global economic development.

Facing the global trend of sustainable development, the release of IFRS S1/S2, the European Union's Carbon Border Adjustment Mechanism (CBAM), and the second reading of the U.S. Clean Competition Act (CCA) reflect the growing regulatory demands on companies to strengthen their sustainability governance. Enterprises are now required to integrate sustainability and carbon management into both data governance and operational strategies, and to extend such practices throughout the supply chain. These measures ensure compliance with international standards, enhance risk control and cost management, and reinforce competitiveness in global markets.

Domestic and international regulations on carbon management are becoming increasingly stringent. The European Union's CBAM entered its transition period in October 2023, requiring affected industries to calculate the carbon emissions of their processes and raw materials. In Taiwan, the Financial Supervisory Commission has announced plans to gradually align with IFRS S1 and S2 by 2026, under which Scope 3 emissions accounting will be a mandatory requirement. In the face of increasingly stringent ESG evaluation standards and policies, companies must broaden their corporate governance focus beyond traditional measures such as financial performance, risk management, and industry results. The integration of new technologies to enhance organizational resilience and enable more effective monitoring will become an essential capability. Enterprises must also take early action to implement sustainable supply chain management and advance digital transformation in order to address evolving international sustainability regulations and market dynamics.

At the social level, we remain committed to safeguarding employee well-being, protecting customer rights and interests, and giving back to society. The Company provides employees with annual health examinations, with licensed physicians and nursing staff conducting regular follow-ups on employee health status and offering consultation services. At the same time, we offer a variety of fitness and wellness programs, such as cycling activities, aerobics, and modern dance classes, to help employees maintain work–life balance and support their holistic physical and mental health. In addition, the Company has long been dedicated to supporting underprivileged students and disadvantaged groups by providing financial assistance to aid their educational pursuits, thereby demonstrating our positive impact on society.

In terms of corporate governance, we uphold high ethical standards and transparency to ensure that the Company's operations remain fair, compliant, and accountable. We are committed to safeguarding shareholder rights and maintaining constructive engagement and close cooperation with regulatory authorities. Furthermore, we continue to strengthen the Company's risk management and compliance systems to ensure that our business operates in a sound manner under both legal and ethical frameworks. This ESG report is not only a disclosure to external stakeholders, but also a reflection of our commitment to sustainable development. Guided by this commitment, we uphold the principle of sustainable operations, actively advance ESG strategies, strengthen corporate resilience, and continue to pursue both business performance and long-term sustainability value.

Tu Tai-yuan, Chairman  
Chen Chun-yen, General Manager





# ESG Performance and Goals in 2024

 Environment (E)	Business Objectives in 2024	Executive Performance in 2024
	Resource efficiency, energy conservation, environmental protection, and actively cooperate with the development of the national greenhouse gas reduction strategy to ensure the achievement of sustainable environmental goals.	<ul style="list-style-type: none"> <li>● Electricity: A total of 91,673.333 kWh was saved in 2024.</li> <li>● Air emissions: Average monitored values were in compliance with applicable local standards in 2024.</li> <li>● Wastewater: Discharges were in compliance with local regulatory requirements in 2024.</li> </ul>
	Major Issues in 2024	
	Waste Emissions Energy	
	Corresponding SDGs	
	<div>3 健全生活品質</div> <div>6 潔淨水資源</div> <div>12 負責任的生產消費循環</div>	

 Social (S)	Business Objectives in 2024	Executive Performance in 2024
	<ol style="list-style-type: none"> <li>1. Efficient production momentum maintenance and supplier management.</li> <li>2. Continuous product certification.</li> <li>3. Development and promotion of new products.</li> <li>4. Multi-functional training for employees.</li> <li>5. Improvement of employees' physical and mental health.</li> </ol>	<ul style="list-style-type: none"> <li>● No human rights-related complaints in 2024.</li> <li>● No transportation-related accidents occurred in 2024.</li> <li>● The total new hire rate for 2024 was 10.274%, a decrease of 7.558% compared to 2023.</li> <li>● Regular labor-management meetings were held to facilitate communication.</li> <li>● Two labor safety education training sessions were conducted in 2024, with 47 participants.</li> <li>● The overall customer satisfaction score for 2024 was 8.47, with fastener customers scoring 8.60 and OEM customers scoring 7.54.</li> <li>● No incidents of violating customer privacy occurred in 2024.</li> <li>● Domestic supplier procurement ratio was 99.7% in 2024.</li> </ul>
	Major Issues in 2024	
	Occupational health and safety Customer health and safety	
	Corresponding SDGs	
	<div>3 健全生活品質</div> <div>4 優質教育</div> <div>5 性別平權</div>	

 Governance (G)	Business Objectives in 2024	Executive Performance in 2024
	<ol style="list-style-type: none"> <li>1. Continuously conduct product gross profit analysis and cost improvement.</li> <li>2. Encourage employees to participate in the implementation of Corporate Governance.</li> </ol>	<ul style="list-style-type: none"> <li>● The net decline of consolidated business in 2024 was 27.76% compared with that in 2023.</li> <li>● The net consolidated operating revenue was NT\$2,322,476 thousand in 2024.</li> <li>● A total of 6 participants received 90 hours of training on integrity management in 2024.</li> <li>● No corruption cases occurred in 2024, while 79 employees completed 162 hours of anti-corruption training.</li> <li>● No losses were incurred from major information security incidents in 2024.</li> </ul>
	Major Issues in 2024	
	Economic performance	
	Corresponding SDGs	
	<div>8 良好工作及經濟成長</div> <div>16 公平、正義與和平</div>	

# 1 Stakeholder Communication

## 1.1 Identification and Communication of Stakeholders

Sheh Fung Screws aims for sustainable business practices by identifying stakeholders and understanding their impact on the Company. The Company values stakeholder feedback to grasp their needs and expectations.

According to GRI Standards, potential stakeholders include business partners, social welfare organizations, consumers, customers, employees and other workers, government, local communities, NGOs, shareholders and investors, suppliers, trade associations, vulnerable groups, financial institutions, and academic units. Based on the five principles of the AA1000 Stakeholder Engagement Standard (SES), namely dependency, influence, responsibility, tension, and diverse perspectives, the Company identifies stakeholders and evaluates their impacts as actual negative impacts, potential negative impacts, actual positive impacts, potential positive impacts, and peer stakeholders. In 2024, the Company's key stakeholders were identified as employees and other workers, customers, shareholders and other investors, suppliers, outsourcers and contractors, and government and competent authorities. Compared with 2023, community residents were removed from the stakeholder list, as interactions with them have become part of the Company's routine engagement activities.

**Communication path and frequency of stakeholders**

Stakeholders	The significance of stakeholders to the Company	Concerned issues	Communication platform and frequency
Employees and other workers	Employees are the cornerstone of Sheh Fung's sustainable operations and the driving force behind our continuous growth.	Labor-management relations Economic performance Occupational health and safety	<ol style="list-style-type: none"> <li>1. Intranet information system (real-time): make announcements and make inquiries through the intranet.</li> <li>2. Management meeting (monthly): communication meeting between supervisors above manager level and senior management.</li> <li>3. Production and marketing meeting (once every two weeks): communication meeting between production and business related personnel.</li> <li>4. Complaint hotline (at any time): for employees to reflect the problem status. Once notified, a special person will immediately file a case for handling.</li> <li>5. Labor-management meeting (quarterly) and welfare committee meeting (quarterly): make suggestions and negotiate with the company.</li> <li>6. Employees' feedback (at any time) and setting up suggestion boxes.</li> <li>7. Quality monthly meeting (once a month): Quality control communicates with the production supervisor on quality issues.</li> </ol>
Shareholders and other investors	Shareholders/investors are shareholders of Sheh Fung, and we must be responsible for them.	Economic performance Compliance with social and economic laws and regulations Compliance with environmental laws and regulations	<ol style="list-style-type: none"> <li>1. Regularly publish the general information of operation (monthly) and financial reports.</li> <li>2. General meeting of shareholders (year): prepare the annual financial report as required.</li> <li>3. The official website has set up an investor zone (instantly): shareholders can click on the columns of operation, finance, borrowing and shareholders (revealing dividends, stock prices and stock affairs).</li> <li>4. Set the contact window and mailbox for shareholders (at any time).</li> <li>5. A spokesman contact window is available (at any time).</li> <li>6. Legal person briefing: held regularly.</li> </ol>
Customers	Customers like our	Marketing and	<ol style="list-style-type: none"> <li>1. Customer service network mailbox (at any time).</li> </ol>

	products and services, which is the key marketing and marking for business development.	labeling Customer health and safety Compliance with social and economic laws and regulations Compliance with environmental laws and regulations	<ol style="list-style-type: none"> <li>2. Customer satisfaction survey score was 8.47 in 2024.</li> <li>3. Participate in related product exhibitions, and directly understand the customer and market development direction (instantly).</li> <li>4. Business center colleagues visit customers (instantly).</li> <li>5. Video conference with customers from time to time.</li> </ol>
Suppliers/ Outsourcers/ Contractors	Our huge product and service chain depends on the stable support of many suppliers.	Customer health and safety Marketing and labeling Economic performance	<ol style="list-style-type: none"> <li>1. Supplier meeting (once a year).</li> <li>2. Supplier evaluation (quarterly).</li> <li>3. Supplier receiving platform (instantly).</li> </ol>
Government / Competent authorities	Our products, services, and related marketing activities are subject to review and supervision by the competent authorities.	Compliance with environmental laws and regulations Compliance with social and economic laws and regulations Occupational Health and Safety	<ol style="list-style-type: none"> <li>1. Maintain good interaction with the competent authorities and actively participate in the forums and seminars organized by the competent authorities (instantly).</li> <li>2. Identification of management system regulations (instantly).</li> <li>3. Official correspondence, seminars, and public information (instantly).</li> </ol>



## 1.2 Identification of Material Issues

The Company listens to and responds to issues of concern to stakeholders. The selection of material topics refers to the GRI Topic Standards and the Sustainability Accounting Standards Board (SASB). Identification is carried out by Company representatives, department heads, and external experts, who assess each topic based on the Company's actual or potential negative impacts and positive effects on the economy, environment, and society (including people and human rights).

The evaluation process can be divided into four stages:

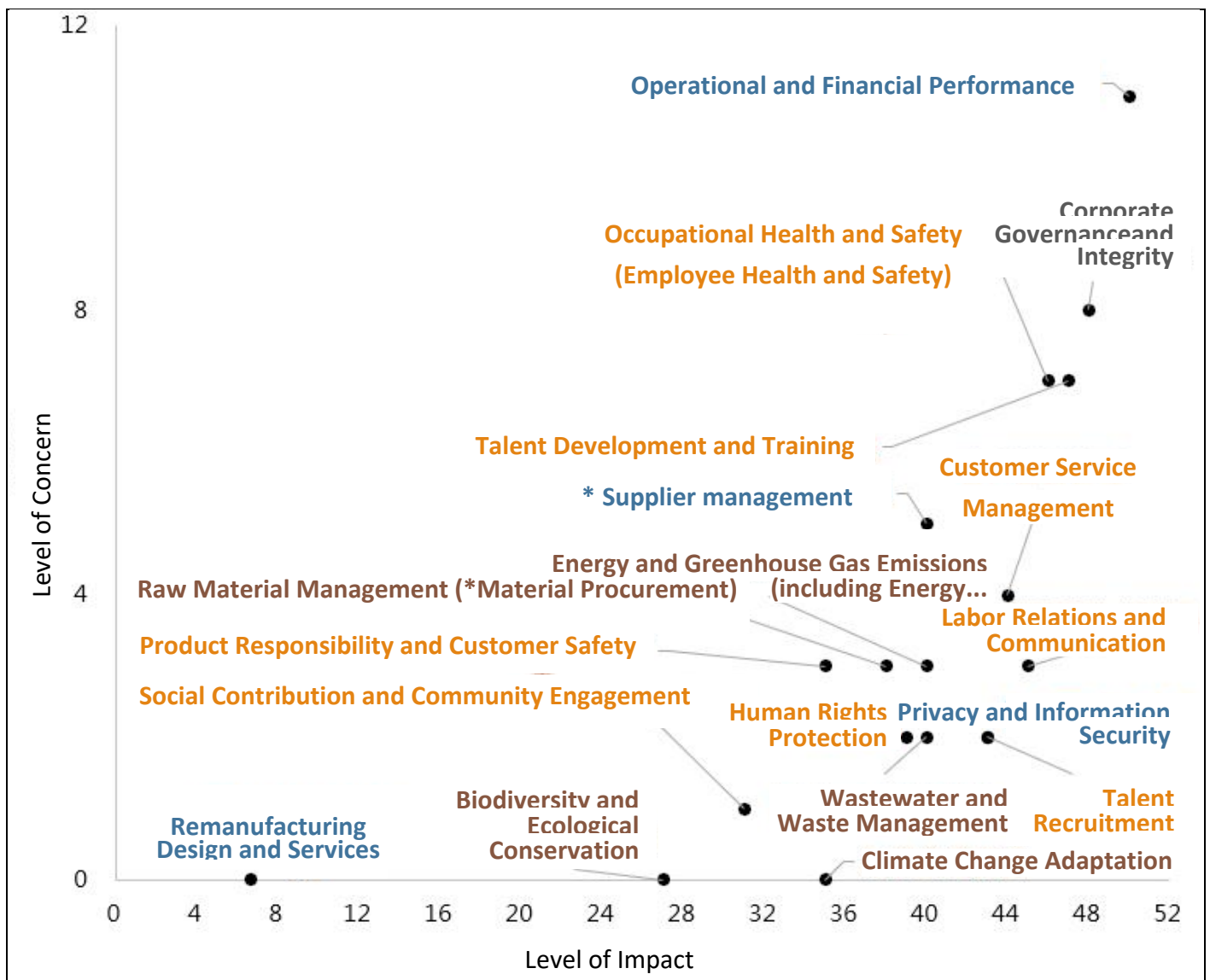
<b>STEP 1</b> Understand the organizational context	In order to understand the organizational context and identify sustainability topics, Sheh Fung Screws referred to the GRI Topic Standards and the SASB, and consolidated a total of <b>18 sustainability issues</b> under three dimensions: governance, environment, and society.
<b>STEP 2</b> Identify the actual and potential impacts of sustainability issues	Company representatives, department heads, and external experts assessed each sustainability topic based on its actual or potential negative impacts and positive impacts on the economy, environment, and society (including people and human rights). The scores for actual negative impacts, potential negative impacts, actual positive impacts, and potential positive impacts across these three dimensions were then aggregated and ranked. As a result, a total of <b>11 topics</b> received scores above 40 points.
<b>STEP 3</b> Assess the significance of impact	The scoring results were approved after the meeting between external consultants and the Company. Based on the past operating experience, the significance and possibility of the impact of the issues were discussed, and <b>six</b> major sustainable issues of Sheh Fung Screws were determined after analysis.
<b>STEP 4</b> Disclosure report on sustainable issues	Based on a comprehensive assessment and discussions with various departments, the Company identified <b>six material topics and established corresponding management approaches</b> , which are communicated and responded to through this sustainability report to stakeholders.

## Results of Materiality Assessment

Compared with 2023, in response to current trends and the Company's development direction, the material topics were re-identified as follows: "Economic Performance" was renamed to "Operational and Financial Performance;" "Energy" and "Emissions" were consolidated into "Energy and Greenhouse Gas Emissions" (including Energy Management and Fuel Economy and Emissions); three new topics were added, namely "Corporate Governance and Integrity," "Customer Service Management," and "Talent Development and Training"; while "Customer Health and Safety" and "Waste" were removed.

Sheh Fung's material topics ranking		
E (Environment)	S (Society)	G (Governance)
4. Energy and Greenhouse Gas Emissions (including Energy Management and Fuel Economy and Emissions)	5. Occupational Health and Safety (Employee Health and Safety)	1. Operational and Financial Performance
	6. Talent Development and Training	2. Corporate Governance and Integrity
		3. Customer Service Management







## Negative Impact Boundary Identification

After analysis and discussion in 2024, a total of six material topics were identified. This Report adopts the negative impact value chain as the boundary element for analyzing material topics. The Company regularly conducts discussions on major economic, social, and environmental issues, reviews the achievement of departmental objectives, formulates future directions, and consolidates relevant performance data. Such information is disclosed in this Sustainability Report, and the Company will continue to strengthen management going forward.

The ranking of major sustainable topics and the impact of value chain in 2024				
Major topics	GRI Topic-specific Standards SASB Topics	Upstream (suppliers)	Sheh Fung	Downstream (customers/distributors)
Operational and Financial Performance	GRI 201-1	○	●	○
Corporate Governance and Integrity	GRI 205-2、GRI 205-3 GRI 206-1	-	●	-
Customer Service Management	Custom Topic (Customer Satisfaction Survey)	-	●	○
Energy and Greenhouse Gas Emissions (including Energy Management and Fuel Economy and Emissions)	GRI 302-1, GRI 302-3, GRI 302-4 GRI 305-1, GRI 305-2, GRI 305-4, GRI 305-6, GRI 305-7 SASB Energy Management SASB Greenhouse Gas Emissions SASB Air Quality	○	●	⊙
Occupational Health and Safety (*Employee Health and Safety)	GRI 403-1~ GRI 403-10 SASB Employee Health & Safety	○	●	-
Talent Development and Training	GRI 404-1 ~ GRI 404-3	-	●	-

●: Direct impact; ○: Contributory impact; ⊙: Business conduct impact

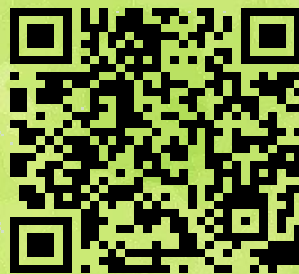


## 1.3 Communication Channels



The Company attaches importance to the opinions of stakeholders, therefore, in order to effectively listen to the suggestions of stakeholders. Internally, there is an employee opinion mailbox to provide an employee complaint mechanism and channel to ensure that the problem can be handled as soon as possible. Externally, there is a contact mailbox, contact telephone number and fax number on the company official website.

The link content is: "Contact us"



## 2 Sustainable Management

### Management Policy - Operational and Financial Performance

Operational and Financial Performance	
Materiality	Achieve stable and profitable growth to pursue sustainable development.
Impacts	<ul style="list-style-type: none"> <li>♦ <b>Economic Positive Impact:</b> Stable and profitable operations enable enterprises to continuously create employment opportunities and demonstrate sound management. By strengthening financial structures and implementing effective cost control, enterprises can enhance their economic value and deliver returns to shareholders, investors, and employees. Sustained profitability further allows enterprises to attract, retain, and develop talent, thereby ensuring long-term business continuity.</li> <li>♦ <b>Economic Negative Impact:</b> Poor operating performance may harm the rights and interests of shareholders and investors, reduce employee compensation and benefits, and increase employee turnover, which in turn could undermine the overall operations of enterprises.</li> </ul>
Policy	<ul style="list-style-type: none"> <li>♦ Ensure transparency of operational information and uphold integrity in business conduct.</li> <li>♦ Comply with legal and regulatory requirements, and actively promote corporate governance and sustainable development.</li> <li>♦ Strengthen communication with stakeholders to ensure their expectations for the Company's sustainable development are addressed.</li> </ul>
Strategy	Strengthen operating performance, maintain a sound financial structure, and establish short-, medium-, and long-term goals to implement effective financial planning.
Targets and Objectives	<p>Short-term Targets (2025–2027): Achieve stable growth and profitability.</p> <p>Medium-term Targets (2028–2030): Enhance production line utilization to reduce operational risks, and pursue balanced development across production lines. Develop new markets and customers, establish diversified marketing channels and sales models to expand regional customer bases and increase profitability.</p> <p>Long-term Targets (2031 and beyond): Achieve net-zero transformation and promote circular economy.</p>
Management Evaluation Mechanism	<ul style="list-style-type: none"> <li>♦ Prepare management reports to confirm execution results, and conduct regular tracking and reviews through monthly management meetings.</li> <li>♦ Monitor market conditions in real time, maintain smooth communication with customers, coordinate closely with production, sales, and procurement units, and integrate operations.</li> <li>♦ Continuously improve technology, enhance management capabilities, and develop new overseas customers to strengthen competitiveness in both domestic and international markets.</li> </ul>
Performance and Adjustment	<ul style="list-style-type: none"> <li>♦ Present annual budget-to-actual comparison results in monthly management reports.</li> <li>♦ Adjustment Mechanisms: Hold regular management and production–sales meetings to track and review target achievement, and take necessary management measures. If targets are not met due to changes in market conditions, revise and adjust them in a timely manner to ensure responsiveness.</li> </ul>



## Management Policy - Corporate Governance and Integrity

Corporate Governance and Integrity	
Materiality	Follow corporate governance, promote corporate social responsibility, and uphold integrity in business operations to achieve the goal of sustainable development.
Impacts	<ul style="list-style-type: none"> <li>◆ Social Positive Impact: Through structured governance, internal control mechanisms, and a commitment to integrity, enterprises can strengthen stakeholder trust and recognition, thereby enhancing corporate image and brand value.</li> <li>◆ Economic Positive Impact: By adhering to sound corporate governance, enterprises can reduce the risks of litigation and financial exposure, improve organizational stability, attract investors, and achieve the goal of sustainable operations.</li> <li>◆ Social Negative Impact: If corporate governance and principles of integrity are neglected, enterprises may face regulatory penalties and damage to stakeholder rights and interests, which could harm corporate reputation and diminish brand image.</li> <li>◆ Economic Negative Impact: Without effective corporate governance systems, enterprises may face increased risks of violations and internal fraud, potentially resulting in fines, lawsuits, or divestment by investors. This not only weakens market competitiveness but also undermines ongoing operations.</li> </ul>
Policy	The Company has established the "Code of Integrity Management" and the "Code of Practice on Corporate Governance." It has also set up independent directors and an Audit Committee, and implements internal audit and risk management systems.
Strategy	<ul style="list-style-type: none"> <li>◆ Promote responsible supply chain management by requiring suppliers to sign commitment letters, reduce the risk of supply chain fraud, and remove non-compliant suppliers from the approved list to prevent associated risks arising from supplier violations.</li> <li>◆ Establish independent directors and functional committees, and adopt recommendations from external corporate governance evaluations as a basis for continuous improvement, thereby strengthening board self-assessments and internal control systems.</li> <li>◆ Set up efficient reporting channels, investigation teams, and an acknowledgement and response mechanism; implement whistleblower reward programs; and conduct regular audits through internal control and internal audit systems to mitigate risks of internal fraud.</li> <li>◆ Provide relevant training programs, prioritize high-risk departments (such as procurement and sales) in education efforts, and restrict procurement authorization levels to prevent favoritism or kickbacks.</li> </ul>
Targets and Objectives	<p>Short-term Targets (2025–2027):</p> <ul style="list-style-type: none"> <li>◆ Achieve a 100% signing rate of integrity commitment letters by completing contract signing and documentation with the top 20 key suppliers.</li> <li>◆ Ensure a 100% completion rate of annual board self-evaluations to strengthen board functions and provide improvement recommendations.</li> <li>◆ Establish a whistleblowing reward mechanism with clear internal reporting procedures, and implement practical reward and protection measures to encourage employee reporting.</li> <li>◆ Ensure full legal compliance and prevent the occurrence of violations.</li> </ul> <p>Medium-term Targets (2028–2030):</p> <ul style="list-style-type: none"> <li>◆ Implement the ISO 37001 Anti-bribery Management System by 2027.</li> <li>◆ Establish a supplier integrity evaluation system by 2027.</li> <li>◆ Appoint one new independent director with a background in accounting or ESG to enhance board diversity and risk identification capability.</li> </ul> <p>Long-term Targets (2031 and beyond):</p> <ul style="list-style-type: none"> <li>◆ Maintain zero major violations before 2030 and foster a culture of integrity with a track record of compliance.</li> <li>◆ Enhance governance transparency and achieve a top 25% ranking in corporate governance evaluations.</li> <li>◆ Promote a supply chain integrity consensus program by supporting small and medium-sized suppliers in implementing integrity systems and training, thereby enhancing integrity maturity across the industry.</li> </ul>
Management Evaluation Mechanism	<ul style="list-style-type: none"> <li>◆ Conduct annual compliance audits by the internal audit unit for high-risk departments (such as procurement, export, and quality), include the results in the internal control report, and report to the Board of Directors and the Audit Committee for tracking and improvement.</li> <li>◆ Implement board and functional committee (such as audit and remuneration) self-evaluations in accordance with the "Code of Practice on Corporate Governance," and consolidate the results in the</li> </ul>

	<p>corporate governance report.</p> <ul style="list-style-type: none"> <li>Establish multiple reporting channels, require relevant personnel to regularly review and provide progress updates, and incorporate findings into management review upon the completion of investigations. Include assessments of efficiency and appropriateness of handling as part of the Company's internal control evaluation.</li> <li>Set annual KPIs related to integrity, require the ESG Committee or the sustainability task force to review implementation on a quarterly basis, and mandate corrective measures from department heads if targets are not achieved, with results incorporated into performance evaluations.</li> </ul>
Performance and Adjustment	<ul style="list-style-type: none"> <li>Obtain 100% signing rate of suppliers' anti-bribery declarations and social responsibility commitment letters.</li> <li>Achieve a 100% completion rate of the Board of Directors' self-evaluation in 2024.</li> <li>Establish multiple reporting mechanisms and publish them on the Company's internal homepage.</li> </ul>

## Management Policy - Customer Service Management

Customer Service Management	
Materiality	Understand customer needs, provide information, assistance, and solutions, and leverage customer interactions to grasp market trends, thereby enabling enterprises to stand out from competitors. At the same time, build relationships of mutual trust and cooperation with customers to enhance corporate image and support sustainable operations.
Impacts	<ul style="list-style-type: none"> <li>Positive Impact: Enhance customer service management by responding effectively to customer needs and feedback, provide efficient and market-aligned solutions, and thereby increase customer trust, stimulate stable order demand, and expand market share to create greater profitability for the Company. At the same time, deliver high-quality and competitive products, and grow together with customers to achieve win-win outcomes.</li> <li>Negative Impact: If the Company fail to resolve customer issues efficiently and provide comprehensive services, it may face customer attrition and the subsequent loss of orders, which in turn would reduce brand loyalty and customer trust, ultimately affecting overall business performance.</li> </ul>
Policy	<ul style="list-style-type: none"> <li>Use business services, delivery services, quality control systems, technical exchanges, overall product aspects, and other market-related requirements as the basis for continuous improvement.</li> <li>Adopt a customer-centric approach by requiring teams to understand customer needs, and establish, implement, maintain, and continuously improve a quality management system in a structured manner. Enhance product quality, reduce risks, and improve overall operational efficiency and market competitiveness through continuous improvement.</li> </ul>
Strategy	<ul style="list-style-type: none"> <li>Hold regular customer meetings and scheduled visits to understand customer needs, and provide timely assistance, solutions, and recommendations.</li> <li>Conduct annual customer satisfaction surveys, and form improvement task forces for items falling below annual targets.</li> <li>Activate the customer complaint process when issues arise, carry out internal investigations, identify root causes, implement corrective actions, and develop preventive measures to avoid recurrence.</li> </ul>
Targets and Objectives	<p>Conduct annual customer satisfaction surveys, and formulate internal reviews and improvement plans based on customer feedback.</p> <p>Short-term Target (2025–2027): Achieve an overall annual average score of 7.5 or above.</p>
Management Evaluation Mechanism	<ul style="list-style-type: none"> <li>Conduct customer satisfaction surveys in accordance with ISO 9001, and carry out annual evaluations and improvements.</li> <li>Supervise each production process through the Quality Assurance unit, and report quality performance in monthly quality reports to drive continuous improvement across processes.</li> <li>Discuss customer complaints raised during the month at internal management meetings, with the Quality Assurance unit presenting reports and implementing corrective measures.</li> </ul>





Performance and Adjustment	In the 2023 customer satisfaction survey, six evaluation items scored below the annual average of 7.5. Through two-way communication with customers and the implementation of improvement measures, the 2024 survey results showed a reduction to only two items below the target. The overall average score also increased from 8.43 in 2023 to 8.47 in 2024.
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## 2.1 Organizational Status

### 2.1.1 Company Overview

Founded by president Lucky Tu in 1973, Sheh Fung Screws Co., Ltd. specializes in manufacturing various types of screws. With fifty years of continuous innovation and development, the company has accumulated extensive experience and technology in screw manufacturing. Each production process, from wire material intake, heading, forming, threading, heat treatment, plating, painting, to packaging, undergoes strict quality inspection before proceeding to the next stage. To meet customers' special specifications, Sheh Fung offers excellent design and manufacturing technology to gain their trust and recognition.

