



2024 SHEH KAI PRECISION CO., LTD.
Sustainability Report

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Key ESG Performances in 2024

Environmental Aspect (E)
In 2024, the energy intensity per unit of product (by output value) was approximately 10.2% for air compressors.
In 2024, the Company did not violate relevant environmental protection laws and regulations, and there were no major fines.
Social Aspect (S)
No Discrimination Cases in 2024
No forced labor violations in 2024
There were no occupational disease cases, and no major occupational hazards and deaths in 2024.
A total of NTD 645 was donated to social welfare in 2024
Corporate Governance Aspect (G)
Listed in the 2024 Corporate Governance Evaluation at 21%-35%.
In 2024, the Company's customer satisfaction survey reached a score of an average of 89.88 points (out of 100).
The local procurement ratio reached 99.76% in 2024.
In 2024, the Company did not have to pay any significant fines or compensation due to violations of laws and regulations.
A total of 2 innovative R&D projects were completed in 2024.

Core Philosophy and Prospects of Sheh Kai

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Statement on sustainable development strategy

Sheh Kai Precision was established more than 30 years ago in 1992. Through research and development and mass-producing composite screws, it delivers outstanding operating results every year. These brilliant results are shared with all shareholders as a way of thanking everyone for their support. The business has not always been smooth, but it has always been able to turn a crisis into an opportunity in difficult times and achieve outstanding results that are above the industry standard in good times. When business is steady, it strives to achieve the pursuit of higher values, including, the implementation of sustainable development.

In terms of operations, although the iron and steel industry is an energy-intensive industry, we use inverter equipment to save energy and reduce power consumption in production, and continually improve process technology, so that the production speed of energy-consuming processes can be increased. We have also set energy-saving and electricity consumption targets to reduce greenhouse gas emissions. In addition, the wastewater and waste oil discharged from the production process meets and surpasses the standards of the industrial park, as we have set even higher standards ourselves. Sheh Kai has long been pursuing the goals of energy conservation and environmental protection.

Employees are the Company's most important asset. With all the resources and equipment in place, we must rely on each employee to use them to create operating results for the Company. Therefore, we must cherish and thank every employee for their hard work. The Company has upwardly adjusted its salaries and other benefits every year for the past eight years. We have also established a channel to care for the physical and mental health of employees. We have organized various job skill training courses, as well as diverse courses such as workplace safety, fire safety, gender equality, and ethical corporate management. This enables employees to gain knowledge in various fields. We aim to create a good working environment for employees, organize professional training to cultivate talents, take care of their physical and mental health, and provide appropriate rewards to retain talents, working together to create good operating results for the Company, and building a happy workplace in which the Company and employees can have a win-win outcome and enjoy co-prosperity.

As a corporate citizen, Sheh Kai is responsible for the positive development of the economy, society, environment, and corporate governance. It is hoped that Sheh Kai works with its corporate partners and stakeholders to fulfill corporate social responsibility and gradually achieve sustainable development commitment, creating a profitable and sustainable win-win future for the company.



Chairman

A stylized, handwritten signature in black ink, consisting of several fluid, overlapping strokes.

Tai-Yuan Tu

About the Report

2-2	Entities included in the organization's sustainability reporting
2-3	Reporting period, frequency and contact point.
2-4	Restatements of information.
2-5	External assurance.

Boundaries and Scope of the Report

Sheh Kai published its first Sustainability Report in 2022 and it is published once a year. This is the fourth Sustainability Report issued by the Company, and is to be published in August 2025.

The disclosure period of this report is from January 1, 2024 to December 31, 2024. The Company uses an enterprise resource planning (ERP) system to integrate the information of the different entities (company, subsidiaries, and so on). The scope covers the Taiwan operating locations of Sheh Kai Precision Co., Ltd. (hereinafter referred to as "Sheh Kai Precision", "Sheh Kai", "We", or "the Company"), excluding Bi-Metal Limited and Sheh Kai (Shanghai) Co., Ltd., to transparently disclose the Company's sustainable actions and performance in the three major aspects of environmental, social, and corporate governance. Stakeholders can then understand the sustainable development of the Company, the efforts of the Company's in fulfilling its corporate social responsibility, and its determination for continuous improvement.

Below is a list of the Company's affiliates:

Affiliated enterprises	
Entities included in the organization's sustainability reporting.	SHEH KAI PRECISION CO., LTD.'s operations in Taiwan (Gangshan Plant, Luchu Plant, Packaging Plant, Zhunan Plant, and composite plant)
Entities not included in the organization's sustainability reporting.	Bi-Metal Limited, Sheh Kai Trading (Shanghai) Co., Ltd.

Editorial Guidelines

This report refers to the Universal Standards 2021 published by the GRI Institute in 2021 as the main disclosure framework, and also echoes the Task Force on Climate-related Financial Disclosures' (TCFD) "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", and Sustainability Accounting Standards Board (SASB).

Report Management

The statistical data disclosed in the 2024 report were based on statistics and the results of surveys conducted by Sheh Kai Precision and are presented using internationally accepted indicators. If there are estimates, they will be noted in each relevant chapter. The source of the relevant financial data is all from the published consolidated financial statements audited and certified by Deloitte Taiwan in accordance with the International Financial Reporting Standards (IFRS). The information is calculated in New Taiwan Dollars (NTD).

In addition, the relevant management systems include: ISO 14001 environmental management system and ISO 9001 quality management system, both of which have been verified by third-party verification agencies.

During the reporting period, the Company continued to stabilize its operations and maintain its competitiveness without major operational changes. There was no re-editing of information and no changes in reporting. The 2024 Sustainability Report has undergone limited assurance by Deloitte & Touche Taiwan, conducted in accordance with Assurance Standard No. 3000 issued by the Accounting Research and Development Foundation of the Republic of China, titled "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (which is based on the International Standard on Assurance Engagements ISAE 3000 Revised). The auditor's limited assurance report can be found in Appendix 5. During the verification process of the six sustainability indicators related to the steel industry, the Chairman and President will, as needed, participate in interviews conducted by the external assurance providers. The final assurance results of the annual sustainability report will also be submitted to the Board of Directors for discussion.

According to Article 7 of the Company's Sustainability Information Management Procedures, the sustainability report prepared by the Company must be submitted to the Board of Directors for discussion and approval. Prior to submission to the Board, the report shall be finalized by the President's Office and then submitted for approval by the President and the Chairman. Only after approval by the Board of Directors may the report be officially released.

According to the "Sustainable Development Best Practice Principles" of the Company, the President's Office is the dedicated management oversight unit. It is responsible for proposing and implementing sustainable development policies, systems or related management guidelines and specific promotion plans, and reporting to the Board of Directors. The head of the President's Office is responsible for convening all relevant units to prepare the report, understanding the latest report preparation standards, and leading discussions on major topics and subsequent actions. Tasks are assigned according to the report preparation items, information is collected, and then the report is written. After the completion of the first draft of the report, a meeting will be held to revise the content of the report and the accuracy of the data. The final version of the report will be forwarded to the President and the Chairman for approval. In 2025, the first meeting of the Board of Directors was held to report on the implementation of the Company's sustainable development plan in 2024.

Publication Time

This is the second Sustainability Report prepared by Sheh Kai. It is published annually and made publicly available on the Company's website at the same time.

- Last edition: Issued in August 2024
- Current edition: Issued in August 2025
- Next edition: Scheduled to be issued in August 2026

Contact Information

If you have any questions or suggestions about the content or activities of this report, you are welcome to contact us.

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1. Sustainability Advancement

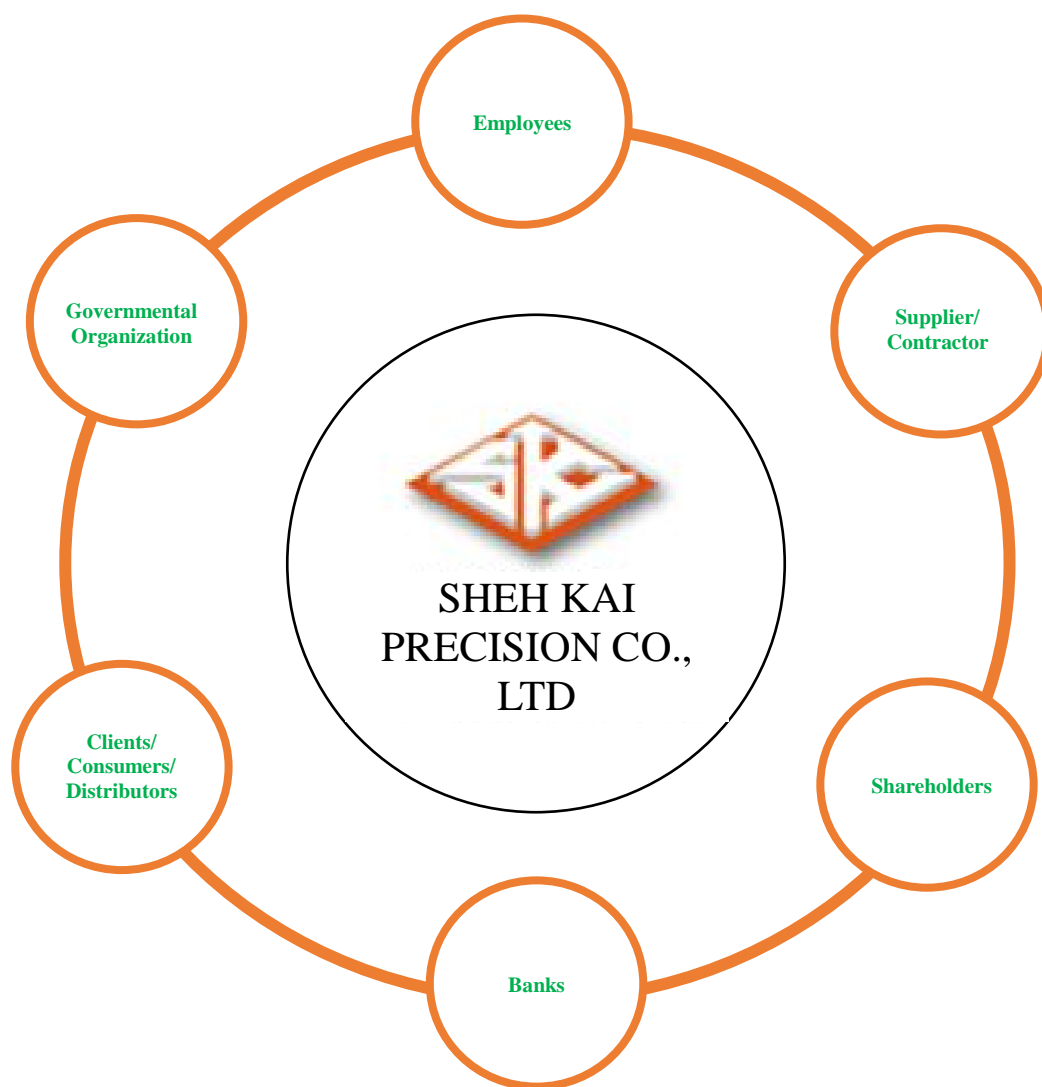
1-1 Stakeholder Engagement

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Approach to stakeholder engagement

Sheh Kai Precision identifies stakeholders according to the five principles of the AA 1000 Stakeholder Engagement standards (SES), dependency, influence, responsibility, tension, and diverse perspectives, and categorizes the impact on stakeholders into the following categories: actual negative impacts, potential negative impacts, actual positive impacts, and potential positive impacts. The six major categories of stakeholders were identified as: employees, suppliers/contractors, shareholders, banks, clients/consumers/distributors, and government agencies.

Sheh Kai Precision is committed to establishing transparent and effective multi-directional communication channels. We formally communicate with the public through our website, annual report, and sustainability report. In addition, via appropriate channels, we further understand the interests and opinions of our stakeholders and respond appropriately to important issues of concern to them, so as to continuously review and improve the performance of sustainable development.



Stakeholder Communication Channels

Stakeholders	Significance of the Stakeholder to the Company	Communication Channel	Communication Frequency	Communication Effectiveness	Contact
Employees	Employee happiness is the driving force for the Company's sustainable growth as employees are the most important asset of the Company. Talent development and retention are fundamental pillars for the Company's sustainability.	<ul style="list-style-type: none"> ● Cross-departmental meetings between supervisors and employees are held to listen to employee suggestions and foster communication across teams. ● Grievance hotline and mailbox ● Labor-management meetings ● Employee Welfare Committee ● Sexual harassment complaint hotline and mailbox ● Provide monthly health consultation 	<ul style="list-style-type: none"> ● Regularly ● Immediately ● Quarterly ● As needed ● Immediately ● Monthly 	<ul style="list-style-type: none"> ● Based on individual performance evaluations and career development needs, the Company implements on-the-job training programs for employees. ● In addition, regular and ad hoc labor-management meetings are held, with a total of eight sessions conducted in 2024. ● We have established an Occupational Health and Safety Committee to ensure a safe working environment. ● Accredited with ISO 14001 for environmental protection. ● The Employee Welfare Committee organizes various activities such as employee trips, cycling events, and charitable activities. ● Sexual harassment complaint hotline and mailbox: No sexual harassment-related complaints were received in 2024. ● Provide employees with free health checkups every year. ● Monthly health consultations and educational sessions are provided to enhance employees' medical knowledge. 	Administration Department: Senior Manager Yu-Ling Ma (TEL:07-6225669 #203)
Supplier/ Contractor	Sheh Kai Precision's high-quality products rely on the stable support and services of many suppliers, and we look forward to establishing stable, long-term partnership with them to create sustainable business and growth.	<ul style="list-style-type: none"> ● Supplier Evaluation ● Supplier interaction ● Questionnaire Completion 	<ul style="list-style-type: none"> ● Every six months ● Immediately ● As needed 	<ul style="list-style-type: none"> ● Comply with the quality management system and environmental safety system. ● Contract terms, price discussions, and exchange of market information. ● The ratio of local procurement of raw materials is > 90%. ● In 2024, a total of 119 suppliers were evaluated, and the supplier evaluation rate was 48.18%. 	Procurement Team Leader, Huang (TEL: 07-6225669 #310)
Shareholders	Shareholders are the Company's investors and play an important role in the	<ul style="list-style-type: none"> ● Annual General Meeting ● Holding investor conferences ● Publish quarterly and annual financial statements and 	<ul style="list-style-type: none"> ● Once a year ● As needed ● Quarterly/Monthly ● Immediately 	Regardless of the results of the shareholders' meetings, institutional investor conferences, and regular telephone or e-mail communication with shareholders, the Company always provides	Spokesperson: Vice President Shou-Chieh Cheng

	formation of capital for the Company's sustainable and steady development. The Company also returns profits to shareholders every year.	<p>operating information.</p> <ul style="list-style-type: none"> ● Simultaneous disclosure of material information on the Market Observation Post System (MOPS). ● An email and contact number are set up on the Company's website to establish a communication channel between investors and the Company. ● Hold face-to-face meetings or telephone conferences with domestic and foreign institutional investors. 	<ul style="list-style-type: none"> ● Immediately ● Immediately 	shareholders with sufficient information. The Company has also fulfilled its responsibility for open and transparent information disclosure. In 2024, the Company held a total of two investor briefings (both were online institutional presentations), issued 28 major announcements, and convened one shareholders' meeting. Therefore, the Company's communication with shareholders has been effective.	(TEL:07-6225669 #402) Acting Spokesperson: Finance Manager Wei-Chien Chang (TEL:07-6225669 #420)
Banks	Banks are the provider of funds for the Company's working capital and capital expenditures. With appropriate capital leverage, the Company can engage in ordinary operating activities or major capital expenditures, such as the expansion of production or plants.	<ul style="list-style-type: none"> ● Annual General Meeting ● Publish quarterly and annual financial statements and operating information. ● Simultaneous disclosure of material information on the Market Observation Post System (MOPS). ● Publication of annual report ● Immediate update of corporate website information 	<ul style="list-style-type: none"> ● Once a year ● Annually/quarterly ● Immediately ● Once a year ● Immediately 	Communication with the bank is also based on the principle of information transparency, so both parties can fully trust each other. The bank's willingness continue to provide financing solutions for the Company shows that our communication with the bank is effective.	Finance Department Vice President Shou-Chieh Cheng (TEL:07-6225669 #402)
Clients/ Consumers/ Distributors	The Company's main source of operating revenue. "Pursuing customer satisfaction, implementing high standards of service quality, and protecting customer rights" are Sheh Kai's principles when dealing with clients/consumers.	<ul style="list-style-type: none"> ● Customer Satisfaction Survey ● Advocacy and training of employees facing the media and information disclosure principles. 	<ul style="list-style-type: none"> ● Once a year ● Immediately/as needed 	<ul style="list-style-type: none"> ● 80 points in the customer satisfaction survey. ● ESG Report ● Advocacy and training of employees facing the media and information disclosure principles. ● Comply with customer requirements and audits regarding products, the environment, and responsibilities, and collaborate on formulating preventive measures and strategies for continuous improvement. 	Sales and Marketing Department: Senior Manager Tsai (TEL:07-6225669 #213)
Governmental Organization	The Company follows the policies	<ul style="list-style-type: none"> ● Information announcements on the government's official 	<ul style="list-style-type: none"> ● Regularly ● Instantaneously 	The Company has established a complete identification and registration mechanism and	Finance Department Vice

	<p>and regulations stipulated by the central government and competent authorities, such as the Ministry of Labor, Environmental Protection Department and the Economic Development Bureau, to manage its business, and uphold the concept of sustainable development to fulfill its corporate social responsibility.</p>	<p>website, letters, and government documents.</p> <ul style="list-style-type: none"> ● Visit by the competent authority or by phone. ● Participation in explanatory meetings or symposiums organized by government agencies. ● Publication of quarterly and annual financial statements. ● Disclosure of required announcements on the MOPS. 	<ul style="list-style-type: none"> ● Quarterly ● As needed ● Monthly 	<p>assessment for environmental protection laws and regulations. If there is any non-compliance, the Company shall immediately take corrective and preventive measures, and shall carefully comply with any regulations and requirements of the competent authorities. In case of problems, we will report and receive feedback from the competent authorities. The Company regularly communicates with the competent authorities, staying abreast of any regulatory changes, showing that the Company's communication with government organizations is effective.</p>	<p>President Shou-Chieh Cheng (TEL:07-6225669 #402) Administration Department: Senior Manager Yu-Ling Ma (TEL:07-6225669 #203)</p>
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1-2 Identification and Analysis of Material Topics

3-1	3-1 Defining the Report Content and Topic Boundaries
3-2	List of material topics

Process for Determining Material Topics

The Company selects material topics with reference to the GRI Topic Standards and Sustainability Accounting Standards Board (SASB), with identification conducted by the Company's representatives, department heads, and external experts by rating the actual or potential negative and positive impacts of the topic on the economic, environmental, and social (people and human rights) responsibilities of the Company.

Compared to 2023, in response to the GRI revision, the topics of "Compliance with Social and Economic Laws and Regulations" and "Compliance with Environmental Protection" were incorporated into GRI 2 standards. Additionally, following decisions by department heads, the significant topic of "Labor Relations" in the 2023 report was updated and renamed "Organizational Learning and Talent Turnover Management" for 2024. Furthermore, plans related to retirees for 2024–2025 were added, including management goals and measures concerning talent selection, development, utilization, and retention.

The evaluation process can be divided into four stages:

I. Understand the organizational context	With reference to the GRI Topic Standards and Sustainability Accounting Standards Board (SASB), a total of 34 sustainability issues were compiled.
II. Identification of actual and potential impacts	The Company's representatives, department heads, and external experts rated the actual or potential negative and positive impacts of key topics on the corporate sustainability issues of the economy, environment, society (people and human rights) and the scores of the four aforementioned impacts were summed up for ranking. In the end, there were 8 items with a total score of more than 30 points, indicating their relevance to the Company's operations and sustainability.
III. Evaluating the significance of impacts	The Company's representatives, department heads, and stakeholders were invited to discuss the matter before a meeting was held with external experts. Based on the past operating experiences, the significance and possibility of the impact of the issues were discussed, and 5 issues were eventually adjusted and selected as the material topics.
IV. Prioritize the reports with the most significant impact	Depending on the nature of the topic, representatives of the Company and heads of departments conduct a comprehensive assessment with external experts and disclose their management policies by dividing them into chapters and sections of the report.

In 2024, the Company identified a total of five material topics, namely: Economic Performance, Energy, Organizational Learning and Talent Turnover Management, Occupational Health and Safety, and Customer Service Management.

Material Topic Identification Result

Material Topic Identification Result				
Material Topics				
1 Economic Performance	2 Energy	3. Organizational Learning and Talent Turnover Management	4 Occupational Safety and Health	5 Customer Service Management
Other Topics				
6 Ethical Corporate Management & Corporate Governance	7 Risk Management	8 Market Position	9 Indirect Economic Impacts	10 Procurement Practices
11 Anti-corruption	12 Anti-competitive Behavior	13 Taxation	14 Materials	15 Water and Effluents
16 Biodiversity	17 Emissions	18 Waste	19 Supplier Environmental Assessment	20 Labor/ Management Relations

21 Training and Education	22 Employee Diversity and Equal Opportunity	23 Non-discrimination	24 Freedom of Association and Group Consultation	25 Child Labor
26 Forced and Compulsory Labor	27 Security Practices	28 Rights of Indigenous Peoples	29 Local Communities	30 Supplier Social Assessment
31 Public Policy	32 Customer Health and Safety	33 Marketing and Labeling	34 Customer Privacy	

List of Material Topics

Material Topics	Describe the Organization's Policies or Commitments Related to Material Topics	Actual/ Potential Positive/ Negative	Main Subjects of Impact	Corresponding Chapter
Economic Performance (GRI 201)	Economic performance is one of the important factors for sustainable corporate operations. The economic performance indicator responds to the generation and distribution of economic value that stakeholders are concerned about, and also reflects the direct economic value generated and distributed during the reporting period.	<ul style="list-style-type: none"> ● Actual/positive: If the Company's operating performance continues to grow, it will not only enhance the salary and benefits of its employees, it will also lead to the distribution of profits to shareholders, which will make shareholders more supportive of the Company's share price, and in turn, lead to the growth of the Company's market value. ● Potential/Positive: If the Company's operating performance declines, shareholders and banks will become more conservative in their view of the company's future, and will either divest their holdings in the Company or stop lending to the Company, which will affect the Company's working capital adequacy and ability to make repayments. 	<p>The Company (causing)</p> <p>Employees (directly related)</p> <p>Shareholders (directly related)</p> <p>Suppliers/contractors/distributors (contributing)</p> <p>Banks (contributing)</p> <p>Clients/consumers/distributors (contributing)</p> <p>Government agencies (contributing)</p>	II. Corporate Governance
Energy (GRI 302)	The FSC requires TWSE/TPEX listed companies to disclose greenhouse gas inventory information in the future with the goal for enterprises to achieve the government's 2050 net-zero emission goal. Furthermore, the EU began to implement the "CBAM Carbon Border Adjustment Mechanism" on October 1, 2023. EU importers are required to declare	<ul style="list-style-type: none"> ● Actual/Positive: Increase the use of renewable energy <ol style="list-style-type: none"> (1) Economy: By using renewable energy to reduce carbon emissions, enterprises can reduce energy consumption and production costs and improve economic benefits. (2) Environment: The burning of fossil fuels produces a large amount of greenhouse gases, and the greenhouse effect causes global warming. The use of renewable energy has relatively low carbon emissions, which can mitigate the current impact of climate change. ● Potential/negative: Excessive energy use intensity <ol style="list-style-type: none"> (1) Economy: The screw 	<p>The Company (causing)</p> <p>Shareholders (directly related)</p> <p>Clients/consumers/distributors (directly related)</p> <p>Suppliers/contractors/distributors (directly related)</p> <p>Employees (contributing)</p> <p>Government agencies (contributing)</p>	IV. Green Environment

	<p>greenhouse gas emissions. Therefore, in order to comply with the climate regulations of various countries and improve the competitiveness of our products in the supply chain, we must pay more attention to energy and other related issues.</p>	<p>manufacturing industry is a high-electricity-using industry. If electricity usage increases, Taipower will inevitably increase its power generation capacity, which will lead to higher electricity costs and inflationary pressure from cost changes.</p> <p>(2) Environment: The screw manufacturing industry is a high carbon emissions industry, and high carbon emissions contribute to climate change problems such as the greenhouse effect and ozone layer depletion, as well as affecting the ecological environment and human health.</p> <p>(3) Human rights: The process of energy transformation will lead to uneven distribution of resources and social injustice. For example, labor rights in high-energy-consuming industries may be affected due to the transition.</p>		
<p>Organizational Learning and Talent Turnover Management (GRI 401)</p>	<p>The Company strives to establish harmonious labor-management relations by providing comprehensive working conditions and employee compensation and benefits to ensure peace of mind at work. At the same time, we hope for mutual and stable growth between employees and the company. In 2025, we will implement an Employee Stock Ownership Trust to offer employees greater security for their retirement, helping the company maintain high competitiveness and sustainable operations. The Company organizes various activities to build solidarity and happiness among</p>	<ul style="list-style-type: none"> ●Actual/positive: Establishing a positive corporate image. ●Potential/positive: The Company has a good image, built a good corporate reputation through word of mouth, and has a good reputation as an employer. 	<p>The Company (causing) Employees and company development (directly related) Shareholders (contributing) Government agencies (contributing)</p>	<p>V. Welfare and care</p>

	employees.			
Occupational Safety and Health (GRI 403)	Employees are the Company's most important assets. Only when employees are in good physical and mental health does the Company have a bright future. We provide a workplace environment that ensures both physical and mental health and safety, fostering stronger cohesion within the Company and enabling employees and the Company to grow together.	<ul style="list-style-type: none"> ● Actual/positive: Providing employees with a safe working environment to maintain and ensure the Company's image and operating costs. ● Potential/Positive: We proactively identify hazards and risks in the workplace, provide improvement suggestions, and strengthen the employee emergency response capabilities, effectively creating a safer and happier workspace for all employees. 	The Company (causing) Employees (directly related) Suppliers/contractors/distributors (directly related) Government agencies (contributing)	V. Welfare and care
Customer Service Management (Custom theme)	The increase in customer satisfaction can deepen customer relationships, improve product competitiveness, and effectively manage the Company's relationship with customers.	<ul style="list-style-type: none"> ● Actual/Positive: Customer trust in the Company is enhanced, and the Company's operations are maintained. ● Potential/Positive: Use customer feedback to Identify areas of improvement, so that the company has indicators for improvement and can increase customer satisfaction 	The Company (causing) Clients/consumers/distributors (directly related)	3. Research and development
Description of relationship to key topics and their impact: 1. Causing: The Company's actions and inaction may cause negative impacts. 2. Contributing: The organization's activities result in, promote, or induce the emergence and emphasis on significant topics. 3. Directly related: It may directly cause a direct impact on the relevant stakeholders.				

