

San Shing Fastech Corp

2022

Sustainability
Report



SANSHING



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About this Report

This report is the first "Sustainability Report" issued by San Shing Fastech Corp. (hereinafter referred to as San Shing Fastech or the Company). It is divided into five main chapters: "Steadfast Operations and Ethical Management", "Product Services and Partner Relationships", "Climate Change and Environmental Protection", "Talent Development and Employee Welfare", and "Social Care and Charitable Causes". The report aims to explain the current status of San Shing Fastech's sustainability management in 2022, covering various aspects of the Company's impact on economy, environment, and society, encompassing sustainability topics, major themes, stakeholders, and information users. Through this report, readers can gain a better understanding of San Shing Fastech's contributions to sustainable development and its dedication to these efforts. In the future, the Company plans to release an annual Sustainability Report on a regular basis, which will be accessible to the public through our official website. We encourage feedback and comments from all stakeholders, as they will play a vital role in guiding San Shing Fastech's ongoing efforts to enhance its commitment to sustainable development.

Referential Standards and Regulations

This report has been prepared in accordance with the latest version of the Global Reporting Initiative (GRI) Standards for 2021, as well as the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies. Additionally, it incorporates frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD) and sustainability indicators established by the Sustainability Accounting Standards Board (SASB) for the Industrial Machinery & Goods sector. These standards serve as the basis for the content preparation and disclosure within this report.

Report Boundary and Scope

The information disclosed in this report primarily pertains to the period from January 1, 2022, to December 31, 2022, with a specific focus on San Shing Fastech's operations in Taiwan. It's important to note that our subsidiary companies and overseas locations are not included in this report, as they are not part of the consolidated financial statements (for information regarding affiliated enterprises, please refer to "Getting to know San Shing Fastech Corp" or pages 222-224 of our 2022 Annual Report. Furthermore, the content related to social care and charitable causes encompasses the initiatives carried out by the "San Shing Social Welfare Charity Foundation". Any involvement in other reporting scopes will be specifically mentioned within the report's content. In addition, as this is the Company's inaugural release of a "Sustainability Report", there are no restatements of information involved.

Editing, Review and Assurance of the Report

The content and related data in this report have been compiled, reviewed, and revised by various task forces within the Company's "Sustainability Development Promotion Task Force." After review by the highest-ranking supervisor of respective departments, the final version is submitted by President's Office to the VP, President and Chairman for approval and publication.

Specifically, the financial data represents the information disclosed in the consolidated financial statements audited and certified by Ernst & Young, Taiwan in accordance with the International Financial Reporting Standards (IFRS), calculated in thousand New Taiwan Dollars (NT\$). Regular internal audits and external verifications are conducted for various management systems, such as ISO 14001 Environmental Management System, ISO 50001 Energy Management System, ISO 45001 Occupational Health and Safety Management System, ISO 9001 Quality Management System, IATF 16949 Quality Management System, and AS 9100D Quality Management System. These processes are in place to ensure the accuracy of data and information.

Time of Report Publication

This year marks San Shing Fastech's inaugural release of a "Sustainability Report", and the Company plans to issue it annually moving forward. The report will be made available for download on our official website and the MOPS website.

Publication of current issue: September 2023

Publication of next issue: scheduled for June 2024

Feedback

Should you have any suggestions or inquiries regarding this report, you are more than welcome to contact us.

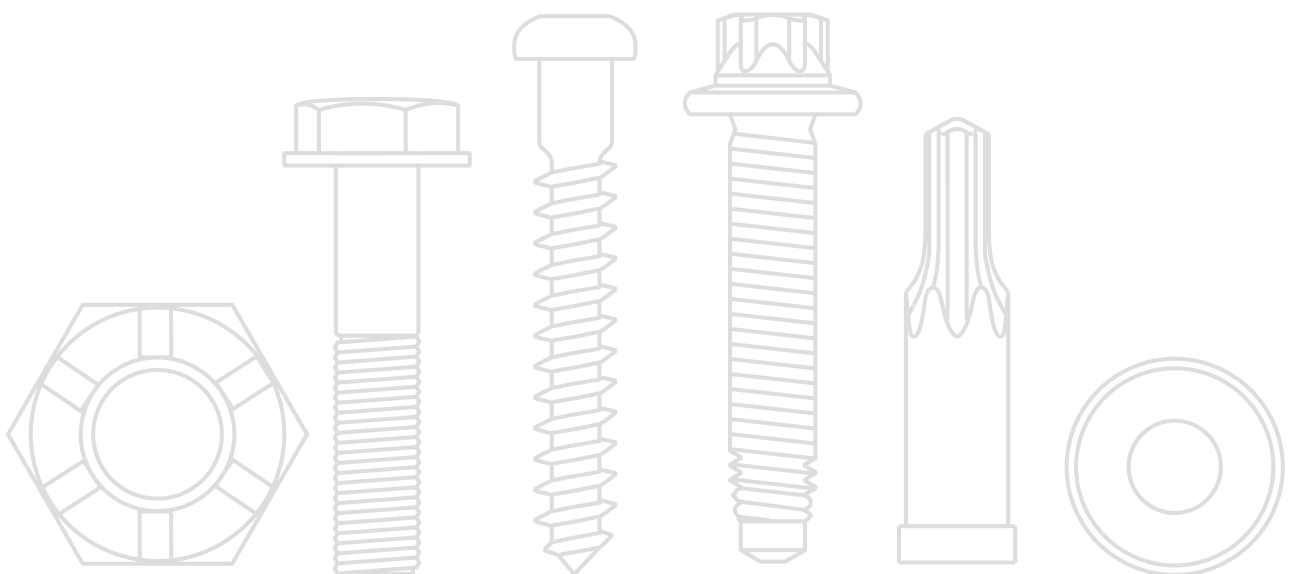
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Corporate website: www.sanshing.com.tw



Management Philosophy and Vision

A Word from the Chairman

San Shing, a manufacturer of fasteners located in Guiren District of Tainan City, has quietly grown alongside this idyllic town for an impressive 57 years. Throughout its history, the Company has been committed to a philosophy of contributing to and benefiting from the local community. In addition to ensuring the well-being of over a thousand local families, San Shing has been dedicated to safeguarding the local environment. The primary objective of all our production activities is to adhere to regulatory requirements, which include meeting wastewater treatment standards, employing pollution control devices for exhaust gases, and managing noise to avoid disrupting the peaceful surroundings. San Shing recognizes that a clean environment, encompassing clean air, land, and water, is fundamental to nurturing healthy lives on this land.

Over the years, San Shing has been fortunate to maintain a stable and profitable operation. Recognizing our capacity to make a greater positive impact, we established the San Shing Social Welfare Charity Foundation at the end of 2015. Our mission is to extend a helping hand to vulnerable groups in society who need support. Though our efforts may seem like a tiny kindle in the grand scheme, we aspire for this modest light to penetrate the darkest and coldest corners of our society. We firmly believe that fulfilling this social responsibility is an essential commitment for the Company.

Nevertheless, new challenges always come our way. Our world has experienced extreme and frequent weather anomalies due to excessive development. While San Shing may not be a major carbon emitter, we wouldn't underestimate the importance of our role. Just as we continuously strive to improve product quality, we also aim to make a meaningful contribution on the path to carbon reduction. Even with limited resources, we believe that every small effort adds up. As a result, by the end of 2022, we achieved a 12% reduction in our average daily water consumption. Thanks to the effective operation of our ISO 50001 Energy Management System, we have consistently exceeded our annual energy savings target of over 1% in the past eight years. Furthermore, we are actively working on developing more energy-efficient design mechanisms for our in-house equipment. With the support of government policies promoting green energy, we are doing everything in our power to meet the required self-generated power ratio (expected to be achieved by 2023).

In the days ahead, there will be more tasks that San Shing must undertake. These obligations are not just responsibilities; they are our duty. As we tread the path of sustainable operation, we progress steadily, one step at a time, with unwavering commitment.

San Shing Fastech Corp.

Chairman

Ko Chi - Yuan





Getting to Know San Shing Fastech Corp



Originally named "San Shing Hardware Works Co., Ltd.", San Shing Fastech Corp. was established in 1965 and is now the largest professional manufacturer of steel nuts worldwide. In 1968, San Shing Fastech Corp led the industry by successfully developing the "High-Speed Nut Forming Machine" ahead of its competitors. This innovation paved the way for efficient nut production, earning Taiwan the renowned title of "Kingdom of Nuts and Bolts". With ongoing innovation and advancements in technology, San Shing has since acquired numerous technology patents globally. Additionally, San Shing has earned government recognition and was included in the Ministry of Economic Affairs very first "Taiwan Mittelstand Award" as a "Promising Mid-sized Enterprise." These are companies handpicked by the government for their pivotal and unique technical expertise in specific fields. They remain dedicated to their core business and demonstrate international competitiveness. These mid-sized enterprises play a vital role in stimulating investments and job creation, serving as the cornerstone for the nation's economic stability and long-term growth.

In recent years, San Shing has elevated its product portfolio to incorporate advanced technology, focusing on high-value offerings. We now manufacture vehicle fasteners for leading global automotive manufacturers. Currently, our annual production and shipments of nuts approach 50,000 tons, equivalent to approximately 4.8 billion nuts, with more than 95% of our production destined for international markets, accounting for one-sixth of Taiwan's total exports. Beyond nuts, our product range extends to include washers, bolts (screws), wire rod (wire) processing, machinery, dies and surface processing for fasteners.

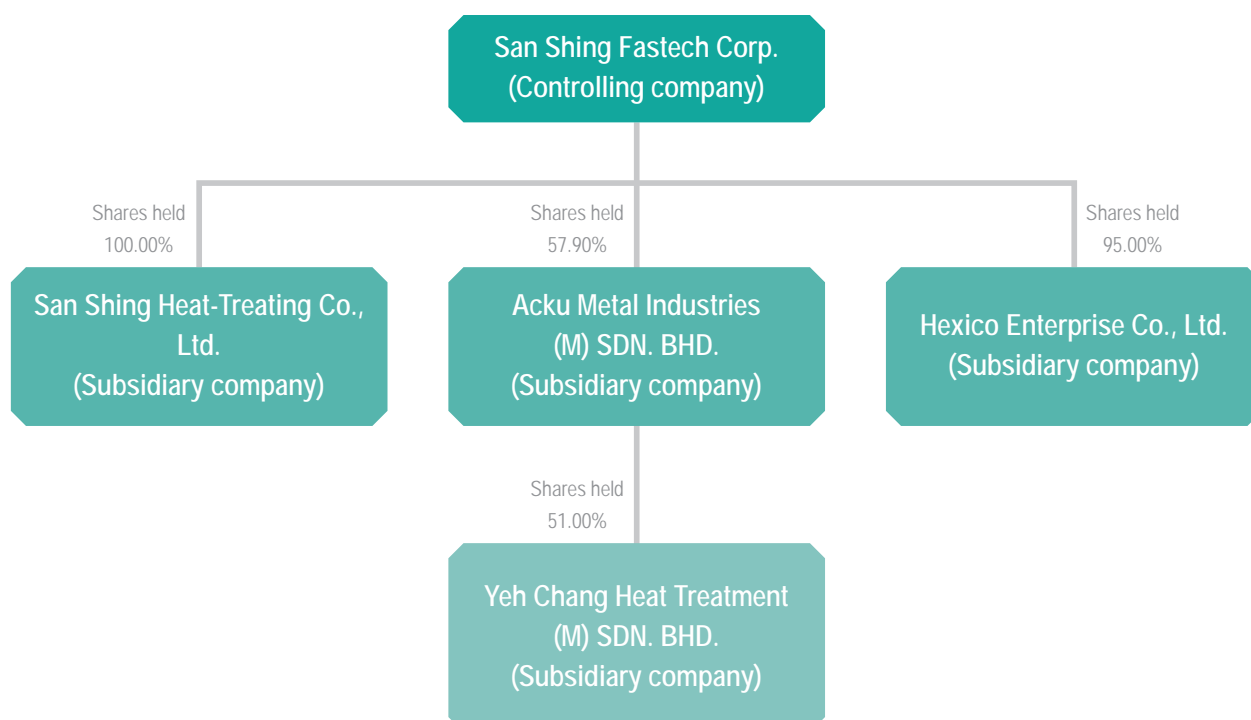
In the coming years, we will remain dedicated to the principles of ongoing innovation and relentless enhancement. Our commitment is to consistently deliver competitive products and engineering technology services to our customers. Through this dedication, we aim to foster mutual growth and strength for both the Company and our customers. In essence, our aspiration is to establish San Shing Fastech Corp as "Your premier global fastener business partner".

Company Profile

Company Name	San Shing Fastech Corp.
Type	Public
Time of Establishment	July 2, 1965
TWSE Ticker	5007
Industry	Steel
Address	No. 355-6, Sec. 3, Zhongshan Rd., Guiren District, Tainan City
Chairman	Ko Chi-Yuan
President	Chen Hsin-Chih
Products	Manufacturing, processing, trading and exporting of nuts, bolts, steel wires and related machinery, mechanical parts and tools
Listing Date	September 16, 2011
Paid-up Capital	NT\$ 2,949,401 thousand (as of December 31, 2022)
No. of employees	1,396
Net turnover	NT\$ 7,165,036,000 (as of December 31, 2022)

Note: For San Shing's shareholder structure, please refer to p. 53-54 of our annual report.

Affiliated Companies



As of December 31, 2022/ Unit: NT\$ thousand

Name of investment company	Date of initiation	Address	Paid-up Capital	Products
San Shing Heat-Treating Co., Ltd.	1995.01.19	No. 355-2, Sec. 3, Zhongshan Rd., Guiren District, Tainan City	22,000	Heat treatment for bolts, nuts and automotive parts
Hexico Enterprise Co., Ltd.	1994.06.03	No. 355-3, Sec. 3, Zhongshan Rd., Guiren District, Tainan City	210,000	Manufacturing, processing, importing and exporting trading of metal washers, steel wires
Acku Metal Industries (M) SDN.BHD.	1989.04.04	Lot. 2937, Jalan Bagan Lallang Satu, Mukim 16, Acku Industrial Estate, 13400 Butterworth, Penang, Malaysia.	159,676	Production and sale of bolts
Yeh Chang Heat Treatment (M) SDN. BHD.	1989.07.15	Lot. 2959, Jalan Bagan Lallang Satu, Mukim 16, Acku Industrial Estate, 13400 Seberang, Perai Utara, Malaysia.	23,875	Heat treatment processing business of metallic products

Note: San Shing Heat-Treating Co., Ltd. is responsible for the heat treatment for our fastener products while Hexico Enterprise Co., Ltd. is responsible for supplying the washers we need.

Milestones

- 1965** ▶ Mr. Lee Yuan-He established "SAN SHING HARDWARE WORKS CO., LTD." focusing on the production of hinges at the initial stage.
- 1968** ▶ Completed the development of Taiwan's first self-made nut forming machine for nut production.
- 1974** ▶ Exported technology to Japan, and authorized the use of the Company's technical patent.
- 1975** ▶ Obtained Level A quality control certification from Commodity Inspection Bureau.
- 1976** ▶ Obtained CNS mark from the National Bureau of Standards, Ministry of Economy.
- 1992** ▶ Obtained ISO 9002 certification by passing an evaluation conducted by the British company SGS ahead of our competitors.
Registered San Shing's trademark in the USA.
- 1993** ▶ Obtained certification for CNLA testing laboratory from National Bureau of Standard, Ministry of Economy.

- 1996** ▶ San Shing was ahead once again in obtaining QS-9000 certification.
- 1997** ▶ Obtained ISO 14001 certification for environment management system.
▶ Obtained the accreditation for testing laboratory required by FQA via NVLAP in the USA. (Lab Code:200158-0)
- 1998** ▶ Signed contract with a well-known fastener group in Europe -- Nedschroef Herentals N.V. for authorization to use its forging and forming machine to assemble fasteners, with a technology patent.
▶ Signed cooperative contract with TFS of the Textron Group in the USA for a joint-venture factory which produced fasteners such as high class screws (bolts) and rivets.
Company shares became officially listed for trading on the OTC market.
- 1999** ▶ Obtained AS 9100 quality system certification of aviation standard.
- 2002** ▶ Renamed the company formally from "SAN SHING HARDWARE WORKS CO., LTD." to "SAN SHING FASTECH CORP." in English.
▶ Renamed the company from "三星五金工廠股份有限公司" to "三星科技股份有限公司" in Chinese and obtained OHSAS 18001 certification for our occupational health and safety management system.
Entered into a strategic alliance with Maclean Fogg in the USA.
- 2004** ▶ Obtained ISO/TS 16949 certification for quality management system.
- 2006** ▶ Obtained AS 9100B quality management system certification.
▶ Ended the joint-venture with TFS of Textron Group in the USA. Started the development of our own screws and bolts, which we supplied to major vehicle manufacturers in Europe and America.
- 2013** ▶ Acquired 57.9% of Malaysian professional bolt manufacturer ACKU METAL INDUSTRIES(M) SDN. BHD's shares. This enabled the Company to diversify its bolt product categories and expand business operations into the ASEAN market.
▶ Obtained ISO 50001:2011 certification for energy management system.
- 2015** ▶ Completion of our new factory for tooling, screws and bolts.
- 2017** ▶ Obtained ISO 14001:2015 certification for environment management system (version update).
- 2018** ▶ Obtained ISO 9001:2015 and IATF 16949:2016 certification for quality management system.
▶ Obtained AS 9100D quality management system certification of aerospace standard (version update).
▶ Obtained ISO 50001:2018 certification for energy management system (version update).
- 2020** ▶ Our testing laboratory obtained ISO/IEC 17025: 2017 certification for quality management system (version update).
▶ Obtained ISO 45001:2018 certification for occupational health and safety management system.
- 2022** ▶ Established a Sustainability Development Promotion Task Force and implemented our first GHG inventory.

Participation in Associations

San Shing actively participates in various industry associations and is one of the founding members of the "Taiwan Industrial Fastener Institute". We collaborate to enhance the quality and global reach of Taiwan's fastener industry, serving as a communication platform between the government and the business sector. Additionally, this engagement allows us to gain a deeper understanding of the operational status of our industry peers and the future trends in the domestic fastener industry.

Name of association/organization	Name of representative/title	Position held in the association/organization
Taiwan Industrial Fasteners Institute	Ko Chi-Yuan, Chairman	Member
Taiwan Mold & Die Industry Association	Wu Hsi-Cheng, Plant Manager	Member
Metal Industries Research and Development Centre	Chen Hsin-Chih, President	Member
Chinese Total Productivity Management Association	Su Teng-Kuei, VP	Member
Taiwan Forging Association	Liu Jui-Cheng, Manager	Member

Materiality Analysis

In 2022, San Shing adhered to the latest version of the "GRI Standards - GRI 3: Material Topics 2021" disclosure principles. The identification of material topics followed a four-step process, guided by the evaluation of "the actual or potential impacts, whether positive or negative, of San Shing's economic activities on the external economy, environment, and people (human rights)" as the criterion for assessing external impacts. At the same time, the Company also embraced the double materiality principle introduced by the European Union, involving the assessment of "the positive or negative impact on business development, performance, positioning, and corporate values". This is the first time for San Shing to determine the significance of sustainability issues and it serves as the foundational reference for the information disclosed in the report and as a guiding framework for the Company in shaping long-term sustainability goals and strategies. Our process of material topic assessment is as follows:

1
 Understanding
 the organization's
 context

2
 Identify actual and
 potential impacts

◆Collection of Sustainability Issues

We have compiled a list of 23 sustainability issues through a comprehensive process that involves referencing key sustainability standards and regulations such as GRI, TCFD, and SASB for the industrial machinery and products sector, ESG rating agencies like DJSI and MSCI. In addition, we also took into account regulatory guidelines such as FSC's "Sustainable Development Action Plan for Listed/OTC Companies" and TWSE's "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies". This compilation process is an ongoing effort that includes input from various departments, stakeholder engagement, advice from external consultants, and careful consideration of the specific characteristics and regulations within the bolt and nut manufacturing industry.

3

Assessing the significance of sustainability issue impact

◆Materiality Assessment

A material issue assessment meeting was convened, attended by the Vice President, the Corporate Governance Officer, members of the Sustainable Development Promotion Task Force, and sustainability consultants. They followed the GRI guidelines to systematically evaluate the extent of internal and external impacts generated by San Shing's business practices on 23 sustainability issues. These issues encompass:

- Evaluation of the "actual", "potential", "positive" and "negative" impacts of each issue resulting from the Company's activities on the external economy, environment and people (human rights).
- Evaluation of the "positive" and "negative" impacts of each issue on the Company's internal operations.

◆Calculation of impact score

- Significance score of negative impact:
External negative impact (severity * probability)* internal negative impact
- Significance score of positive impact:
External positive impact (scale and scope * probability)* internal positive impact
- When addressing sustainability issues that pertain to human rights impacts, we would adjust the weighting to increase the score accordingly and compute both the positive and negative impact scores for pertinent issues.

◆Affected Stakeholders

- During the assessment of the significance of each sustainability issue, we also identify whether each issue has already been impacted or may potentially be impacted by the Company's operational activities, affecting the interests of individuals or groups.

4

Prioritize the most significant impacts for reporting

◆ Based on the impact scores of the 23 sustainability issues, we have sorted and ranked them separately into "negative" and "positive" impacts.

◆ Selection of relevant sustainability issues as the Company's material topics for 2022.

1. First, we chose the top 10 sustainability issues with negative scores and the top 10 sustainability issues with positive scores; from this selection, we identified 5 sustainability issues that intersect between these two groups.
2. With that, we included the top 4 sustainability issues with the highest positive scores. As one of these issues overlaps with the previous selection, we have a total of 3 sustainability issues from this step.
3. Taking into account industry characteristics and global sustainability trends, we have added two sustainability issues: "Climate Change Adaptation" and "Innovation and Research & Development".

After discussions and confirmation by the Vice President, Corporate Governance Officer, members of the Sustainable Development Promotion Task Force, and external consultants, we have determined the 10 major themes for priority disclosure in 2022.

5

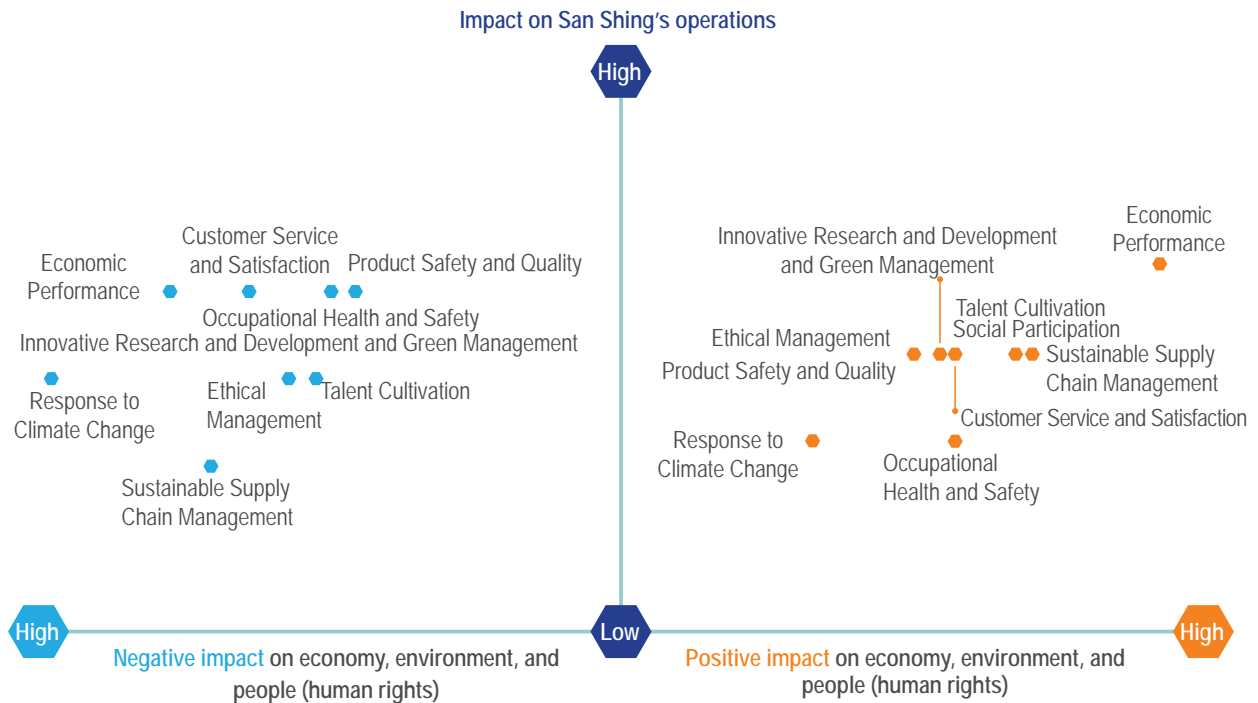
Response and Management of Material Topics

After selecting the material topics, relevant departments within the Company provided corresponding data so we could compile and organize this information, conduct a comprehensive review of San Shing's overall management status and identify areas for improvement. Based on this assessment, we have made necessary adjustments to our management policies and subsequently, we disclose this information in full in this report, laying the groundwork for San Shing's continued commitment to sustainability management.


Outcome of Material Topic Assessment



In 2022, San Shing adhered to the disclosure principles of "GRI 3: Material Topics 2021" and the "European Union Double Materiality Principle" in our material topic assessment meeting to identify 23 sustainability issues and prioritize 10 material topics for management and response. This prioritization aims to enhance transparency regarding the Company's impacts, increase accountability, and align with the value of sustainability for the organization. Our goal is to empower stakeholders and information users to make well-informed assessments and decisions regarding the Company's contributions and impacts on sustainable development.

Material Topics Matrix



List of Material Topics

Material Topic	Impact Significance Assessment	Relevance to Sustainability Guideline (Issue)	Corresponding Chapter
 <p>Economic Performance</p>	<p>As the largest domestic manufacturer of steel nuts and bolts, San Shing has maintained a strong market position for an extended period, ensuring stable profitability without experiencing any negative impacts. Our operations bring positive impacts on the economies of scale within the industry as we contribute to local employment and drive economic growth. The profits generated are distributed among shareholders and other relevant stakeholders, and we are committed to fulfilling our corporate social responsibility measures. If our business performance were to decline, it would have an impact on the earnings and interests of our employees, shareholders, and business partners.</p> <p>Impact on Stakeholders: ①②③④⑤⑥</p>	<p>[GRI] Economic Performance: 201-1, 201-4</p>	<p>1.3 Operational Performance</p>

Material Topic	Impact Significance Assessment	Relevance to Sustainability Guideline (Issue)	Corresponding Chapter
 <p>Ethical Management</p>	<p>San Shing strictly prohibits dishonest behavior and upholds the principles of integrity in all its business activities. We have defined a range of integrity operating policies and regulations, which are made available for compliance by all directors, executives, and employees. These policies are publicly accessible on our official website. Furthermore, we have implemented mechanisms to assess and prevent the risks associated with dishonest conduct, ensuring the protection of stakeholders' interests and the maintenance of a fair market environment, free from any adverse consequences. Should any employee engage in corrupt behavior, it will result in detrimental impacts on the rights and interests of our business partners, fair competition in the market, and the overall reputation of the Company.</p> <p>Impact on Stakeholders: ①②③④⑥</p>	<p>[GRI] Anti-corruption: 205-1, 205-2 [GRI]: Anti-competitive behavior: 206 [DJSI] Codes of conduct</p>	1.2 Ethical Integrity
 <p>Product Safety and Quality</p>	<p>"Quality is the life of San Shing". Every year, we actively uphold the effective operation of our quality management system, obtain necessary certifications, and successfully pass laboratory testing and certifications. Our goal is to deliver reliable testing services to our customers, ensuring product safety and protecting consumer rights. We also enhance customer confidence and trust in the Company by managing risks and preventive measures. This results in stable financial sales, benefiting both shareholders and employees, leading to mutual growth. San Shing has not experienced any negative impacts on product safety and quality. If there were any doubts regarding the safety and quality of our products, it would have a severe impact on San Shing's reputation, potentially leading to a decrease in orders, potential product recalls by customers, and could ultimately jeopardize the safety of end consumers.</p> <p>Impact on Stakeholders: ②③④</p>	<p>[GRI] Customer Health and Safety: 416 [GRI] Marketing and Labeling: 417-1, 417-2</p>	2.1 Products and Services
 <p>Innovative Research and Development</p>	<p>San Shing's R&D Center, built on the foundation of fastener manufacturing, operates with an integrated research and development management system. We boast a high degree of in-house production equipment, continuously absorb new technologies to enhance our R&D capabilities, and consistently work on improving energy efficiency, personnel safety, and reducing production costs. These efforts contribute to the Company's profitability, product quality, corporate image, and investor confidence. The Company is dedicated to research and development in high-tech automotive components and has not experienced any negative impacts on R&D in the domain. If San Shing's innovative research and development were to stagnate, it would lead to an inability to meet market demands, resulting in lost orders and decreased orders for suppliers. Customers' products would also suffer from a lack of innovation, negatively impacting the interests of various stakeholders.</p> <p>Impact on Stakeholders: ①③④⑥</p>	<p>[SASB] Remanufacturing Design and Services, Energy Efficiency in the Usage Phase [DJSI] Innovation Management [CBAM] Product Carbon Footprint</p>	2.1 Products and Services

Material Topic	Impact Significance Assessment	Relevance to Sustainability Guideline (Issue)	Corresponding Chapter
 <p>Sustainable Supply Chain Management</p>	<p>San Shing's wire rod suppliers are all large publicly-listed companies, and they are actively engaged in energy conservation, carbon reduction, and sustainable operations. However, the characteristics and sizes of our outsourced manufacturing facilities may vary. San Shing conducts annual audits to ensure that suppliers meet the required standards, and we expect suppliers to adhere to ESG-related regulations and policies. After conducting audits, we commend exceptional suppliers on our supplier website as part of our proactive supply chain management. This ensures the protection of the environment and the safety of personnel. San Shing has not encountered any incidents that have had actual impacts on our supply chain. If a supplier were to engage in illegal activities, it would not only disrupt the stability of the supply chain but also have a significant impact on the Company's reputation due to negative news reports about the supplier's actions.</p> <p>Impact on Stakeholders: ①②③④⑤⑥</p>	<p>[GRI] Procurement Practices: 204 [GRI] Supplier Environmental Assessment: 308 [DJSI] Supply Chain Management, [MSCI] Supply Chain Labor Standards, Conflict Mineral Procurement [SASB] Raw Material Procurement, Supply Chain Management</p>	<p>2.2 Industry Value Chain 2.3 Supplier Management</p>
 <p>Customer Service and Satisfaction</p>	<p>"Customer satisfaction & Quality come first" are the goals that San Shing steadfastly adheres to. San Shing conducts annual customer satisfaction surveys, holds quality meetings with customers, and strives to meet their quality requirements. There have been no incidents negatively affecting customer service and satisfaction. A decline in customer satisfaction would directly affect their willingness to place orders, which can impact the Company's revenue and harm the interests and equity of stakeholders.</p> <p>Impact on Stakeholders: ①③④</p>	<p>[Industry] Customer Service Management, Customer Service and Safety, Customer Needs</p>	<p>2.4 Customer Relationship Management</p>
 <p>Response to Climate Change</p>	<p>While San Shing is not a major carbon emitter, it operates within the steel industry downstream and faces increasing pressure to reduce carbon emissions and improve energy management due to international regulations. These requirements extend to its supply chain, as effective environmental protection goals can only be achieved through collective efforts to reduce carbon emissions and safeguard the planet. San Shing is actively implementing strategies and objectives based on the recommendations of TCFD to achieve compliance with regulatory requirements, respond to changing market dynamics, and meet customer needs. The goal is to mitigate the risks and effects of climate change on both the Company and its stakeholders. Should San Shing fail to effectively address climate change, it could face a range of climate-related risks such as production disruptions, non-compliance with regulations, increased fines or taxes, reduced profits, damage to corporate reputation, and customer attrition.</p> <p>Impact on Stakeholders: ①②③④⑤⑥</p>	<p>[GRI] Economic Performance: 201-2 [GRI] Energy: 302-1, 305-3 [GRI] Emissions : 305-1, 305-2, 305-4 [TCFD] Climate-Related Financial Disclosure [TWSE] Topic Specific Disclosure for Climate-Related Information (Appendix II) [DJSI] Climate Strategy, Operational Eco-Efficiency [SASB] Energy Management [MSCI] Opportunities in Renewable Energy</p>	<p>3. Climate Change and Environmental Protection</p>

Material Topic	Impact Significance Assessment	Relevance to Sustainability Guideline (Issue)	Corresponding Chapter
 <p>Talent Cultivation</p>	<p>San Shing has established a "Talent Development and Training Policy" to nurture employees, enabling them to fully utilize their job functions, enhance work efficiency, reduce environmental safety and health risks, and develop critical thinking and observation skills through educational training. In addition to enhancing employees' professional skills and knowledge and obtaining professional licenses, it also helps the Company realize its business philosophy and achieve corporate objectives. To fulfill our corporate social responsibility and promote reemployment opportunities for mid to senior-aged individuals, the Company has established a retiree rehiring system. Rehired employees bring their wealth of experience to mentor new colleagues, thereby increasing efficiency and quality, reducing company costs, enhancing customer satisfaction, and boosting company revenue. There has been no incident of negative impact with regards to talent development. In the absence of a structured talent development plan at San Shing, there could be a shortage of skilled professionals, leading to disruptions in internal operations, reduced production output and quality, decreased competitiveness, and potential harm to the interests and equity of stakeholders.</p> <p>Impact on Stakeholders: ①②</p>	<p>[GRI] Training and Education: 404 [DJSI] Human Resource Capital Development</p>	<p>4.2 Talent Cultivation and Development</p>
 <p>Occupational Health and Safety</p>	<p>San Shing has implemented the ISO 45001:2018 occupational health and safety management system to ensure the safety of employees and provide a high-quality working environment. In addition, the Company offers comprehensive health care benefits to employees, creating a healthy and comfortable work environment. Due to the nature of the industry and the relatively high turnover of new and foreign workers, San Shing experiences a higher occupational accident rate, often attributed to employees' lack of experience. In 2022, our recorded rate of occupational injuries stood at 0.95. To address workplace accidents, we held dedicated meetings to thoroughly investigate the root causes and devise effective solutions. These involved collaborative brainstorming sessions with department heads, resulting in comprehensive strategies that were then implemented across all facilities. Our goal was to minimize the recurrence of occupational accidents.</p> <p>Impact on Stakeholders: ①②</p>	<p>[GRI] Occupational Health and Safety: 403 [GRI] Local Communities : 413-2 [TWSE] Sustainable Disclosure Indicator - Steel Industry - No. 5 [SASB] Employee Health and Safety [DJSI] Occupational Health and Safety</p>	<p>4.4 Workplace Safety and Healthcare</p>
 <p>Social Participation</p>	<p>San Shing participates in and sponsors community activities, such as supporting the organization of festivals by district offices, hosting events for senior citizens in the neighborhood, and assisting in the maintenance and repair of local infrastructure. Additionally, we have established the "San Shing Social Welfare Charity Foundation" as a registered foundation in Tainan City, which provides annual fixed donations to support local elementary and junior high school students' savings accounts, activities honoring the elderly, material support for welfare organizations, and immediate assistance funds for district offices. Furthermore, our employees have spontaneously formed the "Charity Club" and regularly contribute to various social welfare causes.</p> <p>Impact on Stakeholders: ①②⑤</p>	<p>[GRI] Indirect Economic Impacts: 203</p>	<p>5. Social Care and Charitable Causes</p>

Note:

1. The Table above is sorted according to the chapters as featured in the report.

2. ①Employees and other workers, ②Government agencies, ③Shareholders and other investors, ④Customers, ⑤Local communities, ⑥Suppliers.