#### About Sheh Fung Screws

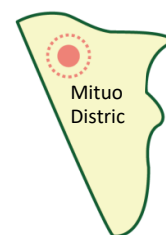
Company name	Sheh Fung Screws Co., Ltd.
Company website	<a href="http://www.shehfung.com/">http://www.shehfung.com/</a>
Date of establishment	1973/8/9
Chairman of the board	TU TAI YUAN
General manager	CHEN CHUN YEN
Number of employees	292
Main products or services	Manufacturing of screws, nuts, bolts, and rivets; machinery equipment manufacturing
Location of the company headquarters	No. 810, Fuxing West Road, Dingyan Village, Qiaotou District, Kaohsiung City
Operational site	Mituo Factory: No. 180, E. Sec., Wen-an Road, Mituo District, Kaohsiung City
Paid-in capital	NT\$ 635,167 thousand
Turnover	NT\$ 2,322,476 thousand
Company official website	

#### ➤ Shareholder structure

Shareholder structure		
		Deadline : 2025.03.31
Shareholders	Shares held	shareholding ratio
Other legal persons	21,826,870	38.37
Individual	33,775,562	59.38
Foreign institutions and foreigners	1,281,405	2.25



## ➤ Manufacturing bases



### Mituo Factory

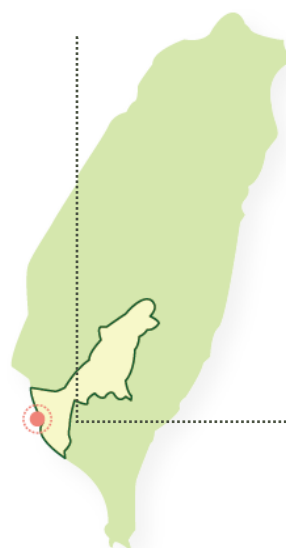
No. 180, E. Sec., Wen-an Road, Mituo District, Kaohsiung City



### Qiaotou Factory

No. 810, Fuxing West Road, Qiaotou District, Kaohsiung City

Factory	Address
Qiaotou Factory	No. 810, Fuxing West Road, Qiaotou District, Kaohsiung City
Mituo Factory	No. 180, E. Sec., Wen-an Road, Mituo District, Kaohsiung City



## 2.1.2 Business Philosophy



Sheh Fung Screws values talent development, encourages innovation, and strives for lean organization to create a highly efficient team that achieves perfect quality. The company aims to be a mutually beneficial and happy workplace for employees and a trustworthy partner for customers, fostering a win-win-win situation and pursuing sustainable operations. Sheh Fung Screws aspires to be a leading and reliable global screw supplier. The Company's spirit is encapsulated in the values of "Creditable Integrity, Effective Teamwork, Creative Innovation, and Quality Excellence," striving to create excellent corporate culture and value.



## 2.1.3 Operational Performance

In recent years, as the global economy gradually recovered from the downturn caused by the pandemic, economic development has continued to be hindered by severe inflation, regional geopolitical risks (such as the Russia–Ukraine war and the Israel–Palestine conflict), and increasingly extreme climate events. In 2024, amid these global economic challenges, Sheh Fung Screws also faced declining performance. Profitability was further impacted by the initial learning costs and employee training at the Vietnam plant. The Company's consolidated net operating revenue for 2024 was NT\$2,322,475 thousand, representing a decrease of 0.05% compared with 2023, while consolidated net operating profit was NT\$229,109 thousand, down 27.76% from 2023.

### Sheh Fung's operation in the past three years

Unit: NT\$ thousand

Item	Year	Financial information for the past three years		
		2022	2023	2024
Operating income		2,591,122	2,323,605	2,322,476
Operating costs		1,999,382	1,828,338	1,809,458
Gross operating profit		591,740	495,267	435,993
Net operating profit		394,610	317,162	229,109
Non-operating income and expenses		66,570	14,681	51,254
Net profit before tax		461,180	331,843	280,363
Net profit (loss) for the current period		370,177	266,683	205,469
Total comprehensive profit and loss for the period		252,140	304,883	102,777
Earnings per share		6.95	5.12	3.56
Employee benefit amount		14,960	13,427	16,834
Dividend		282,575	241,454	165,147
Employee salaries (including employee benefits)		270,403	249,467	268,123
Payment to investors (NT\$ thousand)		282,575	241,454	165,147
Payment to the government (NT\$ thousand)		91,246	71,721	65,363
Community investment (NT\$ thousand)		6,870	5,085	4,025

Note:

1. Payments to investors refer to dividends paid to all shareholders plus interest paid to lenders (including any form of debt and interest on loans) and unpaid dividends due to preferred shareholders.
2. Payments to the government refer to all taxes (including sales tax, income tax, and property tax) and fines.
3. "Employee salaries (including employee benefits)" include labor insurance, health insurance, pension expenses, and the total amount of monetary benefits provided to employees (excluding costs directly related to job duties). "Employee benefits amount" refers to funds allocated by the company to the employee welfare committee for non-monetary benefits, such as employee travel, health check-ups, and holiday gifts.
4. Community investment refers to donations and contributions.





## ➤ Government Subsidies

The Company's relationship with the government is very close, receiving financial assistance and support when needed. During the reporting period, the company received financial subsidies from the government to navigate social impacts and changes effectively. The financial assistance items and amounts are as follows:

Item	Subsidy Units	Subsidy Amount (NT\$)
Takeoff Charging Project Subsidy	Kaohsiung-Pingtung-Penghu-Taitung Regional Branch, Workforce Development Agency, Ministry of Labor	452,000
Youth Employment Flagship Program Subsidy	Kaohsiung-Pingtung-Penghu-Taitung Regional Branch, Workforce Development Agency, Ministry of Labor	72,000
Work-Life Balance Subsidy Program	Ministry of Labor	30,000
Youth Internship Program at Dagang	Sun Yat-Sen Management Education Foundation	24,000
Incentive for Exceeding Employment Quota of Persons with Disabilities	Labor Affairs Bureau of Kaohsiung City Government	15,000
Total		593,000

Note: Tax reductions, subsidy programs, and pandemic relief are all classified as government financial assistance.

## ➤ Tax Policy

In response to the international trend of tax governance, the Company abides by tax laws and regulations, strictly abides by relevant tax laws such as securities transaction tax, futures transaction tax, business tax, etc., and implements the sustainable development of enterprises and enhances the value of enterprises. The Finance Department controls and acts as the tax management unit, and will explain it when acknowledging the financial report every quarter.

The Company formulates tax policies:

- Principle of Legal Compliance: Follow tax laws and regulations as well as the legislative intent, correctly declare and pay taxes, and prepare supporting documentation.
- Principle of Comprehensive Decision-making: Monitor changes in local and international tax laws, conduct thorough impact assessments, and formulate appropriate response strategies.
- Principle of Information Transparency: Regularly disclose tax information through public channels such as financial reports and annual reports to ensure transparency.
- Principle of Active Communication: Maintain open and honest communication with tax authorities to help improve the tax environment and regulatory framework.
- Principle of Reasonable Tax Saving: Utilize lawful and transparent tax incentives without adopting methods that violate the spirit of the law.
- Principle of Reasonable Structure: Ensure corporate structure and transaction arrangements reflect genuine economic substance and avoid special arrangements for tax avoidance.
- Principle of Risk Control: When formulating and implementing tax decisions, evaluate associated risks and adopt appropriate strategies.
- Principle of Commercial Substance: Ensure related-party transactions reflect economic substance, with decision-makers assuming risks and receiving reasonable remuneration.
- Principle of Arm's Length Transactions: Ensure the pricing and terms of related-party transactions are consistent with those of comparable transactions with independent third parties.

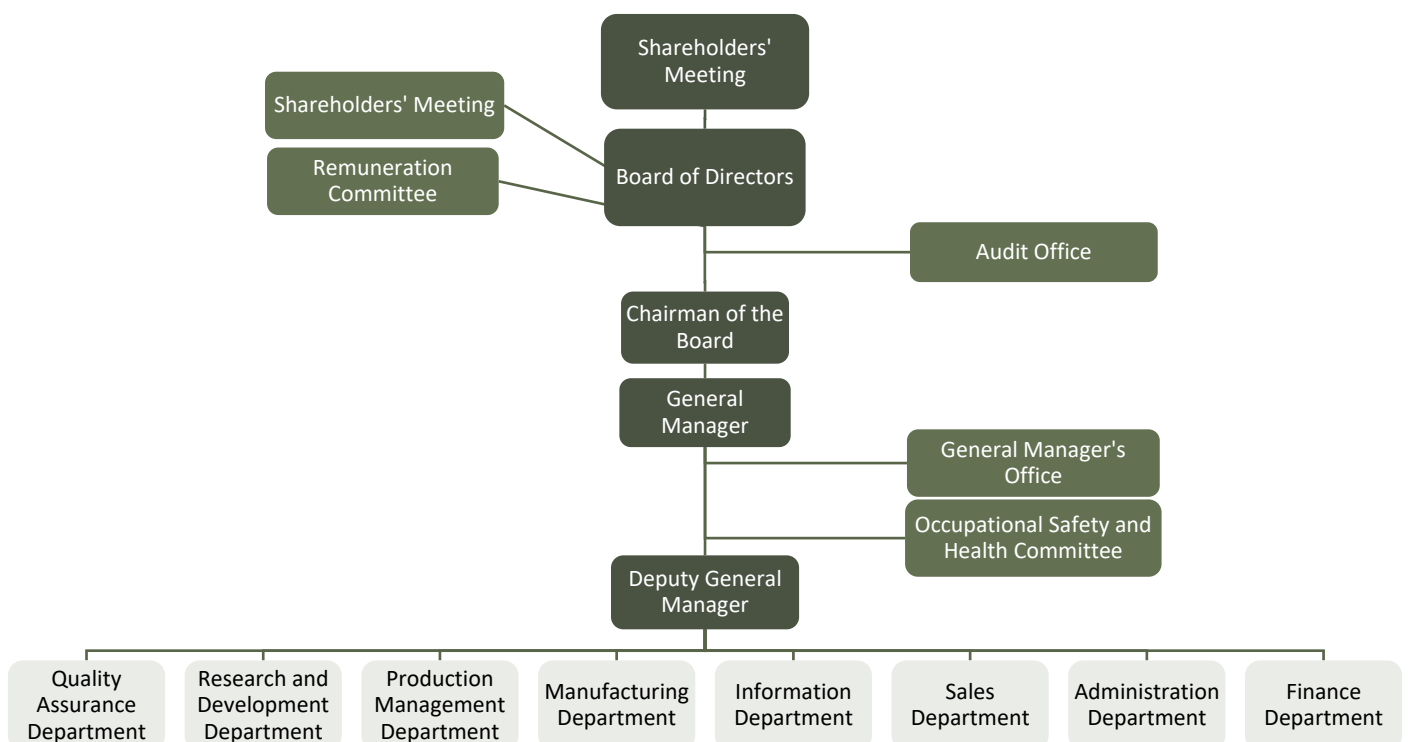


For relevant information, interested parties can go directly to the corporate governance area of the company's official website for review.

**Annual Report**



**Financial Report**



## 2.1.4 Company Organizational Structure

### ◆ Explanation of Departmental Responsibilities

Departments	Main business
<b>Audit Office</b>	(1) Evaluate the soundness and reasonableness of the company's various management systems. (2) Audit, improve, and assist in solving issues related to the company's internal control system.
<b>General Manager's Office</b>	Establish operational policies, oversee planning, control, execution, and internal coordination and management.
<b>Occupational Safety and</b>	(1) Develop, plan, promote, and supervise occupational safety and health matters, establishing a safety management system.

Departments	Main business
<b>Health Committee</b>	<ul style="list-style-type: none"> <li>(2) Formulate, plan and promote emergency response matters.</li> <li>(3) Plan and implement employee safety and health training.</li> <li>(4) Conduct, compile, and report occupational accident statistics in the monthly occupational accident report.</li> </ul>
<b>Quality Assurance Department</b>	<ul style="list-style-type: none"> <li>(1) Inspect the quality of raw materials.</li> <li>(2) Control product quality during the manufacturing process.</li> <li>(3) Control the quality of finished products before shipment.</li> </ul>
<b>Research and Development Department</b>	<ul style="list-style-type: none"> <li>(1) Supervise the improvement and development of molds for process operations.</li> <li>(2) Oversee proposals, reviews, improvements, and development of operational equipment and various processes.</li> <li>(3) Supervise the execution of new product research and development and improvement of existing products.</li> </ul>
<b>Production Management Department</b>	<ul style="list-style-type: none"> <li>(1) Plan and execute outsourced processing.</li> <li>(2) Plan production schedules.</li> <li>(3) Track and manage product manufacturing progress.</li> <li>(4) Handle product shipment operations.</li> </ul>
<b>Manufacturing Department</b>	<ul style="list-style-type: none"> <li>(1) Responsible for product manufacturing.</li> <li>(2) Manage production-related operations.</li> </ul>
<b>Information Department</b>	<ul style="list-style-type: none"> <li>(1) Provide office automation support, troubleshooting, and recommendations for information software and hardware evaluation and procurement.</li> <li>(2) Plan, maintain, and manage the Company's IT environment.</li> </ul>
<b>Sales Department</b>	<ul style="list-style-type: none"> <li>(1) Conduct domestic and international market research and collect data on new products.</li> <li>(2) Formulate and execute overall marketing strategies.</li> <li>(3) Promote business, handle orders, and process them.</li> <li>(4) Lead customer feedback handling, satisfaction surveys, and improvement.</li> </ul>
<b>Administration Department</b>	<ul style="list-style-type: none"> <li>(1) Plan and execute the procurement of raw materials for production.</li> <li>(2) Plan and manage human resources.</li> <li>(3) Plan and execute procurement and general affairs systems.</li> <li>(4) Maintain and manage factory environmental protection and safety.</li> </ul>
<b>Finance Department</b>	<ul style="list-style-type: none"> <li>(1) Plan and manage finance, accounting, and taxation.</li> <li>(2) Handle board of directors and shareholders meetings, as well as stock-related affairs.</li> <li>(3) Manage company fund allocation and derivative transactions.</li> </ul>

### 2.1.5 Participation in External Organizations

To achieve sustainable development in the industry and environment and improve product quality, Sheh Fung Screws actively participates in relevant industry associations. By engaging in various activities, the company aims to facilitate mutual exchange and collective growth within the industry.

Organization Names	Management Position	Member
Taiwan Fastener Trading Association		•
Kaohsiung Industrial Association		•

## 2.2 Business Development

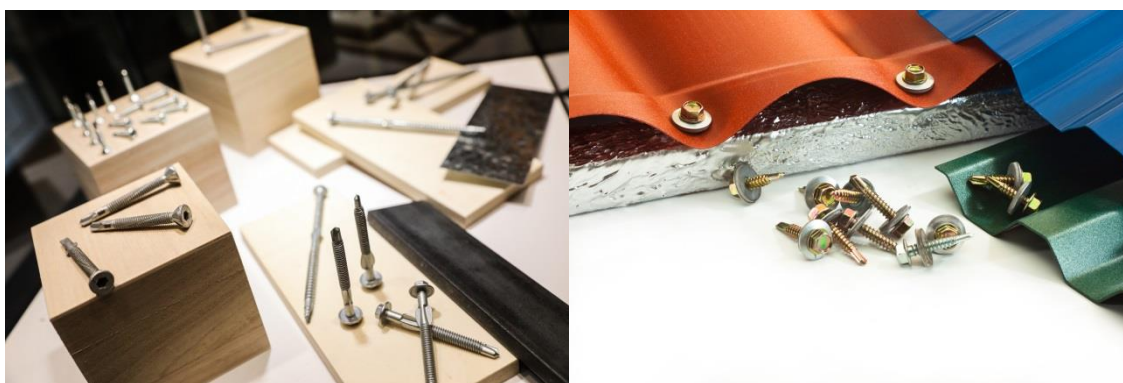
Sheh Fung Screws, established in 1973, has embraced a spirit of localized development in step with Taiwan's progress. Since its founding, the Company has been committed to developing and manufacturing high-quality, high value-added, and highly competitive products for global markets, and has grown into a leading manufacturer in the global screw industry.



## 2.2.1 Company Products and Sales Markets

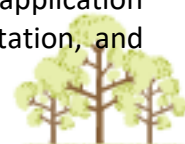
Sheh Fung's screw products are primarily for export, reaching more than 100 countries and regions, including the Americas, Europe, Asia, Oceania, and Taiwan. The products are mainly applied in construction and home DIY repairs. In recent years, with the growing competition from peers in China and Southeast Asia and the increasing prevalence of price-cutting strategies for standard fasteners, the Company has gradually adjusted its market positioning. By strengthening quality control and advancing production automation, Sheh Fung continues to enhance product value and competitiveness. The sales statistics by region are as follows:

Product or Service Items				
Products or Service Items	Sales Regions	Customer Types	Sales Volume	Sales Volume Units
Screws/Hardware Fasteners	Americas	Builders/Contractors/Distributors/ Traders/Brand Owners	11,751	Metric ton
	Europe		2,873	Metric ton
	Oceania		1,576	Metric ton
	Asia		3,049	Metric ton
	Taiwan		434	Metric ton



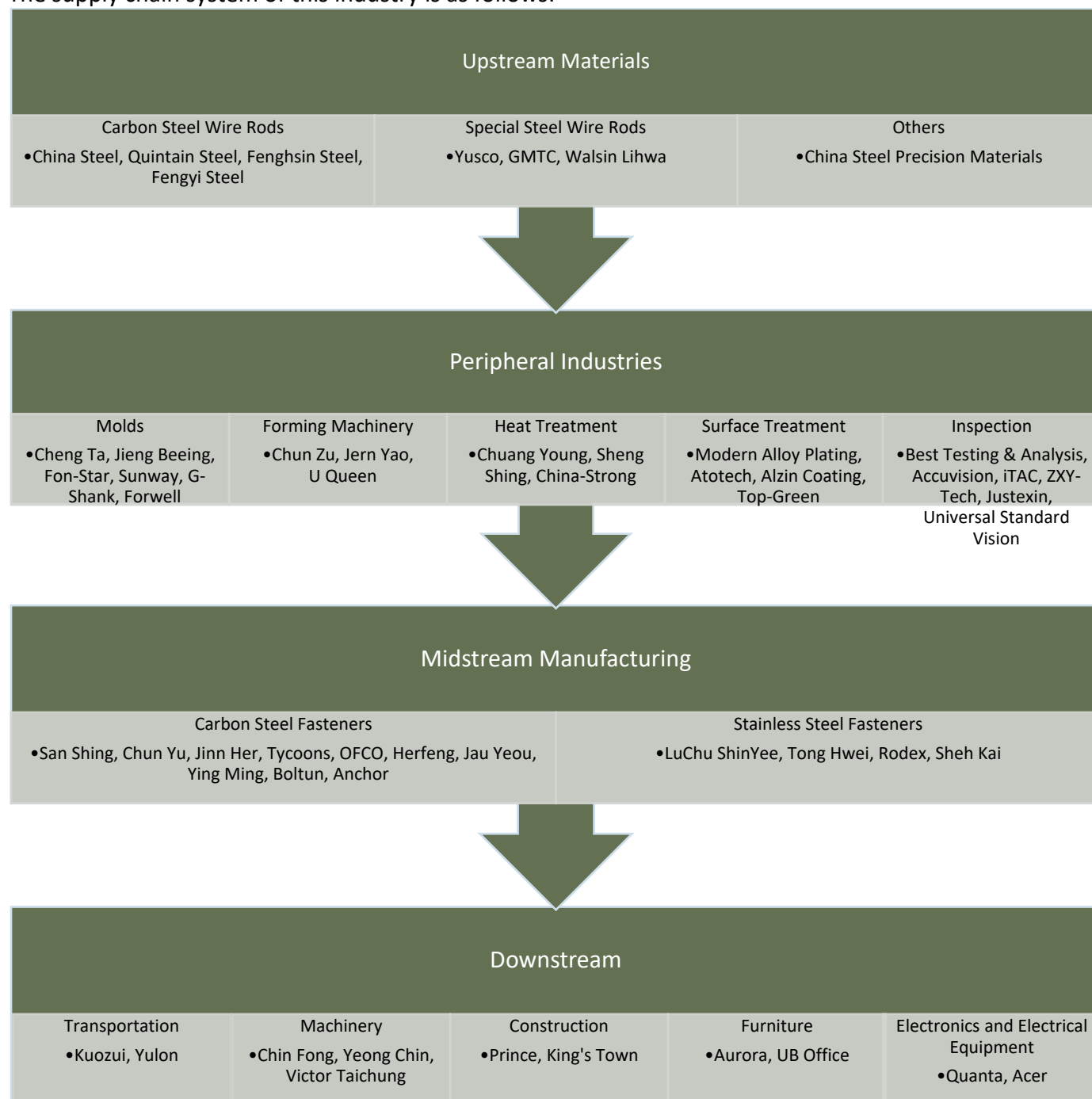
## 2.2.2 Upstream, Midstream, and Downstream Industry Relationships

Screws are fastening components used in industrial products. The industry chain mainly includes upstream wire rods, which screw manufacturers purchase and send to professional wire processing plants for drawing. The manufacturers then perform front-end processing such as heading, trimming, and threading. Subsequent processes include heat treatment to produce high-hardness screws or electroplating to provide anti-rust and anti-corrosion functions. Surface treatment may further involve painting or spraying. Upstream related industries include the steel wire products industry, while associated industries cover screw machine manufacturing, heat treatment, and electroplating services. The downstream application industries are extensive, spanning industrial machinery, metal products, aerospace, transportation, and



construction. As economies develop and industrialization deepens, demand for screws and their upstream industries continues to grow.

The supply chain system of this industry is as follows:



Source: Metal Center ITIS Plan

## 2.2.3 Industrial Status and Development

Screw and nut products are collectively referred to as tight fasteners or fasteners, which are manufactured using carbon steel wire rods as the primary material. Screws and nuts can be classified into two major categories. The first is threaded fasteners, which include screws, bolts, studs, and nuts. The second is non-threaded fasteners, which include rivets, washers, pins, and retaining rings. A screw refers to a threaded product with a smaller diameter, such as wood screws and self-tapping screws. A bolt refers to a threaded product with a larger diameter, such as hex bolts, square bolts, foundation bolts, and T-bolts. Nuts, which are typically internally threaded, are designed to be paired with screws or bolts for fastening or locking purposes. The strength of a nut must correspond to that of the screw or bolt with which it is used. In





general, high-tensile screws or bolts are matched with hardened nuts. The manufacturing process for screws and nuts, as illustrated in the following diagram, begins with wire rods and proceeds through wire drawing, primary processing, secondary processing, testing, and finally packaging and export, thereby driving the development of related domestic industries.

The development of Taiwan's screw, nut, and rivet manufacturing industry began after the Second World War and has undergone more than 70 years of growth. According to the "2024 Metal Products Industry Yearbook – Fasteners" published by the Industry & Technology Intelligence Services (ITIS), Department of Industrial Technology, MOEA, Taiwan currently has more than 1,800 fastener manufacturers, providing employment for approximately 40,000 people. As one of the world's leading fastener exporters, Taiwan recorded an output value of NT\$157.1 billion in 2023, with exports of NT\$148.4 billion. The average export unit price was NT\$116.4 per kilogram, with the United States and Europe serving as the primary export markets. Since material costs represent the largest portion of expenditures in the fastener industry, the sector has historically clustered in southern Taiwan, which serves as both a steel and transportation hub. The key industrial clusters are located in areas extending from northern Kaohsiung (Gangshan District, Luzhu District) to Tainan (Rende District, Guanmiao District). Among these, Tainan City and Kaohsiung City account for the largest concentration of factories. In particular, the Great Gangshan area in southern Taiwan has become the most important fastener industry cluster due to its geographic proximity to China Steel Corporation, the country's major supplier of screw raw materials.

#### Technology and R&D Overview

The company has the self-control ability of the whole process, which can not only meet the diverse needs of customers, but also provide integrated manufacturing services. The R&D department is divided into drawing design group, which is mainly responsible for designing and drawing new products, customized samples and self-developed projects in the factory, arranging sample planning and final quality inspection, assisting standard specifications or quantity products to make process drawings, and constructing quality parameters for production line inspection; The sample and process improvement team is mainly responsible for pre-evaluation of samples, mold opening and contracting, sample preparation, recording sample preparation process parameters and problems, and assisting in the analysis and elimination of abnormal production lines. By 2024, there were 17 valid patents.

We continue to develop new derivative functions and process technologies based on existing products, including the development of high-performance coating processes, environmentally friendly electroplating processes, and low-hydrogen-embrittlement heat treatment processes. The funds invested in research and investment in recent years are as follows:

Unit: NT\$ thousand			
Year/Item	2022	2023	2024
R&D expenses	11,247	10,600	11,343
Net operating income	2,591,122	2,323,605	2,322,475
Proportion	0.43%	0.46%	0.49%



## ◆ Successfully Developed Technology or Product

Year	R&D achievements	Functions and effectiveness
2014	1. Improved Drywall screws 2. M472125 compound needle screws.	1. Improved drywall screws design to enter the US market. 2. Versatile needle-type screws enhance convenience and versatility.
2015	High corrosion-resistant baking paint process	Enhanced corrosion resistance of screws to meet AC257 standards, expanding the US market.
2016	1. M516106 waterproof screw 2. High-performance gypsum board screw	1. Improved waterproofing of roofing screws increases durability, beneficial for snowy, high-latitude regions. 2. Designed high-performance gypsum board screws with unique shapes to stabilize the US market.
2017	Development of Composite Screws	Enhanced locking strength and smoothness in composite materials.
2018	Development of Decking screws (wood screws)	Improved locking strength in both soft and hard woods.
2019	Development of multifunctional screws	Enhanced application in composite materials.
2020	Development of high-strength building wood screws	Developed high-strength construction wood screws meeting ETA certification and market demands.
2021	Multidirectional design and development of new products	1. Designed and applied oval teeth for European hardwood. 2. Developed screws for American composite boards. 3. Designed and developed composite screw needles. 4. Developed special self-drilling screws
2022	R1 Self-Drilling Screws M626081	1. Special self-drilling tip can quickly drill through 20mm thick iron plates. 2. More stable and faster than competitors.
	Anti-Slip Decking Screws M630005	1. Developed special threaded decking screws to improve grip. 2. Increased pull-out strength and safety testing.
2023	Compound pinhole development project	Developed a product suitable for various BITs.
2024	Development of M658786 multi-chip-removal screws	Designed for use in various fastening applications, the product ensures excellent flatness.

## 2.3 Corporate Governance

The Company attaches great importance to the integrity, timeliness, fairness and transparency of information disclosure. In addition to announcing various financial information, financial reports, annual reports and major information on the public information observation station, relevant information can also be found on the Sheh Fung Screws website for the reference of domestic and foreign investors. Sheh Fung Screws will continue to pursue the transparency, timeliness and fairness of corporate governance and financial information.



Sheh Fung Screws Official  
Website



### 2.3.1 Sustainable Development Strategy

Although Sheh Fung Screws has not yet established a sustainable development committee, it adheres to the principle of integrity management and formulates a human rights policy, a code of integrity management, a code of ethical conduct, and a code of practice for sustainable development to prevent any fraud. The company believes that human rights issues are an indispensable part of all business activities, so it makes a commitment to fulfill corporate social responsibility and protect the basic human rights of all colleagues by formulating a human rights policy. We recognize the internationally recognized spirit and basic principles of human rights protection, such as the United Nations Universal Declaration of Human Rights, the United Nations Global Covenant, and the United Nations Declaration on the Basic Principles and Rights of the International Labor Organization, put an end to any violation and violation of human rights, and treat and respect all colleagues with dignity, including contracts and temporary workers and interns. The human rights policy is applicable to all operating bases of the Company and its subsidiaries. We shall abide by the relevant laws and regulations on labor and gender equality in the place where we operate, formulate relevant human rights protection and labor policies and implement relevant measures, implement diversity in the workplace, uphold the principles of openness and fairness, and prohibit child labor, all forms of forced labor and acts that infringe on the rights of indigenous people, so as to eliminate employment and employment discrimination in the workplace. Suppliers also abide by the above specifications, and if the company finds that the supplier has violated the rules of employing child labor, it will immediately terminate the cooperation relationship between the two parties.