2. Corporate Governance

Management Approach

3-3	Material topic management
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Material Topic: Economic Performance	
Material Causes of This Topic	Economic performance is one of the important factors for sustainable corporate operations. The economic performance indicator responds to the generation and distribution of economic value that stakeholders are concerned about, and also reflects the direct economic value generated and distributed during the reporting period.
Influence and Impact	Economic aspect: In addition to the timely declaration to the competent authorities and reification on up third-party audit, and in accordance with all relevant tax laws and policies, the direct economic and financial performance of the Company's operations will also indirectly affect the rights and interests of stakeholders.
Policy	<ol style="list-style-type: none"> 1. Quality management policy: Innovation, Efficiency, Professionalism, and Service. 2. Risk management policy: The risk management policy defines various types of risks in accordance with the Company's operating guidelines, prevents possible losses within the risk tolerable range, increases shareholders' value, and achieves the principle of optimal resource allocation. 3. Environmental policy: <ol style="list-style-type: none"> (1) Pollution prevention: Identify the pollutions generated during the manufacturing process, reduce or prevent the environmental pollution through the improvement of the production schedule, engineering technology, and cleaner production. (2) Fully comply with the requirements of laws and regulations: The government's laws and regulations, and the environmental protection requirements of other stakeholders with which the Company has agreed to comply are indeed followed. For each process operation, the standard operating procedures are followed, and process waste reduction and pollution prevention are properly carried out. (3) Committed to achieving continuous improvement: Further improvement of process equipment, strengthening of inspections, and continuous improvement of the PDCA cycle have achieved the goal of sustainable operation.
Strategy	<ul style="list-style-type: none"> • Positive: If the Company's operating performance continues to grow, it will not only enhance the salary and benefits of its employees, fulfilling its social responsibility, but it will also lead to the distribution of surplus to shareholders, which will make shareholders more supportive of the Company's share price, and in turn, lead to the growth of the Company's market value. If the Company seeks to raise funds from the capital markets to support major capital expenditures, shareholders and other investors are more likely to be willing to subscribe. • Negative: If the Company's operating performance declines, shareholders and banks will become more conservative in their view of the company's future, and will either divest their holdings in the Company or stop lending to the Company, which will affect the Company's working capital adequacy and ability to make repayments. In response to the decline in company operations, efforts should be made to maintain smooth and ample operational cash flow. When orders decrease, good communication with customers should be maintained by proposing more mutually beneficial transaction terms to assist each other in weathering the economic downturn. Additionally, during this period, employee training should be implemented and the R&D department encouraged to accelerate the development of new products or processes in preparation for the economic recovery.
Goals and Targets (Short-term)	<ol style="list-style-type: none"> 1. Business performance: The turnover target for 2024 was NTD 1,587,289 thousand, divided into NTD 1,130,000 thousand for the screw business, NTD 407,289 thousand for the wire drawing business, and NTD 50,000 thousand for the drill business separately. 2. R&D and innovation: There were four innovative R&D projects, three from the screw business and one from the drill business. 3. Product quality and service: <ol style="list-style-type: none"> (1) Screw business: <ol style="list-style-type: none"> A. Screw wear rate $\leq 3\%$/≥ 50M-Pcs. B. The wear rate of carbon steel anchors $\leq 5\%$/≥ 10M-Pcs. C. The wear rate of composite anchors $\leq 5\%$/≥ 10M-Pcs. D. Customer complaints for screws with responsibility attributable to the Company ≤ 3 cases/year. E. Anchor bolt customer complaint with responsibility attributable to the Company ≤ 3 cases/year. F. Customer satisfaction statistics show that 80% of customers are satisfied. (2) Drill bit business: Wear rate $< 0.85\%$, large-scale customer complaint < 1 case

Goals and Targets (Medium-term)	<p>Medium-term goals:</p> <p>The Company will extend its core expertise, namely fastening technology, to develop new application areas, improving production line technologies for greater efficiency and cost reduction. In line with this, the Company sets appropriate carbon reduction targets, aiming to reduce greenhouse gas emissions year by year to minimize potential carbon tax liabilities, enhance future product competitiveness, and purchase carbon credits to achieve product carbon neutrality.</p>
Goals and Targets (Long-term)	<p>Long-term goals:</p> <p>We will establish a succession plan, covering talent selection through to development, to cultivate mid-level talent capable of taking on future challenges.</p>
Management Evaluation Mechanism	<p>1. The Company follows the ISO 9001 internal management review procedure.</p> <p>2. Management review of all management systems.</p>
Performance and Adjustment	<p>1. In 2024, the turnover of Sheh Kai Precision Co., Ltd. was NTD 1,119,899 thousand, with an achievement rate of 71%, a decrease of 21% compared to 2023, with a net profit after tax of NTD 95,951 thousand, a decline of 61% compared to 2023, and an EPS of NTD 1.93.</p> <p>2. Execution results of the R&D and innovation plan proposals:</p> <p>(1) Screw business: The ETA anchor bolt certification for various burial depths is in progress. The other two are medium to long term development cases which are currently under planning and on hold. The cost of the implemented R&D cases is within budget.</p> <p>(2) Drill bit business: The ETA anchor bolt certification for various burial depths is in progress. The other two are medium to long term development cases which are currently under planning and on hold. The cost of the implemented R&D cases is within budget.</p> <p>3. Product quality and service:</p> <p>(1) Screw business:</p> <p>A. The screw wear rate is 1.55–2.82%, in line with the target.</p> <p>B. The wear rate of carbon steel anchors is 0.23–2.65%, in line with the target.</p> <p>C. The wear rate of composite anchors is 0.12–4.25%, in line with the target.</p> <p>D. One screw customer complained, in line with the target.</p> <p>E. There were 0 complaints about anchor bolts, in line with the target.</p> <p>F. Overall customer satisfaction is 89.88, in line with the target.</p> <p>(2) Drill bit business: The drill bit wear rate is 0% - 0.48%, in line with the target. There were no large-scale customer complaints and no incident on the return of orders.</p>

2-1 About Sheh Kai

2-1	Organizational details.
2-6	Activities, value chains, and other business relationships
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201-1	Direct economic value generated and distributed
201-4	Financial assistance received from government agencies
207-1	Tax policy
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Overview of Corporate Operations

Founded in 1992, Sheh Kai Precision is currently Taiwan's largest exporter and manufacturer of stainless and alloy steel bi-metal screws and composite bolt. As a leading manufacturer of stainless and alloy steel bi-metal screws, with products of good quality and high added value, Sheh Kai continues to be the best strategic alliance partner for customers. We have exclusive stainless and alloy steel bi-metal screws and composite bolts manufacturing technology. Our management team and R&D team are constantly working hard on R&D and innovation to improve product quality and its added value. The Company's products are indispensable key fasteners for high-grade corrosion-resistant buildings. At present, our products are more widely used in energy-saving buildings. As important fasteners for roof solar panels and energy-saving and heat-insulated buildings, in addition to developing and manufacturing these products, we apply them in operations that have a positive affect on the environment, nature, and society; we love the earth, cherish life and protect the countryside—we abide by the philosophy of giving back to society. We will do our best to protect the rights and interests of customers, employees, and investors, and make sustainable operations worthy of our conscience.

Sheh Kai Precision aims to become a world-class professional manufacturer of composite screws and provides customers with high-quality products and excellent services. Through continuous R&D and innovation, Sheh Kai can continue to grow, create corporate value, reward shareholders and employees, and head toward sustainable operations.

Company Overview				
Company Name	SHEH KAI PRECISION CO., LTD.		English Name	SHEH KAI PRECISION CO., LTD
Date of Establishment	1992-04-28		By Industry	Iron and steel industry
By Market	TPEX listed		Stock Code	2063
TPEX Listing Date	2010-09-07		Main Business Activities	Screws and bolts, wires, cement bits and others
Chairman	Tai-Yuan Tu		Number of Employees	288 people
Business Locations	No. 1, Bengong 1st Rd., Gangshan Dist., Kaohsiung City			
Production Locations	Plant site		Address	
	Kaohsiung	Gangshan Plant	No. 1, 3, 5, Bengong 1st Rd., Ben Chou Village, Gangshan Dist., Kaohsiung City	
		Packaging Plant	No. 1, Bengong W. 1st Rd., Gangshan Dist., Kaohsiung City	
		Luzhu Plant	No. 161, Minyou Rd., Luzhu Dist., Kaohsiung City	
	Miaoli	Zhunan Plant	No. 58, Neigh. 9, Dacuo Vil., Zhunan Township, Miaoli County	
		Bi-Metal Material Plant	No. 70-29, Shishan, Neigh. 23, Dacuo Vil., Zhunan Township, Miaoli County	
Capital (NTD thousand)	496,015		Turnover (NTD thousand)	1,119,899

**Company
Appearance**



Shareholder Structure

Ownership structure		
Closing date: June 3, 2025		
Shareholders	Number of Shares Held	Shareholding Ratio
Financial institutions	190	0.00
Other Corporate Entities	20121472	40.56
Individuals	27298463	55.04
Foreign Institutions and Foreign Natural Persons	681328	1.38
Treasury stock	1500000	3.02

Operational Performance

The operational performance of Sheh Kai in 2024 was impacted by the global economic downturn, resulting in a 20% decrease compared to 2023. Despite this, the company still achieved over NT\$1.1 billion in individual revenue. The screw business saw a revenue drop of more than 35%, with exports to Europe declining the most. This was primarily due to weak economic conditions in Europe, leading to reduced market demand, which, in turn, affected both order volume and shipments. In contrast, the wire division experienced growth, with domestic demand increasing, resulting in a 28% rise in revenue and approximately 30% growth in sales volume, successfully turning the segment from loss to profit. However, overall company profitability declined, largely due to a drop in the gross margin of the screw business, which is the Company's primary revenue and profit contributor. The decline in gross margin stemmed from reduced production volumes, leading to higher unit costs. Consequently, net income after tax dropped by 60% compared to 2023. In light of the weak global economic performance in 2024, coupled with sluggish economic growth in Europe and China, the sales of Taiwanese steel companies have been broadly affected. Furthermore, intensifying price competition from steel producers in China and Southeast Asia, along with escalating carbon emission issues, suggests that steel companies will continue to face significant challenges ahead.

Financial Information of Sheh-Kai in the Past Three Years			
Item/ Year	2022	2023	2024
Operating Revenue (NTD thousand)	1,450,487	1,428,614	1,119,899
Operating Cost (NTD thousand)	1,051,656	974,913	874,615
Gross Profit (NTD thousand)	398,831	453,701	244,962
Operating Income (NTD thousand)	267,454	307,459	126,133
Non-operating Income and Expenses (NTD)	16,761	(3,601)	(3,161)

thousand)			
Net Income before Tax (NTD thousand)	284,215	303,858	122,972
Net Profit after Tax for the Period (NTD thousand)	233,347	245,494	9,5950
Total Comprehensive Income (NTD thousand)	234,813	249,331	129,988
Earnings per Share (NTD)	4.91	4.95	1.93
Employee Benefits (NTD thousand)	3,579	3,829	2,950
Dividend (NTD thousand)	148,799	223,201	96,203
Employee Salary (including employee benefits) (NTD thousand)	244,990	263,534	216,119
Retained Economic Value (NTD thousand)	88,923	204,645	(65,507)
Payments to Investors (NTD thousand)	146,735	160,949	240,233
Payments to the Government (NTD thousand)	52,416	87,142	69,913
Community Investment (NTD thousand)	767	965	645

Note: The data for 2024 are based on the parent company only financial statements.

The retained economic value for 2024 was negative, mainly due to a significant decline in operating profits compared to 2023. Additionally, the Company paid out cash dividends in 2024 based on the 2023 earnings distribution, which further reduced the retained economic value into negative territory.

Financial Assistance Received from Government Agencies

In 2024, the Company replaced fixed-speed air compressors with variable-speed rotary compressors and participated in a government subsidy program for power and utility equipment upgrades. This equipment upgrade contributed to energy conservation and carbon reduction. The Company received a government subsidy of NT\$1,303,500.

Overview of Government Subsidies		
Item	Grant Agency	Subsidy Amount (\$)
2024 power and utility equipment subsidy	Industrial Technology Research Institute	1,303,500
Total		1,303,500

Note: Tax credits, subsidy programs, and COVID-related financial relief are all considered government financial assistance.

Tax Policy

The Company is committed to creating a sound business environment, ensuring that taxation policies comply with relevant laws and regulations, and strictly abide by the following tax-related laws and regulations, including Income Tax Act, Income Basic Tax Act, and Regulations Governing Assessment of Profit-Seeking Enterprise Income Tax on Non-Arm's-Length Transfer Pricing, Standards of withholding rates for various types of income, Business Mergers and Acquisitions Act, Tax Collection Act, Securities Transaction Tax Act, Land Tax Act, and Value-added and Non-value-added Business Tax Act, and other related tax laws. Moreover, the Finance Department conducts a review of tax policies in the fourth quarter of each year. Responsibilities under other relevant tax laws and regulations are as follows:

Tax-related Laws and Regulations	Responsible Unit	Authority and Responsibility
Business tax, Profit-seeking Enterprise Income Tax	Finance Department	Responsible for reporting expenses and preparing vouchers for debit and payment
Land tax, Land value tax, Fuel tax, License tax	Administration Department	Reporting fees
	Finance Department	Preparation of vouchers for debit and payment

The Company's 2024 annual report and financial report can also be viewed at the following link:

2024 Financial Report:

➤ <https://www.shehkai.com.tw/list/cate-60115.htm>

2024 Annual Report:

➤ <https://www.shehkai.com.tw/list/cate-60133.htm>

Company History

With a business philosophy of “Innovation, Professionalism, Efficiency and Service”, Sheh Kai adheres to continuous research in the improvement of existing products and in the creation of new products. We design products for different needs, provide excellent after-sales service, and insist on the pursuit of the positive interactions and quality assurance as our driving force, giving the Company a starting point for an innovative future and sustainable operations.

Year	Company History
1992	Sheh Kai Industrial Co., Ltd. was established with a paid-in capital of NTD 10,000,000 and began to engage in R&D and production of composite screws.
1994	Successful R&D of composite screws.
1996	Successful improvement of the production technology and quality of composite screws.
1999	Received orders from foreign customers and significantly increased annual turnover.
2000	Received quality certification from a German customer in Europe.
2002	Relocated to 2F, No. 810, Fuxing W. Rd., Dingyan Village, Qiaotou Township, Kaohsiung County. Capitalization of earnings of NTD 3,000,000 and cash capital increase of NTD 12,000,000; the paid-in capital became NTD 25,000,000 after the capital increase. Signed a professional service authorization with Deloitte Taiwan to assist the Company in introducing the internal control system. Purchased land in the Ben Chou Industrial Park to meet the Company's long-term development needs in the future. Accredited with ISO9001.
2003	Capitalization of earnings and cash capital increase totaling NTD 5,000,000; the paid-in capital was NTD 30,000,000 after the capital increase. The Company changed its name to "Sheh Kai Precision Co., Ltd.."
2004	Capitalization of earnings and employee bonus totaling NTD 11,160,000; the paid-in capital was NTD 41,160,000 after the capital increase. Completed the construction of Ben Chou Plant, obtained the building ownership certificate, and officially started operation. Relocated to No. 1, Bengong 1st Road, Ben Chou Village, Gangshan Township, Kaohsiung County.
2005	Capitalization of earnings and employee bonus totaling NTD 28,840,000; the paid-in capital was NTD 70,000,000 after the capital increase. Introduced Ding Hsin ERP system to fully computerize management and enhance the Company's competitiveness.
2006	Capitalization of earnings and employee bonus totaling NTD 30,000,000; the paid-in capital was NTD 100,000,000 after the capital increase. Expanded the Ben Chou factory site and increased production capacity in order to expand the scope of services to customers.
2007	Capitalization of earnings by NTD 35,000,000; the paid-in capital amounted to NTD 135,000,000 after the capital increase. Added the Wire Production Business Department to enhance the vertical integration of the enterprise. Capital increase in cash by NTD 20,000,000; the paid-in capital was NTD 155,000,000 after the capital increase.
2008	Capitalization of earnings by NTD 38,750,000; the paid-in capital amounted to NTD 193,750,000 after the capital increase. Participated in the training program, "Full Process Development Technology for Self-owned Brand of Artificial Tooth Roots", organized by the Metal Industries Research & Development Centre. Purchased the land and plant at Luzhu Plant to enhance the operational efficiency of the Wire Production Business Department. The Securities and Futures Bureau, Financial Supervisory Commission approved the public offering of the Company's shares.
2009	The Company was registered for trading on the emerging stocks market. New composite cement bolt and composite screw products, designed to be applied to stainless steel plates, were successfully developed. Capitalization of earnings by NTD 38,750,000; the paid-in capital amounted to NTD 232,500,000 after the capital increase.

	Accredited with ISO14000.
2010	<p>Successfully developed No. 6 and No. 8 composite cement bolts.</p> <p>The capital increased by recapitalization of earnings and employee bonus totaled NTD 28,330,410. After the capital increase, the paid-in capital was NTD 260,830,410.</p> <p>Capital increase in cash by NTD 25,340,000; the paid-in capital was NTD 286,170,410 after the capital increase.</p> <p>The Company's shares were officially listed for trading on the Taipei Exchange.</p>
2011	<p>No. 10 and No. 12 composite cement bolts were successfully developed.</p> <p>Completed the expansion of 3 plants in Ben Chou to increase production capacity to serve customers.</p> <p>The capitalization of surplus and capital reserve amounted to NTD 57,234,090; the paid-in capital was NTD 343,404,500 after the capital increase.</p>
2012	<p>Newly established the Bi-Metal Material Business Department, located in Zhunan Plant. The Department researches on high-level production technology and extends to other fields of application.</p> <p>Regarding indirect investment in a subsidiary in Mainland China mainly engaged in the trading of hardware products, the company was established in Shanghai City, in order to increase profit in the bi-metal screws market there.</p> <p>Capitalization of earnings by NTD 68,680,900; the paid-in capital amounted to NTD 412,085,400 after the capital increase.</p> <p>Research and development of the application of dual heat treatment technology for the carbon steel tail screws completed.</p> <p>Passed the CG 6007 Universal Corporate Governance System Evaluation and Certification.</p>
2013	<p>Obtained the land at Gang Gong Section Lot 172 and 173 of the Ben Chou Industrial Park from the Industrial Development Administration, Ministry of Economic Affairs to enhance the efficiency of asset utilization.</p> <p>Acquisition of land at Guanqian Section, Zhunan Township, Miaoli County for the relocation of Zhunan plant. The completion of the construction of the Zhunan plant was expected to reduce costs and raise production volume and efficiency.</p>
2014	<p>The construction of the new plant in Zhunan, Miaoli County, was completed in 2015. It improved the efficiency of screw manufacturing and reduced the production cost.</p> <p>Officially obtained the notification from the European Union that the composite screw products exported to EU countries were exempted from anti-dumping duties.</p> <p>Zhunant Plant started mass production and sales of composite drill bits and bars.</p> <p>Capital surplus to increase capitalization by a total of NTD 20,604,270; the paid-in capital was NTD 432,689,670 after the capital increase.</p>
2015	<p>The Wire Production Business Department officially introduced the Ding Hsin plant tracking system, which improved manufacturing efficiency and reduced production costs.</p> <p>The composite cement drill bit product developed by the Bi-metal Material Business Department of Zhunan Plant was successfully developed and the production capacity of the composite cement drill bit was planned.</p> <p>Completion of new plant in Zhunan, and commencement of relocation.</p>
2016	<p>Completed the relocation to the new plant in Zhunan.</p> <p>Carbon steel threaded anchor products officially obtained ETA certification issued by German DIBt.</p> <p>Capitalization of earnings by NTD 17,310,330; the paid-in capital amounted to NTD 450,000,000 after the capital increase.</p>
2017	<p>The Drill Bit Business Department of Zhunan Plant completed the first stage of mass production of composite cement drill bits.</p> <p>Concrete screw anchor won the "Taiwan Excellence Award" from the Ministry of Economic Affairs.</p>
2018	<p>Screw anchor products obtained ETA certification issued by German DIBt.</p> <p>Chairman Tu, Tai-Yuan, and President Lin, Shang-An were awarded the 41st Entrepreneurial Model Award and Entrepreneurial Support Award from the National Innovation and Entrepreneurship Association.</p> <p>The composite cement drill bit passed the German PGM certification.</p>
2019	<p>Issued the first domestic secured convertible bonds with a total amount of NTD 303,000,000 and an issuance period of three years.</p> <p>The Southern Taiwan Science Park Bureau, NSTC approved the Company to become a manufacturer of the park.</p>
2020	<p>Reinvested in Sheh Kai Precision (South Korea) Co., Ltd. to expand the market of cement drill bits and hardware fasteners in South Korea.</p> <p>The Drill Bit Business Department completed the development of new product vacuum cleaner bits and large cement drill bits.</p>
2021	<p>Completed the R&D of the hexagon shank butt welding cement drill bit and the large-size vacuum drill bit (1+2 form) and they were then mass-produced and sold.</p>
2022	<p>The first domestically convertible secured bonds was terminated from TPEx.</p> <p>The first domestic secured convertible bond swap to common stock amounted to NTD 75,995,300 ; the paid-in capital amounted to NTD 525,995,300 after the capital increase.</p>

	<p>The first repurchase of treasury shares was conducted to protect the Company's credit and shareholders' equity. The actual number of treasury shares repurchased was 3,000,000 shares.</p> <p>The cancellation of the first repurchase of treasury shares amounted to NTD 30,000,000; the paid-in capital after the cancellation was NTD 495,995,300.</p> <p>Received ICC-ES certification for carbon steel screw anchor products and entered the high-end public construction market in the United States.</p>
2023	<p>The total face value of domestic unsecured convertible bonds is NT\$6,000,000 thousand, and the total number of bonds issued is 6,000. The bonds were publicly underwritten through bidding and auction, and the actual amount raised was \$643,940 thousand with a 3-year term.</p> <p>We completed the high-performance high-frequency machine development project, and it went into production in the first quarter of 2024, with the goals of significantly increasing the production capacity, saving energy and reducing carbon emissions, reducing the unit cost of the process, and reducing the required floor space to improve the utilization of plant space.</p>
2024	<p>Composite screw products obtained EU ETA certification, enhancing customer recognition of product quality and its added value.</p> <p>The Company implemented the second repurchase of treasury shares to be transferred to employees for subscription, with an estimated repurchase volume of 1,500,000 shares.</p>

As of the end of 2024, the Company's operational locations include a total of 5 sites including the headquarters. The annual revenue for the year was NT\$1,119,899 thousand, and the paid-in capital was NT\$496,015 thousand. The main products, services, and sales details are as follows. Compared to 2023, there were no significant changes in the Company's value chain, products and services, or business relationships.

Products/ Services				
Products or Services	Sales Area	Customer Type	Sales Volume	Unit
Screws and bolts	Domestic and foreign countries on five continents	Trading of Construction Fasteners	150,232	1,000pcs
Cables and wires	Domestic	Manufacture of Metal Products	3,650	Metric ton
Cement drill bits and others	Domestic and Europe, America, Asia, and Oceania	Hardware Trading	44,627	NT\$ thousand

The list of entities in the Company's consolidated financial statements for 2024 is as follows:

Affiliates in the Company's Consolidated Financial Statements				
As of December 31, 2024, unit: NTD thousand				
Name of Affiliated Enterprise	Date of Establishment	Address	Paid-up Capital	Main Business or Production Activities
Bi-Metal Limited	2012/04	LEVEL 2, LOTEMAU CENTRE, VAEA STREET, APIA, SAMOA	USD 670	General investment business
Sheh Kai Trading (Shanghai) Co., Ltd.	2012/05	8F, No. 9, Lane 1555, Jinshajiang West Road, Jiading District, Shanghai	USD 670	Wholesale of fasteners, hardware and construction materials (excluding steel)

The supply chain diagram and list of the Company's upstream, midstream, and downstream operations are as follows:

Supply Chain Diagram of the Upstream, Midstream, and Downstream of Sheh Kai Organization		
Upstream (raw materials)	Midstream (product manufacturing)	Downstream (applied industries)
<hr/> <p>General steel wire rods and wire products</p> <p>Stainless steel wire rods and wire products</p> <p>Others</p>	<hr/> <p>Screws</p> <p>Bolts</p> <p>Nut</p> <p>Gasket</p> <p>Rivets and pins</p>	<hr/> <p>Industrial Machinery</p> <p>Metal Products</p> <p>Electronics, Computer and Communications Industry</p> <p>Aerospace industry</p> <p>Instrument-related businesses</p> <p>Transport Industry</p> <p>Metal Basic Industry</p> <p>Construction Engineering Industry</p>

Involvement of External Organizations

In order to continue to strengthen the sustainable competitiveness and bring the company's operations in line with international trends, the Company proactively participates in relevant business associations, guilds, societies, and other organizations to obtain the latest domestic and foreign industry information and share its own experiences. The Company joins hands with all sectors to create a sustainable value chain.

