



2022 ESG 永續報告書

Sustainability Report

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About this Report

This is the seventh year this Report has been issued by Sheh Fung Screws Co., Ltd. (hereinafter referred to as “Sheh Fung Screws”, or “the Company”) in order to let stakeholders understand the Company’s actions and performance in the four key aspects of corporate governance, economy, environment and society (human rights). By disclosing performance information on various ESG management policies, as well as responses to key issues and actions, all stakeholders who are concerned about Sheh Fung Screws can have a deeper understanding and trust in the Company.

➤ Boundary and Scope of this Report

The disclosure scope of this Report covers ESG-related performance achievements from January 1 through December 31, 2022, and presents the sustainable development issues of most concern to stakeholders. The boundary of this Report is mainly based on the three factories of Sheh Fung Screws (Qiaotou Factory, Yongan Factory and Mituo Factory) as the execution results demonstrated by the reported performance. If there are any exceptions, they will be specifically stated.

This Report is issued in Chinese and English. The data disclosed are from Sheh Fung Screw’s own statistics and survey results. In 2022, the production equipment of the Yongan factory was moved back to the Qiaotou factory. The restated information is noted below the text (table). Furthermore, in addition to taking into account GRI material disclosure principles, the Company has also compiled data to more rigorous standards. Through continuous improvement, the Company reviews the data collection process and scope, and improves the quality of the various data year by year.

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.

➤ 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 has published ESG Sustainability Reports every year.

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Message from the Chairman

Starting from the beginning of 2022, the global economy has declined from its past prosperity. Although the port congestion situation in various countries has eased, within a short period of time, a large amount of goods has been imported to Europe and the United States, causing customers' inventory to continuously increase. In the context of inflation and sluggish consumption, inventory removal is slow. In addition, central banks of various countries continue to raise interest rates, and customers place orders more conservatively. Under these circumstances, countries continue and accelerate the promotion of green production. Whether it is the EU's Carbon Border Adjustment Mechanism (CBAM), the US' Community Choice Aggregation (CCA), or Taiwan's carbon fee, companies are required to pay more attention to carbon reduction.

Shih Fung continuously employs IoT technology and digital tools to collect and analyze data to accurately identify and predict all operating conditions of equipment to understand production energy consumption and formulate energy-saving plans, and improve work processes and furthermore use smart logistics to reduce production carbon emissions.

At the social level, we continue to focus on our employees, customers and communities. Including providing employees with regular annual health examinations. Occupational doctors and nurses regularly help pay attention to employees' health conditions, and provide aerobic courses, cycling activities, and group recreation activities so that employees can lead a diverse and friendly life. We also continue to care about the community, including donating fire trucks, residential alarms and important intersection monitors to maintain a safe and healthy community.

In terms of corporate governance, we adhere to high ethical standards and transparency to ensure that the Company's operations are fair and accountable. We are committed to protecting shareholder rights and working closely with regulators. We will continuously improve the Company's risk management and compliance to ensure that our business operates within legal and ethical norms.

This ESG Report is not just a report, but also a commitment, in accordance with which we will actively pursue our ESG goals and continuously improve our operating performance.

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



ESG Performance and Goals in 2022

 Environment (E)	Business Objectives in 2022	Executive Performance in 2022
	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.	
	Major Issues in 2022	
	Waste Emissions Energy	
	Corresponding SDGs	
	<div>3 GOOD HEALTH AND WELL-BEING</div> <div>6 CLEAN WATER AND SANITATION</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>	

 Social (S)	Business Objectives in 2022	Executive Performance in 2022
	1. Efficient production momentum maintenance and supplier management. 2. Continuous product certification. 3. Development and promotion of new products. 4. Multi-functional training for employees. 5. Improvement of employees' physical and mental health.	
	Major issues in 2022	
	Occupational safety and health Health and safety of customers	
	Corresponding SDGs	
	<div>3 GOOD HEALTH AND WELL-BEING</div> <div>4 QUALITY EDUCATION</div> <div>5 GENDER EQUALITY</div>	<ul style="list-style-type: none"> Overall customer satisfaction score in 2022 was 8.49 points, with fastener customers at 8.46 points and OEM customers at 8.60 points. All satisfaction surveys scored above 8 points. No violation of customer privacy rights occurred in 2022. Proportion of domestic procurement was 97% in 2022. No human rights-related complaints were received in 2022. No transportation-related accidents occurred in 2022. Total new recruitment rate in 2022 was 14.580%, a decrease of 2.31% from 2021. Total turnover rate in 2022 was 19.440%, a decrease of 0.43% from 2021. Regular labor-management meetings were held to provide communication channels between labor and management. Labor safety education and training were conducted to strengthen the implementation of occupational safety regulations. There was 1 session with 18 participants in 2022.



 Governance (G)	Business Objectives in 2022	Executive Performance in 2022
	1. Continuously conduct product gross profit analysis and cost improvement. 2. Encourage employees to participate in the implementation of Corporate Governance.	<ul style="list-style-type: none"> Consolidated operating net profit increased by 13.10% in 2022 compared with 2021. Consolidated net operating income in 2022 was NT\$2,591,122,000. A total of 6 people received education and training on integrity management issues in 2022, totaling 42 hours. There were no corruption cases in 2022, and internal employees underwent a total of 152 hours of anti-corruption education and training with 80 people. There were no losses due to major information security incidents in 2022.
	Major Issues in 2022	
	Economic performance	
Corresponding SDGs		
<div> <div>  8 DECENT WORK AND ECONOMIC GROWTH </div> <div>  16 PEACE, JUSTICE AND STRONG INSTITUTIONS </div> </div>		



1. Sustainable Environment

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



1.1 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	2020	2021	2022
Thinners	tons	Non-renewable	54.785	57.290	47.630
Lubricant	kL	Non-renewable	190.400	188.700	138.400
Zinc plate	tons	Non-renewable	55.741	135.574	110.098
Wire rod	tons	Non-renewable	25,969.000	26,592.000	22,986.559
Cardboard boxes	pcs	Renewable	1,955,192.000	1,803,779.000	1,142,248.000
Cartons	pcs	Renewable	4,138,864.000	3,964,245.000	2,586,868.000
Labels	pcs	Non-renewable	19,251,682.000	11,840,766.000	6,509,875.000
Pallets	sets	Renewable	43,596.000	51,431.000	32,021.000
Pallets	pcs	Renewable	12,721.000	13,031.000	16,183.000

Remarks:

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.