3. Relevant sustainability initiatives/regulations: DJSI- Machinery and Electrical Equipment, MSCI-Industrial Machinery, SASB-Industrial Machinery and Products, TWSE Sustainability Disclosure Indicator-Steel Industry.

Stakeholder Engagement

San Shing adheres to the definition of stakeholders as outlined in the latest version of GRI Standards 2021. This definition characterizes stakeholders as "individuals or groups that have interests that are affected or could be affected by the organization's activities." In the stage of "Assessing the Significance of Sustainable Issues," we undertake an evaluation of both the specific individuals and groups that may be influenced by each significant issue and their respective degrees of impact. As a result, we have pinpointed the stakeholders for the current year, encompassing employees and other workers, government agencies, shareholders and other investors, customers, local communities, and suppliers. San Shing compiles the needs and expectations of stakeholders/workers each year and presents them at the Environment/Health/Safety Management Review Meeting. These reports are made to the President and all committee members and are subsequently reported to the Board of Directors. A report was presented in 2023 at the Environment/Health/Safety Management Review Meeting in February and at the Board of Directors meeting in May.

Table of Stakeholder Engagement

Stakeholder	Significance to the Company	Sustainability issue of concern	Channel of engagement	Frequency	2022 Outcome of Engagement
Employees and Other Workers	Employees are the most vital assets of a company. Ensuring that employees can work with peace of mind is essential for producing products that customers can trust for their safety. This allows employees to harness their expertise and capabilities to effectively work towards the Company's sustainability objectives	Labor Relations Economic Performance Occupational Health and Safety Talent Attraction and Retention Diversity and Equal Opportunity	EHS Management Committee	At least once/year	<ul style="list-style-type: none"> In 2022, the Committee convened a management review meeting to discuss a total of 20 ESH-related issues. In 2022, quarterly meetings were conducted to discuss the Company's occupational health and safety management performance and related matters. We convened a worker consultation meeting in which workers participated and discussed a total of 14 topics. We held a total of 4 labor-management meetings in 2022. In 2022, our employee training completion rate came to 82%. In 2022, employee complaint 0. In 2022, we received 12 employee suggestions and implemented relevant improvements for all 12 suggestions.
			Occupational Health and Safety Committee	Once/quarter	
			Worker Consultation and Participation	At any time	
			Labor-Management Meeting	Once/quarter	
			Education and Training (Training for specialized jobs, occupational safety and on-the-job instruction)	Periodic	
			Employee Complaint Mailbox/ Suggestion Mechanism	At any time	
			Intranet Announcement	At any time	
Government Agencies	Following and responding to government regulations are fundamental principles of business operations, serving as important indicators and guiding directions for corporate development and market expansion	Tax Occupational Health and Safety Wastes Ethical Management Air Pollution Emission Response to Climate Change Human Rights Management Compliance with laws and regulations	Official Documents and Announcement Letters	At any time	<ul style="list-style-type: none"> Relevant departments cooperated to provide information for verification, and there were no significant fines in 2022. In 2022, relevant units participated in at least 25 advocacy or seminars organized by regulatory authorities.
			Request for audit or onsite inspection	Periodic	
			Advocacy, seminars or conferences	Sporadic	
			Disclosure on MOPS website	Disclosure in accordance with specified deadlines	
			Declaration via relevant government agency website	Declaration in accordance with specified deadlines	

Stakeholder	Significance to the Company	Sustainability issue of concern	Channel of engagement	Frequency	2022 Outcome of Engagement
Shareholders and other investors	They play one of the key roles in supporting the Company's sustainability efforts. The Company still upholds "Ethical Management" as its core philosophy	Corporate Governance Ethical Management Economic Performance Innovative Research and Development Tax	Shareholders' Meeting	Once	<ul style="list-style-type: none"> Our annual shareholder's meeting was held on June 16, 2022. San Shing was invited by MasterLink Securities to take part in the online investor conference on November 18, 2022.
			Investor conference	Once/year	
			Email/Telephone	At any time	
			Stock Service Department	At any time	
Customer	They are key partners to the Company's operations, and we strive to satisfy customers' needs in order to boost our quality and service capabilities	Economic Performance Corporate Governance Innovative Research and Development Product Safety and Quality Customer Service and Satisfaction	Customer Satisfaction Survey	Once/year	<ul style="list-style-type: none"> In 2022, our customer satisfactions scores were: 4.75 for nuts, 4.85 for bolts, 83% for machinery and 82% for tooling. We completed all audits for our quality certification system in 2022. We held 82 quality conferences with customers in 2022.
			Customer visit or video conferencing	Sporadic	
			Telephone, email, communication and feedback via written correspondence	At any time	
Local communities	We demonstrate care for the local community, neighborhood, and local schools by offering employment opportunities and maintaining active engagement with the local community and neighborhood. This helps nurture friendly relationships and contributes to the prosperity of the local economy	Air Pollution Emission Wastes Ecological Preservation Social Participation	Visits at Local Organizations	Sporadic	<ul style="list-style-type: none"> Visited the village chiefs at local community 20 times in 2022. San Shing sponsored NT\$ 460,000 towards local community and neighborhood activities in 2022. San Shing donated NT\$ 5 million to San Shing Social Welfare Charity Foundation in 2022. In 2022, there was one local community complaint, and our response rate was 100%.
			Sponsorship of local activities	Periodic	
			Donation to charitable organization	At any time	
			Contact by telephone or visit	At any time	
Suppliers	Our upstream suppliers and service providers are the Company's backbone and essential partners	Product Safety and Quality Sustainable Supply Chain Management Compliance with laws and regulations	Supplier Evaluation	Monthly	<ul style="list-style-type: none"> In 2022, all three of our wire rod suppliers underwent evaluation, and they all received a "pass" rating, achieving a 100% pass rate. All 52 outsourced processing plants audited in 2022 were found to be compliant.
			Supplier facility onsite audit or visit	Yearly or sporadic	
			Telephone or email communication and feedback	At any time	



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Steadfast Operations and Ethical Management

- 1.1 Corporate Governance
- 1.2 Ethical Integrity
- 1.3 Operational Performance
- 1.4 Information Security
- 1.5 Compliance with laws and regulations

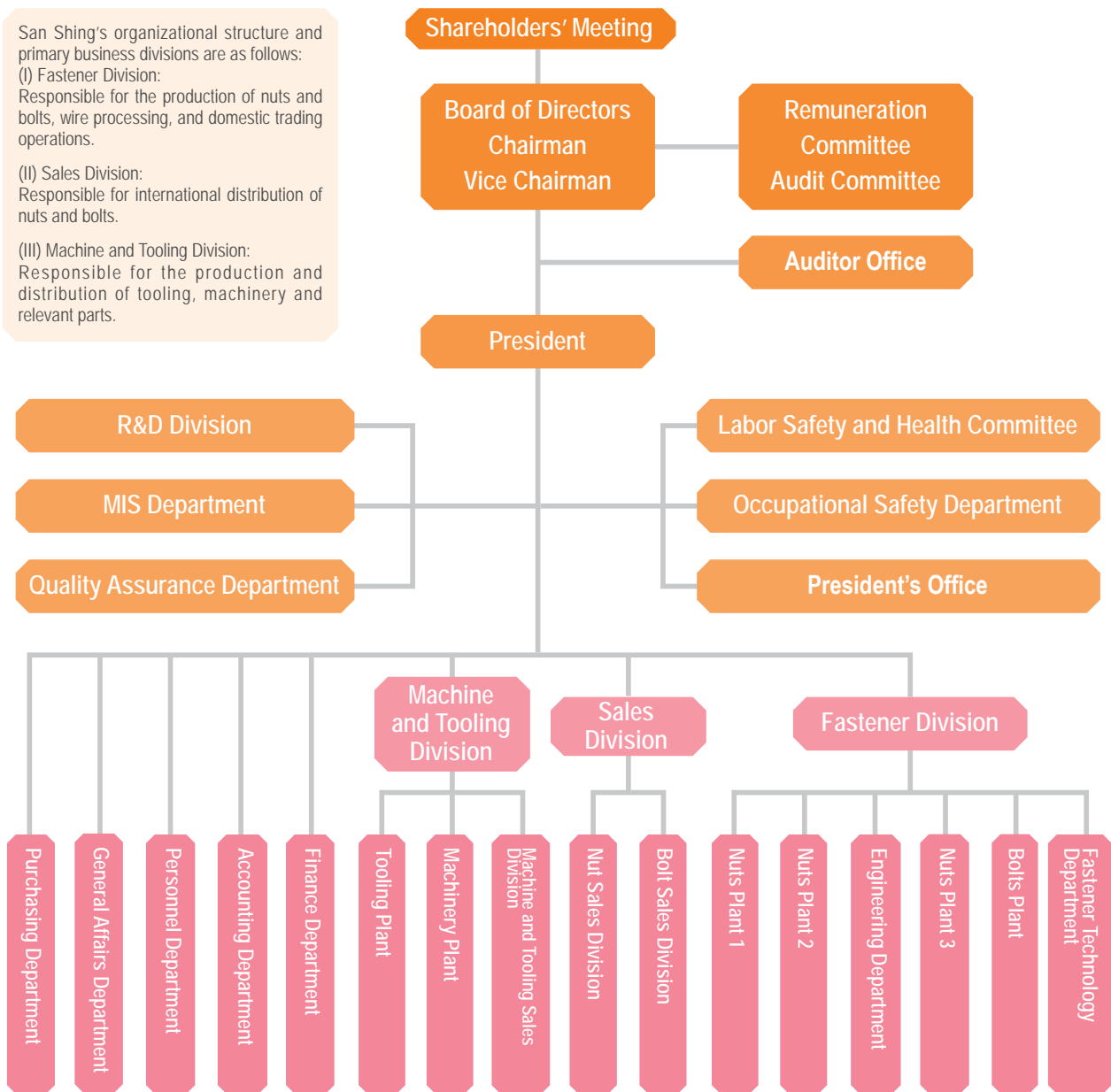
Steadfast Operations and Ethical Management Management Guideline	
Material Topic	Economic Performance, Ethical Management
Policy Commitments	With a commitment to continuous innovation and excellence, we aim to deliver competitive products and related engineering and technical services to our customers. We strictly prohibit dishonest behavior and uphold the principles of integrity in our operations, thus making San Shing Fastech always “your global preferred partner for fasteners”.
Responsibilities	The Board of Directors and senior management of various BU
Specific Actions	<ul style="list-style-type: none"> • Developing premium product categories to make our products irreplaceable • Developing new markets for tooling to diversify the concentration of risk • Stringently controlling capital expenditures to reduce our debt ratio • Aligning with the global regulatory trends and progressing towards sustainable business practices • Appointing a corporate governance officer to enforce corporate governance • Implementing internal and external training on ethical management issues
Objective and Target	<p>Short-term (1-3 years)</p> <ul style="list-style-type: none"> • In 2023, our combined weight of fastener products sold came to approximately 62,900 tons, which is similar to that of 2022. In addition, we have kept our debt ratio below 20%. • Employees participate in an annual integrity and anti-corruption awareness program and take an awareness assessment test. <p>Medium/Long-term (3-5 years)</p> <ul style="list-style-type: none"> • Implementing anti-corruption assessments for suppliers and contractors.
Implementation Outcomes	<ul style="list-style-type: none"> • In 2022, the combined net operating revenue amounted to NT\$ 7,165,036 thousand, showing a growth of 0.81% compared to the previous year. The combined gross profit for the year reached NT\$ 1,879,147 thousand, reflecting a growth of 7.57%. The combined operating profit amounted to NT\$ 1,265,710 thousand, indicating a growth of 2.92% compared to the previous year. Finally, the combined pre-tax net profit reached NT\$ 1,373,532 thousand, marking an 8.81% increase over the previous year. • In 2022, there were no incidents of corruption, bribery, or extortion within the Company's employees or suppliers. • In 2022, the Company did not incur any significant penalties or violations of internal control system regulations, and there were no major deficiencies or areas requiring improvement. • From the second half of 2022, there have been no family relationships up to the second degree of kinship among the directors. • In 2022, a total of 225 external training sessions were conducted, with a cumulative duration of 857.5 hours. Furthermore, a total of 5,608 participants took part in our internal training, totaling 972 hours.

1.1 Corporate Governance

San Shing Fastech adheres to the Company Act, Securities and Exchange Act, as well as other pertinent legal regulations concerning business practices in the development of its corporate bylaws and organizational structures, with the Board of Directors functioning as the highest authority in corporate governance and the ultimate decision-making body. The Board is also tasked with supervising the comprehensive management and operations of the Company. The Company has implemented a comprehensive corporate governance structure by establishing bodies including the Audit Committee, Remuneration Committee, and an Auditor Office. In line with its commitment to transparency, all corporate governance-related regulations and policies are accessible to the public on the Company's official website. This dedication is aimed at safeguarding the rights of stakeholders and fulfilling corporate social responsibility.

In March 2021, the Board of Directors appointed Mr. Hsu Chun-Hsiao as the head of corporate governance, dedicated to overseeing various corporate governance matters. In 2022, he participated in further education by attending courses on corporate governance, including the analysis of cases related to Trade Secrets Act and non-competition (including the newly amended offense of economic espionage in the National Security Act), as well as practical insights into shareholder meetings and matters to consider under Company Act.

Organizational Structure



Board Diversity

The Board of Directors follows the "Company Bylaws", "Director Election Procedures", "Corporate Governance Practices Guidelines" and adopts a director election process that involves a candidate nomination system, with shareholders voting on individuals from a list of nominated candidates. Board members, guided by Article 20 of the "Corporate Governance Practices Guidelines", assess diversity and establish suitable diversity policies tailored to the company's operations, business model, and growth requirements.

The 21st (current) term of the Board of Directors, including independent directors, was elected at the shareholder's meeting held on August 25, 2021. The board consists of 9 members, with 3 of them serving as independent directors. The directors have a 3-year term and assumed their roles upon election. Mr. Ko Chi-Yuan, Chairman of San Shing, does not concurrently hold the position of President in the Company. The board members possess extensive experience and expertise in various fields such as industry, business, and management. All board members are Taiwanese citizens, and none hold employee status within the Company. The age distribution of the board members includes one in the 41-50 age group, one in the 51-60 age group, and seven members who are 70 years or older. There is one female board member, holding a CPA certificate, (thus meeting the target of having female directors at 11%). There are no family relationships within two degrees of kinship among the board members. Additionally, there are three independent directors, making up one-third of the board, and no directors have served three consecutive terms. And as such, the board is diverse and maintains independence, achieving corresponding management objectives. The list of directors for the 21st term, their educational and professional backgrounds, independence status, and specific management goals can be found in detail on pages 9 to 13 in the "2022 Annual Shareholders' Meeting Report".

Item Name	Basic Composition			Professional background				Expertise							
	Gender	Age	Tenure as independent director	Legal	Finance and Accounting	Sales and Marketing	Industrial Technology	Management Judgement	Accounting Analysis	Operation Management	Crisis Handling	Industry Knowledge	International Market Perspective	Leadership	Decision-making
Ko Chi-Yuan	Male	70↑			V			V	V	V	V	V		V	V
Chen I-Chung	Male	51-60				V		V		V		V	V	V	V
Hsu Chih-Jen	Male	70↑		V		V		V		V	V		V	V	
Wu Shun-Sheng	Male	70↑			V			V	V	V	V			V	V
Lee Shih-Chia	Female	41-50			V			V	V	V				V	V
Tsai Cheng-Dar	Male	70↑					V	V		V	V			V	V
Chien Kuo-Jong	Male	70↑	1 term		V	V		V		V	V	V	V	V	V
Hsiao Chine-Jine	Male	70↑	2 terms		V			V				V			V
Lue Vincent	Male	70↑	1 term		V	V	V	V		V	V	V	V	V	V

Conflicts of interest avoidance

To establish a robust corporate governance system, reinforce the oversight function, and strengthen management capabilities, the "Board of Directors Meeting Rules" includes Article 15, which establishes the Conflict of Interest Avoidance policy for directors. According to this policy, directors must disclose any conflicts of interest pertaining to agenda items, whether they concern themselves or legal entities they represent, during the board meeting. If there is a potential risk of detriment to the Company's interests, they shall be prohibited from engaging in discussions or voting on the matter. During discussions and voting, they are required to abstain from participation and are not authorized to act on behalf of other directors in exercising their voting rights. If a director's spouse, immediate family members within two degrees of kinship, or companies with a controlling or subsidiary relationship to a director have a vested interest in the agenda items mentioned in the preceding paragraph, they shall be considered as having a personal interest in those matters. The resolutions made by the Board of Directors that prohibit certain directors from exercising their voting rights shall be handled in accordance with the provisions of Article 180, Paragraph 2, as prescribed by Article 206, Paragraph 4 of the Company Act. Directors and managers, in accordance with Article 18 of the company's "Ethical Management Guidelines", should exercise caution and proactively abstain from matters in which they have a vested interest. They may present their opinions and respond to inquiries during the Board of Directors meeting, but they

are not allowed to participate in discussions or voting on such matters. In 2022, there was one instance of a conflict of interest during a Board of Directors meeting. Chairman Ko Chi-Yuan was involved in a situation that presented a conflict of interest related to his personal interests. He took it upon himself to refrain from voting, and as a result, did not participate in the voting process. For further details on this disclosure regarding the conflict of interest avoidance, please refer to page 21 of the 2022 Annual Shareholders' Meeting Report. Additionally, information regarding directors holding positions in other companies and the disclosure of major shareholdings can be found on pages 9 to 14 of the same report.

Operation of the Board of Directors and Functional Committees

Board of Directors Operation

The Board of Directors is required to hold meetings at least once every quarter, as stipulated in the company's bylaws. In 2022, the 21st term of Board of Directors convened a total of 5 board meetings, with directors in attendance (including one proxy attendance), achieving a 100% attendance rate. To enhance the effectiveness of the Board of Directors, the "Remuneration Committee" was established in 2011. This committee conducts regular reviews of policies, systems, standards, and structures related to the compensation of directors and executives. Subsequently, it submits its recommendations for discussion at board meetings. To promote corporate governance, the Company established its "Audit Committee" in 2018 with the goal of strengthening the audit oversight function and enhance management capabilities.

Status of Continuing Education for Directors

In addition to possessing professional knowledge and substantial industry-related experience, the members of the Board of Directors are required, in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" to undergo a minimum of 12 hours of training in the year of their appointment. Starting from their second year in office, they must complete a minimum of 6 hours of training each year. For directors serving consecutive terms, they are required to undertake at least 6 hours of training annually to ensure their continuous improvement and access to relevant information. In 2022, out of the 9 directors, 8 directors reported completing more than 6 hours of training. The training courses covered various topics, including corporate governance, the roadmap to sustainable development, net-zero emissions, the Net Zero Summit, equity trading laws, and prevention of insider trading. The details of their training are disclosed on the MOPS website and in our annual report. For more information, please refer to pages 44 and 45 of the 2022 Annual Shareholders' Meeting Report.

Audit Committee

On August 25, 2021, the 2nd term of the Audit Committee was established by the Board of Directors in accordance with the "Audit Committee Organization Regulations". Mr. Chien Kuo-Jong, an independent director, served as the convener, and the committee was composed of 3 independent directors. The members' terms align with the directors' terms, which are 3 years, and they hold meetings at least once per quarter. In 2022, the Audit Committee convened a total of 4 meetings with a 100% attendance rate from the members. Please refer to pages 23 to 25 of the 2022 Annual Shareholders' Meeting Report for details on the committee's proposals.

Remuneration Committee

On August 25, 2021, the Board of Directors appointed the 5th Remuneration Committee in accordance with the "Remuneration Committee Organization Regulations". The Committee, consisting of 3 members, is chaired by independent director Mr. Chien Kuo-Jong, with independent director Mr. Hsiao Chine-Jine and an external member, Mr. Lee Rong-Shean. The committee members serve for a term equivalent to the duration of the Board's term, which is 3 years, and they began their duties immediately upon appointment. The committee meets at least twice a year. In 2022, the Remuneration Committee convened a total of 2 meetings with a 100% attendance rate from the members. Please refer to page 33 of the 2022 Annual Shareholders' Meeting Report for details on the committee's proposals.

San Shing's Remuneration Policies

The Company is required to allocate a minimum of 1.5% of its annual profit for employee compensation and a maximum of 1% for director compensation.

Employee compensation can be provided in the form of stocks or cash, and the decision regarding this should be made by the Board of Directors with the approval of two-thirds or more of the attending directors, including the majority of attending directors. The recipients of this compensation may also include employees of subsidiary companies who meet specific criteria. However, when the Company still has accumulated losses, a compensatory reserve should be retained in advance.

When determining performance bonuses, a comprehensive assessment will be made, which takes into account the individuals' professional capabilities, the Company's performance, its financial situation, and their specific contributions to the organization. These assessments will be linked to both the Company's overall performance and the individual's accomplishments, serving as the basis for calculating bonus payouts. The Company regularly reviews its compensation system to maintain a balance between sustainable operations and risk management by examining future operational risks and corporate social responsibility at any time.

Compensation for Directors and Independent Directors:

- (1) Article 22-1 of the Company's Articles of Association stipulates that the compensation for directors (including independent directors), as well as the salary of the Chairman and Vice Chairman, shall be determined by the Board of Directors with reference to relevant industry and listed/OTC company standards. The Chairman and Vice Chairman shall receive compensation and other benefits in accordance with relevant provisions governing employees' compensation. The Remuneration Committee shall periodically review the policies, systems, standards, and structure of compensation and benefits for directors and executives, and submit any proposed recommendations for discussion by the Board of Directors.
- (2) In the 2nd Board Meeting of the 21st Term of Board of Directors, the following compensation for directors was approved: The Company's director compensation includes the following three types:
 - A. Stipend for directors: During the board meetings, each attending director is entitled to a stipend of NT\$ 10,000.
 - B. Remuneration for directors: The Board of Directors has decided to allocate zero dollars as remuneration for directors.
 - C. Compensation for directors: This refers to the compensation that directors are entitled to receive for their services to the Company. It is determined based on the standards of relevant industry peers and listed/OTC companies. The compensation is categorized as a part of their salary component and is paid monthly at NT\$ 30,000.
- (3) In the 2nd Board Meeting of the 21st Term of Board of Directors, the following compensations for the Chairman and Vice Chairman were approved:

Chairman	a. The monthly salary is NT\$ 260,600. b. The year-end bonus is NT\$ 260,600. c. The performance bonus is determined separately by the Board of Directors, in accordance with the relevant regulations for employees. d. Pension: None.
Vice Chairman	a. The monthly salary is NT\$ 250,600. b. The year-end bonus is NT\$ 250,600. c. The performance bonus is determined in accordance with the relevant regulations for employees. d. Pension: None.

Compensation for Managers:

- (1) In the 2nd Board Meeting of the 21st Term of Board of Directors, the following compensation for the President was approved:

President	a. The monthly salary is NT\$ 253,954 (including a company vehicle allowance of NT\$ 13,334). b. The year-end bonus is NT\$ 240,620. c. The performance bonus is determined in accordance with the relevant regulations for employees. d. Pension: Calculated according to the standard for giving pension as stipulated in Paragraph 1, Article 55 of the Labor Standards Act.
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- (2) The compensation and performance bonus for the VP is determined in accordance with the relevant regulations for employees.

Performance Evaluation Mechanism for the Board of Directors

To assist directors in performing their duties and enhance the efficiency of the Board of Directors, the "Board of Directors Performance Evaluation Rules" were established in 2019. Starting from 2020, an internal performance evaluation has been conducted annually, and an external evaluation is conducted at least once every three years. The results of the performance evaluation are reviewed and used as a basis for individual director compensation and nomination for reappointment, with a report submitted to the Board of Directors by the end of the Q1 of the following year.

In 2022, internal performance evaluations were conducted for the "Board of Directors", "Individual Director Members", and "Functional Committees". All directors and committee members performed self-evaluations using self-assessment questionnaires, each with a maximum score of 5 points. On the whole, the Board of Directors scored 4.66, individual directors scored 4.78, the Audit Committee scored 4.9, and the Remuneration Committee scored 4.89 in the 2022 performance evaluation. The average scores for the 2022 performance evaluations were all above 4.22, indicating that the overall operations have been reasonably well-performing. The results were reported to the Board of Directors in March 2023. Please refer to pages 22 to 23 of the 2022 Annual Shareholders' Meeting Report for details of the performance evaluation.

Promotion of Sustainable Development

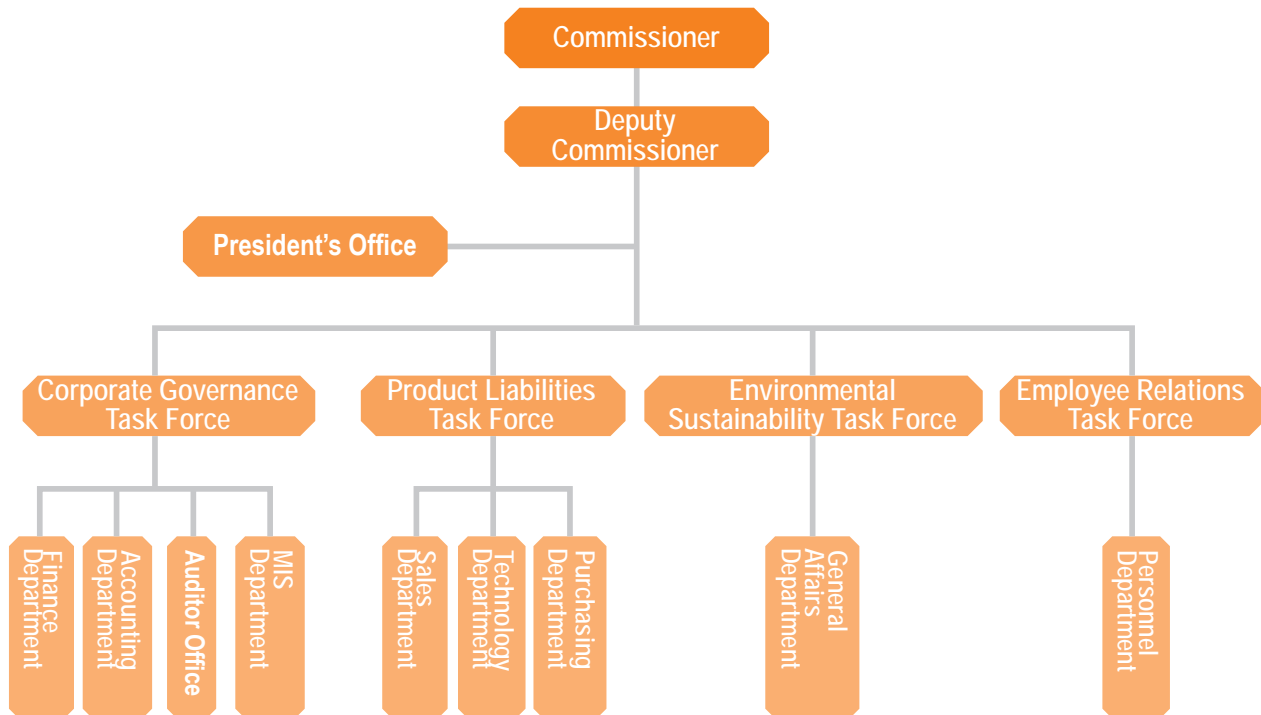
The Board of Directors established the "Corporate Social Responsibility Practices Guidelines", "Ethical Management Guidelines" and "Code of Ethical Conduct for Directors and Executives" in 2011. In 2019, the "Board of Directors' Performance Evaluation Procedure" was formulated, and in 2020, the "Practical Guidelines for Corporate Governance" were established. In 2022, the "Corporate Social Responsibility Practices Guidelines" were revised and transformed into the "Sustainable Development Practices Guidelines".