Associations and Organizations in which Sheh Kai is a Member	Membership Qualifications (Position held)
Gang Du Listed Company Entrepreneurs Association	Membership
Ben Chou Industrial Park Manufacturers Association, Gang Shan, Kaohsiung City	Director General
Kaohsiung City Enterprise Personnel Representative Association	Director General
Importers and Exporters Association of Taipei (IEAT)	Membership
Curtainwall Technology Development Association of Taiwan	Membership
Taiwan Fastener Trade Association	Membership
Greater Kaohsiung Friends of the Police Association, Kaohsiung City	Consultant
National Innovation and Entrepreneurship Association	Membership
Taiwan Fastener Industries Association	Membership

Membership certificate

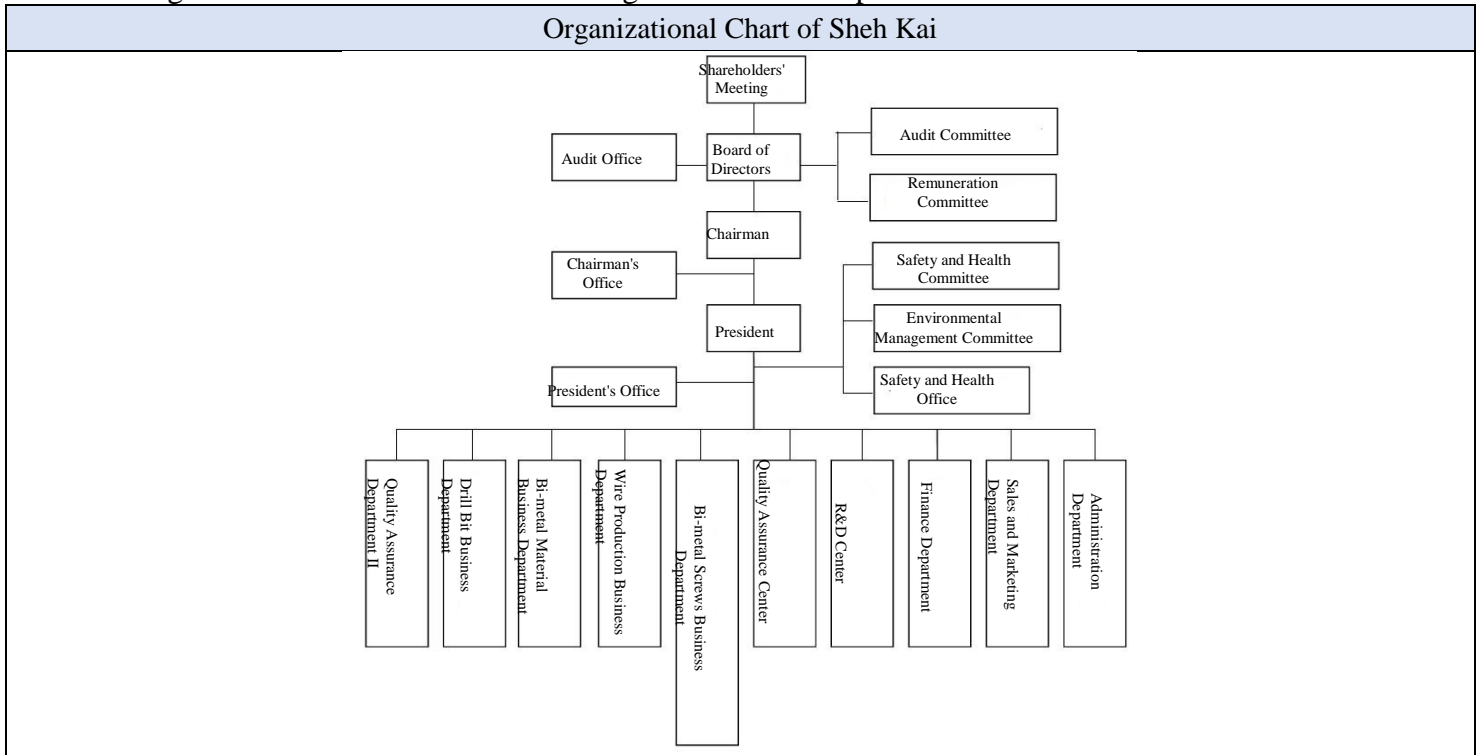
	
	

2-2 Governance Strategy

2-9	Governance structure and composition
2-10	Nomination and selection of the highest governance team
2-11	Chair of the highest governance body
2-12	Role of the highest governance body in overseeing the management of impacts
2-13	Person in charge of impact management
2-14	Highest governance body's role in sustainability reporting
2-15	Conflict of Interests
2-16	Communication of critical concerns
2-17	Collective knowledge of the highest governance body
2-18	Evaluation of the performance of the highest governance body
2-19	Remuneration policies
2-20	Process to determine remuneration
2-23	Policy commitments
2-24	Embedding policy commitments
2-25	Processes to remediate negative impacts

Organizational Chart

The organizational structure and the management of each department of Sheh Kai are as follows:



Main Department	Duties and Responsibilities
Remuneration Committee	<ul style="list-style-type: none"> ● Regularly review these Procedures and propose amendments. ● Formulate and regularly review the annual and long-term performance goals and remuneration policies, systems, standards and structures for the Company's directors and President (managers). ● Regularly evaluate the achievement of the performance targets of the Company's directors and President, and establish the content and amount of their individual remunerations.
Audit Committee	<ul style="list-style-type: none"> ● Supervising the fair presentation of the Company's financial statements. ● Supervising the appointment (dismissal), independence, and performance of CPAs. ● Supervising the effective implementation of the Company's internal control. ● Supervising the Company's compliance with relevant laws and regulations. ● Supervising the management and control of existing or potential risks of the Company.
Chairman's Office	<ul style="list-style-type: none"> ● Planning business strategy and set business goals.
President's Office	<ul style="list-style-type: none"> ● Assisting the president in the management and execution of various businesses of the Company. ● Participating in the formulation of strategies and operational goals, and being responsible for the promotion and execution. ● Supervising the business and related matters of the department under its purview. ● Proposing and implementing sustainable development policies, systems or related management policies and specific promotion programs. ● Responsible for formulating and supervising the implementation of ethical corporate management policies and prevention plans.
Audit Office	<ul style="list-style-type: none"> ● Auditing and evaluating the operation of the internal control system, and assisting the management in implementing the Company's internal regulations. ● Responsible for auditing the Company's finances, business and operations, analyzing abnormalities, and providing improvement plans.
Safety and Health Office	<ul style="list-style-type: none"> ● Formulating, planning, supervising, and promoting safety and health management issues and directing relevant departments in their implementation.
Environmental Management Committee	<ul style="list-style-type: none"> ● Analyzing the organization's situation and formulating risk and opportunity strategies. ● Promoting management systems to promote coordination.
Safety and Health Committee	<ul style="list-style-type: none"> ● The committee makes recommendations on safety and health policies prepared by the Employer and reviews, coordinates, and recommends safety and health related matters.
Bi-metal Screws Business Department	<ul style="list-style-type: none"> ● Responsible for the scheduling and production of screws and anchors to meet the delivery times required by customers. ● Controlling the manufacturing process and improving product quality. ● Controlling manufacturing costs and reducing wear and tear. ● Continuously improving the production process and technology. ● Maintaining production equipment and operational safety. ● Responsible for the implementation of company-wide procurement matters. ● Responsible for warehousing and logistics management.
Wire Production Business Department	<ul style="list-style-type: none"> ● Responsible for the scheduling and production of screws and anchors to meet the lead times required by customers. ● Controlling the manufacturing process and improving product quality. ● Controlling manufacturing costs and reducing wear and tear. ● Continuously improving the production process and technology. ● Maintaining production equipment and operational safety.
Bi-metal Material Business Department	<ul style="list-style-type: none"> ● Responsible for scheduling and production of automated joining and drill-bit products to meet customer delivery deadlines. ● Controlling the manufacturing process and improving product quality. ● Controlling manufacturing costs and reducing wear and tear. ● Responsible for equipment design, assembly, testing, improvement, and maintenance. ● Investigating and proposing improvement measures for supplier operating equipment, and implementing cost-reduction plans. ● Maintaining production equipment and operational safety.
Drill Bit Business Department	<ul style="list-style-type: none"> ● Responsible for the coordination, execution, and integration of cement drill production processes. ● Coordination of personnel scheduling for each section of cement drills. ● Responsible for developing the cement drill production plan and tracking and controlling the production progress of each team.

Main Department	Duties and Responsibilities
	<ul style="list-style-type: none"> Occupational safety and health matters
R&D Center	<ul style="list-style-type: none"> R&D and continuous improvement of operating equipment, molds and other materials, and process enhancement. New product development planning, product improvement, and sample production. Promoting relevant application technologies, cooperating with customers to shorten the R&D and design time, and reducing costs.
Quality Assurance Center	<ul style="list-style-type: none"> Implementing quality management. Maintaining the quality assurance policy, rules and system. Supervising and ensuring the implementation of the quality assurance system and promoting the implementation of quality certification. Establishment of incoming material inspection, process control, and shipment inspection.
Quality Assurance Department II	<ul style="list-style-type: none"> Additions and amendments to the ISO quality management system. Establishment and supervision of product production quality inspections. Custody, management, and calibration of measuring equipment. Analyzing causes of quality problems, tracking and supervising quality management.
Sales and Marketing Department	<ul style="list-style-type: none"> Establishment and execution of business objectives. Planning and execution of marketing strategies. Investigation and development of domestic and foreign business markets. Achieving business goals and improving the quality of customer service.
Finance Department	<ul style="list-style-type: none"> Responsible for budgeting and settlement of costs. Responsible for the Company's financial management and fund scheduling and raising. Matters related to stock affairs. Tax credit application Budget preparation, planning and review. Analysis of operating statements. The department is the unit in charge of the meetings of the Board of Directors and is responsible for the management of the performance evaluations of the Board of Directors and the Audit Committee.
Administration Department	<ul style="list-style-type: none"> Human resource planning and execution. Payroll management. Planning and execution of education and training. Amendment and implementation of the management system. Planning of employee benefits and management of labor-management relations. Management of fixed assets and general affairs. Responsible for the planning, construction, improvement, and management of the Company's software and hardware. Developing information software, including, but not limited to, process optimization, quality inspection, and production planning and control. Planning, building, and managing websites and networks. Responsible for managing the performance evaluations of the Remuneration Committee.

Information on Board Members

The Company's highest governance unit is headed by the Chairman, Mr. Tai-Yuan Tu, and President, Mr. Chun-Yen Chen who are jointly responsible for the Company's operations and management. As the Chairman does not concurrently serve as the President or CEO, there is no conflict of interest.

The Company has established a diversity policy in its Corporate Governance Best-Practice Principles. The current Board of Directors has members with different professional backgrounds and fields of expertise. In accordance with the Company's Articles of Association, the number of independent directors shall not be less than three and shall not be less than one-third of the total number of directors, and the term of office shall be three years. On May 29, 2023, the 11th Board of Directors was elected. The current term is composed of 7 directors (including 3 independent directors) with extensive experience and expertise in the fields of finance, accounting, business operations and management, the steel industry, law, etc. The term of office is from May 29, 2023 to May 28, 2026. In order to demonstrate diversity in the composition of the Board of Directors, there is one female director, and in the future, the ratio of female directors will increase to a minimum of 1/3. The

percentage of directors who are employees is 29%, and the percentage of independent directors is 43%. All independent directors meet the independence requirements, and board meetings are held regularly according to law. The information of the board of directors and supervisors is shown in the table below:

Information on the Members of the Board of Directors of Sheh Kai Precision						
Job Title	Name	Gender	Age (years)	Initial (elected) Date of Inauguration	Major Education and Experience	Positions in the Company and Other Companies
Chairman	Tai-Yuan Tu	Male	Over 50 years old	1993.08.24	<ul style="list-style-type: none"> EMBA, National Kaohsiung University Vice President, Sheh Fung Screws Co., Ltd. 	<ul style="list-style-type: none"> and President, Sheh Kai Precision Co., Ltd. Chairman, Sheh Fung Screws Co., Ltd. Chairman, HYE TECHNOLOGY CO., LTD Chairman, BYMIT INC. Chairman, Guan Yi Investment Co., Ltd. Chairman, Longyuan Investment Co., Ltd. Director and President, Sheh Kai Trading (Shanghai) Co., Ltd. Chairman, BI-METAL Ltd. Chairman, Litai Co., Ltd.
Director	Chun-Yen Chen	Male	30–50 years old	2020.06.10	<ul style="list-style-type: none"> EMBA, National Sun Yat-Sen University President, Sheh Chiang Industry Co., Ltd. 	<ul style="list-style-type: none"> President, Sheh Kai Precision Co., Ltd. President, Sheh Fung Screws Co., Ltd. Chairman, Sheh Feng Investment Co., Ltd.
Director	Shang-An Lin	Male	Over 50 years old	2008.05.12	<ul style="list-style-type: none"> Graduated from Department of Aeronautics and Astronautics, National Cheng Kung University Institute of Aeronautics and Astronautics, National Chung Shan Institute of Science and Technology (NCSIST) Flight Science Team, Aerospace Industrial Development Corporation (AIDC) 	<ul style="list-style-type: none"> Independent Director, MILDEX OPTICAL INC.
Director	Tang-Kun Liu	Male	Over 50 years old	2023.05.29	<ul style="list-style-type: none"> Graduated from Department of Political Science, Chinese Culture University 	<ul style="list-style-type: none"> Representative of Green World Hotels Co., Ltd. Chairperson of Board of Directors, Singo Biotechnology Co., Ltd.
Independent Director	Fu-Bin Lee	Male	Over 50 years old	2023.05.29	<ul style="list-style-type: none"> Graduated from Department of Accounting, National Chung Hsing University 	<ul style="list-style-type: none"> CPA, Tai Chiao United CPA Firm
Independent Director	Kai-Li Wang	Male	Over 50 years old	2023.05.29	<ul style="list-style-type: none"> Ph.D. in Economics, Utah State University, USA 	<ul style="list-style-type: none"> Independent Director, Dyaco International Inc. Independent Director, Aker Technology Co., Ltd Independent Director, Paiho Shih Holdings Corporation Full-time Professor, Department of Finance, Tunghai University
Independent Director	Chia-Chia Lin	Female	30–50 years old	2023.05.29	<ul style="list-style-type: none"> Bachelor of Law, Soochow University 	<ul style="list-style-type: none"> Independent Director, Sun Yad Construction Co., Ltd
Note: There are 2 board members aged between 30 and 50, and 5 members over the age of 50.						

Information on the Members of the Board of Directors of Sheh Kai Precision										
Job Title	Name	Operationa l Judgment	Accountin g and Financial Analysis	Business Administratio n	Crisis Managemen t	Steel Industry Knowledg e	Other Industry Knowledg e	Internationa l Market Perspective	Leadershi p Ability	Decision-makin g Ability
Chairman	Tai-Yuan Tu	✓		✓	✓	✓		✓	✓	✓
Director	Chun-Ye n Chen	✓		✓	✓	✓		✓	✓	✓
Director	Shang-A n Lin	✓		✓	✓	✓		✓	✓	✓
Director	Tang-Ku n Liu	✓		✓	✓		✓		✓	✓
Independen t Director	Fu-Bin Lee		✓	✓					✓	✓
Independen t Director	Kai-Li Wang		✓					✓		
Independen t Director	Chia-Chi a Lin		✓	✓					✓	✓

Nomination and Selection of Board Members

In order to ensure good corporate governance, the election of the Company's directors will be conducted in accordance with the candidate nomination system and the procedures stipulated in the Company Act. The Company has not yet appointed the Nomination Committee. Hence, all nominated director candidates were discussed and approved by the Board of Directors before they were listed as the director candidates. The goal is to ensure that each Board member is a professional and outstanding talent that has been carefully selected, thereby protecting the rights and interests and trust of the Company and its shareholders, with the shared mission of achieving high profits and corporate sustainability. For the other selection procedures, please refer to the Regulations Governing the Election of Directors as follows, or on the Company's official website: Investor Area → Corporate Governance Area → Board of Directors Information → Regulations Governing Election of Directors.

1. Clearly understand and evaluate the basic requirements, professional knowledge and skills, industry experience, background and diversity required for director candidates, including rich experience and professionalism in accounting, business, operation management, the steel industry, as well as other industries, and law.
2. Nomination process: Follow the candidate nomination system and procedures stipulated in the Company Act.
3. The Board of Directors shall discuss and resolve to approve or disapprove candidates in the selection of suitable candidates to join the Board of Directors.
4. The balloting method shall be adopted for the election at the board meeting. The ballots will be calculated on site immediately after the balloting is completed. The results, including the list of directors elected and the number of votes received, shall be announced by the chair at the meeting. The Board of Directors will issue certificates of election to the newly elected directors who will begin to perform their powers, responsibilities and obligations.

A total of 7 directors' meetings of the Company were held in 2024. The attendance of directors was as follows:

Board Meeting Dates and Directors' Attendance for 2024											
2024	03/07	05/02	05/23	08/08	10/24	11/12	12/19	Expected Attendance	Annual Total	Annual Attendance rate	Cumulative Rate (11th term)
Tai-Yuan Tu	1	1	1	1	1	1	1	7	7	100%	100%
Shang-An Lin		1	1	1	1		1	7	5	71.43%	83.33%
Tang-Kun Liu	1	1	1	1	1	1	1	7	7	100%	100%
Chun-Yen Chen	1	1	1	1	1	1	1	7	7	100%	100%
Fu-Bin Lee	1	1	1	1	1	1	1	7	7	100%	100%
Kai-Li Wang	1	1	1	1	1	1	1	7	7	100%	100%
Chia-Chia Lin	1	1	1	1	1	1	1	7	7	100%	100%

Operation of the Board of Directors

The Company has appointed an audit committee and a remuneration committee by law, but has not yet appointed a sustainable development committee. Therefore, the board of directors delegated the authority to set ESG development goals to the President to lead various department heads during regular meetings in setting sustainable development goals.

The Company, in accordance with the "Sustainable Development Best Practice Principles," has designated the President's Office as the dedicated unit responsible for proposing and implementing sustainability policies,

systems, related management guidelines, and concrete action plans, and subsequently reporting these to the Board of Directors. Therefore, the head of the President's Office is responsible for convening all relevant units to prepare the report, staying up to date on report preparation standards, and then discussing major topics and countermeasures, assigning tasks according to the report preparation items, collecting information, and finally writing the report. After the completion of the first draft of the report, a meeting will be held to revise the content and the accuracy of the data. The final version of the report will be forwarded to the President and the Chairman for approval. In 2025, the first meeting of the Board of Directors was held to report on the implementation of the Company's sustainable development strategies in 2024.

The person in charge of impact management of each responsible unit will constantly monitor and track the operation of internal units and report the situation to the Board of Directors when necessary to ensure that the environmental, economic, and social sustainability criteria are met:

Nature	Major Events	Number of Cases	Communication Outcomes
Environmental Aspect	Discussion of the Sustainability Report and formulation of procedures for managing sustainability information.	2 cases	The Board of Directors shall authorize the senior management to handle and report to the Board of Directors, if necessary. For resolutions of the Board of Directors, the Board of Directors must report the implementation status from the last Board of Directors meeting. If the case cannot be closed, the Company will follow up and report to the Board of Directors on a quarterly basis.
Economic Aspect	Economic Performance	10 cases	
	Risk Management	17 cases	
	Ethical Corporate Management, Corporate Governance	4 cases	
Social Aspect	Employee compensation distribution, salary adjustments, contributions to employee stock ownership trust funds, and year-end bonuses.	6 cases	

Continuing Education of Board Members

In addition to the experience and expertise in the relevant industries, the Company also arranges educational training programs for its directors on a regular basis. By arranging a variety of external training programs, the professionalism of the staff will be strengthened, and they will be able to perform their duties and take on the responsibility as prudent administrators in making sound judgments, thereby fully utilizing the functions of operational decision-making, leadership and supervision.

In 2024, the company governance officer completed 12 hours of governance-related training, covering courses such as Key Issues in Insider Trading and Market Manipulation, Sustainability Transition and International Trends, and Practical Investigations and Case Analysis of Corporate Fraud. Directors undertook 6 hours of governance-related training, including Key Issues in Insider Trading and Market Manipulation and Sustainability Transition and International Trends. Additionally, senior executives and finance staff attended courses such as the TWSE/TPEX Company Insider Equity Briefing Session and the Issuer & Securities Exchange Accounting Managers Continuous Education Program.

Job Title	Name	Date of Continuing Education	Organizer	Course Name	Hours
Chairman	Tai-Yuan Tu	2024.08.08	Taiwan Corporate Governance Association	1. Discussion on key issues of insider trading and market manipulation 2. Sustainable transition and international trends	6
Director	Chun-Yen Chen				6
Director	Shang-An Lin				6
Director	Tang-Kun Liu				6
Independent Director	Fu-Bin Lee				6
Independent Director	Kai-Li Wang				6
Independent Director	Chia-Chia Lin				6

Performance Evaluation of the Board of Directors

In order to implement corporate governance and enhance the functions of the Board of Directors, the Company has formulated the “Regulations Governing the Evaluation of the Performance of the Board of Directors,” which clearly defines performance objectives to enhance operational efficiency. The Company conducts the performance evaluation of the Board of Directors once a year. The evaluation period is from January 1 to December 31 of each year. The evaluation methods include an internal evaluation of the Board of Directors and a self-evaluation. The evaluation scope covers the Board of Directors, individual Board members, and the Remuneration and Audit Committees. The evaluation results will be completed before the first quarter of the year following the evaluation year, and the results will be reported to the Board of Directors.

The performance evaluation items of the Board of Directors include the following five items:

1. Degree of participation in the Company's operations
2. Improving the quality of the board's decision-making
3. Composition and structure of the Board of Directors
4. Election and continuing education of directors
5. Internal control

During the reporting period, the content review and results of the Company's board performance evaluation in 2024 are as follows:

Assessment Item	Assessment Results (Total score 5)
A. Level of participation in the Company's operations	Score 4
1. The average attendance of directors at Board meetings (excluding proxy attendance) is good (those with an attendance rate of 60% or more are rated 3, average).	
2. The attendance of directors at the shareholders' meetings is good (an attendance rate of 1/2 is rated 3, average).	
3. Directors have read and understood the meeting materials before the Board meeting.	Score 5
4. The interaction between the Board of Directors and the management team is good.	
B. Improving the quality of the board's decision-making	Score 5
5. The Company appropriately discusses and formulates strategic plans and annual budget processes.	
6. The frequency of board meetings is appropriate (Score of 5 if at least 6 meetings are held each year).	
7. Appropriate discussion time should be allocated for each motion in the agenda arranged by the board of directors so that the directors have sufficient time to discuss.	
8. The board of directors provides good communication channels and can communicate with independent directors properly.	

9. If a proposal raises a conflict of interest for a director, the director will acknowledge their conflict of interest and recuse themselves on their own initiative or when the chair requires the director to do so, and the directors recused and reasons for recusal shall be recorded in the meeting minutes	
C. Composition and structure of the Board of Directors	
10. The board of directors has established a sufficient number of seats for independent directors, and the number of independent directors complies with relevant regulations.	Score 5
11. The Company's independent directors have the required professional knowledge and have maintained their independence during their term of office.	
12. All existing functional committees are capable of performing the duties delegated by the Board of Directors.	
13. There is no more than two directors and supervisors who are related to each other within the second degree of kinship, so that the board members can function objectively and independently.	
D. Election and continuing education of directors	
14. The selection procedure for board members takes into account the results of individual director performance evaluations.	Score 5
15. The directors have taken a variety of courses beyond the scope of their professional competence and have completed appropriate hours of education each year.	
16. The Company has a record of director training hours and their continuous professional development plans, which enables directors to strengthen their knowledge and skills.	
E. Internal control	
17. The Board of Directors can effectively evaluate and supervise the effectiveness of various internal treasury systems and risk management.	Score 5
18. The internal control system approved by the board of directors includes five major elements/principles, and covers all operational activities and transaction cycle control operations.	
19. The Company's chief audit officer/audit general shall attend the meeting of the board of directors and submit an internal audit report, and shall communicate the audit report (including follow-up report) to each supervisor and independent director as required.	
20. The appointment, dismissal, evaluation, and remuneration of internal auditors shall be reported to the Board of Directors or signed by the Audit Unit for the Chairman's approval.	
Note: At the 2024 Annual Shareholders' Meeting, the board members' attendance rate was 71%. It is recommended that directors participate more actively in shareholders' meetings and increase their engagement with shareholders. 3. The average board attendance in 2024 was 96%, which reflects a strong level of participation.	
1. The score is expressed by the average score of the content of the assessment item.	
2. The principles for evaluation grading are as follows: Numeral 1: Very poor (completely disagree) numeral 2: Poor (disagree); numeral 3: moderate (average); numeral 4: excellent (agree); numeral 5: very good (completely agree)	

The State of the Company's Implementation of Corporate Governance:

To strengthen corporate governance and enhance transparency in management, the Company, in accordance with the Corporate Governance Best Practice Principles, convenes regular board meetings. In 2024, a total of seven board meetings were held, with 85% of directors achieving a 100% attendance rate. The meetings covered topics such as the review of the annual business plan, discussion of major investment projects, audit of financial statements, evaluation of the internal control system, and oversight of corporate sustainability-related matters.

The members of the Company's Board of Directors have diverse professional backgrounds in areas such as finance, law, and industry. They actively engage in the Company's strategic planning and risk management decisions, demonstrating a strong sense of duty and commitment to upholding ethical business practices and safeguarding the rights and interests of all stakeholders. All board meetings were meticulously documented, with comprehensive records of discussions and resolutions. Important matters were disclosed in accordance with regulations to ensure transparency and timely information disclosure. To enhance operational efficiency and the effectiveness of decision-making, the Chairman also serves as the President. The Chairman maintains close and ongoing communication with board members regarding the Company's operational status and strategic direction, thereby reinforcing corporate governance. The Company also plans to increase the number of independent directors as a means to strengthen the Board's functionality and oversight capacity.

In 2024, the Company held seven Board meetings. The attendance of directors at these meetings is as follows (revised in accordance with the 2024 Annual Report):

Job Title	Name	Actual Attendance Rate	Number of Proxy Attendances	Actual Attendance Rate
Chairman	Tai-Yuan Tu	7	0	100.00%
Director	Chun-Yen Chen	7	0	100.00%
Director	Shang-An Lin	5	0	71.43%
Director	Tang-Kun Liu	7	0	100.00%
Independent Director	Fu-Bin Lee	7	0	100.00%
Independent Director	Kai-Li Wang	7	0	100.00%
Independent Director	Chia-Chia Lin	7	0	100.00%

Audit Committee

The Company formally established the Audit Committee in June 2020, and its main supervision matters are the fair presentation of the Company's financial statements, the selection (dismissal) of CPAs, independence and performance of directors, effective implementation of the Company's internal control system, maintaining compliance with relevant laws and regulations, and management of existing or potential risks of the Company. After motions are discussed, they are presented to the Board for final resolution. The content of the discussions is provided to the Board as a reference for decision-making.

➤ (1) Duties and powers of the Audit Committee:

1. Establishment or amendment of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
2. Evaluation of the effectiveness of the internal control system.
3. The acquisition or disposal of assets, engagement in derivative transactions, loaning of funds to others, endorsements or guarantees for others, in accordance with Article 36-1 of the Securities and Exchange Act.
4. Procedures for handling significant financial and business activities confirmed by the Company.
5. Matters involving the interests of directors.
6. Transactions of major assets or derivatives.
7. Lending funds to others, making endorsements, or providing guarantees.
8. Offering, issuance and private placement of equity-type securities.
9. Appointment, dismissal or remuneration of CPAs.
10. Appointment or dismissal of a financial, accounting or internal auditing officer.
11. Quarterly financial reports signed or sealed by the chairperson, managers and accounting officer.
12. Other important matters regulated by the company or the competent authority.

➤ (2) Revision of internal control systems and related procedures:

1. In 2024, the Company approved revisions to the "Procedures for Acquisition or Disposal of Assets" and the Authorization Table for the "Fixed Asset Cycle," with the revisions made to meet operational needs. The Company also amended the "General Provisions of the Internal Control System" to

comply with the requirements of the competent authorities, which mandate the integration of sustainability information management into the internal control system.

2. To ensure the Company's sustainability practices are properly followed, the "Operating Procedures for Sustainability Information Management" were established in accordance with the Financial Supervisory Commission's regulations, including the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies."
- (3) Review of Financial Reports: In the current year, the Company reviewed the financial reports for the first through third quarters of 2024. All reports were submitted to the Audit Committee for discussion. Committee members thoroughly inquired about key figures such as operational performance, accounts receivable, and inventory. After detailed explanations by the Company's attending personnel, the financial reports for the first to third quarters were approved.
- (4) Appointment of certified public accountants and appointment/removal of internal audit supervisor:
 1. There were no changes to the certified public accountants or the internal audit supervisor during the year.
 2. At the Audit Committee meeting on March 7, 2024, the committee evaluated the independence and competence of the appointed auditors based on the Audit Quality Indicators (AQI). All attending committee members agreed that CPA Kai-Ning Hsu and CPA Li-Yuan Kuo of Deloitte Taiwan meet the requirements for independence and competence.

Operation of the Audit Committee

The Company's Audit Committee is composed of three independent directors. In the current term, Committee Member Mr. Fu-Bin Lee, who has a background in accounting and finance, serves as the convener. Following the election of directors at the 2023 Annual General Shareholders' Meeting, Fu Pin Li, Kai-Li Wang, and Jia-Jia Lin were appointed as members of the Audit Committee. The Audit Committee was formally established after the election of directors in the shareholders' meeting in June 2020.