Our company abides by relevant labor laws and regulations, and abides by international human rights conventions, such as gender equality, the right to work and the right to prohibit discrimination. It also abides by internationally recognized labor human rights, such as freedom of association, collective bargaining right, caring for vulnerable groups, prohibiting child labor, eliminating all forms of forced labor, and eliminating discrimination in employment and employment, and confirms that its human resources utilization policy has no differential treatment such as gender, race, socio-economic class, age, marriage and family status, so as to ensure equality and fairness in employment, employment conditions, salary, welfare, training, evaluation and promotion opportunities. The Company provides an effective and appropriate complaint mechanism to ensure the equality and transparency of the complaint process.

Reporting Channels	
Accepting unit	Administration Department
Mailing address	No. 810, Fuxing West Road, Qiaotou District, Kaohsiung City
Telephone	07-6116116#101
E-mail	yen_tzu@shehfung.com
Note: In addition to the above reporting channels, QR codes in three languages and suggestion boxes are available for employees to report or file complaints.	

### 2.3.2 Governance Structure

Sheh Fung Screws is an OTC company in Taiwan, with the board of directors as the highest governance unit. It has established a sound corporate governance system, followed the principles of relevant laws and regulations and corporate governance policies, formulated a suitable corporate governance structure and implementation practices, continuously improved management performance, and protected the rights and interests of investors and other stakeholders. The members of the board of directors are highly professional, and can effectively supervise and adjust the business direction to meet the long-term and short-term needs of the target market, so as to ensure the company's operating results and sustainable operation. All directors of the Company adopt the candidate nomination system in accordance with the Articles of Association.



## ➤ Board Members

The primary responsibilities of the Board of Directors include setting the Company's strategic direction, overseeing business performance, preventing conflicts of interest, and ensuring compliance with applicable laws and regulations. In board meetings, if a director has a personal interest related to a matter under discussion, the director shall abstain from participating in the discussion and voting, and may not exercise voting rights on behalf of other directors, so as to prevent conflicts of interest.

The Board of Directors convened eight meetings in 2022, seven meetings in 2023, and five meetings in 2024. In addition, the Board adopted the "Corporate Governance Best-Practice Principles" and the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies." The operation of corporate governance, the fulfillment of social responsibilities and the honest operation of the company were all implemented in accordance with the Code, and the implementation was reported to the board of directors.

The independent directors of the Company are all in compliance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and the directors and independent directors are in compliance with the provisions of the Securities Exchange Law, and the board of directors is independent. The professional qualifications and experience of directors and the independence of independent directors are as follows:

Title	Name	Gender	Age	Date of first appointment (election)	Main academic experience	Concurrently holds positions in the company and other companies
Chairman of the board	TU TAI YUAN	Male	Over 50 years old	2016.06.22	EMBA, National Kaohsiung University	Concurrently serving as the Chairman of SHEH KAI PRECISION CO., LTD., Director of SHEH KAI Trading (Shanghai) Co., Ltd., Chairman of BYMIT INC., Chairman of CHAMPION ESSENCE INVESTMENTS LIMITED, Chairman of Long Yuan Investment Co., Ltd., Chairman of Lifestyles Co., Ltd., Chairman of HYE TECHNOLOGY CO., LTD., and Chairman of BI-METAL Ltd.
Director	CHEN CHUN YEN	Male	Over 40 years old	2023.03.06	EMBA, National Sun Yat-sen University Department of Mechanical Engineering, RMIT University	Concurrently serving as the Chairman of Sheh Fung Investment Co., Ltd., General Manager of Sheh Fung Screws Co., Ltd., Director and General Manager of SHEH KAI PRECISION CO., LTD., and Director of CHAMPION ESSENCE INVESTMENTS LIMITED.
Director	DU KING LING	Male	Over 70 years old	2010.06.26	*Master's in Mechanical Engineering, University of Mississippi, USA *Financial Management, New York University, USA	Concurrently serving as the Corporate Director Representative of Green River Holding Co. Ltd.
Director	TU PO HAN	Male	Under 30 years old	2022.06.09	Tunghai University, Department of Architecture	-
Independent Director	FANG HUI LING	Female	Over 61 years old	2019.06.18	Department of Accounting, National Cheng Kung University	Concurrently serving as an Independent Director of Jung Shing Wire Industrial Co., Ltd., an Independent Director of Sentien Printing Factory Co., Ltd., and an Independent Director of TOPOWER Co., Ltd.
Independent Director	HUNG CHUN	Male	31~40 years old	2022.06.09	*Master's in Environmental Engineering,	Concurrently serving as an Independent Director of HONOR SEIKI CO., LTD.

Director	YUNG				National Sun Yat-sen University *LL.M. in Financial and Economic Law (Tax Law), National Chung Cheng University	
Independent Director	TAI CHIU HUA	Female	50~60 years old	2022.06.09	University of Manchester M.S in Finance and Accounting	--
<b>Note:</b> 1. The current term of the board of directors is from June 9, 2022, to June 8, 2025. New directors will be elected on June 5, 2025.						

According to Article 20 of the Company's Code of Practice on Corporate Governance and Articles 2 and 4 of the Measures for the Election of Directors, the selection of directors shall consider the overall allocation of the board of directors. The composition of the board of directors should consider diversification, and formulate appropriate diversification policies according to their own operations, operation types and development needs. Directors should have the following abilities:

- A. operational judgment.
- B. accounting and financial analysis skills.
- C. management ability.
- D. crisis management ability.
- E. industrial knowledge.
- F. international market outlook.
- G. leadership.
- H. decision-making ability.

Board Diversity and Independence								
Title	Name	Industry Experience				Professional Competence		
		Banking/Finance	Business Management	Sales and Marketing	Research and Development	Accounting and Financial Analysis	Information Technology	Risk Management
Chairman of the Board	TU TAI YUAN		✓	✓	✓		✓	✓
Director	CHEN CHUN YEN	✓	✓	✓	✓	✓	✓	✓
Director	DU KING LING	✓	✓	✓	✓	✓	✓	✓
Director	TU PO HAN		✓		✓		✓	✓
Independent Director	FANG HUI LING	✓	✓			✓	✓	✓
Independent Director	HUNG CHUN YUNG	✓	✓			✓		✓
Independent Director	TAI CHIU HUA	✓	✓			✓	✓	✓



### ➤ Board Members' Training Hours

In order to enhance the functions of board members, board members are arranged to participate in refresher courses from time to time, so as to continuously strengthen their professional knowledge. In 2024, the number of refresher courses for directors of the Company was 42 hours, and all directors met the requirements of laws and regulations. The participation of directors in refresher training is as follows:

Title	Name	Training date	Course	Hours
Chairman of the board	TU TAI YUAN	2024.08.08	Exploring Key Issues of Insider Trading and Market Manipulation	3
		2024.08.08	Sustainable Transformation and International Trends	3
Director	CHEN CHUN YEN	2024.08.08	Exploring Key Issues of Insider Trading and Market Manipulation	3
		2024.08.08	Sustainable Transformation and International Trends	3
Director	DU KING LING	2024.08.08	Exploring Key Issues of Insider Trading and Market Manipulation	3
		2024.08.08	Sustainable Transformation and International Trends	3
Director	TU PO HAN	2024.11.16	Recent ESG Regulations for "Annual Report Preparation"	3
		2024.10.26	Legal Responsibilities and Case Analysis of Corporate "Control Battles"	3
Independent Director	FANG HUI LING	2024.08.09	Exploring Tax Issues for Corporations and Major Shareholders	3
		2024.08.07	Navigating the Corporate Intelligence Voyage: Advancing with Corporate Governance	3
Independent Director	HUNG CHUN YUNG	2024.05.14	BOD/Shareholders Meetings Related Laws and Practice	3
		2024.05.14	Corporate Governance and Securities Regulations	3
Independent Director	TAI CHIU HUA	2024.07.09	AI Strategy and Governance	3
		2024.04.10	Navigating the Corporate Intelligence Voyage: Advancing with Corporate Governance	3

### ➤ Avoidance of Conflicts of Interest by the Board of Directors

Directors who are interested in the meeting matters with themselves or the legal persons they represent shall explain the important contents of their interests at the current board meeting. If it is harmful to the interests of the company, according to the interest avoidance system of directors in Article 16 of the rules of procedure of the board of directors, they shall not participate in the discussion and vote, and shall abstain from the discussion and vote, and shall not exercise their voting rights on behalf of other directors. A director's spouse, second-degree consanguineous relative, or a company that has a controlling subordinate relationship with the director is deemed to have an interest in the matters mentioned in the preceding paragraph.

The resolution of the board of directors shall be handled by applying mutatis mutandis the provisions of paragraph 2 of Article 180 in accordance with paragraph 2 of Article 206 of the Company Law.

Item	Stakeholders	Description
(1) 2024 Fifth Board Meeting	Directors: TU TAI YUAN, CHEN CHUN YEN	Proposal Content: *Discuss the distribution of year-end bonuses for managers for 2024, and submit for resolution. *Review the proposed salary and remuneration items for managers for fiscal year 2025, and submit for resolution.
Reason for Recusal: The above proposal involves the interests of the Chairman and the General Manager. In accordance with the relevant regulations, both individuals recused themselves from discussion and voting.		





## ➤ Performance Evaluation of Board of Directors

The Company has formulated the Management Measures for Performance Appraisal of the Board of Directors to regularly evaluate the performance of the Board of Directors, which can strengthen the functions of the Board of Directors. The evaluation of the performance of the Board of Directors for 2024 was completed before December 31, 2024. The results indicated that the Board operated effectively in 2024, with no recommendations for improvement. The evaluation results were submitted to the second meeting of the Board of Directors in 2025. In addition, the performance evaluation results of the Board of Directors for 2024 confirmed that the overall performance was satisfactory, and the results were provided as a reference for the future selection or nomination of directors.

Evaluation of the objectives and implementation of strengthening the functions of the Board of Directors in 2024 and the most recent year:

Implementing corporate governance	The operation of the board of directors of the Company follows the rules of procedure of the board of directors. The board of directors has set up three independent directors with financial background or experts specializing in the industry of the Company, and set up an audit committee and a remuneration committee to assist the board to perform its supervisory duties. Members also attend corporate governance- related courses according to the requirements of the key points of further education for directors and supervisors.
Deepening the performance evaluation of the board of directors	<ul style="list-style-type: none"> <li>● In order to implement corporate governance and improve the operational efficiency of the Board of Directors, the Company has formulated the Management Measures for Performance Appraisal of the Board of Directors. At the end of the year, the executive unit of the Board of Directors (Finance Department) will record the implementation of the evaluation indicators and issue self-assessment questionnaires to the directors, and then get the scores according to the weighted average of the scores, and then send the scores to the Board of Directors for report.</li> <li>● Considering the company's situation and needs, the measurement items for the performance evaluation of the board of directors shall include at least the following five aspects: <ol style="list-style-type: none"> <li>1. Degree of participation in the operation of the company.</li> <li>2. Improvement of decision-making quality of the board of directors.</li> <li>3. Composition and structure of the board of directors.</li> <li>4. Selection and continuing education of directors.</li> <li>5. Internal control.</li> </ol> </li> </ul>
Enhancing information transparency	Designate a person to be responsible for revealing information updates at the public information observatory or the company website.
Strengthening risk management	and control The operation of corporate governance, the performance of social responsibility and the performance of the company's integrity management are all implemented in accordance with the code, and the implementation is reported to the board of directors, and the directors have been insured with liability insurance.

## Functional Committee setting

In order to give full play to the functions of the Board of Directors and improve the decision- making quality of the Board of Directors, an Audit Committee and a Remuneration Committee are set up under the Board of Directors according to their functions and powers, which are responsible for discussing important proposals and important issues such as economy, environment, society and risks. The Audit Committee and the Remuneration Committee are composed of 3 independent directors and 3 directors, and Director FANG HUI LING is the convener. According to the Company's Code of Practice on Corporate Governance, all affairs are currently carried out by colleagues in the administrative department and stock affairs unit.

Item	Description
Policy purpose	In order to enhance corporate governance, strengthen the board of directors' function in compensation management, and protect investors' rights and interests, the Company, in accordance with Item 1, Article 14-6 of the Securities and Exchange Act and the "Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies Whose Stock is Listed on the TWSE or Traded on the TPEX" promulgated by the Financial Supervisory Commission of the Executive Yuan under Order No. 1000009747 on March 18, 2011, adopted its "Remuneration Committee Charter" as approved by the Board of Directors in April 2012. The Company formally established the Remuneration Committee on April 20, 2012.
Salary	The Company's remuneration policy for directors is established in accordance with the Company Act and the

structure	Company's Articles of Incorporation. If the Company records a profit in the current year's final accounts, up to 6% of the profit may be allocated as directors' compensation.
Review process	In accordance with the Company's "Measures for Payment of Remuneration for Directors and Functional Committee Members", taking into account the Company's business strategy, profitability, future development and industrial environment, as well as the degree of individual directors' participation in the Company's operation and the value of their contributions (such as being a member of functional committees or being invited to attend important business meetings), reasonable remuneration will be given, which will be implemented after being reviewed by the Remuneration Committee and approved by the Board of Directors.
Risk connection	In order to ensure that managers' performance is closely related to the company's strategy, and the overall remuneration is competitive, the Company has formulated the Measures for the Administration of Managers' Remuneration, which includes salary and bonus. The salary is based on the company's business strategy and profitability, as well as factors such as managers' personal professional ability, scope of responsibilities and market competitiveness. The bonus will consider the results of personal performance evaluation, the company's operating performance and the rationality of future risks, etc. However, if there are major risk events that can affect the company's goodwill, improper internal management, personnel abuses and other risk events, the bonus will be reduced or not distributed.
Correlation between salary and performance	In order to ensure that managers' performance is closely related to the company's strategy, and the overall salary and remuneration are competitive, the Company has formulated the "Management Measures for Managers' Salary" as the basis for managers' performance appraisal and remuneration payment. The preceding measures include managers' performance appraisal and remuneration policies, systems, standards and structures, which are reviewed by the Remuneration Committee and implemented after being approved by the Board of Directors.

### ➤ Audit Committee

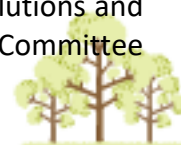
The Company shall set up an audit committee composed of all independent directors, with at least three members. Since the establishment of the Audit Committee, the members of the Audit Committee shall be responsible for implementing the functions and powers of supervisors as stipulated in the Company Law, the Securities Exchange Law and other laws and regulations. The work items of the Audit Committee are as follows:

1. Formulate or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
2. Assess the effectiveness of the internal control system.
3. Formulate or amend procedures for handling major financial activities, such as acquiring or disposing of assets, engaging in derivatives trading, lending funds to others, or endorsing and providing guarantees for others, in accordance with Article 36-1 of the Securities and Exchange Act.
4. Review matters involving directors' own interests.
5. Review significant transactions in assets or derivatives.
6. Review major loans of funds, endorsements, or guarantees.
7. Review the offering, issuance, or private placement of equity-type securities.
8. Evaluate the appointment, dismissal, remuneration, independence, and competence of certified public accountants.
9. Appoint or remove financial, accounting, or internal audit supervisors.
10. Review financial reports signed or sealed by the Chairman, manager, and accounting supervisor.
11. Review other significant matters stipulated by the Company or the competent authority.

The operation mode of the Audit Committee of the Company is handled in accordance with the Organizational Rules of the Audit Committee of the Company, and the meeting is held at least once every quarter. In 2024, the Audit Committee was held five times, and the attendance of members was 100%.

### ➤ Remuneration Committee

Under the board of directors, there is a remuneration Committee, with three members with professional qualifications and independence, with independent director Ms. FANG HUI LING as convener, Mr. HUNG CHUN YUNG and Ms. TAI CHIU HUA as members; Draw up proposals by means of meeting resolutions and submit them to the board of directors for approval. The operation mode of the Remuneration Committee



is handled in accordance with the Company's Organizational Rules of Remuneration Committee, with at least two regular meetings held every year and two meetings held in 2024, with 100% of the members present.

Title	Name	Identity	Expected Attendance	Actual Attendance	Actual Attendance Rate (%)	Remarks
<b>Convener</b>	FANG HUI LING	Independent Director	2	2	100%	-
<b>Member</b>	HUNG CHUN YUNG	Independent Director	2	2	100%	-
<b>Member</b>	TAI CHIU HUA	Independent Director	2	2	100%	-
<b>Note:</b> 1. Actual Attendance Rate = Actual Attendance / Expected Attendance. 2. Term of the current committee members: From June 9, 2022 to June 8, 2025.						

Members of this Committee shall faithfully perform the following functions and powers with the attention of good managers, and be responsible to the board of directors, and submit their suggestions to the board of directors for discussion:

- (1) Regularly review the organizational rules of the Remuneration Committee and propose amendments.
- (2) Formulate and regularly review the performance evaluation standards of directors and managers, annual performance targets and policies, systems, standards and structures of remuneration.
- (3) Regularly evaluate the achievement of the performance targets of the directors and managers of the Company, and determine the content and amount of their remuneration according to the evaluation results obtained by the performance evaluation criteria.

### 2.3.3 Moral Values and Honest Management

In order to build a corporate culture of integrity management, sound development and smooth business operation, the Company has formulated a Code of Integrity Management to regulate the ethical behavior of directors, managers and employees, and the implementation of the disciplinary and appeal systems for violations. Establish relevant systems for business activities, in which the risk of dishonest behavior in business activities is strengthened, and explain the principles and policies of integrity management in various meetings (such as supervisor meetings and labor meetings) regularly or irregularly, and revise relevant policies with the trend of environmental changes.

In 2024, the Company conducted internal and external education and training related to integrity management, including courses on compliance with laws and regulations, the Code of Ethical Conduct, accounting systems, prohibition of insider trading, and internal controls. A total of 6 participants attended, accumulating 90 training hours.

#### ➤ Moral integrity norms

Although the Company has not conducted anti-corruption risk assessment, it has made relevant explanations and specifications on corruption in accordance with the code of good faith operation and employee reporting procedures, and regularly publicized them to relevant personnel in annual education and training to strengthen colleagues' policies and cognition on good faith operation.

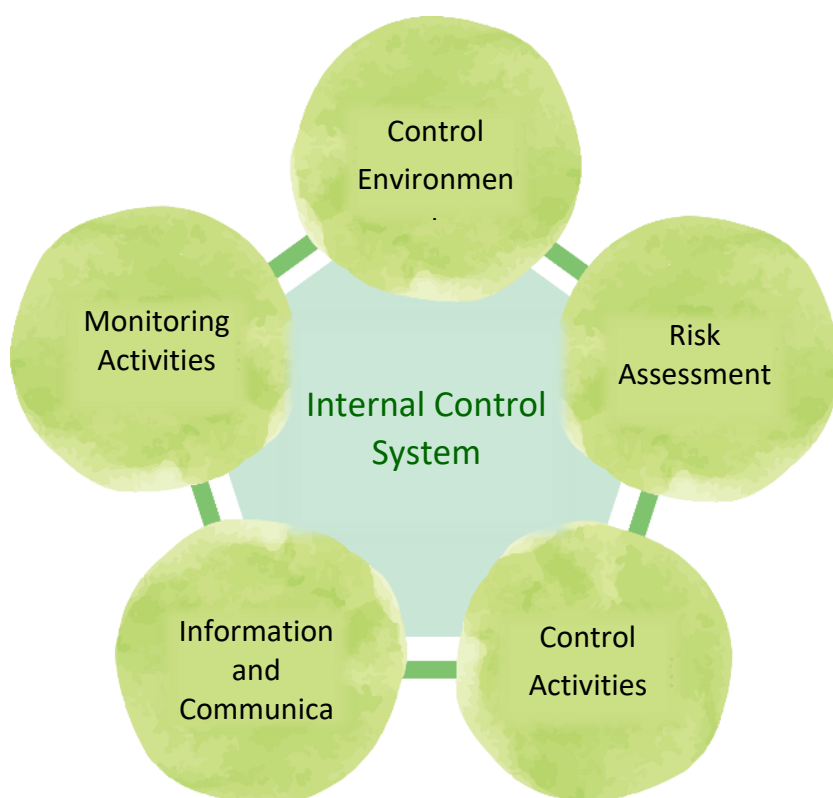
The training courses for new employees include moral integrity, company regulations and discipline. In addition, the supervisor or human resources unit will publicize moral integrity, observe discipline and relevant company regulations in daily meetings or announcements from time to time, so as to urge employees to be cautious and establish a clean atmosphere and achieve the goal of training all employees.



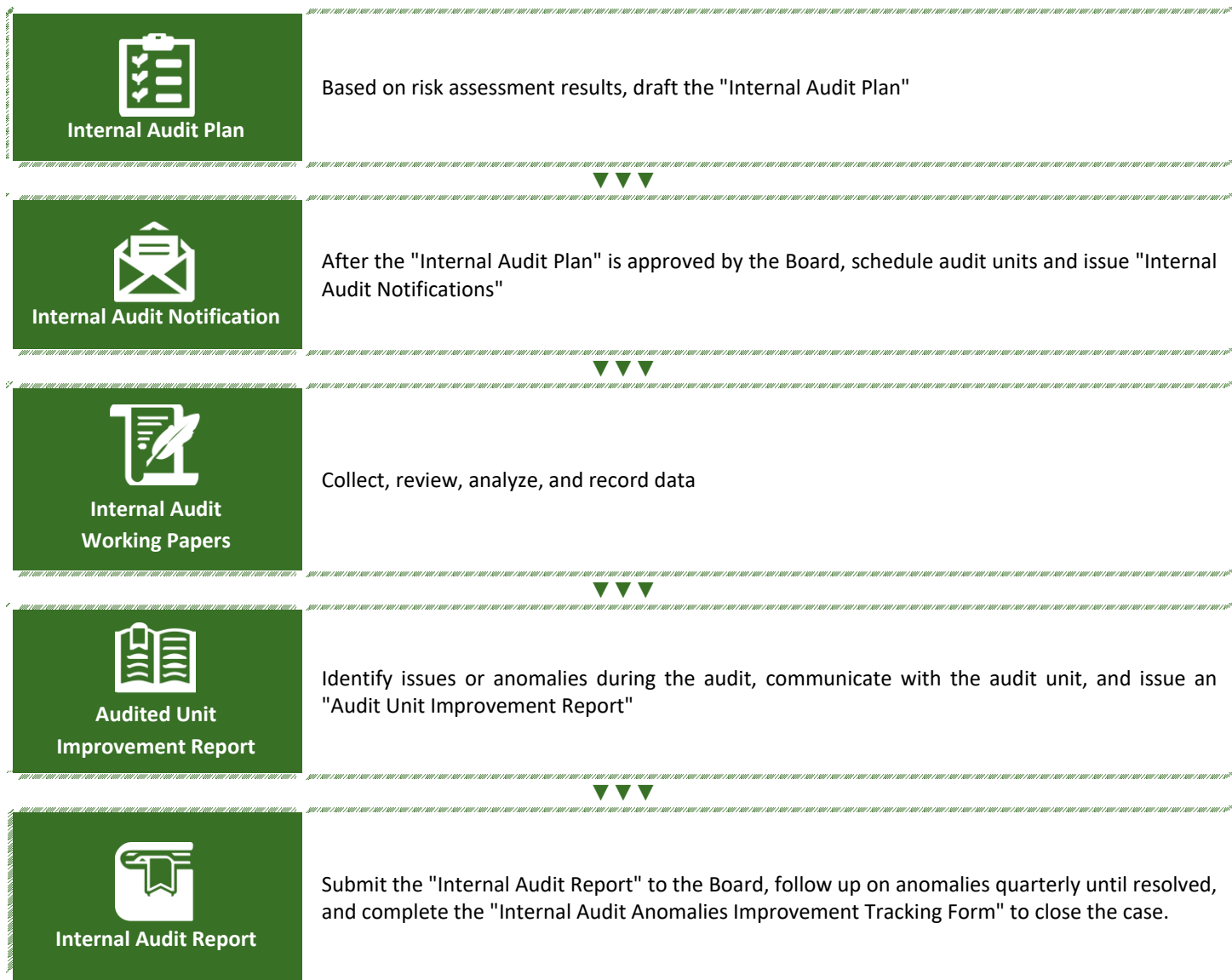
Sheh Fung Screws had no corruption cases in 2024 and provided anti-corruption education and training to employees, with 79 attendances totaling 162 training hours.

### 2.3.4 Internal Audit System

The company has a sound accounting system and internal control system, the purpose of which is to investigate and evaluate the lack of implementation of the company's internal control system, measure the effectiveness and efficiency of operation, the reliability of financial reporting and the compliance with relevant laws and regulations, and provide timely improvement suggestions to ensure the continuous and effective implementation of the internal control system and assist the management to fulfill their responsibilities. In order to ensure the design and implementation of this system continue to be effective, the internal auditors of the Company have arranged various audit plans to be implemented and reported to the Board of Directors regularly.



## ➤ Internal Audit Process



## 2.4 Products and Customer Service

### 2.4.1 Sheh Fung Quality Assurance

To continuously enhance the manufacturing quality of Sheh Fung Screws, the Company has successively obtained international quality certifications, including ISO 9001, ISO 14001, and IATF 16949. In April 2019, the Company also earned A2LA laboratory accreditation in the United States. In addition, Sheh Fung has been committed to the research and development of screw surface treatment technologies to strengthen customized service capabilities, increase product added value, and secure a competitive position in the development of high-end products.

The Company has also obtained other relevant certifications, such as CE-EN-14566 and J-30-20181-12 through J-30-20186-12 in the European Union, ETA certification (ETA 18/0284), as well as Kaitex registration certificates from the European Union Intellectual Property Office, the Republic of China Trademark Office, and the United States Patent and Trademark Office. These achievements have strengthened the credibility of the Company's quality control practices and earned greater recognition in both domestic and international markets amid intensifying global competition.





Statistics of safety certification items for products or services.		
Name of Product or Service Item	Safety Standards Certification	Proportion of Evaluated Products or Services Provided to Customers
Screws	European Union Construction Product Regulation (CPR) No. 305/2011/EU, Standard EN 14566	1.54
Screws	European Union Construction Product Regulation (CPR) No. 305/2011/EU, Standard EN 14592	3.26
Screw inspection (laboratory certification)	A2LA Accredited Laboratory ISO/IE 17025:2017	100.000
Note: Percentage = (Total amount of evaluated products or services provided to customers / Total amount of products or services provided to customers) 100.		

## 2.4.2 Customer Satisfaction Survey

The service quality that has earned Sheh Fung Screws the reputation of being the "LV of the Screw Industry" has long been one of the Company's key competitive advantages. Sheh Fung's professional and dedicated sales team provides timely support to meet customers' daily needs. In addition, the Company conducts an annual Customer Satisfaction Survey with key clients. The survey covers four major aspects: products, services, delivery, and quality, comprising a total of nine questions. In 2024, a total of 79 questionnaires were distributed to major customers, with 40 valid responses received, representing a response rate of 50.63%. Among them, 35 responses were from fastener customers and 5 from OEM customers.

The overall customer satisfaction score for the year was 8.47, with 8.60 from fastener customers and 7.54 from OEM customers. Going forward, the Company will continue to monitor customer satisfaction, identify areas for potential improvement, and use the results as a basis for ongoing enhancement efforts to further increase customer satisfaction.

If the customer satisfaction is not up to the standard, we will immediately further communicate with customers and propose review and improvement for the missing parts to meet the needs of customers all over the world. The Company has a "customer complaint handling procedure," which pays attention to communication with customers and can achieve rapid and effective handling of customer complaints.

In the post-pandemic era and amid the wave of global industrial digitalization, demand in the fastener industry remains strong. Taiwanese manufacturers are continuing to move toward "high value-added" and "low-carbon" development. Sheh Fung Screws participated in the Taiwan International Fastener Exhibition for the first time since the pandemic, presenting its booth under the theme of "Green." The exhibition design attracted significant attention. In addition, the participation of the Sheh Fung Cycling Team, led by General Manager CHEN CHUN YEN, further highlighted the Company's commitment to corporate social responsibility, corporate governance, and ESG sustainability goals. Through these efforts, Sheh Fung aimed to deliver a fresh experience to customers while enhancing the Group's visibility and brand recognition.







### ➤ **Customer Privacy and Confidentiality**

The Company places great importance on protecting customer privacy and intellectual property rights. In addition to signing confidentiality agreements with customers to safeguard their confidential information, the Company has also established internal standards to ensure that customer rights and interests are protected in the course of business operations. In 2024, there were no incidents of violation of customer privacy.