Starting from 2015, the General Affairs Department and the President's Office (beginning in 2024, the responsibility will be handed over to the Sustainable Development Promotion Task Force) have been regularly presenting the Company's Sustainable Development Implementation (formerly referred to as Corporate Social Responsibility Implementation) and Ethical Management status to the Board of Directors in Q2 each year. Since 2021, the President's Office has been submitting the Board of Directors' Performance Evaluation Report to the Board of Directors in Q1 each year.

In September 2022, San Shing established the "Sustainable Development Promotion Task Force" with the authorization of the Board of Directors. The task force is led by the President as the commissioner and VP as the deputy commissioner. It consists of several units, including the "Corporate Governance Task Force", "Product Responsibility Task Force", "Environmental Sustainability Task Force", and "Employee Relations Task Force". The President's Office is responsible for coordination and ensures that the task force adheres to the guidance of the Board of Directors. The sustainability performance for 2021 was reported to the Board of Directors in May 2022, as disclosed in the annual report. The sustainability implementations for 2022 has been reported to the Board of Directors in May 2023, as disclosed in the annual report. Furthermore, following the compilation of this report, it underwent review and finalization by the Vice President, President, and Chairman. Starting in 2023, we will annually prepare and submit a Chinese version of the sustainability report in accordance with regulatory requirements.

The GHG Inventory Task Force is managed by the Vice President, who serves as the team's representative, with an executive secretary responsible for coordination. This task force is composed of various units within the Company's organizational structure. Starting from 2022, the Company is obligated to provide quarterly reports to the Financial Supervisory Commission based on their letter, Han No. 1110381030. These reports should outline the Company's advancement in conducting GHG inventory and verification. The inventory phase is slated for completion by 2023, with the verification phase to follow in 2024.

Organizational Chart of the Sustainable Development Promotion Task Force



1.2 Ethical Integrity

San Shing strictly prohibits dishonest conduct and upholds the principle of conducting business in a fair and transparent manner. The Company aims to establish a culture of ethical business operations and integrity, promoting sound corporate governance. In 2011, the Board of Directors introduced the "Ethical Management Guidelines", which was subsequently revised in 2018. This guideline outlines that directors (including independent directors), executives, employees, appointees, or those with substantial control must not, during their commercial activities, directly or indirectly offer, promise, request, or accept any improper benefits, or engage in other dishonest behaviors that violate integrity, are unlawful, or breach entrusted obligations, all in pursuit of obtaining or preserving interests. Moreover, the Company has formulated the "Code of Ethics for Directors (including Independent Directors) and Managers" and the "Rules on the Responsibilities of Independent Directors" to provide a framework that ensures the ethical conduct of the Company's directors (including independent directors) and managers, while also enhancing stakeholder understanding of the company's ethical standards. Furthermore, Article 12 of the "Work Rules" outlines the obligation of honesty. This mandates that employees must strictly uphold their duty of confidentiality, refraining from divulging sensitive information or participating in activities that breach their commitment to maintaining secrecy. In addition, employees are expected to exhibit integrity and transparency in their everyday behavior, thus safeguarding the Company's reputation. They are prohibited from leveraging their professional connections for purposes such as bribery, fraudulent activities, misappropriation of company assets, or soliciting/receiving inappropriate benefits like commissions, fees, or any other unauthorized advantages from clients or suppliers. The aforementioned internal regulations are all published on the Company's official website or shared storage drive as references for our personnel in the execution of their duties.

Furthermore, regular education and awareness programs on "Prevention of Insider Trading Management", "Internal Handling of Material Non-Public Information Procedures" and relevant regulations are conducted for directors, managers, and employees. New directors and managers will receive this training within three months of assuming their roles, and new employees will receive it during their pre-employment training. In the future, the Company plans to provide annual education and training programs, as well as awareness initiatives on business integrity, anti-corruption, and anti-bribery for directors, managers, employees, and personnel in related entities. This will ensure that they have a thorough understanding of the Company's commitment to conducting business with integrity, its policies, preventive measures, and the repercussions of engaging in dishonest conduct. In 2022, both the Company and its subsidiaries conducted a risk assessment concerning various potential dishonest behaviors in order for necessary preventive measures and strategies to be formulated. The overall assessment results indicated a low-risk scenario. In addition, there were no incidents of legal actions for anti-competitive behavior, anti-trust, and monopoly practices.

Integrity and Anti-Corruption Actions in 2022

Engagement Category	Method of Engagement	Percentage of Engagement
Board Members, Managers	<ul style="list-style-type: none"> Directors and managers attended a series of four advocacy and awareness sessions, each lasting 0.5 hours, which covered common patterns of violations related to insider trading under the Securities Exchange Act. In total, 35 individuals participated in these sessions over the course of the year. When a corporate director is replaced with a new representative, the newly elected director is provided with the latest version of director/supervisor educational materials, a director/supervisor handbook, and other relevant company regulations. Each year, directors and managers are required to complete a series of online management training courses. These courses are designed to ensure compliance with various regulations, including the TWSE's "Prevention of Insider Trading Section" educational program. 	100%
Employees	<ul style="list-style-type: none"> We have incorporated TWSE's "Prevention of Insider Trading Section" educational program into our year-end employee awareness survey. In 2022, the overall passing rate for the employee awareness survey came to 99.1%. Ethical and anti-corruption awareness programs are conducted during regular meetings with procurement departments that frequently interact with suppliers. Education and training related to ethical management (which covers topics such as compliance with ethical management laws and regulations, conflict of interest, accounting, and internal control) were conducted both internally and externally. The external training involved 22 participants and spanned a total duration of 96 hours, while the internal training had 29 participants and a combined duration of 203 hours. 	100%
Suppliers	<ul style="list-style-type: none"> Provisions clearly stipulated in the Company's standardized contract that strictly prohibit the following: <ol style="list-style-type: none"> Suppliers or other relevant individuals are prohibited from offering commissions, promises, or similar benefits to the Company's personnel in connection with the signing or execution of this contract. Any violation will require compensation for any losses incurred by the Company due to such actions and may result in legal consequences. San Shing personnel are also prohibited from requesting suppliers to undertake projects outside the scope of the contract or engaging in bribery. Violation will lead to legal consequences. The pre-site visit briefing for suppliers and contractors shall include the establishment of a communication mechanism and the promotion of ethical management guidelines. 	100%

Grievance and Whistleblowing Mechanism

Driven by our insistence on respecting the rights and interests of stakeholders, San Shing maintains open and effective communication channels to honor and safeguard their legal rights. We have established a dedicated stakeholder section on our website and designated a contact person for relevant interactions. Should the legitimate rights and interests of stakeholders be violated, they are encouraged to submit complaints or reports through the designated channels in the Stakeholder Section on our website. San Shing, guided by principles of integrity, will handle these matters appropriately, ensuring that the privacy of stakeholders is protected and that the reporting/grievance channels remain open and secure. The Company has designated the head of its Auditor Office to be the primary contact for its stakeholder relations. Upon receiving reports or complaints from stakeholders, the Company will assemble an investigation team comprising relevant personnel to conduct a factual investigation and take appropriate actions based on the content of the reports or complaints. The designated unit and investigation team are required to handle any complaint cases with the utmost confidentiality and document them as separate cases. If the investigation by San Shing's investigation team confirms any improper conduct in the reported cases, the personnel found to be at fault will be subject to disciplinary actions in accordance with the Company's regulations, and we will urge the related departments to implement improvements promptly.

If the investigation into reported cases reveals any unlawful activities, legal actions should be pursued in accordance with the relevant laws and regulations. The investigation team should respond to the complaint within 30 days from the date of receipt, taking into account the nature of the case and the relevant evidence, using the appropriate method. San Shing's investigation team shall maintain confidentiality regarding the contents of complaints and appeals, the identities of the parties, and their personal information. This information should not be disclosed to any third party except when necessary for the investigation, processing, communication, or required by law. The Company is committed to providing protection for whistleblowers, complainants, and individuals participating in the investigation process to protect them from unfair retaliation or treatment.

- Company website - Stakeholder Section, Reporting/Complaint
E-mail: ger@mail.sanshing.com.tw
To submit a written report/complaint: send to No. 355-3, Sec. 3, Zhongshan Rd., Guiren District, Tainan City
- The Company has established an internal employee feedback mailbox and a channel for employee complaints. For detailed information, please refer to section 4.3 on Human Rights Protection, Human Rights Complaints, and Whistleblower System.

1.3 Operational Performance

Since the outbreak of the COVID-19 pandemic in 2020, there has been a more cautious approach to capital goods, especially in the automotive sector. Consequently, customers have prioritized inventory consumption, resulting in a hesitant and conservative approach to placing orders. However, in 2021, as vaccines were developed continuously and given that Taiwan was less affected by the pandemic compared to many other countries, the COVID-19 situation had gradually improved and stabilized due to the ongoing vaccine improvements, leading to more steady growth by the first half of 2022. However, in the latter half of 2022, the economy faced a stagnation period due to rising inflation and interest rate hikes in various countries. Consequently, the export value for 2022 increased by 15.13% when compared to the same period in 2021, despite a slight 0.70% decrease in the export volume. Our primary export markets include highly industrialized and developed countries like the United States, Germany, the Netherlands, Japan, and the United Kingdom. We anticipate that the year 2023 will see relatively stable economic conditions, influenced by the impact of inflation and interest rate changes. Nonetheless, the continuous improvement in component quality in mainland China and Southeast Asia has made competition in these regions a common challenge and concern for domestic industries. While domestic industries are gradually transitioning towards the development of high-value-added components, avoiding direct competition in low-value-added markets, they are still influenced by these regions. Additionally, South Korea has separately signed free trade agreements (FTAs) with the European Union and the United States. Although there are significant differences in the main component products exported by Taiwan and South Korea at present, and the short-term impact is limited, it will be necessary to continuously monitor the subsequent effects in the future.

Despite the impact of various international economic factors, exchange rate fluctuations, the COVID-19 pandemic, the Russia-Ukraine conflict, and the high degree of political uncertainty in the competitive environment, the benefits of San Shing's commitment to the research and development of high-end, high-value-added, and high-tech automotive components and contract manufacturing continue to be evident. In 2022, the consolidated net operating revenue for San Shing and its subsidiaries amounted to NT\$ 7,165,036 thousand, showing an increase of NT\$ 57,863 thousand, or 0.81%, compared to the same period last year of NT\$7,107,173 thousand; the consolidated gross profit for the year was NT\$ 1,879,147 thousand, marking an increase of NT\$ 132,304 thousand, or 7.57%, compared to the previous year of NT\$ 1,746,843 thousand; our consolidated operating profit reached NT\$ 1,265,710 thousand, reflecting a growth of NT\$ 35,954 thousand, or 2.92%, compared to the same period last year of NT\$ 1,229,756 thousand. Finally, our consolidated pre-tax net profit came to NT\$ 1,373,532 thousand, representing an increase of NT\$ 111,263 thousand, or 8.81%, compared to the previous year of NT\$ 1,262,269 thousand. Additionally, in 2022, we received a subsidy of NT\$ 90,400 from the Yunlin-Chiayi-Tainan Regional Branch of the Ministry of Labor's Workforce Development Agency (under the Enterprise Human Resources Enhancement Program) and a subsidy of NT\$33,015 from the Bureau of Labor Insurance (for employee prenatal and paternity leave salary support).

San Shing's Economic Performance in the past three years

Unit: NT\$ thousand

Category	Item	2020	2021	2022
Direct economic value generated	Operating revenue	5,072,643	7,107,173	7,165,036
	Non-operating revenue	103,613	33,061	108,701
Distributed economic value	Operating costs	2,735,561	3,944,444	3,670,522
	Employee salary and benefits	1,082,599	1,329,398	1,330,048
	Payments to capital providers	591,039	590,388	885,640
	Taxes paid to the government	151,011	265,282	288,386
	Fines paid to the government	-	40	59
	Community investment	390	5,490	5,510
Retained economic value	Retained economic value	615,656	1,005,192	1,093,572



Award for International Trade Outstanding Export/Import Business Certificate for 2020



Award for International Trade Outstanding Export/Import Business Certificate for 2021

1.4 Information Security

Information Security Policy



San Shing's information security policy has been established to ensure the continuous operation of the Company's business and stable use of cybersecurity services we provide.

The policy also ensures the confidentiality, integrity, and availability of the information assets maintained by the Company and safeguards the privacy of personnel data.

In addition, we've also established an information security business sustainability plan to implement cybersecurity activities in compliance with pertinent laws and regulations.

Information and Communication Security Risk Management Body

The President has appointed the head of the MIS Department to establish an Information and Communication Security Management Team, responsible for leading and relevant planning. Various relevant business units also cooperate in execution to ensure the effectiveness of the Company's information and communication security management. The team is responsible for formulating information and communication security management policies and has established the following management regulations: Computer File Security Management Procedure, Information Security and Emergency Response Plan Management Procedure, Network Equipment Maintenance Management Procedure, Email Publication Guidelines, and Information System Requirements Procedures. These are reviewed and amended periodically and the team conducts quarterly meetings to review the implementation status and reports annually to the Board of Directors on the progress. The President serves as the Information Security Supervisor, and the team includes three dedicated information security personnel. They reported the implementation status to the Board of Directors on May 5, 2022. San Shing allocates an annual budget exceeding NT\$ 300,000 for information and communication security management, with a team comprising over 10 members. In 2022, the team held a total of four meetings.

Information and Communication Security Risk Management Objectives

There's no shield in this world that is impenetrable. To stay ahead of the constantly evolving threats, it's crucial to not only maintain a vigilant mindset but also continually enhance our cybersecurity defense capabilities. With this in mind, San Shing has established the following objectives for advancing our information and communication protection:

1. **Safeguarding data privacy:** Ensuring the proper protection of user data, including that of employees, customers, and suppliers. To this end, we have leveraged technologies such as encryption, access control and monitoring to safeguard and restrict the use of confidential data.
2. **Enhancing network security:** Currently, San Shing employs devices such as firewalls and content monitoring equipment to oversee and prevent unauthorized network activities. In the future, we aim to strengthen network security through hardware upgrades and the addition of monitoring software and hardware.
3. **Backup and disaster recovery:** While San Shing currently has a comprehensive backup and disaster recovery process, prevention is always better than cure. We aspire to enhance our ability to anticipate issues in the future and explore solutions to minimize the impact of disasters.
4. **Monitoring and logging:** San Shing currently has basic monitoring and logging in place for user behavior and network activities. However, in the face of ever-increasing threats, we recognize the need for continuous improvement in this area to promptly detect and respond to security incidents in the future.

Concrete Information and Communication Security Management Solutions

San Shing conducts daily system status checks, data backups, and stores backup media off-site, with the details being recorded in the "Backup Media Off-Site Storage Log". Additionally, semi-annual disaster recovery drills are held for the entire plant and various departments. In 2022, a total of 13 drills were conducted, all of which were successfully completed. Any issues that arose during the drills were promptly addressed and resolved. Other concrete information and communication security management solutions we have adopted are as follows:

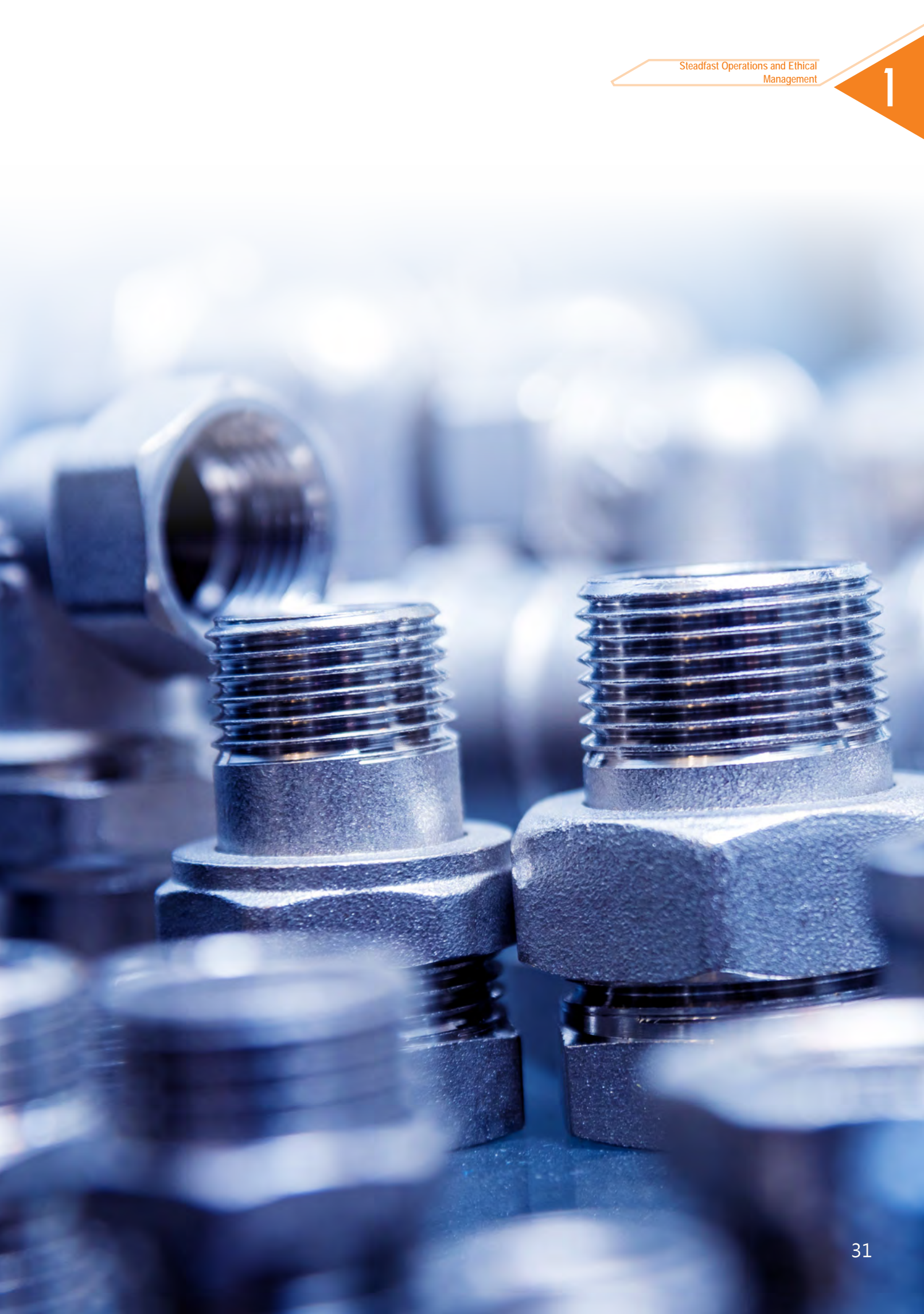
1. Established a mechanism for regularly taking inventory of our information assets, and we align this process with our information security risk assessments to effectively implement various control measures.
2. Employees are required to apply for user accounts when using computer systems, and we have implemented appropriate data access authorization and control. We also periodically mandate password changes and have employees sign agreements on intellectual property rights and confidentiality of trade secrets.
3. The computer server room is under 24h access control.
4. A data backup mechanism is established based on their importance levels, along with the implementation of off-site backup servers and the storage of backup media at off-site locations.
5. Conducting routine equipment simulation tests and disaster recovery drills for critical systems is essential to verify the effectiveness of contingency measures and data preservation. The goal is to minimize system downtime and ensure a swift return to normal operations in the shortest time possible.
6. Evaluate and enhance the protective capabilities of endpoints, servers, and network equipment. Install antivirus software and ensure regular updates of virus definitions while prohibiting the use of unauthorized software.
7. Endpoint antivirus measures are established based on the type of computer, with an emphasis on strengthening the detection of malicious software behavior.
8. When computers are scrapped, hard drives will be removed and disassembled, and the internal magnetic media disks duly scratched to prevent data leakage.
9. External emails are under effective control and monitoring. We conduct electronic mail social engineering to heighten employee awareness of potential malicious email attacks and employ phishing email defense mechanisms to prevent the inadvertent execution of harmful or ransomware-related malicious programs.
10. We regularly review and enhance our firewall and network controls to prevent hacker attacks and unauthorized access to our internal network.
11. We stay in close contact with our cybersecurity vendors and regularly examine security reports. Should we discover any network vulnerabilities or server system weaknesses, we would act quickly to apply the necessary patches and fixes.
12. We have established standard procedures for responding to and reporting information security incidents. In addition, we also take immediate action to address information security incidents to prevent any further harm.
13. All employees are required to comply with legal regulations and information security policy requirements. Supervisors are responsible for overseeing the implementation of the information security compliance system and regularly communicate the Company's latest information security regulations and guidelines to strengthen awareness among colleagues regarding information security and legal compliance.
14. Newly hired employees receive orientation sessions to increase their awareness of various aspects of information security, thereby enhancing their understanding of the importance of information security.
15. The Company enlists CPA to perform an external audit once per year and through the process, we are able to reduce the risk of information security.

San Shing places paramount importance on safeguarding customer information privacy and intellectual property rights. In addition to the specific management measures within the MIS Department as mentioned above, access permissions for customer-related data stored in the systems are duly controlled for relevant personnel. Apart from conducting regular audits, we would also sign confidentiality agreements with customers to ensure that customer information remains secure and is not disclosed to external parties. In 2022, there were no incidents related to customer privacy infringement, data leaks, data theft, or loss of customer information.

1.5 Compliance with laws and regulations

San Shing is committed to adhering to government laws, international conventions, and other legal regulations. To enhance employees' awareness of human rights and corporate social responsibility, as well as to protect their rights and interests, we periodically distribute updates on relevant matters and regulations issued by regulatory authorities. These updates cover topics such as insider trading regulations, major information disclosures, and compliance guidelines. They are distributed to employees to support the development and revision of internal controls and to reinforce compliance and legal awareness among our workforce. In 2022, the Company incurred minor administrative penalties due to oversights in reporting. Specifically, we had two incidents with the Labor Bureau, and one incident with the National Tax Bureau, incurring fines of NT\$ 53,412, \$5,000 and \$750 respectively. These were relatively minor issues, and no material ^{note} violations or incidents occurred during the year.

Note: Definition of "material violation: Pursuant to Paragraph 4, Article 26 of the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.





2

Product Services and Partner Relationships

- 2.1 Products and Services
- 2.2 Industry Value Chain
- 2.3 Supplier Management
- 2.4 Customer Relationship Management

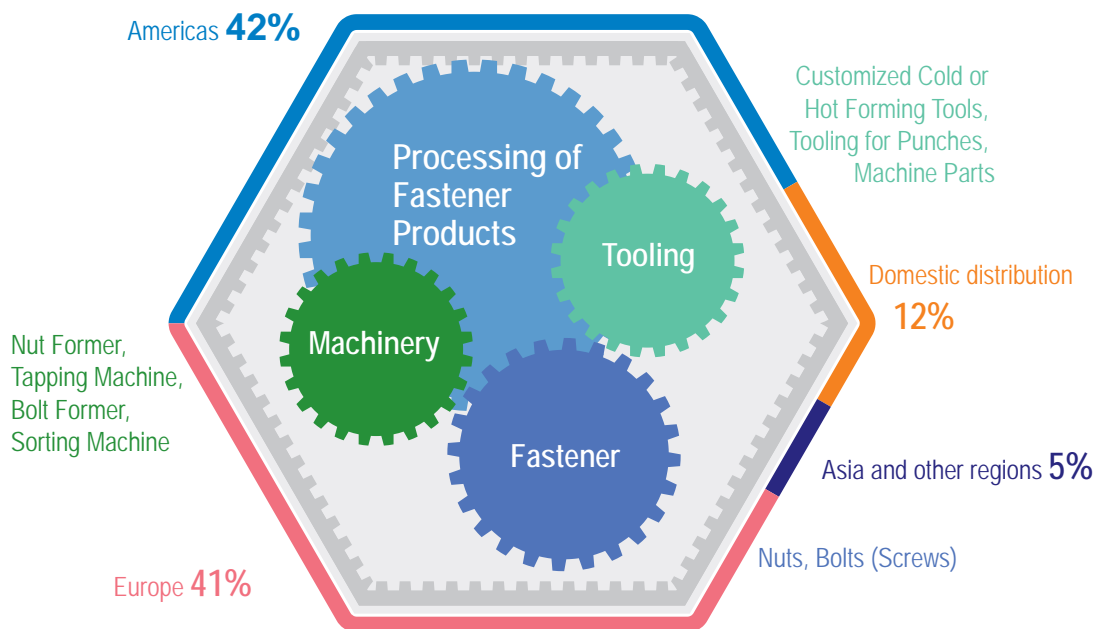
 Products and Services Management Policy	
Material Topic	Product Safety and Quality, Innovative Research and Development
Policy Commitments	<p>Quality Policy - "Quality is the life of San Shing" and by promoting rationalization, standardization, and implementing quality manuals, we aim to create a corporate culture that values quality through education, training, and leading by example.</p> <p>We aim to advance towards the high-quality and high-value automotive and aerospace-grade products, apart from developing high-performance and high-efficiency machinery and molds. The Company also invests in automation technologies to reduce costs and enhance competitiveness.</p>
Responsibilities	<ul style="list-style-type: none"> • Fastener Division: conduct feasibility risk assessments for our products, provide feedback on process capabilities, evaluate and implement corrective measures, and promote continuous improvement activities. • Quality Assurance Department: drive standardization and quality management initiatives within the Company and oversee the operation of the laboratory management system. The department also convenes regular quality issue meetings, and tracks and confirms the effectiveness of improvement actions proposed during these meetings. • Technology Department: development of technology related to fastener production and tooling design. • R&D Division: innovative development of relevant equipment.
Specific Actions	<ul style="list-style-type: none"> • Introduction of various ISO quality management systems, including 9001, IATF 16949, AS 9100, and ISO/IEC 17025. • Posting significant quality-related information at San Shing on our bulletin boards to enhance employee awareness. • We request and assist suppliers to become accredited to ISO 9001 certification. • Arrange for design personnel to receive relevant training.
Objective and Target	<p>Short-term (1-3 years)</p> <ul style="list-style-type: none"> • Achieving and maintaining various quality management system certifications annually as performance indicators. • To have zero violations relating to product quality requirements or any noncompliance with marketing law regulations. • To digitize the quotation inquiry process for Technology Department by 2023. • To complete the R&D projects for the "Medium-Sized Energy-Efficient Nut Forming Machine" and the "AI Sorter" by 2023. <p>Medium/Long-term (3-5 years)</p> <ul style="list-style-type: none"> • To assist the Technology Department to transition from paper-based document exchange to digital operations with a conversion rate of at least 95% or higher before 2028. • To complete 20 R&D projects by 2028.
Implementation Outcomes	<ul style="list-style-type: none"> • Continued receiving certifications for quality management system, including ISO 9001, IATF 16949, AS 9100 and ISO/IEC 17025 in 2022. • Had zero violations relating to product quality requirements or any noncompliance with marketing law regulations in 2022. • Completed 4 R&D projects in 2022.

Partner Relationships Management Policy	
Material Topic	Sustainable Supply Chain Management, Customer Service and Satisfaction
Policy Commitments	San Shing plans to incorporate relevant ESG sustainability requirements (i.e. economy, environment, people, human rights) into the assessment and audit criteria for suppliers and outsourced manufacturers. The Company will also offer guidance and assistance to suppliers and outsourced manufacturers in meeting these sustainability requirements. San Shing adheres to the principle of "Customer satisfaction & Quality comes first", aiming to meet customer demands and establish mutually beneficial partnerships.
Responsibilities	Supply chain sustainability management is handled by the Purchasing Department. When customer needs that require assistance are identified, the business departments convey these needs to the relevant departments. Subsequently, the relevant departments carry out the required operations and promptly communicate the conclusions to the business departments to satisfy customer needs.
Specific Actions	<ul style="list-style-type: none"> • Monthly evaluation for "wire rod suppliers". • Establishment of cross-department evaluation team for "New Outsourcing Manufacturer Evaluation". • Monthly evaluation and annual onsite audit for "existing outsourced manufacturers". • Adhere to the requirements of the quality management system and perform a complete inspection before shipping to minimize the occurrence of defective products. • Prioritize the production of urgent orders with specific requirements to meet our customers' expedited delivery needs.
Objective and Target	<p>Short-term (1~3 years)</p> <ul style="list-style-type: none"> • Establish our "New Supplier Evaluation" mechanism by 2023. • Establish our "Code of Conduct for Outsourced Manufacturers" with a 100% signing rate by 2023. • By 2023, we will establish audit criteria for "outsourced manufacturers", which will include provisions related to child labor prohibition, creating a friendly work environment, and ensuring safety requirements. • By the end of 2024, we aim to complete the first round of audits for "outsourced manufacturers" with a pass rate of 90% or higher. • For 2023 and 2024, we plan to achieve a customer satisfaction rating of more than 4.7 for our nuts and bolts; and a customer satisfaction rate of 80% or higher for our machinery/tooling. <p>Medium/Long-term (3-5 years)</p> <ul style="list-style-type: none"> • Encourage our suppliers to establish carbon reduction goals and carbon neutrality plans while implementing our "Carbon Reduction Plan". • For 2025 and 2026, we plan to achieve a customer satisfaction rating of more than 4.75 for our nuts and bolts; and a customer satisfaction rate of 85% or higher for our machinery/tooling.
Implementation Outcomes	<ul style="list-style-type: none"> • In 2022, all three of our wire rod suppliers underwent evaluation, and they all received a "pass" rating, achieving a 100% pass rate. • All 52 outsourced processing plants audited in 2022 were found to be compliant. • The average satisfaction survey results for the Nuts Department in 2022 came to 4.62, and for the Bolts Department, the average satisfaction survey result was 4.75. • The satisfaction survey results for our machinery and parts in 2022 were 83%, while the satisfaction survey result for our tooling in the same year came to 82%.

2.1 Products and Services

San Shing Fastech's main products can be categorized into four major groups: nuts, bolts, tooling, machinery and parts. The majority of our revenue, approximately 80-90%, comes from fasteners such as nuts and bolts. Over 80% of such orders come from the automotive industry, including major automotive manufacturers like GM, FORD, CHRYSLER, VW, BMW, BENZ, VOLVO, AUDI, FIAT, NISSAN, MAZDA, and HONDA. Our fastener business operates on a made-to-order production model, and our products are not supplied directly to automotive OEMs but rather to OEM manufacturing companies commissioned by the automotive OEMs.

San Shing's Business Scope

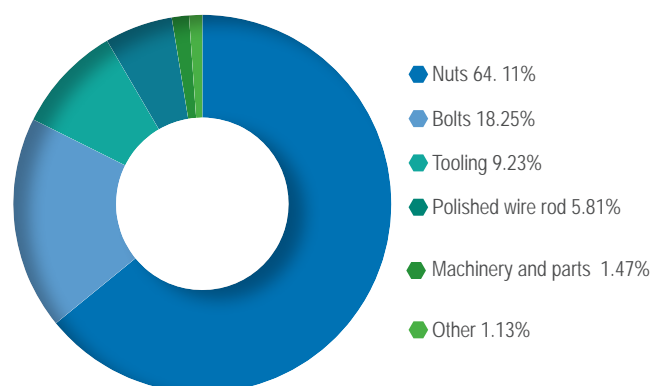


Primary regions of product distribution

Unit: NT\$ thousand

Territory of distribution	2021	2022
Americas	2,308,498	2,697,910
Europe	2,637,162	2,603,994
Asia and other regions	243,548	319,453
Domestic distribution	1,207,091	753,693

Ratio of Product Revenue for 2022



Note: Based primarily on the individual financial statements of SAN SHING FASTECH CORP.