A total of 7 Audit Committee meetings were held in 2024, and the attendance records are as follows:

Job Title	Name	Actual Attendance Rate	Number of Proxy Attendances	Actual Attendance Rate	Remarks
Independent Director (Member and Convener)	Fu-Bin Lee	7	0	100%	
Independent Director (Member)	Kai-Li Wang	7	0	100%	
Independent Director (Member)	Chia-Chia Lin	7	0	100%	
Date of Meeting	Proposal Content		Resolutions of the Audit Committee		The Board of Directors to the Audit Committee Handling of Opinions
First time 2024.03.07 (CPA Kai-Ning Hsu of Deloitte Taiwan attended and participated in the meeting.)	1. The Company's 2023 business report, parent company only financial statements and consolidated financial statements. 2. Distribution of earnings for the fourth quarter of 2023 3. Proposal for the formulation of the statement of internal control based on the results of the self-inspection of the		1-3. Agreed by all attending members.. 4. All attending committee members unanimously approved the proposal. CPA Kai-Ning Hsu and CPA Li-Yuan Kuo of Deloitte Taiwan were deemed to meet the requirements for independence and competence. 5. The proposal was unanimously		Referred to the Board of Directors for discussion

	<p>Company's implementation of the internal control system in 2023.</p> <p>4. Assessment of the independence and suitability of the external auditors and audit fees</p> <p>5. Assessing the independence and suitability of CPAs according to the audit quality indicator (AQI)</p>	approved by all attending committee members.	
Second round 2024.05.02	<p>1. Consolidated financial statements for the first quarter of 2024.</p> <p>2. The Company's earnings distribution proposal for the first quarter of 2024</p> <p>3. Setting the record date for the issuance of new shares for the conversion of the Company's second secured convertible bonds into common shares in Taiwan.</p> <p>4. Renewal of financing facilities for financial institutions</p> <p>5. Application for pre-closing risk limit from financial institutions.</p> <p>6. In 2024, the Company engaged Deloitte Taiwan to provide non-assurance services.</p>	After discussion with all attending committee members the Chairman approved the proposal.	Referred to the Board of Directors for discussion
Third Round 2024.05.23	1. Amendments to the "Procedures for Acquisition or Disposal of Assets."	After discussion with all attending committee members the Chairman approved the proposal..	Referred to the Board of Directors for discussion
4th meeting 2024.08.08 (CPA Kai-Ning Hsu of Deloitte Taiwan attended and participated in the meeting.)	<p>1. Consolidated financial statements for the second quarter of 2024.</p> <p>2. The Company's earnings distribution proposal for the second quarter of 2024</p> <p>3. Setting revenue targets for 2024</p> <p>4. Establishment of the Company's 2025 annual audit plan.</p> <p>5. Increase the amount of short-term loans borrowed from financial institutions.</p>	After discussion with all attending committee members the Chairman approved the proposal.	Referred to the Board of Directors for discussion
5th meeting 2024.10.24	<p>Proposal for the investment in "Turing No. 1 Merger and Acquisition Investment Limited Partnership"</p> <p>2. Proposal to establish sustainability information management operating procedures</p> <p>3. Proposal to amend the company's general provisions of the internal control system</p>	<p>1. After discussion with all attending committee members the Chairman approved the proposal.. The Audit Committee members collectively offered the following opinions: Please be aware of any changes or amendments made by regulatory authorities to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" or other relevant laws, as well as the requirements for information disclosure. It is essential to effectively manage compliance risks. Pay close attention to post-investment management, monitor risks from capital market fluctuations, accurately track the status of operating funds, and maintain sufficient liquidity to meet operational needs. Unanimously approved by all members present</p> <p>2–3. After discussion with all attending committee members the Chairman approved the proposal..</p>	Referred to the Board of Directors for discussion
6th meeting	1. Consolidated financial statements for	After discussion with all attending	Referred to the Board of

2024.11.12	the third quarter of 2024. 2. The Company's earnings distribution proposal for the third quarter of 2024 3. Setting revenue targets for 2025 4. Establishment of the Company's 2025 annual audit plan. 5. Increase the amount of short-term loans borrowed from financial institutions.	committee members the Chairman approved the proposal..	Directors for discussion
7th meeting 2024.12.19	1. Amendment of internal control system 1. 2025 annual budget proposal 3. Application for medium-term financing from financial institutions 4. Application for pre-closing risk limit from financial institutions. 5. Proposal to buy back company shares for transfer to employees 6. Acquisition of common shares of Sheh Fung Screws Co.,Ltd..	After discussion with all attending committee members the Chairman approved the proposal..	Referred to the Board of Directors for discussion

Remuneration Committee

For the purpose of improving corporate governance, strengthening the Board of Directors' remuneration management function, and protecting the rights and interests of investors, the Company has complied with the Securities and Exchange Act and the Letter Order No. Jin-Guan-Zheng-Fa-Zi 1000009747 dated March 18, 2011, on the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange," and the Company has approved the "Remuneration Committee Charter" and the appointment of the "Remuneration Committee."

The function of the Company's Remuneration Committee is to review and assess the salary and compensation policies and systems for directors and executives from a professional and objective perspective. The Remuneration Committee meets 3 to 4 times annually. The number of meetings may be increased depending on operational needs. After the discussions of the proposals, they are submitted to the Board of Directors for final resolution, and the content of the discussions is provided to the Board of Directors for decision-making reference.

➤ Remuneration committee's duties:

The Committee faithfully performs the following duties with the due care of good administrators, and submits its recommendations to the Board of Directors for discussion.

1. Regularly review these Procedures and propose amendments.
2. Formulate and regularly review the annual and long-term performance goals and remuneration policies, systems, standards and structures for the Company's directors and managers.
3. Regularly evaluate the achievement of the performance targets of the Company's directors and managers, and establish the content and amount of their individual remunerations.

➤ The following standards shall be met when performing duties:

1. The performance evaluation and remuneration of directors and managers shall be based on the usual level of payment in the industry, and the reasonableness of the association between individual performance and the Company's operating performance and future risks.
2. Directors and managers shall not be induced to engage in behavior that exceeds the Company's risk appetite in order to seek compensation.
3. The percentage of bonuses for short-term performance of directors and managerial officers and the timing of payment of part of their variable salaries shall be determined in consideration of industry characteristics and the Company's business performance.

Status of the Remuneration Committee

The Company's Remuneration Committee consists of three members, all of whom are independent directors. In May 2023, during the shareholders' meeting, the Company re-elected its board of directors and subsequently reappointed the fifth Remuneration Committee.

The Remuneration Committee held 3 meetings in 2024 (A), and the attendance of the Committee members is as follows:

Job Title	Name	Actual Attendance Rate(B)	Number of Proxy Attendances	Actual Attendance Rate (B/A)	Remarks
Independent Director (Convener)	Fu-Bin Lee	3	3	100%	
Independent Director (Member)	Kai-Li Wang	3	3	100%	
Independent Director (Member)	Chia-Chia Lin	3	3	100%	
Date of Meeting	Proposal Content		Resolution Result		The Company's Handling of the Opinions of the Remuneration Committee
First time 2024.03.07	The Company's Remuneration Committee reviewed the distribution of remuneration for directors and employees in 2023.		This proposal pertains to the annual total remuneration for directors. All committee members agreed to approve it, and it was submitted to the Board of Directors for final approval. After approval by the Board of Directors, the results were reported at the 2024 General Shareholders’ Meeting. During the vote on this proposal, the interested party, Director and President Chun-Yen Chen, recused himself.		Reported to the Board of Directors, and approved by all attending directors.
Second round 2024.05.02	Discussion of the distribution of the Company's remuneration to directors in 2023.		This proposal outlines the remuneration details for individual directors. The committee reached a resolution after taking into account each director’s annual contributions, participation rate in board meetings, and other evaluation criteria, and submitted the matter to the Board of Directors for discussion. During the vote on this proposal, the interested party, Director and President Chun-Yen Chen, recused himself.		Reported to the Board of Directors, and approved by all attending directors.
	Discussion of the allocation of managerial officers' remuneration of the Company in 2023.		This proposal details the individual remuneration for each manager. The committee made decisions after considering each manager’s annual contributions and other evaluation criteria, and submitted the proposal to the Board for discussion. During the vote on this proposal, the interested party, President Chun-Yen Chen, recused himself.		

	Discussion on the Company's 2024 manager promotions and salary adjustments.	This proposal concerns the promotion and salary adjustment of five managers. The committee made decisions based on their past performance and submitted the proposal to the Board for discussion.	
Third Round 2024.12.19	Proposal on the company's contribution of reserved funds for managers eligible to join the Employee Stock Ownership Meeting.	According to the "Sheh Kai Precision Co., Ltd. Employee Stock Ownership Meeting Charter," the contribution ratios and methods for calculating both the company-wide contribution and personal contribution of managers were discussed and resolved, and the proposal was submitted to the Board of Directors for review.	Reported to the Board of Directors, and approved by all attending directors.
	The allocation of the year-end bonus to the managers of the Company in 2024.	During the vote on this proposal, the interested party, President Chun-Yen Chen, recused himself. After reviewing the Company's operational status and each manager's performance evaluation, the individual payment details were unanimously approved by all committee members and submitted to the Board of Directors for resolution.	Reported to the Board of Directors, and approved by all attending directors.
	Proposal to buy back company shares for transfer to employees	After discussion, a resolution was made regarding the Company's plan for the transfer of repurchased shares to employees, and the matter was submitted to the Board of Directors for further discussion.	Reported to the Board of Directors, and approved by all attending directors.

Purpose of the Remuneration Committee

The remuneration for the Company's directors is given in accordance with the "Regulations Governing the Remuneration of Directors," which are reviewed by the Remuneration Committee and submitted to the Board of Directors for resolution. The remuneration to directors is linked to the Company's operating performance, and the annual distribution of remuneration to directors takes into account the amount of remuneration and the Company's future risks. The "Regulations governing the Board of Directors' Performance Evaluation" is established for implementing corporate governance and enhancing the board functions. Clear definitions are made for performance goals which can improve operational efficiency.

Salary Structure

The remuneration for the Company's directors and managers is given in accordance with the "Regulations Governing the Remuneration of Directors," which are reviewed by the Remuneration Committee and submitted to the Board of Directors for resolution. Board compensation is determined by comprehensively considering factors such as the Company's business strategy, operational performance, future development, and industry environment, as well as the individual director's level of participation and contribution to the Company's operations, to provide reasonable remuneration.

The Company's remuneration policy for directors is based on the Company Act and the Company's Articles of Incorporation, allowing director remuneration up to a maximum of 6% of the annual profit. The detailed regulations are as follows:

1. Director remuneration: Independent directors receive a fixed monthly salary regardless of the Company's profit or loss and do not participate in the annual director remuneration distribution. Regular directors also receive a fixed monthly salary and additionally participate in the distribution of annual director remuneration.

2. Director remuneration: The remuneration for regular directors is linked to the Company's profit and operational performance and is considered variable pay.

Managerial salaries are determined based on education, experience, professional ability, responsibilities, and are assessed with reference to industry standard salary levels. Bonuses are granted according to performance or the achievement of specific targets.

Review Process

At the end of each year, the performance of directors is evaluated in accordance with the "Management Regulations for the Evaluation of the Board of Directors", and the total amount of earnings before tax is settled in accordance with the provisions of the Company's Articles of Incorporation; after discussion by the Remuneration Committee, the Board of Directors approves the distribution.

Risk Linkage

According to the Company's "Regulations Governing the Performance Appraisal of the Board of Directors," reasonable remuneration is paid with reference to the Company's business strategy, profitability, the Company's future development and industrial environment, and other factors, as well as the level of participation and contribution of individual directors to the Company's operations. Suggestions made by the Remuneration Committee are implemented after being approved by the Board of Directors.

Remuneration and Performance

In order to ensure that the performance of directors is closely linked to the Company's strategy and that the overall remuneration is competitive, the Company has established the "Regulations Governing the Performance Appraisal of the Board of Directors" as the basis for the performance evaluation and remuneration of directors. The Regulations cover the directors' performance evaluations, which shall be reviewed by the Remuneration Committee and submitted to the Board of Directors for approval.

Sustainability Policy Commitment

The current company policy for director remuneration is primarily linked to operational performance. This year, the Company plans to establish a new remuneration framework that ties the rewards of directors and senior executives to ESG performance. This aims to incentivize directors and senior management to strive towards achieving ESG development goals, including corporate governance, green carbon reduction, employee well-being, and social responsibility.

With reference to the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and the "OECD Principles of Corporate Governance," Sheh Kai has established the "Corporate Governance Best-Practice Principles (<https://www.shehkai.com.tw/list/cate-90090.htm>)," which covers the protection of shareholders' rights and interests, strengthening the functions of the board of directors, respecting the rights and interests of stakeholders, and promoting Information transparency. In addition, the Company has established board-approved policies including the "Code of Ethical Conduct (<https://www.shehkai.com.tw/list/cate-60166.htm>)," "Sustainable Development Best Practice Principles (<https://www.shehkai.com.tw/list/cate-60076.htm#>)," and "Ethical Corporate Management Best Practice Principles (<https://www.shehkai.com.tw/list/cate-322283.htm>)." These codes and principles apply to all members of the parent company and are designed to guide corporate operations and employee conduct. Their purpose is to ensure that the Company continuously meets societal expectations throughout its development. We

are committed to complying with ethical standards in the implementation of corporate governance and strategic goals, and promoting the concept of sustainable development to fulfill our commitment.

The Company is dedicated to safeguarding the rights of personnel and eliminating any acts that infringe upon or violate human rights. We have established the “Workplace Sexual Harassment Prevention Measures” and the “Prevention Plan Against Illegal Infringements During Job Performance,” strictly prohibiting any form of discrimination, forced labor, and the employment of child labor, thereby protecting the rights of both employees and contract workers. We ensure that all personnel receive fair and dignified treatment. We have also published the “Prohibition of Illegal Infringement and Threats Statement” and provide a safe, sanitary, and healthy work environment to uphold workplace safety as well as the physical and mental well-being of our employees.

The Company implements comprehensive living management for foreign workers, conducting regular care visits and organizing welfare activities such as staff meals and birthday celebrations. Dormitories are equipped with kitchens and prayer rooms, and we assist foreign workers with medical care to ensure their physical and mental health while strengthening their sense of belonging. In compliance with the Ministry of Labor’s human rights requirements and in coordination with local authorities, we assign personnel to conduct irregular labor inspections under the “Foreign Worker Living Care Service Plan” to review dormitory facilities and living management practices. All inspection results during the reporting period were in full compliance.

If there is a negative impact on the economy, environment, and society (including human rights), the Company will follow the "Risk Management Regulations," "Code of Ethical Conduct," "Sustainable Development Best Practice Principles" and "Ethical Corporate Management Best Practice Principles" to make immediate improvements or take related remedial measures. Moreover, risk management is integrated into operational activities and daily management processes to achieve the following objectives

- I. To achieve corporate goals
- II. To enhance management efficiency
- III. To provide of reliable information
- IV. To allocate resources effectively

In terms of occupational safety and health, in order to cope with sudden emergencies, the Company follows the “Emergency Response Management Regulations of Gangshan Plant” and “Emergency Response Management Regulations of Zhunan Plant” of the ISO 14001 environmental management system. Employees are able to quickly utilize their team's mutual assistance skills and make systematic notifications so that management can fully grasp the situation and take necessary procedures to minimize losses. Furthermore, the Company's Safety and Health Office reviews and evaluates reports, proposes improvement measures, and reports to the quarterly safety and health management meetings. Members can also put forward opinions and review other suggestions and management matters through this meeting. If the improvement effect is not as expected, the Safety and Health Office will make suggestions in the plant affairs meeting and continue to communicate with relevant units for improvement operations. Employees can also be contacted via the following means if they have any other suggestions:

- Contact: Safety and Health Office
- Employee Grievance Hotline: (07) 6225669 ext 217
- Employee Complaint Mailbox: cynthia@shehkai.com.tw

2-3 Operational Risks

Risk Management

The Board of Directors is the highest risk management unit of Sheh Kai Precision. It aims to comply with laws and regulations, promote and implement the Company's overall risk management, clearly understand the risks faced by operations, ensure the effectiveness of risk management, and assume the ultimate responsibility for risk management. The Company's internal control and audit system covers the operational activities of various businesses. The management of various operational risks has been assigned to the relevant units

according to the nature of their business, in order to effectively control and manage various risks.

Shih Kai Precision is committed to identifying risk items and tracking the risk improvement plans of each department to carry out related risk control. When the Company's operations are interrupted by major natural or man-made disasters, the following risk items have been identified and corresponding corrective measures have been formulated to assist management in ensuring the safety of employees and in restoring the Company's important business operations within the shortest time possible

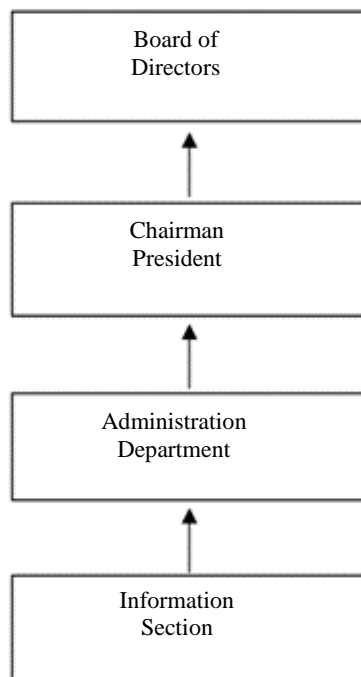
Scope of Risk Control		
Type	Possible Risks	Responding Measures
Interest rate risk	The increase in interest rate leads to an increase in interest expenses and a decrease in the Company's net profit before tax.	Open foreign currency accounts and make appropriate adjustments based on capital needs and exchange rate trends. Sales adjustments due to exchange rate changes are taken into account when quoting the sales products of the Sales Department to protect the due profits. The sales department quotes foreign currencies in the same input currency to reduce exchange rate risks. Collect information on exchange rate changes on a daily basis to keep abreast of exchange rate trends. Pre-purchase (pre-sale) foreign exchange forwards or other derivative financial instruments when necessary.
Investment risk	Possible loss of investment	In 2024, the Company did not engage in high-risk and high-leverage investments, loaning of funds to others, or endorsements/guarantees. The Company's derivative transactions are handled in accordance with the "Procedures for Acquisition and Disposal of Assets". Announcements and reports are made and reported to the Board of Directors in accordance with the laws and regulations.
Product R&D and Process Competitiveness	The Company's future R&D expenses are expected to increase year by year.	Adjust the annual R&D expenses according to the Company's operating conditions. The R&D expenses in 2024 decreased by 11% compared to 2023. It is estimated that NTD 26,589 thousand will be invested in R&D in 2025, an increase of about 25%. The R&D projects aim to complete the development of high-efficiency production machines and repair welding bolt products.
Technological and industrial changes	Impact on the Company's financial operations	The Company pays attention to the changes in technology related to the industry in which it operates at all times, and assigns dedicated personnel or task forces to assess and study the impact on the Company's future development, finance and business as appropriate, and measures to be taken in response. There were no major technological or industry changes that had a significant impact on the Company's financial operations in the most recent year.
Information security risk	Intrusion and damage by hackers and viruses	In order to implement information security management, the Company has established an information security management policy and established an Information Section; and the audit unit will conduct internal audits of the management system, information security prevention and crisis handling and other specific management plans, and implement corresponding security control measures. It will publicize information security risk cases from time to time and continue to refine internal anomaly detection and protection methods to reduce corporate information security risks.
Others	Various risks	Establishment of risk management measures

Information Security

For the purpose of strengthening information security management and ensuring data, system, and network security, Shih Kai Precision has set up the Information Section in the Administration Department. The unit is responsible for coordinating and implementing the company's information security policy, publicizing information security messages, and enhancing employees' information security awareness to reduce corporate information security risks. In addition, in order to improve the effectiveness of information security

management and implementation, the relevant units of the Company's internal audit system are responsible for auditing the implementation of internal information security, with audits conducted once a year.

Information Security Management Framework of Sheh Kai Precision



The information security management standards and policy actions are as follows:

Information Security Management Guidelines	
Policy Action	Specific Plan
Network Security Management	(1) Multi-functional protective firewalls are configured to prevent illegal invasion by hackers. (2) Use of IPsec VPN for connection with individual branches of the Company and the use of data encryption to prevent illegal capture during data transmission. (3) A browser behavior management system is configured to control network access and block access to harmful or forbidden websites and content, strengthen network security, and prevent bandwidth from being occupied inappropriately.
System access mechanism	(1) The use of the Company's various application systems shall be subject to an application process. After the approval of the responsible manager, the IT Division shall create an account and open all functions that were approved in the application. (2) The password set for the account number shall meet the specified strength and contain both alphanumeric characters. (3) When employees resign, they must contact the Information Section to delete accounts in each system.
Implementation of information security training	(1) Add information security courses to the training of new employees. (2) Promote the latest information security protection information from time to time, including topics such as: ransomware, phishing software, and fraudulent URL links.
Virus protection and management	(1) Install endpoint protection software on servers and employees' computer equipment, with the virus patterns updated automatically to ensure that the latest viruses can be blocked. (2) The email server is equipped with a spam filter to prevent viruses or spam from entering the user's PC.
Ensure system availability	(1) Establish a backup management system to regularly back up data every day, with one copy kept in the server room and the other in an off-site location (such as the Luzhu Plant or an external backup device) for mutual backup. (2) Regularly implement disaster recovery drills and select a recovery reference point to restore the backup files to the system host.
Computer equipment security management	(1) The Company's mainframes and application servers are installed in dedicated computer rooms. Access to the computer rooms is kept under the real-name system and records are kept for record. (2) The IT room is equipped with independent air conditioning and UPS to ensure that the computer

	equipment operates at a suitable temperature and that the operation of the computer application system will not be interrupted during a power outage.
(3)	The Company's operating assets, such as servers, network equipment, and other information equipment, are subject to an annual maintenance and spare parts contract.

➤ **Investment of resources in information security management**

Sheh Kai aims to cope with the challenges faced by information security, such as continuous penetration attacks in the APT stage, DDoS attacks, ransomware, and various data theft issues. We continue to pay attention to changes in the information environment to strengthen employees information security awareness and the response capability of the information security personnel. The goal of information security management is to effectively detect and prevent a severe information security crisis in advance or manage and recover system control quickly in the event of a crisis. The Company also prepares a budget for the assessment and improvement of information security management, and the budget items are as follows:

1. Purchase new firewalls models to enhance the protection of the Company's network and information systems.
2. Upgrade the ERP system and related operating systems so that the Company's employees can perform operations in the cloud.
3. Add anti-virus software to prevent the Company's network and files from being invaded by hackers, viruses, or ransomware.
4. In response to the "ESG Corporate Sustainability Report" prepared by the Company, we upgraded the entire company's operating system to Win 11 and document systems to Office 365 or later versions. Once the computer is powered on, it will automatically update software and patch loopholes to reduce external threats to the Company's computers.

Sheh Kai Precision did not suffer any losses due to major information security incidents in 2024.

2-4 Legal Compliance

2-26	Mechanisms for seeking advice and raising concerns
2-27	Legal Compliance
205-1	Operations assessed for risks related to corruption
205-2	Communication and training on anti-corruption policies and procedures
205-3	Confirmed incidents of corruption and actions taken
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopolistic practices.

Sheh Kai Precision defines a material violation as follows:

Sheh Kai Precision's Definition of Major Violations	
1.	The customer requests order cancellation, return of goods, compensation, or losses of more than NTD 1,000,000.
2.	The production line cannot produce or ship for more than one month.
3.	Stakeholders gather around the plant to protest.
4.	An occupational safety accident results in serious injury or death to an employee.
5.	Overall average score of less than 59 in customer satisfaction survey.
6.	Media coverage that damages the corporate image.
7.	Pollution affects the global environment.
8.	The permit is revoked by the competent authority.
9.	According to the Company's "Guidelines for Handling and Reporting Occasional Material Information," fines or financial losses exceeding NTD 5 million are considered major incidents.

Sheh Kai Precision attaches great importance to the Company's integrity and ethics, and adopts a zero-tolerance attitude toward corruption and bribery. Therefore, we have formulated the "Code of Ethical Conduct", "Ethical Corporate Management Best-Practice Principles" and "Operational Procedures and Guidelines for Ethical Management", established clear anti-bribery systems, implemented education and training on ethical management and anti-corruption, and regularly promoted ethical behavior guidelines. In order to ensure that employees pay attention to their conduct, take their words and actions seriously, and do not take advantage of their positions to engage in unethical behavior for personal gains, relevant anti-corruption education and training courses have been strengthened. In accordance with the regulations, we will dismiss and terminate the employment of personnel who have been found complicit in acts of corruption, sexual harassment, theft or embezzlement, bribery, illegal commissions, or in acts causing intentional damage to the Company's property or reputation. The Company adheres to the principle of honesty and pragmatism, abides by the laws and regulations of the government, and is committed to following the government's environmental protection policies while taking into account industrial safety, in order to fulfill the corporate responsibility to the society.

Ethical Management (Anti-corruption) Training				
Region	Position	Number of People who Completed the Training	Annual Number of Employees	Training Completion Rate
Taiwan region	Managers	27	51	53%
	Non-managers	96	237	41%
	Subtotal	123	288	43%

Note 1: Definition of managers: managerial positions with the title of team leader or above.

Note 2: Completion rate: number of employees who completed the course divided by the total number of employees for the year.

During the reporting period of 2024, no corruption (fraud) incidents occurred. Corruption risk assessments took place in all operating locations of the Company. All forms of corruption are strictly prohibited. We have strengthened relevant anti-corruption education and training courses to establish correct moral concepts for employees, and clearly outlined the prevention measures and penalties in place to safeguard against malpractice, sexual harassment, theft or embezzlement, bribery, undue commissions, and causing intentional damage to the Company's property. We will be dismiss substantiated offenders from duty and terminated their employment if

warranted to prevent the recurrence of similar instances and to uphold the integrity of the Company. The Company adheres to the principle of honesty and pragmatism, abides by the laws and regulations of the government, and is committed to following the government's environmental protection policies while taking into account industrial safety, in order to fulfill the corporate responsibility to the society. In 2024, There were no legal proceedings arising from antitrust or monopolistic conducts, and no major fines related to the environment, economy, and society were incurred by any of the operating locations in the Company.

In order to improve the Company's integrity indicators, the Company is fully committed to the integrity action program. Through various risk assessments, we have an in-depth understanding of businesses vulnerable to corruption, and we have strengthened our internal control system to give full play to its early warning function. Additionally, new employees are required to sign the "Labor Contract" and the "Employee Integrity Commitment" on their first day of employment. A 100% signing rate was achieved in 2024. New directors are also required to sign the "Statement of No Violation of Integrity Principles" upon taking office, with a 100% signing rate in 2024. As of the end of 2024, a total of 119 suppliers have signed the "Supplier Commitment on Integrity, Human Rights, and Environmental Sustainability," accounting for over 95% of the total suppliers. In addition to the above measures, the Company has also promulgated and followed the "Reward and Disciplinary Management Regulations," "Employee Code of Conduct," and "Code of Ethical Conduct" as the basis for employee evaluation. Rewards and punishments will be given in accordance with regulations for any behavior worthy of praise or any behavior in violation of any of the Company's rules and regulations.

Corporate Governance-related Laws and Regulations	Labor Rights-related Laws and Regulations	Product-related Laws and Regulations
✓No violation of the Company Act. ✓No violation of commercial laws. ✓No violation of securities and financial regulations. ✓No corruption incidents involved. ✓No legal proceedings arising from anti-competitive behavior, anti-trust and monopolistic behavior.	✓No violation found. ✓No forced labor. ✓No use of child labor.	✓No prohibited or controversial products. ✓No violations of marketing-related laws and regulations and the voluntary code of conduct. ✓No violation of laws and regulations resulting in huge fines due to the provision and use of products and services. ✓No legal proceedings arising from anti-competitive behavior, anti-trust and monopolistic behavior.

Reporting Channels

The Company has established a whistle-blowing channel to handle a wide range of suggestions and whistle-blowing cases. If a company or employee is found to have violated laws and ethical norms, the Company is committed to dealing with the violation fairly and impartially. The whistleblower must provide their name, the facts of the case, and their contact information. Reports can be made by mail, over the phone, or by e-mail. The responsible units for accepting reports or complaint channels are as follows:

Contact Channel	
Acceptance Unit	President's Office
Mailing Address	No. 1, Bengong 1st Rd., Ben Chou Village, Gangshan Dist., Kaohsiung City
Whistle-blowing Reporting Hotline	07-6225669
Email Address	care2063@shehkai.com.tw

Whistleblower protection system:

According to Article 21 of the Company's "Operational Procedures and Guidelines for Ethical Management": Personnel handling whistleblowing cases must keep the identity of the whistleblower and the content of the report confidential through a written declaration. The Company also commits to protecting whistleblowers from any improper treatment due to their report.

The Company's dedicated unit shall handle whistleblowing cases according to the following procedures:

1. If the case involves general employees, it should be reported to the department supervisor. If it involves directors or senior executives, it should be reported to the independent directors or the audit committee.

2. The Company's dedicated unit and the supervisors or personnel who receive the report shall immediately investigate the facts. Assistance may be provided by the compliance department if necessary.

3. If the accused party is confirmed to have violated relevant laws or the Company's ethical management policies, they shall be immediately required to stop the reported behavior. If necessary, the case shall be reported to the competent authorities, referred to judicial authorities for investigation, or the Company may seek damages through legal proceedings.

4. Written records of the acceptance, investigation process, and investigation results of the case must be kept and preserved for five years. These records may be stored electronically. Before the retention period expires, relevant data shall continue to be preserved until the conclusion of any litigation.

5. If the case is verified to be true, the relevant Company units shall be responsible for reviewing the internal control systems and operational procedures and proposing corrective measures to prevent recurrence.

6. The Company's dedicated unit shall report the whistleblowing case, handling methods, and review and improvement measures to the Board of Directors.