## 2.5 Supply Chain Management

The Company sources 99.7% of its main raw materials, including wire rods, stainless steel wires, and packaging materials, from domestic suppliers. Leveraging the geographical advantages of the Great Gangshan area, the Company has adopted a model of professional specialization between upstream and downstream production. Upholding the spirit of localized development rooted in Taiwan, Sheh Fung has established long-term and stable partnerships with domestic suppliers and contractors. At the same time, through vertical integration across the value chain, the Company emphasizes cooperation over competition, building a shared vision for development and creating win-win outcomes.

Sheh Fung's Supplier Procurement Statistics for the Past Three Years						
Procurement Region	2022		2023		2024	
	Number of Suppliers	Proportion of Total Procurement Amount (%)	Number of Suppliers	Proportion of Total Procurement Amount (%)	Number of Suppliers	Proportion of Total Procurement Amount (%)
Domestic	64	97.00	64	99.8	74	99.7
International	4	3.00	3	0.2	6	0.3
Total	68	100%	67	100%	80	100
Note:						
1. Domestic refers to Taiwan; international refers to regions outside Taiwan.						
2. Starting from 2021, the presentation format was adjusted from procurement amount to the number of suppliers.						

Through domestic procurement and outsourced production, Sheh Fung Screws is able to closely monitor the quality, pricing, delivery schedules, and quantities of products supplied by its suppliers and contractors. Compared with overseas manufacturers, it is also relatively easier to obtain information related to environmental protection, occupational safety and health, and human rights, while legal requirements are more consistent. As a result, the Company's contracts with suppliers and contractors do not specifically include human rights screening or additional human rights clauses. Furthermore, in 2024, Sheh Fung Screws received no complaints related to human rights.

### ➤ Supplier Management

The Company conducts evaluation procedures for all new suppliers. Only those that pass rigorous assessments in three aspects, including production management, quality control, and technology, are approved as qualified suppliers. Going forward, the Company will also place greater emphasis on reviewing suppliers' records of environmental and social impacts as part of the selection criteria.

The Company has established "Procedures for Development and Evaluation of Cooperative Factory" to evaluate suppliers in advance and regularly. When signing contracts with major suppliers, suppliers are required to submit relevant legal documents as evidence. In the future, we will also consider whether suppliers attach importance to labor rights, workplace safety and health, pollution prevention and other items, and increase the number of violations.

The Company regularly evaluates suppliers, and signs a letter of commitment on social responsibility of suppliers, advocating that we should pay attention to labor rights and interests, workplace safety and health, pollution prevention and other projects.

### ➤ Supplier Audit

The Company has established the Supplier Management Measures, under which suppliers with transactions during the year are assessed for key corporate social responsibility risk levels. The results of the evaluation reports are submitted online for internal review and approval.

For suppliers with transactions between March 2024 and February 2025, the evaluation results based on the specified assessment items are summarized in the following table:



Evaluation questionnaire and explanation	<p>Name of Evaluation Questionnaire: Supplier Corporate Social Responsibility Self- assessment Questionnaire</p> <p>Questionnaire description:</p> <ol style="list-style-type: none"> <li>1. The design carries out self-assessment on environment, labor practice, human rights, social impact and product liability impact.</li> <li>2. Each evaluation item is scored on a scale of 3 points, with a total of 34 items to be completed based on the supplier's actual situation. The scores are then aggregated internally. A total score below 78 points is classified as A: High Risk, while a score of 81 points or above is classified as B: Low Risk. In addition, suppliers are categorized by the criticality of their environmental and social impact as either (1) Key or (2) Non-key.</li> </ol>
Questionnaire results	<p>Based on the two evaluation dimensions of suppliers with transactions from March 2024 to February 2025, the results are as follows:</p> <p>A1 Level: 0 key high-risk suppliers. (For A1-level suppliers, the Purchasing Department must conduct on-site audits together with representatives from the Quality Control Department.)</p> <p>A2 Level: 0 non-key high-risk suppliers.</p> <p>B1 Level: 39 key low-risk suppliers.</p> <p>B2 Level: 94 non-key low-risk suppliers.</p>

### ➤ Green Transportation

The transportation of raw materials and products at Sheh Fung Screws is carried out in accordance with "Import and Export Management Procedure" of ISO 9001 management system. All vehicles entering the Company's premises must pass inspection before entry is granted. Drivers are required to possess adequate emergency response capabilities and comply with relevant laws and regulations, including road traffic safety rules. In 2024, no transportation-related accidents occurred, nor were there any negative environmental impacts.

## 2.6 Risk Management

The Company's risk management policy is established to identify and analyze the risks faced by the Company, set appropriate risk limits and controls, and supervise the risks and compliance with the risk limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's operation. The Company develops a disciplined and constructive control environment through training, management principles and operating procedures, so that all employees can understand their roles and obligations.

Industrial risk	<ol style="list-style-type: none"> <li>1. The fluctuation of raw material prices affects the company's revenue and profit performance.</li> <li>2. The electroplating process has strict environmental protection specifications, the overall market capacity is relatively insufficient, and the outsourcing scheduling is difficult to control.</li> </ol>
Operational risk	<ol style="list-style-type: none"> <li>1. The price competition between domestic and foreign peers is fierce.</li> <li>2. Risk of outsourcing quality and delivery stability.</li> </ol>
Credit risk	The company faces the risk of financial loss if customers or counterparties in financial instrument transactions fail to fulfill their contractual obligations.
Liquidity risk	The risk that the Company is unable to deliver cash or other financial assets to pay off its financial liabilities, which causes the Company to fail to fulfill its relevant obligations.
Market risk	This refers to the fair value risk of exchange rate changes and interest rate changes, which may cause the company to suffer losses due to related transactions.



## ➤ Task Force on Climate-related Financial Disclosures (TCFD)

The Company follows the framework of the Task Force on Climate-related Financial Disclosures (TCFD) and became a TCFD Supporter in April 2022. By doing so, the Company seeks to identify and clarify the impacts of climate change risks at an early stage. These uncertainties, including both risks and opportunities, may bring positive or negative impacts on the business. Beginning with disclosures relevant to its core operations, the Company leverages existing programs and policies to formulate adaptation and mitigation measures, thereby shaping climate strategies that enable it to capture opportunities. Looking ahead, modular solutions will be developed under various scenario analyses to further strengthen organizational resilience and create new business opportunities. Guided by the sustainable objectives of risk management and value creation, the Company continues to move forward steadily toward the sustainable management of natural resources.

We continue to pay attention to and practice the climate action objectives after the Paris Agreement and incorporate them into the sustainable development strategy.

Governance unit	As the top person in charge of the Group's sustainability issues, the Chairman promotes the management of climate action issues and objectives, including approving climate change response strategies. During the meeting, the Chairman reports the performance, impact assessment and progress in achieving the sustainability objectives of ESG and climate change-related issues.		
Risk category	Short-term	Medium-term	Long-term
	Physical risk: 1. Changes in temperature and precipitation patterns lead to shortage of raw materials and price increase. 2. The supply uncertainty of water and energy is rising. 3. Extreme weather leads to the destruction of factories and equipment, resulting in a decline in productivity.  Energy shortage and price increase: With the rapid development of the global economy, countries all over the world compete to consume oil, coal mines and other resources, and energy conservation and carbon reduction have become a global trend.	Operational risk: 1. Because of the novel coronavirus's strong impact on the supply chain systems of various countries, the global supply is unstable. 2. The quality of outsourcing and the stability of delivery will affect whether the products finally sold by our company can be delivered on time and in good quality. 3. The screw industry is expanding production to low-wage countries, intensifying market price competition.	Supervision, management and legal risks: In order to adapt to climate change, the government has established a series of control tools to manage natural resources more effectively and reduce disaster risks. Energy shortage and price increase: Set up solar energy systems and plan to use renewable energy in the future.





Opportunity category	Short-term	Medium-term	Long-term
	Market opportunities: Using low-emission energy, shifting to decentralized energy production, developing or expanding low-carbon products and services, R&D and innovation of new products and services, and supporting policy incentives.	Market opportunities: Moving towards a more efficient market/country, obtaining public sector incentives, new market partnerships.	Market opportunities: Use more efficient production mode and distribution process.
Strategy	The company has laid a solid foundation for long-term cultivation and sustainability, and has maintained a close trust relationship with customers for many years. It actively uses core technologies and invests in research and development with market demand. Therefore, when the wave of sustainability rises, it will have the priority to win customers' favor and increase revenue.		
Risk Management	Incorporate climate change into major issues and key major risk projects for the sustainable development of enterprises, implement risk management plans in all factories, and plan countermeasures for operation, product and supply chain management.		
	Short-term	Medium-term	Long-term
	Physical risk: 1. Improve the proportion of local procurement of raw materials and find alternative solutions for multiple suppliers. 2. The key auxiliary materials and spare parts needed for production shall be appropriately increased in inventory. 3. The production and staff units do irregular drills on various disaster response measures. Energy shortage and price increase: 1. Plan, supervise and manage, effectively promote the Company's environmental protection, safety and health, energy saving, water saving and greenhouse gas management, so as to enhance the company's sustainable management plan. 2. Implement ISO 14064 greenhouse gas inventory and ISO 14067 product carbon footprint guidance.	Operational risk: 1. The purchasing strategy has been adjusted, which disperses the national risks and indirectly benefits Taiwan manufacturers. 2. Strengthen basic research, develop key process technologies, strengthen the commercialization ability of technologies and strengthen the link and communication efficiency of the supply chain system. 3. The overseas investment plan has been adopted to produce and manufacture screws in the Vietnamese subsidiary, so as to take advantage of local cost advantages and reduce operational risks.	Supervision, management and legal risks: 1. Promote energy-saving and carbon-reducing measures in various factories, and monitor energy use and greenhouse gas emissions. 2. Regularly consult the Environmental Protection Agency's laws and regulations inquiry system, collect and identify the correlation with various departments of the company, and then report the countermeasures in internal meetings.



Indicators and goals	<ul style="list-style-type: none"><li>In terms of climate change mitigation, the company takes greenhouse gas emissions per unit revenue as the main key indicator for quantitative evaluation, and sets indicators such as the proportion of renewable energy use, electricity consumption per unit revenue and water consumption per unit revenue.</li><li>The Company obtained an external verification statement in 2023 and will continue to conduct external verification annually thereafter. The parent company's greenhouse gas emissions in 2024 (metric tons of CO<sub>2</sub>e) are as follows:</li></ul>						
	<table><tr><th>Category 1</th><th>Category 2</th><th>Category 3-6</th></tr><tr><td>1,813.4363</td><td>7,308.1737</td><td>57,451.6196</td></tr></table>	Category 1	Category 2	Category 3-6	1,813.4363	7,308.1737	57,451.6196
	Category 1	Category 2	Category 3-6				
	1,813.4363	7,308.1737	57,451.6196				
<ul style="list-style-type: none"><li>In 2024, the Company's subsidiaries began conducting greenhouse gas inventories. The subsidiaries' greenhouse gas emissions in 2024 (metric tons of CO<sub>2</sub>e) are as follows:</li></ul>							
<table><tr><th>Category 1</th><th>Category 2</th><th>Category 3-6</th></tr><tr><td>71.3501</td><td>1,692.2982</td><td>6,156.8126</td></tr></table>	Category 1	Category 2	Category 3-6	71.3501	1,692.2982	6,156.8126	
Category 1	Category 2	Category 3-6					
71.3501	1,692.2982	6,156.8126					
External guarantee or assurance	The greenhouse gas inventory data for the parent company in 2024 underwent external verification from March 24 to March 25, 2025.						

### ➤ Information Security Management

To strengthen information security management, ensure the security of data, systems, and networks, and promote proper personnel operations, the Information Department is responsible for coordinating and implementing the Company's information security policies and management measures. The Department also disseminates information security messages, raises employees' awareness and understanding of information security, and reduces information security risks to business operations.

In order to improve the effectiveness of information security management and implementation, the Department carries out the following information security self-inspection items once a year, and the auditor is responsible for checking the internal information security implementation status and self-evaluation at the end of each year.

Information security self-inspection item	
(1) Organization and responsibility operation	(2) System development control operation
(3) System application document processing operations	(4) System usage management operation
(5) Data input and output management operations	(6) Data processing operations
(7) Safe operation of files and equipment	(8) Procurement, use and maintenance of hardware and software equipment
(9) System recovery plan operation	(10) Information communication safety management operation
(11) Online declaration of public information.	

In response to information security challenges such as Advanced Persistent Threat (APT) attacks, intrusion detection, vulnerability monitoring, DDoS attacks, ransomware and other malicious software, and theft of personal data, the Company continuously monitors global information security trends, strengthens employees' awareness of information security risks, and enhances the response capabilities of its information security personnel. These measures aim to prevent incidents in advance and to ensure effective detection and containment should an information security crisis occur.

Each year, the Company conducts "Information Security Inspections" and "Self-assessments of Internal Control of Information Systems" to reinforce the effectiveness of its information management system. In addition, semi-annual information security training sessions are held to raise employee awareness, including promoting the importance of personal data protection. In 2024, a total of 98 participants completed 98 training hours. No internal information leakage incidents occurred during in 2024, and there were no complaints from external customers regarding data privacy deficiencies.





### ➤ Human Rights Risk Management

SMETA (Sedex Members Ethical Trade Audit) was introduced in 2022. The human rights issues incorporated into the Company's human rights risk identification procedure included nine areas: freedom of choice of employment, respect for freedom of association and the right to collective bargaining, safe and hygienic working conditions, prohibition of child labor, living wage, working hours, protection against unlawful infringement, and fair labor relations. Risk assessments were conducted, and mitigation measures were implemented based on the results to fulfill corporate social responsibility and provide employees with a better working environment. On April 26, 2024, the Company completed the external SMETA-4P audit, which covered four areas: labor standards, health and safety, environment, and business ethics.

Category	Potentially Affected Group	Relevant Content	Risk Mitigation Measures
Freedom of Employment	All Employees	Forced labor, deposits, working conditions	<ol style="list-style-type: none"> <li>1. Adhere to labor laws for hiring, termination, and working conditions.</li> <li>2. Employ persons with disabilities as required by law.</li> <li>3. Comply with Employment Service Act, truthfully disclose job details in ads, do not hold employees' identification or property, and do not charge deposits.</li> <li>4. Clearly explain working conditions before hiring; do not use involuntary labor.</li> </ol>
Respect for Freedom of Association and Collective Bargaining Rights	All Employees	Labor-management meetings, freedom of association, right to speak	<ol style="list-style-type: none"> <li>1. Establish labor-management meetings for communication.</li> <li>2. Appoint employee representatives.</li> <li>3. Assign management representatives to address employee needs.</li> <li>4. Hold regular labor-management meetings to understand employee needs.</li> </ol>
Safe and Healthy Working Environment	All Employees	Health, safe working environment	<ol style="list-style-type: none"> <li>1. Provide a safe working environment as per regulations.</li> <li>2. Take reasonable measures to reduce workplace hazards.</li> <li>3. Hold quarterly occupational safety and health committee meetings to review workplace safety.</li> <li>4. Regularly inspect drinking water, CO<sub>2</sub> levels, lighting, and fire equipment.</li> <li>5. Conduct regular safety and health training to raise awareness of hazards</li> </ol>
Prohibition of Child Labor	Workers under 16 years old	Employees under 16 years old	<ol style="list-style-type: none"> <li>1. Prohibit the employment of individuals under 16.</li> <li>2. Require applicants to state their date of birth during recruitment and verify documents to ensure accuracy, and recheck ID upon reporting to work.</li> </ol>
Living Wage	All Employees	Salary, Working Conditions	<ol style="list-style-type: none"> <li>1. Ensure employee rights such as salary and leave are in accordance with labor laws.</li> <li>2. Provide employees with written notice of employment terms regarding wages before starting, and issue a written statement of wages for each pay period.</li> <li>3. Strictly prohibit wage deductions as a form of disciplinary action, and do not permit any wage deductions without a legal basis and the employee's consent.</li> </ol>
Reasonable Working Hours	All Employees	Working Hours, Overtime	<ol style="list-style-type: none"> <li>1. Adhere to labor laws on working hours; regularly review and enforce company regulations.</li> <li>2. Use attendance management systems to record working hours.</li> <li>3. Review overtime regularly; pay overtime according to labor laws.</li> <li>4. Obtain employee consent before overtime.</li> </ol>
Non-Discrimination	All Employees	Discrimination, Sexual Harassment Prevention	<ol style="list-style-type: none"> <li>1. Employ persons with disabilities in full compliance with legal requirements.</li> <li>2. Establish grievance channels that allow employees to file complaints verbally or in writing, enabling them to express opinions in a timely manner.</li> <li>3. Implement preventive, corrective, disciplinary, and handling measures to protect rights and privacy.</li> </ol>



Proper Labor Relations	All Employees	Contract Legitimacy	<ol style="list-style-type: none"> <li>1. Employee work based on legally recognized labor relations.</li> <li>2. Avoid purely labor contracts, subcontracting, home- based work, or improper apprenticeship schemes.</li> <li>3. Do not use expired fixed-term contracts to evade employer responsibilities under labor or social welfare laws.</li> </ol>
No Harsh or Inhumane Treatment	All Employees	Abuse, Assault	<ol style="list-style-type: none"> <li>1. Establish complaint channels.</li> </ol>



## 2.7 Compliance with Laws and Regulations

At present, the company's factories engaged in production include Qiaotou Factory and Mituo Factory. Sheh Fung Screws strictly abides by the relevant laws and regulations of the competent authorities, such as corporate governance and honest management, environmental protection and labor human rights, and implements the legal education within the organization. In 2024, Sheh Fung Screws did not violate the following laws and regulations:

Relevant laws and regulations on corporate governance	Laws and regulations related to labor rights and interests
<ul style="list-style-type: none"> <li>● No violation of company law</li> <li>● No violation of commercial law</li> <li>● No violation of securities and financial laws and regulations</li> <li>● No political contributions</li> <li>● No corruption incident</li> </ul>	<ul style="list-style-type: none"> <li>● No violation of the Gender Equality Act</li> <li>● No forced labor</li> <li>● No use of child labor</li> <li>● No infringements on freedom of association and collective bargaining</li> <li>● No incidents of discrimination or human rights violations</li> <li>● No violation of indigenous peoples' right</li> </ul>
Relevant laws and regulations of products	Relevant laws and regulations on environmental protection
<ul style="list-style-type: none"> <li>● No prohibited or controversial products.</li> <li>● No violation of marketing-related laws and regulations and voluntary codes.</li> <li>● No violation of laws and regulations due to the provision and use of products and services has resulted in a huge fine.</li> <li>● No legal proceedings arising from anti-competitive behavior, antitrust and monopolistic behavior.</li> <li>● Violation of customer privacy events</li> <li>● Violation of marketing communication laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>● Environmental protection law event</li> </ul>
<p>Note: According to Item 3, Article 26 of the FSC, the major penalty is defined as that the cumulative amount of a single piece is not more than 1 million.</p>	



# 3 Sustainable Environment

## Management Policy - Energy and Emissions Management

Energy and Emissions Management (including *Energy Management and *Fuel Economy and Emissions)	
Materiality	As a participant in the fastener industry, Sheh Fung Screws relies on several energy-intensive and potentially high-polluting processes in its manufacturing operations. The use of large amounts of energy, primarily electricity and natural gas, accounts for a significant proportion of operating costs. With the global push toward net-zero carbon emissions, the Company faces increasing pressures from carbon neutrality trends and carbon taxes. In addition, the implementation of the Carbon Border Adjustment Mechanism (CBAM) has made carbon emissions an emerging threshold for securing orders. Moreover, the transition risks brought about by climate change are becoming increasingly severe, exposing the Company to potential challenges such as rising costs, loss of orders, regulatory non-compliance, and risks to corporate reputation.
Impacts	<p>Economic Positive Impacts: Investing in energy-saving initiatives and process improvements helps enhance production efficiency, reduce losses and energy waste, meet customers' carbon reduction requirements, and increase opportunities for securing orders.</p> <p>Economic Negative Impacts: Excessive carbon emissions may be subject to carbon tariffs such as the EU CBAM, affecting export competitiveness. Production efficiency and carbon intensity also influence customers' sustainability assessments in procurement. As the Company's core manufacturing processes are energy-intensive and rely heavily on electricity and fuel, fluctuations in energy prices and the implementation of carbon fee policies will directly affect the cost structure. Without timely adjustments to processes and emission reduction measures, the Company may face weakened price competitiveness and reduced order-taking capacity, while waste disposal costs and regulatory penalties pose additional financial risks.</p> <p>Environmental Positive Impacts: Pollution prevention measures and resource recycling initiatives effectively reduce environmental impacts, promote circular economy practices, and contribute to resource sustainability.</p> <p>Environmental Negative Impacts: Manufacturing processes generate significant carbon emissions and hazardous wastewater, which, if improperly managed, may pollute the air, water, and soil.</p> <p>Environmental Negative Impacts: Climate change may result in electricity shortages, production disruptions, or logistics delays, threatening delivery stability. The absence of robust climate adaptation plans may also increase the risk of operational interruptions.</p> <p>Human Rights Positive Impacts: Promoting energy efficiency, environmental protection, and clean production, combined with comprehensive employee training, enhances workplace safety and sense of belonging, improves corporate culture, and reduces labor-related risks.</p> <p>Human Rights Negative Impacts: Exposure to high temperatures, noise, and chemicals without adequate protective measures may harm employee health, while environmental pollution incidents could also affect surrounding communities.</p>
Policy	Energy saving is not an option but an integral part of our processes. From waste reduction at the source to energy conservation throughout manufacturing, we leave no link unattended.
Strategy	<ul style="list-style-type: none"> <li>◆ Formulate an "Energy Conservation and Carbon Emission Management Policy" in line with ISO 14064 (greenhouse gas inventory) and ISO 50001 (energy management) standards, promote the purchase of green electricity, and ensure transparency in energy use.</li> <li>◆ Optimize energy efficiency in manufacturing processes by upgrading energy-intensive equipment and establishing electricity monitoring systems to track energy consumption in real time.</li> <li>◆ Strengthen waste and chemical management to increase resource reuse and recycling rates.</li> <li>◆ Enhance climate risk adaptation by establishing plant emergency response procedures to prevent operational disruptions caused by disasters.</li> </ul>

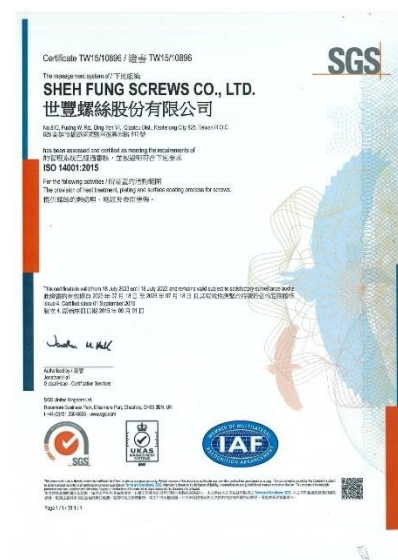


Targets and Objectives	<p>Short-term Targets (2025–2027):</p> <ul style="list-style-type: none"> <li>◆ Complete company-wide energy and carbon emission inventories and achieve an annual energy reduction target <math>\geq 1\%</math>.</li> <li>◆ Implement three energy-saving improvement measures in line with ESG energy conservation and carbon reduction goals:               <ol style="list-style-type: none"> <li>(1) Replace mercury lamps with LED lighting each year.</li> <li>(2) Reduce daytime lighting hours.</li> <li>(3) Retrofit circulation pumps in heat treatment water tanks for energy efficiency.</li> </ol> </li> <li>◆ Complete greenhouse gas inventories (Scope 1 and Scope 2) by the second quarter of each year, achieving a 1% carbon reduction from the baseline year in 2025.</li> </ul> <p>Medium-term Targets (2028–2030):</p> <ul style="list-style-type: none"> <li>◆ Continue steady improvement to achieve an annual carbon reduction of up to 5%, laying the foundation for the 2030 target.</li> <li>◆ Promote energy-saving projects, including the upgrade of high-efficiency equipment and the reduction of chemical usage.</li> </ul> <p>Long-term Targets (2031 and beyond):</p> <ul style="list-style-type: none"> <li>◆ Achieve a total carbon emission reduction of 25% (<math>\pm 1\%</math>) by 2030. Adjust the actual reduction rate flexibly according to production growth, availability of green electricity, and regulatory developments, with the core objective of "continuously reducing carbon emissions per unit of product."</li> </ul>
Management Evaluation Mechanism	<ul style="list-style-type: none"> <li>◆ Conduct annual greenhouse gas inventories and carbon reduction management in accordance with the requirements of the Financial Supervisory Commission. Complete the inventories between the first and second quarters each year. After a preliminary review by the internal audit unit, engage external third-party verifiers to provide assurance, thereby enhancing the credibility and transparency of the data. Report the results at management meetings and implement continuous improvement through the PDCA (Plan–Do–Check–Act) management cycle.</li> <li>◆ Adjust carbon management policies based on operating conditions, energy market developments, and international carbon reduction policies. Strengthen internal tracking of energy-saving performance to ensure steady progress toward achieving the long-term carbon reduction target for 2030.</li> </ul>
Performance and Adjustment	<ul style="list-style-type: none"> <li>◆ Report annual energy management performance, with an annual energy-saving achievement of at least 1%.</li> <li>◆ Complete ISO 14064 greenhouse gas verification each year, formally quantifying carbon emissions and incorporating them into inspection and disclosure processes.</li> <li>◆ Join the green electricity bulk procurement program in 2024, with a five-year purchase volume of 17 million kWh, helping to diversify electricity supply risks and reduce carbon emissions.</li> </ul>

Sheh Fung Screws operates consistently and has spent vast sums of money to purchase excellent production equipment and advanced and complete pollution treatment systems to lay the foundation for clean production from raw materials to products. The Company is also committed to process improvement and development and implementing pollution prevention through the establishment of an ISO 14001 environmental management system to hopefully minimize the impact on the environment. We will continue our commitments to:



- ① Comply with environmental laws and regulations to ensure environmental quality.
- ② Carry out waste reduction activities and implement pollution prevention.
- ③ Improve the working environment and protect the health of employees.
- ④ Pay equal attention to the environment and technology to ensure sustainable operation.
- ⑤ Set goals and targets, and review them regularly.
- ⑥ Have an open environmental policy, and strive to promote good neighborliness.



ISO 14001

## 3.1 Raw Material Management

The raw material mostly required for the main products of Sheh Fung Screws is wire rod. The raw material consumption statistics of Sheh Fung Screws in recent years are shown in the following table.

Sheh Fung Screws raw material consumption statistics table in recent years

Raw Material	Unit	Renewable or Non-renewable	2022	2023	2024
Thinners	tons	Non-renewable	47.630	44.510	48.756
Lubricant	kL	Non-renewable	138.400	95.200	106.400
Zinc plate	tons	Non-renewable	110.098	71.926	57.537
Wire rod	tons	Non-renewable	22,986.559	18,044.590	14,053.044
Cardboard boxes	pcs	Renewable	1,142,248.000	919,521.000	1,164,954.000
Cartons	pcs	Renewable	2,586,868.000	2,208,021.000	2,686,657.000
Labels	pcs	Non-renewable	6,509,875.000	8,439,335.000	12,503,540.000
Pallets	sets	Renewable	32,021.000	34,475.000	32,852.000
Pallets	pcs	Renewable	16,183.000	6,380.000	9,461.000

Note:

1. Material types include original natural resources, such as minerals, iron, wood and plastic pellets; lubricants used in machines, semi-finished components or parts; packaging materials.
2. Non-renewable refers to resources that cannot be replenished in the short term, such as coal, natural gas, metals, minerals, and oil; Renewable refers to resources that will grow back after being harvested.