Leading Advantages

Excellence in technology

San Shing is not only a pioneer in the development of nut forming machinery in Taiwan but also a technological leader in the nut industry domestically. In 1974, San Shing pioneered the licensing of its proprietary technology patents to Japanese companies. Over the next 50 years, continuous innovation and improvement efforts have resulted in nearly 30 outstanding technologies recognized with patent certificates in over 20 countries worldwide. San Shing's technological expertise has been repeatedly acknowledged by renowned international organizations, leading to the signing of various strategic alliance and cooperation agreements.

Comprehensive vertically integrated system

San Shing has established a comprehensive vertical integration system that includes its own research and development department, technology department, machinery factory, tooling factory, wire factory, post-processing factory, and testing services. Through in-house development and continuous improvement of machines and tooling, we have enhanced our manufacturing capabilities and product quality. This is further complemented by well-established processes such as wire drawing, thread rolling, cold heading, thread cutting, pressing (capping), and oil removal and packaging. In addition, the Company has subsidiary facilities like the heat treatment factory and electroplating factory under the subsidiary and satellite plants. This level of vertical integration results in a highly streamlined and consistent production process, making San Shing one of the most comprehensive and vertically integrated companies in the fastener industry.

Largest in the world with the most comprehensive product lineup

San Shing currently produces nearly 50,000 metric tons (4.8 billion pieces) of nuts each year, accounting for about 1/6 of Taiwan's total exports. The nuts exported to the United States make up approximately 5.19% of Taiwan's total export weight, making San Shing the world's largest steel nut manufacturer. In 2004, San Shing began large-scale exports of nuts to supply various major automobile manufacturers, accumulating over 20 years of fruitful experience. Currently, all products produced are based on designs provided by various major automobile manufacturers (such as Audi, Ford, GM, Volvo, VW, etc.) and industrial clients.

Quality and Responsibilities

San Shing's commitment to quality, encapsulated in its motto, "Quality is San Shing's life", is underpinned by robust research and development capabilities in automated machinery design, production equipment design, and tooling design. The Company's high degree of technological independence and its proficiency across the entire production process, from pre-production to post-production, ensure a seamless and integrated production cycle. At every phase, we enforce rigorous quality control measures to uphold our commitment that "Customer satisfaction & Quality comes first". San Shing has always been at the forefront of establishing a comprehensive quality management system, aiming for continuous improvement and excellence in quality since its inception. This dedication has led to the attainment of numerous international certifications, showcasing the Company's commitment to maintaining the highest standards of quality. Moreover, we have established a testing laboratory certified by NVLAP (Lab Code: 200158-0) that complies with ISO/IEC 17025. This laboratory is equipped to perform chemical analyses, dimension inspections, mechanical and physical property tests, as well as metallographic inspections of our products.

In addition, as an export-oriented company, San Shing adheres to the quality standards and regulations in various regions while meeting the high-quality and craftsmanship demands of our customers. This commitment enables us to maintain a leading position in the industry by continuously developing high-quality and high-value products for the automotive and aerospace industries, thereby avoiding competition in the low-cost product market.

Quality System and Laboratory Certifications

Quality Milestones

- 1992 ▶ ISO 9002 Quality Management System
- 1993 ▶ Chinese National Laboratory Accreditation (CNLA) testing laboratory quality system certification
- 1996 ▶ QS 9000 and ISO 9002 Quality Management System
- 1999 ▶ AS 9100 quality system for aerospace industry
- 2004 ▶ ISO/TS 16949 Automotive Quality Management System
- 2006 ▶ AS 9100B quality system for aerospace industry
- 2018 ▶ ISO 9001:2015 Quality Management System
IATF 16949:2016 Global Automotive Quality Management System
AS 9100D quality management system
- 2020 ▶ ISO/IEC 17025:2017 testing laboratory quality management system

Note: For the scope of testing required ISO/IEC 17025 testing laboratory quality management system as part of the NVLAP(Lab Code:200158-0) evaluation, please see San Shing's official website.



ISO 9001: 2015 quality management system certification
Certification valid until: 2024/08/25



IATF 16949: 2016 Global automotive quality management system certification
Certification valid until: 2024/08/25



AS 9100D quality management system certification
Certification valid until: 2025/06/10



ISO/IEC 17025:2017 testing laboratory quality management system certification
Certification valid until: 2024/06/30

In the development phase of our products, the R&D department and the technology department ensure that the products meet international certifications. San Shing primarily serves international automobile manufacturers, and all products developed by the technology department comply with IMDS requirements. As for the export equipment developed by the R&D department, customers are able to specify the necessary international standards. From 2018 to 2022, as per customer requests, all machines meeting CE specifications have been applied for and received CE certification, in full compliance with CE regulations. During the supplier contract review phase, the Company explicitly informs suppliers that they must comply with REACH and RoHS, and their raw materials must meet conflict mineral requirements. Suppliers are prohibited from using conflict minerals from conflict-affected regions, such as the Democratic Republic of Congo. These conflict minerals include tantalum, niobium, tungsten, tin, gold, and their derivatives. Furthermore, outsourced factories must provide IMDS data, which is internally reviewed by San Shing for compliance and the absence of related prohibited substances. This ensures that the entire supply chain meets the relevant green quality requirements, thoroughly guaranteeing the quality of San Shing products.

Note:

1. IMDS: The International Material Data System is a database for collecting information about automotive components and materials and it is primarily used in the automotive manufacturing industry.
2. CE, which stands for Conformité Européenne, is a regulatory mark that is required on most products sold within the European Economic Area (EEA). The CE mark signifies that the manufacturer or service provider ensures that their product complies with the relevant European Union directives and has undergone the necessary assessment procedures. Relevant EU directives include directives for toy safety, machinery, and so forth.
3. There had been no incidents of non-compliance concerning the health and safety impacts of products and services in 2022.

Innovative Research and Development

Leveraging our foundation in fastener production, the San Shing Research Center delves deep into critical fastener processes, such as forming, threading, and inspection. This is achieved through a comprehensive research and development management system. The center extends its innovative reach by aligning its capabilities with market opportunities, setting the stage for these opportunities to serve as entry points for future products. This transformation journey shifts the Company's focus from being technology-centric to knowledge-driven, charting a path for sustainable operations in the coming decade. In 2022, research and development expenses for San Shing amounted to NT\$ 30,173 thousand, accounting for nearly 0.5% of the Company's individual operating revenue. Over the past two years, our total expenditure on research and development has reached approximately NT\$ 74,430 thousand.

San Shing's R&D Expenditures for the Past Two Years

Unit: NT\$ thousand

Year	2021	2022
Total expenditure	44,257	30,173

Digital Transition

San Shing is a global leader in fastener manufacturing. Over the years, the Company has been committed to digital transformation, successfully enhancing efficiency and processes. Relevant efforts include establishing an information team to connect factory data and understand product characteristics and processes. Independent development of information systems and machine equipment enabled San Shing to achieve intelligent processes and automation, thus enhancing production efficiency and management capabilities. By driving intelligent inspection and energy efficiency in the manufacturing process, we are able to achieve real-time management while transitioning supply chain operations to the cloud to reduce manual labor and human errors.

Through several years of digital transformation efforts, San Shing has achieved significant results. In order to enhance our corporate culture and competitiveness, San Shing has established its "Digital Transformation Team" this year. The team consists of carefully selected individuals from various business units who possess both practical factory experience and a strong background in information technology. The primary goal of this team is to focus on cross-departmental information integration and operational process improvement, with the aim of continuously optimizing our business processes and management models. Through this initiative, we aim to further enhance efficiency and foster collaborative efforts, ultimately achieving superior business outcomes.

List of projects promoted by the "Digital Transformation Team"

Project	Description of featured technology
1 Digitization of forming and punching die status cards	Recording, tracking and statistical analysis of relevant data
2 Digitization of the fastener business inquiry and quotation processes	Reform of internal process (cross-department information/data transmission)
3 Procurement supplier cloud integration	Reform of external process, EDI (supplier portal)
4 Fastener outsourced manufacturer cloud integration	Reform of external process, electronic payments (outsourced processing website)
5 Digitization of human resource management	Process digitization (internal electronic sign-off)
6 Digitization of fastener process inspection record and SPC	Real-time job reporting system
7 Digitization of equipment daily inspection	Scanning technology (QR Code, NFC)
8 Wireless material arrival and receipt	Wireless networking
9 Digitization of machine production parameters	Sensor and equipment networking (communication network)
10 Digitization of inspection data	Digital equipment connectivity and data collection

Improvement Proposal System

San Shing has always believed in the importance of the Improvement Proposal System and is committed to promoting and implementing it in accordance with the "TPM Improvement Proposal Management Method". This system is not just a collection of processes and regulations, but a reflection of San Shing's corporate culture.

The "Improvement Proposal System" focuses on providing constructive suggestions related to the current job duties (involving those above, below, left, and right of the current role) for enhancing quality, reducing costs, saving energy, increasing output, simplifying work, process improvement, boosting morale, ensuring workplace safety, environmental protection, and other factors contributing to production operations. These suggestions are all included as part of the improvement activities. Since 2015, a total of 88 proposals have been completed. In 2022 alone, there were 12 proposals, all of which were successfully implemented for relevant improvements.

Flow of improvement proposal implementation: Proposal submission →
Proposal review → Implementation and follow-up → Reward mechanism

Unit: NT\$/year

Year	Project name	Anticipated annual benefits	Confirmed annual benefits
2017	XT0301 (lathe 45N01), research on CNC spindle detection	40,000	79,200
2021	Commissioning of design for optical filter to identify reverse washers	100,000	100,000
2022	Improvement on the detection rate of cylindrical indents for RF series	81,000	81,000
2022	Reduction of bolt feeder wheel weight	20,000	20,000
2022	Commissioning of design for track-mounted mobile platform	11,000	11,000

Self-developed Machinery

San Shing's self-developed machinery is known for its speed, user-friendly operation, easy maintenance, and excellent quality, earning high praises from customers worldwide. In recent years, we have integrated machinery design, manufacturing, and machinery usage services to address diverse customer needs. This approach ensures that customers receive not only machinery equipment but also enhanced "productivity" and "competitiveness".

The research and development plans related to self-developed machinery are controlled and executed in accordance with the "Machinery Product Design and Development Control Procedure". This procedure encompasses the units and individuals involved in the machinery design and development process, control, machinery product validation, review, and document data control. It ensures that the design of machinery products meets customer requirements for quality, cost, and delivery. During the machinery product design phase, we strive to adhere to our principle that "Quality is San Shing's Life", thus enabling us to deliver stable product quality, preventing errors while enhancing efficiency.



Unit: NT\$/year

Year	No. of completed R&D projects	Total no. of R&D projects	R&D expenditure (in NT\$ thousand)
2018	4	8	32,493
2019	4	8	28,782
2020	4	8	27,216
2021	4	7	44,257
2022	4	8	30,173



Self-developed Machinery - Energy-saving Design

Starting in 2018, San Shing has made a significant energy-efficient upgrade to its self-manufactured "nut forming machines". The primary focus has been on the replacement of the main motor, which now features a "variable-frequency motor" instead of the previous "pole-changing motor". This upgrade has led to an efficiency improvement, with variable-frequency motors delivering around 2-11% higher efficiency compared to their pole-changing counterparts.

As of 2022, San Shing has exported a total of 25 "variable-frequency motor" nut forming machines. Assuming an annual work schedule of 250 days, with each day featuring 16 hours of operation, and based on the electricity carbon emission factor of 0.495 (kgCO₂e/kWh) as published by the Bureau of Energy in 2022, the total reduction in carbon emissions has been calculated, using "pole-changing motors" as a benchmark for comparison.



Each year, we nut forming machine would **save a total of 180,917 kWh of electricity**, equivalent to a reduction of **89,554 kg Co₂e**

Patent Deployment

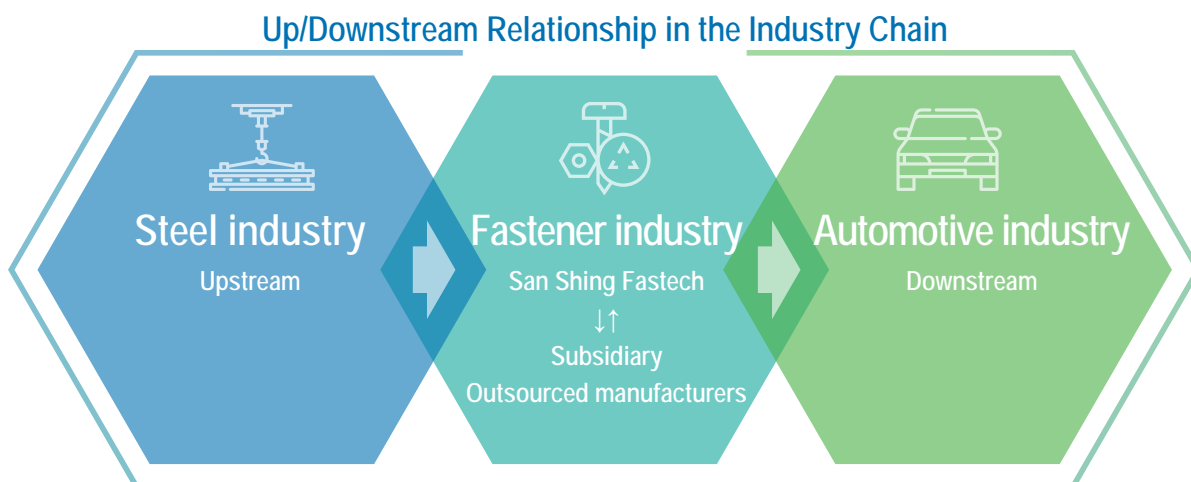
San Shing has established a Patent Committee, comprising first-level managers from departments such as Production, Research and Development, Technology, Legal, and others. This committee convenes annually to make decisions and engage in discussions regarding the Company's patent development. In addition, ad-hoc meetings are held as necessary to address specific cases. Furthermore, for external matters, San Shing has established a long-term partnership with a top-tier domestic law firm, Saint Island International Patent & Law Offices, which conducts assessments and audits, producing detailed reports for specific cases. In addition, all foreign-related activities are overseen by a dedicated officer within the General Affairs Department.

San Shing, being a professional fastener manufacturing company, strategically seeks patent protection for technologies that have significant commercial value or are directly visible in customer products and the Company's own process designs. Conversely, know-how that is not directly applied in products or crucial processes is not disclosed but rather kept as a company trade secret, subject to controlled governance.

At present, several patents have reached the end of their effective periods, and there are five patents that remain in active maintenance. Among these, four are domestic patents, and one is an international patent.

2.2 Industry Value Chain

San Shing primarily focuses on the production of screws for automotive components, and its upstream supply chain is primarily composed of wire rod suppliers. The Company has signed long-term contracts with China Steel Corporation and developed a tightly integrated and indispensable relationship with CSC. San Shing has also entered into contracts with renowned international fastener suppliers such as South Korea's POSCO and Japan's Nippon Steel. These agreements ensure a stable and high-quality supply of raw materials for the Company, establishing the company's strong position in Taiwan and the global fastener industry. This strategic approach serves as the best guarantee for the Company's sustainable development in the future. San Shing's vertical integration includes subsidiaries and satellite factories of relevant outsourcing partners, which enhance the Company's capacity to develop high-tech, high-quality, and high-value-added products. This strengthens our market share with international automotive giants among their downstream customers.



Procurement Overview

In 2022, San Shing engaged with a total of 1,138 suppliers, adhering to the "local procurement" principle to ensure risk diversification and material source stability. Among these suppliers, approximately 3 were major raw material suppliers, while there were 239 other raw material suppliers. Additionally, non-raw material suppliers were classified into four categories: outsourced manufacturing, labor (subcontracting and services), assets (general procurement), and engineering (construction and equipment), comprising approximately 896 companies.

San Shing's supplier categories and procurement percentages in 2022

Contract type		Region of procurement	2022	
			No. of suppliers	Percentage of the procurement amount for each category against the total procurement amount (%)
Raw materials	Primary raw material (wire rod)	Domestic	1	65.78%
		International	2	3.07%
	Other raw materials	Domestic	226	13.32%
		International	13	1.65%
Outsourced manufacturing		Domestic	56	10.39%
		International	0	0%
Labor (Subcontracting and services)		Domestic	292	2.04%
		International	0	0%
Engineering (Construction and equipment)		Domestic	21	2.86%
		International	0	0%
Assets (General procurement)		Domestic	527	0.89%
		International	0	0%
Total			1,138	100%

Note: "Domestic" refers to within Taiwan; "International" refers to other territories outside of Taiwan.

Raw Material Usage

In 2022, San Shing's production manufacturing involved three primary categories of raw materials: primary raw materials, other raw materials, and packaging materials. The total weight of raw materials amounted to approximately 59,635.35 metric tons and 505,324 pieces. Of these, only the packaging materials, such as paper cartons and pallets, are renewable materials, and they amounted to 1,708.70 metric tons. Non-renewable raw materials included primary raw materials (wire rods), other raw materials (tooling and nylon materials), and packaging materials (plastic bags), which added up to 57,926.65 metric tons and 505,324 pieces.

Furthermore, in alignment with our ESG principles, San Shing has implemented a series of measures during the production of "nylon nuts" to enhance resource efficiency, minimize waste generation, and reduce environmental impact. After the initial injection molding of nylon virgin material, the Company proactively recovered the generated sprue waste. These sprue waste materials are subsequently reused and incorporated into specific nylon ring products, thus achieving the goal of recycling and reutilization. In 2022, San Shing successfully recycled and reused 4.66 tons of nylon materials.

Name of material		PCS	Tons
Primary raw material	Wire rod	-	57,794.11
Other raw materials	Tooling	505,324	-
	Nylon material	-	55.04
Packaging material	Paper cartons	-	647.62
	Pallets	-	1,061.08
	Plastic bags	-	77.50

Note: The quantity of packaging materials is estimated based on the procurement volume. The rest of the data is based on the information available in the ERP system.

2.3 Supplier Management

Among San Shing's suppliers, the categories directly related to the quality of fastener products are raw materials and outsourced manufacturing. Therefore, these two categories require detailed management. Our wire rod suppliers provide the primary raw material, "wire rods", for fastener manufacturing, and they are well-known domestic and international manufacturers. The largest supplier among them is China Steel and they have established a long-term collaboration with the Company in terms of coil quantity, steel grades, quality, delivery schedules, and service, among other aspects. Our outsourced manufacturers provide services related to fastener surface treatments, heat treatments, machining, and nylon ring production, establishing a satellite factory system centered around San Shing.

By setting an example through our own actions, San Shing has progressively obtained ISO 14001 and ISO 45001 certifications, published sustainability reports, and adhered to labor standards while upholding human rights. The Company extends its commitment to ensuring its supply chain complies with environmental and occupational health and safety requirements, meets REACH and RoHS product safety regulations, operates lawfully, respects human rights, and values labor rights. Additionally, the Company has established relevant procedures such as the "Green Procurement Management Regulations", "Procurement Safety and Health Management Regulations", and "Regulations on the Impact of Environmental, Occupational Health, and Safety" as guidelines to steer us towards enhancing our corporate social responsibility, protecting the planet, and playing the role of an outstanding global citizen.

Wire Rod Suppliers

San Shing has established its "Supplier Management Procedure" which requires that "New Wire Rod Suppliers" must undergo investigation, assessment, and quality testing before they can be categorized as "Qualified Suppliers". Existing material suppliers are subject to monthly evaluations based on criteria such as "quality", "price", "delivery", and "service". Various responsible units provide data for these evaluations so that the purchasing unit can compute the scores. The assessment scores are divided into the following categories: Excellent (95 points and above), A Grade (80-94 points), B Grade (70-79 points), C Grade (60-69 points), D Grade (50-59 points), and Noncompliant (below 50 points). Suppliers in the C Grade or higher are considered "qualified" suppliers, D Grade suppliers are categorized as "requiring further assistance", and those scoring below 50 points are labeled as "unqualified" suppliers. Trading with unqualified suppliers will be temporarily suspended, and they will be given a specified period to make improvements before undergoing reevaluation. In 2022, all three of our wire rod suppliers underwent evaluation, and they all received a "pass" rating, achieving a 100% pass rate.

Evaluation item	Data record	Source of data and statistics
Is the quality compliant?	Wire rod quality anomaly complaint form	Quality Assurance Department
Price satisfaction	Sales contract or quotation	Purchasing Department
Is the delivery on time?	Product raw material supplier delivery delay record	Engineering Department
Service	Degree of cooperation and response measures	Purchasing Department, unit of usage

San Shing currently collaborates with well-known domestic and international steel corporations, who have passed multiple international certifications. They are long-term partners of the Company, but no specific assessments have been conducted regarding our wire rod suppliers' environmental and human rights practices. The Company will continue to improve and ensure that our supply chain complies with sustainability standards in terms of the economy, environment, and society. In the future, we plan to develop a "Supplier Evaluation Form" (and the effort shall be primarily led by the Purchasing Department) and establish our "New Supplier Evaluation". We will also assemble an evaluation team consisting of quality assurance personnel and relevant personnel from the demand department. The convener of the team will be the procurement handler. If the supplier has already obtained ISO 9001, IATF 16949, AS 9100D certification or is compliant with relevant legal standards, they may be included in the "Qualified Supplier List" directly. However, certification documents must be submitted for reference purposes, and confirmation may still be required by visiting the supplier's premises if necessary. Existing suppliers will have their assessment criteria expanded to include environmental protection, labor rights, and personnel-related matters. Upon detecting any anomalies, the supplier will be promptly required to submit an improvement response. If the issue remains unresolved, a decision on whether to suspend transactions will be made based on the severity of the situation

Outsourced Manufacturers

Our Fastener Division has established the "In-Process Product Outsourcing Operation Procedure" when it comes to outsource manufacturers. For "New Outsourcing Manufacturer Evaluation", San Shing adheres to the basic requirements of IATF 16949, which emphasize diversified decision-making. Internally, we established a cross-departmental evaluation team, consisting of members from quality assurance, technology, and environmental safety personnel. They assess the technical capabilities, quality control capabilities, and environmental issues of the new subcontractor. In 2022, we had three new outsourced manufacturers, and they all received a "pass" rating after evaluation. In the future, we plan to include labor rights, human rights, and child labor issues in the assessment criteria and suppliers must successfully pass these evaluations to be accepted as "Qualified Suppliers".

In 2020, San Shing obtained ISO 45001:2018 certification and conducted comprehensive ESH audits. In addition, the Company has established its "Supplier Management Regulations for Environmental Health and Safety Impact" for all outsourced manufacturers, implementing triennial ESH audits to identify significant or potential negative environmental impacts among these suppliers. Currently, the evaluation process includes monthly assessments and an annual onsite audit at the supplier's premises. The monthly assessments primarily focus on factors such as "delivery", "quality compliance", and "service". In contrast, the annual audit covers aspects such as "technical capabilities", "quality management", and "process capabilities", with a significant emphasis on the inclusion of "environmental requirements" as a rating criterion.

In the annual audit, if any of the criteria is rated as "Poor", an "audit notice" shall be issued immediately, requiring the supplier to make improvements within a specified period. Only after a successful reevaluation can the contract processing resume. If any criterion is rated as "Very Poor", the supplier's qualification as a "Qualified Supplier" will be revoked. On top of that, annual evaluations will also include scoring levels and corresponding measures. The "annual onsite audit score" combined with the "monthly assessment score" minus any "major deficiency points" will determine the supplier's "annual score" which falls into three categories as follows:

Score	Grade	Measure
Over 90	Premium	Exempted from onsite evaluation in the following year
60-90	Normal	Maintain transaction as usual
Under 60	Noncompliant	Deemed as "noncompliant supplier", with trading suspended

In 2022, among the 56 outsourced manufacturers, four did not undergo audits as they had not been issued any contracts for over a year. However, the remaining 52 suppliers underwent audits and were found to be in compliance. In the future, we will include environmental, labor rights, and personnel-related issues in our assessments. Should anomalies be identified, we will issue an audit form and ask the responsible supplier to make relevant rectifications. If effective improvements cannot be made, a decision will be made to revoke the qualified supplier status based on the severity of the situation. In 2023, our plan is to proactively incorporate clauses related to the prohibition of child labor, fostering a friendly working environment, and ensuring safety requirements into our audit procedures before promptly implementing the new audit forms.

2.4 Customer Relationship Management

“Customer satisfaction & Quality come first” are the goals that San Shing steadfastly adheres to. San Shing is renowned worldwide for its exceptional quality and development capabilities. The Company enjoys a stellar reputation, high product brand loyalty, and has carved a niche among the demanding automotive OEM manufacturers. Our product diversity allows us satisfy the needs of various regions and clients. Moreover, strategic alliances with international downstream customers have resulted in enhanced production technology and market share. Furthermore, San Shing continually expands its business in different regions and conducts periodic quality meetings with customers, aiming to establish the image of “San Shing” as a professional fastener manufacturer in the minds of our customers. Our goal is to be the first choice for customers whenever they think of fasteners. In 2022, we held a total of 82 quality meetings with our customers.



Customer Complaint Service

San Shing has established its "Customer Complaint Handling Procedure", which enables customers to file complaints through email or phone with the sales department by completing the "Customer Complaint Contact Form". Complaints would then be referred to the Quality Assurance Department, which would be responsible for conducting internal investigations and root cause analysis. The analysis results shall be provided by the quality inspection unit in the form of an "8D Improvement Form", which is sent as a response to the customer's complaint. Sales representatives would then inform the customer of the investigation results, the analysis of causes, and provide timely and future improvement plans to prevent the recurrence of issues and ensure the quality of service for the customer. In 2022, there were a total of 14 customer complaints, all of which were successfully resolved and rectified.

Customer Relationship and Satisfaction

San Shing has established the "Customer Satisfaction Survey and Evaluation Procedure" and conducts an annual satisfaction survey by questionnaire among its customers. The scope of the survey only covers customers with transactions in the current year. The Sales Division would take the initiative to understand customer needs and issues, using this information as a basis for analyzing market trends and continuously improving the Company's products and services. San Shing conducts customer satisfaction surveys through its various business units, categorizing them into four major product segments. The questionnaire assessment covers four key aspects: "Quality", "Service", "Delivery", and "Price". Each product category also includes additional questions such as "San Shing's least competitive product/San Shing", "Other product demands", "Suggestions" and so forth. In 2022, our customer satisfaction for all four product segments turned out to exceed the targets we had set.

Outcome of Customer Satisfaction for San Shing in 2022

Item/Product	Bolts	Nuts	Tooling	Machinery and parts
Target	4.3	4.5	80%	80%
No. of customers who took the survey	14	22	44	5
Customer scores (excluding price)	4.85	4.75	82%	83%



3

Climate Change and Environmental Protection

- 3.1 Adapting to Climate Change
- 3.2 Energy and GHG Management
- 3.3 Water Management
- 3.4 Pollution Prevention

Climate Change and Environmental Protection Management Guideline	
Material Topic	Response to Climate Change
Policy Commitments	San Shing is fully committed to environmental protection, energy conservation, and carbon reduction. We promote waste reduction, pollution control, resource recycling, and improvements in the work environment to minimize environmental pollution and resource consumption.
Responsibilities	Sustainability Development Promotion Task Force and GHG Inventory Task Force.
Specific Actions	<ul style="list-style-type: none"> • Implement ISO 14064-1 GHG inventory. • Disclose relevant information in accordance with the TCFD framework.
Objective and Target	<p>Short-term (1-3 years)</p> <ul style="list-style-type: none"> • To set our carbon reduction targets and energy reduction goals by 2023. • Construct our solar power generation facility by 2023. <p>Medium/Long-term (3-5 years)</p> <ul style="list-style-type: none"> • To complete our subsidiary inventory and verification planning by 2025 and 2027 respectively.
Implementation Outcomes	<ul style="list-style-type: none"> • Established our Sustainability Development Promotion Task Force and GHG Inventory Task Force in 2022. • We completed San Shing's GHG inventory and verification schedule in 2022.

San Shing's ESH Policy		
1. Protect the environment	2. Comply with pertinent laws and obligations	3. Prevent pollution
4. Conserve energy	5. Alleviate ESH risks	6. Continual improvement of ESH performance
7. Total participation	8. Provide safe and healthy working conditions	

San Shing has always regarded the corporate sector as a public entity and is committed to fulfilling its corporate social responsibility. And the Company is dedicated to environmental protection, energy conservation, carbon reduction, and occupational safety. We promote waste reduction, pollution prevention, resource recycling, and workplace improvement to reduce environmental pollution, resource consumption, and minimize occupational safety incidents. Incidentally, San Shing is the first fastener manufacturer in Taiwan to obtain ISO 14001 environmental management system certification and ISO 45001 occupational health and safety management system certification, which are testaments to our efforts in environmental protection and our compliance with international standards for occupational safety.

3.1 Adapting to Climate Change

To address climate change risks and opportunities, San Shing follows the framework of the Task Force on Climate-Related Financial Disclosures (TCFD) as outlined by the Financial Stability Board (FSB). This framework consists of four main categories: Governance, Strategy, Risk Management, and Metrics and Targets. The Company has thus initiated the disclosure of climate-related information in alignment with these categories.

Governance

San Shing's discussions and management related to climate change are organized through the "Sustainable Development Promotion Task Force", established in 2022. The task force convenes meetings with department heads and relevant staff to assess and identify sources of transitional risks (policy and regulations, technology, market, reputation), physical risks (immediate and long-term), and opportunities (resource efficiency, energy sources, products/services, markets, resilience) as defined by the TCFD framework. The findings are reported to the Vice Chair (i.e. the VP), and then presented to the Chair (the President). Expenditures related to these actions are assessed based on capital expenditure effectiveness and authorization limits within the Company's internal controls. The progress of ESG sustainable development initiatives is reported to the Board of Directors on a regular basis, typically in Q2 of each year. San Shing has established a schedule for GHG inventory and verification planning, which involves quarterly reporting to the board starting in June 2022. Additionally, from March 2023, the entire group, including all subsidiaries, will be included in these reports. The progress will be reported to the board on a quarterly basis to ensure effective management and oversight.

In 2022, San Shing presented a total of three climate change-related resolutions to the board. These resolutions were developed in alignment with the FSC's "Sustainable Development Roadmap" before they were presented the board for consideration.