1.2 Energy Management

In line with the development of the national greenhouse gas reduction strategy and taking into account the sustainable energy development goals of resource efficiency, energy conservation, and environmental protection, Sheh Fung Screws has passed material flow cost accounting verification and continuously invested capital expenditure and related manpower in material resources according to the resource demand of energy-saving scheme, so as to ensure the sustainable environmental goals. 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	2020	2021	2022
Electricity	kWh/year	11,529,800	14,045,600	17,435,528
	GJ	41,507.280	50,564.160	62,767.901
Liquefied Petroleum Gas	kg/year	98,270	147,870	82,951.843
	GJ	4,962.928	7,467.876	4,189.315
Gasoline	L/year	7,315	12,797	12,825.735
	GJ	238.886	417.912	418.851
Diesel Fuel	L/year	33,600	62,644	50,376.280
	GJ	1,181.682	2,203.134	1,771.689
Liquefied Natural Gas	m ³	804,806	860,241	716,578
	GJ	26,956.494	28,813.256	24,001.350
Organization Specific Metrics	Revenue (1,000 NT dollars)	2,253,521	2,859,385	2,591,122
Total Energy Consumption	GJ	74,847.271	89,466.339	93,149.106
Energy Intensity	(GJ/ 1,000 NT dollars)	0.033	0.031	0.035

Remarks:

1. Calorific value of electricity is converted as 1kWh = 0.0036 GJ.
2. The conversion factor is calculated according to the Gas Emissions Factors Management Table of the Environmental Protection Agency version 6.0.4; Gasoline: 7,800 Kcal/L; Diesel fuel: 8,400 Kcal/L; Natural gas: 8000 Kcal/m³; Liquefied petroleum gas: 6,635 kcal/L (1 Kcal is 4.184 KJ).



➤ Energy-saving Measures

In terms of energy-saving and carbon-reducing measures, Sheh Fung Screws responds to the national energy conservation goals, continuously investing in various energy conservation measures and carbon reduction and pollution reduction reuse equipment, optimizing the energy management E-Platform, implementing comprehensive energy inventory, and confirming that all energy consumption is achieving optimal use. A total of 311,020.52 kWh of energy has been saved since 2019, and approximately 153.9549 tons of carbon dioxide emissions have been reduced.

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"> The office building's 80W fluorescent lamps were replaced with 36W flat-panel LED lights. 51 500W mercury lamps on the second floor of the work area were changed to 100W LED lights. 	147,677

1.3 Greenhouse Gas Management

In order to cope with global warming and effectively slow down the impact caused by climate change, the Company introduced the ISO 14064 greenhouse gas organization inventory in 2021, which included identifying emission sources, establishing activity intensity data and emission data, and formulating relevant management procedures for greenhouse gas inventory to calculate greenhouse gas emissions. In 2022, the total amount of greenhouse gas emissions was 10,357.5401 tons of CO₂e. The total greenhouse gas emissions in 2022 were 10,357.5401 metric tons of CO₂e, compared with 2021. There was no significant difference in reduction. The Company plans to further improve equipment or process energy saving to reduce carbon dioxide emissions, which is sufficient to show the Company's efforts in energy-saving measures.

Greenhouse Gas Inventory over the Past Three Years			
Item \ Year	2020	2021	2022
Scope 1	350.9238	2,105.2409	1,726.9537
Scope 2	8,046.8456	9,376.1482	8,630.5864
Total	8,397.7694	11,481.3891	10,357.5401
Organization Specific Metrics / Revenue (1,000 NT dollars)	2,253,521	2,859,385	2,591,122
Greenhouse Gas Emission Intensity	0.0037	0.0040	0.0040

Remarks:

- Scope 1 refers to emission sources directly owned or controlled by the Company, including stationary combustion sources, process emissions, mobile combustion sources of transportation, and escaping emission sources. The emission factor is calculated based on the latest announcement data version 6.0.4 (IPCC Sixth Assessment Report) from the Bureau of Energy under the Ministry of Economic Affairs.
- Scope 2 refers to emissions between energy sources, such as purchased electricity.
- Types of greenhouse gas emissions: Carbon Dioxide (CO₂), Methane (CH₄), Nitrous oxide (N₂O), hydrofluorocarbons (HFCs).
- The purchased electricity refers to the electricity emission factors announced by the Bureau of Energy under the Ministry of Economic Affairs. The 2020 electricity emission factor = 0.502 kg CO₂e; 2021 = 0.509kg CO₂e; 2022 = 0.495kg CO₂e.
- Greenhouse gas emission intensity= greenhouse gas emissions(Scope 1+ Scope 2)/ revenue (thousand NT dollars)



1.4 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 and its global sustainable development goals, such as Goal 6, "Ensure availability and sustainable management of water and sanitation for all", include key objectives related to sustainable water resources management. 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, Sheh Fung Screws found out its operating locations Qiaotou and Mituo factories all were Low-Medium (1-2), which showed that the Company's water intake had caused no significant impact on the ecological environment.