Additionally, Article 2, Clause 7 of the "Code of Ethical Conduct" stipulates:

(7) Encouraging reporting of any illegal or unethical behavior:

The Company shall strengthen the promotion of ethical concepts and encourage employees to report to appropriate personnel if they suspect or discover any violations of laws, regulations, or the Code of Ethical Conduct. To encourage employees to report illegal acts, the Company shall establish a concrete whistleblowing system that allows anonymous reports and ensures employees are aware that the Company will make every effort to protect whistleblowers' safety and prevent retaliation.

3. Research and Development Management Approach

3-3	Material topic management
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The satisfaction survey is conducted once a year and targets existing customers through questionnaires. It covers topics such as pricing, delivery time, research and development, and sales service attitude. The primary purpose is to understand customer satisfaction levels in these key areas and use the feedback as a basis for improvements in the coming year.

Material Topics Customer Service Management	
Materiality	The increase in customer satisfaction can deepen customer relationships, improve product competitiveness, and effectively manage the Company's relationship with customers.
Influence and Impact	<ul style="list-style-type: none"> ● Economic aspect: Customer satisfaction is a way to identify customer confidence in the Company and to maintain the Company's revenue stability. ● Environmental aspect: Only with stable revenue can we be able to strengthen environmental protection measures. ● Human rights: Only with stable revenue can we enhance employee benefits and rights.
Policy	In accordance with the principles of the "Quality Policy" established by the Company, through the continuous cycle of PDCA steps, improvement and strengthening inspections, and improving process equipment, we will provide better products and services and meet customer needs to demonstrate excellence in our competitiveness.
Strategy	<p>Material issues or suggestions raised by customers will be formally replied to after discussion at internal meetings; if a single indicator falls below the required level, an internal meeting will be held to formally reply to customers who have given poor scores, and improvement plans will be formulated and provided to the customers to help them track progress as we continue to track the improvements as appropriate.</p> <p>Proactive Opportunity Management – By thoroughly understanding key areas of customer dissatisfaction and implementing targeted improvements, we demonstrate that the Company values customer feedback, thereby strengthening customer connection and mutual recognition.</p> <p>2. Risk prevention management – Avoid customers losing confidence in the Company due to a single issue, which may lead them to seek alternatives and increase the risk of order transfers.</p> <p>3. Negative impact remediation – For different types of customer complaints, implement various measures such as retraining sales personnel, cost rationalization mechanisms, quality improvements, and product development to help strengthen the customer's connection with Sheh Kai.</p>
Goals and Targets (Short-term)	Short-, medium- and long-term goals: Maintain customer satisfaction above 80 points.
Goals and Targets (Medium-term)	Maintain stable customer satisfaction and strengthen customer relationships.
Goals and Targets (Long-term)	Maintain stable customer satisfaction and strengthen customer relationships.
Management Evaluation Mechanism	Each year, through the ISO 9001 internal management review meeting, we conduct annual surveys and ask specific questions to reply to customers. Project responses must be conducted for items below a certain score.
Performance and Adjustment	In 2024, the customer satisfaction scores for the first business unit (International) and the second business unit (Domestic) reached 90.08 and 89.67 respectively. Although these scores represent a decrease of 0.08 and an increase of 1.38 compared to 2023, both exceeded the Company's target of 80 points.

3-1 Supply Evaluation and Management and Control

204-1	Proportion of spending on local suppliers
308-1	New suppliers that were screened using environmental criteria
308-2	Negative environmental impacts in the supply chain and actions taken
414-1	New suppliers that were screened using social criteria
414-2	Negative social impacts in the supply chain and actions taken

Procurement Ratio of Operating Locations

Sheh Kai is well aware that supply chain partners are the key to the sustainable growth of corporate operations, as well as important partners moving towards sustainable development. We will strive to maintain fairness and legality with supply chain partners and invest in resources to share, learn and grow together to create a win-win partnership. By establishing long-term cooperation and mutual trust with the suppliers, not only can we understand the supplier's supply status, but also the operating status, development, and manufacturing environment will be further understood. If we determine that the supplier may bring risks to the supply of goods or spark other forms of instability, we will respond by making early adjustments. It is our aim to maintain stable production and cooperation, and to create new opportunities for sustainable development.

In terms of procurement strategy, the target is mainly suppliers in Taiwan. In addition to the flexibility in supply of materials, the Company also supports Taiwan's industrial economy and reduces transportation costs to achieve environmental protection. There were a total of 120 suppliers in 2024. and local procurement reached > 90%.

The following table shows the proportion of the Company's procurement expenditure from suppliers in the past three years.

Supplier Category and Procurement Proportion in the Recent Three Years							
Type of Contract	Procurement Area	2022		2023		2024	
		Number of Suppliers	Percentage of the Purchase Amount for this Item to the Total Purchase Amount (%)	Number of Suppliers	Percentage of the Purchase Amount for this Item to the Total Purchase Amount (%)	Number of Suppliers	Percentage of the Purchase Amount for this Item to the Total Purchase Amount (%)
Labor Services (Contracting and services)	Domestic	3	0.42	3	0.63	3	0.83
		0	0	0	0	0	0
Property (Raw materials)	Domestic	31	74.56	28	65.8	29	75.32
	Overseas	5	0.3	4	0.07	3	0.09
Construction Project (Architecture and equipment)	Domestic	21	2.21	22	3.5	26	4.98
	Overseas	0	0	0	0	0	0
Processing	Domestic	43	19.06	38	25.75	42	15.17
	Overseas	0	0	0	0	0	0
Materials	Domestic	14	3.3	16	4.12	16	3.46
	Overseas	1	0.15	1	0.13	1	0.15
Total		118	100%	112	100%	120	100%
Remarks:							
1. Domestic refers to Taiwan; foreign refers to areas other than Taiwan (such as, the United States, Vietnam, etc.).							
2. The type of contract will be filled in based on the Company's internal classification. The default items (labor service, property, construction) can be ignored if none.							

Supplier Screening and Environmental Evaluation

Sheh Kai Precision selects and evaluates new suppliers. Only through rigorous evaluation by the production management and procurement units can the suppliers become qualified. Qualified suppliers are regularly re-evaluated. The evaluation is based on the "Regulations for Data Analysis and Operation" and is implemented every six months. The evaluation is based on the quality of the supplier's transactions, the accuracy of the delivery schedule, and their environmental performance (supplier's environmental assessment form). In 2024, a total of 119 suppliers were evaluated, and the supplier evaluation rate was 48.18%.

Procedures for Screening New Suppliers (updated on 2023/08/01)

- (1) The preferred selection criteria are:
- A. Those certified with the ISO 9001 Quality Assurance System
 - B. The products supplied have obtained CNS, UL, JIS or relevant internationally recognized certification
 - C. Recommended by a supervisor at manager level or above
- (2) New supplier audit method:
- A. The production management unit or the procurement unit fills in the basic information of the suppliers, signs the Supplier Commitment to Integrity, Human Rights, and Environmental Sustainability, and conducts an initial evaluation (40%) to confirm that the suppliers meet the following:
 1. The supplier has delivery accuracy management
 2. There are complete procedures and written records for process control.
 3. The supplier has obtained ISO 9001 or domestic and foreign quality certifications, or their company has quality inspection personnel.
 4. The supplier has obtained ISO 14001, GHG and other environmental certifications, or has environmental protection control organizations in place.
 5. The supplier has an independent financial and accounting department.
 6. The supplier complies with laws and regulations and does not employ illegal labor or child labor.
 7. Their plants are equipped with safety and health equipment such as firefighting and alarm systems.
 8. No industrial safety incidents have occurred.
 - B. Conduct three "trial orders" and give scores depending on the quality and delivery time (10% for each item each time, total 60%) If the product of the test order fails to meet our requirements in two or more instances, they will not be included in the qualified supplier list. The retest order may take more than six months. IF there are any special circumstances, it should be signed and submitted to the president of the company for approval before inclusion.
- (3) Total evaluation score and corrective action:
- A. Above 80 points: Included in the Company's qualified suppliers.
 - B. 60 - 79 points: Suppliers need to submit improvement reports before collaborating with the Company.
 - C. A score less than 59, or a total score of 0 in the preliminary review or test order item: Do not consider cooperating with the supplier.

Qualified Supplier Re-Evaluation

- (1) Regular re-evaluation every six months (January and July).
- (2) The re-evaluation items are divided into quality status (60%), delivery accuracy (30%), and environmental performance (10%).
- (3) Scoring will be based on the incoming inspection results, the accuracy of delivery, and the extent of the supplier's green environment.
- (4) Measures for handling the items that fall below the evaluation standard:
 - A. Total score of less than 59 points (inclusive): Termination of cooperative relationship with the supplier.
 - B. A total score of 60 - 70 points (inclusive): The person in charge of procurement or production management shall provide counseling and submit an improvement report. If necessary, the relevant units may be requested for assistance.
 - C. Two consecutive times with a total score of 60 - 70 points (inclusive): Excluded from current procurement operations
 - D. Three consecutive times with a total score between 71 and 80 points (inclusive): The purchase volume shall be reduced

2024 Supplier Evaluation Results

Total Number of Suppliers	247 enterprises
Number of Supplier Appraisals Conducted	119 enterprises
Number of Disqualified Suppliers	0
Evaluation Rate	100%
Pass Ratio	100%

Remarks:

1. In 2024, 1 new qualified supplier was added in accordance with the Company's data analysis regulations. (One processor in Zhunan).
2. There were 25 processing suppliers for the Gangshan Plant, 62 suppliers for the Gangshan Plant and the Luzhu Plant, and 9 processors and 23 suppliers for the Zhunan Plant, for a total of 119 suppliers.
3. The company experienced an internet incident in September 2024, during which some information systems were targeted by a hacker. Therefore, the data provided covers the period from September to December 2024.

Supplier Social Assessment

We attach great importance to human rights. In addition to education and training and regular audits, we have formulated relevant human rights regulations to ensure the protection of labor's legal rights, both internally

and for external suppliers. In the face of potential human rights risks and concerns of suppliers, we ensure that the suppliers also value and protect the rights and interests of workers together with Sheh Kai by requesting them to sign the following human rights commitments.

1. The "Supplier Integrity, Human Rights and Environmental Sustainability Commitment" was formulated, requiring suppliers to commit to protecting the legitimate rights and interests of employees and respecting internationally recognized basic labor human rights principles, including but not limited to the prohibition on the use of child labor under 16 years old, prohibition on the use of young laborers to engage in hazardous work, caring for disadvantaged groups, eliminating all forms of forced and compulsory labor, eliminating employment discrimination, and prohibition on infringing upon the rights of aborigines. There shall be no occurrence of events that jeopardize the basic rights of laborers.
2. If the supplier violates the law or the agreement of this Letter of Commitment, Sheh Kai shall immediately stop, terminate, or cancel the cooperative relationship with the supplier. For all disputes arising out of this Letter of Commitment, the signing party agrees that the laws of the Republic of China shall be the governing law and that Taiwan Qiaotou District Court shall be the court of jurisdiction for the first instance.

In 2024, there were 11 new suppliers and manufacturers, of which 10 signed the "Supplier Commitment to Integrity, Human Rights, and Environmental Sustainability."

The percentage of new suppliers signing the sustainability commitment was 90.9%.

3-2 Product Quality and Management






416-1	Assessment of the health and safety impacts of product and service categories
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services
417-1	Requirements for product and service information and labeling
417-2	Incidents of non-compliance concerning product and service information and labeling
417-3	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications

The main product categories of Sheh Kai Precision are screws and bolts, wires, cement bits, and others. In response to social and economic development and customer demand, the Company uses innovative thinking and strives for excellence in the research and development of products that meet market needs to strengthen product competitiveness and provide customers with differentiated products. The Company continues to optimize production conditions to improve quality, properly control production costs, provide stable and excellent quality for corporate customers, and actively develop and increase the production ratio of differentiated products, improving product profit margins and strengthening market competitiveness.

In addition to complying with the relevant regulations and laws for the products manufactured by Sheh Kai Precision, we also think from the customer's point of view to establish and provide product purchase information and user instructions. We strictly control product-related specifications, and have obtained ISO 9001, ISO 14001, ETA certification, PGM certification and other external verification.

International Certification Systems and Safety Items Obtained by Products or Services		
Name of Product or Service	Safety Standards Certification/ Quality System Certification	Percentage of Evaluated Products or Services Offered to Customers (%)
Design and manufacture of steel screws and anchors and cement bits	ISO 14001:2015(CNS 14001:2016)	100
Design and manufacture of steel screws and anchors and cement bits	ISO 14001:2015(CNS 14001:2016)	100
Sheh Kai Screw Sk 8-12 (carbon steel, A4)	Europe Technical Assessment	85
Sheh Kai Screw Sk 6 (carbon steel, A4)		85
Concrete Screw Anchors	EU and Germany ETA certification: ETA 15/0815, ETA 16/0067	85
Bi-metal Screws	EU ETA Certification: ETA-21/0537, ETA-21/0545	10
Four-Edge Cement Drill SDS-PLUS	Prüfgemeinschaft Mauerbohrer e. V., Germany	11.11

(Ø 6, 7, 8, 10, 12, 13, 14, 16)	(PGM Masonry Drill Bit Certification Board)	
Note: Percentage = (Total amount of assessed products or services provided to customers/Total amount of products or services provided to customers) x100.		

Statistics of International System Certifications Obtained by Sheh Kai Precision		
ISO 9001:2015 (Chinese certificate)	ISO 9001:2015 (Certificate issued overseas)	ISO 14001:2015 (Certificate issued overseas)
		
European Technical Assessment		
ETA-15/0815 of 3 September 2024	ETA-16/0067 of 29 March 2018	
		
ETA-21/0537_2024-08-26	ETA-21/0545_2024-07-15	

operators, we also use computerized quality inspection equipment to ensure that the quality of our products is under complete control. As a result, we are not only able to guarantee the quality of our products, but we are also confident that our products exceed the quality standards required by our customers. The quality management evaluation is as follows:

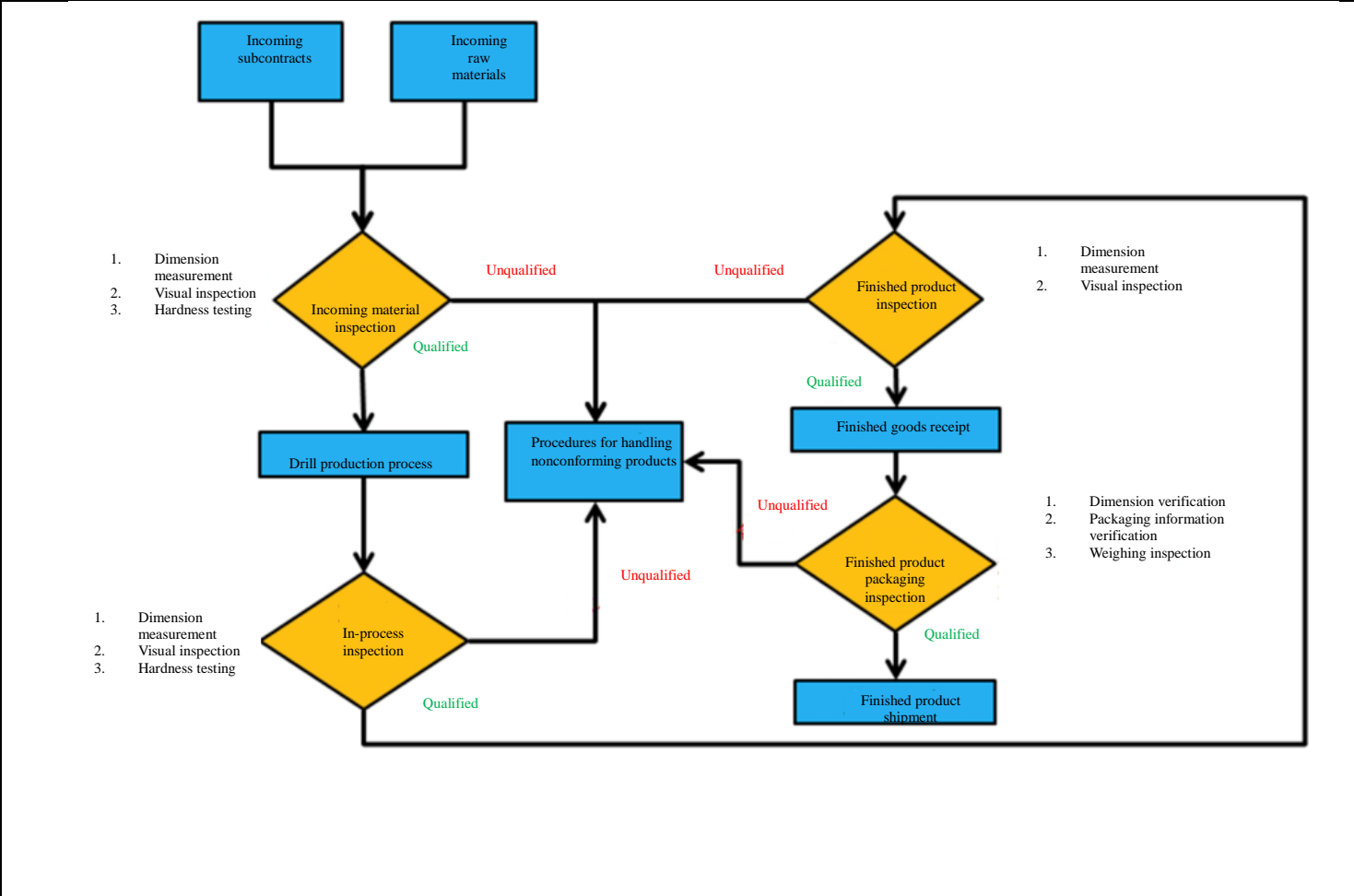
- (1) ISO 9001 certification: Appearance, size, and penetration tests are performed for each order specification.
- (2) Hexavalent chromium is not used in post-processing procedures.
- (3) The Company's products undergo acid rain and salt spray tests according to customer requirements to ensure the rust-proof condition of products, and ensure they are able to pass the professional SGS certification and rigorous audit.

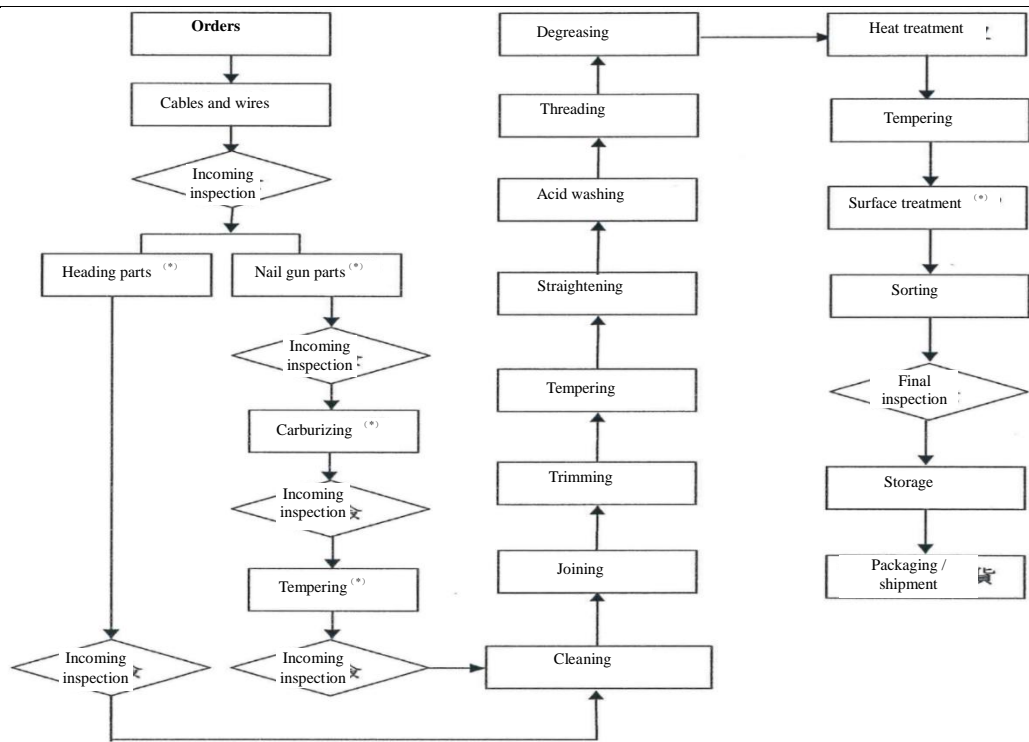
During the reporting period, there were no incidents of fines due to violation of laws and regulations in the quality of screws and bolts measured by the Quality Inspection Section.

Product Information Provision and Labeling

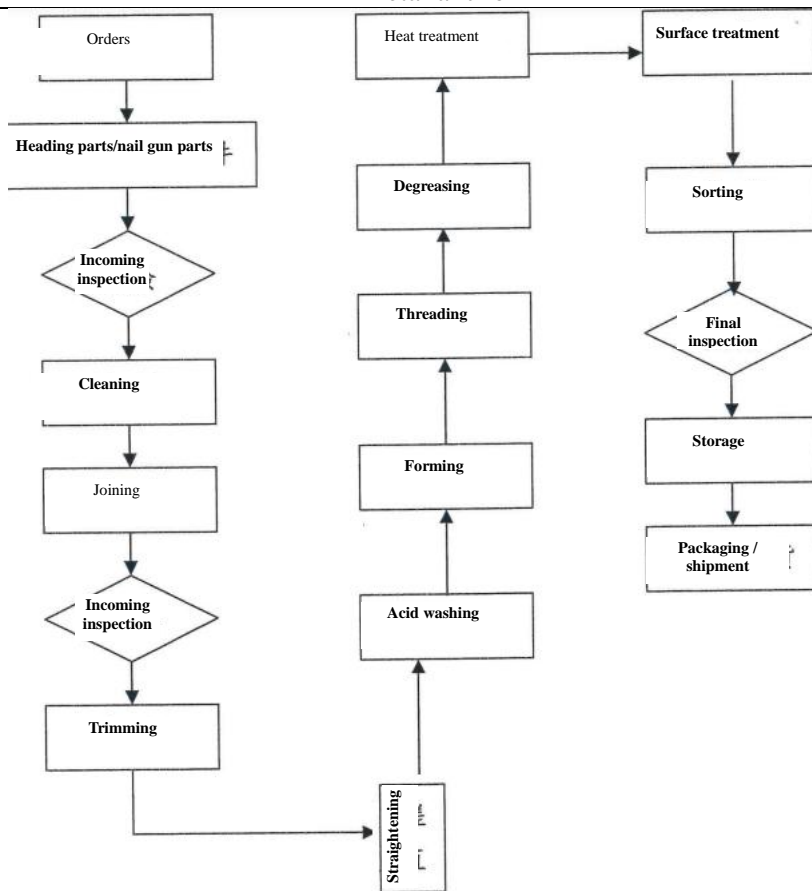
The quality inspection report of the corresponding batch is attached to the product shipment, stating that the product shipping specifications meet the ANSI tolerance specifications; customized labeling is provided on the exterior of the product packaging according to the different packaging needs of the customers to control the product traceability.

In terms of product and service information and labeling requirements, during the reporting period of 2024, the Company did not have any incidents of non-compliance with regulations related to product and service information and labeling, or non-compliance with marketing communication regulations.

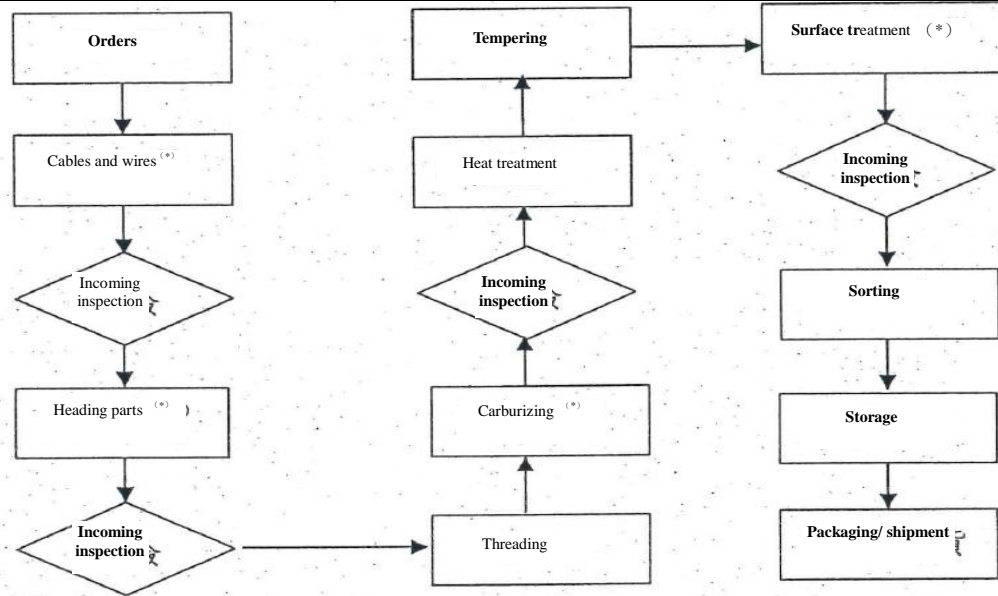




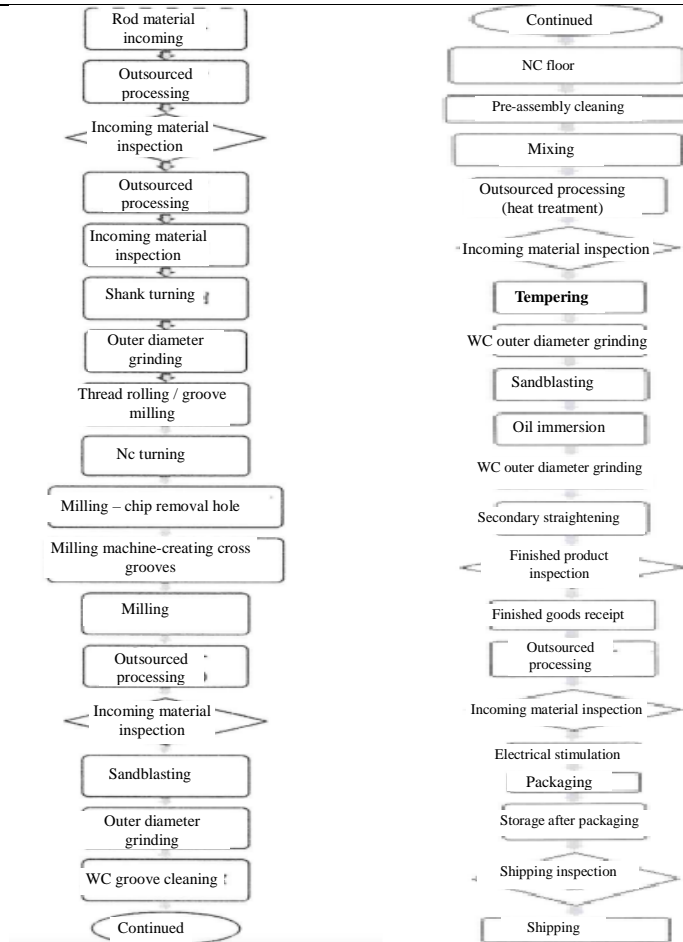
Bimetal anchor



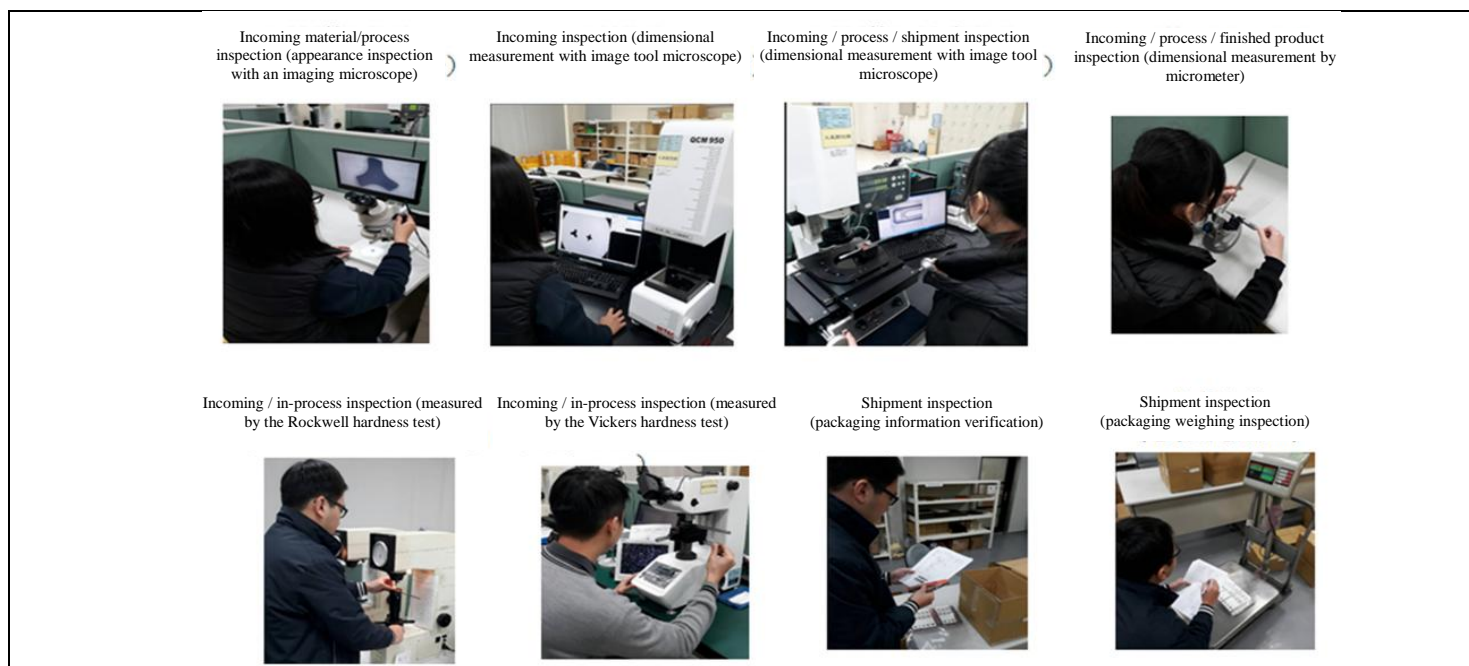
Bimetal anchor



Carbon Anchor



Drill bit



3-3 Customer Service Communication

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data
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Customer Satisfaction

Upholding the business philosophies of innovation, professionalism, efficiency, and quality service, Sheh Kai values its harmonious relationship with its customers. In addition to the traditional product orientation of providing quality products, we also place emphasis on being customer-oriented by satisfying customer needs and improving customer satisfaction. The Company is highly recognized by our customers in terms of delivery, unit price, service, and quality. In order to actively understand and improve customer satisfaction with the products and services provided by the Company, the Company conducts market surveys on a regular basis through questionnaires every year, and the valid questionnaires are used to evaluate customer satisfaction level with the Company.