Date of Board of Directors Meeting	Proposal content
June 16, 2022	San Shing (parent company) GHG inventory and verification schedule planning
August 4, 2022	San Shing (parent company) GHG inventory and verification schedule planning
November 3, 2022	San Shing (parent company) GHG inventory and verification schedule planning

Strategy and Risk Management

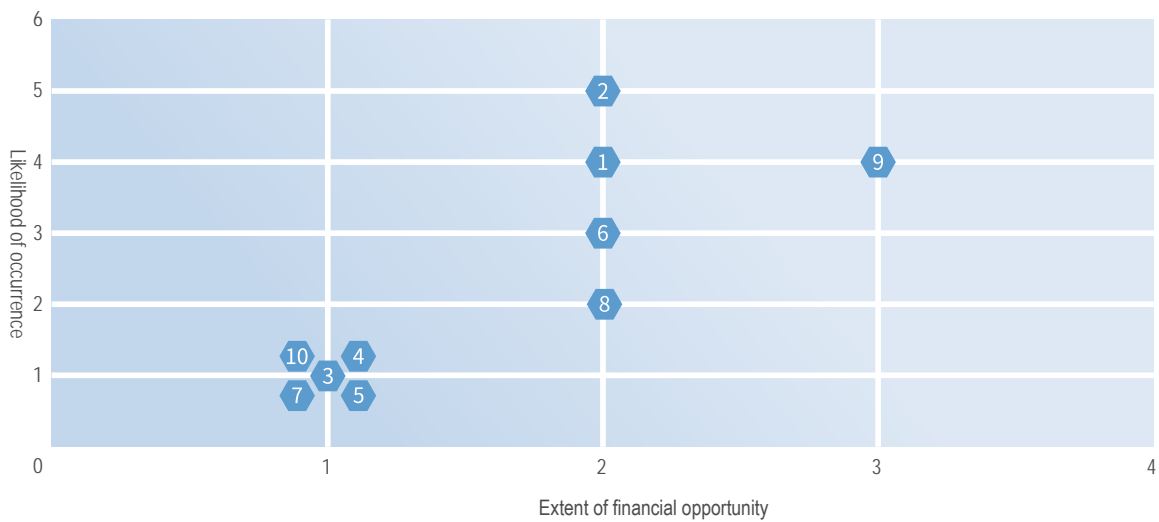
San Shing systematically reviews climate risks and opportunities based on the recommendations of TCFD. This process involves an assessment of domestic and international regulations, industry characteristics, and climate-related scenarios. The "Sustainable Development Promotion Task Force" conducts meetings to evaluate the likelihood (probability and frequency) and impact of each theme, determining the values of risk and opportunity. This enables us to identify the most critical topics for prioritized attention. During the current year, a total of 4 major risks and 2 potential opportunities have been identified. Relevant departments have been assigned to address these priority topics. Discussions have been held regarding corresponding response strategies, assessment of financial impacts, and the implementation of management mechanisms.

Climate Change-Related Risk Matrix



- | | | |
|--|---|--|
| 1. Carbon Border Adjustment Mechanism (CBAM) | 2. Net Zero Emissions by 2050 | 3. Demand from energy-intensive companies (10% renewable energy) |
| 4. Demand from energy-intensive companies (chiller groups and air compressor reporting requirements) | 5. Water consumption levy (for monthly water usage > 9000 kl) | 6. Mandatory reporting requirements and carbon fees |
| 7. Demand for low-carbon technology transition, low-carbon products, and service transition | 8. Customer demands | 9. Sustainable Management and Cost of Engagement |
| 10. The Company's sustainable competitiveness | 11. Flooding | 12. Water shortage |

Climate Change-Related Opportunity Matrix



- | | | |
|---|---|--|
| 1. Adopting more efficient operation model | 2. Adopting more efficient production | 3. Increasing recycling and reuse rate |
| 4. Constructing green factories (green buildings) | 5. Using low-carbon energy | 6. Participating in carbon trading markets |
| 7. Low-carbon product/service opportunities | 8. Leveraging government incentive programs | 9. Foraying into new markets |
| 10. Incentives from financial institutions | | |

Corresponding Strategy

Key Climate Issues and Corresponding Strategies

Type	Category/Item	Description	Anticipated timeframe	Counter-strategy	Financial impact
Transitional risk	Policy & Regulations - Carbon Border Adjustment Mechanism, Clean Competition Act	San Shing's overall exports to the Americas and Europe account for more than 80% of our total sales. The EU's Carbon Border Adjustment Mechanism (CBAM) and the U.S. Clean Competition Act (CCA) impose carbon border adjustment taxes on specific products imported into their respective countries. Currently, CBAM and CCA cover approximately 80% to 90% of San Shing's revenue, primarily in the fastener sector. If future regulations continue to tighten and expand the scope of levies, it will have a significant impact on San Shing's operating costs. → Financial impact: Increased operating costs.	Medium	<ol style="list-style-type: none"> Starting in 2023, we will conduct our first greenhouse gas inventory in accordance with ISO 14064-1, and commission a third-party verification organization to carry out verification and obtain a verification statement on a yearly basis. We plan to complete our subsidiary inventory and verification planning by 2025 and 2027 respectively. Continue to monitor the details of carbon border taxes in Europe and the United States to mitigate operational impacts. Take part in Taiwan Industrial Fasteners' Institute to collectively discuss strategies for the industry's low-carbon transition. 	<ul style="list-style-type: none"> Expenses for relevant GHG inventory and verification. Carbon-related expenses. → Increase in operating costs.
	Policy & Regulations - Requirements for Net Zero Emissions by 2050	In light of the global net-zero emissions trend, governments around the world are continuing to amend relevant emissions regulations. Under this premise, San Shing, being at the bottom of the steel industry chain, will be at the forefront of relevant changes and impacts, while the stringency of relevant regulations is expected to increase. And as such, effectively reducing carbon emissions will be crucial for the Company's long-term sustainability. However, it's important to note that the costs associated with achieving net-zero emissions, including expenses related to purchasing certificates and adopting renewable energy sources, will significantly impact our operating expense as well. → Financial impact: Increased operating costs.	Short		
	Policy & Regulations - Demand from energy-intensive companies (10% renewable energy)	In light of Taiwan's Renewable Energy Development Act for major electricity consumers, San Shing, with a contracted capacity exceeding 5,000KW, is required by law to install renewable energy facilities with a capacity of 10% of its contracted capacity within five years. Punitive measures for non-compliance, whether linked to equipment installations or the failure to fulfill legal obligations, could have a considerable impact on the Company's operational expenses or its reputation. → Financial impact: Increased operating costs, reduced revenues.	Short	The solar power generation system on the factory's rooftop is expected to be constructed and integrated into the grid for self-use by December 2023.	<ul style="list-style-type: none"> Equipment maintenance expenses. → Increased operating costs, reduction in electricity expenses.
	Business Reputation - Sustainable Management and Cost of Engagement	To meet the international focus on ESG trends and adhere to the Financial Supervisory Commission's "Sustainable Development Action Plan for Listed/OTC Companies", businesses are required to invest in sustainable management and communication. This is essential for meeting stakeholder expectations and ensuring that the Company complies with various sustainability standards. All future expenses related to ESG sustainability, such as participation in CDP, DJSI assessment, ESG reporting, GHG inventories, carbon footprint assessments, etc., are expected to have a considerable impact on the Company's operational costs and reputation. → Financial impact: Increased operating costs, reduced revenues.	Short	<ol style="list-style-type: none"> Adopt ISO 14064-1 GHG inventory and guidance for 2022 ESG sustainability report preparation; enhance the disclosure of information in our sustainability report by referencing relevant international standards such as the TCFD and guidelines from the Sustainability Accounting Standards Board (SASB). Establish the Sustainability Development Promotion Task Force, which shall be under the supervision of the Board of Directors. Establish the GHG Inventory Task Force, which shall be led by the VP as the Management Representative. Introduce ISO 14067 product carbon footprint standard construction and verification. 	<ul style="list-style-type: none"> Consulting fees for various systems and standards. NT\$ 1.3 million in 2023; NT\$ 500,000 in 2024. Fees for various verifications, audits and participation in competitions. → Increase in operating costs.

Type	Category/Item	Description	Anticipated timeframe	Counter-strategy	Financial impact
Opportunity	Market - Foraying into new markets	In response to the net-zero carbon emissions targets set by various governments, there is substantial government support for electric vehicles, leading to an increased demand for electric cars. With over 80% of San Shing's orders coming from the European and American automotive industry, coupled with the clear requirements of European and American regulations, such as EU countries no longer being able to sell new fossil fuel-powered vehicles from 2035, we can anticipate the demand for electric vehicles, both new and replacement, to generate more demand for fasteners products.	Short	<p>We will actively collaborate with customers to develop fasteners for electric vehicles and enhance our production technology for bolts and nuts to compete for orders related to electric vehicles from our customers.</p> <p>Short-term:</p> <ol style="list-style-type: none"> 1. Develop 30 new fasteners for electric vehicles each year. 2. Develop 3 electric vehicle-related products each year. <p>Medium/Long-term:</p> <ol style="list-style-type: none"> 1. Develop >50 new fasteners for electric vehicles each year. 2. Develop >10 premium/aluminum alloy and riveted parts for electric vehicles each year. 	<p>Expenses required:</p> <p>Various R&D expenditures. Tooling development budget will be increased by NT\$ 3 million in 2023.</p> <p>Anticipated revenue from created opportunity:</p> <p>10% increase in order quantity.</p>
	Resource Efficiency - Adopting more efficient production	In response to policy initiatives aimed at achieving net-zero carbon emissions and meeting customers' sustainability demands, implementing more efficient production methods, such as reducing energy consumption and enhancing process efficiency, will lead to a direct reduction in energy usage, cost savings, and positive environmental impacts.	Short	<p>Short-term:</p> <ol style="list-style-type: none"> 1. Implement projects and track their effectiveness based on the recommendations from the energy-saving conference to achieve the target of annual average energy savings of 1%. 2. Implement R&D project "replacement of nut forming machine with permanent magnet motor" to assess the benefit of the energy-saving benefits. <p>Medium-term:</p> <p>Continue to focus on high-efficiency, energy-saving products and adopt immediately when the opportunity comes.</p>	<p>Expenses required:</p> <p>Cost of various energy-saving projects and R&D projects, as well as the expenses for equipment modification.</p> <p>Anticipated revenue from created opportunity:</p> <p>We hope to achieve a 10% reduction in electricity consumption for every metric ton of bolt and nut produced, thereby lowering our electricity expenses.</p>

Indicator Objectives

To effectively manage climate response strategies, San Shing has initially established short, medium, and long-term goals. In the future, we will continue to develop quantifiable indicators, regularly review progress, and report execution progress and results to the board of directors.

Indicator	Short-term objective	Medium-term objective	Long-term objective
GHG reduction	The parent company shall conduct a greenhouse gas inventory, undergo third-party verification, and implement product carbon footprint.	The subsidiary shall conduct a greenhouse gas inventory and undergo third-party verification. Based on the greenhouse gas inventory results, identify potential reduction opportunities.	Use the average unit product carbon emissions as a long-term monitoring indicator.
Energy consumption reduction	Annual average energy saving of 1%.		
Use of renewable energy	Construct solar power generation facility that generates up to 700,000 kWh of electricity per year, reducing 346.5 metric tons of carbon emissions.	To align with government regulations on renewable energy, we are planning to expand our solar power capacity, which is expected to yield an additional 1.2 million kWh per year. This will contribute to a total annual electricity generation of 1.9 million kWh.	Starting from 2036, we expect to operate on the power we generate on our own 2.85 million kWh/year. Starting from 2039 onward, we expect to generate up to 4.8 million kWh of power per year for our own use.

3.2 Energy and GHG Management

Energy Management

In 2013, San Shing obtained ISO 50001 energy management system certification. In addition, we implemented various energy-saving measures and established energy management regulations, including "Energy Monitoring, Analysis, and Performance Evaluation Management Regulations" and "Energy Saving Control Measures" to monitor and manage significant energy consumption and performance measurements within the Company. San Shing's energy sources include purchased electricity, liquefied natural gas (LNG), diesel, and gasoline. Our primary source of energy is purchased electricity from Taiwan Power Company. The second most-used energy source, LNG, is primarily utilized in the boiler system for wire coating processes and in the employee cafeteria/kitchen. These are followed by diesel and petroleum, which are used for forklifts and company vehicles. Our electricity consumption in 2022 came to 34,090,949 kWh; for natural gas (LNG) consumption, it was 314,255 cubic meters, and our diesel consumption was 119,517 liters. After conversion, our total energy consumption was 137,790.53 gigajoules (GJ), and our energy intensity was 0.031 GJ per NT\$ thousand of revenue.



ISO 50001 : 2018
Energy Management System Certification
Certification valid until: 2025/12/20

San Shing's energy consumption in the past three years

Unit: GJ

Item	Year	2020	2021	2022
Electricity		104,582.90	138,470.21	122,727.42
Liquefied natural gas (LNG)		8,742.25	12,780.01	10,518.74
Diesel		4,585.80	6,440.57	4,200.51
Petroleum		282.08	305.41	343.86
Total (GJ)		118,193.03	157,996.20	137,790.53
Total individual production value (in NT\$ thousand)		3,341,445	4,591,579	4,508,458
Energy intensity (GJ/NT\$ thousand)		0.035	0.034	0.031

Note:

- 1 gigajoules (GJ)=10⁶kilojoules (kJ)=10⁹joules(J).
2. Energy conversion values: electricity = 3,600kJ/kWh, petroleum = 32,635.2 kJ/L, diesel = 35,145.6kJ/L and natural gas =33,472kJ/M³.
3. Our total output value includes bolts, nuts, tooling, machinery, parts and processing.

GHG Inventory Disclosure

San Shing conducted its first organizational greenhouse gas inventory according to ISO 14064-1:2018 in 2022 and is planning to undergo verification in October 2023. The Company has established its "Internal GHG Verification Operating Procedure Manual", with the organizational boundary set as San Shing being the parent company. In 2022, our total emissions were 18,284 metric tons of CO₂e, with a greenhouse gas emissions intensity of 4.06 X 10⁻³ metric tons of CO₂e per thousand dollars. The Company is planning to set further carbon reduction goals in the future.

San Shing's GHG emissions for 2022

Unit: Metric ton CO₂e

Scope 1	1,414
Scope 2	16,870
Total emissions	18,284
Total individual production value (in NT\$ thousand)	4,508,458
GHG emissions intensity (metric ton CO ₂ e /NT\$ thousand)	4.06 X 10 ⁻³

Note:

1. The 2022 data was conducted according to ISO 14064-1:2018, and the greenhouse gases included in the inventory are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃). The data has not been externally verified by a third party.
2. The boundary for emissions is defined using operational control approach, and the calculation method employs an emissions factor-based approach.
3. The Global Warming Potential (GWP) for 2022 is calculated based on the data provided in the IPCC's 2013 Sixth Assessment Report.
4. Source of conversion factor: GHG Emission Coefficient Management Table version 6.0.4 published by the Environmental Protection Administration, Executive Yuan
5. The carbon emission factor for purchased electricity in 2022 is calculated as 0.495 kilograms of CO₂e per kilowatt-hour, as per the data published by the Bureau of Energy, Ministry of Economic Affairs.

San Shing's energy-saving and carbon reduction implementations and performance in the past three years

San Shing has commissioned the Energy Service Companies (ESCO) to provide energy management services, monitor energy management systems, verify performance, and regularly hold energy meetings to establish energy policies and track performance. Over the past three years, the Company has implemented various energy-saving projects, including improvements to the recirculating fan cooling system in the spheroidization furnace, automatic switch installations, frequency reduction initiatives, maintenance and repairs of pipeline fittings to prevent leaks, LED lighting replacements, and the replacement of old air conditioning units. Our energy-saving performance is as follows:

Year	Electricity expenses reduced (NT\$/year)	Estimated power-saving (kWh/year)	Conversion to energy saved (GJ/year)	Estimated reduction in GHG emission (Metric ton CO ₂ e/year)
2020	541,534	221,034.42	795.72	110.96
2021	708,785	274,722.75	989.00	139.83
2022	740,233	286,912.00	1,032.88	142.02

Note:

1. The energy savings in terms of electricity consumption have been our own estimates.
2. The electricity prices have been calculated based on the average industrial electricity prices as announced on the Taiwan Power Company website. In 2020, the electricity price was NT\$2.45 per kWh, and in 2021-2022, the electricity price was NT\$ 2.58 per kWh.
3. The conversion of GHG emission (metric ton CO₂e/year) is as follows = Energy saving (kWh/year) * Electricity carbon emission factor (kg CO₂e /year) / kWh*1/1000.
(The electricity carbon emission factor for 2020 is 0.502 kg CO₂e /year; the electricity carbon emission factor for 2021 is 0.509 kg CO₂e /year, the electricity carbon emission factor for 2022 is 0.495 kg CO₂e /year)
4. The energy conversion factor is =3,600KJ/kWh.

3.3 Water Management

San Shing's domestic and industrial process water is supplied by Taiwan Water Corporation, 6th Region Management Office, with its primary water source originating from the Nanhu Reservoir. According to the World Resources Institute's "Water Risk Assessment Tool", it indicates that the water resource pressure in the Company's location falls within the "Low - Medium risk (1-2)" range. Drawing water has not caused significant impacts on the local water sources. In order to mitigate water scarcity and ensure a secure water supply, water meters will be progressively installed to record the water usage in various factory areas for analysis. This will facilitate the identification of wasteful water usage and opportunities for reduction. Both source reduction and end-of-pipe recycling will be concurrently promoted. Among these, source reduction measures include water management monitoring, enhancing the efficiency of water equipment, and reducing inefficient water use. End-of-pipe recycling, on the other hand, prioritizes compliance with local water quality standards for discharge. The total volume of water San Shing drew in 2022 came to 108.03 million liters.

San Shing's water consumption in the past three years

Item	2020	2021	2022
Total water withdrawal (1 million liters)	87.89	93.45	108.03
Total water discharge (1 million liters)	62.78	75.07	75.06
Total water consumption (1 million liters)	25.10	18.38	32.97
Total individual production value (in NT\$ thousand)	3,341,445	4,591,579	4,508,458
Water intake intensity (million liters of water withdrawal/total individual production value)	2.630 X 10 ⁻⁵	2.035 X 10 ⁻⁵	2.396 X 10 ⁻⁵

3.4 Pollution Prevention

San Shing implemented ISO 14001 Environmental Management System in 1997 to control the Company's impact on the environment and has been continuously maintaining the certificate's validity. In adherence to relevant environmental protection regulations, San Shing has always embraced the concept of pollution prevention. We assess environmental considerations regularly and strive for continuous improvement in environmental management based on the latest evaluations.

Air Pollution Management

San Shing has established "Air Pollution Management Regulations" and regularly submits reports and conducts testing in accordance with the EPA's "Stationary Pollution Source Installation, Operating and Fuel Use Permit Management Regulations". Among San Shing's operations, the primary activities that generate air pollutants are "metal surface cleaning process" and "metal sandblasting process," which produce sulfur oxides (SOx) and total suspended particulates (TSP). These pollutants are filtered through a "scrubber tower" and a "pulse-jet baghouse" respectively. In 2022, sulfur oxide (SOx) emissions were below the method detection limit, and the total suspended particulate (TSP) emissions totaled 0.212 metric tons. All of these emissions were in compliance with the permits, testing, and reporting requirements specified by EPA.



ISO 14001: 2015 Environment Management System Certification
 Certification valid until: 2025/03/30

Wastewater Management

San Shing Fastech holds one water pollution control permit, which covers two wastewater treatment plants and one domestic wastewater treatment plant. San Shing Fastech Nan Shing Plant 2 holds one water pollution control permit, which includes one wastewater treatment plant. All wastewater generated within the plant is collected and treated at the wastewater treatment plants. The wastewater undergoes various physical and chemical treatment processes to ensure compliance with the regulatory standards for discharged water quality. Once treated to meet these standards, the wastewater is then released into the Erren River. Regular water quality testing and reporting are carried out every 3 or 6 months as required by law. Furthermore, we have also established our "Wastewater Treatment Operation Management Procedure" to implement relevant control measures. In 2022, all of our emissions met relevant discharge water standards.

San Shing's wastewater discharge quality control in 2022

Water pollution inspection items	Regulatory standard	San Shing Fastech		San Shing Fastech's Nan Shing Plant No.2
		Pickling wastewater treatment plant	Mixed wastewater treatment plant	Wastewater treatment plant
pH	6.0~9.0	7.5	6.9	8.4
Suspended solids (mg/L)	<30	1.9	5.9	1.3
Biochemical oxygen demand (mg/L)	<30	Non-inspection item	9.5	ND
Chemical oxygen demand	<100	17.6	49.1	12.4

Note: The water quality inspection values are annual averages reported every three or six months.



San Shing's pickling wastewater treatment plant



San Shing's mixed wastewater treatment plant



San Shing's Nan Shing No. 2 wastewater treatment plant

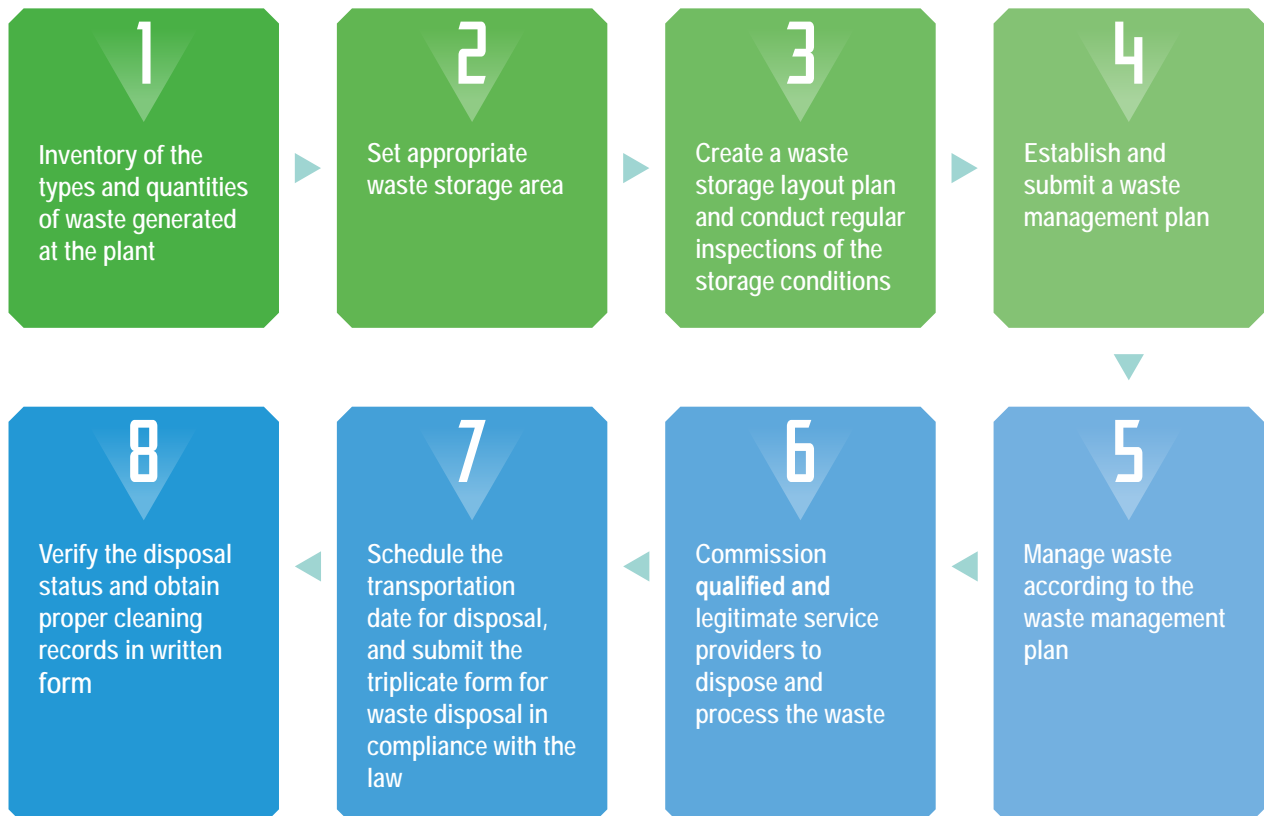
Waste Management

San Shing has established its "Business Waste Management Regulations" and developed a "Waste Cleanup Plan" in compliance with Waste Disposal Act, which outlines the relevant management measures for waste disposal. To ensure the proper and safe disposal of business waste, whether it is general household waste generated during operational activities or waste produced during the manufacturing process, we store and label it in accordance with legal requirements for effective management within our facility. Waste removal from the facility is handled by an EPA-approved disposal facility. We adhere to legal requirements for reporting through the waste disposal triplicate form reporting system to facilitate waste resource management.

We have set up resource recycling bins at our work sites and collaborate with recycling companies to expand the types of recyclables, reducing resource wastes. For oil-based waste, we use centralized tanks for sedimentation, separating oil and water, which can then be recycled and reused. Iron particles and iron shavings generated during the process are centrally managed within the factory. Once a certain quantity is accumulated, they are sold as scrap materials for reuse in the market. In 2022, San Shing generated a total of 485.81 metric tons of waste. Among these, there were two types of hazardous industrial waste, which are copper and its compounds, and lead and its compounds, totaling 2.33 metric tons. Since the production volume was low and did not meet the basic quantity for removal, these wastes have been temporarily stored within the plant. When it comes time to dispose these wastes, they shall be appropriately treated in the future by contracting legal processing companies using a solidification method. Furthermore, our total amount of waste recycled and reused is approximately 33.31 tons per year, with a recycling rate of 6.86%.

San Shing is committed to reducing waste and promoting recycling and reuse. The Company regularly visits waste treatment facilities to ensure that waste is handled properly and not disposed of improperly. We aim to minimize waste and maximize its recyclability in line with our environmental goals. In recent years, the Company has managed various types of waste properly, and there have been no environmental compliance violations. All of our waste disposal methods are in compliance with government regulations.

Waste handling flowchart



San Shing's waste handling method and volume

Unit: Metric ton

Wastes category		Method of treatment		
		Weight	Treatment type	Treatment category
Hazardous wastes	Copper/copper compounds	1.69	Stored at the plant temporarily	-
	Lead/lead compounds	0.64		
	Subtotal	2.33		
Non-hazardous wastes	General wastes	47.88	Direct disposal	Incineration (excluding energy recycling)
	Cotton or other fabrics	94.93		
	Waste plastic compounds	5.98		
	Waste compounds	114.86		
	Non-hazardous oil sludge	16.56		
	Waste paint sludge	0.15		
	Subtotal	280.36		
	Inorganic sludge	165.49	Transferred for handling	Thermal treatment
	Waste electrical wires and cables	4.32		Physical treatment
	Waste lubricant	21.05		Recycle and reuse
Construction mixtures	12.26			
Subtotal	203.12			
	Total	485.81		
	Reuse and recycle percentage (%)	6.86%		



4

Talent Development and Employee Welfare

- 4.1 Friendly Workplace
- 4.2 Talent Cultivation and Development
- 4.3 Human Rights Protection
- 4.4 Workplace Safety and Healthcare

Talent Development Management Policy	
Material Topic	Talent Cultivation
Policy Commitments	<p>Our commitment to employee training</p> <p>Sincere: Provide sincere training and guidance to employees to acquire practical skills and knowledge.</p> <p>Thoughtful: Provide employees diverse learning channels and an outstanding learning environment.</p> <p>Earnest: Design a training system and information system to ensure comprehensive training.</p>
Responsibilities	Personnel Department, which is responsible for talent training and development
Specific Actions	<ul style="list-style-type: none"> ● Onboarding/position training for new/transferred personnel. ● OTJ training for employees. ● Internal training selection. ● Retiree rehire program.
Objective and Target	<p>Short-term (1-3 years)</p> <ul style="list-style-type: none"> ● To achieve an internal training completion rate of 80% or higher annually. ● To achieve a retiree rehire rate of 90% or higher annually. ● To achieve an average of 10 hours of training for all employees (excluding temporary staff). <p>Medium/Long-term (3-5 years)</p> <ul style="list-style-type: none"> ● To enhance the professional skills and management capabilities of employees and supervisors to maintain the Company's leading position in technology and operations. ● To strengthen the integration of job functions and performance assessments to encourage employees to progress toward building multiple skills.
Implementation Outcomes	<ul style="list-style-type: none"> ● Our internal training completion rate for 2022 came to 82%. ● Our retiree rehire rate for 2022 came to 93%. ● The average hours of training for all employees of 2022 (excluding temporary staff) came to 10.5 hours. ● In 2022, a total of 107 employees obtained professional certifications.



Occupational health and safety Management Policy

Material Topic	Occupational Health and Safety
<p>Policy Commitments</p>	<p>ESH Policy: 1. Protect the environment. 2. Comply with pertinent laws and obligations. 3. Prevent pollution. 4. Conserve energy. 5. Alleviate ESH risks. 6. Continual improvement of ESH performance. 7. Total participation. 8. Provide safe and healthy working conditions.</p>
<p>Responsibilities</p>	<p>All employees, contractors, and suppliers of the Company shall comply with applicable occupational health and safety regulations and environmental laws. The Environmental and Safety Management Unit is responsible for auditing the Company's performance in this regard.</p>
<p>Specific Actions</p>	<ul style="list-style-type: none"> ● Promotion and verification of ISO 45001 system. ● Various environmental, safety, and health meetings and worker consultation procedures. ● Safety and health management for contractors. ● Formulation and implementation of the four major plans. ● Periodic/sporadic implementation of personnel training.
<p>Objective and Target</p>	<p>Short-term (1~3 years)</p> <ul style="list-style-type: none"> ● Maintain the validity of ISO 45001 management system and pass the verification annually. ● To have zero work-related accidents for 263 days or more in 2023. ● To have zero violations of occupational health and safety regulations. ● Every year, all operational environmental monitoring shall comply with pertinent standards, and continuous management and improvement to be carried out according to relevant guidelines and management plans. <p>Medium/Long-term (3-5 years)</p> <ul style="list-style-type: none"> ● Achieve zero work-related accident.
<p>Implementation Outcomes</p>	<ul style="list-style-type: none"> ● Passed the annual review and verification for ISO 45001 management system in 2022. ● Our recorded occupational injury rate for 2022 came to 0.95. ● We had zero violations of occupational health and safety regulations in 2022. ● Set a record streak of zero work-related accidents for 263 consecutive days in 2022.

4.1 Friendly Workplace

Workforce Structure

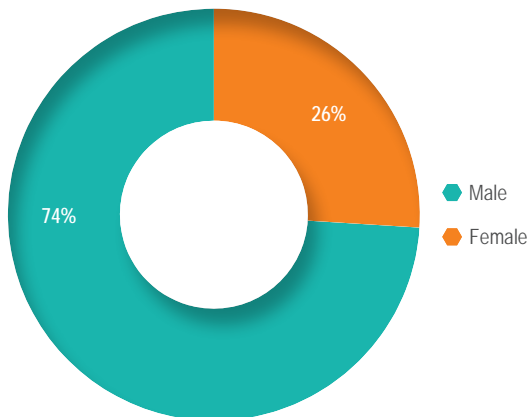
As of December 31, 2022, the total number of employees at San Shing came to 1,396, with 362 females (26%) and 1,034 males (74%). Approximately 66% of all employees fall within the age range of 30 to 50 years. All employees are full-time staff, and there are no part-time or hourly wage employees. Non-employee workers include 6 male technical workers. At the senior management level (manager and above), all individuals are Taiwanese nationals, including 1 female and 27 males.

Category	Female						Male					
	Full-time employee			Temporary employee			Full-time employee			Temporary employee		
Age	Under 30	30-50	Over 51	Under 30	30-50	Over 51	Under 30	30-50	Over 51	Under 30	30-50	Over 51
Formal employee	21	178	79	63	19	2	85	705	175	45	23	1
Subtotal	362						1,034					
Total	1,396											

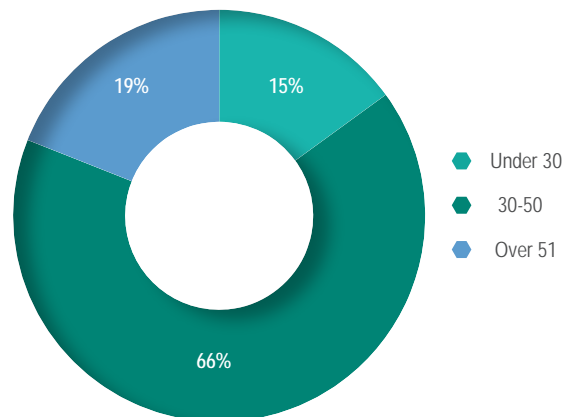
Note:

1. The employee headcount statistics are based on the number of employees as of December 31, 2022, according to our human resources system.
2. The figures in this Table do not include directors who are not employed by the Company.
3. All employees at San Shing are full-time and there are no part-time or hourly employees.
4. Temporary employees include: foreign migrant workers, industry-academia interns, part-time temporary workers, and fixed-term contract temporary workers.