These two factories of the Company both use tap water supplied by Taiwan Water Corporation, which supplies agricultural, public and industrial water from the Kaoping River Weir, Agongdian Dam, Chengcing Lake and Fengshan Reservoir. There are also the Tainan Qingshui and Nanhua Gaoping Unicom pipelines as backups. The Qiaotou plant uses water according to the water pollution permit, and the Mituo plant uses water for people's livelihood, so they do not have a major impact on water resources.

The total water intake of Sheh Fung Screws in 2022 was 83.42 million liters, 25.85% more than that in 2021. The water intensity increased by 43.62% compared with 2021.

Water Consumption Statistics of Sheh Fung Screws			
Item	2020	2021	2022
Water intake (million liters)	56.446	66.285	83.420
Water discharge (million liters)	38.824	25.470	30.308
Water consumption (million liters)	17.622	40.815	53.120
Organization Specific Metrics/ Revenue (1,000 NT dollars)	2,253,521	2,859,385	2,591,122
Unit Water Consumption Intensity	0.000000	0.000014	0.000021
Remarks: 1. Water consumption = water intake - water discharge. 2. Unit water intensity = water intake / 1,000 dollars of revenue. 3. Discharge data for 2021 was misplaced and is corrected in the 2022 Report. 4. Data presentation method and unit adjustment made for 2020 and 2021.			

Electroplating wastewater accounts for 90% of the Company's water consumption, while others account for about 10%. The electroplating department has used timers to control the electroplating wastewater to maximize water conservation. Other parts include discharged wastewater, including washing towers and cooling water towers, all of which are equipped with liquid level controllers, which replenishes water at low liquid levels and stops at full liquid levels, so that no excess water is wasted.



1.5 Pollution Prevention and Control

In promoting waste reduction activities and implementing pollution prevention, Sheh Fung Screws continues to improve the operation process from the supply chain end, production end and even sales end., while also considering the feasibility and effectiveness of energy saving and waste reduction and moving towards green operating procedures and processes. The Company implements disaster and pollution control to prevent occupational disasters and environmental pollution and reduce its impact on the environment, employee safety and Company operation.

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	7/18/2023
Kaohsiung City Stationary Pollution Source Other Metal Heat Treatment Procedure (M02) Operation Permit	3/19/2027
Qiaotou Plant Stationary Pollution Source Other Metal Heat Treatment Procedure (M08) Operation Permit	7/17/2024
Qiaotou Factory Stationary Pollution Source Metal Plating Treatment and Washing Procedure (M03) Operation Permit	8/7/2027
Qiaotou Plant Fixed Pollution Source Metal Surface Coating Treatment Procedure (M07) Operation Permit	12/29/2023
Qiaotou Factory Toxic Chemical Substance Approval Document	11/6/2026

1.5.1 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. The average emission monitoring values in 2022 were all in line with the air pollution emission standards in various places.

Air Pollution Emission Standard of Sheh Fung Screws over the Past Three Years							
Pollution Detection Category	2020		2021		2022		Average Monitoring Value (ppm)
	Discharge Amount (kg)	Annual Allowable Discharge	Discharge Amount (kg)	Annual Allowable Discharge	Discharge Amount (kg)	Annual Allowable Discharge	
Volatile Organic Compounds (VOCs)	33,668	47,485	33,719	47,485	16923.779	47,485	33
Trisodium Phosphate (TSP)	588	3,306	651	3,306	552.380	3,306	2

Sulfur Oxides (SOx)	19	185	38	185	41.260	185	-
Nitrogen Oxides (NOx)	5,978	9,172	7,666	9,172	737	3,544	4
Remarks: 1. Major gasses include nitrogen oxides (NOx), sulfur oxides (SOx), persistent organic pollutants (POP), volatile organic compounds (VOC), hazardous air pollutants (HAP), suspended particulates (PM) and other standard categories of gas emissions specified in relevant regulations. 2. The unit of granular pollutants is mg/Nm ³ .							

➤ Ozone Depleting Substances (ODS) Emissions

Substances with ozone depleting properties used by Sheh Fung are mainly escaping emissions, which come from the R22 refrigerant used in refrigeration equipment, followed by emissions from equipment maintenance and filling. The filling capacity of R12 and R22 refrigerants in 2022 was approximately 125.244 kilograms. In the future, in line with the international Montreal Convention specifications and the replacement of old and new equipment, priority will be given to non-ozone destructive substances and low GWP environmentally friendly refrigerant equipment units to reduce damage to the ozone layer and reduce greenhouse gas emissions.

Ozone Depleting Substances (ODS) Statistics			
Unit: kilograms			
ODS	2020	2021	2022
R12	0.184	0.184	0.184
R22	286.36	286.36	237.56
Remarks: Substances that destroy the ozone layer such as CFCs, R11, R12, R22, hydro chloro fluoro carbons (HCFCs), halon, carbon tetrachloride (CCl ₄), 1,1,1-trichloroethane, bromine fluoride hydrocarbons (HBFC) and methyl bromide.			