## 3.2 Energy Management

In line with the national greenhouse gas reduction strategy and in support of sustainable energy development goals that emphasize resource efficiency, energy conservation, and environmental protection, Sheh Fung Screws has obtained material flow cost accounting (MFCA) verification. The Company continues to invest capital expenditures and allocate the necessary human and material resources for energy-saving initiatives to ensure the achievement of its environmental sustainability objectives. The Company implements energy management, expecting to control production cost and use energy effectively and appropriately. The Company's energy consumption over the past three years is as follows:

Energy Consumption of Sheh Fung Screws over the Past Three Years

Item	Unit	2022	2023	2024
Electricity	kWh/year	17,435,528	15,115,961	15,414,220
	GJ	62,767.901	54,417.460	55,491.192
Liquefied Petroleum Gas	kg/year	82,951.843	84,560	45,450
	GJ	4,189.315	4,270.532	2,061.500



Gasoline	L/year	12,825.735	12,069.113	12,244.377
	GJ	418.851	394.142	390.074
Diesel Fuel	L/year	50,376.280	45,488.767	49,891.260
	GJ	1,771.689	1,599.800	1,805.182
Liquefied Natural Gas	m <sup>3</sup>	716,578	753,807	807,727
	GJ	24,001.350	25,248.313	27,054.331
Organization Specific Metrics	Revenue (NT\$ thousand)	2,591,122	2,323,605	2,322,475
Total Energy Consumption	GJ	93,149.106	85,930.246	86,802.279
Energy Intensity	GJ/Output (Kwh/Metric ton)	0.035	0.0370	0.0374

Note:

- The calorific value of electricity is converted as 1 kWh = 0.0036 GJ.
- The conversion factors are based on the Environmental Protection Administration's GHG Emission Factors Management Table, version 6.0.4, for calculating fuel calorific values.

For 2022 and 2023, the calorific values of fuels were as follows: gasoline 7,800 kcal/L, diesel 8,400 kcal/L, natural gas 8,000 kcal/m<sup>3</sup>, and liquefied petroleum gas (LPG) 6,635 kcal/L. The conversion factor was 1 kcal = 4.1868 KJ.

In 2024, the calorific values were adjusted to gasoline 7,609 kcal/L, diesel 8,642 kcal/L, natural gas 8,000 kcal/m<sup>3</sup>, and LPG 5,959 kcal/L, with the same conversion factor of 1 kcal = 4.1868 KJ.

### ➤ Energy-saving Measures

In line with national energy conservation goals, Sheh Fung Screws has continued to invest in a range of energy-saving initiatives and equipment for carbon reduction, pollution control, and resource reuse. The Company has also optimized its digital energy management platform, implemented comprehensive energy inventories, and ensured the efficient use of all energy consumption. Since 2019, these efforts have resulted in total energy savings of 464,133.853 kWh, equivalent to approximately 1,670.882 GJ, and a reduction of about 229.75 metric tons of carbon dioxide emissions.

Year	Description	Units of Electricity Saved
2019	The factory lighting was replaced with energy-saving LED lighting equipment.	153,676.8
2020	The lighting equipment of the office building was replaced with LED lights.	7,650.72
2021	The lighting equipment on the third floor of the office building was replaced with flat-panel LED lights.	2,016
2022	<ul style="list-style-type: none"> <li>The office building's 80W fluorescent lamps were replaced with 36W flat-panel LED lights.</li> <li>On the second floor of the work area, 51 units of 500W mercury lamps were replaced with 100W LED lights.</li> </ul>	147,677
2023	<ul style="list-style-type: none"> <li>In the storage area, 24 units of 500W mercury lamps were replaced with 200W LED lamps.</li> <li>In the baking process, 20 units of 200W LED lights that were previously turned on for 8 hours during the day are now kept off during the same period.</li> </ul>	61,440
2024	<ul style="list-style-type: none"> <li>Replaced mercury lamps with LED lighting.</li> <li>Reduced daytime lighting hours.</li> <li>Retrofitted the 15 HP pump motor of the heat treatment water tank circulation system.</li> </ul>	91,673.333
Total		464,133.853

## 3.3 Greenhouse Gas Management

To address global warming and mitigate the impacts of climate change, the Company adopted ISO 14064 organizational greenhouse gas (GHG) inventory standards in 2021. This process includes identifying emission sources, establishing activity and emission data, and formulating management procedures for calculating GHG emissions. In 2024, the parent company's total GHG emissions amounted to 9,121.6100 metric tons of CO<sub>2</sub>e, representing a reduction of 70.4936 metric tons compared with 2023. The Company continues to plan and implement energy-saving equipment and process improvements to reduce carbon



dioxide emissions, demonstrating its commitment to energy conservation and contributing to global sustainability.

Greenhouse Gas Inventory over the Past Three Years			
Item	2022	2023	2024
Scope 1	1,746.5134	1,709.7029	1,813.4363
Scope 2	8,651.3081	7,482.4007	7,308.1737
GHG Emissions (Scope 1+ Scope 2)	10,397.8215	9,192.1036	9,121.6100
Organization Specific Metrics/Revenue (NT\$ thousand)	2,591,122	2,323,605	2,322,475
GHG Emissions Intensity	0.0040	0.0040	0.0039

Note:

1. Scope 1 refers to emissions from sources directly owned or controlled by the Company, including stationary combustion sources, process emissions, mobile combustion sources from transportation, and fugitive emissions. Emission factors are calculated using version 6.0.4 of the latest data published by the Bureau of Energy, Ministry of Economic Affairs, based on the IPCC Sixth Assessment Report.
2. Scope 2 refers to emissions between energy sources, such as purchased electricity.
3. Types of greenhouse gas emissions: Carbon Dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), Nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs).
4. The purchased electricity refers to the electricity emission factors announced by the Bureau of Energy under the Ministry of Economic Affairs. The electricity emission factors were 0.495 kg CO<sub>2</sub>e/kWh in 2022, 0.494 kg CO<sub>2</sub>e/kWh in 2023, and 0.474 kg CO<sub>2</sub>e/kWh in 2024.
5. Greenhouse gas emission intensity= greenhouse gas emissions(Scope 1 + Scope 2) ÷ revenue (NT\$ thousand).

## 3.4 Water Resources Management

Due to Taiwan's special geographical and climatic conditions, although rainfall is abundant, it is unevenly distributed. The allocation and management of water resources is also one of the important issues for sustainable management. The 2030 Agenda for Sustainable Development adopted by the United Nations, along with its Sustainable Development Goals (SDGs), includes key objectives related to sustainable water resource management. For example, Goal 6, "Ensure availability and sustainable management of water and sanitation for all." These goals aim to achieve universal access to safe and affordable drinking water, improve water quality, and address water scarcity.

Through the World Resources Institute's Aqueduct Water Risk Atlas tool for water risk assessment, Shih Fung Screws found out its operating locations Qiaotou and Mituo factories all were Low-Medium (1-2), which showed that the Company's water withdrawal has not caused any significant impact on the ecological environment.

Both of the Company's factories use tap water supplied by Taiwan Water Corporation. The Corporation sources water from the Kaoping River Weir, Agongdian Reservoir, Chengcing Lake, and Fengshan Reservoir, which also serve agricultural, public, and industrial purposes. There are also backup water sources, including the interconnection pipeline connecting Tainan's Qingshui area with the Nanhua–Kaoping system. The Qiaotou plant uses water in accordance with its water pollution discharge permit, while the Mituo plant is supplied with municipal water for domestic use. As a result, neither plant has a significant impact on local water resources.

In 2024, Shih Fung Screws' total water withdrawal amounted to 70.379 million liters, representing a 12.841% decrease compared with 2023. Water use intensity also declined by 14.286% from the previous year.

Water Consumption Statistics of Shih Fung Screws			
Item	2022	2023	2024
Water intake (million liters)	83.420	80.723	70.379
Water discharge (million liters)	30.308	53.934	50.567
Water consumption (million liters)	53.120	26.789	19.812

Organization Specific Metrics/Revenue (NT\$ thousand)	2,591,122	2,323,605	2,322,475
Unit Water Consumption Intensity	0.000032	0.000035	0.000030
<b>Note:</b> 1. Water consumption = water intake - water discharge. 2. Unit water intensity = water intake / NT\$ thousand of revenue.			

Electroplating wastewater accounts for 72% of the Company's water consumption, while others account for about 28%. The electroplating department has used timers to control the electroplating wastewater to maximize water conservation. Other facilities, such as washing towers and cooling towers, are equipped with liquid-level controllers that replenish water when levels are low and stop supply when levels are full, preventing unnecessary water waste.

## 3.5 Pollution Prevention and Control

In promoting waste reduction activities and implementing pollution prevention, Sheh Fung Screws continuously improves its processes across the supply chain, production, and sales, while also considering the feasibility and benefits of energy conservation and waste reduction, moving toward greener operations and manufacturing practices. The Company also enforces disaster and pollution control measures to prevent occupational incidents and environmental pollution, thereby minimizing impacts on the environment, employee safety, and business operations.

In order to ensure that emissions comply with the laws, regulations and standards at all stages, provide safe and high-quality products, and reduce the impact on the environment, the Company reduces pollution emissions and wastes. There are relevant licenses and dedicated personnel in the factory area to assist in compliance with the requirements of laws and regulations.

Permit	Validity period
Qiaotou Factory Waste (Sewage) Water Discharge to Surface Water Body Permit	December 29, 2028
Kaohsiung City Stationary Pollution Source Other Metal Heat Treatment Procedure (M02) Operation Permit	July 18, 2028
Qiaotou Plant Stationary Pollution Source Other Metal Heat Treatment Procedure (M08) Operation Permit	March 19, 2027
Qiaotou Factory Stationary Pollution Source Metal Plating Treatment and Washing Procedure (M03) Operation Permit	July 17, 2024
Qiaotou Plant Fixed Pollution Source Metal Surface Coating Treatment Procedure (M07) Operation Permit	August 7, 2027
Qiaotou Factory Toxic Chemical Substance Approval Document	November 6, 2026



### 3.5.1 Prevention and Control of Air Pollution

The Company follows the ISO 14001 environmental management system, and makes continuous improvement in production, products and services to reduce the impact on the natural environment. Sheh Fung Screws continuously monitors and devotes itself to the prevention and control of air pollution, and adopts the Best Available Control Technology (BACT) to effectively reduce the discharge of granular pollutants. The Company's Qiaotou plant follows the air pollution discharge standard, and the production process of the Mituo plant does fall within the "The first batch to the eighth batches of public and private places that should apply for setting up, changing and operating permits of fixed pollution sources" as announced by the Environmental Protection Administration, so there is no need to carry out related tests such as volatile organic compounds, granular pollutants, sulfur oxides and nitrogen oxides. Average monitored values were in compliance with applicable local standards in 2024.

Air Pollution Emission Standard of Sheh Fung Screws over the Past Three Years						
Pollution Detection Category	2022		2023		2024	
	Discharge Amount (kg)	Annual Allowable Discharge	Discharge Amount (kg)	Annual Allowable Discharge	Discharge Amount (kg)	Annual Allowable Discharge
Volatile Organic Compounds (VOCs)	16,923.779	47,485	24,203.56	47,485	16,287.53	47,485
Total Suspended Particulates (TSP)	552.380	3,306	268.94	3,306	72.24	3,306
Sulfur Oxides (SOx)	41.260	185	24.47	185	26.16	185
Nitrogen Oxides (NOx)	737	3,544	739.85	3,544	514.08	3,544
Note:						
1. Major air pollutants include nitrogen oxides (NOx), sulfur oxides (SOx), persistent organic pollutants (POPs), volatile organic compounds (VOCs), hazardous air pollutants (HAPs), suspended particulates (PM), and other categories of gaseous emissions specified in relevant regulations.						
2. Particulate matter is measured in units of mg/Nm <sup>3</sup> .						

#### ➤ Ozone Depleting Substances (ODS) Emissions

The substances with ozone-depleting properties used by Sheh Fung are mainly fugitive emissions, primarily from R22 refrigerants used in refrigeration equipment, followed by emissions during equipment maintenance and refilling. In 2024, the filling volume of R12 and R22 refrigerants was approximately 241.444 kilograms. Looking ahead, in compliance with the international Montreal Protocol and the phased replacement of equipment, the Company will prioritize the procurement of refrigerant systems using non-ozone-depleting substances and low-GWP, environmentally friendly refrigerants, in order to reduce damage to the ozone layer and mitigate greenhouse gas emissions.

Ozone Depleting Substances (ODS) Statistics			
Unit: kilograms			
ODS	2022	2023	2024
R12	0.184	0.184	0.184
R22	237.56	239.06	241.26
Note: Ozone-depleting substances (ODSs) include chlorofluorocarbons (CFCs), R11, R12, R22, hydrochlorofluorocarbons (HCFCs), halons, carbon tetrachloride (CCl <sub>4</sub> ), 1,1,1-trichloroethane, hydrobromofluorocarbons (HBFCs), and methyl bromide.			



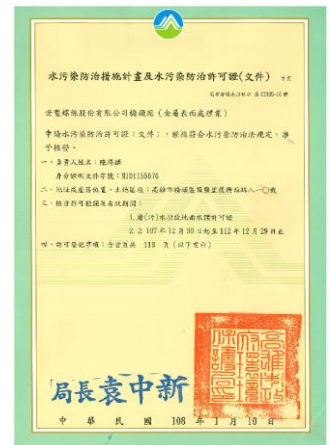
### 3.5.2 Prevention and Control of Water Pollution

Each plant of Sheh Fung Screws has established relevant wastewater treatment procedures and applied for operation discharge permits according to water pollution prevention and control. In addition, chemical oxygen demand (COD) and suspended solids (SS) are in compliance with local discharge standards, and there are no special habitat land-related requirements for wastewater discharge.

Wastewater Discharge Amount and Discharge Standard of Sheh Fung Screws						
Pollution Detection Category	2022		2023		2024	
	Discharge Standard (ppm)	Average Monitoring Value (ppm)	Discharge Standard (ppm)	Average Monitoring Value (ppm)	Discharge Standard (ppm)	Average Monitoring Value (ppm)
Chemical Oxygen Demand (COD)	100.000	88.400	100.000	46.825	100.000	46.825
Suspended Solids (SS)	30.000	12.000	30.000	12.225	30.000	12.225
Nitrate-nitrogens	50.000	1.920	50.000	0.685	50.000	0.685
Arsenic (As)	2.000	0.001	2.000	0.007	2.000	0.007
Copper (Cu)	1.500	0.009	1.500	0.008	1.500	0.008
Lead (Pb)	0.500	0.007	0.500	0.02	0.500	0.02
Oil & Grease	10.000	3.100	10.000	1.925	10.000	1.925
Cadmium	0.020	0.001	0.020	0.001	0.020	0.001
Chromium	1.500	0.004	1.500	0.009	1.500	0.009
Nickel	0.700	0.004	0.700	0.005	0.700	0.005
Zinc	3.500	1.820	3.500	1.079	3.500	1.079
Tin	1.000	0.013	1.000	0.028	1.000	0.028
Molybdenum	0.600	0.008	0.600	0.008	0.600	0.008
Hexavalent chromium	0.350	0.002	0.350	0.002	0.350	0.002
Soluble iron	10.000	0.650	10.000	0.056	10.000	0.056
Fluoride salt	15.000	0.100	15.000	0.11	15.000	0.11
Boron	1.000	0.190	1.000	0.243	1.000	0.243
Ammonia nitrogen	10.000	4.730	10.000	6.525	10.000	6.525
Cyanide	1.000	0.010	1.000	0.004	1.000	0.004



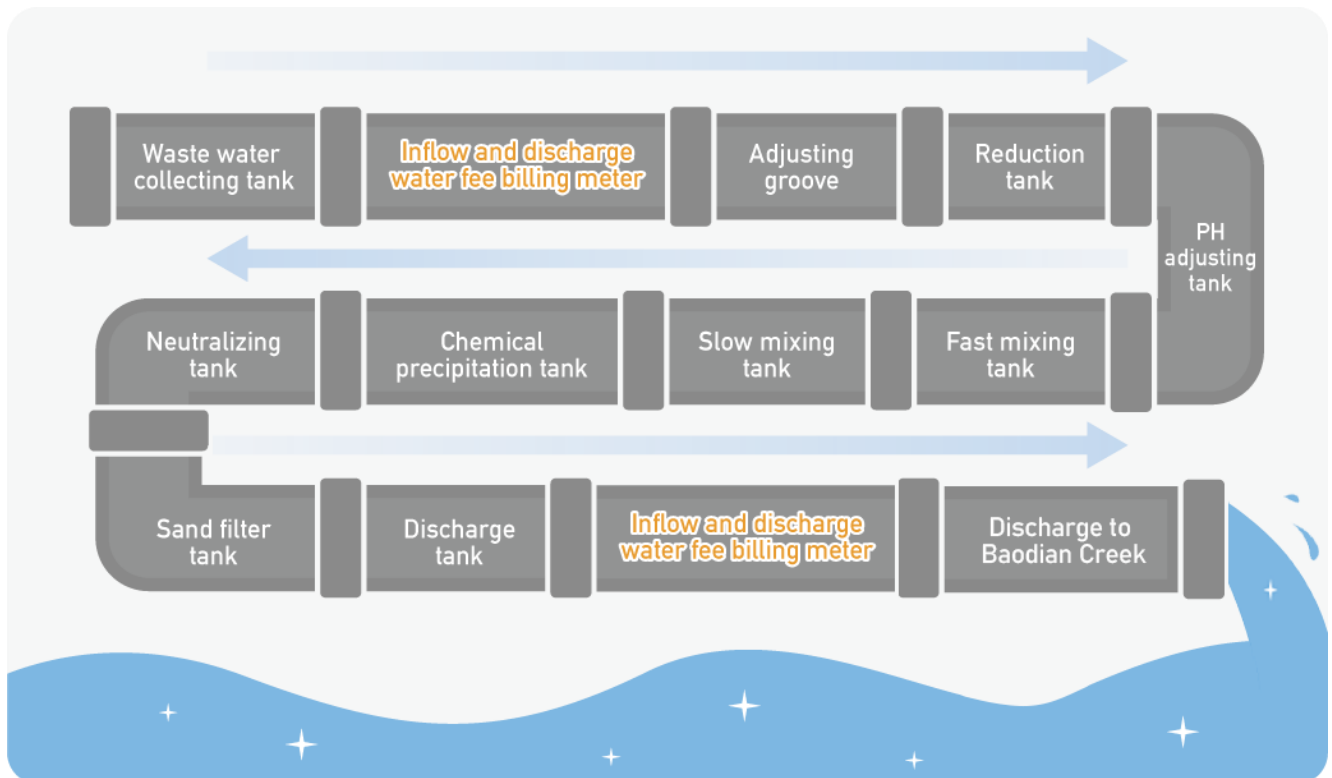
Shih Fung Screws' Qiaotou factory is the only facility subject to legal requirements mandating water pollution prevention measures and the appointment of dedicated personnel for wastewater treatment. All wastewater from the Qiaotou factory is strictly treated before discharge. The manufacturing processes at the Mituo factory are not subject to legal requirements for hazardous wastewater discharge and generate only domestic wastewater, which does not require testing or reporting.



Pollution Prevention Plan and Water Pollution Prevention Permit

### ◆ Chrome Plating Washing Procedure

◆





### 3.5.3 Waste Management

The principle of waste management at Sheh Fung Screws is to first improve manufacturing processes to reduce waste generation, then prioritize waste recycling, and finally adopt other treatment methods such as incineration and sanitary landfill. The Company abides by environmental laws and regulations, and all waste generated in the operation process is recycled by qualified manufacturers.

Waste Disposal Methods and Statistics in 2024				
Composition of Waste	On-site		Off-site	
Item	Amount of Waste Produced (tons)	Processing Methods	Amount of Waste Produced (tons)	Processing Methods
Hazardous Waste				
1. Sludge	-	-	0	Other processing operations (solidification)
2. Sludge			108.01	Use waste as raw materials for reuse
Non-hazardous Waste				
1. Waste oil mixture	-	-	37.66	Incineration (excluding energy recovery)
2. Household garbage	-	-	88.5	Incineration (including energy recovery)
3. Waste wood pallet	-	-	22.39	Recycling
4. Waste lubricating oil	-	-	0	Recycling
5. Waste lubricating oil	-	-	94.96	Physical processing
Note:				
1. The composition of waste is classified in accordance with the categories defined in the "Waste Cleanup Plan" (e.g., A, B, C, D, E, R, etc.).				
2. Waste weights are in metric tons.				
3. Types of recycling operations include reuse preparation, recycling and other recycling operations.				
4. The type of recycling can be explained as downcycling, upcycling, composting or anaerobic digestion.				
5. Other recycling operations include changing the purpose of use or refurbishment.				
6. Type of disposal methods include incineration (including energy recovery), incineration (excluding energy recovery), landfill and other disposal operations.				
7. Other disposal operations can be described as dumping, open burning or deep well injection.				
8. "On-site" means within the physical boundaries or administrative control of the reporting organization; "Off-site" means outside the physical boundaries or administrative control of the reporting organization.				



## 3.6 Environmental Protection Expenditure and Investment

In order to fulfill its social responsibility to the environment, Sheh Fung Screws has invested funds to deal with related environmental protection work, maintaining pollution prevention equipment every year, and making regular inspections. In 2024, environmental protection expenditures amounted to approximately NT\$9,066 thousand in recurrent expenses and NT\$5,788 thousand in capital expenditure depreciation, for a total of NT\$14,854 thousand.

Unit: NT\$ thousand

Environmental Protection Expenditure of Sheh Fung Screws in 2024			
Item	Qiaotou Factory	Mituo Factory	Total
Environmental capital expenditure (depreciation)	5,680	107	5,788
Environmental recurrent expenditure	8,768	298	90,66
Subtotal of environmental protection expenditure by plant	14,449	405	14,854



# 4 Friendly Workplace

## Management Policy - Talent Development and Training

Talent Development and Training	
Materiality	Employees are an enterprise's most valuable asset. In addition to providing comprehensive welfare programs and a safe working environment, enterprises should also prioritize talent cultivation and development to foster employee growth, strengthen loyalty, and build a stable and cohesive team. These efforts form a cornerstone of sustainable development.
Impacts	<p>Positive Human Rights Impacts: Enhancing employee capabilities and emphasizing career development help strengthen employees' sense of recognition and loyalty, foster a stable and efficient work environment, and support the achievement of sustainable operations.</p> <p>Positive Economic Impacts: Developing diverse talent expands the enterprise's knowledge base, enabling effective responses to market changes and prompt solutions to customer needs, thereby ensuring continued market share.</p> <p>Positive Economic Impacts: Talent cultivation enhances employees' sense of identification with the enterprise, strengthens engagement, reduces turnover, and improves retention, which in turn lowers recruitment and staff replacement costs.</p> <p>Negative Economic Impacts: Failure to continuously cultivate employees' professional skills and knowledge may result in declining competitiveness or insufficient capabilities, leading to an inability to meet customer needs, potential customer loss, or knowledge gaps caused by employee attrition, all of which could hinder business development.</p>
Policy	Implement company policies with an emphasis on talent development and encouragement of innovation.
Strategy	<ul style="list-style-type: none"> <li>Respond to industry changes by regularly reviewing training directions, continuously offering education and training programs, and encouraging employees to enhance their skills and professional competencies.</li> <li>Formulate training plans and achieve a 100% course launch rate, regularly assess training effectiveness, and continuously track program outcomes.</li> <li>Cultivate talent and encourage employees to acquire diverse professional knowledge, expand the enterprise knowledge base, and actively promote knowledge sharing to ensure internal knowledge transfer.</li> </ul>
Targets and Objectives	<p>Short-term Targets (2025–2027):</p> <ul style="list-style-type: none"> <li>Achieve a 90% course launch rate for training programs.</li> <li>Regularly review requirements for professional skills or certification training, as well as refresher arrangements.</li> </ul> <p>Medium-term Targets (2028 and beyond):</p> <ul style="list-style-type: none"> <li>Achieve a 100% course launch rate for training programs</li> <li>Complete TTQS evaluations on a regular basis</li> </ul>
Management Evaluation Mechanism	<ul style="list-style-type: none"> <li>Conduct quarterly onboarding training programs to help new employees quickly adapt to the corporate culture and become familiar with company regulations.</li> <li>Provide employees with professional and diversified internal training programs, and regularly review the implementation of courses across departments.</li> <li>Encourage employees to pursue continuous learning and enhance professional knowledge to expand the enterprise knowledge base and strengthen skills.</li> <li>Establish communication mechanisms to collect employee feedback, serving as a basis for adjustments to training programs and career development.</li> </ul>
Performance and Adjustment	<ul style="list-style-type: none"> <li>Achieved a 100% course launch rate for training programs</li> <li>Total training hours: 4,016.5 hours</li> <li>Employee turnover rate: 8.219%</li> <li>Annual performance appraisal coverage: 100%</li> </ul>



## Management Policy - Occupational Health and Safety

Occupational Health and Safety (Employee Health and Safety)	
Materiality	As a fastener manufacturer, the Company's production processes involve metal forming, heat treatment, and electroplating, which create high-risk working environments such as machinery operation, high-temperature work, chemical usage, and high-noise areas. To ensure employees' occupational safety and health, Sheh Fung has identified "Occupational Health and Safety" as a highly material topic. The Company is committed to implementing occupational injury prevention and incident management, health promotion and disease prevention, as well as safety culture and training programs, with the goal of creating a zero-accident, zero-hazard workplace.
Impacts	<p>Negative Economic Impacts: The Company's manufacturing lines are mostly continuous mechanical operations. When occupational accidents occur, they are often accompanied by personal injury, machine downtime, and delays in customer delivery, resulting in significant financial losses.</p> <p>Positive Economic Impacts: A comprehensive occupational safety system can reduce the risk of accidents, avoid compensation and penalties, stabilize production, and enhance customer trust.</p> <p>Negative Environmental Impacts: Hazardous chemicals such as heavy metals, if not properly managed and contained, may leak and cause water or soil pollution.</p> <p>Positive Environmental Impacts: Promoting occupational safety also helps improve chemical management processes and raises the level of environmental practices within the plant.</p> <p>Negative Personnel Impacts: Enterprises have the responsibility to safeguard employee' "right to a healthy and safe working environment." Occupational accidents may directly affect employees' physical integrity and work dignity.</p> <p>Positive Personnel Impacts: The Company regards occupational safety as a fundamental employee protection measure and is committed to safeguarding every worker's life and dignity through training, protective facilities, and a strong safety culture.</p>
Policy	Establish "Accident Prevention, Health Protection, and Continuous Improvement" as the three core principles.
Strategy	<ul style="list-style-type: none"> <li>◆ Prevention-Oriented: Implement a risk assessment system to identify hazards in high-risk work areas and strengthen protective measures.</li> <li>◆ Education and Training: Require new employees to complete safety training before starting work, and ensure that existing employees receive at least two refresher training sessions each year.</li> <li>◆ Health Promotion and Disease Prevention: Provide employees with annual health examinations and conduct regular health monitoring for those engaged in special operations.</li> </ul>
Targets and Objectives	Short-term Targets (2025–2027):
	<ul style="list-style-type: none"> <li>◆ Reduce occupational injury rates, maintain zero major occupational safety incidents, and strengthen daily inspections.</li> <li>◆ Conduct at least one emergency drill annually, covering risks such as fires and chemical spills, to improve practical response capabilities and minimize disaster losses.</li> </ul>
	Medium-term Targets (2028–2030): Obtain and maintain ISO 45001 certification to enhance the level of systematic management.
	Long-term Targets (2031 and beyond): Achieve "zero major occupational safety incidents" for three or more consecutive years, demonstrating the effective implementation of a safety culture.
Management Evaluation Mechanism	<ul style="list-style-type: none"> <li>◆ Assess the implementation of inspections and discuss potential risks during weekly management meetings.</li> <li>◆ Establish occupational safety scoring standards and use monthly evaluation results as the basis for improving safety measures.</li> <li>◆ Convene the Occupational Safety and Health Committee quarterly to review incident reports, track improvement progress, and monitor implementation.</li> </ul>
Performance and Adjustment	<ul style="list-style-type: none"> <li>◆ Achieved a 100% completion rate for employee safety training, with an average of six training hours per employee.</li> <li>◆ Recorded zero major occupational accidents for the third consecutive year.</li> <li>◆ While overall performance has continued to improve, some potential risks and areas for improvement remain. To address this, an occupational safety performance evaluation system has been established and incorporated into departmental assessments to strengthen accountability and safety awareness across all departments.</li> </ul>



## 4.1 Join Sheh Fung

Sheh Fung Screws adheres to the principle that employees are the most important assets of the Company and provides employees with competitive salaries to attract and retain the best talent. The Company designed the salary system to ensure the stable income of employees, and try to motivate them to challenge themselves for higher salaries. The overall salary includes the basic salary, work awards and employee bonuses. The employee's salary is determined based on education, past experience, professional competence, and job performance, and is never influenced by gender, religion, race, nationality, political affiliation, or any other factors. Every person in Sheh Fung's salary and working conditions are guaranteed to meet the standards of local labor laws and international human rights conventions.