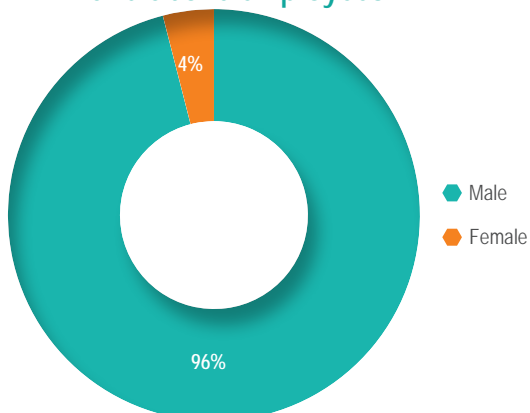
Gender ratio



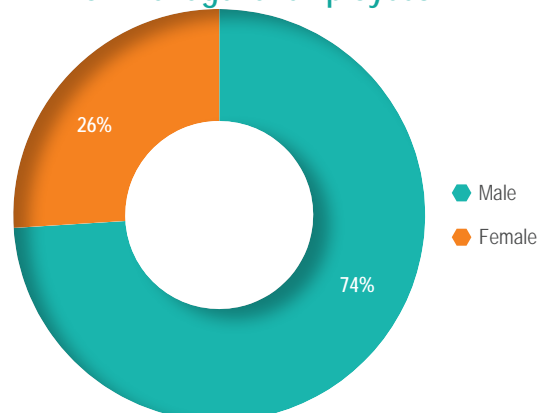
Age distribution



Gender distribution of manager and above employees



Gender distribution of non-managerial employees

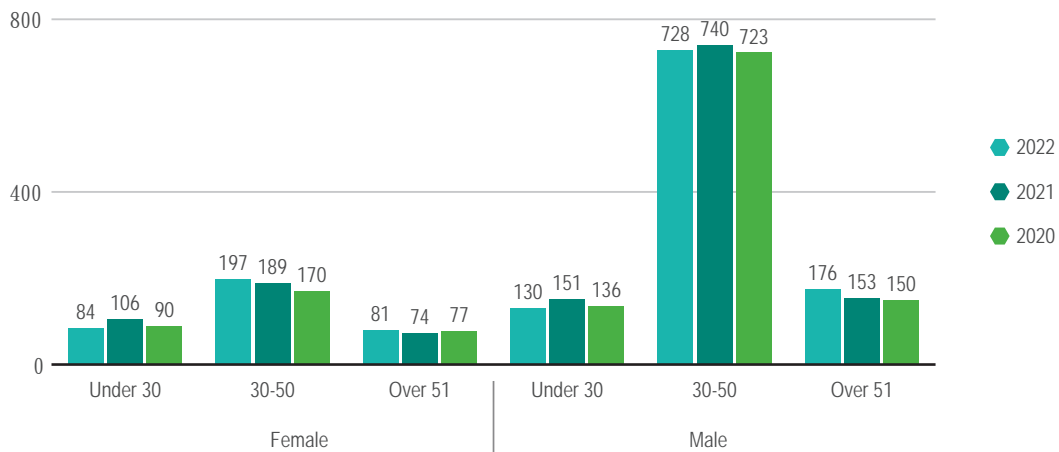


Diversity and Equality

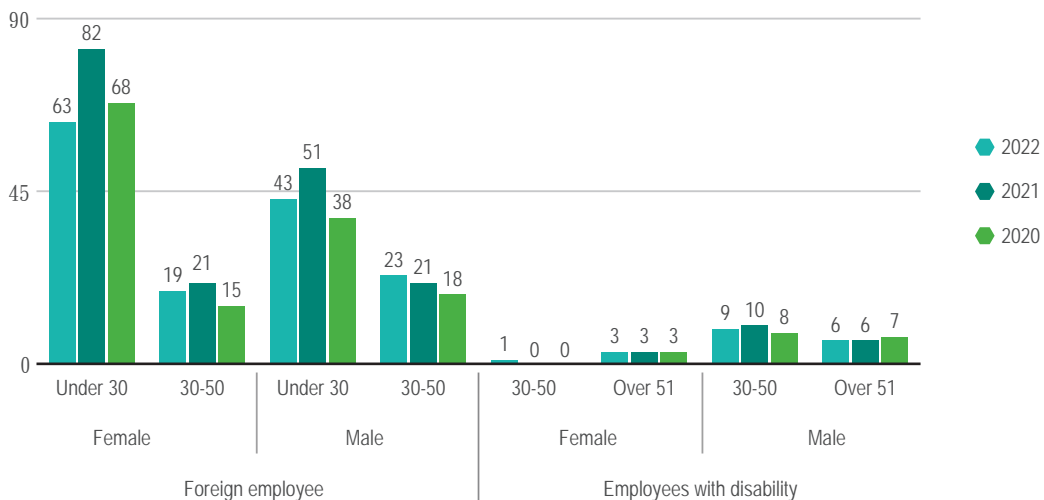
San Shing upholds a diverse and inclusive workplace, promoting acceptance and respect for differences among various groups regardless of their age, gender, race, and nationality. We employ workers of various nationalities and provide them with accommodation, healthy meals, and comprehensive education and training. For our experienced foreign employees, we also offer contract renewal incentives. We respect diverse cultures and, in accordance with the law, provide employees of indigenous backgrounds the right to a one-day leave for Indigenous People's rites of procreation festival. Apart from complying with the law, we also prioritize our social responsibility. Over the past 20 years, San Shing has consistently employed people with disabilities at a rate exceeding the government's standard of 1% employment for people with disabilities, as defined in Article 38 of the "People with Disabilities Rights Protection Act". In some years, we have even gone beyond the criteria for applying for extra employment incentives.

In 2022, the Comply employed a total of 148 foreign workers, with 66 males and 82 females, accounting for 10.6% of the total workforce. There were 4 male indigenous employees, constituting 0.3% of the total workforce. Additionally, there were 19 employees with disabilities (15 males and 4 females, including 3 with severe or profound disabilities), making up 1.36% of the total workforce. As long as there are suitable positions available, San Shing will continue to employ diverse talents and provide an inclusive and friendly workplace environment.

Total number of employees in the past three years



Employee diversity in the past three years



Talent Recruitment and Retention

Talent Recruitment

San Shing is committed to creating a friendly workplace that attracts diverse and talented individuals. The Company adheres to relevant regulations such as the Labor Standards Act, Act of Gender Equality in Employment, Employment Service Act, and Occupational Safety and Occupational Safety and Health Act when hiring employees. When employing personnel, San Shing shall base its decisions on professional capabilities, knowledge, and experience, ensuring a proper fit for each role. The Company also explicitly outlines non-discrimination principles in its "Work Rules" and emphasizes during the interview process that discrimination based on race, class, language, beliefs, religion, political affiliation, place of origin, birthplace, gender, sexual orientation, age, marital status, pregnancy, appearance, features, or disabilities is strictly prohibited. In addition to offering an equal recruitment system, we also utilize various recruitment channels such as labor banks, private employment service agencies, industry-academia collaborations, and campus recruitment to attract outstanding talents. In addition, starting from 2014, the Company has been collaborating with Kun Shan University to train fresh talents in the nut and bolt industry, providing various internship programs such as semester internships, annual internships, dual-track programs (4-year curriculum), and industry-academia programs (4-year curriculum). These programs help young students gain practical experience and nurture talents needed for the future of the industry. In 2022, we awarded a total of NT\$ 80,000 to our industry-academic program.

Employee Hiring and Turnover Rate

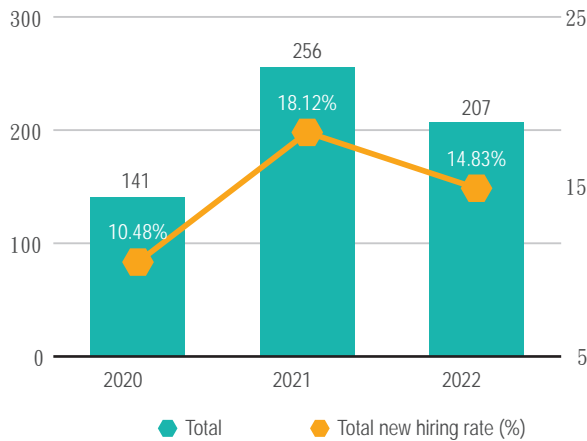
In 2022, San Shing hired a total of 207 new employees, translating to a total recruitment rate of 14.83%. Incidentally, 224 employees left the Company during the year, leading to a total turnover rate of 16.05%. In short, our hiring and turnover rates have remained stable over the years. The higher total hiring rate in 2021 can be attributed to increased demand for orders. The higher hiring and turnover rates among male employees under the age of 30 have been due to a lower retention rate among new recruits. Additionally, the concentration of new foreign workers within a specific age group in the Company might have contributed to these trends as well. The Human Resources Department will continue to analyze the main reasons for employee turnover, enhance retention systems, and improve overall employee satisfaction to retain outstanding talent and achieve employee satisfaction and sustainability at San Shing.

Gender	Female		Male		Female		Male	
Age	No. of new employees	Hiring rate (%)	No. of new employees	Hiring rate (%)	No. of employee turnovers	Turnover rate (%)	No. of employee turnovers	Turnover rate (%)
Under 30	14	16.67%	59	45.38%	25	29.76%	51	39.23%
30-50	33	16.75%	71	9.75%	28	14.21%	82	11.26%
Over 51	11	13.58%	19	10.80%	12	14.81%	26	14.77%
Total	207				224			
Total no. of employees	1,396							
Total percentage (%)	14.83%				16.05%			

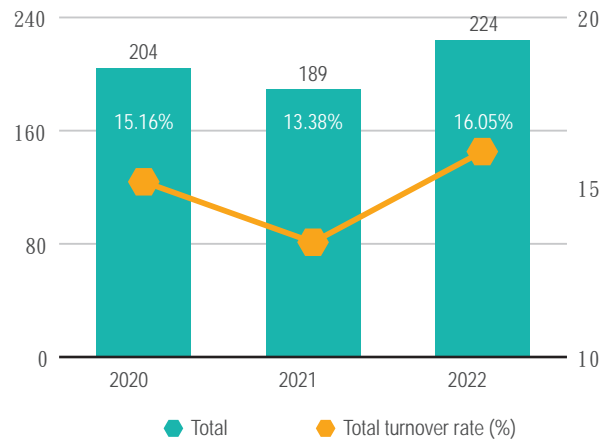
Note:

- Employee calculation doesn't include personnel employed for less than 3 months.
- New hire rate (%) = Number of new hires in the current year for the specified category (gender, age) / Total number of employees in the specified category at the end of the current year.
- Turnover rate (%) = Number of turnover in the current year for the specified category (gender, age) / Total number of employees in the specified category at the end of the current year.
- The number of employee turnover includes both voluntary resignations and retired employees.
- Total percentage (%) = Total new hires (turnover) in the current year / total number of employees at the end of the current year.

New hire rate in the past three years



Turnover rate in the past three years



Personnel Care

Human resources are a company's most important asset. To attract and retain outstanding talent, San Shing not only complies with government labor-related regulations but also strives to create a high-quality working environment. We prioritize gender equality and strive to eliminate any unlawful workplace infringements. Equal pay for equal work is upheld for both male and female employees, with no differentiation based on gender.

Fair Compensation System

San Shing recruits new employees with a base salary that exceeds the minimum wage specified by the "Labor Standards Act". The minimum salary for entry-level employees among regular staff is meant for new technical staff, with a salary set at 116% of the minimum wage under the Labor Standards Act. Furthermore, San Shing's human resources policy prioritizes gender equality and aims to prevent any unlawful workplace infringements. Salary levels are determined based on position, and under the same conditions, the starting salary ratio for new male and female employees is set at 1:1. There is no differentiation based on gender. Full-time employees are compensated based on their position within the Company, educational and professional background, skills, years of service, and job performance assessments. Additional allowances and bonuses may also be provided. In addition to regular salaries, employees are eligible to receive bonuses for three festivals and profit-sharing incentives based on a predetermined percentage of the Company's pre-tax profits if the year has been profitable. The Company's charter stipulates that if the Company is profitable in a given year, a minimum of 1.5% of the profits will be allocated as employee compensation and a maximum of 1% will be allocated as director compensation. In 2022, San Shing allocated 1.5% of its profits for employee compensation, which amounted to NT\$ 19,800 thousand; there was no allocation for director compensation (0%).

Standard salary for various entry-level positions compared to the local minimum wage in 2022

Employees of various positions	Engineering personnel	Administrative personnel	Technical personnel
Factor	1.44x	1.32x	1.16-1.46x

Note:

1. Excluding foreign blue-collar employees.
2. The standard salary is the recurring monthly salary that is regularly paid to employees.
3. In 2022, San Shing did not sign any contracts with labor dispatch companies, and the basic wages of the workers, including 6 male technicians, complied with the regulations of the Labor Standards Act.

Ratio of average basic salaries and compensation for female and male employees in each job category in 2022

Job grade	Base salary		Compensation	
	Female	Male	Female	Male
Senior manager	0.83	1	0.95	1
Mid-tier manager	0.85	1	0.86	1
Regular employee	0.72	1	0.72	1

Note:

1. Excluding foreign blue-collar employees.
2. Senior managers are managers at the director level and above; mid-level management includes supervisors at the section chief level and above, excluding managerial personnel; general employees are full-time employees, excluding senior and mid-level managers.
3. "Base salary" is the regular monthly salary paid each month; "compensation" is the total annual compensation, which includes monthly salary, bonuses, etc.

Ratio of the highest compensation to employee annual total compensation in 2022

	Taiwan
Annual total compensation ratio	7.3 : 1

Note:

1. The individual who receives the highest compensation at San Shing is the President.
2. The annual total compensation ratio = The highest annual individual total compensation/ median of the annual total compensation for other employees.
3. The change in the annual total compensation increase ratio for 2022 is attributed to the change in President. We will provide more detailed data once we have the complete annual information available in the 2024 report.

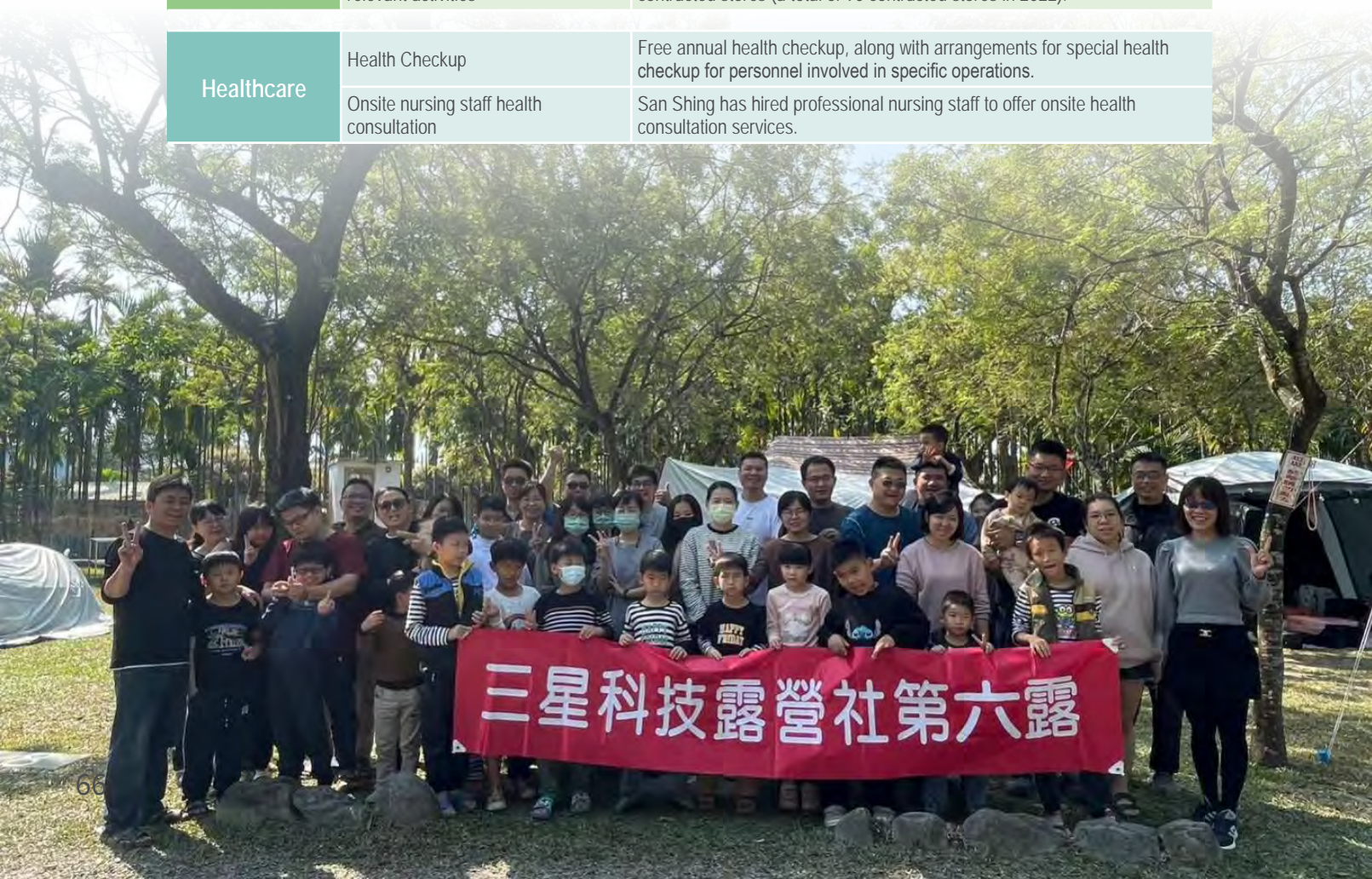
Welfare and Benefits

San Shing is committed to providing a comprehensive benefits system and recreational facilities. The Company has established a labor union and an employee welfare committee to protect the rights and benefits of its employees. According to the Employee Welfare Committee's organizational charter, the committee shall consist of 15 members, with 4 members elected by employees from business units and 11 members elected by the union or workers. This committee is responsible for various employee welfare matters, offering diverse activities and subsidies to all employees. Moreover, the committee also organizes a range of activities and competitions that employees can actively participate in, enabling them to attain a balanced development in their personal lives and leisure pursuits alongside their work.

To promote employees' physical and mental well-being, expand their horizons, and relieve work-related stress, we advocate and encourage their engagement in legitimate leisure activities. The Company supports employee participation in clubs and provides subsidies for these activities. The Employee Welfare Committee has established guidelines for club subsidies, which are as follows: a. For clubs with 50 members or less, a subsidy of NT\$ 7,000 per half-year is provided when there are at least 20 participants. b. For clubs with more than 50 members, a subsidy of NT\$ 10,000 per half-year is granted when there are at least 50 participants. The labor union also offers a semi-annual subsidy of NT\$ 2,000 for each club's activities.

The number of clubs is limited to 18, and if they reach their maximum capacity, a waiting list will be created based on the application date. Currently, we offer a variety of 18 clubs for employees to choose from, including cycling, running, mountaineering, photography, table tennis, chess, billiards, gardening, charity, badminton, handicrafts, camping, fishing, karaoke, softball, bowling, wood ball, and yoga clubs. This diverse range of clubs allows employees to make choices that suit their interests and preferences. In 2022, due to the impact of the COVID-19 pandemic and in alignment with the public health measures that discouraged gatherings, the subsidies for club activities were temporarily suspended. The subsidies were reinstated in the following year, and a total of NT\$138,000 was provided to support the clubs by the Employee Welfare Committee and the labor union.

Category	Content	Description
Bonus	Year-end bonus, bonuses for three major festivals	The Dragon Boat Festival, Mid-Autumn Festival, Chinese New Year bonuses, as well as year-end bonuses, are distributed based on the Company's operational performance, supplemented by individual employee performance evaluations.
	Full-attendance/Long-tenure bonus	An incentive bonus of NT\$ 1,200 is awarded to employees with no absences throughout the year. Long-tenure bonus (prize): for employees who have stayed with the Company for 15 years, they will receive NT\$ 600; those who stayed with the Company for 25 years will receive NT\$ 1,200 and a commemorative gift.
Gifts for festivals/holidays	Various gifts and bonuses	Labor Day vouchers, Mid-Autumn Festival vouchers, birthday vouchers, year-end dinner/raffle (suspended during the pandemic, replaced with meal vouchers or gift certificates/cash).
Insurances	Group insurance coverage	In addition to the basic government-mandated social insurance, the Company provides group insurance benefits, including life insurance, cancer medical care insurance, and travel insurance for international business trips.
Recreation	Domestic/international trips	Every year, the Company organizes domestic trips for employees, along with subsidies for their family members to join (note: this arrangement was temporarily suspended during the pandemic, with subsidies provided instead). Additionally, every five years, we would offer overseas travel subsidies. We believe in creating a happy atmosphere for our employees and their families to promote their physical and mental well-being and help them unwind.
	Club activities	Employees have voluntarily formed various clubs, and the Company provides financial support and facilities for these clubs.
Facilities	Recreational space	Employee cafeteria, employee store, pool room, table tennis room, lactation room, infirmary.
Subsidies	Gifts and subsidies for various events, customs, education and relevant activities	Marriage bonuses, maternity allowances, relocation bonuses, child education scholarships, hospitalization condolences, retirement fund contributions, and contracted stores (a total of 90 contracted stores in 2022).
Healthcare	Health Checkup	Free annual health checkup, along with arrangements for special health checkup for personnel involved in specific operations.
	Onsite nursing staff health consultation	San Shing has hired professional nursing staff to offer onsite health consultation services.





Cycling club



Mountaineering club



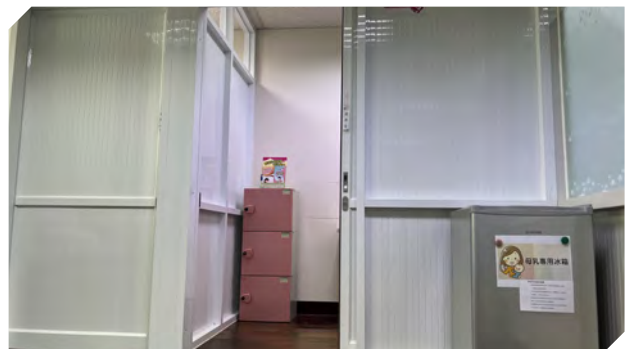
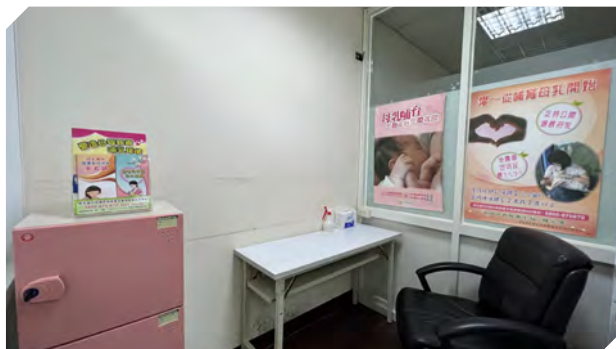
Photography club

Starting a family with Confidence

To safeguard the rights and well-being of female employees, San Shing has introduced its "Maternal Health Management Implementation Measures" in accordance with the "Workplace Maternal Health Protection Technical Guidelines". These measures apply to female employees who are either pregnant or within one year of giving birth and whose work may pose health risks. The procedures encompass hazard assessments and the implementation of control and management measures. Additionally, we have setup dedicated lactation rooms with a specialized refrigerator for breastfeeding. For colleagues with children under the age of two who need to breastfeed or collect breastmilk, in addition to the allocated break times, an extra 60 minutes per day is considered as working hours for this purpose. For employees who work an additional hour or more beyond their regular working hours each day, an additional 30 minutes of time is allotted for breastfeeding or breastmilk collection. The Company's healthcare service nursing staff provided educational information to pregnant colleagues and proactively arranged health guidance and care in coordination with the plant's medical team. In 2022, a total of 8 sessions of health guidance and care were provided to pregnant colleagues.

San Shing wishes for employees to start their families, have children and care for their families with confidence by providing a supportive environment. The Company strives to promote an ideal work-life balance that allows employees to properly manage both their professional and family lives. To this end, the Company offers marriage bonus, relocation bonus, maternity allowance and child education scholarships. The maternity allowance is provided for an employee or their spouse upon the birth of a child. To apply for this allowance, they must submit the birth certificate within 6 months of the birth. The children's education scholarship is available for employees' children attending nationally accredited public or private schools in Taiwan (foreign schools are not included). Students with good academic performance, receiving grades of 60 or above in moral, intellectual, physical, social, and aesthetics categories, with no disciplinary actions above minor offenses, are eligible. For university, technical university, and college students, each student receives a scholarship of NT\$1,000 per semester, while for high school to elementary school students, each student receives a scholarship of NT\$ 500 per semester. There's also a subsidy of NT\$1,000 per semester for children attending kindergarten. In 2022, the Company disbursed a total of NT\$ 1,014,000 as various family-related allowances.

In 2022, the Company had 3 employees (0 male, 3 female) who applied for parental leave without pay. At the end of their leave, we had 5 employees (1 male, 4 female) due for reinstatement. In reality, all 5 employees (1 male, 4 female) returned to work, resulting in a retention rate of 100%.



Lactation room

Paternal leave and employee retention statistics

Item/Year	2020			2021			2022		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No. of employees eligible for unpaid parental leave (A)	135	42	177	92	33	125	46	23	69
Actual no. of employees applying for unpaid parental year during the year (B)	3	2	5	1	3	4	0	3	3
No. of employees expected to be reinstated after their unpaid parental leave during the year (C)	1	5	6	2	3	5	1	4	5
No. of employees actually reinstated after their unpaid parental leave during the year (D)	0	5	5	0	2	2	1	4	5
No. of employees actually reinstated after their unpaid parental leave during the previous year (E)	0	6	6	0	5	5	0	2	2
No. of employees who continued working for one year after their reinstatement from unpaid parental leave during the previous year (F)	0	6	6	0	4	4	0	2	2
Reinstatement rate (%) of employees returning from unpaid parental leave during the current year (D/C)	0%	100%	83%	0%	67%	40%	100%	100%	100%
Retention rate (%) of employees returning from unpaid parental leave during the current year (F/E)	0%	100%	100%	0%	80%	80%	0%	100%	100%

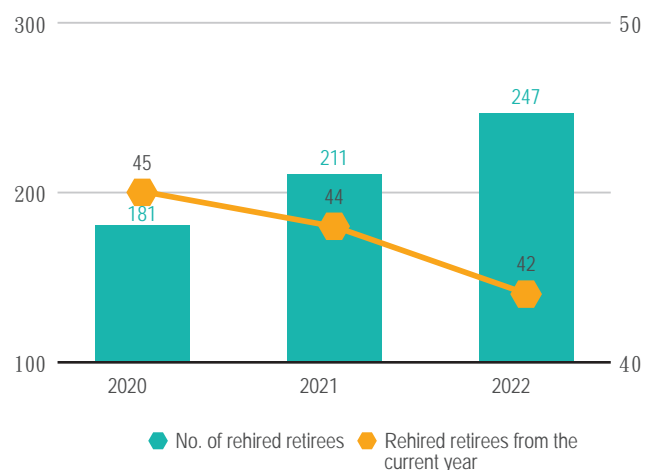
Note: The number of eligible applicants for parental leave is calculated based on the number of employees who applied for maternity and paternity leave within the three years leading up to the current year. (For example: the data for 2022 would span from January 1, 2019 to December 31, 2022)

Retirement Security and Rehiring Plan

San Shing has established its "Employee Retirement Procedure" to ensure that employees are taken care of in their retirement. Furthermore, employees can apply for retirement according to the procedures and conditions outlined in these regulations. Our retirement system strictly adheres to legal regulations and follows the "Labor Standards Act" and the "Labor Pension Act", with monthly contributions to the labor pension fund for each employee. San Shing complies with the "Labor Standards Act" by contributing to the old system retirement reserve fund by allocating 9% of the total employee salaries every month to the labor pension reserve fund account at Bank of Taiwan. In addition, the Company also established its "Labor Pension Reserve Fund Supervisory Committee", which meets regularly to supervise and manage the old system retirement reserve fund. Each year, they also engage an actuarial firm to conduct an actuarial valuation to ensure sufficient contributions. In 2022, 13% of our employees opted for the old pension system. Since the promulgation of the "Labor Pension Act" on July 1, 2005, the Company adopted a new contribution system, under which employees covered by this law would contribute 6% of their monthly salary to their individual retirement pension accounts managed by the Labor Insurance Bureau. In 2022, 87% of our employees opted for the new pension system.

To mitigate the impact of declining birth rates on the job market and address workforce shortages, San Shing has established a "Retiree Rehiring Program". This program allows employees who are in their prime years but have met the conditions for voluntary retirement to be rehired, enabling them to continue working beyond their statutory retirement age. Moreover, this program allows experienced and seasoned employees to serve as workplace mentors, guiding and teaching new colleagues. This promotes the transfer of professional expertise and knowledge, resulting in a win-win situation and contributing to the long-term sustainability of the Company. In 2022, we had 247 regular employees who were rehired retirees, with 57 of them being rehired in the same year. Our retiree rehire rate in 2022 came to 93%.

No. of rehired retirees in the past three years



4.2 Talent Cultivation and Development

Our commitment to employee training



Sincere: Provide sincere training and guidance to employees to acquire practical skills and knowledge.

Thoughtful: Provide employees diverse learning channels and an outstanding learning environment.

Earnest: Design a training system and information system to ensure comprehensive training.

Education and Training System

San Shing trains employees in order to enable them to fully utilize their job functions, enhance work efficiency, reduce environmental safety and health risks, and develop critical thinking and observation skills through educational training. Not only that, we also encourage our employees to keep learning and develop their individual careers. We have established the "Talent Development and Training Procedure" to provide guidance for operations related to talent development. Each year, we survey the training needs of our employees and formulate the educational and training plan for the entire Company in the following year. We conduct relevant training courses to address any skill gaps in our employees and minimize any deficiencies in their capabilities. This further enhances their professional skills and knowledge, elevating the overall quality of our talents, and assisting San Shing in realizing its business philosophy and achieving its corporate objectives. We have also established our "Internal Instructor Selection Principles", which require employees to meet at least two out of three conditions: having more than 3 years of experience in a specific specialization; holding a position at the level of section chief (or higher); having relevant certification or completed relevant trainings. Employees must meet these criteria to be chosen as internal instructor.

San Shing's training system is primarily divided into two categories: "New Hire/Transfer Personnel Onboarding Training" and "Employee OTJ Training"

"New Hire/Transfer Personnel Onboarding Training": Through on-the-job training, in addition to providing general safety and health education, we also convey the Company's quality policy and promote quality awareness, as well as provide guidance on product safety and anti-counterfeiting regulations. The onboarding training process has been systematized and is now linked to job descriptions for various departments and positions. This allows for the identification of specific training courses and certification requirements needed for each job type.

"Employee OTJ Training": Based on the training assessment results for the current year, the Company's future operational status, and training requirements, an annual summary of the Company's education and training is compiled to guide various departments accordingly. Relevant licenses required by government regulations are reviewed and included in the annual training summary during its compilation. San Shing not only helps employees obtain professional certifications but also plans annual refresher training to ensure their certifications remain valid. This refresher training also helps strengthen employees' awareness of occupational safety and health. In the past three years, the number of certifications obtained has been affected by the pandemic, resulting in a decrease. However, with the pandemic situation improving in 2022, a total of 107 employees obtained professional certifications. These certifications include 72 for crane operation, 13 for forklift operation, 14 for aerial work platform operation, 4 for first aid, and 4 for high-pressure gas-specific equipment.