In 2024, customer satisfaction scores reached 90.08 for international customers and 89.67 for domestic customers, both exceeding the Company's target score of 80. These results indicate that customers had no complaints regarding the Company, with the evaluation reflecting a "very satisfied" level, successfully meeting and surpassing the Company's set goal. The results of the customer satisfaction survey are as follows:

Investigation Unit	Survey Item	Total Score	Overall Average Score
First Business Unit	Delivery, unit price, service, quality	90.08	89.88
Second Business Unit	Delivery, unit price, service, quality	89.67	
Remarks:			
1. Customer satisfaction survey report – first business unit: From August 31, 2023 to August 31, 2024, a total of 70 questionnaires were distributed, with 42 returned. Among these, 40 were valid responses, 2 were incomplete, and none were deemed invalid.			
2. Customer Satisfaction Survey Report – Second Business Unit: From August 31, 2023 to August 31, 2024, a total of 30 questionnaires were distributed, with 29 returned. Among these, 28 were valid responses, 1 was incomplete, and none were deemed invalid.			
3. The total score is explained below: "Highly satisfied", 81-100 points; "Satisfied", 61-80 points; "Fair", 41-60 points; "Dissatisfied", 21-40 points; "Highly dissatisfied": 0-20 points.			

Customer Privacy

The Company values the privacy of customers and the protection of customer data. We strictly abide by the Personal Data Protection Act when collecting, processing, or using the personal data of our employees and ensure the security of the personal data of our employees and customers with a rigorous management mechanism. To effectively manage customer data and maintain security, the "Personal Information Protection

Statement and Consent for the Collection, Processing, and Use of Personal Information" and "Non-Disclosure Convention" have been formulated. The Auditing Office conducts inspections of relevant data and protection operations from time to time to implement personal data protection laws. In addition, the Company also controls the computer system, records account numbers of inquiries, and documents data access registration methods to ensure that customer data is protected. In 2024, the Company did not experience any privacy violations, information leakage, theft or loss of customer data.

The Drill Bit Business Department of Zhunan Plant and the Kaohsiung Plant share the same customer complaint management method. From customer complaints, information received by Sheh Kai Sales Department, data verification, to compensation for replacement, they are all handled in accordance with the procedures; they are also reviewed at weekly meetings and management review meetings.

4. Green Environment Management Approach

3-3	Material topic management
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Material Topics Energy	
Materiality	Energy management enables companies to systematically manage energy usage, improve energy efficiency, and reduce energy costs, thereby enhancing competitiveness. By strategically reducing energy consumption and greenhouse gas emissions, companies can gradually mitigate climate change and environmental pollution. Furthermore, as governments worldwide actively promote energy transitions and implement stricter environmental regulations and energy policies, companies must stay informed of regulatory changes to ensure compliance and avoid penalties.
Influence and Impact	<p>1-1. Economic influence (positive) Cost efficiency: The adoption of energy-saving technologies or renewable energy can influence the company by reducing long-term energy costs and enhancing competitiveness. Companies that meet international environmental standards are more likely to enter the green supply chain.</p> <p>1-2. Economic influence (negative) High initial investment: Initial investments in energy-saving equipment or renewable energy may place financial strain on the Company.</p> <p>2-1. Environmental influence (positive) Reducing carbon emissions: Using renewable energy or energy-efficient technologies can reduce greenhouse gas emissions and mitigate climate change. Waste management: Improving the production process reduces waste and pollution and lowers the burden on the environment.</p> <p>2-2. Environmental influence (negative) Resource consumption: The manufacture of screws requires large amounts of metal and energy, which can lead to over-exploitation of resources and environmental damage. Waste disposal: Improper disposal of waste may cause soil and water pollution.</p> <p>3-1. Human rights influence (positive) Improving the working environment: Energy-saving technologies can reduce harmful emissions and improve employee health and safety. Corporate social responsibility: Companies that focus on energy sustainability are better able to fulfill their social responsibility and enhance their brand image.</p> <p>3-2. Human rights influence (negative) Labor Rights: If workforce transitions are not well-managed during energy transformation, it may negatively influence labor rights.</p> <p>4-1. Potential influence (positive) Technological innovation: More efficient energy-saving technologies may be developed in the future to further minimize environmental impacts. Policy support: The government may provide more subsidies to encourage enterprises to adopt green energy.</p> <p>4-2. Potential influence (negative) Technology risk: The application of new technologies may entail unknown risks, such as equipment failure or inefficiencies.</p> <p>4-3. Actual influence (positive) Energy efficiency: Reduce energy consumption and costs through energy saving measures.</p> <p>4-4. Actual influence (negative) Labor Issues: During the energy transition process, some employees may face unemployment or deterioration in working conditions.</p> <p>5. Cause analysis Economic Reasons: Energy costs are a critical factor in production. Enterprises need to balance cost control with sustainable development.</p>

	<p>Environmental Reasons: Climate change and resource depletion compel companies to adopt more environmentally friendly energy strategies.</p> <p>Human rights reasons: The international community increasingly demands corporate social responsibility, requiring companies to pay attention to the impact of energy use on human rights.</p>
Policy	The Company is committed to reducing environmental impacts and lowering operating costs through energy conservation and carbon reduction, use of renewable energy, and optimized energy management. By continuously improving energy efficiency, complying with relevant regulations, and fulfilling social responsibilities, we promote sustainable development.
Strategy	<p>1. Proactive opportunity management</p> <p>1. Management of positive actual influence: Introduce higher-efficiency equipment to improve energy efficiency; offset Scope 2 electricity-related carbon emissions through purchased green electricity certificates.</p> <p>2. Management of positive potential impacts: Develop low-carbon technologies to reduce process carbon emissions and capture the international low-carbon screw market.</p> <p>2. Risk prevention management</p> <p>1. Rising energy costs: Fluctuations in the price of natural gas and electricity have an impact on production costs; therefore we have introduced an energy management system (EMS) to monitor and optimize energy consumption in real time.</p> <p>2. Energy supply interruption: We will establish multiple backup generator sets to ensure uninterrupted critical processes; and diversify energy sources (such as solar power and energy storage systems) to reduce reliance on a single energy source.</p> <p>3. Stricter Regulations: The impact of carbon tax and higher energy efficiency standards on operations has led us to introduce energy-saving equipment in advance or participate in government energy-saving subsidy programs to share investment costs.</p> <p>3. Remediation measures for negative impacts</p> <p>1. Sudden surge in energy costs: We will activate the "Energy Cost Pass-through Mechanism": negotiate product price adjustments with customers to share the pressure of rising costs.</p> <p>2. Power outage causing work stoppage: we will activate backup generator sets to prioritize the restoration of the heat treatment production line.</p> <p>3. Financial impact from carbon tax: We will optimize process carbon emissions to reduce Scope 1 and Scope 2 emissions; develop low-carbon products to lower customers' overall carbon costs; participate in carbon credit trading by generating carbon credits through process decarbonization to offset part of the carbon tax expenses.</p>
Goals and Targets (Short-term)	<p>Short-term goals (2024-2026):</p> <p>1. The unit energy consumption is reduced by 1% compared to the previous year.</p> <p>2. In accordance with the "Requirements for Energy Consumers to Set Energy Saving Targets and Implement Programs," Gangshan Plant achieved an average annual energy savings rate of more than 1%.</p>
Goals and Targets (Medium-term)	<p>Medium-term goals (2026-2030):</p> <p>1. Increase renewable energy: Invest in renewable energy projects such as solar power.</p> <p>2. Optimize energy management: Introduce smart systems to monitor and optimize energy usage in real time.</p>
Goals and Targets (Long-term)	<p>Long-term goals (2030-2050):</p> <p>1. Achieve carbon neutrality.</p> <p>2. Become a benchmark company for the circular economy in the screw manufacturing industry.</p>
Management Evaluation Mechanism	<p>Evaluation goals:</p> <p>Ensure energy efficiency and the achievement of carbon reduction targets.</p> <p>Verify the actual effectiveness of energy management measures (such as energy-saving equipment).</p> <p>Comply with international standards (ISO 14064) and meet ESG stakeholder expectations.</p> <p>Evaluation process:</p> <p>1. Data collection: Responsible units compile energy consumption data from all plants, cross-checking invoices and related records.</p> <p>2. Performance analysis: Calculate key indicators such as unit energy consumption and carbon emission intensity.</p> <p>3. Third-party Assurance: Conduct annual greenhouse gas inventory, internal verification, and third-party external assurance.</p> <p>4. Review and improvement: Hold energy meetings to assess energy management effectiveness and formulate related measures.</p>

Performance and Adjustment	<p>1. This year's unit energy consumption remained basically flat compared to last year. Going forward, we will continue to focus on optimizing related manufacturing processes to seek further improvements.</p> <p>2. From 2015 to 2024, the Gangshan plant's total electricity savings reached 899,111 kWh, with an average annual savings rate of 1.48%, exceeding the Energy Bureau's required reduction standard of 1%.</p>
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4-1 Climate Change Risks

201-2	Financial implications and other risks and opportunities due to climate change
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In the face of global warming, extreme weather, environmental protection, and energy savings, and the rising awareness of safety and health, Sheh Kai Precision needs to fulfill its corporate social responsibility in order to gain a foothold in the industry. The Company has also formulated the Sustainable Development Best Practice Principles, promotes the development of sustainable environment-related policies, and takes actions in response to climate change. It also conducts climate change risk and opportunity assessments, and formulates management strategies and carbon reduction strategic plans based on the assessment results. We aim to reduce energy consumption and carbon emissions as we move towards the sustainable development of a low-carbon economy, implementing the goal of corporate sustainable development.

The major impacts the Company may face in the future and the countermeasures are shown in the following table:

Climate Change Risk				
Governance Unit	The Company's Board of Directors, as the highest governance unit for sustainable development, regularly reviews risks and opportunities related to climate change. The Company has also established a Risk Management Team, which is chaired by the President or Vice President of the Company, to formulate risk management policies with respect to various risks, in order to effectively identify, measure, and control the Company's risks, and to regularly track the progress of the Company's achievement of its sustainability goals. In addition, the R&D Center has been instructed by the senior management to concurrently handle climate-related issues, and is responsible for preparing the annual greenhouse gas inventory report, overseeing and managing climate change-related issues, calling on the relevant departments to formulate strategies for implementation, and reporting to the Board of Directors quarterly on the key information of the current period and the progress of the implementation.			
Strategy (Risk category)	The risk management policy is to define various risks according to the Company's operating guidelines, prevent possible losses within the risk tolerance range, increase shareholders' value, and achieve the principle of optimal resource allocation, while reducing the impact of risks on the operation of Sheh Kai Precision. Through the risk management process, risks in 2024 include: transition risks, rising costs of changes in domestic and foreign climate change-related laws and regulations. Also, we will keep a close eye on relevant laws and regulations and formulate corresponding strategies. Regarding physical risk, we use "insurance" to diversify risks caused by the decrease in revenue due to delays in shipping, The Company uses "insurance" to diversify risks in the event of a work stoppage or property damage caused by climate-related disasters. Unstable and rising raw material costs due to climate disasters. Increase safety stocks while keeping costs under control. The detailed countermeasures are as follows:			
	Risk Aspect	Risk Type	Potential Impact	Countermeasures
	Environmental Aspect	【Transition risk】 Climate Change	<p>1.The Company reported its carbon emissions in May 2025, with domestic carbon taxation scheduled to be implemented in 2026.</p> <p>2.The European CBAM requires formal carbon emissions reporting starting in 2026, with carbon taxation to be imposed in 2027. The United States' CCA is expected to implement carbon taxation starting in 2025 (currently under legislative process).</p> <p>3.Since it is not possible to accurately obtain data on the</p>	<p>1.The Company plans to conduct an internal verification of the 2024 carbon inventory report in mid-March 2025, followed by external verification between May and June 2025.</p> <p>2.The domestic carbon fee and the EU CBAM tariff are not expected to have a significant impact before 2026, but continuous monitoring is necessary.</p> <p>3.The U.S. CCA is expected to be implemented in 2025, but the bill has not yet been officially passed. Once enacted, the CCA will take effect immediately without a grace period or free allowances, and will feature more precise carbon accounting standards. Continuous and proactive monitoring is required.</p>

			<p>energy consumption of production, the accuracy of calculating the carbon emission factor of products is not satisfactory.</p> <p>4.A high production carbon emission coefficient will result in high corresponding carbon emissions for the product, which will affect competitiveness and corporate image.</p>	<p>4.The Okayama plant is implementing a digitalized and intelligent power management system (SAP) on its production lines to improve the accuracy of carbon emission factor calculations for 2026.</p> <p>5.3. Reducing carbon emissions and promoting energy conservation are global trends. Future carbon taxes in various countries will impact operational competitiveness. Given the timeline, there is still a two-year grace period. It is important to take this seriously and encourage relevant departments to brainstorm ideas and strategies early on. After gathering and evaluating the feasibility and effectiveness of energy-saving and carbon reduction measures, a plan should be developed and implemented accordingly.</p>
			<p>1. CBAM pilot implementation and the need for carbon reduction</p> <p>2. CCA carbon tax collection and the need for carbon reduction</p> <p>3. Carbon fee charging methods</p>	<p>1. Calculate CBAM data and explore carbon reduction measures</p> <p>2. Calculate carbon emissions data and explore carbon reduction measures.</p> <p>3. Calculate carbon emissions data and explore carbon reduction measures.</p>
		<p>【Transition risk】 Environmental Risks</p>	<p>Wastewater, waste, and air pollution must meet the standard values. Avoid environmental pollution.</p>	<p>1. Regularly check the test value.</p> <p>2. Improve existing equipment to maintain the stability of the wastewater treatment system.</p> <p>3. Regularly update and review environmental protection laws.</p> <p>4. Participate in seminars organized by government agencies and service centers.</p>
	Social Aspect	<p>【Physical risk】 Long-term Labor Shortage</p>	<p>Affects the Company's production capacity and delays the delivery of orders.</p>	<p>1. Use of other labor resources.</p> <p>2. Working overtime</p> <p>3. Goals:</p> <p>(1) Improve the salary structure.</p> <p>(2) Develop equipment to reduce manpower, improve efficiency, and increase production capacity.</p>
		<p>【Physical risk】 Human Resource Management</p>	<p>1.Difficulty in recruiting talent affects the company's production capacity, delivery schedules, and quality.</p> <p>2.Talent cultivation and high turnover rate, increasing labor costs.</p>	<p>1.Enhance industry-academia collaboration and government subsidy programs.</p> <p>2.Diversify employee activities.</p> <p>3.Establish policies that align with employee welfare.</p> <p>4.Improve employee skills and energize the organization.</p>
		<p>【Physical risk】 Operational Hazard Management</p>	<p>1.Major occupational accidents.</p> <p>2.Safe working environments and operating procedures.</p> <p>3.Employee crisis response capability during emergency situations.</p>	<p>1. Provide education and training to enhance employee occupational safety knowledge.</p> <p>2. Conduct regular inspections and implement effective audits to ensure improvements and corrective actions are in place.</p> <p>3. Ensure continued effectiveness of improvement and corrective measures.</p> <p>4. Regularly conduct emergency response</p>

				drills.
		【Physical risk】 Talent turnover	Difficulty in recruiting talent affects the stability of the company's production capacity, delivery schedules, and product quality.	1. Conduct regular employee training and team-building activities to foster stronger interpersonal connections and a sense of belonging. 2. Establish a well-structured employee benefits and promotion system to improve job satisfaction and retention.
	Economic Aspect	【Physical risk】 Operational Risk	Shipping prices fluctuate due to war.	CIF freight charges have increased by an additional 20%.
		【Physical risk】 Operational Risk	European economic downturn	1. Recommend lowering order prices to maintain the basic demand of the manufacturing department. 2. Develop orders from other markets.
		【Physical risk】 Operational Risk	Increased competition leading to order erosion.	1.Enhance service and quality to strengthen customer loyalty.
		【Physical risk】 Procurement risk	Raw material price fluctuations, supply delays, or interruptions.	1. Subscribe to real-time and periodic raw material market reports to stay informed of market trends. 2. Maintain good relationships and constant communication with raw material suppliers to anticipate and respond to potential market changes early. 1. 3. Regularly review raw material procurement and inventory status, and adjust procurement plans promptly in accordance with company operational policies.
		【Physical risk】 Financial Risk	The exchange rate fluctuates due to the overall economic environment. When the exchange rate depreciates, it will cause a decrease in gross profit, or a loss due to evaluation after the income is paid in a foreign currency. All of the above are detrimental to business performance.	1.We suggest pre-sale of forward exchange for hedging when the order amount reaches a certain amount in USD or EUR. 2.If the foreign currency income is higher than the original quoted exchange rate, it will be transferred to NTD to supplement the working capital. 3.Target: Exchange loss within NTD 10 million or 0.5% of operating revenue.
		【Physical risk】 Financial Risk	Interest rates fluctuate due to macroeconomic factors. When the interest rate increases, it will cause the Company's borrowing costs to rise.	1.Raise funds from the capital market instead of bank loans. 2.Provide collateral to reduce the borrowing interest rate. 3.Deepen the relationship with the correspondent banks, properly implement corporate governance and carbon emission management, and facilitate the negotiation of interest rate terms. 4.Goal: The annual increase in interest expenses should not exceed the increase in purchase amounts, excluding interest expenses incurred from borrowing medium-to long-term loans for capital expenditures.

				If the interest expense increase exceeds the target, the reasons should be reviewed.
	Governance Aspect	【Physical risk】 Information risk	Hackers and ransomware attacks	1. Control over the access to individual accounts. 2. Dissemination of phishing emails. 3. Mail protection servers. 1. 4. Purchase of application firewalls.
		【Physical risk】 Information risk	Employees using illegal software	1. Conduct regular cybersecurity awareness campaigns to educate employees on correct practices. 2. Strictly prohibit employees from installing unauthorized software.
		【Physical risk】 Compliance Risk	1. High awareness of human rights. The Company needs to update laws and regulations at all times to avoid physical and mental harm to employees due to violations. 2. With increasing cybersecurity concerns, the company should establish measures to comply with relevant cybersecurity regulations.	1. Regularly follow the publicity of government laws and regulations. 2. On-the-job training for employees. 3. Revision of relevant internal control systems.
		【Physical risk】 Legal Compliance Risk	Due to the updated laws and regulations or the lack of familiarity with the laws and regulations, the internal control measures have not been amended and submitted to the Board of Directors for discussion, or the filing process with the competent authorities has not been completed successfully, and thus additional manpower and time are required.	1. Pay attention to official correspondence and the competent authority's e-mails at all times, and read the contents thoroughly to avoid omissions. 2. Before reporting or applying for documents, please search for the latest laws and regulations online or consult professional authorities such as the competent authorities or certifying accounting firms. 3. Goal: To minimize occurrences of incomplete documentation or lack of regulatory knowledge that lead to requests for supplementary documents, application rejections, or receiving official notices from authorities requiring corrections within a specified deadline; the annual goal is set at zero for the latter.
		【Physical risk】 Operational Risk	The roles and responsibilities within the finance department are clearly defined; however, employees are not fully familiar with each other's tasks. When staff take extended leave, this can lead to disruptions in business continuity and delays in task execution, requiring time to return to smooth operations.	1.A deputy system will be implemented, requiring each deputy to fully understand the responsibilities they are covering and how to execute and complete the delegated tasks. 2.Goal: Begin implementing the deputy system with public information reporting, ensuring that each reporting deputy clearly understands how to carry out and complete each type of reporting task.
		【Physical risk】 Legal Compliance Risk	Software infringement	1. Strengthen employee cybersecurity awareness campaigns and improve cybersecurity consciousness. 2. Control and prevent employees from installing unauthorized software.

	Political Aspect	【Physical risk】 Operational Risk	Geopolitical Risk	3.Evaluate the establishment of overseas factories to diversify and mitigate geopolitical risks.
Strategy (Type of Opportunity)	Aspects	Type of Opportunity	Potential Impact	Countermeasures
	Environmental Aspect	Energy conservation and carbon reduction	1. Development of carbon rights. 2. Energy conservation and carbon reduction are global trends.	Keep abreast of the latest international trends, promote the development of carbon rights, reduce corporate carbon risks and costs, formulate comprehensive carbon reduction plans, and transform into a low-carbon and sustainable business.
		New process technology development	Reducing energy consumption in the production process.	We improve resource and energy efficiency through innovative R&D technologies to reduce energy consumption in the production process.
	Social Aspect	Long-term Labor Shortage	Improving production efficiency and increasing production capacity.	Reduce the reliance on human resources, adopt automated equipment or technology, improve production efficiency, and increase production capacity through process optimization.
		Talent cultivation	Enhance the professional knowledge and skills of employees through training programs to enable them to cope with the work environment and challenges.	We cultivate talents and provide career development paths to enhance employee recognition of the corporate culture, reduce talent loss, enhance productivity and competitiveness, thereby contributing to the sustainable development of the Company.
	Governance	Collaborative low carbon transformation	Cooperate with the upstream and downstream supply chains to carry out low-carbon transformation and reduce product lifecycle footprint.	Work with the supply chain to promote low-carbon transformation plans to reduce carbon emissions in the production process.
		Climate change response	In response to climate change, various countries have invested in the development and construction of various public works, and the demand for fasteners has increased accordingly. Stainless steel products will become the first choice, which will increase orders and profits.	In response to climate change, we will continue to expand stainless steel products, actively develop new technologies, and develop corresponding production conditions to comply with market trends and increase revenue.
		Upstream and downstream supply chain cooperation	Reducing product carbon footprint.	Work with the supply chain to respond to low-carbon transformation, establish product carbon emission baselines, reduce carbon footprints, and enhance the Company's environmental image and competitiveness.
Risk Management	<p>The Company has established a Risk Management Team, which collaborates with each department to identify various types of risks within their respective areas, with particular emphasis on climate-related risks. The process involves identifying potential risks the Company may face in the upcoming year, assigning risk levels, prioritizing them based on assessment results, and formulating corresponding response measures and management objectives. At the end of each year, a review meeting is held to evaluate the effectiveness of risk management efforts, and the outcomes of the meeting are subsequently reported to the Board of Directors. The Finance Department has reviewed and approved the following:</p> <p>The Company's corporate risk management includes risk detection, assessment, reporting, and handling procedures. There are three levels (mechanisms) for risk control:</p> <p>(1) The organizer is the “first mechanism” for the initial risk discovery, assessment, and control.</p>			

	<p>(2) The second mechanism is the review or evaluation committee chaired by the president (or vice president), which is responsible for not only the feasibility assessment but also various risk assessments.</p> <p>(3) The third mechanism is the audit by the Audit Office, and the review by the Audit Committee and the Board of Directors.</p> <p>The relevant management policies are as follows:</p> <table border="1" data-bbox="277 247 1523 373"> <tr> <td data-bbox="277 247 906 310">1. Negotiate with customers or adopt Free on Board (FOB).</td><td data-bbox="906 247 1523 310">2. Disaster grouping to reduce climate disaster damage.</td></tr> <tr> <td data-bbox="277 310 906 373">3. Take inventory of raw materials and maintain a certain level of stock.</td><td data-bbox="906 310 1523 373">4. Carry out greenhouse gas inventories of the factories to accurately grasp the greenhouse gas emission status.</td></tr> </table>	1. Negotiate with customers or adopt Free on Board (FOB).	2. Disaster grouping to reduce climate disaster damage.	3. Take inventory of raw materials and maintain a certain level of stock.	4. Carry out greenhouse gas inventories of the factories to accurately grasp the greenhouse gas emission status.
1. Negotiate with customers or adopt Free on Board (FOB).	2. Disaster grouping to reduce climate disaster damage.				
3. Take inventory of raw materials and maintain a certain level of stock.	4. Carry out greenhouse gas inventories of the factories to accurately grasp the greenhouse gas emission status.				
Indicators and Goals	<p>The Company sets climate-related goals to reduce carbon emissions and adapt to climate change. In 2024, the Company established a new baseline year for greenhouse gas inventory, as the 2024 data includes subsidiaries for the first time. The Company continues to conduct greenhouse gas inventories and performs detailed risk assessments and strategic planning based on the scope of activities, emission categories, and timelines. Climate-related targets have been set accordingly. In addition, the Company is collaborating with key suppliers and processors to jointly develop short-, medium-, and long-term carbon reduction goals, aiming to reduce the carbon footprint of its products. The Company will conduct greenhouse gas inventory according to the inventory standards of the new version (ISO 14064-1:2018) and in response to government policies, and use 2023 as the base year:</p> <ul style="list-style-type: none"> ● Short-term goal: Reduce unit energy consumption by 1% compared to the previous year. ● (3 - 5 years) Medium- and long-term goal: To gradually replace old equipment with new equipment and increase the proportion of renewable energy use. <p>To establish carbon reduction targets and gradually realize the vision of net zero emissions, the Company has designated 2024 as the baseline year for Scope 1 and Scope 2 emissions. Based on this baseline, the Company has set phased short-, medium-, and long-term reduction goals: Short-term goal (1–3 years): reduce carbon intensity by 3% compared to the baseline year. Medium-term goal (3–5 years): reduce carbon intensity by 5% compared to the baseline year. Long-term goal (5–10 years): reduce carbon intensity by 10% compared to the baseline year. At the same time, we are expanding the Company’s existing renewable energy capacity (solar power); incentivizing all employees to comply with environmental regulations and actively participating in energy-saving and carbon reduction initiatives; and assisting as well as requiring our partners and suppliers to conduct greenhouse gas inventories, provide data, and comply with related regulations.</p>				
Resilience and Major Financial Impacts Assessed through Climate Scenario Analysis	<p>The Company has conducted a preliminary analysis of potential climate-related risks and financial impacts on operations by referencing the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6), using two climate scenarios: SSP1-2.6 (successful transition, warming limited to 1.5°C) and SSP5-8.5 (high emissions, warming exceeding 3°C), with projections through 2030.</p> <p>Under the High-Emission Scenario, increased frequency of extreme heat and heavy rainfall may result in the following impacts:</p> <ul style="list-style-type: none"> • An increase of 1°C in ambient temperature can reduce cooling system efficiency by 2–5%. • A decrease in cooling efficiency can lead to a 0.5–1.5% reduction in process efficiency. • Under high-load conditions, compressors and pumps may experience an annual increase in electricity consumption of 3–8%. • Concentrated rainfall may cause logistics disruptions and delays in raw material deliveries, impacting the stability of delivery schedules. • If future export markets (such as the EU) implement the Carbon Border Adjustment Mechanism (CBAM), additional taxes will be imposed on carbon-intensive products. It is estimated that this will increase the Company’s cost by NT\$70-80 per 1,000 products. <p>To enhance resilience, the Company has implemented the following strategies:</p> <ul style="list-style-type: none"> • Replacing high-energy-consuming equipment with high-efficiency heat treatment equipment and variable frequency control systems to reduce energy loss; • gradually adopting green electricity and solar power systems to increase the proportion of renewable energy; • and reviewing carbon emissions data in the supply chain to strengthen carbon footprint management for export markets. <p>In the future, the Company will continue to establish a climate risk early warning system and introduce climate financial simulation tools in the mid-term to strengthen overall operational resilience and risk management capabilities.</p>				
Carbon Pricing Basis	<p>The Company has not yet planned a carbon pricing system; in the future, we will continue to pay attention to carbon pricing systems and other related issues, including carbon tax, carbon emissions, carbon trading, etc. At present, we focus on the "Clean Competition Act" (CCA) of the United States and the "Carbon Border Adjustment Mechanism" (CBAM) if the European Union.</p>				
Greenhouse	<p>Goal and scope:</p>				