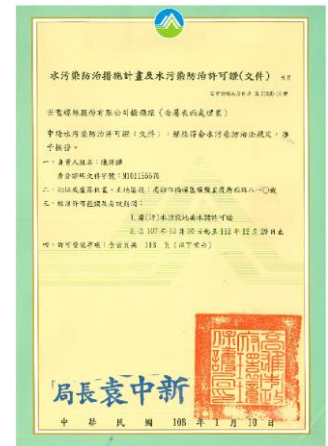
1.5.2 Prevention and Control of Water Pollution

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	2020		2021		2022	
	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	59.500	100.000	41.800	100.000	88.400
Suspended Solids (SS)	30.000	11.800	30.000	2.500	30.000	12.000
Nitrate-nitrogens	50.000	0.230	50.000	36.400	50.000	1.920
Arsenic (As)	2.000	0.001	2.000	0.001	2.000	0.001
Copper (Cu)	1.500	0.004	1.500	0.009	1.500	0.009
Lead (Pb)	0.500	0.008	0.500	0.008	0.500	0.007
Oil & Grease	10.000	3.300	10.000	1.200	10.000	3.100
Cadmium	0.020	0.001	0.020	0.001	0.020	0.001
Chromium	1.500	0.002	1.500	0.002	1.500	0.004
Nickel	0.700	0.006	0.700	0.006	0.700	0.004
Zinc	3.500	0.435	3.500	0.974	3.500	1.820
Tin	1.000	0.013	1.000	0.013	1.000	0.013
Molybdenum	0.600	0.012	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	0.540	10.000	0.080	10.000	0.650
Fluoride salt	15.000	0.070	15.000	0.120	15.000	0.100
Boron	1.000	0.033	1.000	0.300	1.000	0.190
Ammonia nitrogen	10.000	9.010	10.000	2.400	10.000	4.730
Cyanide	1.000	0.010	1.000	0.002	1.000	0.010

The Qiaotou plant of Sheh Fung Screws is the only one that requires water pollution prevention and control measures and the establishment of dedicated personnel for wastewater treatment because the manufacturing process is regulated by laws and regulations. The wastewater from Qiaotou Factory is strictly treated before being discharged. The manufacturing processes of the Mituo Factory and Yongan Factory do not discharge harmful wastewater according to relevant regulations, but only wastewater of residential consumption, so there is no need to test or declare it. Moreover, the Yongan plant is located in the Yongan Industrial Zone, and the discharged wastewater is managed and tested by the Industrial Bureau.



Pollution Prevention Plan and
Water Pollution Prevention Permit



◆ Chrome Plating Washing Procedure



1.5.3 Waste Management

The principle of waste management at Sheh Fung Screws is according to the management principle to firstly improve the manufacturing process to reduce the amount of waste generated, then recycle the waste in sequence, and finally dispose of it by incineration, sanitary burial and other methods. The Company abides by environmental laws and regulations, and all waste generated in the operation process is recycled by qualified manufacturers.



IECQ Hazardous Substance Process Management Certification

Waste Disposal Methods and Statistics in 2022				
Composition of Waste	On-site		Off-site	
Category	Amount of Waste Produced (tons)	Processing Methods	Amount of Waste Produced (tons)	Processing Methods
Hazardous Waste				
1. Sludge	-	-	174.49	Other processing operations (solidification)
Non-hazardous Waste				
1. Waste oil mixture	-	-	47.43	Incineration (excluding energy recovery)
2. Household garbage	-	-	77.16	Incineration (including energy recovery)
3. Waste wood pallet	-	-	23.82	Recycling
4. Waste lubricating oil	-	-	100.565	Recycling
5. Waste lubricating oil	-	-	47	Physical processing
Remarks: 1. The composition of waste can be filled in by referring to the classification of the "Waste Cleanup Plan" (categories 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.				

1.6 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. The expenditure of environmental protection projects in 2022 was about NT\$ 22,268,000 in recurrent expenditure and NT\$ 4,649,000 in capital expenditure depreciation, totaling NT\$ 26,917,000.



Unit: NT\$ 1,000

Environmental Protection Expenditure of Sheh Fung Screws in 2022				
Category	Qiaotou	Mituo	Yongan	Total
Environmental capital expenditure (depreciation)	4,649	0	0	4,649
Environmental recurrent expenditure	20,907	1,312	49	22,268
Subtotal of environmental protection expenditure by plant	25,556	1,312	49	26,917



2. Friendly Workplace

2.1 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 depends on their education, past experience, personal professional ability and job performance. The Company will never discriminate on issues of gender, religion, race, nationality, party affiliation or 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.

2.1.1 Manpower Structure

Sheh Fung Screws employs only talented people, and all human resources are recruited and appointed through open and transparent channels. At present, apart from the main 104 Job Bank and 1111 Job Bank, different recruitment channels are flexibly adopted depending on different job vacancies. There are many kinds of direct recruitment methods of human resources: newspapers, leaflets, electronic billboards, employment service stations, etc. Special high-level professional recruitment will be matched with a high-level human resources agency (talent recruiting company), and others, such as talent recruitment fairs in colleges and universities, talent recommendation through professional institutions, employee recommendations, etc., to provide the Company with excellent human resources.

The Company also attaches importance to equal rights of both genders, and strives for non-discriminatory treatment regardless of appointment and promotion. In 2022, there were a total of 288 employees, with female employees accounting for 36.11%. The main reason is that the Company is in the metal manufacturing industry, and the manpower required by production units is mostly the talent of mechanical related departments. Based on the social and economic environment analysis of the production base (Taiwan), this ratio is roughly in line with the proportion of male and female students in mechanical related departments of colleges and universities, so the gender difference of employees is in line with the statistical norm.

Based on our love and sense of mission to the local area, Sheh Fung Screws always insists that the local production scale and labor demand in Taiwan can only increase but not decrease. The proportion of supervisors in Taiwan is as high as 100%, and some direct manpower is supplemented by foreign migrant workers due to the shortage of local labor market supply.



Employee Information Statistics in 2022

Number of Employees				
Region / Type		Female	Male	Total
Taiwan	Total employees	104	184	288
	Number of full-time employees	104	184	288
	Number of temporary employees	0	0	0
Remarks: 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.