No. of San Shing personnel who received professional certification in the past three years



San Shing's Annual Education and Training Plan Flowchart



Overview of Training Status

San Shing plans and schedules training programs for employees in accordance with its annual training plan. In 2022, we held a total of 214 training sessions, with 1,396 participants. Internal training accounted for 84.4%, while external training made up approximately 15.6% of the total. The total training cost for 2022 came to was NT\$ 1,437 thousand. In 2022, the average no. of hours of training per employee came to 9.58 hours, with an average training cost of NT\$ 1,029.67 per employee. The planned training course completion rate was 63%, with an internal training completion rate of 82%

Year		2020			2021			2022		
Category/ Gender		Total no. of employees	Total no. of hours of training completed	Average no. of hours of training completed	Total no. of employees	Total no. of hours of training completed	Average no. of hours of training completed	Total no. of employees	Total no. of hours of training completed	Average no. of hours of training completed
Managerial position	Male	166	2,025.5	12.20	167	1,280.5	7.67	166	2,538.0	15.29
	Female	14	77.0	5.50	16	79.5	4.97	18	156.5	8.69
Full-time employee	Male	780	8,527.0	10.93	801	6,898.0	8.61	799	8,875.0	11.11
	Female	235	1,250.5	5.32	248	1,039.5	4.19	260	1,451.0	5.58
Temporary employee	Male	63	132.0	2.10	76	158.0	2.08	69	140.0	2.03
	Female	88	154.0	1.75	105	263.0	2.50	84	218.0	2.60
Total		1,346	12,166.0	9.04	1,413	9,718.5	6.88	1,396	13,378.5	9.58

Note:

1. Management positions include mid-level to senior managers, starting from the section chief level and above; regular employees refer to those who are not in a management role or temporary staff.
2. Average no. of hours of training completed = Total no. of hours of training completed/Total number of trained employees; Average no. of hours of training completed for each gender = Total no. of hours of training completed for each gender for the year/Total number of employees for each gender.
3. There are fewer females in management positions compared to males, and among regular employees, females employees are primarily operators. This is why the training hours for female employees are lower compared to men who are mostly technical personnel.

Gender and average training costs of trained employees

Unit: NT\$

Year	2020		2021		2022	
Item	Total training fees	Average training fees	Total training fees	Average training fees	Total training fees	Average training fees
Male	665,346	659.41	863,667	827.27	1,327,126	1,283.49
Female	25,284	75.03	83,488	226.25	110,298	304.69
Total	690,630	513.1	947,155	670.31	1,437,424	1,029.67

Note:

1. Average training fees = Total training fees/Total number of trained employees; Average training fees for each gender = Total training fees for each gender for the year/Total number of employees for each gender.
2. As most of our female employees are operators, their training costs were lower than that of male employees, who are mostly technical personnel.



2022 Tapping Machine & Tapping Technique Course with OPL Training



2022 Bolt Forming Operation Control Procedure and TPM Event



2022 Scraping Technique Training



2022 Nut Forming Quality Training

Performance Management System

San Shing Fastech has established a performance assessment system detailed in its "Work Rules". This system includes both regular ongoing performance evaluations and annual performance assessments. The criteria for these assessments encompass factors such as job competency, growth potential, work efficiency, work ethic, attitude, and contributions, including attendance. The outcomes of these assessments are used as reference points for decisions related to bonuses, holiday bonuses, salary adjustments, and promotions.

Performance bonuses (including the three-festival bonuses and employee compensation) are distributed based on the Company's operational performance, in addition to individual performance assessments. This approach aims to reward employees for their contributions and motivate them to continue their efforts. In 2022, a total of 5 employees on unpaid leave were not included in the performance assessment. The performance assessment was conducted for 1,243 employees, and the actual number of employees who completed the assessment was also 1,243, achieving a 100% completion rate.

4.3 Human Rights Protection

San Shing has always placed great importance on the clarity and rationalization of its management systems. The Company adheres to relevant laws and regulations, including the Labor Standards Act, Act of Gender Equality in Employment, and programs such as the "Four Major Workers' Health Protection Programs". The Company has established various protocols, which are openly available to employees on the company's intranet. These protocols include the "Maternal Health Management Implementation Guidelines", "Prevention of Abnormal Workload-Related Diseases Implementation Guidelines", "Measures to Prevent Unlawful Acts against Employees in the Execution of Their Duties", "Measures to Prevent Human-Induced Harm", "Promotion of Health for Middle-Aged and Older Workers Implementation Guidelines", "Work Rules", "Personnel Management Regulations", "Measures for Preventing and Handling of Sexual Harassment" and the "Act of Gender Equality in Employment". We have also obtained the ISO 45001 Occupational Health and Safety Management System certification and the ISO 14001 Environmental Management System certification, demonstrating our commitment to ensuring a safe working environment for employees, respecting individuals with dignity and respect, promoting environmental sustainability, and adhering to ethical practices.

San Shing respects and supports internationally recognized human rights norms and principles, including the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact's Ten Principles. In 2023, the Company plans to introduce "San Shing Human Rights Policy" to fulfill its corporate social responsibility and create a more inclusive and supportive work environment.

Human Rights Issue Management	Content of Implementation
<p>Eradicate Unlawful Discrimination and Workplace Violence</p>	<ol style="list-style-type: none"> The "Work Rules" explicitly state our commitment to complying with government labor laws and our adherence to non-discrimination principles during the recruitment interview process. Discrimination based on factors such as race, class, language, ideology, religion, political affiliation, place of origin, birthplace, gender, sexual orientation, age, marital status, pregnancy, appearance, features, or disabilities is strictly prohibited. No discrepancies in employee treatment due to gender differences. Employees with the same job and level of performance shall be entitled to equal wages. We have established the "Prevention of Unlawful Acts Against Job Duties" policy to ensure a zero-tolerance policy towards workplace violence, with the aim of creating a safe, dignified, non-discriminatory, respectful, inclusive, and a workplace culture of equal opportunity. San Shing and its affiliated companies adopt a zero-tolerance policy towards workplace violence, with a declaration as follows: "We prohibit any acts of workplace bullying by the management or among employees, as well as any forms of workplace violence, such as physical violence, psychological violence, verbal abuse, or sexual harassment". We have established a comprehensive complaint system that includes dedicated phone lines, email address, and physical mailing address to provide our employees with multiple channels for reporting any workplace issues. <ul style="list-style-type: none"> There had been no instance of discrimination or sexual harassment at San Shing in 2022.

Human Rights Issue Management	Content of Implementation
<p>Human Rights Training for Security Personnel</p>	<p>San Shing employs its security personnel, and these security personnel comply with the requirements of Article 10-2 of the Private Security Service Act, which stipulates that "when a security company hires security guards, it shall offer them pre-service professional training of one week or above. For serving security guards, it shall provide them with in-service training at least four hours for every month". They shall also receive training related to human rights policies and considerations to prevent incidents of sexual harassment, gender discrimination, or human rights violations whilst performing their duties. All San Shing security personnel have completed their onboarding training.</p> <ul style="list-style-type: none"> In 2022, San Shing received no complaints from customers with regards to its security personnel.

Human Rights Issue Management

Content of Implementation

Employees' Freedom of Association

1. San Shing Fastech established the "San Shing Fastech Corp. - Tainan City Labor Union" in 1980, and the Company signs a collective agreement with the union once every three years. We signed the latest collective bargaining agreement in 2023.
2. The Company has established 18 clubs for employees to choose from, including cycling, running, mountaineering, photography, table tennis, chess, billiards, gardening, charity, badminton, handicrafts, camping and so forth for employees to choose from. San Shing encourages all employees to freely take part in their preferred club as a way to unwind.
 - In 2022, San Shing had no instances of restricting employees' freedom to associate or engage in collective bargaining, and no related incidents were discovered with our suppliers.

Human Rights Issue Management

Content of Implementation

No Child Labor

- As per Article 73 of San Shing's "Work Rules", the Company may not employ individuals under the age of fifteen for work. In 2023, our "New Supplier Evaluation Form" will include an assessment of the management's commitment to prohibiting the use of child labor.
- In 2022, San Shing had no cases of illegal child labor employment, and no such incident was found among our suppliers.

Human Rights Issue Management

Content of Implementation

Prohibition of Forced and Compulsory Labor

1. San Shing complies with the provisions of Paragraph 3, Article 30 of the Labor Standards Act and operates under the eight-week flexible working hours system, with approval from the labor union. In the absence of a labor union, after obtaining agreement through a labor-management meeting, the normal working hours within an eight-week period may be distributed accordingly. However, the employees' daily regular working hours should not exceed eight hours, and the total working hours per week should not exceed forty-eight hours.
2. The "Work Rules" explicitly state that the Company must obtain the consent from the labor union for employees to work outside regular working hours when necessary. In the absence of a labor union, agreement must be obtained through a labor-management meeting.
 - In 2022, San Shing had no incidents of forced or compulsory labor, and no related events were discovered with its suppliers.

Human Rights Issue Management

Content of Implementation

Healthy and Safe Workplace

1. We have established the "Implementation Measures for Disease Prevention due to Abnormal Workload" to provide health management measures to workers who may be exposed to abnormal workloads such as shift work, night work, and extended hours. This is aimed at preventing overexertion-related diseases, particularly neurological and cardiovascular conditions, ensuring early detection and treatment, and safeguarding the safety and well-being of workers.
2. We comply with relevant occupational health and safety regulations, uphold the principles of ISO 45001, and follow the Plan-Do-Check-Act (PDCA) cycle to implement various management plans. These include the Tapping Machine Inspection and Operation Ladder Improvement Plan, the Installation of Interlock Devices for Screw Forming Machine Guards, the Autonomous Mutual Assistance Management Team Competition Plan for Forklifts, and others. Through these measures, we continuously strive for improvements to provide a safe and healthy working environment. For more details on our efforts in creating a healthy and safe workplace, please refer to 4.4 Workplace Safety and Healthcare.
 - San Shing had 3 cases of recorded work-related injuries in 2022.

Minimum Notice Period for Operational Changes

Pursuant to Article 16 of the Labor Standards Act, San Shing shall handle the termination of labor contracts with employees who have terminated their labor contract in accordance with the provisions of Article 11 or 13 as follows:

1. For employees who have been working for more than three months but less than one year, the notice should be given at least ten days in advance.
2. For employees who have been working for more than a year but less than three years, the notice should be given at least twenty days in advance.
3. For employees who have been working for more than three years, the notice should be given at least thirty days in advance.
4. After receiving the advance notice mentioned in the preceding paragraph, employees may request leave during working hours to seek other employment. During the leave, the number of hours taken shall not exceed the working hours for two days per week, and the wages shall be paid as usual.
5. Should the employer terminate the contract without giving the notice as prescribed in sections 1-3, they must pay the wages for the notice period.

Human Rights Complaint and Reporting System

The Company adopts a zero-tolerance policy towards workplace violence, with the aim of creating a safe, dignified, non-discriminatory, respectful, inclusive, and a workplace culture of equal opportunity. San Shing and its affiliated companies adopt a zero-tolerance policy towards workplace violence, with a declaration as follows: "We prohibit any acts of workplace bullying by the management or among employees, as well as any forms of unlawful aggression in the workplace, including physical violence, psychological violence, verbal abuse, sexual harassment or stalking. Pursuant to Article 6 of the "Employee Complaint Handling Procedure", "Prevention of Unlawful Aggression In the Act of Performing Duties Procedure" and "Sexual Harassment Prevention Act", our human rights complaint and reporting channels are as follows:



Human Rights Complaint and Reporting Channels

- Direct supervisor within the department
- San Shing's complaint hotline: 06-3308490
- Labor union complaint hotline: 06-3304547
- San Shing's corporate email box: sanshiping@mail.sanshiping.com.tw [To: Complaint Handling Team]
- Labor union's email box: SPA@mail.sanshiping.com.tw
- Mailing address: No. 355, Sec. 3, Zhongshan Rd., Guiren District, Tainan City. Recipient [Complaint Handling Team]
- Fax: 06-3386606



Process of Complaint Investigation and Complainant Protection Mechanism

- Each complaint case is handled by a dedicated personnel. Depending on the nature of the case, it may be referred to the relevant department or brought before a review committee. Timely responses shall be provided to the complainant within the stipulated timeframe. In cases of significant importance, the matter shall be reported to the Chairman. If senior executives are involved, the case shall be reported to the Board of Directors instead. The personnel responsible for handling complaints should investigate and resolve the issue within seven working days from the receipt of the employee's complaint. After this, they should complete an Employee Complaint Response Form and inform the complainant of the resolution. If the complainant is not satisfied with the response provided, they have the right to submit a formal objection within five working days of receiving the response.
- The information of the complainant shall be kept confidential, known only to the personnel involved in the complaint handling process. This is done to ensure that the complainant is not subjected to any improper treatment or retaliation as a result of their complaint.

4.4 Workplace Safety and Healthcare

In order to achieve the "zero accidents" goal, San Shing has developed a safety and health management plan, formulated detailed execution plans based on the plan's content, and ensures their faithful implementation at each plant. Execution shortcomings are discovered through an audit system, and improvements are discussed and reviewed in the Occupational Safety and Health Committee or safety review meetings. On an annual basis, we would formulate a new occupational accident prevention plan for the upcoming year, guided by the decisions made by the Occupational Safety and Health Committee. This plan is subsequently put into action, subjected to audits, reviewed, and adjusted as needed. Through the continual employment of the PDCA (Plan-Do-Check-Act) approach, we aim to steadily diminish hazard risks across all plants and ultimately attain the "zero accidents" objective.

Occupational health and safety management system

In our commitment to providing a safe and healthy working environment for our employees, the Company not only complies with relevant occupational safety and health regulations but also establishes internal rules in accordance with the guidance provided by the Occupational Safety and Health Administration. Furthermore, San Shing also obtained OHSAS 18001 Occupational Health and Safety Management System certification in 2002 and transitioned to and acquired ISO 45001:2018 Occupational Health and Safety Management System certification in 2020.

The progressive implementation of occupational safety and health management work is carried out in accordance with the PDCA (Plan-Do-Check-Act) approach. The scope of our Occupational Health and Safety Management System, as well as the individuals to whom it applies, includes all plant premises and all employees. In addition, contractors and subcontractors shall be governed by the terms specified in their respective contracts. These safety and health management principles regulate various process activities, the storage and transportation of raw materials and finished products, facility installation, maintenance, repairs, restores, fire safety, procurement, outsourcing, contracting, changes, and related aspects.

San Shing's established management procedures encompass all operational activities. These procedures address both internal and external issues, the impact on all employees, compliance obligations, and occupational safety and health risks that can be controlled within their respective scopes. Additionally, they include the management and operations related to all processes involving personnel providing services externally. This holistic approach ensures the safety and health of all personnel and enables the Company to create a work environment with zero accidents.



ISO 45001:2018 Occupational Health and Safety Management System Certification
Certification valid until: 2026/07/29

Worker Participation, Consultation and Communication

Occupational Safety and Health Management Unit

To ensure the ongoing applicability, adequacy, and effectiveness of the Occupational Health and Safety Management System, San Shing holds regular annual management review meetings, quarterly occupational safety and health committee meetings, and ad-hoc safety review meetings. These meetings serve to review and approve performance assessment reports of the management system, review occupational accident reports, assess occupational safety and health proposals, and address related matters. We hope take care of the health and safety of all employees and create a safe and healthy working environment with zero accidents.

The Company has established an Occupational Safety and Health Committee, comprising 12 members. This committee includes the employer's representative (or top management), occupational safety and health personnel, department heads, engineering and technical staff, medical personnel, and labor representatives. Among these members, there are a total of four labor representatives, accounting for more than one-third of the committee. Meetings are convened every three months to discuss work-related accidents and incidents, review, coordinate, and make recommendations regarding the promotion of occupational safety and health management so as to provide employees with a safer and more comfortable working environment. In 2022, we held a total of one management review meeting, along with four occupational safety and health committee meetings and four safety review meetings. The key points and outcomes of these meetings were announced and made known to employees through our notice board.

Worker Consultation and Participation

To provide employees and stakeholders with information regarding the Company's environmental and occupational health and safety policies, objectives, performance, or other relevant details at the appropriate times, demonstrating the management's commitment to the management system, and encouraging employees and the general public to understand and accept the Company's efforts to improve its environmental and occupational health and safety performance, the "Environmental and Occupational Safety and Health Communication and Worker Consultation and Participation Management Regulations" specify the procedures, channels, and other management requirements for communication, consultation, and participation by workers and stakeholders.

In accordance with the "Environmental and Occupational Safety and Health Communication and Worker Consultation and Participation Management Regulations", worker representatives shall be selected from both internal and external workers, including direct and indirect employees, foreign migrant workers, contractors, subcontractors, temporary staff, and visitors. These representatives form a Worker Consultation/Participation Committee or Task Force. Worker representatives are responsible for gathering the occupational safety and health opinions of both internal employees and external workers. They will conduct an annual Occupational Safety and Health Consultation Meeting and participate in the Occupational Safety and Health Committee meetings. In addition, they also assist in promoting various occupational safety and health-related activities within the Company and help disseminate information about relevant laws and regulations concerning occupational safety and health. In 2022, we held one consultation meeting, and the worker representatives actively participated in one meeting of the Occupational Safety and Health Committee, contributing to discussions and decision-making on worker participation issues.

ESH Communication Channel

- Tel: (06)2306611
- Fax: (06)2306000
- Email box: lsl@mail.sanshing.com.tw
- Contact person: Mr. Yeh, General Affairs Department

Hazard Identification and Risk/Opportunity Assessment

Conducting appropriate risk assessments can assist the Company in establishing a comprehensive and suitable occupational safety and health management plan, which helps in effectively controlling hazards and risks, reducing the likelihood of disasters or the severity of their consequences. It also enhances our safety and health management performance, ultimately contributing to the achievement of sustainable operations.

San Shing, in accordance with the "Risk Assessment Technical Guidelines" published by the Occupational Safety and Health Administration, has established its "Occupational Safety and Health Risk/Opportunity Assessment Regulations". These regulations outline the assessment procedures, workplace impact analysis, identification analysis, improvement measures, and the prioritization of improvement requirements concerning potential hazards and risks related to employees' safety and health in their work activities or the work environment.

Occupational Safety and Health Hazard Identification and Risk/Opportunity Assessment Process

1. Operation content review: each department shall record the names and details of relevant operations/processes in the "Hazard Identification Process Flowchart".
2. Hazard identification: based on the contents of the "Hazard Identification Process Flowchart", identify potential hazards from the potential situations and enter the potential risks into the "Hazard Identification Risk Assessment Form".
3. Occupational safety and health risk/opportunity assessment: based on the effectiveness of existing control measures, conduct a risk assessment by taking into account the severity, probability, and the effectiveness of risk control while assessing relevant opportunities to enhance occupational safety and health performance.
4. Order of determining risk control methods: eliminate, substitute, engineering control, signage/warning/management control measure/education and training, personal protective equipment.
5. Selection of control measures to be prioritized: based on the risk assessment matrix, risk levels for various aspects are determined each year. Control measures are then prioritized, with a focus on addressing intolerable risks. The effectiveness of these measures is confirmed, and any remaining risks are reviewed to ensure they are reduced to an acceptable level.

In 2022, San Shing conducted a total of 3,902 hazard identification assessments. Among these assessments, 113 items were identified as requiring prioritized control measures, and corresponding "Occupational Safety and Health Management Plans" were developed to address these issues.

Safety and Health Management Solution

In order to achieve our occupational safety and health goals and fulfill our commitment to the occupational safety and health policy, the Company has established its "Environmental Health and Safety Management Plan Implementation Regulations". These regulations are developed based on the results of the "Occupational Safety and Health Risk and Other Risk/Opportunity Assessment" to mitigate occupational safety and health risks. In 2022, there were a total of 15 items in our safety and health management plan. These items encompass various aspects, including health promotion, forklift autonomous mutual assistance management, interlocking safety shields, grounding improvements for machinery and equipment, noise reduction for machinery, improvements to operational foot pedals, enhancements in preventing static electricity in flammable substances, and socket leakage prevention and so forth. Each management plan is presented for review and approval by the "Management Committee Review Meeting." Once approved, they are implemented and progress is regularly monitored and improvements are tracked to ensure the effectiveness of the measures.

Accident Prevention, Investigation and Reporting

San Shing has established the "Environmental Safety and Health Performance Measurement and Supervision Regulations". In the event of a workplace occupational accident, immediate measures, such as first aid and rescue, shall be taken. Subsequently, an investigation and analysis will be conducted in collaboration with labor representatives to compile an accident investigation report. In the case of accidents that do not result in injuries to personnel but have the potential for occupational safety risks, near-miss incidents shall be reported voluntarily. Relevant data should be compiled so that information can be disseminated to raise awareness about these incidents.

In the event of an occupational safety incident, according to Article 37, paragraph 2 of the Occupational Safety and Health Act, significant occupational accidents shall be reported to the labor inspection agency within 8 hours, followed by subsequent notifications to external audit bodies, such as SGS. Additionally, monthly online reporting of occupational accident statistics shall be compiled in a monthly report. Internally, the Company would hold a "Safety Review Meetings" where tier-one managers from the production units, the Personnel Department, and higher-level executives from the Occupational Safety Department are gathered. These meetings involve analyzing and reviewing the process and improvement strategies related to safety incidents. The objective is to enhance operational safety at the plant, promote a culture of safety awareness among all employees, and foster San Shing's safety culture by elevating the effectiveness of countermeasures. In accordance with Section 9, Article 9 of the "Safety and Health Work Regulations", when there is an immediate risk of danger in the workplace, the workplace manager must promptly halt operations and ensure that employees move to a safe area. Employees performing their duties who identify an immediate risk of danger have the right to stop work and move to a safe location without endangering the safety of other workers, and they must immediately report the situation to their immediate supervisor. ". In addition, the issue should be publicly announced and made known to all employees that they have the right to evacuate in critical situations.

Contractor Safety and Health Management

To effectively manage contractors working within our plant, reduce occupational accidents, and ensure the safety of both our onsite and contractor personnel, we have established our "Contractor Management Regulations". These regulations are applicable to various types of contractor work, including engineering-related contracts such as civil engineering operations, structural steel operations, plant maintenance, electrical and plumbing maintenance, fire safety inspections, and other contracting operations with potential hazards. These regulations apply to various contractor personnel, including those involved in any of the Company's projects or operations within the plant premises. This includes primary contractors and subcontractors. Additionally, they encompasses downstream cooperating suppliers and personnel associated with such primary and subcontractors, which may include the workers, temporary labor, and other individuals under the command or supervision of the site manager. In summary, all contractor entities involved in mutually contracting relationships fall within the scope of these regulations.

Occupational Accident Statistics

In 2022, there had been 3 cases of employee occupational injuries at San Shing:

1. One male employee suffered an occupational injury while performing wire drawing work. Due to a failure to perform the standard troubleshooting procedure, he accidentally struck his left hand against a fixed bracket, resulting in a fracture of the left little finger and abrasions on the back of his hand.
2. A male employee was involved in daily inspections of a thread rolling machine's dust cover. He did not wait for the dust cover to be properly positioned, and one of the pneumatic cylinders on the side happened to lose pressure at the same time. This resulted in the dust cover falling and impacting, causing a contusion at the back of his head and a fracture of his eye socket.
3. An employee, while attempting to stand up next to the machine after a lunch break, accidentally struck his head against a sharp corner of the control console, and it resulted in a laceration to the scalp.

In the event of an occupational accident, immediate assistance should be administered to the afflicted personnel for medical treatment. In addition, relevant first aid and rescue measures ought to be taken, followed by a thorough investigation, analysis, and the creation of records to document the incident. During the medical treatment period, the Company shall cover relevant medical expenses incurred. If the individual is unable to work during this period, compensation shall be provided based on their original salary. Furthermore, for occupational injury accidents, a "Safety Review Meeting" shall be convened, bringing together first-level supervisors from relevant departments. They will collectively analyze the causes of the occupational accident, formulate improvement strategies, and work to enhance safety measures to prevent similar accidents from recurring. Subsequently, the Company's nursing staff and onsite occupational physician will monitor the employee's recovery progress, with the goal of enabling the employee to return to their original position or transition to another suitable role.

San Shing's occupational safety performance statistics - Employees

Item		2020	2021	2022
Total work hours	Total work hours performed by female employees	688,643	911,508	830,758
	Total work hours performed by male employees	2,054,449	2,485,371	2,318,696
	Total work hours performed	2,743,092	3,396,879	3,149,454
No. of recorded occupational injuries (including the number of fatalities and cases of severe occupational injuries)	Total no. of female employees (frequency) with work-related injuries	1	2	0
	Total no. of male employees (frequency) with work-related injuries	6	4	3
	Total no. of employees (frequency) with work-related injuries	7	6	3
Ratio of no. of recorded occupational injuries (including the number of fatalities and cases of severe occupational injuries)	Ratio of total no. of female employees with work-related injuries	1.45	2.19	0
	Ratio of total no. of male employees with work-related injuries	2.92	1.61	1.29
	Total ratio of work-related injuries	2.55	1.77	0.95
Description of work-related injury categories		2 cases of contusions, 1 case of bone fracture, 1 case of clamping, 1 case of spraining, 1 case of laceration, 1 case of cutting.	2 cases of laceration, 1 case of spraining, 2 cases of cutting, 1 case of bone fracture.	2 cases of contusion and bone fracture, 1 case of laceration.

Note:

- Total work hours performed is calculated based on the number of work hours performed by personnel in attendance.
- The data in this Table represents the statistics of work-related injuries at San Shing.
- There had been no occupational fatalities or severe work-related injuries between 2020-2022 at San Shing.
- Severe occupational injury refers to injuries that result in disability or the inability, or difficulty, to recover to the state of health before the injury within six months due to an occupational injury.
- Ratio of no. of recorded occupational injuries (including the number of fatalities and cases of severe occupational injuries)/work hours*1,000,000.
- In 2022, San Shing had a total of 6 male non-employee workers with a total working hours of 17,292.5 hours, and no occupational accidents occurred among them.

Safety and Health Education and Training

In order to achieve our goal of “zero occupational accidents”, San Shing conducts “General Occupational Safety and Health Training” as a part of onboarding training for new employees. Contents of the training include: (1) overview of occupational safety and health regulations, (2) Concepts of occupational safety and health regulations, (3) Pre-operation, mid-operation and post-operation self-checks, (4) standard operating procedures, (5) emergency response and handling of accidents, (6) fire safety and first-aid knowledge and drills and (7) other safety and health related knowledge relevant to specific operations. A total of 217 participants (159 males and 58 females) received this training, totaling 651 person-hours of training.

Through the San Shing education and training system, we have arranged various annual safety and health education and training programs, including job-specific training and disaster prevention trainings. These programs are meant to enhance employees' awareness of workplace safety. In 2022, a total of 2,490 participants attended occupational safety and health training courses, achieving a 100% course completion rate.

Occupational Safety and Health Training for 2022

Training	Training duration (hours)	No. of participants	Training person-hours
Refresher Training on Hazardous Chemicals	3	1,136	3,408
Emergency response drill	1	50	50
Refresher Training for First-aid Personnel	3	35	105
Wan An Exercise	1	22	22
Civil Defense Team Routine Training	4	40	160
ISO 45001 Hazard Identification and Risk Assessment	1	38	38
Refresher Training for Operating/Crane Hoisting under 3 Metric Tons	3	478	1,434
Business managers of various levels of management responsible for supervision	3	137	411
Refresher Training for High-altitude Operation	3	35	105
Refresher Training for Operation in Confined Spaces	3	129	387
Refresher Training for Forklift Operator	3	166	498
Respiratory Protection Equipment Training	1	15	15
Refresher Training for Supervisors of Hazardous Operations	3	70	210
Refresher Training for Cranes over 3 Tons	3	128	384
Refresher Training for Occupational Safety and Health Committee Members	3	11	33
Total	-	2,490	7,260

Note: Based on the average wage of NT\$150/hour for employees below the section chief level, the annual salary cost comes to NT\$1.09 million.



Safety and Health Education and Training



Training for First-aid Personnel



Wan An Exercise



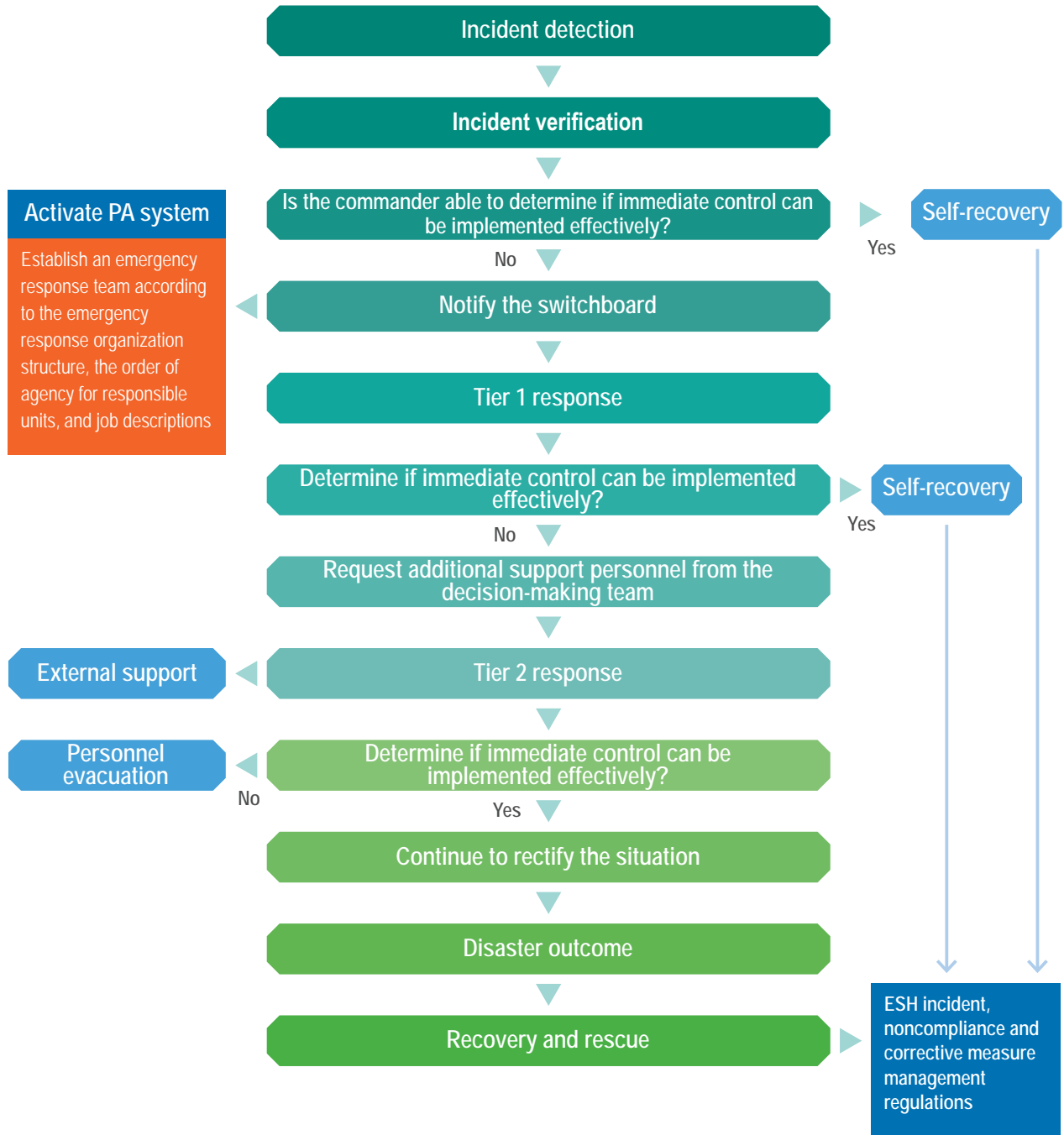
Wan An Exercise

Emergency Response Management

The Company has established its "Emergency Response Plan Implementation Management Regulations" and "Fire Operation Procedures" to ensure that employees can take predefined contingency measures in the event of a disaster or production disruption, thus minimizing the risks and losses resulting from such disasters. Every year, various units are scheduled to conduct drills. Currently, a total of 15 types of accident drills have been established, with drill cycles ranging from 1 to 5 years. In 2022, we conducted a total of six drills focusing on scenarios like acidic chemical leakage, boiler natural gas leaks/fire, propane tank fires/explosions, critical internal equipment, and fire drills (biannual). These drills involved a total of 103 participants.