### 4.1.1 Manpower Structure

Sheh Fung Screws upholds a merit-based approach, ensuring that all recruitment and employment are conducted through open and transparent channels. In addition to the primary 104 and 1111 Job Banks, the Company flexibly adopts different recruitment methods depending on the position. Direct recruitment channels include newspaper advertisements, flyers, electronic billboards, and employment service stations. For specialized or senior positions, the Company engages professional headhunting agencies. Other approaches, such as university job fairs, referrals from professional organizations, and employee recommendations, also serve as important sources of high-quality human resources.

The Company also places strong emphasis on gender equality and is committed to ensuring non-discriminatory treatment in recruitment, appointment, and promotion. In 2024, the total number of employees was 292, of which 34.25% were women. This proportion reflects the characteristics of the metal manufacturing industry, where production roles typically require employees with mechanical engineering backgrounds. Based on an analysis of the socio-economic environment at the Company's production base in Taiwan, this ratio is generally consistent with the gender distribution of students enrolled in mechanical engineering programs at universities and colleges, indicating that the gender composition of employees aligns with statistical norms.

Driven by a strong commitment and sense of mission to Taiwan, Sheh Fung Screws has consistently upheld the principle that local production scale and labor demand in Taiwan should continue to grow rather than decline. The proportion of supervisors of Taiwanese nationality remains 100%, while some direct labor positions are supplemented by foreign migrant workers due to shortages in the local labor market.

positions are supplemented by foreign migrant workers due to shortages in the local labor market.

Number of employees				
Region / Type		Female	Male	Total
Taiwan	Total employees	100	192	292
	Number of full-time employees	100	192	292
	Number of temporary employees	0	0	0

Note:

1.

Domestic refers to Taiwan; Foreign refers to areas outside Taiwan (such as the United States, Vietnam, etc.).

2.

Employees: Individuals who have a labor-employer relationship with the organization in accordance with national laws or its relevant applicable requirements (in Taiwan, employees are covered by labor insurance).

3.

Full-time: An individual who signs an irregular contract.

4.

Temporary: An individual who signs a fixed-term contract.

5.

This table is calculated using the headcount / full-time equivalent method.

The non-employee workers as counted by Sheh Fung Screws are mainly contracted on a regular basis, such as with security and cleaning staff. Security staff are mainly responsible for the safety maintenance of the two factories. Security staff are regularly given education and training twice a year, while cleaning staff are mainly responsible for office area cleaning work.

Company Non-employee Worker Information		
Worker type	Contractual relationship with the Company	Number of workers

Security	Contracted	6
Cleaning	Contracted	2

In order to strengthen harmonious relationships with the community and maximize the stability of employment, the Company primarily hires residents of Taiwan. All senior management positions, consistent with the managerial personnel disclosed in the annual report, are held by local residents (100%). The distribution of employee positions in 2024 is as follows:

Year			2023	2024
Category / Gender		Number	Number	Number
Supervisory Employees	Male	Under 30	0	0
		30-50	17	15
		Over 51	2	3
	Female	Under 30	0	0
		30-50	10	8
		Over 51	6	6
Total Supervisory Employees			34	32
Non-supervisory Employees	Male	Under 30	51	46
		30-50	95	108
		Over 51	19	20
	Female	Under 30	7	8
		30-50	51	47
		Over 51	28	31
Total Non-supervisory Employees			251	260
Total Number of Full-time Employees			286	292

The Company's supervisory personnel include: (Deputy) Section Chief, (Deputy) Manager, Associate Manager, Deputy General Manager and General Manager.

### ➤ Employee Diversity

In its recruitment practices, Sheh Fung Screws complies with all applicable laws and regulations, and strictly prohibits the employment of child labor under the age of 16 or any form of forced labor. The Company has had no incidents involving the violation of indigenous peoples' rights. Sheh Fung is committed to equal treatment of all individuals regardless of region, gender, religion, race, nationality, or political affiliation, and actively complies with regulations on the mandatory employment quota for persons with disabilities.

Year		2023	2024
Category / Gender	Age	Number	Number
Minority or disadvantaged groups	Male	Under 30	0
		30-50	3
		Over 51	3
	Female	Under 30	0
		30-50	1
		Over 51	1
Foreign migrant workers	Male	Under 30	41
		30-50	37
		Over 51	0
	Female	Under 30	0
		30-50	0
		Over 51	0
Indigenous peoples	Male	Under 30	0
		30-50	0
		Over 51	0
	Female	Under 30	0
		30-50	0
		Over 51	0

Note: Minority or disadvantaged groups refer to groups with specific conditions or characteristics (such as economic, physiological, political, or social) that may make them more vulnerable to negative impacts from organizational activities compared with the general population.





## 4.1.2 Personnel Turnover Rate

Sheh Fung Screws recruits new employees from time to time for business development needs. The total new hire rate for 2024 was 10.274%, a decrease of 7.558% compared with 2023. The total turnover rate in 2024 was 8.219%, down 10.312% from 2023. Departures mainly consisted of new employees who left within three months due to mismatched interests or personal career plans, as well as foreign workers who returned to their home countries after the expiration of their legally permitted stay in Taiwan. Between 2023 and 2024, the total number of employees at Sheh Fung Screws increased slightly. Although the new hire rate declined, the turnover rate also decreased, indicating a stable workforce structure. The Company continues to recruit new employees to fill personnel gaps, thereby ensuring workforce stability and supporting steady business operations.

Sheh Fung Screws New Employment Rate over the Past Three Years												
Year	2022				2023				2024			
Gender	Male		Female		Male		Female		Male		Female	
Age\Cat egory	Num ber	New employ ment rate	Num ber	New employ ment rate	Num ber	New employ ment rate	Num ber	New employ ment rate	Num ber	New employ ment rate	Num ber	New employ ment rate
Under 30	14	4.860	3	1.040	16	5.594	1	0.349	8	2.740	2	0.685
30-50	23	7.990	1	0.350	25	8.741	6	2.097	14	4.795	6	2.055
Over 51	1	0.350	0	0.000	2	0.699	1	0.349	0	0.000	0	0.000
Total number of new recruits	42				51				30			
Total employe es	288				286				292			
Total new employ ment rate (%)	14.580				17.832				10.274			
Note:												
1. The number of new employees does not exclude those who left midway through the year.												
2. The new recruitment rate of male (female) employees in this age group = the number of new male (female) employees in this age group that year / the total number of people in the operating base at the end of the year.												
3. Total new employee hiring rate = number of new employees in the year / total number of employees in the operating base at the end of the year.												



Sheh Fung Screws' Turnover Rate over the Past Three Years												
Year	2022				2023				2024			
Gender	Male		Female		Male		Female		Male		Female	
Age\Category	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)	Number	Turnover rate (%)
Under 30	15	5.210	3	1.040	9	3.146	3	1.048	2	0.685	0	0.000
30-50	22	7.640	4	1.390	29	10.139	4	1.398	13	4.452	8	2.740
Over 51	6	2.080	6	2.080	5	1.748	3	1.048	0	0.000	1	0.342
Total number of resignations	56				53				24			
Total employees	288				286				292			
Total turnover rate (%)	19.440				18.531				8.219			
Note:												
1. Categories of employees who have left the Company include those who resigned, were dismissed, retired, or passed away due to work-related causes.												
2. The turnover rate of male (female) employees in the age group = the number of male (female) employees in the age group who resigned in the current year / the total number of employees in the operating base at the end of the year.												
3. Total employment rate of resigned employees = number of employees who resigned during the year/total number of employees at the operating base at the end of the year.												

### ➤ Minimum Announcement Period for Operational Changes

The Company complies with the Labor Standards Act, and the notice period for termination of the labor contract is as follows:

1. Employees who have worked continuously for more than 3 months and less than 1 year shall be notified 10 days in advance.
2. Employees who have been working continuously for more than 1 year but less than 3 years shall be notified 20 days in advance.
3. Employees who have worked continuously for more than 3 years shall be notified 30 days in advance.



### 4.1.3 Salary System

Sheh Fung Screws designs the salary system to ensure the stable income of employees, and tries to motivate them to challenge higher salaries. The overall salary includes basic salary, work bonuses and employee bonuses. The overall salary includes the basic salary, work awards and employee bonuses. The employee's salary is determined based on education, past experience, professional competence, and job performance, and is never influenced by gender, religion, race, nationality, political affiliation, or any other factors. Every person in Sheh Fung, their salary and working conditions are guaranteed to meet the standards of local labor laws and international human rights conventions.

To ensure market competitiveness, the Company conducts an annual international salary survey and adjusts compensation according to the market level of each position and individual performance. The standard salaries for both male and female entry-level employees are higher than the local minimum wage.

Sheh Fung Screws Salary Ratio in 2024				
Salary ratio by job category	Number		Ratio	
	Female	Male	Female	Male
Management position	16	15	1	1.162
Non-management position	88	172	1	0.980
Note:				
1. The female-to-male remuneration ratio (annual salary ratio) is calculated as the average annual salary of females in a given category divided by the average annual salary of males in the same category.				
2. If there is a large difference in the basic salary ratio between females and males, the Company will explain the reason.				

Country/Region	Ratio of the annual total compensation of the Company's highest-paid individual to the median annual total compensation of employees (excluding the highest-paid individual)	Increase in ratio between the annual total remuneration of the Company's highest- paid individual and the annual total remuneration of employees (excluding the highest-paid individual)
Taiwan	17.595	-0.062
Note:		
1. The Chairman of the Board is not considered the highest paid individual, unless he is also the General Manager or CEO.		
2. The formula for calculating the annual median salary ratio is the annual salary of the individual with the highest annual salary in that year / the annual salary of the individual with the median annual salary in that year.		
3. The annual salary increase rate calculation formula is the annual salary increase percentage of the individual with the highest annual salary in that year / the annual salary increase percentage of the individual with the median annual salary in that year.		

### Salary Structure of Full-Time Employees in Non-Management Positions

Excellence Optoelectronics Inc. Headquarters				
Unit: NT\$ thousand				
Item	2022	2023	2024	Difference from Previous Year (%)
Number of full-time employees in non-management positions	290	274	288	5.11%
Total compensation of full-time employees in non-management positions	192,862	175,550	188,831	7.57%
Average compensation of full-time employees in non-management positions	694	640	677	5.78%
Median compensation of full-time employees in non-management positions	592	557	588	5.57%
Note:				
1. The primary disclosure scope covers Sheh Fung Screws (parent company only, excluding subsidiaries).				
2. The difference from the previous year (%) is disclosed.				
3. The difference from the previous year (%) is calculated using the formula: (2024 – 2023) / 2023.				



#### 4.1.4 Performance Management

The performance management structure of Sheh Fung Screws is quite complete. For new employees who have served for three months, we will conduct a probationary period assessment to ascertain their working conditions and adaptability, and provide necessary assistance. All on-the-job colleagues will receive an annual performance appraisal in June and December each year. The Company's annual performance appraisal emphasizes "objectivity," "fairness" and "two-way communication." Apart from evaluating individual performance, the achievement of unit KPIs is also taken into account. Through fair, transparent, and consistent appraisal standards, combined with direct two-way communication between supervisors and employees, the Company seeks to foster consensus among its workforce. Only by aligning individual and organizational goals and working together can a win-win outcome be achieved.

In addition, the results of individual performance appraisal are not only the basis for training and development, but also directly linked with job promotion and salary rewards, and become a triangular chain that complements each other, thus stimulating the endless work motivation of colleagues. In 2024, all employees, except foreign workers and new hires with less than three months of service, were covered by the performance appraisal, achieving a 100% assessment rate.

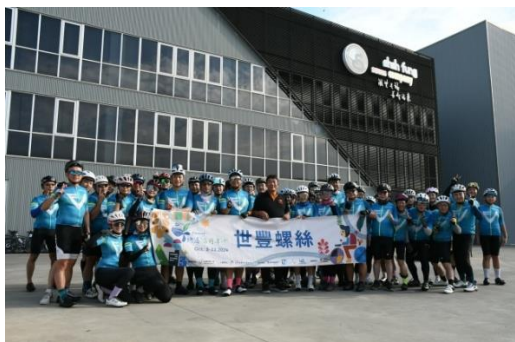
Item	Management position	Non-management position
Proportion of male employees who received appraisals	100.00	100.00
Proportion of female employees who received appraisals	100.00	100.00

Note: If the performance appraisal coverage rate does not reach 100%, the Company will specify the excluded groups and the reasons (for example, the Chairman of the Board or employees with less than three months of service).

#### 4.1.5 Employee Benefits

Sheh Fung Screws has established an Employee Welfare Committee in accordance with the law, which is elected by all colleagues and meets regularly to re-elect members. Employee annual benefits include three-term bonuses, birthday gifts, employee and child scholarships, bicycle club subsidies, aerobic course subsidies, etc. Services provided include travel, department dinners, employee wedding and funeral subsidies, year-end banquet, and outstanding employee selection activities to enhance the relationship between employees and allow employees to achieve a healthy physical and mental balance after work.

In 2024, Sheh Fung Screws organized a variety of recreational activities for employees, including a cycling tour around Taiwan, domestic travel, and company outings. The Company also installed bicycle training stands in the workplace and regularly offered aerobics and modern dance classes to provide diverse fitness options. In 2023, Sheh Fung earned the Sports Enterprise Certification from the Ministry of Education. These initiatives not only foster camaraderie among colleagues but also strengthen teamwork and inject vitality into the corporate culture. Sheh Fung Screws will continue its efforts to create a happy workplace and enhance employee well-being.



Cycling around the island in 2024



Cycling around the island in 2024





2024 Overseas travel activity



2024 Overseas travel activity



2024 Fu'an temple prayer event



2024 Fu'an temple prayer event

### ● **Employee Retirement System and Implementation Status**

In order to take care of employees and ensure their old-age life after retirement, Sheh Fung Screws applies the relevant standards of the new and old pension system according to both the Labor Standards Act and the Labor Pension Act to take care of the lives of retired employees.

The Company has clearly defined the employee retirement system in the Retirement Management Regulations in accordance with the Labor Standards Act, and allocates pension funds every month and deposits them in the Central Trust Bureau's special office in accordance with the law. Since July 1, 2005, in accordance with the implementation of the Labor Retirement Act, it complies with the rule for employees under the new pension provision system, the Company will contribute a monthly pension of no less than 6% of salary to the individual labor pension account.

According to the Company's personnel management system, employees who have any of the following circumstances should retire immediately:

- (1) Those who are over sixty-five years old.
- (2) The person is mentally disabled or physically disabled and is unable to perform their jobs.

In addition, in order to better protect the lives of colleagues after retirement, the Company implemented employee stock ownership trusts in April of 2021. In accordance with the regulations of the Company's employee stock ownership association, participants will entrust the monthly deposit amount to a financial institution in the name of a special account to purchase the Company's stocks to use and manage on their behalf, and receive the trust stocks when the participants retire, allowing colleagues to have an extra layer of life security when they retire.

### ● **Implementation Status of Parental Leave and Suspension of Pay**

According to the Act of Gender Equality in Employment, female employees are entitled to leave without pay during pregnancy and childbirth, maternity leave, and male employees are entitled to paternity leave when their spouses give birth. According to the Act of Gender Equality in Employment and the Implementation Measures for Taking Leave without Pay for Child Care, the Company should provide leave without pay for employees who need to provide child care, and actively assist employees to reintegrate

into the workplace after the leave without pay expires. In 2024, a total of three employees of Sheh Fung Screws applied for parental leave without pay.

### Statistics of Sheh Fung Screws' Parental Leave Without Pay over the Past Three Years

Year	2022			2023			2024		
Gender/Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Employees eligible for unpaid parental leave A	0	3	3	2	2	4	0	5	5
Employees who applied for unpaid parental leave in the current year B	0	0	0	0	0	0	0	3	3
Employees who should be reinstated after unpaid parental leave in the current year C	0	0	0	0	0	0	0	0	0
Employees who have been reinstated after unpaid parental leave in the current year D	0	0	0	0	0	0	0	0	0
Employees who have been reinstated after unpaid parental leave in the previous year E	0	0	0	0	0	0	0	0	0
Employees who have been reinstated after unpaid parental leave in the previous year and have worked for one year F	0	0	0	0	0	0	0	0	0
Rate of employees who have been reinstated after unpaid parental leave in the current year % (D/C)	-	-	-	-	-	-	-	-	-
Rate of employees who have been reinstated after unpaid parental leave and remained in office in the current year % (F/E)	-	-	-	-	-	-	-	-	-

**Note:**

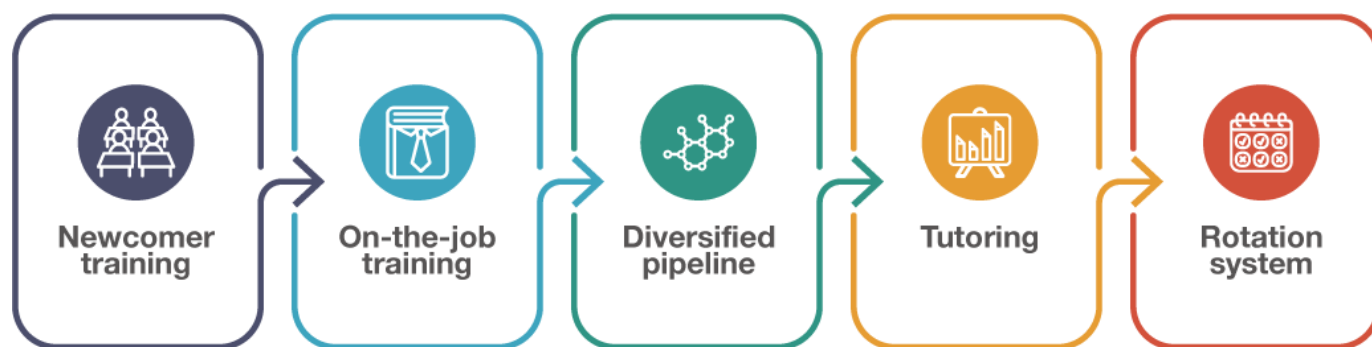
1. The number of people who should be reinstated = the number of people who are expected to be reinstated in the current year following parental leave without pay.
2. The number of employees retained in Year N is defined as the actual number of employees who returned from parental leave in Year N-1 and remained employed as of December 31, Year N.
3. The rate of reinstatement on child care leave in the current year % = the actual number of people on parental leave who have been reinstated in the current year / the number of people who should be reinstated after parental leave in the current year (D/C).
4. The retention rate of parental leave in the current year % = the number of people who continued to work for one year after being reinstated from parental leave in the previous year / the actual number of people who were reinstated from parental leave in the previous year (F/E).





## 4.2 Cultivation and Development

The sustainable operation of an enterprise is based on effective employee training and adaptive development, so Sheh Fung Screws is committed to planning and promoting the company's education and training system, with a view to strengthening the enterprise, simultaneously enhancing the career competitiveness of employees and achieving a win-win situation with employees. In addition to the annual departmental on-the-job training plan, the Company promoted second language learning in 2022 by offering a 100-hour free Vietnamese course for employees. Incentives were provided to those who passed the certification exam, and scholarships and subsidies were also offered to support employees' continued education, thereby encouraging diverse learning and enhancing workforce competencies.



**Career Development and Training of Sheh Fung Screws Employees**

Training Channel	Content Description
Newcomer training	<ol style="list-style-type: none"> <li>1. Joint training: Company profile, salary and welfare, rules and regulations, industrial safety training and environmental introduction.</li> <li>2. Online work instruction: operation instruction and work safety requirements in special areas.</li> <li>3. Interdepartmental internship: different internship stages and contents are scheduled according to job requirements.</li> </ol>
On-the-job training	In line with the Company's policies and based on hierarchical levels and functional needs, an annual training plan is developed. The scope covers supervisor training, professional training in production, sales, human resources, R&D, and finance, as well as certification programs and training on laws and regulations.
Tutoring	Through projects or system implementation, external consultants provide hands-on guidance that enables employees to acquire new knowledge and enhance their professional competencies. Examples include training related to SAP, ISO 9001, ISO 14000, ISO 14064-1, IATF 16949, ESG, and TTQS.
Rotation system	For key trainees, work out career plans, and expand their career scope by rotating the positions of units in the planned field according to their professional skills and development potential.

### ● Education and Training

Sheh Fung Screws provides diverse and rich learning resources channels, including orientation training for new recruits, various vocational, technical training, and management training for supervisors at all levels, as well as general education courses in languages, arts and humanities, etc. It is hoped that every employee will be able to adapt to their job through a sound education and training system, so as to enrich the Company's human resources.

To enhance workplace safety, the Company arranged crane operation training for migrant workers in 2024. As most migrant workers are male and work in direct labor positions, there was a significant difference between the training hours of male and female employees this year. However, excluding this course, the average training hours between male and female employees were nearly the same, demonstrating that the Company does not practice gender discrimination in talent development. In 2024, the total hours of employee education and training amounted to 4,015.5 hours, with an average of approximately 13.75 hours per employee. Sheh Fung Screws places strong emphasis on employee education and training and

has established appropriate reward mechanisms to encourage continuous self-learning. Through diverse learning channels and sound career development planning, the Company seeks to provide all employees with opportunities to apply their knowledge, grow within the workplace, and develop together with the Company.

Average Education and Training Hours of Sheh Fung Screws Employees									
Category / Type		Management Position		Non-management Position		Direct Employees		Indirect Employees	
Unit / Gender		Male	Female	Male	Female	Male	Female	Male	Female
Total number	Number	18	14	174	86	133	26	59	74
Total training hours	hours	259.5	275.5	2,637.5	843	2071	124	826	994.5
Average training hours	Hour/Number	14.47	19.67	15.15	9.80	15.57	4.76	14.00	13.43
Total training cost	NT\$	71,124	45,642	357,559	64,981	312,597	762	116,086	109,861
Note:									
1. (Total number of management employees + Total number of non-management employees) = Total number of employees at the operating site.									
2. (Total number of direct employees + Total number of indirect employees) = Total number of employees at the operating site.									

In addition, the Company will publicize anti-corruption, sexual harassment prevention measures and anti-terrorism policy from time to time, strengthen colleagues' concepts of human rights and corporate social responsibility, so as to enhance their own rights and interests, and also regularly conduct education and training on disasters, so as to enhance employees' crisis awareness and help protect themselves.





Second-half 2024 self-defense fire drill



Overview of internal control guidelines



CPR and AED training



Introduction to fastener threading principles



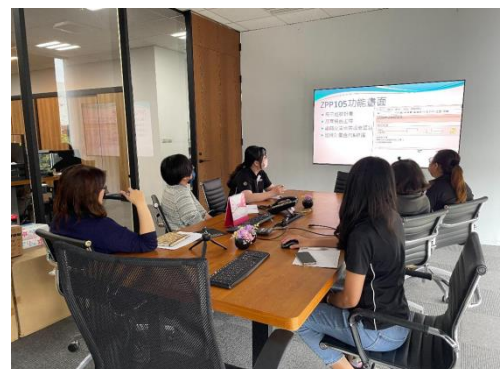
Firefighting water use for heat treatment exhaust ducts



Emergency response drill for air pollution incidents



SMETA Ethical Trading Initiative (ETI) code briefing



Introduction to screw manufacturing



## 4.3 Occupational Safety and Health

In order to ensure the safety of employees in the workplace, Sheh Fung Screws' disaster management goal is to take zero disaster as the starting point, an index to improve various safety activities in the factory area, and to support the activities related to zero disaster by way of reward, so as to commend outstanding units. The Company provides employees with essential personal protective equipment, including work clothes, safety helmets, safety shoes, earplugs, and masks, and requires strict compliance with usage regulations to prevent injuries. In addition, safety and health training is conducted for both new hires and current employees to enhance safety awareness. Regular disaster prevention drills are also held to strengthen preventive measures and ensure effective emergency response in the event of an accident. At present, there is no labor health and safety management committee and related trade unions.

The above applies to all activities of our Company including production and non-production sites and areas, equipment, and routine and non-routine operating activities in the jurisdictional operation area, including all activities of off-site units entering the Company's factory area, facilities and equipment provided by off-site units. The activities operated by our Company also include all those by contractors (cleaning, security, delivery, equipment maintenance, etc.) who enter the Company's jurisdiction to engage for such. The total number of employees is 292, representing 100% (denominator: 286), while the total number of non-employees is 20, also representing 100% (denominator: 20).

### ● Occupational Safety and Health Committee

The Company has established an Occupational Safety and Health Committee in accordance with the Occupational Safety and Health Management Act to make recommendations on the safety and health policies and management systems formulated by the Company, and to review, coordinate and recommend safety and health-related matters. There are 4 management representatives and 3 labor representatives, with the following responsibilities:

- (1) Formulate, plan, promote and supervise occupational safety and health-related matters.
- (2) Formulate, plan and promote emergency response matters.
- (3) Plan and implement employee safety and health training.
- (4) Conduct, compile, and report occupational accident statistics in the monthly occupational accident report. Meetings shall be held at least once every three months, and ad hoc meetings may be held when necessary.

### ● Risk Assessment, Hazard Identification and Incident Investigation Procedures

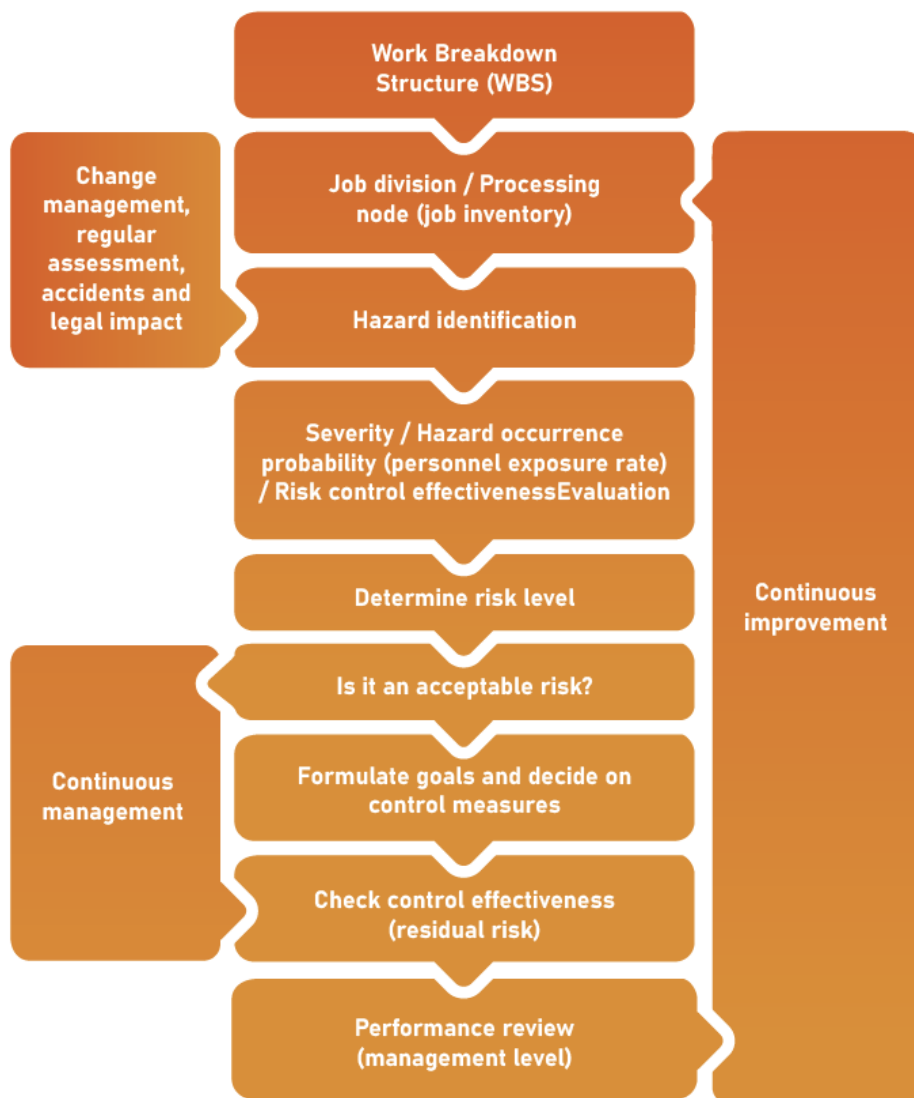
In order to continuously identify and evaluate various types of physical, chemical, biological and human engineering hazards that may be caused by the raw materials, machinery and equipment, operating environment and employee operating activities involved in the Company's various operations or services, the Company adopted reasonable, effective and feasible control measures to reduce the impact on the safety and health of the Company's employees, contractors' labor and related third parties. The Company has specially formulated Hazard Identification and Risk Assessment Control Procedures to continuously identify, assess, control, and minimize risks. The status of safety and health implementation is reported to the monthly factory-level safety and health committee and the quarterly company-level safety and health committee, and is explained to the labor representatives of each organization within the company every quarter.