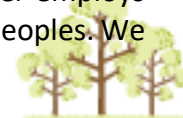
Company Non-employee Worker Information		
Worker type	Contractual relationship with the Company	Number of workers
Security	Contracted	6
Cleaning	Contracted	2

In order to strengthen the harmonious relationship with the community and maximize the job stability of our employees, most are residents of Taiwan. Among them, the senior management of the Company are consistent with the managers disclosed in the annual report, and 100% are local residents. The distribution of employee positions in 2022 is as follows:

Year		2022	
Category / Gender	Ages	Number	
Supervisory Employees	Male	Under 30	0
		30 - 50	14
		Over 50	3
	Female	Under 30	0
		30 - 50	10
		Over 50	7
Total Supervisory Employees		34	
Non-supervisory Employees	Male	Under 30	49
		30 - 50	97
		Over 50	21
	Female	Under 30	10
		30 - 50	48
		Over 50	29
Total Non-supervisory Employees		254	
Total Number of Full-time Employees		288	
Remarks: The Company’s supervisory personnel include: (Deputy) Section Chief, (Deputy) Manager, Associate Manager, Deputy General Manager and General Manager.			

➤ Employee Diversity

As for the target of recruitment, Sheh Fung Screws abides by all laws and regulations, and never employs child labor under the age of 16, or forced labor, nor infringes on the human rights of indigenous peoples. We



strive to treat people from any region, gender, religion, race, nationality or political party equally, and actively respond to the quota of employment for people with physical and mental disabilities.

Year		2021		2022	
Category / Gender	Ages	Number	Number	Number	Number
Minority or disadvantaged groups	Male	Under 30	0	0	0
		30 - 50	5	3	3
		Over 50	0	3	3
	Female	Under 30	0	0	0
		30 - 50	1	0	0
		Over 50	1	1	1
Foreign migrant workers	Male	Under 30	43	42	42
		30 - 50	44	42	42
		Over 50	0	0	0
	Female	Under 30	0	0	0
		30 - 50	0	0	0
		Over 50	0	0	0
Indigenous peoples	Male	Under 30	0	0	0
		30 - 50	0	0	0
		Over 50	0	0	0
	Female	Under 30	0	0	0
		30 - 50	0	0	0
		Over 50	0	0	0

Remarks: Minority or disadvantaged groups: Groups with certain specific conditions or characteristics (such as economic, physiological, political, or social), and the severity of the negative impact they suffer from organizational activities may be greater than that of the general group.

2.1.2 Personnel Turnover Rate

Sheh Fung Screws recruits new employees from time to time for business development needs. The total new admission rate in 2022 was 14.580%, a decrease of 2.31% from 2021. The total turnover rate in 2022 was 19.440%, a decrease of 0.43% from 2021. The resignations are mainly new employees who have been at the Company for less than three months, and have resigned due to different interests and personal career plans. However, new employees in 2022 still made up for the headcount gap. Therefore, although the total number of employees declined between 2020 and 2021, Sheh Fung Screw's employee turnover rate remained stable, which also made the Company's operating conditions more stable.

Sheh Fung Screws New Employment Rate over the Past Three Years												
Year	2020				2021				2022			
Gender	Male		Female		Male		Female		Male		Female	
Age \ Category	Number	New employment rate (%)	Number	New employment rate (%)	Number	New employment rate (%)	Number	New employment rate (%)	Number	New employment rate (%)	Number	New employment rate (%)
Under 30	17	5.470	8	2.570	11	3.640	4	1.320	14	4.860	3	1.040
30 - 50	27	8.680	11	3.540	25	8.280	10	3.310	23	7.990	1	0.350
Over 50	3	0.960	4	1.290	1	0.330	0	0.000	1	0.350	0	0.000
Total number of new recruits	70				51				42			
Total employees	311				302				288			
Total new employment rate (%)	22.510				16.890				14.580			

Remarks:

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.
4. Supplementary explanation: Due to adjustments to the calculation formula, there is a gap between the values in 2020 and 2021.

Sheh Fung Screws' Turnover Rate over the Past Three Years												
Year	2020				2021				2022			
Gender	Male		Female		Male		Female		Male		Female	
Age\ Category	Num-ber	Turnover rate (%)	Num-ber	Turnover rate (%)	Num-ber	Turnover rate (%)	Num-ber	Turnover rate (%)	Num-ber	Turnover rate (%)	Num-ber	Turnover rate (%)
Under 30	14	4.500	2	0.640	13	4.300	6	1.990	15	5.210	3	1.040
30 -50	32	10.290	11	3.540	27	8.940	11	10.600	22	7.640	4	1.390
Over 50	7	2.250	4	1.290	1	0.330	2	0.660	6	2.080	6	2.080
Total number of resignations	70				60				56			
Total number of employees	311				302				288			
Total turnover rate(%)	22.510				19.870				19.440			

- Remarks:
1. Categories of employees who have resigned from the Company include those who resigned, were dismissed, were terminated, retired or died on the job, etc.
 2. The turnover rate of male (female) employees in this age group = the number of male (female) employees in this 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.
 4. Supplementary explanation: Due to adjustments to the calculation formula, there is a gap between the values in 2020 and 2021.

➤ 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.



2.1.3 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 employee's salary depends on their education, past experience, personal professional ability and job performance. The Company will never discriminate on the basis of gender, religion, race, nationality, party affiliation or 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.

In order to ensure market competitiveness, the Company conducts an international market salary survey every year and adjusts salaries based on the market level of each position and individual performance. The standard salary for male and female junior staff exceeds the local minimum salary.

Sheh Fung Screws Salary Ratio in 2022				
Salary ratio by job category	Number		Ratio	
	Female	Male	Female	Male
Management position	17	17	1.00	1.00
Non-management position	87	167	1.08	1.00
Remarks:				
1. The salary-remuneration ratio of females to males (annual salary ratio) is the average annual salary of females in this category / the average annual salary of males in this 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	22.800	1.270
Remarks:		
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.		