Item	Accident drill item	Item	Accident drill item
1	Chemical spill - contamination/Exposure to hazardous materials/Fire	9	Oil pool - Fire/Spill and contamination
2	Natural gas in the kitchen - Fire	10	Diesel storage area - Fire/Spill and contamination
3	Organic solvent in the spraying - Fire	11	Propane tank - Fire/Explosion
4	Nitrogen gas tank - frostbite/Leakage and oxygen depletion	12	Oil storage tank (lubricant) - Fire/Spill and contamination
5	Oxygen/Acetylene cylinder warehouse- Fire/Explosion	13	Methanol tank - Fire/Explosion
6	Sulfuric acid/pickling agent spill - contamination/Exposure to hazardous materials	14	Finished product warehouse - Earthquake
7	Natural gas in the boiler room - Fire	15	Emergency response for critical in-house equipment
8	Oxygen/Acetylene cylinder warehouse- Fire/Explosion	16	Fire drill

Emergency Response Operating Procedure



Propane tank - Fire/Explosion drill



Sulfuric acid tank rupture response drill



Occupational Health Services

San Shing has established its "Employee Health Protection Management Regulations" to safeguard employee health, prevent health hazards, and promote comprehensive employee health management. We ensure the implementation of employee health care, occupational disease prevention, health examinations, health classification management, job placement, job selection, and health promotion. The Company employs two onsite nursing staff and collaborates with occupational physicians to conduct three onsite health services every month. We also implement our four major labor health protection programs, including maternal protection, excessive workload prevention, prevention of unlawful aggression, and assessment of workloads and ergonomic risks for middle-aged and elderly workers. These programs ensure that employees receive comprehensive services for health care, education, hygiene guidance, physical and mental health protection, health promotion and so forth. In 2022, there were a total of 36 onsite physician services. This included one case of ergonomic assessment and improvement, 27 return-to-work assessments, 38 sessions of counseling and health education for individuals with high blood pressure, high blood sugar, and high cholesterol, 46 sessions of counseling and health education for middle-aged and elderly employees, 8 sessions of counseling and health education for pregnant female employees, and 4 sessions of counseling and health education for individuals at high risk of cardiovascular diseases. Any employees with abnormalities were promptly addressed by the physician and provided with necessary improvements and follow-up.

Health Checkup

San Shing conducts regular employee health check-ups every year, with the general health check-up cycle exceeding the legal requirements. Those under 30 years of age are checked every 5 years; those between 30 and 45 years of age are checked every 3 years; those between 45 and 60 years of age are checked every 2 years; and those aged 60 or above are checked annually.

In 2022, there were a total of 584 employees who received general health check-ups, 533 employees who underwent special health check-ups (including 507 for noise, 2 for ionizing radiation, 18 for dust, 4 for chromium and its compounds, and 2 for manganese and its compounds), and 12 employees received dietary health check-ups. Among these, "noise" was the primary occupational hazard factor due to the nature of our industry. For this year, for special health check-ups related to (1) noise exposure, 402 employees were categorized for level-1 management, and 105 employees were categorized for level-2 management. (2) For ionizing radiation operations, 2 employees were categorized for level-1 management. (3) For dust operations, 12 employees were categorized for level-1 management and 6 employees were categorized for level-2 management. (4) For chromium/compound operations, 2 employees were categorized for level-1 management and 2 employees were categorized for level-2 management. (5) For manganese/compound operations, 2 employees were categorized for level-1 management. Though some of the results showed abnormalities, but they were determined by the occupational physician to be unrelated to the employees' work. Personal health guidance and advice were provided accordingly. In 2022, none of our employees have been diagnosed with occupational disease.



Health Checkup at San Shing in 2022

General health checkup	Special health checkup
Items: Medical consultation, measurement of height and weight, blood pressure monitoring, blood glucose testing, a comprehensive blood panel (covering hemoglobin, white blood cell count, triglycerides, low-density lipoprotein, high-density lipoprotein, total cholesterol, SGPT, and creatinine), vision assessment, color vision testing, urinalysis, and a chest X-ray	Items: Noise, ionizing radiation, manganese and its compounds, hexavalent chromium and its compounds, dust
No. of employees: 584	No. of employees: 533



Health Promotion

To enhance a healthy workplace, the Company implemented its four major worker health protection programs, installed three AED (Automated External Defibrillator) devices at the plant, conducted hands-on training, and offered health consultations. In 2022, a total of 67 employees were trained as seed members.

Smoking Cessation

Our smoking cessation program has evolved progressively over time. Initially, there were no restrictions. However, starting in 2008, to maintain discipline within the workplace, prevent safety concerns, and ensure work quality, we established designated smoking areas. This change was made to strengthen employee health and minimize the impact of secondhand smoke. Simultaneously, we initiated a smoking cessation campaign.

Starting in 2008, we launched an employee smoking cessation campaign and introduced the "Smoking Cessation Support and Incentive Program", which offers nurse consultations and covers smoking cessation therapy expenses. Additionally, employees who successfully quit smoking are recognized with a certificate of achievement and receive a NT\$ 3,000 cash prize. These public acknowledgments are designed to motivate our employees and to date, 76 employees have successfully quit smoking as of 2022.



Thoughts from Employees

- [1] During the pandemic, I had to wear a mask all the time when I was outside. It was difficult to find a quiet, secluded spot to smoke. Even when I managed to find one, I felt uneasy with my mask off, knowing that people around me were looking at me disapprovingly. Having been a smoker for 27 years and entering middle age, I began to deeply appreciate the importance of my health, which led me to consider quitting smoking.
- In the early stages of quitting smoking, I often felt like something was missing. It seemed like my daily routines lacked that initial step and sense of ritual. I also noticed a decrease in common topics of conversation with my fellow smokers. Facing the strong temptation to smoke required significant willpower and self-control. Withdrawal symptoms, as expected, were present and challenging. The absence of nicotine in my system made my body uncomfortable in the beginning. Quitting smoking truly demands belief and motivation.
- As time has passed, I've become more and more accustomed to a smoke-free life. Breathing has become smoother, and the chest tightness I used to feel upon waking up is no longer there. I no longer need to search for smoking breaks and spots in my daily life. The absence of disapproving glances from others has given me more freedom. The spaces I inhabit are free from the stink of smoke, reducing the risks of secondhand smoke for my family. I've also saved a significant amount of money that I used to spend on cigarettes, eliminating an unnecessary expense. It's only after going through the process of quitting that I've realized that quitting smoking is not that difficult, and it's best to start early.
- [2] (1) Reason for participation: My father, who was a heavy smoker, passed away from lung cancer. During his treatment, I witnessed his suffering and the burden it placed on his children. It made me realize that if I continued smoking, I might follow the same path, impacting my own health and causing distress to my children. In 2014, after taking care of my father's affairs, I made the decision to quit smoking and have remained smoke-free ever since.
- (2) Noteworthy moments during smoke cessation: In the beginning, I found myself asking friends for cigarettes when they were smoking. This led to some teasing from my friends, making me briefly consider giving up on quitting.
- (3) Benefits of quitting smoking and its benefits on my health:
1. Not smoking in the winter means not inhaling excessive cold air, reducing the risk of frequent colds.
 2. Not smoking avoids the annoyance of smoker's cough and annoying.
 3. Hiking and running don't make me breathless as often as before.
 4. When I'm out, I don't get upset searching for a smoking area due to my addiction. Ensuring the health of my family members is a priority.



5

Social Care and Charitable Causes

5.1 Giving Back to Community

5.2 Charitable Endeavors

Social Care and Charitable Causes Management Guideline	
Material Topic	Social Participation
Policy Commitments	"Caring for our neighboring communities and giving back to our employees' hometowns" has always been part of San Shing's corporate social responsibility.
Responsibilities	General affairs department, President's Office, "San Shing Social Welfare Charity Foundation".
Specific Actions	We support socially disadvantaged groups, provide aid in times of emergency, and engage in various charitable and community activities within our local neighborhoods.
Objective and Target	<p>Short-term (1~3 years)</p> <ul style="list-style-type: none"> Every year, the Company donates NT\$ 5 million to "San Shing Social Welfare Charity Foundation", a non-profit organization, to support underprivileged groups and provide emergency assistance to nearby community centers based on their specific needs. Recruit for volunteer services and participate in charitable events. <p>Medium/Long-term (3-5 years)</p> <ul style="list-style-type: none"> Increase the number of volunteers and participate in charitable events. Organize social care and community engagement activities.
Implementation Outcomes	<ul style="list-style-type: none"> In 2022, San Shing donated NT\$ 5 million to the foundation. The foundation distributed these funds according to its donation charter, benefiting an estimated over a thousand individuals through various projects and initiatives. In 2022, the Company donated a total of NT\$ 460,000 towards various community activities.

5.1 Giving Back to Community

Our headquarters is located in Nanshing Village of Guiren District in Tainan City. Although it is situated within the Jiantai Industrial Area, there are still many neighboring communities in the vicinity. In fulfilling our corporate social responsibility, the Company has been sponsoring various charitable and community activities organized by the nearby district offices for several consecutive years. Furthermore, we have collaborated with local residents and the district offices to plan and execute infrastructure improvement projects.

[Sanyegong Creek Embankment Reinforcement and Maintenance Project] - Invested NT\$ 500,000

During a neighborhood meeting in 2020, it was discovered that the embankment of a tributary of Sanhegong Creek passing through the San Shing plant area had significant erosion at the base. In September of the same year, representatives from the Company and the district office jointly conducted a site survey and decided to collaborate on repairing and reinforcing the embankment. This project is intended to ensure proper drainage and the safety of nearby residents.

[Zhongshan 11th Street Drainage Improvement Project]- By utilizing the drainage facilities within our plant, we were able to help to improve drainage in the neighborhood

In 2021, San Shing, the district office, and nearby residents came together to discuss the "Zhongshan 11th Street Drainage Improvement Project". It was jointly agreed that San Shing would provide access to its internal drainage facilities and this collaboration would allow for an optimized design in partnership with the district office to address drainage issues in the nearby community, thereby improving the local drainage situation.

5.2 Charitable Endeavors

The Company actively participates in and sponsors various community activities, including community temple fairs, the Guinan Police Association, a banquet to honor volunteer firefighters, funds for local Double Ninth Festival activities, Father's Day events, activities for the elderly in Guiren District, contributions to the Guinan Community Development Association, and Nanbao Community Development Association. In 2022, San Shing donated a total of NT\$ 460,000 to sponsor these activities.

In line with our corporate social responsibility philosophy of "Caring for our neighboring communities and giving back to our employees' hometowns", the Board of Directors approved the establishment of the "San Shing Welfare Foundation" in 2015. By the end of the same year, the "San Shing Social Welfare Charity Foundation" was established. In 2016, the Company donated an operating fund of NT\$ 500,000 to the foundation. Starting from 2017, the Company has continued to donate an annual operating fund of no more than NT\$ 5 million dollars to "San Shing Social Welfare Charity Foundation", demonstrating our commitment to providing tangible support for various charitable and community initiatives that help underprivileged groups and provide emergency assistance. In 2022, San Shing donated NT\$ 5 million to the foundation. The foundation distributed these funds according to its donation charter, benefiting an estimated over a thousand individuals through various projects and initiatives.

Categories of donation expenses for 2022 are as follows:

Activity sponsored by donation	Description	Amount
Helping underprivileged students to receive education	We provided "Educational Savings Accounts" and "Proxy Collection Accounts" to assist economically disadvantaged students with their tuition fees, miscellaneous expenses, collection and processing fees, or other education-related living expenses, as well as emergency assistance.	200,000
Sponsoring school facilities, additional courses, and educational materials for underprivileged students	We visited nearby schools to assess their facilities and provided appropriate courses and educational materials for economically disadvantaged or special education class students, to assist and support these students in having a more stable and diverse learning experience.	113,931
Utilizing a platform to transfer donated goods to various welfare organizations	Utilizing a low-cost collaborative website platform that highlights both donors' contributions and recipients' messages, we were able to promote Taiwan Safe and High-Quality Agriculture and the Dream Fulfillment Project. This approach effectively facilitated the fulfillment of material needs for the vulnerable minorities.	837,316
Elderly Associations in Guiren District - Double Ninth Festival Activity	Visited various elderly associations in the local area and providing sponsorship for respect-the-elderly activities	140,000
Children, women, the elderly, and organizations supporting individuals with disabilities	Visited various welfare organizations to understand and provide timely assistance for the care, reconstruction, and facility needs of vulnerable groups	1,550,000
Emergency assistance to district office	Provided assistance to district offices in areas where employees reside, such as Rende, Guiren, Guanmiao, and Longqi district offices. This assistance helps individuals facing short-term difficulties to overcome their challenges and effectively achieve emergency and disaster relief goals, ultimately contributing to a more harmonious and stable society	550,000

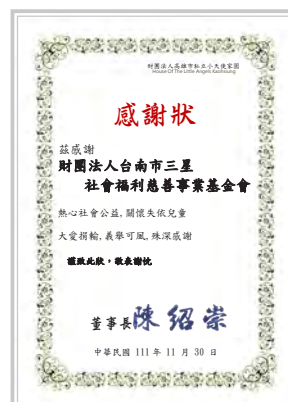
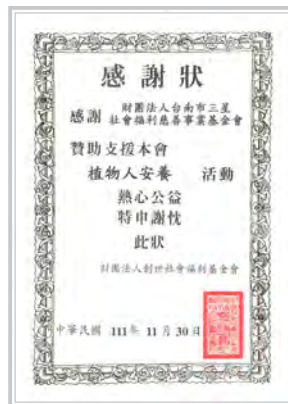
Annual total income and donation amounts for "San Shing Social Welfare Charity Foundation" over the years

Unit: NT\$ thousand

Year	Income from donation	Donation expenses
2016	580	300
2017	5,300	3,730
2018	6,100	4,654
2019	6,000	3,540
2020	1,000 Note	2,339
2021	5,500	3,556
2022	5,400	3,391

Note: In 2020, the Company temporarily suspended its donation due to the impact of COVID-19

Employees have voluntarily established the "Charity Club" with regular donations and individual assistance solutions. In 2022, the Charity Club made regular donations totaling NT\$ 36,000 and provided individual assistance amounting to NT\$ 71,000.



Snippets from the foundation's charity activities

Recipient units: Ray of Hope, Christian En You Center, Genesis Social Welfare Foundation

Background: In the past, the foundation primarily showed care to recipients/organizations through donations or material contributions. This time round, it was our first attempt at stepping out to execute a charity sale. After discussing the idea with the president of the Company's Handicraft Club, the president immediately rallied club members to participate in this act of kindness. They provided their expertise in crafting accessories (including hair accessories, coin purses, and coasters) free of charge. The members of the Charity Club also actively participated in assisting with the charity sale at the venue.

Despite the limited selection and low individual item prices, the total proceeds of NT\$ 4,640 were generously donated to the recipient organizations in their entirety. The foundation also made separate donations of NT\$ 50,000 to each of the three organizations, contributing to the collective effort. San Shing initiated a campaign through the foundation to spread love and compassion among the Company's colleagues and clubs. This opportunity enabled employees to understand the conditions of these organizations and their service recipients. It also highlighted the fact that individuals may be vulnerable, but love and hope persist in society. We hope that everyone can contribute to helping those in need and become a blessing to others beyond their daily duties.



Appendices

Appendix 1: GRI Standards Reference

Disclaimer	San Shing Fastech published its 2022 Sustainability Report following the GRI guidelines. The data covers the period from January 1, 2022, to December 31, 2022.
Version	GRI 1: Foundation 2021
Applicable industry guideline	N/A

GRI 2: General Disclosures 2021

GRI Standards	Disclosure item	Chapter	Page no.	Abbreviation/ Notation
The organization and its reporting practices				
2-1	Organizational details	Getting to Know San Shing Fastech Corp	6	
2-2	Entities included in the organization's sustainability reporting	About this Report	2	
2-3	Reporting period, frequency and contact point	About this Report	2	
2-4	Restatements of information	About this Report	2	
2-5	External assurance	About this Report	2	
Activities and workers				
2-6	Activities, value chain and other business relationships	2.1 Products and Services 2.2 Industry Value Chain	35 41	
2-7	Employees	4.1 Friendly Workplace	60	
2-8	Workers who are not employees	4.1 Friendly Workplace	60	
Governance				
2-9	Governance structure and composition	1.1 Corporate Governance	20	
2-10	Nomination and selection of the highest governance body	1.1 Corporate Governance	20	
2-11	Chair of the highest governance body	1.1 Corporate Governance	20	
2-12	Role of the highest governance body in overseeing the management of impacts	1.1 Corporate Governance	20	
2-13	Delegation of responsibility for managing impacts	1.1 Corporate Governance	20	
2-14	Role of the highest governance body in sustainability reporting	About this Report	2	
2-15	Conflicts of interest	1.1 Corporate Governance	20	
2-16	Communication of critical concerns	1.1 Corporate Governance	20	
2-17	Collective knowledge of the highest governance body	1.1 Corporate Governance	20	
2-18	Evaluation of the performance of the highest governance body	1.1 Corporate Governance	20	

GRI Standards	Disclosure item	Chapter	Page no.	Abbreviation/ Notation
2-19	Remuneration policies	1.1 Corporate Governance	20	
2-20	Process to determine remuneration	1.1 Corporate Governance	20	
2-21	Annual total compensation ratio	4.1 Friendly Workplace	60	
Strategy, policies and practices				
2-22	Statement on sustainable development strategy	Management Philosophy and Vision	4	
2-23	Policy Commitments	1.2 Ethical Integrity	25	
		4.3 Human Rights Protection	72	
2-24	Embedding policy commitments	1.2 Ethical Integrity	25	
		4.3 Human Rights Protection	72	
2-25	Processes to remediate negative impacts	1.2 Ethical Integrity	25	
		4.3 Human Rights Protection	72	
2-26	Mechanisms for seeking advice and raising concerns	1.2 Ethical Integrity	25	
		4.3 Human Rights Protection	72	
2-27	Compliance with laws and regulations	1.5 Compliance with laws and regulations	30	
2-28	Membership associations	Getting to Know San Shing Fastech Corp	6	
Stakeholder Engagement				
2-29	Approach to Stakeholder Engagement	Stakeholder Engagement	16	
2-30	Collective bargaining agreements	4.3 Human Rights Protection	72	

GRI 2: General Disclosures 2021

*** denotes San Shing's exclusive topic

GRI Standards	Disclosure item	Chapter	Page no.	Abbreviation/ Notation
3-1	Process to determine material topics	Materiality Analysis	10	
3-2	List of material topics	Materiality Analysis	10	
Economic Performance				
3-3	Management of material topics	1 Steadfast Operations and Ethical Management	18	
201 Economic Per- formance	201-1	Direct economic value generated and distributed	1.3 Operational Performance	27
	201-4	Financial assistance received from government	1.3 Operational Performance	27
Ethical Management				
3-3	Management of material topics	1 Steadfast Operations and Ethical Management	18	
205 Anti-corruption	205-1	Operations assessed for risks related to corruption	1.2 Ethical Integrity	25
	205-2	Communication and training about anti-corruption policies and procedures	1.2 Ethical Integrity	25

GRI Standards	Disclosure item	Chapter	Page no.	Abbreviation/ Notation
206 Anti-competitive behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	1.2 Ethical Integrity	25	
Product Safety and Quality				
3-3	Management of material topics	2 Product Services and Partner Relationships	32	
416 Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	2.1 Products and Services	35	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	2.1 Products and Services	35	
417 Marketing and Labeling	417-1 Requirements for product and service information and labeling	2.1 Products and Services	35	
	417-2 Incidents of non-compliance concerning product and service information and labeling	2.1 Products and Services	35	
Innovative Research and Development*				
3-3	Management of material topics	2 Product Services and Partner Relationships	32	
Sustainable Supply Chain Management				
3-3	Management of material topics	2 Product Services and Partner Relationships	32	
204 Procurement Practices	204-1 Proportion of spending on local suppliers	2.2 Industry Value Chain	41	
308 Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	2.3 Supplier Management	43	
	308-2 Negative environmental impacts in the supply chain and actions	2.3 Supplier Management	43	
Customer Service and Satisfaction*				
3-3	Management of material topics	2 Product Services and Partner Relationships	32	
Response to Climate Change				
3-3	Management of material topics	3 Climate Change and Environmental Protection	46	
201 Economic Performance	201-2 Financial implications and other risks and opportunities due to climate change	3.1 Adapting to Climate Change	48	
302 Energy	302-1 Energy consumption within the organization	3.2 Energy and GHG Management	52	
	302-3 Energy intensity	3.2 Energy and GHG Management	52	
305 Emissions	305-1 Direct (Scope 1) GHG Emissions	3.2 Energy and GHG Management	52	
	305-2 Energy Indirect (Scope 2) GHG Emissions	3.2 Energy and GHG Management	52	
	305-4 GHG emissions intensity	3.2 Energy and GHG Management	52	
Talent Cultivation				
3-3	Management of material topics	4 Talent Development and Employee Welfare	58	

GRI Standards	Disclosure item	Chapter	Page no.	Abbreviation/Notation
404 Education and Training	404-1	Average hours of training per year per employee	4.2 Talent Cultivation and Development	69
	404-2	Programs for upgrading employee skills and transition assistance programs	4.1 Friendly Workplace 4.2 Talent Cultivation and Development	60 69
	404-3	Percentage of employees receiving regular performance and career development reviews	4.2 Talent Cultivation and Development	69
Occupational Health and Safety				
3-3	Management of material topics	4 Talent Development and Employee Welfare	58	
403 Occupational Health and Safety	403-1	Occupational Health and Safety Management System	4.4 Workplace Safety and Healthcare	75
	403-2	Hazard identification, risk assessment, and incident investigation	4.4 Workplace Safety and Healthcare	75
	403-3	Occupational Health Services	4.4 Workplace Safety and Healthcare	75
	403-4	Worker participation, consultation, and communication on occupational health and safety	4.4 Workplace Safety and Healthcare	75
	403-5	Worker training on occupational health and safety	4.4 Workplace Safety and Healthcare	75
	403-6	Promotion of worker health	4.4 Workplace Safety and Healthcare	75
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4 Workplace Safety and Healthcare	75
	403-8	Workers covered by an occupational health and safety management system	4.4 Workplace Safety and Healthcare	75
	403-9	Work-related injuries	4.4 Workplace Safety and Healthcare	75
	403-10	Work-related ill health	4.4 Workplace Safety and Healthcare	75
Social Participation				
3-3	Management of material topics	5 Social Care and Charitable Causes	84	
203 Indirect Economic Impacts	203-1	Infrastructure investments and services supported	5.1 Giving Back to Community	85
	203-2	Significant indirect economic impacts	5.1 Giving Back to Community	85
413 Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	5.1 Giving Back to Community	85
	413-2	Operations with significant actual and potential negative impacts on local communities	4.4 Workplace Safety and Healthcare	75

GRI Specific Topic Disclosure: Voluntary Disclosure Indicators

GRI Standards		Disclosure item	Chapter	Page no.	Notation
200 series topic: Economic					
201 Economic Performance	201-3	Defined benefit plan obligations and other retirement plans	4.1 Friendly Workplace	60	
202 Market Presence	202-1	Ratios of standard entry level wage by different gender compared to local minimum wage	4.1 Friendly Workplace	60	
	202-2	Proportion of senior management hired from the local community	4.1 Friendly Workplace	60	
300 series topic: Environment					
302 Energy	302-4	Reduction of energy consumption	3.2 Energy and GHG Management	52	
	302-5	Reductions in energy requirements of products and services	2.1 Products and Services	35	
303 Water and effluents	303-1	Interactions with water as a shared resource	3.3 Water Management	54	
	303-2	Management of water discharge-related impacts	3.4 Pollution Prevention	54	
	303-3	Water withdrawal	3.3 Water Management	54	
	303-4	Water discharge	3.3 Water Management	54	
	303-5	Water consumption	3.3 Water Management	54	
305 Emissions	305-5	Reduction of GHG emissions	3.2 Energy and GHG Management	52	
306 Wastes	306-1	Waste generation and significant waste-related impacts	3.4 Pollution Prevention	54	
	306-2	Management of significant waste-related impacts	3.4 Pollution Prevention	54	
	306-3	Waste generated	3.4 Pollution Prevention	54	
	306-4	Waste diverted from disposal	3.4 Pollution Prevention	54	
	306-5	Waste directed to disposal	3.4 Pollution Prevention	54	
400 series: Social					
401 Employment	401-1	New employee hires and employee turnover	4.1 Friendly Workplace	60	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.1 Friendly Workplace	60	
	401-3	Parental leave	4.1 Friendly Workplace	60	
402 Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	4.3 Human Rights Protection	72	
405 Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	1.1 Corporate Governance	20	
			4.1 Friendly Workplace	60	

GRI Standards	Disclosure item	Chapter	Page no.	Notation
405 Diversity and Equal Opportunity	405-2 Ratio of basic salary and remuneration of women to men	4.1 Friendly Workplace	60	
406 Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	4.3 Human Rights Protection	72	
407 Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.3 Human Rights Protection	72	
408 Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	4.3 Human Rights Protection	72	
409 Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.3 Human Rights Protection	72	
410 Security Practices	410-1 Security personnel trained in human rights policies or procedures	4.3 Human Rights Protection	72	
418 Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	1.4 Information Security	29	

Appendix II Sustainability Disclosure Indicator Reference – Steel Industry

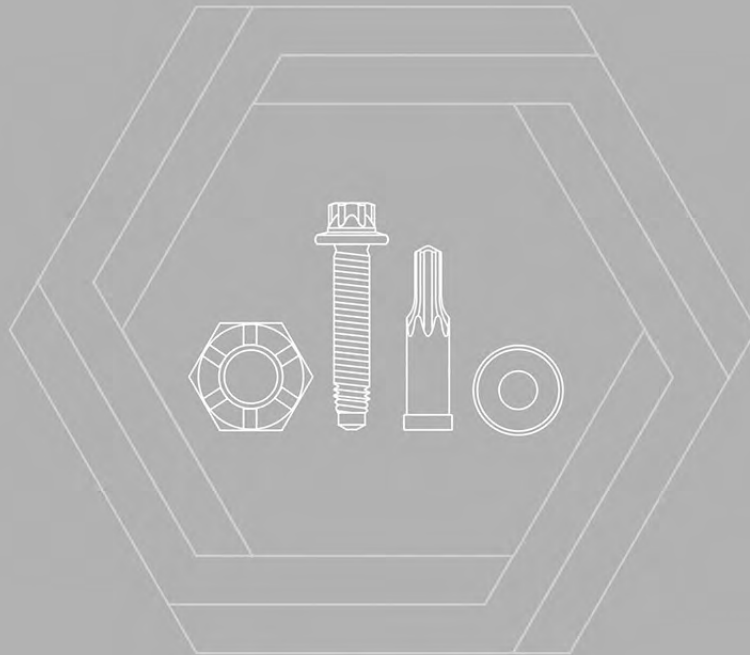
No.	Indicator	Type	Unit	Response and Disclosure
I	Total energy consumption, percentage of purchased electricity, renewable energy utilization rate, and total amount of self-generated energy	Quantified	Gigajoules (GJ), Percentage (%)	Total energy consumption 137,790.53 GJ; Our percentage of purchased electricity was 89%; Utilization rate of renewable energy was 0%; and total amount of self-generated energy was 0.
II	Total fuel consumption, percentage of coal, percentage of natural gas, and percentage of renewable fuels.	Quantified	Gigajoules (GJ), Percentage (%)	Total fuel consumption 15,063.11 GJ; Our percentage of coal consumption was 0%; Our percentage of natural gas consumption was 70%; Our percentage of renewable fuel consumption was 0%.
III	Total water drawn and total water consumption	Quantified	1,000 (M ³)	Our total water drawn was 108,029 M ³ ; and our total water consumption was 32,968 M ³ .
IV	The weight of generated waste, the percentage of hazardous waste, and the recycling percentage	Quantified	Tons (t) and Percentage (%)	The total weight of our wastes was 485.81t; Our percentage of hazardous waste was 0.48%; Our recycling percentage was 6.86%.
V	Describe the number and rate of occupational injuries	Quantified	Rate (%), Number	3 person; 0.21%.
VI	Production volume by main product category	Quantified	By product type	Nuts: 42,001 pieces Bolts: 9,914 pieces 2.1 Products and Services

Appendix III Sustainability Accounting Standard (SASB Index) – Industrial Machinery & Goods

Topics	Metric	Code	Unit of Measure	Response and Disclosure
Energy Management	(1)Total energy consumed (GJ) (2)Percentage grid electricity (%) (3)Percentage renewable (%)	RT-IG-130a.1	Gigajoules (GJ), Percentage (%)	(1)137,790.53 GJ (2)89% (3)0%
Employee Health and Safety	(1)Total recordable incident rate (TRIR) (2) Fatality rate (3) Near miss frequency rate (NMFR)	RT-IG-320a.1	Rate	(1)0.19 (2)0 (3)16.07
Fuel Economy & Emissions in Use-phase	Sales-weight fleet fuel efficiency for medium- and heavy-duty vehicles	RT-IG-410a.1	Gallon per 1,000 ton-kilometers	Not applicable as the Company does not produce such product
	Sales-weight fuel efficiency for non-road equipment	RT-IG-410a.2	Gallon per hour	Not applicable as the Company does not produce such product
	Sales-weighted fuel efficiency for stationary generators Efficiency	RT-IG-410a.3	Watt/gallon	Not applicable as the Company does not produce such product
	Sales-weighted emissions of (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines and (d) other non-road diesel engines	RT-IG-410a.4	Grams per kilojoule	Not applicable as the Company does not produce such product
Materials Sourcing	Description of the management of risks associated with the use of critical materials	RT-IG-440a.1	N/A	2.3 Supplier Management
Remanufacturing Design & Services	Revenue from remanufactured products and remanufacturing services	RT-IG-440b.1	Presentation currency	The Company is not involved in relevant businesses/services
Activity Metric	Number of units produced by product category	RT-IG-000.A	Number	Nuts: 42,001 pieces Bolts: 9,914 pieces 2.1 Products and Services
	No. of employees	RT-IG-000.B	Number	1,396

Appendix IV Climate-Related Information of TWSE/TPEX Listed Company

Item	Implementation
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	3.1 Adapting to Climate Change
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	3.1 Adapting to Climate Change
3. Describe the financial impact of extreme weather events and transformative actions.	3.1 Adapting to Climate Change
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	3.1 Adapting to Climate Change
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.	N/A
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	N/A
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	N/A
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.	N/A
9. Greenhouse gas inventory and assurance status.	<ul style="list-style-type: none"> • San Shing Fastech is planning to complete its first greenhouse gas inventory and have it verified by a third-party organization in October 2023. • The consolidated report for our subsidiary companies will be audited and verified as per the requirements of FSC before 2027.



San Shing Fastech Corp.

2022
Sustainability Report