Regarding the various operational activities, the operation of machinery and equipment and the chemicals used by employees, workers, contractors and guests in each plant, all are conducted regularly every year in accordance with the Hazard Identification and Risk Assessment Control Procedures. From time to time, after an accident, or when the workplace changes, risk identification will be conducted and a quantified risk score will be defined based on the severity and frequency of accidents that may occur during various operating activities, operating machinery and equipment, or using chemicals.





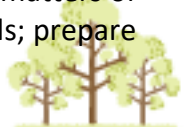
When the risk score ranges from 153.6 to 320 points, it is considered a "high risk". Existing protection measures should be reviewed and improvements should be prioritized to reduce the risk. If the risk score is higher than 153.6 points, it is considered an "unacceptable risk". It is then necessary to stop operations and immediately review the integrity of existing protection measures or carry out improvement plans or strengthen response capabilities. Executives are qualified as occupational safety and health administrator technicians and receive 12 hours of on-the-job occupational safety and health education and training every two years.



**Hazard identification, risk assessment and decision-making process for control measures**

### ● Continuous Improvement

In order to comply with relevant laws and requirements, the Company adheres to the following: perform risk assessment, hazard identification, and safety and health education and promotion; improve employee risk awareness and safety knowledge; formulate a Safety and Health Work Code and submit it to the occupational safety and health authority for review; hold occupational safety and health committee meetings every quarter to address relevant issues; provide advice and coordination on occupational safety and health policies formulated by the Company; recommend occupational safety and health management plans, and review related matters (safety and health education and training implementation plan reasons); check results of the working environment monitoring plan and the reasons for the measures taken; conduct health management, occupational disease prevention and health promotion matters as well as various safety and health proposals; carry out automatic inspections and safety and health audit matters of business units; set up preventive measures for hazards of mechanical equipment or raw materials; prepare



occupational disaster investigation reports (contracted business safety and health management matters); and assess on-site safety and health management performance topics, and other related occupational safety and health management matters.

If employees encounter an imminent hazard while performing their work, they may stop or leave the operation immediately. Should any issues arise during work, employees can report them directly to the supervisor on duty, submit feedback through the Company's suggestion box, or scan the QR code to access the online form and file a report.

### ● Occupational Safety Training Program

The Company formulated an annual education and training plan to ensure the safety of labor operations. In addition, in order to enhance the occupational safety and health knowledge and management capabilities, persons in charge of occupational safety and health training at all levels must participate in occupational safety and health training that meets their needs.

Occupational Safety and Health Training Project Statistics		
Training Project	Number of Trainees	Training Costs (NT\$)
On-the-job education and training for safety and health managers	1	1,143
On-the-job safety and health education and training for first responders	5	1,905
Safety and health education and training for supervisors working with specific chemical substances	0	0
Grade A Air Pollution Control Specialist	0	0
On-the-job education and training for fixed crane operators	47	324,191
On-the-job training for operators of high-pressure gas specific equipment	1	381
On-the-job training for forklift operators	9	3,429
Other safety and health knowledge related to labor operations in the first half of the year (internal training)	13	0
Self-defense firefighting drill in the first half of the year (internal training)	135	0
Paint shop air pollution control equipment briefing (internal training)	12	0
Explanation of sludge generation and removal in the wastewater plant (internal training)	3	0
Self-defense firefighting drill in the second half of the year (internal training)	102	0
Emergency response drill for sudden air pollution incidents (internal training)	6	0
Note: 1. Including employees and non-employees whose work and/or workplace are controlled by the organization. 2. Workers who are not employees but whose work and/or workplace is controlled by the organization, such as security guards, cleaning staff, construction workers, contractors, and outsourced personnel. 3. The occupational safety and health-related education and training here include general training or training for specific occupational hazards and dangerous situations.		

### ● Health Checks

Every year, Sheh Fung Screws conducts employee health checks, including general health checks and special job health checks, and monitors the working environment, so as to provide a healthy and hygienic working environment for colleagues. Occupational physicians make statistical analysis of health management according to the health check report. With respect to workers with potential disease incidence and high-risk exposure, the two factories are as follows: at the Qiaotou factory, high-risk roles





include electroplating, wastewater treatment, and coating workers, while at the Mituo factory, they include heading, tail-clamping, and thread-rolling workers. Each year, employees in these high-risk work environments undergo specialized health examinations, such as noise testing and screening for chromic acid and its salts.

Sheh Fung Screws cares about the physical health of all employees, pays attention to health and safety culture, promotes employees' physical and mental health, achieves work-life balance, and reduces workplace safety and health risks. The Company plans comprehensive health checks every year that surpass regulations and regularly track the health status of employees. In addition to incorporating environmental monitoring data for statutory special operations, we identify risks of possible health hazards and build an intrinsically safe working environment. Inspection reports are used for statistical analysis of health management.

Disease incidence and high-risk workers in the two plants include electroplating personnel, painting personnel and wastewater personnel in the Qiaotou factory, and head-cutting personnel, tail clamping personnel, and teeth rubbing personnel in the Mituo factory. Every year, for employees working in high-risk working environments, special testing is carried out, including noise inspection, chromic acid and salt inspection, etc., to understand the health status of employees and provide a self-health management basis, since prevention is better than cure and to create a safe and risk-free working environment.

#### Statistical Summary of the Number and Cost of Employee Health Checks

General health examination	
Item	General examination, urinalysis, routine blood tests, liver, gallbladder, and kidney function tests, blood glucose, glycated hemoglobin (HbA1c), blood lipids, cholesterol, arteriosclerosis risk factors, cancer screening, cardiovascular and metabolic assessments, electrocardiogram (ECG), arteriosclerosis assessment, body fat analysis, quantitative colorectal cancer screening, ultrasound, X-ray, and other examinations.
Number (people)	137
Fee (NT\$)	313,200
Special health examination	
Item	Noise detection, chromic acid and salt detection
Number (people)	49
Fee (NT\$)	118,500

#### ● Health Promotion

Sheh Fung Screws arranges for doctors and nursing staff of special labor health services to provide on-the-spot services, assist in health guidance and interviews, so as to promote employees' physical and mental health, and implement the following specific measures:

In order to ensure the safety of employees in the workplace, the Company's disaster management goal is to take zero disaster as the starting point, as an index to improve various safety activities in the factory area, and to support zero disaster related activities by way of reward, and commend outstanding units. The Company provides employees with essential personal protective equipment, including work clothes, safety helmets, safety shoes, earplugs, and masks, and requires strict compliance with usage regulations to prevent injuries. In addition, safety and health training is conducted for both new hires and current employees to enhance safety awareness. Regular disaster prevention drills are also held to strengthen preventive measures and ensure effective emergency response in the event of an accident. Furthermore, the Company will arrange doctors and nursing staff of labor health services with special appointments to conduct on-the-spot services, health guidance and interviews, so as to promote employees' physical and mental health. The Company implements and promotes the following specific measures:

Item	Content
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Item	Content
<b>Employee health management</b>	<ul style="list-style-type: none"> <li>● Annual general and special operation health examination.</li> <li>● According to the results of staff health examination, special workplace doctors and nurses regularly follow up management and health guidance.</li> <li>● Hire professional nursing staff to visit the factory six times a month to provide health care services and health consultation for employees.</li> <li>● Hire a professional occupational safety and health physician to visit the factory once every two months, provide professional consultation for employees, and assist in assessing the hazard risks of employees' workplaces.</li> </ul>
<b>Operation environment monitoring</b>	<ul style="list-style-type: none"> <li>● Implement once every six months: workplace noise detection and concentration of sulfuric acid, chromic acid and methanol.</li> </ul>
<b>Environmental disaster training</b>	<ul style="list-style-type: none"> <li>● Hold regular disaster prevention drills, so that colleagues can have clear contingency steps when accidents happen.</li> <li>● Set up automated external defibrillators (AEDs) in each factory area, and hold AED education and training in disaster prevention drills.</li> </ul>
<b>Access control security</b>	<ul style="list-style-type: none"> <li>● Sign a 24-hour security contract with the security company.</li> <li>● Equip each factory area and administrative office building with a strict monitoring system to maintain the safety of employees.</li> </ul>

In addition to reminding colleagues to pay attention to follow-up diagnosis and treatment of abnormalities, it also serves as a guideline for planning health promotion for the next year to assist employees in implementing self-health care management and provide colleagues with comprehensive health care.

### ● Occupational Injury Statistics

Sheh Fung Screws' occupational accident statistics are based on important occupational accident statistical disclosure items announced by the Occupational Safety and Health Administration. There was no occupational injury in 2024. The Company will continue to strengthen education, training and on-site inspections, and do a good job in safety and health management to prevent the recurrence of major occupational disasters. The Company holds educational training courses and increases hardware protection measures in the hope of continuously reducing the rate of employee disability and injury. In addition, for contractors and outsourcers, workers are managed according to the safety and health management measures for contract operations. There were no occupational injuries or diseases among non-employee workers in 2024.

Occupational Injuries to Employees		
Category	Item	2024
Total working hours	Female total working hours	148,760
	Male total working hours	196,760
	Total working hours	345,520
Number of fatalities caused by occupational injuries	Number of female fatalities	0
	Number of male fatalities	0
	Total number of fatalities	0
Total number of serious occupational injuries for females (times)	Number of serious occupational injuries (excluding fatalities)	0
	Total number of serious occupational injuries for males (times)	0
	Total number of serious occupational injuries (times)	0
The number of recordable occupational injuries (including the number of fatalities and the number of serious occupational injuries)	Total number of occupational injuries for females (times)	0
	Total number of occupational injuries for men (times)	0
	Total number of occupational injuries (times)	0
Fatality rate % caused by occupational injuries		0
Serious occupational injury rate %		0
Recordable occupational injury rate %		0
Note:		

1. Fatality rate due to occupational injuries = (Number of fatalities caused by occupational injuries ÷ total working hours) × 1,000,000.
2. Serious occupational injury rate = [Number of serious occupational injuries (excluding fatalities) ÷ total working hours] × 1,000,000.
3. Recordable occupational injury rate = [Number of recordable occupational injuries (including fatalities and serious occupational injuries) ÷ total working hours] × 1,000,000.
4. Serious occupational injuries are defined as injuries that cannot be fully recovered within six months.
5. Recordable occupational injuries do not include occupational injuries caused by commuting to and from work.

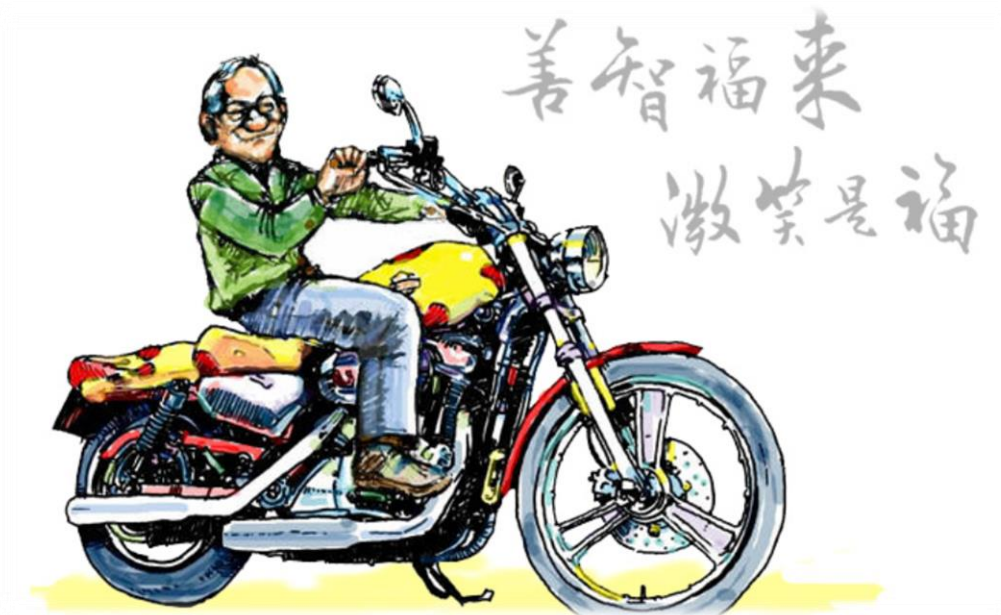
Occupational Diseases of Employees		
Category	Item	2024
Number of fatalities caused by occupational diseases	Number of female fatalities	0
	Number of male fatalities	0
	Total number of fatalities	0
Total number of occupational diseases in females	Recordable number of occupational diseases	0
	Total number of occupational diseases in males	0
	Total number of occupational disease cases	0
Fatality rate due to occupational diseases %		0
Recordable occupational disease rate %		0

**Note:**

1. Occupational disease rate = (Total number of occupational diseases ÷ total working hours) × 1,000,000.
2. Fatality rate due to occupational diseases = (Number of fatalities caused by occupational diseases ÷ total working hours) × 1,000,000.
3. Recordable occupational disease rate = (Number of recordable occupational diseases ÷ total working hours) × 1,000,000.



## 5 Social Care



Sheh Fung Screws' founder, Mr. Lucky Tu, despite his hardships due to limited education, was grateful for his physical health, which allowed him to work diligently. Achieving some success, he frequently donated to charities and considered establishing a workplace for the physically disabled to help them become self-reliant. His desire to give back was reinforced during a gathering with other successful professionals. Remembering his own struggles, Mr. Tu wanted to ensure that impoverished Taiwanese children could access education and, one day, contribute back to society, creating a cycle of love and support.

This is not only a record of Mr. Tu's personal journey of success, but also the reason why he felt happiest during that period, as he fulfilled his lifelong aspiration to put into practice his philosophy of Goodness and Wisdom of Lucky. He first founded the Sheh Fung Goodness and Wisdom Association as an initial platform to promote this philosophy, and in 2006, he formally established the Sheh Fung Good Deed and Wisdom Foundation to give back to society and support underprivileged families in remote areas of Taiwan.

The Sheh Fung Good Deed and Wisdom Foundation, upholding the spirit of its founder, Mr. Lucky Tu, continues each year to organize scholarships for underprivileged students, winter relief grants, and nutritional lunch programs for disadvantaged students.

Besides being the largest sponsor of the Sheh Fung Good Deed and Wisdom Foundation, Sheh Fung Screws has made every effort to contribute to the Foundation in their respective posts, because everyone believes that small drops will eventually converge into a big river. Serious cultivation will surely produce beautiful flowers on the wasteland. It is also this earnest and persistent heart that makes us learn "the True Happiness in Goodness and Wisdom".

- Donated 280 residential fire alarms in 2023 to enhance residents' disaster prevention awareness and provide a safer living environment.
- Donated surveillance camera systems to help maintain community security.
- Donated 270 books on the SDGs in 2024 to 15 elementary schools to strengthen underprivileged children's understanding of sustainability, environmental protection, and gender equality.
- Collaborated with Taiwan His Hands Christian Home in 2024 to support child rescue initiatives, enabling disadvantaged children to grow and thrive in a caring environment.

Public Welfare Activity Name	Amount (NT\$)
Donated Sheh Fung Good Deed and Wisdom Foundation	3,600,000
Donated one-year subscriptions of Global Kids Junior Monthly and Global Kids Monthly, as well as books on the SDGs.	185,000
Total	3,785,000



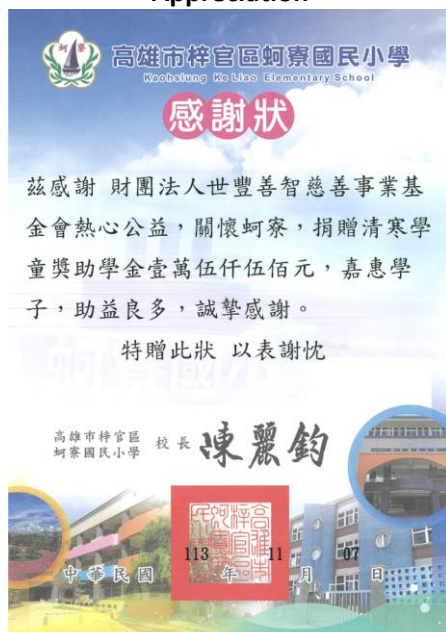




Donation of Firefighting Equipment - Certificate of Appreciation



Donation of Scholarships for Underprivileged Students - Certificate of Appreciation



Donation of Scholarships - Certificate of Appreciation



Donation of Scholarships for Underprivileged Students - Certificate of Appreciation



希恩法人(謝)字第 11305070

## CERTIFICATE OF APPRECIATION

感謝狀

感謝 財團法人世豐善智慈善事業基金會

在愛中支持兒童保護服務，用恩手托住希恩寶寶的需要，守護他們健康成長！

WE SINCERELY THANK YOU

謹致謝忱

董事長 Chairperson

周林錦 莊  
Annie L. Chan

西元 2024 年 05 月 11 日

看顧新生・在愛裡重生 Saving Babies Lives · Rebirth in Christ



### Certificate of Appreciation - Taiwan His Hands Christian Home

【給孩子一個大未來：世豐善智基金會公益專案】  
受贈雜誌 ☐ 未來少年 ☐ 未來兒童 問卷調查 202\_ \_ \_ \_  
學校：維多利亞 班級：301 姓名：林明賢 陳詩涵  
☐ 我同意本問卷回饋內容與心得，授權「愛與未來親子」與「世豐善智基金會」行銷使用 簽名：陳詩涵

1. 多年來持續的贈閱雜誌，有效培養學生的閱讀習慣？  
☐ 非常同意 ☒ 同意 ☐ 尚可 ☐ 不同意 ☐ 非常不同意  
實例分享：  
學生會在早自修及下課時間主動閱讀

2. 雜誌的多元內容適合做為課堂討論或教學輔助之用？  
☐ 非常同意 ☒ 同意 ☐ 尚可 ☐ 不同意 ☐ 非常不同意  
實例分享：  
「科學心問」、「食蔬福仁堂」等均適合於各級輔助教材

3. 閱讀本雜誌可以增廣學生見聞，拓展知識領域？  
☐ 非常同意 ☒ 同意 ☐ 尚可 ☐ 不同意 ☐ 非常不同意  
實例分享：  
題材多元且具啟發性，能增廣見聞

4. 本雜誌是學生們閱讀時的首選選擇？  
☐ 非常同意 ☒ 同意 ☐ 尚可 ☐ 不同意 ☐ 非常不同意  
實例分享：  
雜誌中有許多生活化及趣味性的內容適合學生閱讀

【給孩子一個大未來：世豐善智基金會公益專案】  
受贈雜誌 ☐ 未來少年 ☒ 未來兒童 問卷調查 202\_ \_ \_ \_  
☐ 我同意本問卷回饋內容與心得，授權「愛與未來親子」與「世豐善智基金會」行銷使用 簽名：  
5. 六年來贈閱雜誌，學生的閱讀習慣分享：  
我喜歡閱讀未來兒童，也會和同學分享。  
我通常都是利用下課時間和同學一起看未來兒童，增加自己的課外知  
識。

6. 學生閱讀雜誌的心得與感觸：(邀請孩子們填寫)  
未來兒童的封面故事讓我學到很多知識，我最喜歡的是第10期  
的封面故事，因為它的內容是關於麵粉，我從故  
事中了解到原來麵粉可以做成那麼多東西！謝謝  
世豐基金會送我們這麼好的書！  
我每次看未來兒童時，最喜歡封面故事，因為封面故事很有趣，從這  
裡面我學到很多知識，另外，科學的圖也很棒，值得閱讀。

Sheh Fung Goodness and Wisdom Charity Foundation  
Book Donation Feedback Questionnaire

Sheh Fung Goodness and Wisdom Charity Foundation  
Book Donation Feedback Questionnaire





# 學校回饋 六年來贈閱雜誌，學生的閱讀情況分享



瑞芳國小 401 許玉芬老師

感謝世豐善智基金會長期關注孩子的閱讀能力，孩子們除了可以吸取內容裡的知識，更重要的是讓孩子能夠養成自我閱讀的習慣，這習慣是孩子終身受用。



瑞芳國小 403 吳珮嫻老師

感謝世豐善智基金會提供少年兒童供孩子們閱讀，以每日晨讀及小組討論的方式，讓孩子更有好奇心，建立閱讀好習慣，提升更多元的學習動機。



彌陀國小 303 鍾宜凌老師

同學於閱讀課或下課時間常會翻閱未來兒童，分享書中的內容，還會書寫閱讀心得，將書中精采的內容記錄下來，並寫出閱讀後的感想。每當上課提到某些課程，同學會發表在雜誌上看到的相關知識與資訊，與大家分享。



猴硐實小 501 邱佩真老師

雜誌的內容豐富多元，孩子們因喜愛閱讀，經常閱讀而養成閱讀習慣，每一次的專題研究報告重要的資料來源多是雜誌內探討的各個主題，孩子們將蒐集到的資訊整理歸納作成自己的研究報告，對學生而言，這兩份雜誌極為重要。



## 學校回饋 學生閱讀雜誌的心得與感想

彌陀國小 301 學生

未來兒童的封面故事，讓我學到很多知識，其中我最喜歡看的是第129期的封面故事，因為它的内容關於麵粉，我從故事中了解到原來麵粉可以做成那麼多東西！謝謝世豐基金會送我們這麼好看的書！我每次看未來兒童時，最喜歡封面故事，因為封面故事很好看，也很有趣。從這裡面我學到很多知識。另外，科學100問也很好看，值得閱讀。

梓官國小 105 學生

1. 謝謝您的書，真好。
2. 謝謝您送的書，很有趣。
3. 書本很好看。
4. 謝謝您的書，太有趣了。
5. 我很喜歡。

瑞芳國小 403 學生

小蟻咬如果傷口在小腿附近，蟻咬醫生就會趕緊把傷口擦乾淨避免感染；如果靠近大腿，就會用口罩當手術刀咬斷傷肢。他們很團結合作，同伴受傷唯一會幫同伴動手術，而且他們還「看診」，選擇不一樣的治療方式。謝謝世豐善智基金會，贈送我們未來兒童，讓我學到很多東西。





## 學校回饋

## 學生閱讀雜誌的心得與感想<sup>00</sup>



### 新隆國小 五甲 學生

未來兒童讓我學到了很多的動物知識，比如說鰐嘴獸雖然是哺乳類，但是牠們會生蛋！真有趣！～豫恩。

我喜歡未來兒童它讓我學到了穿山甲的魚片很像盔甲保護了牠，讓穿山甲不會受傷。變勝我覺得未來兒童是一本很神奇的雜誌，看了一次就會停不下來，感覺被未來兒童施了魔法，是開心的魔法～以恩。



### 冬山國小 四愛 學生

我很喜歡看未來兒童，因為它用有趣的方式介紹很多知識。它的圖案也都很好看，補充課本學不到的東西，讓我變得很有趣。每個月我都很期待新的一期未來兒童。謝謝世豐基金會的贊助，讓我們有這麼好的資源。



### 甲園國小 五忠 學生

我讀的未來少年的主題是有關於鬼的，大家對於鬼總是懷著敬畏的心，每個人對鬼的定義都不同，我是寧可信其有啦！許多電影都把鬼演的可怕，邪惡，但鬼也是人變的，我認為牠們也有善良的一面。

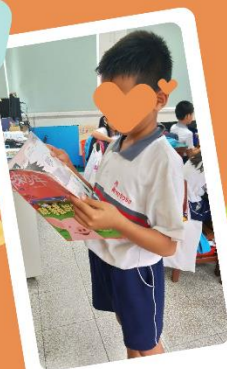


### 鳳凰國小 圖書館 學生

我很喜歡看未來兒童，有很多內容我都有興趣，我還會問家人文字好好玩的謎題，讓他們也動動腦。看到未來兒童介紹的新書，我也很想看，因為我超級想知道書本裡的故事。謝謝世豐基金會的叔叔、阿姨們贈送雜誌給我們學校，我會好好利用時間去閱讀這些書。

## 學校回饋

多年來的贈閱，讓孩子可以透過閱讀認識全世界，降低城鄉差距、弭平學習障礙！這是我們最重視的事，也感謝企業夥伴的一路相挺！



## 學校回饋

## 五年來贈閱雜誌，學生的閱讀情況分享



新隆國小 六甲 黃吟如老師

學生已養成習慣每當晨讀或課餘時間，由書架上挑選一本「未來兒童」，津津有味的沉浸在知識的國度中，有時看到有趣的內容，還會迫不及待的拿著書跟同學分享呢！自從有了「未來兒童」，孩子的定性較好了，視野也開闊了，感謝世豐基金會的贊助！



彌陀國小 102 林秀娟老師

感謝世豐善智基金會贈閱雜誌，讓3C盛行的現在，還有最新的兒童紙本雜誌放在教室，讓孩子能隨時可以翻看，雖然一年級的孩子大都還不認識國字，但培養閱讀習慣，還是有益的。



冬山國小 二忠 游莉玫老師

學童每每都會期待「未來兒童」的寄來，原因是：  
1、題材新穎，總能勾起孩子的興趣。  
2、即便是過期的，他們也是樂在其中的沉浸書海。  
3、只要從小讓他們接觸本讀物，必能養成生活中的正確觀念。



梓官國小 205 圖書館 黃士芬老師

二年輪替一次不同的學生且新生是從幼兒進入小學的新階段，每每看到一年級時介紹本雜誌，僅有少部份的學生眼睛泛著亮光。到了二年級時，便可看到本雜誌匯聚眾多的目光。

## 學校回饋《未來兒童》是100%孩子們 閱讀時的首要選擇？



彌陀國小 303 鍾宜凌 老師

閱讀課時，同學非常喜愛閱讀未來兒童，會一起分享書中的內容。



猴硐實小 301 蔡羽筑 老師

未來兒童的字體大小、用字遣詞，算是對3年級的孩子比較好入手閱讀，孩子們都可以達到自己閱讀，而不會造成閱讀困難。



平溪國小 三仁 陳妍蓁 老師

刊物主題多元，能滿足各類學生需求，學生能就自己喜愛或有興趣的主題，進行閱讀；學生能與同學分享自己在書中學習到的知識內容。





## 學校回饋 長期閱讀雜誌，100%對學生拓展知識有益？

梓官國小 403 蘇蕊雅 老師

在上課過程中，有用心閱讀的孩子，在課堂上分享跟主題相關的資訊給同儕聽，對老師來說也是一種學習。

鳳凰國小 二甲 陳兼樺 老師

對於生活上獲取不到的知識，學生曾經拿雜誌來詢問，並一起討論相關知識點，拓展了學生的更多知識盲區！

猴硐實小 501 邱佩真 老師

雜誌的內容非常豐富多元，上至天文，下至地理，人文社會、動物、植物、自然生態都涵蓋在內，非常適合學生閱讀，增廣見聞。



## 學校回饋 六年來贈閱雜誌，100%有助於閱讀習慣的培養？

梓官國小 105 黃士芬 老師

雖然一年級新生對未來兒童尚顯陌生，但開學以來可以看到孩子們慢慢地喜歡未來兒童，喜歡閱讀。

鳳凰國小 二甲 陳兼樺 老師

讓偏鄉地區學生能有更多機會去得到新知識，學生在閱讀後能將所學所知分享給家長或班上學生互相去討論。

猴硐實小 301 蔡羽筑 老師

雜誌算是有別於學校課外書籍，不同類別的一種刊物，而且主題多元，孩子早上一到校，做完自己手邊的事，就會想去翻雜誌閱讀，算是開起他們閱讀興趣的動機。



## 6 Future Development

Under the pressure of fierce competition from domestic and foreign peers, Sheh Fung Screws has continuously improved the automation of production equipment and implemented the optimization of production schedule in addition to the operation management, so as to improve the output efficiency and improve the delivery time, which meets the needs of customers. We will accelerate the implementation of new products and function development projects and continue to develop towards the service field of all-round solutions.