Gas Inventory Plan	<p>According to the financial supervisory commission's "Sustainability Roadmap for TWSE/TPEX Listed Companies," greenhouse gas inventory and verification disclosures must be completed on schedule. The disclosed information includes direct emissions (Scope 1) and energy indirect emissions (Scope 2).</p> <p>Implementation schedule: 2024 Results: The parent company completed third-party assurance of the 2023 greenhouse gas inventory (assurance level: reasonable assurance). 2025 Progress: In Q1, completed the 2024 greenhouse gas inventory and internal verification for the parent company and consolidated subsidiaries; third-party assurance is expected to be completed in Q2.</p>
External Assurance	<p>In 2024, the Company commissioned Afnor Asia Ltd. to perform the 2023 external GHG audit in accordance with ISO 14064-3:2019. The scope of assurance includes direct emissions from Category 1 and indirect emissions from Category 2 energy inputs of the parent company (Gangshan Plant, Luzhu Plant, Packaging Plant, Bi-Metal Material Plant, and Zhunan Plant). Based on the audit, the assurance level for Category 1 and Category 2 was determined to be a reasonable level.</p> <p>In Q1 2025, the parent company and the consolidated subsidiary Sheh Kai (Shanghai) completed the 2024 greenhouse gas inventory and internal verification. Third-party assurance is expected to be completed by Q2.</p>

4-2 Materials and Waste

301-1	Materials used by weight or volume
301-3	Reclaimed products and their packaging materials
306-1	Waste generation and significant waste-related impacts
306-2	Management of significant waste-related impacts
306-3	Management of significant waste-related impacts
306-4	Waste diverted from disposal
306-5	Direct disposal of waste
306-3 : 2016	Major spills

Material Management

Sheh Kai Precision does not use recyclable or renewable materials, nor does it recycle products or packaging materials. During the reporting period, the raw material statistics of Sheh Kai Precision in recent years are as follows:

Raw Material Types by Plant Area	
Plant Site	Raw Materials
Gangshan Plant	Water quenching oil, screw forming oil, antirust oil, stain removal oil, diesel oil, motor oil, tin oil, hydrochloric acid, steel
Luzhu Plant	Stainless steel wire rod, PC coating powder (8%), oxalate film (14%), acid remover, lubricant powder, ammonia (gaseous)
Zhunan Plant	Chromium-molybdenum alloy steel, tungsten steel

Statistics of Raw Materials Consumption of Sheh Kai Precision				
				Unit: Tonnes
Raw Material Name	Whether it is Recyclable	2022	2023	2024
Water quenching oil	Non-renewable	4.8	4.07	3.22
Screw molding oil	Non-renewable	0.95	0.96	0.75
Anti-rust oil	Non-renewable	1.19	1.02	0.80
Stain removal oil	Non-renewable	3.30	2.7	2.15
Diesel	Non-renewable	30.38	27.92	21.50
Motor oil	Non-renewable	4.12	3.42	2.69
White iron oil	Non-renewable	3.56	3.06	2.42
Hydrochloric Acid	Non-renewable	18.76	13.53	10.75
Iron and steel	Non-renewable	2,132.02	1,606.56	1383.21
Chromium-molybdenum alloy steel	Non-renewable	26.54	25.7	40.65

Tungsten steel	Non-renewable	0.43	0.43	0.54
Stainless steel wire rod	Non-renewable	4260.1	2,787.73	3215.59
PC coating powder (8%)	Non-renewable	1.75	1.55	1.73
Oxalate film (14%)	Non-renewable	26.15	18.4	15.75
Acid remover	Non-renewable	14.48	11.5	10.01
Lubricant powder	Non-renewable	6.78	5.38	4.93
Ammonia (gaseous)	Non-renewable	50.39	49.74	51.37

Waste Management

Sheh Kai Precision has set up storage facilities for all types of waste in accordance with the laws and stored them in a centralized manner. The waste categories are divided into recycled, reused, and industrial waste. The collection and clearance operations are conducted off-site by entrusting legitimate and professional recycling and cleaning agents. The industrial waste and reporting management system is equipped with a GPS tracking system to ensure the legality and safety of the final disposal. ISO 14001 has also been established to comply with the management, and the relevant data of waste collection and monitoring are implemented.

The main wastes of Sheh Kai Precision include defective products, moldings, thread rolling, raw materials from the car repairing process, scrap iron from inventory, waste sludge from the acid cleaning process, and waste oil mixture. In 2024, the total amount of waste generated was 194.020 tonnes. No serious leakage incident occurred during the reporting period.

Sheh Kai Precision's Waste Disposal Plan in 2024		
Hazardous Waste		
Composition of Waste	Off-site	
Item	Waste Generation (Tons)	Treatment Method
Ashes or sludge from the emission control of the iron-chromium alloy process in Luzhu Plant (A-7301)	40.080	Other disposal operations
Non-hazardous Waste		
Composition of Waste	On-site	
Item	Waste Generation (Tons)	Treatment Method
General chemical waste mixture (D-2399) in Gangshan Plant	0.120	Other recycling operations
Non-hazardous Waste		
Composition of Waste	Off-site	
Item	Waste Generation (tons)	Treatment Method
Gangshan Plant, Luzhu Plant, Packaging Plant–waste plastic mixture (D-0299)	0.672	Incineration (excluding energy recovery)
Gangshan Plant & Packaging Plant–waste paper mixture (D-0699)	0.448	
Gangshan Plant& Packaging Plant–Waste wood mixture (D-0799)	2.279	
Gangshan Plant & Luzhu Plant & Packaging Plant Waste fiber or mixture of other cotton and cloth (D-0899)	0.580	
Gangshan Plant & Luzhu Plant & Packaging Plan–domestic garbage (D-1801)	2.305	
Waste activated carbon in Luzhu Plant (D-2403)	5.060	
Gangshan Plant& Luzhu Plant–inorganic sludge (D-0902)	21.360	Other disposal operations
Waste oil mixture in Gangshan Plant (D-1799)	13.350	Incineration (including energy recovery)
Waste wood in Gangshan Plant (R-0701)	5.190	Recycling and utilization
Waste iron in Gangshan Plant (R-1301)	102.576	
Remarks:		
1. The data in the table only includes the data of the Luzhu and Gangshan Plants (including the Packaging Plant). Since the Zhunan Plant only has general household waste, the statistics are not available.		
2. The general chemical waste mixture (D-2399) generated by the Company's Gangshan Plant was cleaned on-site and turned into iron scrap (R-1301) from the Gangshan Plant.		
3. The 2024 statistical data for waste iron (R-1301) only includes the Gangshan Plant, as the iron quantities at the Luzhu and Zhunan Plants are		

minimal and are not classified as hazardous waste; therefore they are temporarily excluded from the statistics. However, to ensure disclosure completeness, it is planned that starting from 2025, the Luzhu and Zhunan Plants will be included in the calculation.

4-3 Energy and Water Resources

302-1	Energy consumption within the organization
302-2	Energy consumption outside of the organization
302-3	Energy intensity
302-4	Reduction of energy consumption
302-5	Reductions in energy requirements of products and services
303-1	Mutual impact of shared water
303-2	Management of water discharge-related impacts
303-3	Water withdrawal
303-4	Water discharge
303-5	Water consumption

Energy Consumption

The energy consumption of Sheh Kai in the past two years is shown in the table below:

Quantitative Indicators	Unit	2023	2024
		Parent company	Parent company
Electricity Consumption	kWh	10,607,539	8,645,652
	GJ	38,187.14	31,124.35
Gasoline Consumption	L	15,911	13,457
	GJ	506.88	428.70
Diesel Consumption	L	16,975	15,903
	GJ	614.19	575.41
Natural Gas (LNG) Consumption	m ³	96,509	88,803
	GJ	3,232.51	2,974.40
Organization-Specific Metrics	Revenue of NTD thousand	1,426,185	1,119,899
Total Energy Consumption	GJ	42,540.72	35,102.86
Energy Intensity	GJ/NTD thousand revenue	0.0298	0.0313

Remarks:

1. Geographic Boundary: Parent Company (Gangshan Plant, Luzhu Plant, Packaging Plant, Bi-Metal Material Plant, Zhunan Plant)
2. The heating value of electricity is converted at 1kWh = 0.0036GJ.
3. According to the Ministry of Economic Affairs Energy Statistics Manual (2023) and the latest calorific values announced by the Ministry of Environment on 2025/02/13:
Gasoline: 7,609 kcal/L; Diesel: 8,642 kcal/L; Natural gas: 8,000 kcal/m³; 1 kcal = 4.1868 KJ.
4. The organization-specific metric data is based on the parent company's individual financial revenue.
5. Shanghai subsidiary: electricity usage 13,437 kWh/year, gasoline usage 1,979 L/year.
6. All energy usage data are sourced from greenhouse gas inventories: 2023 (assured), 2024 (under assurance).

Green and Energy-saving Performance

To respond to the global trend of energy conservation and carbon reduction, and based on corporate social responsibility and sustainable green production goals, the Company actively promotes various energy-saving and carbon reduction measures, striving to reduce energy consumption and carbon emissions to achieve environmental sustainability. The following are our company's concrete energy-saving and carbon reduction actions:

1. Product design and production: Our products aim to enhance the durability and maintenance convenience of building structures, significantly reducing customers' maintenance and repair costs, extending the service life of structures, and reducing resource waste caused by reconstruction. For example, in screw products, we optimize the production process to reduce energy consumption during manufacturing, while extending product lifespan to help end customers reduce energy use.

2. Equipment replacement and maintenance: In 2024, the Gangshan plant upgraded its air compressor equipment, replacing the original fixed-frequency air compressors with variable frequency air compressors. Through variable frequency control, the air compressor adjusts motor speed according to actual air demand, avoiding energy waste caused by long-term idle operation.

Performance analysis:

(1) Comparison of energy consumption per unit product

Year	Air Compressor Area Electricity Usage (kWh)	Output Value (NT\$ thousand)	Unit Energy Consumption (kWh/NT\$ thousand)
2023	1,285,880	601,064	2.139
2024	991,560	516,296	1.921

Energy-saving result: Unit energy consumption decreased by 0.218 kWh per thousand units, achieving an energy-saving rate of approximately 10.2%.

(2) Annual electricity savings (based on 2023 output)

Using the 2023 output value of NT\$ 601,064 thousand, and estimating the improved 2024 unit energy consumption at 1.921 (kWh/NT\$ thousand), the estimated electricity consumption is:

$601,064 \times 1.921 = 1,154,644$ kWh. Compared to the actual electricity usage in 2023 of 1,285,880 kWh, electricity savings amount to 131,236 kWh.

(3) Estimated carbon reduction benefits

Based on Taiwan's electricity carbon emission factor (2024: 0.474 kg CO₂/kWh),

Annual carbon reduction = $131,236 \text{ kWh} \times 0.474 \text{ kg CO}_2/\text{kWh} = 62,206 \text{ kg CO}_2$ (approximately 62.21 metric tons CO₂).

The Company will continue to monitor developments in energy-saving and carbon reduction technologies and actively promote related measures to achieve the dual goals of sustainable corporate management and environmental protection, contributing to environmental sustainability.

Water Resource Management

Although rainfall is abundant in Taiwan, it is not easily retained. Therefore, the dependence on and demand for water resources, whether for daily life or for business operations, is increasing day by day. Water resource allocation and management has become one of the important issues in sustainable operations. Taiwan is the main country of production for Sheh Kai Precision. The source of water is tap water. In order to fulfill our responsibility of environmental protection, there is no significant impact on the local area in terms of water withdrawal. The Company's operating bases are located in Miaoli County and Kaohsiung City, and the main sources of water supply are Yonghe Mountain Reservoir and Zengwen Reservoir. In order to effectively manage water resources, we use the "WATER RISK ATLAS" of the World Resources Institute to research the water resource risk of the Company's operations. The evaluation results show that the water resource risks are medium to low risk.

Plant Site		Address	Intake Reservoir	Risk Assessment
Kaohsiung	Gangshan Plant	No. 1.3, and 5, Bengong 1st Rd., Ben Chou Village, Gangshan Dist., Kaohsiung City	Zengwen Reservoir	Low-to-medium risk
	Packaging Plant	No. 1, Bengong W. 1st Rd., Gangshan Dist., Kaohsiung City		
	Luzhu Plant	No. 161, Minyou Rd., Luzhu Dist., Kaohsiung City		
Miaoli	Zhunan Plant	No. 58, Neigh. 9, Dacuo Vil., Zhunan Township, Miaoli County	Yonghe Mountain Reservoir	
	Bi-Metal Material Plant	No. 70-29, Shishan, Neigh. 23, Dacuo Vil., Zhunan Township, Miaoli County		

Water Resource Utilization

In 2024, Sheh Kai Precision's water consumption was 19.82 million liters, representing a reduction of 1.12 million liters compared to 2023. The volumes of water withdrawal, consumption, and discharge all decreased, mainly due to an approximately 5% reduction in total production volume in 2024 compared to 2023. (Detailed figures are shown in the notes of the table below.)

While implementing energy-saving activities at each plant, we also pay attention to the use of water and reduce unnecessary waste. We also promote the concept of water conservation to employees from time to time to achieve water conservation.

Water Consumption Statistics of Sheh Kai in the Past Three Years			
Year	2022	2023	2024
Water Withdrawal (million liters)	13.96	20.94	19.82
Water Discharge (million liters)	8.29	10.41	9.59
Water Consumption (million liters)	5.67	10.53	10.23
Recycled Water Consumption in the Plant (million liters)	1,708.53	1,704.65	1642.79
Water Recycling Rate (%)	99.19	98.79	98.81
Organization-specific Measurement (thousand revenue)	1,450,487	1,428,614	1,119,900
Water Use Intensity	0.0000096	0.0000147	0.0000177

Remarks:

1. Water consumption = water intake - water discharge.
2. The scope of water consumption statistics for 2022 and 2023 includes only the Gangshan Plant. The statistical scope in 2024 is the total water withdrawal (Gangshan + Luzhu + Packaging + Bi-Metal Material + Zhunan Plants), the amount of water discharged (Packaging + Bi-Metal Material + Zhunan Plants as calculated by 80% of the tap water), and the amount of water consumed.
3. The circulating water volume in the plant is the water circulating in the cooling towers. Based on the hourly circulation rate of each cooling water tower (calculated as 16 hours per day), the circulation volume is about 429.6 T/hr x 16 hours of operation per day x number of working days per month=monthly circulation volume.
4. Water recovery and reuse rate = volume of recycled water in the plant / (volume of water withdrawn + volume of recycled water in the plant) x 100%.
5. The calculation of water intensity is: Water withdrawal (million liters) / organization-specific measured value.
6. In 2024, Sheh Kai Precision's water consumption was 19.82 million liters, a reduction of 1.12 million liters compared to 2023. This reduction was achieved not only through energy-saving initiatives at various facilities but also by closely monitoring water usage and minimizing unnecessary waste. The Company also regularly promotes water conservation awareness among employees to further support sustainable water resource management.

Effluent Discharge Status

In 2024, Sheh Kai Precision's total wastewater discharge was approximately 9.59 million liters. For the operation wastewater and domestic wastewater generated from the cleaning process, no expense is spared to purchase complete wastewater treatment equipment to ensure that the discharged water meets the discharge standard. We have ensured that the effluent exceeds the legal requirements, and we have obtained a water pollution prevention permit issued by the competent authority. The water quality of all water discharged by the Company complies with the local discharge testing standards.

Wastewater Testing Overview of Sheh Kai Precision in the Past Three Years						
Water Pollution Testing Items	2022		2023		2024	
	Emission Standards (ppm)	Annual Average Monitoring Value (ppm)	Emission Standards (ppm)	Annual Average Monitoring Value (ppm)	Emission Standards (ppm)	Annual Average Monitoring Value (ppm)
PH value	7.25	7.4	7.25	7.41	7.25	7.82
Suspended Solids (SS)	330	8.54	330	9.35	330	7.27
Chemical oxygen demand (COD)	710	54.84	710	44.06	710	38.75
Ammonia nitrogen (NH3-N)	125	26.36	125	27.06	125	29.47
Zinc (Zn)	5	0.07	5	0.09	5	0.16
Dissolved iron (D-Fe)	10	0.18	10	0.1	10	0.12
Note: The PH value discharge standard is in the range of 5-9.5, and the average is 7.25.						

During the reporting period, the wastewater discharge situation of Sheh Kai's headquarters and various operating locations is as follows:

Wastewater Discharge (m ³) by Each Operation Location				
				Unit: Million liters
Business Locations		2022	2023	2024
Kaohsiung	Gangshan Plant	8.29	6.78	5.35
	Luzhu Plant	0.88	0.61	0.62
	Packaging Plant	0.38	1.17	2.07
Miaoli	Zhunan Plant	1.53	1.05	0.86
	Bi-Metal Material Plant	0.62	0.81	0.69
Remarks:				
1. The water discharge volume is calculated for the packaging plant from June 2022.				
2. The water discharge volume of the packaging Plant, Zhunan Plant and Bi-Metal Material Plant is filled in with tap water, reducing the waste volume by 20%.				
3. 5.352 million liters for the Gangshan Plant, 0.624 million liters for the Luzhu Plant, 2.075 million liters) for the Packaging Plant, 0.856 million liters for the Zhunan Plant, and 0.686 million liters for the Bi-Metal Material Plant.				
Total 9.593				

4-4 Greenhouse Gas Emissions

305-1	Direct (Scope 1) GHG emissions
305-2	Energy indirect (scope 2) GHG emissions
305-4	Greenhouse gas emission intensity
305-5	Reduction of GHG emissions
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions

The Company attaches great importance to environmental protection and reduces carbon emissions by minimizing the amount of energy consumed through specific energy-saving action plans. The organizational boundary of Sheh Kai Precision includes the parent companies (Gangshan Plant, Luzhu Plant, Packaging Plant, Bi-Metal Material Plant, and Zhunan Plant) and its subsidiary (Sheh Kai Shanghai). The scope of the inventory includes Category 1 direct emissions and Category 2 indirect emissions from imported energy. Total Greenhouse Gas Emissions in 2024: The parent company emitted 4,370.294 metric tons CO₂e, and the subsidiary emitted 13.481 metric tons CO₂e, resulting in a total of 4,383.775 metric tons CO₂e.

2024 Greenhouse Gas Emissions Statistics						
Item	Gangshan Plant	Luzhu Plant	Packaging Plant	Bi-Metal Material Plant	Zhunan Plant	Total
Scope 1: Direct greenhouse gas emissions (tCO₂e)	71.2746	176.5387	9.6606	13.2555	1.5256	272.2550
Scope 2: Indirect greenhouse gas emissions (tCO₂e)	2256.9984	1555.7059	27.7575	158.0885	99.4887	4098.0390
Total greenhouse gas emissions	2328.273	1732.245	37.418	171.344	101.014	4370.294
GHG emission intensity (ton CO₂e/Thousand dollars in revenue)	0.002079	0.001547	0.000033	0.000153	0.000090	0.003902
Remarks: <ol style="list-style-type: none"> Scope 1 refers to emission sources owned or controlled by the Company, including stationary combustion sources, process emissions, mobile combustion sources such as transportation, and fugitive emission sources. Scope 2 refers to indirect emissions, such as externally purchased electricity. Types of greenhouse gas emissions: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs). Emission factor for purchased electricity: the emission factor for electricity is based on the value announced by the Bureau of Energy, Ministry of Economic Affairs. For 2024, the electricity emission factor is 0.474 kgCO₂e/kWh. The emission factors are calculated based on the calorific values announced in the 2023 Ministry of Economic Affairs Energy Statistics Manual, the latest calorific values published by the Ministry of Environment on February 13, 2025, and the greenhouse gas emission factor table announced by the Ministry of Environment on February 5, 2024. Shanghai subsidiary: Scope 1 (Direct GHG emissions): 5.1428 tons CO₂e; scope 2 (indirect GHG emissions): 8.3377 tons CO₂e; Total GHG emissions: 13.481 tons CO₂e GHG emission intensity = total GHG emissions of each plant/ the Company's total revenue 						

The following table shows the Company's testing items for major gases such as volatile organic compounds (VOCs), particulate pollutants (TSP), sulfur oxides (SOx), and nitrogen oxides (NOx) in the previous three years: During the reporting period, Sheh Kai Precision also produced no emissions of substances that deplete the ozone layer.

Test Item	2022			2023			2024		
	Discharge (kg)	Emission Standard (ppm)	Annual Average Monitoring Value (ppm)	Discharge (kg)	Emission Standard (ppm)	Annual Average Monitoring Value (ppm)	Discharge (kg)	Emission Standard (ppm)	Annual Average Monitoring Value (ppm)
Volatile Organic Compounds (VOCs)	0	0	0	0	0	0	0	0	0
Particulate matter pollutants (TSP)	3.29	30	0	2.48	30	0	2.34	30	0
Sulfur oxides SOx	0	0	0	0	0	0	0	0	0
Nitrogen oxides NOx	109.3	100	0	82.68	100	0	77.96	100	0
Remarks: 1. The unit of TSP of particulate pollutants is mg/Nm ³ . 2. There is no air pollution monitoring system, and the information filled in on the form is the detection value when the operation permit was changed.									

5. Welfare and Care

Management Approach

3-3

Material topic management

Material Topic: Organizational learning and talent turnover management	
Material Causes of this Topic	To establish a harmonious labor-management relationship, the Company provides employees with comprehensive working conditions, remuneration and benefits, so that they can work without worries. At the same time, it is also expected that employees and the Company can grow steadily together, so that the Company maintains a high level of competitiveness and sustainable operations. To address the topic, the Company has organized various internal activities and training programs to enhance employee competencies. Employees are regarded as valuable assets, and the company places great emphasis on recruitment, retention, development, and even the re-employment of former staff. Through professional training, employees are encouraged to strengthen their technical and core skills, improve performance, align with organizational goals, and achieve optimal role placement, fostering diverse career development. In response to the impact of declining birth rates, employee retention and post-departure rehiring have become top priorities for the company.
Influence and Impact	<p><Environment> ▲Negative actual impact: various activities may increase greenhouse gas emissions.</p> <p><Economy> ●Positive influence / actual impact: Enhancing employee competency training can improve work efficiency, strengthen corporate competitiveness, and increase profitability. ▲Negative influence / potential impact: Excessive training sessions or courses may increase operational costs.</p> <p><Human rights> ●Negative influence / actual impact: Strengthening human resources by providing employees with learning opportunities and appropriate job rotations can help achieve optimal role placement. Implementing planned training programs to meet employee personal growth needs can improve technical skills and management performance. ●Positive influence / Potential impact: For employees who leave due to unavoidable circumstances or retire upon reaching retirement age, the company creates comprehensive learning roadmaps to ensure continuous knowledge acquisition and keep pace with changing times. ▲Negative influence / Potential impact: Misalignment between talent and organizational values may lead to work and interpersonal conflicts, ultimately resulting in forced resignation. ●Positive influence▲ : Negative impact</p>
Policy	<p>Employees and the company grow together. Tailored training and learning resources are provided to employees and supervisors at various levels and in different roles to support their job competencies and career development.</p> <p>Employees and the company grow together. Tailored training and learning resources are provided to employees and supervisors at various levels and in different roles to support their job competencies and career development.</p>
Strategy	<p>Through the annual staff appraisal, we provide our employees with the opportunity to learn at any time through the guidance of external instructors and the training of internal instructors. There is a potential risk to the Company's operations if it fails to implement comprehensive employee training.</p> <p><Opportunity> ●Practical/positive: By providing functional training to employees, the Company can increase the retention rate and build a good corporate image. ●Potential/positive: The Company's good image is maintained, and word of mouth boosts its corporate reputation, which increases the ability of the Company to attract talent. ●Actual/positive: Through training and development, employees can enhance their technical and core competencies, which strengthens organizational agility and optimizes resource allocation.</p> <p>< Risk> ▲Negative/potential impact: Misalignment between talent and organizational values may lead to</p>

	<p>work and interpersonal conflicts, ultimately resulting in forced resignation.</p> <p>Risk prevention & management: Facing talent shortages and declining birth rates, improper or unreasonable allocation of personnel may affect team performance and morale. However, with a robust training, evaluation, and assignment system in place, the organization can align its members toward common goals.</p> <p>Remedial measures:</p> <p>To prevent labor-management disputes and their ripple effects, the most crucial factor lies in the team interactions led by managers. We provide a safe working environment, prioritize employee career development, and hold regular labor-management meetings to ensure open channels of communication and dialogue.</p> <p>The Company has a dedicated mailbox and channel. Employees can also get in touch with workplace issues through the following methods:</p> <ul style="list-style-type: none"> ✓ Contact: Administration Department: Senior Manager Yu-Ling Ma ✓ Employee grievance hotline: (07) 6225669 ext 203 <p>Employee complaint email: pony@shehkai.com.tw</p>
Goals and Targets (Short-term)	To introduce a new system, the Company is moving towards digital transformation. Employees upgrade their skills and knowledge to keep up with the times, increasing the flexibility of the organization and enabling management to respond more quickly to market changes.
Goals and Targets (Medium-term)	Conduct a comprehensive assessment of employee competencies, strengthen professional and technical skills, enhancing both technical and management performance.
Goals and Targets (Long-term)	Appropriate job rotation to achieve the right person for the right job and innovative thinking.
Management Evaluation Mechanism	Establishment of the Company's assessment mechanism with reference to the TTQS system.
Performance and Adjustment	In 2024, the number of training classes was 32, and the actual number of classes was 42; the achievement rate was 131%.