2.1.4 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 KPI achievement of the unit will also be considered. The Company hopes that through fair and open appraisal standards and two-way direct communication between supervisors and employees, consensus among colleagues in the Company can be reached smoothly, because only when individuals and organizational goals are unified and concerted efforts can a win-win situation be created.

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 2022, except for foreign workers and newcomers with less than three months' seniority, 100% of other employees were assessed.



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
Remarks: If the assessment acceptance rate does not reach 100%, the Company will explain the exclusion objects and reasons (such as Chairman of the Board or new employees who have been employed for less than three months).		

2.1.5 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. Various employee educational activities to enjoy together with colleagues were held in 2022, including beach cleaning activities where we did our part to love the Earth, cooperating with the local fire brigade to hold drills to strengthen firefighting concepts, offering incense at Fu'an Temple to pray for the end of the epidemic, Halloween creative competitions, around the island bicycle tours, etc.



Cycling around the island in 2022



Cycling around the island in 2022



2022 Beach cleanup activity



2022 Beach cleanup activity





2022 Fu'an temple prayer event



2022 Halloween Events

● 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 2022, no employee of Sheh Fung Screws applied for parental leave without pay. The relevant information is as follows:



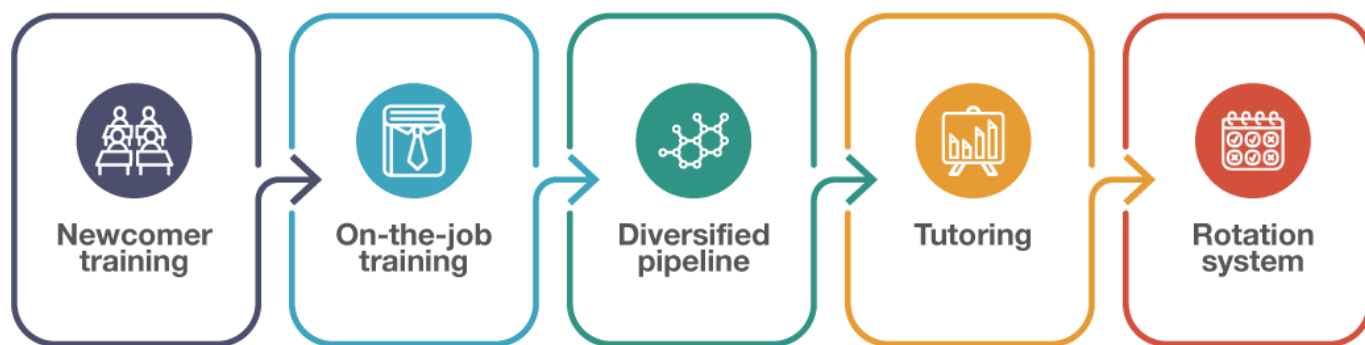
Statistics of Sheh Fung Screws' Parental Leave Without Pay over the Past Three Years

Year	2020			2021			2022		
Gender/Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Employees eligible for unpaid parental leave A	0	0	0	0	0	0	0	3	3
Employees who applied for unpaid parental leave in the current year B	0	0	0	0	0	0	0	0	0
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	2	2	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	2	2	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)	-	100	100	-	-	-	-	-	-
Remarks: 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. Number of people retained in 2022 = Number of people actually reinstated in 2021 and still employed on December 31, 2022. 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).									

2.2 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 education and training plan, the Company promoted second language learning in 2022 and offered 100 hours of free Vietnamese courses for employees. We also provide incentives to those who pass the certificate examination, and encourage employees by providing scholarships and subsidies for on-the-job training to encourage the willingness to learn from multiple sources and improve the quality of colleagues.





Career Development and Training of Sheh Fung Screws Employees

Training Channel	Content Description
New recruit training	1. Joint training: Company profile, salary and welfare, rules and regulations, industrial safety training and environmental introduction. 2. Online work instruction: operation instruction and work safety requirements in special areas. 3. Interdepartmental internship: different internship stages and contents are scheduled according to job requirements.
On-the-job training	According to the Company's policy plan, class level and job level requirements, the annual training plan is scheduled, which includes: training of supervisors, production, marketing, human resources, R&D, financial professional ability training, license training, laws and regulations promotion, etc.
Tutoring	Through project or system introduction opportunities, the guidance of counseling consultants can help employees to gain new knowledge and improve their professional ability through specific practical ways, such as SAP system, ISO 9001, ISO 14000, ESG, TTQS..., etc.
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.

There was no significant difference in training hours between male and female colleagues in the Company, which proves that there is no gender discrimination in talent cultivation. In 2022, the total hours of employee education and training were 3,267 hours with average education and training hours of about 11.34 hours. Sheh Fung Screws attaches great importance to the education and training of employees, and works out an appropriate reward mechanism to encourage employees to learn by themselves. The Company hopes that through rich and diverse learning channels and appropriate career development planning, all colleagues will have the opportunity to use what they have learned freely in the Company and grow 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	17	16	167	88	130	30	54	74
Total training hours	Hour	558.50	432.50	1618.50	657.50	1030.00	48.50	1147.00	1041.50
Average training hours	Hour/Number	32.85	27.03	9.69	7.47	7.92	1.62	21.24	14.07
Total training cost	NT\$	17,522	32,500	329,654	21,810	270,442	1,143	76,734	53,167
Remarks:									
1. Number of management positions + Number of non-management positions = Total number of positions at the operating base.									
2. Total number of direct employees + total number of indirect employees = total number of employees in the operating base.									
3. If there is a large difference in the average training hours between females and males, the Company will explain the reasons.									