### The Company's Future Development Strategy

Item	Short-term business development plan	Long-term business development plan
Operational strategy	<ol style="list-style-type: none"> <li>(1) In 2024, the global screw industry faced multiple challenges arising from market competition, regulatory changes, and the overall macroeconomic environment. Low-price competition has become increasingly fierce, placing heavy pricing pressure on Taiwan's screw industry. At the same time, geopolitical crises such as the U.S.–China trade war, the Russia–Ukraine war, and the Israel–Palestine conflict have persisted, showing no sign of easing. In response, companies are turning to new markets, new products, and new business areas to boost operational momentum and mitigate the impact of external conditions.</li> <li>(2) Through product innovation, market positioning and other strategies, enhance product competitiveness and market share, and achieve revenue growth and profit improvement.</li> <li>(3) Formulate environmental protection measures, such as reducing energy consumption, optimizing waste management, improving resource utilization efficiency, etc., to reduce the negative impact of the environment.</li> <li>(4) By analyzing the situation of each supply chain, identify and eliminate the bottleneck process, develop new suppliers and coach the original suppliers to upgrade, so as to improve the efficiency of the supply chain.</li> <li>(5) Adopt automatic production technology to reduce labor costs and improve production efficiency and product quality.</li> <li>(6) Expand the international market, actively participate in international competition, increase the market share of products, and explore new marketing channels.</li> <li>(7) Identify and evaluate various internal and external risks, and formulate corresponding risk management measures to reduce the impact of risks on the company's operations.</li> <li>(8) Conduct in-depth research on different markets, understand local culture, needs and trends, and adjust products and marketing strategies according to the local market environment.</li> <li>(9) Establish standardized processes so that the company's production processes in different</li> </ol>	<ol style="list-style-type: none"> <li>(1) By introducing new products or services, expanding product lines, supplemented by product and process certification of international organizations, opening up new market areas to meet the needs of different customer groups.</li> <li>(2) Strengthen the product diversity and competitiveness of Vietnam production base, and reduce the influence of geopolitical docking orders.</li> <li>(3) Pay attention to the cultivation of international talents and team building, and establish a team with cross-cultural communication skills and international vision to meet the requirements of the global business environment.</li> <li>(4) Continue to invest in product research and development, technological innovation, constantly enhance the competitiveness of products and services, and attach importance to the protection of intellectual property rights, and apply for product patents to ensure the uniqueness and competitive advantage of research and development results.</li> <li>(5) Pay close attention to market demand and trends, connect with market demand, develop new products and services that meet market demand, and improve market adaptability and competitiveness of products.</li> <li>(6) Expand the market scale: strengthen marketing, expand more potential customer groups, find new sales channels, expand the market scale and improve brand awareness.</li> <li>(7) Adopt advanced production technology, optimize production process, improve production efficiency, reduce production cost, improve product competitiveness, ensure products meet international standards and customer requirements, strengthen quality management system, detect and control product quality, improve customer satisfaction and enhance market competitiveness.</li> <li>(8) By increasing production capacity in different regions, the company's product supply will be improved, the company's market share will be further improved, and the influence of political risks will be reduced.</li> <li>(9) Strengthen the concept of sustainable management, implement carbon reduction and net zero emission measures, and improve the green degree of products.</li> <li>(10) Promote the optimization of information</li> </ol>

	<p>regions can follow the same standards and improve the company's operational efficiency.</p> <p>(10) Continuously analyze the gross profit of products and improve the cost, so as to create a win-win future for Sheh Fung and customers.</p> <p>(11) Conduct in-depth research on different markets, understand local culture, needs and trends, and adjust products and marketing strategies according to the local market environment.</p> <p>(12) Continuously analyze the gross profit of products and improve the cost, so as to create a win-win future for Sheh Fung and customers.</p> <p>(13) Strengthen the management of working capital, strengthen financial management and capital flow monitoring, ensure sufficient and reasonable use of funds, and allocate the capital demand required by market changes with sound financial allocation.</p> <p>(14) Foster a team-based operating model to enhance alignment and collaboration across departments, while cultivating T-shaped talents capable of working across multiple functions.</p>	<p>communication, improve the company's management and production efficiency, and enhance market competitiveness.</p> <p>(11) People-oriented training and R&amp;D of human resources in the whole company, encouraging all employees to participate in the implementation of corporate governance, increasing employees' recognition of the company, and accurate reward system to strengthen the ability to retain talents, so as to realize the vision of sustainable operation and common prosperity and sharing of enterprises.</p>
Operation management and financial planning	<p>(1) In response to the development of future operations, the Company will make overall plans for the allocation of company resources through sound financial planning and operation management, so as to maximize the comprehensive benefits of the company's resources.</p> <p>(2) Maintain good relationships with correspondent financial institutions, master the pulse of the financial market, flexibly allocate funds, improve financial operation performance and reduce interest expenses.</p>	<p>(1) Establish a sound management system, implement the company's business philosophy, shape an excellent corporate culture, and realize the vision of sustainable management.</p> <p>(2) Through diversified financing channels in the capital market, we can strengthen the financial structure and the company's physique, cultivate long-term development strength, and cooperate with the growth of the company's operation scale to enrich the management team and enhance the company's visibility and image.</p>
Product strategy	<p>(1) Maintain cooperation with customers to develop customized products, and propose competitive solutions that are ahead of peers.</p> <p>(2) Help to enhance the value and innovation of customized products.</p> <p>(3) Reduce the operational risk of products, strengthen the development principle of product line balance, and enhance the value of products.</p>	<p>(1) Enhance the leading position in technology and strengthen the research and development of key technologies of products.</p> <p>(2) Integrate related technologies, expand product line breadth and deepen technical level.</p> <p>(3) Focus on customers' core products and provide value-added services.</p>
Marketing strategy	<p>(1) Strengthen the existing customer service and industry, and play the role of long-term strategic partner.</p> <p>(2) Develop new markets and customers, and establish partnerships in marketing channels.</p> <p>(3) Improve market share and profit.</p> <p>(4) Provide one-stop shopping service to simplify the customer's workflow and burden.</p> <p>(5) Strengthen network exposure and print advertising.</p> <p>(6) With the lifting of border epidemic prevention, international exhibitions and customer visits will be resumed to increase the frequency of face-to-face customer</p>	<p>(1) Strengthen the competitiveness in the international market and enhance strategic cooperation with international customers.</p> <p>(2) Innovating market demand and strengthening communication and cooperation with strategic partners.</p> <p>(3) Strengthen the ability of market analysis, gain insight into opportunities, provide better services to customers, and establish long-term and loyal partnerships.</p> <p>(4) To become a trouble shooter for customers and jointly develop market niches through technical upgrading.</p> <p>(5) Strengthen the link with customer information</p>








	communication to maintain good customer relations.	<p>flow, and reduce the operation delay caused by national boundaries and time difference through real-time transparent databases.</p> <p>(6) Collect customer and transaction information, and find the target customer through data analysis.</p> <p>(7) Cross-border entry into new businesses and new application fields, diversified management.</p>
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### Short-term, Medium-term and Long-term R&D Objectives of Sheh Fung Screws

The company's future research and development direction is moving towards products with higher technical threshold, and it is expected to obtain higher profits through the development of new products. The future research and development direction is:

 Short-term goal	<p>A. Continue developing ICC-certified construction screws and other large-size carbon steel stainless steel long screws for ICC certification.</p> <p>B. Develop diamond tip construction screws.</p> <p>C. Develop Sheh Fung's patented composite board screws using stainless steel 305 material.</p> <p>D. Develop Racing tip self-drilling screws.</p> <p>E. Enhance trivalent multicolored electroplating technology.</p> <p>F. Improve painting processes and equipment, including manual line installation to reduce paint waste.</p> <p>G. Improve heat treatment processes, install electrostatic oil mist treatment, and reduce waste generation for carbon reduction in manufacturing.</p>
 Medium-term goal	<p>A. Continue developing automotive fasteners and optimize production quality stability.</p> <p>B. Develop chain belts for tool guns.</p> <p>C. Develop multi-stroke, multi-position products.</p>
 Long-term goal	<p>A. Develop specialized anti-crack screws for premium European hardwood.</p> <p>B. Develop extra-long and punch-sized self-drilling screws.</p>



# 7 Appendix

## Appendix I: GRI Sustainability Reporting Standards (GRI Standards)

### Chart

Statement of Use	Sheh Fung Screws Co., Ltd. has reported in accordance with the GRI Standards for the period from January 1, 2024 to December 31, 2024. Information is referenced in the GRI Content Index.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	N/A

"\*" indicates a material topic

GRI Standard / Topic	GRI Code	Disclosure Title	Corresponding Chapter	Page No.	Omission / Note
1. Organization and Reporting Practices					
GRI 2: General Disclosures 2021	2-1	Organizational details	2.1.1 Company Overview	12	
	2-2	Entities included in the organization's sustainability reporting	About this Report	1	
	2-3	Reporting period, frequency and contact point	About this Report	1	
	2-4	Restatements of information	About this Report	1	
	2-5	External assurance / confirmation	About this Report	1	
2. Activities and Workers					
GRI 2: General Disclosures 2021	2-6	Activities, value chain and other business relationships	2.2 Business Development	19	
	2-7	Employees	4.1.1 Manpower Structure	49	
	2-8	Workers who are not employees	4.1.1 Manpower Structure	49	
3. Governance					
GRI 2: General Disclosures 2021	2-9	Governance structure and composition	2.1.4 Company Organizational Structure	17	
	2-10	Nomination and selection of the highest governance body	2.3.2 Governance Structure	23	
	2-11	Chair of the highest governance body	2.3.2 Governance Structure	23	
	2-12	Role of the highest governance body in overseeing the management of impacts	2.3.2 Governance Structure	23	
	2-13	Delegation of responsibility for managing impacts	2.3.2 Governance Structure	23	
	2-14	Role of the highest governance body in sustainability reporting	2.3.2 Governance Structure	23	
	2-15	Conflicts of interest	2.3.2 Governance Structure	23	
	2-16	Communication of critical concerns	2.3.2 Governance Structure	23	
	2-17	Collective knowledge of the highest governance body	2.3.2 Governance Structure	23	
	2-18	Evaluation of the performance of the highest governance body	2.3.2 Governance Structure	23	
	2-19	Remuneration policies	2.3.2 Governance Structure	23	
	2-20	Process to determine remuneration	2.3.2 Governance Structure	23	
2-21	Annual total compensation ratio	4.1.3 Salary System	52		
4. Strategy, Policies and Practices					
GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy	Message from the Chairman	3	
	2-23	Policy commitments	2.3.1 Sustainable Development Strategy	23	
	2-24	Embedding policy commitments	2.3.1 Sustainable Development Strategy	23	
	2-25	Processes to remediate negative impacts	2.3.1 Sustainable Development Strategy	23	
	2-26	Mechanisms for seeking advice and raising concerns	1.3 Communication Channels	11	
	2-27	Compliance with Laws and Regulations	2.7 Compliance with Laws and Regulations	39	
	2-28	Membership associations	2.1.5 Participation in	18	

			External Organizations		
<b>5. Stakeholder Engagement</b>					
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	1.1 Identification and Communication of Stakeholders	6	
	2-30	Collective bargaining agreements	The company has not established a trade union and no group agreement.	-	
<b>GRI 3</b>					
GRI 3: Material Topics 2021 Management Approach	3-1	Process to determine material topics	1.1 Identification and Communication of Stakeholders	6	
	3-2	List of material topics	1.2 Identification of Material Issues	7	
<b>Topic-specific Standards: 200 series (Economic topics)</b>					
<b>*Economic Performance</b>					
GRI 3: Material Topics 2021 Management Approach	3-3	Management of material topics	2. Sustainable Management	10	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	2.1.3 Operational Performance	15	
	201-3	Defined benefit plan obligations and other retirement plans	4.1.5 Employee Benefits	54	
	201-4	Financial assistance received from government	2.1.3 Operational Performance	15	
<b>Market Presence</b>					
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4.1.3 Salary System	52	
	202-2	Proportion of senior management hired from the local community	4.1.1 Manpower Structure	49	
<b>Procurement Practices</b>					
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	2.5 Supply Chain Management	33	
<b>*Anti-corruption</b>					
GRI 3: Material Topics 2021 Management Approach	3-3	Management of material topics	2. Sustainable Management		
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	-	-	not carried out
	205-2	Communication and training about anti-corruption policies and procedures	2.3.3 Moral Values and Honest Management	29	
	205-3	Confirmed incidents of corruption and actions taken	2.3.3 Moral values and honest management	29	
<b>Anti-competitive Behavior</b>					
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	-	No such thing happened.
<b>Tax</b>					
GRI 207: Tax 2019	207-1	Approach to tax	2.1.3 Operational Performance	15	
<b>Topic-specific Standards: 300 series (Environmental topics)</b>					
<b>Materials</b>					
GRI 301: Materials 2016	301-1	Materials used by weight or volume	3.1 Raw Material Management	40	
	301-2	Recycled input materials used	3.1 Raw Material Management	40	
	301-3	Reclaimed products and their packaging materials	3.1 Raw Material Management	40	
<b>*Energy</b>					
GRI 3: Material Topics 2021 Management Approach	3-3	Management of material topics	3. Sustainable Environment		
GRI 302: Energy 2016	302-1	Energy consumption within the organization	3.2 Energy Management	41	
	302-3	Energy intensity	3.2 Energy Management	41	
	302-4	Reduction of energy consumption	3.2 Energy Management	41	
<b>Water and Effluents</b>					
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	3.4 Water Resources Management	42	
	303-2	Management of water discharge-related impacts	3.4 Water Resources Management	42	
	303-3	Water withdrawal	3.4 Water Resources Management	42	
	303-4	Water discharge	3.4 Water Resources Management	42	
	303-5	Water consumption	3.4 Water Resources Management	42	
<b>*Emissions</b>					

GRI 3: Material Topics 2021 Management Approach	3-3	Management of material topics	3. Sustainable Environment		
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	3.3 Greenhouse Gas Management	42	
	305-2	Energy indirect (Scope 2) GHG emissions	3.3 Greenhouse Gas Management	42	
	305-4	GHG Emissions Intensity	3.3 Greenhouse Gas Management	42	
	305-6	Emissions of ozone-depleting substances (ODS)	3.5.1 Prevention and Control of Air Pollution	44	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	3.5.1 Prevention and Control of Air Pollution	44	
<b>Waste</b>					
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	3.5.3 Waste Management	47	
	306-2	Management of significant waste-related impacts	3.5.3 Waste Management	47	
	306-3	Waste generated	3.5.3 Waste Management	47	
	306-4	Waste diverted from disposal	3.5.3 Waste Management	47	
	306-5	Waste directed to disposal	3.5.3 Waste Management	47	
GRI 306: Effluents and Waste 2016	306-3	Significant spills	-	-	No such thing happened.
<b>Supplier Environmental Assessment</b>					
GRI 308: Supplier Environmental Assessment 2016 Topic-specific Disclosures	308-1	New suppliers that were screened using environmental criteria	2.5 Supply Chain Management	33	
	308-2	Negative environmental impacts in the supply chain and actions taken	2.5 Supply Chain Management	33	
<b>Topic-specific Standards: 400 series (Social topics)</b>					
<b>Employment Relations</b>					
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	4.1.2 Personnel Turnover Rate	51	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.1.5 Employee Benefits	54	
	401-3	Parental leave	4.1.5 Employee Benefits	54	
<b>Labor Relations</b>					
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	4.1.2 Personnel Turnover Rate	51	
<b>*Occupational Health and Safety</b>					
GRI 3: Material Topics 2021 Management Approach	3-3	Management of material topics	4. Friendly Workplace		
GRI 403: Occupational Safety and Health 2018	403-1	Occupational health and safety management system	4.3 Occupational Safety and Health	59	
	403-2	Hazard identification, risk assessment, and incident investigation	4.3 Occupational Safety and Health	59	
	403-3	Occupational health services	4.3 Occupational Safety and Health	59	
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.3 Occupational Safety and Health	59	
	403-5	Worker training on occupational health and safety	4.3 Occupational Safety and Health	59	
	403-6	Promotion of worker health	4.3 Occupational Safety and Health	59	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.3 Occupational Safety and Health	59	
	403-8	Workers covered by an occupational health and safety management system	4.3 Occupational Safety and Health	59	
	403-9	Work-related injuries	4.3 Occupational Safety and Health	59	
	403-10	Work-related ill health	4.3 Occupational Safety and Health	59	
<b>*Training and Education</b>					
GRI 3: Material Topics 2021 Management Approach	3-3	Management of material topics	4. Friendly Workplace		
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	4.2 Cultivation and Development	56	
	404-2	Programs for upgrading employee skills and transition assistance programs	4.2 Cultivation and Development	56	
	404-3	Percentage of employees receiving regular performance and career development reviews	4.1.4 Performance Management	53	



<b>Local Communities</b>					
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	6. Social Care	65	
	413-2	Operations with significant actual and potential negative impacts on local communities	6. Social Care	65	
<b>Supplier Social Assessment</b>					
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	2.5 Supply Chain Management	33	
	414-2	Negative social impacts in the supply chain and actions taken	2.5 Supply Chain Management	33	
<b>Customer Health and Safety</b>					
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	2.4.1 Sheh Fung Quality Assurance	31	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	-	No such thing happened.
<b>Marketing and Labeling</b>					
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	2.4.1 Sheh Fung Quality Assurance	30	
	417-2	Incidents of non-compliance concerning product and service information and labeling No such thing	-	-	No such thing happened.
	417-3	Incidents of non-compliance concerning marketing communications No such thing	-	-	No such thing happened.
<b>Customer Privacy</b>					
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	-	No such thing happened.

#### Custom Topic

<b>*Corporate Governance and Integrity</b>					
GRI 3: Material Topics 2021 Management Approach	3-3	Management of material topics	2. Sustainable Management		
<b>*Customer Service Management</b>					
GRI 3: Material Topics 2021 Management Approach	3-3	Management of material topics	2. Sustainable Management		



## Appendix II: Sustainability Disclosure Topics and Metrics (SASB)

### Comparison Table

(Resource Transformation\_Industrial Machinery & Goods)

Topic	Code	Metric	Category	Corresponding Chapter	Page No.
Greenhouse Gas Emissions	EM-IS-110a.1.	Gross global Scope 1 emissions (tCO <sub>2</sub> e), percentage covered under emissions-limiting regulations (%)	Quantitative	Scope 1 greenhouse gas emissions: 1,813.4363 metric tons of CO <sub>2</sub> e	42
	EM-IS-110a.2.	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	For details, please refer to Chapter 3 Sustainable Environment – Management Policy, Appendix 3, Table 2-1	
Air Quality	EM-IS-120a.1	Air emissions of pollutants, including carbon monoxide (CO), nitrogen oxides (NO <sub>x</sub> , excluding N <sub>2</sub> O), sulfur oxides (SO <sub>x</sub> ), and particulate matter (PM10)	Quantitative	Nitrogen oxides (NO <sub>x</sub> , excluding N <sub>2</sub> O): 514.08 kg Sulfur oxides (SO <sub>x</sub> ): 28.16 kg Particulate matter (PM10): 72.24 kg	44
Energy Management	EM-IS-130a.1	Total energy consumption, share of grid electricity, share of renewable energy	Quantitative	Total energy consumption: 86,802.279 GJ Share of grid electricity: 63.93% Share of renewable energy: 0%	41
	EM-IS-130a.2	Total fuel consumed (GJ) Percentage coal (%) Percentage natural gas (%) Percentage renewable (%)	Quantitative	Total fuel consumption: 86,802.279 GJ Coal share: 0% Natural gas share: 31.17% Renewable fuel share: 0%	41
Water Resource Management	EM-IS-140a.1	Total water withdrawal, share of recycled water, share of water withdrawal from water-stressed or extremely water-stressed areas	Quantitative	Total water withdrawal: 70.379 thousand m <sup>3</sup> Share of recycled water, share of water withdrawal from water-stressed or extremely water-stressed areas: 0%	42
Waste Management	EM-IS-150a.1	Amount of waste generated, percentage hazardous, percentage recycled	Quantitative	Weight of waste: 351.52 metric tons Share of hazardous waste: 30.73% Share of recycled waste: 37.10%	47
Employee Health and Safety	EM-IS-320a.1	Total recordable incident rate (TRIR), fatality rate, and near miss frequency rate (NMFR) for (a) full-time employees and (b) contract employees	Quantitative	Recordable incident rate: 0% Fatality rate: 0% Near-miss incident rate: 0%	59
Supply chain management	EM-IS-430a.1	Discussion of the process for managing iron ore and/or coking coal sourcing risks arising from environmental and social issues	Discussion and Analysis	Not applicable	-





## Appendix III: Climate-related Information of OTC Companies

Risks and opportunities caused by climate change to the company and relevant countermeasures taken by the company.		Corresponding Chapter	Page No.
1.	Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities	2.6 Risk Management	34
2.	Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	2.6 Risk Management	34
3.	Describe the financial impact of extreme weather events and transformative actions.	2.6 Risk Management	34
4.	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system	2.6 Risk Management	34
5.	If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	-	-
6.	If there is a transition plan to manage climate-related risks, explain the content of the plan, and the indicators and goals used to identify and manage physical risks and transition risks.	-	-
7.	If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	-	-
8.	If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	-	-
9.	Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below)	3.3 Greenhouse Gas Management Appendix 3, Table 1-2	42

### 1-1 The Company's Greenhouse Gas Inventory and Verification

**Specify the greenhouse gas emissions (metric tons of CO<sub>2</sub>e), intensity (metric tons of CO<sub>2</sub>e per NT\$ million), and data coverage for the most recent two years.**

The Company introduced the ISO 14064 greenhouse gas organizational inventory in 2021. This process includes identifying emission sources, establishing activity intensity data and emission data, and formulating relevant management procedures to calculate greenhouse gas emissions. In 2024, the total GHG emissions amounted to 9,121.6100 metric tons of CO<sub>2</sub>e for the parent company and 1,763.6483 metric tons of CO<sub>2</sub>e for the subsidiary. The Company continues to plan and implement energy-saving equipment and process improvements to reduce carbon dioxide emissions, demonstrating its commitment to energy conservation and contributing to global sustainability.

		2023			2024		
		Emissions (tCO <sub>2</sub> e)	Operating income (NT\$ million)	Intensity (tCO <sub>2</sub> e/NT\$ million)	Emissions (tCO <sub>2</sub> e)	Operating income (NT\$ million)	Intensity (tCO <sub>2</sub> e/NT\$ million)
Parent company	Scope 1: Direct Greenhouse Gas Emissions	1,709.7029	2,323.6050	0.7358	1,813.4363	2,322.4757	0.7808
	Scope 2: Indirect Greenhouse Gas Emissions	7,482.4007	2,323.6050	3.2202	7,308.1737	2,322.4757	3.1467
	Scope 3: Other Indirect Emissions (tCO <sub>2</sub> e)	-	-	-	-	-	-
	<b>Total Emissions</b>	<b>9,192.1036</b>	<b>2,323.6050</b>	<b>3.9560</b>	<b>9,121.6100</b>	<b>2,322.4757</b>	<b>3.9275</b>
Subsidiary	Scope 1: Direct Greenhouse Gas Emissions	-	-	-	71.3501	2,322.4757	0.0307
	Scope 2: Indirect				1,692.2982	2,322.4757	0.7286

es	Greenhouse Gas Emissions						
	Scope 3: Other Indirect Emissions (tCO <sub>2</sub> e)	-	-	-	-	-	-
	Total Emissions	-	-	-	1,763.65	2,322.4757	0.759
	Parent + Subsidiaries (Total)	-	-	-	19,926.8683	2,322.4757	4.687

Note 1: Direct emissions (Scope 1, which comes directly from the emission sources owned or controlled by the company), indirect emissions of energy (Scope 2, which comes from the indirect greenhouse gas emissions caused by the input of electricity, heat or steam) and other indirect emissions (Scope 3, which comes from the emission sources owned or controlled by other companies, which are not indirect emissions of energy).

Note 2: The coverage of data on direct emissions and indirect energy emissions shall be handled according to the time schedule stipulated in Item 2 of Article 4-1 of the Operating Measures for OTC Companies to Prepare and Declare Sustainability Reports (hereinafter referred to as these Measures), and other indirect emissions information may be voluntarily disclosed.

Note 3: Greenhouse gas inventory standard: ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions is calculated based on revenue (NT\$ million).

### 1-1-2 Greenhouse Gas Assurance Information

**A specification of the assurance situation in the last two years, including the assurance scope, assurance institutions, assurance criteria and assurance opinions.**

Shieh Fung Screws (parent company) obtained an external assurance report for its 2024 greenhouse gas (GHG) inventory, while the 2023 inventory underwent verification. Both were conducted by KPMG Taiwan. The inventories identified direct and indirect GHG emission sources within the operational scope in order to meet the carbon disclosure requirements of customers and other stakeholders. The subsidiaries have so far only carried out inventories, but will also proceed with external verification or assurance in accordance with regulations in the future.

Note 1: It shall be handled in accordance with the time schedule specified in Item 3 of Article 4-1 of these Measures.

Note 2: A certification institution shall comply with the relevant provisions of the sustainability report certification institution formulated by Taiwan Stock Exchange Corporation and the OTC Securities Exchange of the Republic of China.

Note 3: For the disclosure, please refer to the best practice reference example on the website of Corporate Governance Center of Taiwan Stock Exchange.

### 1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

**State the base year of greenhouse gas reduction and its data, reduction targets, strategies, specific action plans and the achievement of reduction targets.**

#### Greenhouse gas reduction target

In terms of climate change mitigation, the company takes greenhouse gas emissions per unit revenue as the main key indicator for quantitative evaluation, and sets indicators such as the proportion of renewable energy use, electricity consumption per unit revenue and water consumption per unit revenue.

#### Achievement of emission reduction in 2024

In line with national energy conservation goals, Shieh Fung Screws has continued to invest in a range of energy-saving initiatives and equipment for carbon reduction, pollution control, and resource reuse. The Company has also optimized its digital energy management platform, implemented comprehensive energy inventories, and ensured the efficient use of all energy consumption. Since 2019, these efforts have resulted in total energy savings of 464,133.853 kWh, a reduction of about 229.75 metric tons of carbon dioxide emissions

- ◆ Electricity: A total of 91,673.333 kWh was saved in 2024.
- ◆ Since 2019, a cumulative 464,133.853 kWh of electricity has been saved, equivalent to a reduction of approximately 1,670.882 GJ in energy consumption and about 229.75 metric tons of CO<sub>2</sub> emissions.
- ◆ In 2024, the Company's total water withdrawal amounted to 70.379 million liters, representing a 12.841% decrease compared with 2023.
- ◆ In 2024, the parent company's total greenhouse gas emissions amounted to 9,121.6100 metric tons of CO<sub>2</sub>e, a reduction of 70.4936 metric tons compared with 2023.

Note 1: It shall be handled in accordance with the time schedule specified in Item 4 of Article 4-1 of these Measures.

Note 2: The base year should be the year when the consolidated financial report boundary is completed. For example, according to Item 2 of Article 4-1 of these Measures, a company with a capital of more than NT\$10 billion should complete the examination of the consolidated financial report for 2024 in 2025, so the base year is 2024. If the company has completed the examination of the consolidated financial report in advance, the earlier year can be used as the base year, and the data of the base year can be calculated by the average of a single year or several years.

Note 3: For the disclosure, please refer to the best practice reference example on the website of Corporate Governance Center of Taiwan Stock Exchange.

## Appendix IV:Sustainability Disclosure Indicators – Steel Industry

No.	Indicator	Indicator Type	Annual Disclosure	Unit	Remarks
1	Total energy consumption, percentage of purchased electricity, utilization rate (renewable energy/total energy), and total self-generated and self-use energy (Note 1)	Quantitative	Total energy consumption: 86,802.279 GJ Percentage of purchased electricity : 100% Utilization rate of renewable energy and total self-generated energy for self-use: 0%	Gigajoules (GJ), percent (%)	
2	Total fuel consumption, percentage of coal, percentage of natural gas, and percentage of renewable fuels	Quantitative	Total fuel consumption: 86,802.279 GJ Coal share: 0% Natural gas share: 31.17% Renewable fuel share: 0%	Gigajoules, percent (%)	
3	Total water withdrawn and total water consumption	Quantitative	Total water withdrawal: 70.379 thousand m <sup>3</sup> Total water consumption: 19.812 thousand m <sup>3</sup>	Unit: thousand cubic meters (1,000 m <sup>3</sup> )	
4	Total waste generated, percentage of hazardous waste and percentage recycled	Quantitative	Weight of waste: 351.52 metric tons Percentage of hazardous waste: 30.73% Percentage of hazardous waste recycled: 0%	Metric tons (t), percent (%)	
5	Number of employees in and rate of occupational accidents	Quantitative	Number: 0; Rate: 0%	Number, percent (%)	
6	Production by product category	Quantitative	19,563 metric tons	Varies by product type	





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