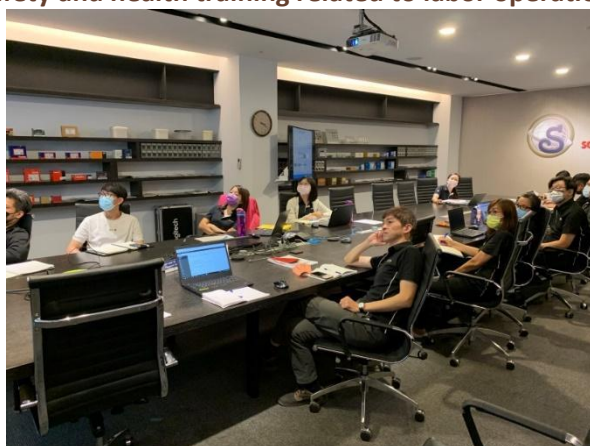
In addition, the Company will publicize anti-corruption, sexual harassment prevention measures and anti-terrorism policy from time to time, strengthen colleagues' concepts of human rights and corporate social responsibility, so as to enhance their own rights and interests, and also regularly conduct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



Safety and health training related to labor operations



Explanation of electroplating air pollution equipment



Bolt education and training



Information security education and training





ISO 17025 testing and calibration laboratory capabilities



Fastener damage analysis



Security education and training



Security education and training



2.3 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.

We provide employees with work clothes, safety helmets, safety shoes, earplugs, masks and other necessary safety protection equipment, and require employees to wear them according to regulations to avoid injury. In addition, routine safety and health education and training for new and on-the-job employees will be conducted to enhance safety awareness, and disaster prevention drills are held regularly, so as to make preventive measures and emergency response steps for accidents. 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 288, while the total number of non-employees is 26.

● 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. Their responsibilities are as follows:

- (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 education and training.
- (4) Handle occupational disaster surveys and statistics and fill in occupational disaster statistical monthly reports. Meetings shall be held at least once every three months, and ad hoc meetings may be held when necessary.

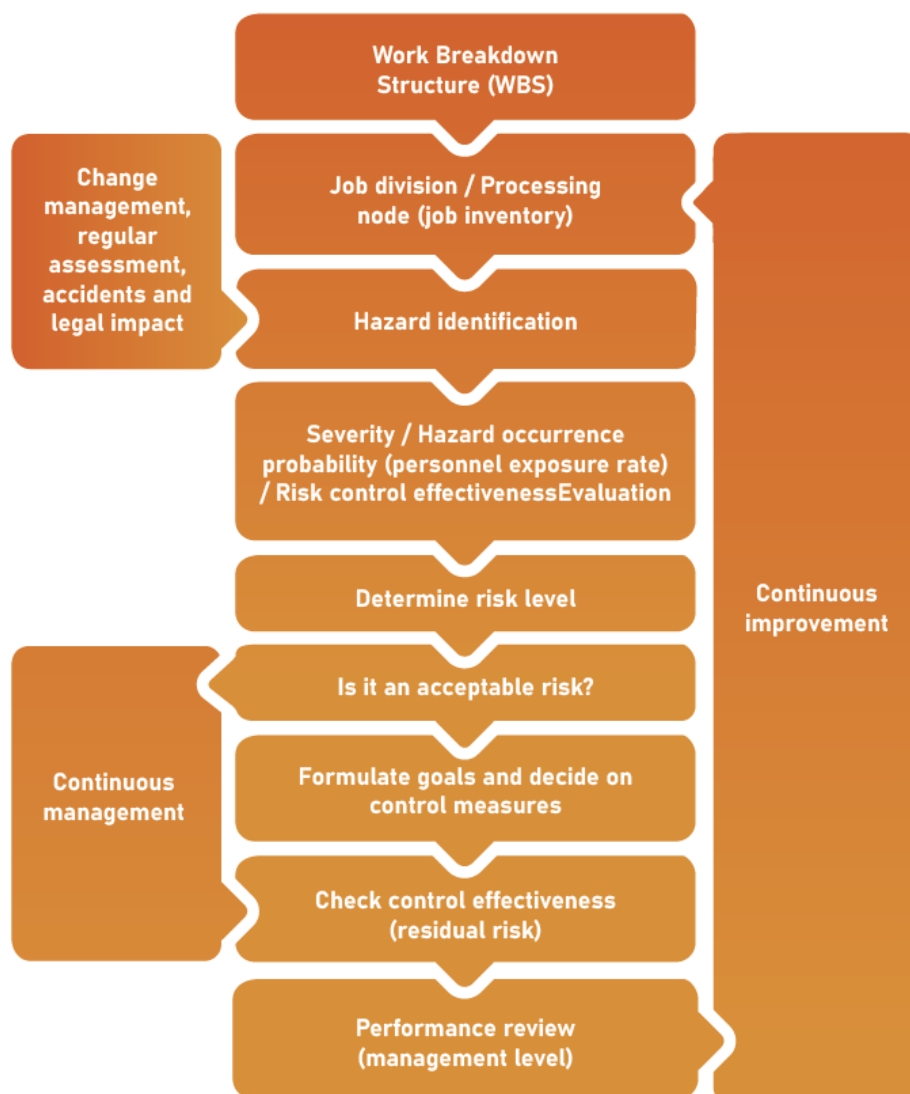
● Risk Assessment, Hazard Identification and Incident Investigation Procedures

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 there is an immediate danger to the performance during work, employees can stop or leave on their own. If any problems are found during work, they can immediately report it to the supervisor on duty, report it through the Company's suggestion box, or scan the QR-code to open the link and fill out the response form.

● 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 business managers	3	1,713
On-the-job education and training for safety and health managers	1	1,143
On-the-job education and training for organic solvent operations supervisors	3	1,713
On-the-job education and training for fire prevention managers	1	1,429
On-the-job safety and health education and training for first responders	1	381
Toxicology professional response employee training	1	3,900
Safety and health education and training for supervisors working with specific chemical substances	1	2,571
Safety and health education and training for hypoxic operation supervisors	1	2,857
On-the-job education and training for fixed crane operators	5	1,905
On-the-job training for operators of high-pressure gas specific equipment	2	762
On-the-job training for forklift operators	4	1,524
Special safety and health education and training for operators of forklifts with a load of more than one metric ton	49	266,208
Other safety and health knowledge related to labor operations in the first half of the year (internal training)	17	0
Self-defense fire fighting group drill (internal training) in the first half of the year	28	0
Explanation of electroplating air pollution equipment (internal training)	21	0
Emergency response education and training (internal training)	27	0
Self-defense firefighting group drill (internal training) in the second half of the year	25	0
Other safety and health knowledge related to labor operations in the second half of the year (internal training)	14	0
Remarks: 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 are controlled by the organization, such as security guards, cleaning staff, construction workers, etc. contractors and outsourcers. 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. The workers in the two plants with potential disease incidence and high risk are electroplating workers and wastewater workers in the Qiaotou plant, and head-making personnel, tail clamping personnel and teeth rubbing personnel in the Mituo plant. Every year, employees in high-risk working environments are given special tests, including for noise, chromic acid and salt, etc.

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 Miduo 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, urine examination, routine blood examination, hepatobiliary and renal function, blood sugar, glycated hemoglobin, blood fat, cholesterol, risk factors for arteriosclerosis, cancer, cardiovascular and metabolic diseases, electrocardiogram, arteriosclerosis, body fat, quantitative colorectal cancer, ultrasound, X-ray and other examinations.
Number (people)	182
Fee (NT\$1000)	441.800
Special health examination	
Item	Noise detection, chromic acid and salt detection
Number (people)	48
Fee (NT\$1000)	18.000

● 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 work clothes, safety helmets, safety shoes, earplugs, masks and other necessary safety protection equipment, and requires employees to wear them according to regulations to avoid injury.



In addition, the Company will conduct safety and health education and training for new and on-the-job employees to enhance safety awareness, hold regular disaster prevention drills, and expect to take preventive measures and emergency response measures when accidents happen. 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
Employee health management	<ul style="list-style-type: none"> • Annual general and special operation health examination. • According to the results of staff health examination, special workplace doctors and nurses regularly follow up management and health guidance. • Hire professional nursing staff to visit the factory six times a month to provide health care services and health consultation for employees. • 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.
Operation environment monitoring	<ul style="list-style-type: none"> • Implement once every six months: workplace noise detection and concentration of sulfuric acid, chromic acid and methanol.
Environmental disaster training	<ul style="list-style-type: none"> • Hold regular disaster prevention drills, so that colleagues can have clear contingency steps when accidents happen. • Set up automated external defibrillators (AEDs) in each factory area, and hold AED education and training in disaster prevention drills.
Access control security	<ul style="list-style-type: none"> • Sign a 24-hour security contract with the security company. • Equip each factory area and administrative office building with a strict monitoring system to maintain the safety of employees.

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 Screw's occupational accident statistics are based on important occupational accident statistical disclosure items announced by the Occupational Safety and Health Administration. There was 1 occupational injury in 2022. 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 2022, there was 1 occupational accident, and the ratio of 1 person to the total number of employees is 0.34%. In response to related accidents, work improvement policies have been formulated, labor safety education and training will be carried out immediately, and the implementation of work safety regulations will be strengthened. A total of 1 event was held, with the number of participants being 18 people.

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 occupational accidents among non-employee workers in 2022.



Occupational Injuries to Employees		
Type	Category	2022
Total working hours	Female total working hours	168,504.000
	Male total working hours	218,072.000
	Total working hours	386,576.000
Number of fatalities caused by occupational injuries	Number of female fatalities	0
	Number of male fatalities	0
	Total number of fatalities	0
Number of serious occupational injuries (excluding fatalities)	Total number of serious occupational injuries for females (times)	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)	1
	Total number of occupational injuries (times)	1
Fatality rate % caused by occupational injuries		0.000
Serious occupational injury rate %		0.000
Recordable occupational injury rate %		2.590

Remarks:

1. Fatality ratio caused by occupational injuries = (number of deaths caused by occupational injuries / working hours) * 1,000,000.
2. Serious occupational injury ratio = [Number of serious occupational injuries (excluding fatalities) / working hours] * 1,000,000.
3. Recordable occupational injury ratio = [Number of recordable occupational injuries (including the number of fatalities and serious occupational injuries) / working hours]*1,000,000.
4. Serious occupational injuries refer to occupational injuries without recuperation within 6 months.
5. Recordable occupational injuries do not include occupational injuries caused by commuting to and from work.
6. There was 1 occupational injury in 2022, $(1/386,576) * 1,000,000 = 2.590$

Occupational Diseases of Employees		
Type	Category	2022
Number of fatalities caused by occupational diseases	Number of female fatalities	0
	Number of male fatalities	0
	Total number of fatalities	0
Recordable number of occupational diseases	Total number of occupational diseases in females	0
	Total number of occupational diseases in males	0
	Total number of occupational disease cases	0
Fatality rate due to occupational diseases %		0.000
Recordable occupational disease rate %		0.000

Remarks:

1. Occupational disease ratio = (total number of occupational diseases / total working hours) * 1,000,000.
2. Fatality rate caused by occupational diseases = (number of fatalities caused by occupational diseases / total working hours) * 1,000,000.
3. Recordable occupational disease ratio = [number of recordable occupational diseases / working hours] * 1,000,000.





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