Material Topic: Occupational safety and health	
Material Reasons	Employees are the Company's most important assets. Only when employees are in good physical and mental health can the Company has a bright future. We provide a workplace that is healthy and safe in both physical and mental health aspects, leading to better cohesion within the Company, and allowing employees to grow together.
Influence and Impact	<ul style="list-style-type: none"> ● Economic aspect: The Company will abide by the relevant regulations of the "Occupational Safety and Health Act" and identify potential hazards in the workplace according to the risk assessment guidelines of the "Occupational Safety and Health Administration." At the same time, the Company will appoint a consulting company to perform on-site safety and health assessments. ● People and human rights aspect: If a major occupational accident occurs to employees during the execution of their duties, the Company will immediately initiate relevant occupational safety investigations, and demonstrate care for the physical and mental health of employees and help them overcome difficulties.
Policy	The Company adheres to the principle of "zero occupational hazards and zero occupational diseases" and complies with and provides better standards than the Occupational Safety and Health Act and related regulations.
Strategy	<p>1. Strategies</p> <p>We will actively manage and comply with the relevant provisions of the Occupational Safety and Health Act, implement the promotion of occupational safety and health related activities, reduce the chances of losing production work hours, and create a safe and hygienic workplace environment.</p> <p>2. Preventive management: If an injury occurs, it will inevitably result in the loss of production hours and hurt operating costs, as well as make employees doubtful about workplace safety and hygiene, thereby reducing their confidence in the Company.</p> <p>Negative impact remedial measures: In response to public injuries, the Company follows the relevant regulations of the Labor Standards Act, assists employees in applying for insurance, invites contracted physicians and nurse practitioners to provide care, examines whether there is a need to adjust duties, and evaluates resumption of work after recovery.</p>

Goals and Targets (Short-term)	Short-term goal (within five years): Reduce the probability of occupational disasters to less than 5 cases.
Goals and Targets (Medium-term)	Medium-term goal (within five to ten years): Reduce the incidence of occupational accidents to fewer than three.
Goals and Targets (Long-term)	Medium- and long-term goals (over 10 years): Adhere to the Company's principle of "zero occupational injuries and zero occupational diseases."
Management Evaluation Mechanism	The on-site assessment report and other safety and health recommendations are discussed and reviewed through the Safety and Health Committee.
Performance and Adjustment	<ol style="list-style-type: none"> 1. There was one more work-related injury in 2023 than in 2024, mainly due to accidental work-related injuries. 2. As of 2024, there has been no occurrence of occupational diseases.
Preventive or Remedial Measures	<p>The safety and health office reviews and assesses the report, proposes improvement measures, and submits it to the members in the quarterly safety and health management meeting, where the members can also put forward opinions and review other management matters. If the improvement effect is not as expected, the Safety and Health Office will make suggestions in the plant affairs meeting and continue to communicate with relevant units for improvement operations.</p> <p>The Company has a dedicated mailbox and channel. If employees and partners have other relevant suggestions, they can also get in touch with the following methods:</p> <ul style="list-style-type: none"> ✓ Contact: Safety and Health Office ✓ Employee grievance hotline: (07) 6225669 ext 217 ✓ Employee Complaint Box: cynthia@shehkai.com.tw

5-1 Employee Relations and Overview

2-7	Employees
2-8	Workers who are not employees
2-21	Annual total compensation ratio
2-30	Collective bargaining agreements
202-1	Ratios of standard entry level wage by gender compared to local minimum wage
202-2	Proportion of senior management hired from the local community
401-1	Employee turnover & Number of new hires
402-1	Minimum notice periods regarding operational changes
405-1	Diversity of governing bodies and employees
405-2	Ratio of basic salary and remuneration of women to men
406-1	Incidents of discrimination and corrective actions taken
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
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409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor
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Employee Profile

Sheh Kai Precision has always regarded its employees as the most important assets of the Company and the core of the Company's sustainable development. Therefore, relevant rules and regulations have been formulated to protect the rights and interests of employees, continuously promote employee care, continuously promote employee physical and mental health, adopt a fair appointment and promotion system that seeks talents with different backgrounds and expertise, and continuously develop personal ability cultivation to create a "win-win" working environment for employees and the Company.

As of the end of 2024, the Company's headquarters and all of its plants had 288 full-time employees (187 males and 101 females and including 70 international migrant workers). During the reporting period, the number of non-employee workers in the plant was 13 (7 interns, 2 outsourced security guards, 2 dispatched

cleaners, and 4 dispatched professional consultants). Overall, there were no significant changes compared to the previous year.

The detailed employment and gender distribution of the employees during the reporting period is shown in the table below:

Employee Number Profile				
Region	Contract Type	Female	Male	Total
Taiwan	Number of employees	101	187	288
	Number of permanent employees (indefinite-term contracts)	97	121	218
	Number of permanent employees (fixed-term contracts)	4	66	70
	Number of temporary employees	0	0	0
	Number of employees with no guaranteed hours	0	0	0
	Number of full-time employees	101	187	288
	Number of part-time employees	0	0	0
Remarks: 1. The Company has no employees of other genders or who chose not to disclose their gender. 2. Domestic refers to Taiwan; foreign refers to areas other than Taiwan (such as, the United States, Vietnam, etc.). 3. Employees: Individuals who have engaged in a labor-management relationship with the organization in accordance with national laws or their applicable requirements (employees with labor insurance in Taiwan). 4. Permanent employees: Individuals who have signed an indefinite-term contract or enjoy the same working hours and salary system as local employees, and are legally enrolled in labor insurance, health insurance, and the labor pension program. 5. Temporary employees: Individuals hired under short-term or task-based contracts, such as seasonal or temporary workers. 6. Employees without guaranteed hours: Employees who are not guaranteed a minimum or fixed number of working hours per day, week, or month, but may be required to be available for work on demand. 7. Full-time employees: Individuals whose working hours comply with the Labor Standards Act, defined in Taiwan as no more than 8 hours per day and 40 hours per week. 8. Part-time employees: Individuals who do not meet the criteria for full-time employment. 9. The figures in this table are calculated using the headcount/full-time equivalent method. 10. In 2024, the Company did not employ any employees without guaranteed hours, temporary employees, or part-time employees.				

Information on the Company's Non-employee Workers in 2024		
Worker Type	Contractual Relationship with the Company	Total Number of Workers (Headcount)
Dispatched security personnel	Undertaking of contracts	7
Dispatched cleaners	Undertaking of contracts	2
Professional consultants	Appointment	4
Contractors	Undertaking of contracts	28
Note: Values are as of the report end date. 1. Number of security guards in 2024: 3 in Gangshan Factory; 3 in Luzhu Factory; and 1 in Packaging Factory. 2. Contracted cleaning personnel in 2024: 1 from Gangshan Plant; 1 from Zhunan Plant.		

In order to strengthen the harmonious relationship with the local area and increase employment stability, the Company mainly recruits employees from Taiwan, and hires 100% local residents as senior executives at the assistant manager level or above. The position distribution of employees in the past three years is as follows:

Distribution of Employees in the Past Three Years				
Year		2022	2023	2024
Item/ Gender	Age	Number of People	Number of People	Number of People
Senior Executives	Under 30 years old	0	0	0
	30-50 years old	38	34	3
	Over 50 years	6	7	3

		old			
	Female	Under 30 years old	0	0	0
		30-50 years old	7	7	1
		Over 50 years old	4	5	0
Total Senior Executives			55	53	7
Non-senior Executives	Male	Under 30 years old	62	46	48
		30-50 years old	84	86	115
		Over 50 years old	12	14	18
	Female	Under 30 years old	13	12	10
		30-50 years old	70	71	77
		Over 50 years old	5	7	13
Total Non-senior Executives			246	236	281
Total Permanent Employees			301	289	288
Note: CEO, President, Vice President, Senior Managers and above are defined as senior executives.					

Hiring Employees of Diverse Ethnic Groups

In 2024, Sheh Kai Precision hired a total of 70 international migrant workers and 3 employees from minority or disadvantaged groups. The decrease in the number of employees from minority or disadvantaged groups by 1 in 2024 is due to the death of an employee. The proportion of employees with disabilities accounting for 1.04% of the total number of employees is in compliance with the provisions of Article 38 of the "Person with Disabilities Rights Protection Act" to ensure equal employment opportunities for disadvantaged and related groups. The age-gender ratio of the diverse workforce of the Company in the past three years is shown below:

Age and Gender Distribution of Employee Diversity					
Year		2022		2023	
Item/Gender	Age	Number of People	Number of People	Number of People	Number of People
Minority or Disadvantaged Group	Male	Under 30 years old	0	0	0
		30-50 years old	0	3	0
		Over 51 years old	0	1	0
	Female	Under 30 years old	0	0	0
		30-50 years old	0	0	0
		Over 51 years old	0	0	0
International Migrant Workers	Male	Under 30 years old	37	35	35
		30-50 years old	30	28	31
		Over 51 years old	0	0	0
	Female	Under 30 years old	2	2	2
		30-50 years old	2	2	2
		Over 51 years old	0	0	0
Physically and Mentally Challenged Persons	Male	Under 30 years old	0	0	0
		30-50 years old	3	0	3
		Over 51 years old	0	0	0
	Female	Under 30 years old	0	0	0
		30-50 years old	0	0	0
		Over 51 years old	0	0	0

Overview of New Hires and Turnover

Sheh Kai Precision aims to retain outstanding talents and strives to establish a friendly working environment, emphasizes work-life balance, provides employee training and development opportunities, and

encourages employees to continuously improve themselves to achieve their personal career development. Therefore, the employee turnover rate is quite stable. In 2024, a total of 26 employees (17 males and 9 females) were recruited, and the new hire rate was 9.03%;

The following is an overview of both new and outgoing employees of Sheh Kai Precision in the past three years:

Employee Recruitment Rate in the Past Three Years												
Year	2022				2023				2024			
Gender	Male		Female		Male		Female		Male		Female	
Age\ Item	Number of People	New Recruit Rate (%)	Number of People	New Recruit Rate (%)	Number of People	New Recruit Rate (%)	Number of People	New Recruit Rate (%)	Number of People	New Recruit Rate (%)	Number of People	New Recruit Rate (%)
Under 30 years old	36	11.84	9	2.96	11	3.81	6	2.08	9	3.13	7	2.43
30-50 years old	14	4.61	15	4.93	6	2.08	7	2.42	7	2.43	2	0.69
Over 51 years old	2	0.66	1	0.33	0	0.00	0	0.00	1	0.35	0	0.00
Total Number of New Employees	77				30				26			
Number of Employees	299				289				288			
Total New Recruit Rate (%)	25.75				10.38				9.03			
Remarks:												
1. The number of new employees does not deduct the number of those who resign midway.												
2. New recruit rate of male (female) employees of that age group = Number of new male and female employees of that age group/total number of employees at the operating locations at the end of the year.												
3. Total new employee hiring rate = Number of new employees in the year/total number of employees at the operating locations at the end of the year.												

Turnover Rate in the Past Three Years												
Year	2022				2023				2024			
Gender	Male		Female		Male		Female		Male		Female	
Age\ Item	Number of People	Turnover Rate (%)	Number of People	Turnover Rate (%)	Number of People	Turnover Rate (%)	Number of People	Turnover Rate (%)	Number of People	Turnover Rate (%)	Number of People	Turnover Rate (%)
Under 30 years old	23	7.57	5	1.64	11	3.81	5	1.73	4	1.390	7	2.430
30-50 years old	22	7.24	19	6.25	16	5.54	8	2.77	10	3.470	3	1.040
Over 51 years old	3	0.99	1	0.33	0	0.00	0	0.00	3	1.040	0	0.000
Total Number of Employees Resigned	73				40				27			
Total Number of Employees	299				289				288			
Total Severance Rate (%)	24.41				13.84				9.380			
Remarks:												
1. Define the categories of employees leaving the Company: (e.g. resignation, dismissal, retirement, or death on the job).												
2. Turnover rate of male (female) employees of that age group = number of male and female employees of that age group that left for the year/total number of male and (female) employees of that age group at the end of the year.												
3. Hiring rate of total resigned employees = Number of employees resigned in the year / total number of employees at the operating locations at the end of the year.												

Employee Remuneration System

The remuneration system of Sheh Kai references salary benchmarks of the same industry, the market supply and demand of manpower, and the Company's present financial condition. The salary standard for new recruits is higher than the statutory basic salary standard. The main remuneration items of the Company's full-time employees include fixed salary, various allowances, bonuses, year-end bonuses and employee remuneration. Remuneration for employees of the same seniority, group or function will not differ due to one's gender. However, there is a difference in the salary ratio of each position. The percentage of bonus will vary due to differences in seniority, work level, and job attributes.

As of the end of the reporting period, the ratio of the standard salary of male and female junior staff to the local minimum salary is shown in the table below:

Country/ Region	Ratio of Standard Male Entry-level Salary to Local Minimum Salary	Ratio of Standard Female Entry-level Salary to Local Minimum Salary
Taiwan Plants	1.12	1.05

Remarks:

1. Entry-level personnel refers to employees who are not responsible for managing other employees.
2. The monthly recurring salary includes basic salary and fixed monthly allowance.
3. The basic salary in 2024 was NTD 27,470.

The company's starting salaries for both male and female employees comply with the minimum wage stipulated in the Labor Standards Act. However, salary differences exist due to variations in job positions, work nature, as well as considerations such as seniority and job performance, resulting in disparities in pay ratios across job categories.

The annual salary ratios during the reporting period are shown in the table below.

Remuneration Ratio by Job Category	Number of People		Total Annual Salary (NTD)		Remuneration Ratio	
	Female	Male	Female	Male	Female	Male
Management Positions	11	42	11,295,336	59,416,299	1	1.38
Non-Management Position	90	145	52,058,354	73,644,204	1	0.88
Direct Personnel	34	136	16,149,708	73,849,699	1	1.14
Indirect Personnel	67	51	47,203,982	59,210,804	1	1.65

Remarks:

1. Entry-level personnel refers to employees who are not responsible for managing other employees.
2. The monthly recurring salary includes basic salary and fixed monthly allowance.
3. The basic salary in 2024 was NTD 27,470.

Remuneration Ratio by Job Category	Basic Salary (NTD)		Remuneration Ratio	
	Female	Male	Female	Male
Management Positions	34000	36000	1	1.06
Non-management Position	30000	30000	1	1
Direct Personnel	29000	30000	1	1.03
Indirect Personnel	30000	30000	1	1

Remarks:

1. The difference in basic salary ratios between females and males is due to variations in job positions and work characteristics.
2. Management salaries are based on the minimum salary level for managerial positions in 2024.

The annual total remuneration ratio of the Company in 2024 is shown in the table below:

Country/Region	The ratio of the annual total remuneration of the highest paid individual in the Company to the median annual total remuneration of employees (excluding the highest paid individual).	The ratio of the annual total remuneration of the highest paid individual in the Company to the annual total remuneration of employees (excluding the highest paid individual).
Taiwan	12.19	2.85

Remarks:

1. The Chairman is not regarded as the highest paid individual unless he is also the President/CEO.
2. The formula for calculating the median ratio of annual remuneration: The salary of the individual with the highest annual salary in the year/the salary of the the individual with the median annual salary in the year.
3. Formula for calculating annual salary increase ratio: The percentage of the annual salary increase for the individual with the highest annual salary for the year/the percentage of the annual salary increase for the individual with the median annual salary for the year.
4. The highest individual total salary in 2024 decreased compared to the previous year, and the median total employee salary also declined compared to last year.

Minimum Announcement Period for Operational Changes

Sheh Kai strives to establish a friendly working environment, emphasizes work-life balance, provides employee training and development opportunities, and encourages employees to continuously improve themselves. To ensure the protection of the rights and interests of the employees, relevant laws of the Labor Standards Act are adhered to. In the event of significant operational changes or the termination of the labor-management relationship with employees and the termination of the labor contract pursuant to the proviso

of Article 16 of the Labor Standards Act or the proviso of Article 11 or Article 13 of the Act, the notice of termination of the labor contract shall be subject to the following provisions process:

1. If the employee has worked for more than three months but less than one year, a notice period of 10 days shall be given.
2. A notice period of 20 days shall be given to those who have worked for more than one year but less than three years.
3. For those who have worked more than three years, the notice period is 30 days.
4. After receiving the notice in the preceding paragraph, the worker may ask for leave during working hours in order to find another job. The number of leave hours per week shall not exceed two working days, and the wages during the leave period shall be paid.
5. If the employer terminates the contract without giving notice within the period specified in Paragraph 1, wages shall be paid for the duration of the notice period.

Harmonious Employment Relations

The Company has established the "Occupational Health and Safety Committee" and elected labor representatives for the "Labor-Management Conference" to promote employee work safety, improve the working environment, and maintain employee health. Employees have the freedom and right to assemble and associate. The Company is committed to providing smooth labor-management communication channels, including labor-management meetings, monthly employee health interviews, regular company meetings, and routine meetings. During the reporting period, six labor-management meetings were held, with 7 labor representatives and 7 management representatives participating, accounting for approximately 4% of all employees. All activities and major issues are discussed during labor-management meetings.

The Company has established the Employee Welfare Committee, with members elected by the employees to manage the welfare funds autonomously. The Committee sets various subsidy standards according to the needs of employees and organizes diversified employee activities. During the reporting period, in addition to the various subsidy items for the annual employee welfare fund, employees are mainly engaged in various activities, including employee trips, year-end dinner parties, and lottery draws. The Company has not yet established a labor union and has no collective bargaining agreement.

Salary Levels of Full-time Employees Not Holding Managerial Positions

Unit New Taiwan Dollars (in thousands)				
Item	2022	2023	2024	Difference from previous year (%)
Number of full-time employees not holding managerial positions	267	289	284	-1.7%
Total salary of full-time employees not holding managerial positions	176,887	194,818	153,610	-21.2%
Average salary of full-time employees not holding managerial positions	662	675	555	-17.8%
Median salary of full-time employees not holding managerial positions	597	607	514	-15.3%
Note 1: Difference from previous year (percentage).				
Note 2: Percentage formula: 2023 to 2024 = (2024 - 2023) / 2023				
Note 2: Definition of company managers: Senior Manager level and above.				
Disclosure scope: Sheh Kai in Taiwan main island.				

Respect and Protection of Human Rights

In the "Sustainable Development Best-Practice Principles", Sheh Kai is required to comply with the relevant labor laws and regulations, protect the legitimate rights and interests of employees, and comply with internationally recognized labor rights, and explicitly prohibit child labor to ensure that no child under the legal minimum employment age is hired. To ensure the physical and mental health and safety of minor employees, they are prohibited from being assigned dangerous work. The Principles also specify that the human resources

utilization policies must not provide preferential treatment based on gender, race, socioeconomic class, age, marital and family status. The Company implements equality and fairness in terms of employment, employment conditions, remuneration, benefits, training, evaluation, and promotion opportunities. This helps to realize human rights and gender equality.

The Company insists on providing employees with an equal and safe working environment and opportunities, and does not use any form of forced or compulsory labor, and has established sexual harassment prevention measures, procedures for handling complaints and disciplinary actions, and written management rules and measures prohibiting workplace violence. In 2024, the Company and its suppliers had zero incidents of slavery, discrimination, child labor violations, sexual harassment, and infringement of indigenous rights. So far, there have been no related complaint records.

1. The "Supplier Integrity, Human Rights and Environmental Sustainability Commitment" was formulated by the Company and distributed to suppliers to sign. In signing the Commitment, suppliers are promising to protect the legitimate rights and interests of employees and respect internationally recognized basic labor human rights principles, including, but not limited to, the prohibition on the use of child labor under 16 years old, prohibition on the use of young laborers to engage in hazardous work, caring for disadvantaged groups, eliminating all forms of forced and compulsory labor, eliminating employment discrimination, and prohibiting the infringement upon the rights of aboriginals. There shall be no occurrence of events that jeopardizes the basic rights of laborers.

2. If the supplier violates the law or the agreement of this Commitment, Sheh Kai shall immediately cease transactions and the cooperative relationship with the supplier. For all disputes arising out of this Letter of Commitment, the signing party agrees that the laws of the Republic of China shall be the governing law and that Taiwan Qiaotou District Court shall be the court of jurisdiction for the first instance.

- Contact person: Senior Manager Ma
- Tel: (07)6225669 ext 203
- Email: pony@shehkai.com.tw



5-2 Talent Cultivation and Training

404-1	Average hours of training per year per employee
404-2	Programs for upgrading employee skills and transition assistance programs
404-3	Percentage of employees receiving regular performance and career development reviews
410-1	Security personnel trained in human rights policies or procedures

Education, Training and Cultivation

"Talent is the leading indicator as well as the key indicator." In order to encourage employees to continuously learn, enrich themselves, and engage in on-the-job training, and to meet the development direction of the Company and the development needs of employees' competencies, the Company's operating policy has integrated the on-the-job training needs proposed by each of the unit supervisors. The training needs are analyzed based on the job duties of the employees. The Company continues to provide education and training. The content of the courses includes new employee training, professional training, and managerial ability training courses. The following is an overview of education and training in recent years:

Education and Training Statistics of Sheh Kai									
Item/ Category		Management Positions		Non-management Positions		Direct Personnel		Indirect Personnel	
Unit/ Gender		Male	Female	Male	Female	Male	Female	Male	Female
Number of People	Number of People	28	4	47	44	44	10	31	38
Total Training Hours	Hours	209.5	25	1158	164.5	971.5	38	396	151.5
Average Hours of Training	Hours/ Person-time	7.48	6.25	24.64	3.74	22.080	3.8	12.77	3.99
Training Expenses	NTD	37414	8142	236606	6028	182438	1278	91582	12892
Remarks:									
1.Sheh Kai's education and training statistics in 2024 were based on the actual total number of people trained. A total of 123 employees participated in training.									
2.(Total management positions + Total Non-management positions) = Total number of employees at operational sites.									
3.(Direct personnel total + Indirect personnel total) = Total number of employees at operational sites.									
4.The average training hours for female employees are lower than those of male employees, mainly because there are more males than females in the Company. Additionally, training hours vary depending on the type of training courses.									

Photos of Sheh Kai's 2024 education and training activities	
Pre-performance briefing	Post-performance review
	
Emergency evacuation drill	Fire extinguisher drills



Fire hydrant drill



Earthquake protection drill



Crane hoisting operation training – foreign employees



Crane hoisting operation training – foreign employees



Fixed crane operation training (under 3 tons) – foreign employees



Fixed crane operation training (under 3 tons) – foreign employees



Sheh-Kai Precision conducts annual performance evaluations and establishes a performance evaluation system to motivate employees and to serve as a reference for future assignment, promotion, salary adjustment, training, and development.

Percentage of employees receiving evaluation:

Item	Management Positions	Non-management Position	Direct Personnel	Indirect Personnel
Percentage of male employees accepting evaluation	100	100	100	100
Percentage of female employees accepting evaluation	100	100	100	100

Security Personnel Training

The Company attaches great importance to the human rights and on-the-job training of security personnel, and 100% of security personnel have received training in human rights policies or procedures. In-service security personnel shall receive 3–6 hours of on-the-job training related to their duties of the Company each year. The content of the training includes a summary of safety and health and related laws and regulations. Fire and first aid drills.

5-3 Care and Welfare

201-3	Defined benefit plan obligations and other retirement plans
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
401-3	Parental leave

Employee Welfare

With the belief that employees are an important asset of Sheh Kai, in addition to providing a sound personnel system, we also insist on providing employees with diversified and comprehensive benefits. At the same time, we enhance the frequency of interaction and friendship among employees through various activities to establish a happy and harmonious work environment. Overview of current welfare measures and photos of employee welfare activities:

List of full-time employee benefits		
Considerate benefits		
<ul style="list-style-type: none"> ● Year-end bonus ● Bonuses for three festivals ● Birthday bonus ● Wedding monetary gift 	<ul style="list-style-type: none"> ● Maternity allowance ● Hospitalization consolation payment ● Funeral allowance ● Employee training subsidies 	<ul style="list-style-type: none"> ● Children's Education Scholarship ● Educational subsidies for children (full subsidy for elementary school tuition for the third child of an employee, full subsidy for elementary school tuition for the child of a single parent)
System and facilities		
<ul style="list-style-type: none"> ● Staff uniforms ● Protective equipment ● Education and training ● Employee-proposed bonuses 	<ul style="list-style-type: none"> ● Breastfeeding rooms ● For employees to breastfeed or to collect breast milk ● Signing contracts with neighboring child care institutions by way of entrustment 	<ul style="list-style-type: none"> ● Provide childcare and early childhood education services for the children of employees; enable employees to balance work and family care responsibilities ● Employee parking area
Leave application/ leave system		Comprehensive insurance system
<ul style="list-style-type: none"> ● Entitled to special leave upon arrival ● Maternity leave ● Paternity leave ● Family care leave 	<ul style="list-style-type: none"> ● Menstrual leave ● Parental leave ● Breastfeeding period ● Paid natural disaster leave, etc., and other types of leave in compliance with the latest laws and regulations 	<ul style="list-style-type: none"> ● Labor insurance ● National health insurance ● Employee group insurance

Friendly care: employee health care	Travel and leisure activities
<ul style="list-style-type: none"> ● Regular scheduled health checkups ● Appointed on-site nurses six times a month and clinical physicians to provide on-site services once every two months to provide employees with health and education services including health checkup abnormalities consultation, maternal labor care, and infectious disease prevention. 	<ul style="list-style-type: none"> ● Domestic travel ● Overseas travel ● Dinner gatherings ● Spring reception or year-end banquet

Photos of employee welfare activities

2024 spring banquet



Fuan Temple blessing tour in Checheng



Sheh Kai Precision Cycling Team



Company trip for employees



Overview of unpaid parental leave

Shih Kai Precision is committed to providing employees with a work environment that balances the body and mind and allows them to work and live happily. In order to allow employees to have children with a peace of mind, the Company implements a parental leave system without pay in compliance with the "Labor Standards Act" and "Act of Gender Equality in Employment." The Company also assists employees who meet the criteria for parental leave to apply for unpaid parental leave. Upon expiration of the unpaid leave, employees are arranged to return to their original positions and job duties, while at the same time actively assisting employees to reintegrate into the workplace. The information on parental leave during the reporting period is shown in the table below:

Summary of Employee Parental Leave without Pay in the Past Three Years									
Year	2022			2023			2024		
Gender/ Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of people eligible for unpaid parental leave A	4	5	9	4	0	4	1	3	4
Actual number of people applying for unpaid parental leave in the current year B	0	2	2	1	1	2	1	3	4
Number of employees expected to return to work after unpaid parental leave in the current year: C	0	1	1	1	0	1	1	4	5
The actual number of people returning to work from unpaid parental leave in the current year D	0	1	1	0	0	0	1	3	4
Number of employees actually returning from unpaid parental leave in the previous year E	0	4	4	0	2	2	0	0	0
Number of employees having worked continuously for one year after reinstatement from unpaid parental leave in the previous year F	0	2	2	0	2	2	0	0	0
Unpaid parental leave reinstatement rate for the current year (D/C)	0.000	100.000	100.000	0.000	N/A	0.000	100.000	75.000	80.000
Unpaid parental leave retention rate for the current year (F/E)	0.000	50.000	50.000	N/A	100.000	100.000	N/A	N/A	N/A

Note:

1. Number of employees expected to be reinstated = Total number of employees on unpaid parental leave who are expected to be reinstated in the current year.
2. Number of employees retained in 2024 = Number of employees who were actually reinstated in 2023 and still in service on December 31, 2024.
3. Unpaid parental leave reinstatement rate (%) for the current year = Actual number of employees reinstated from unpaid parental leave in the current year / Number of employees expected to return to work after unpaid parental leave (D/C).
4. Unpaid parental leave retention rate for the current year % = Number of employees having worked continuously for one year after reinstatement from unpaid parental leave in the previous year / Number of employees actually returning from unpaid parental leave in the previous year (F/E).

Retirement System

The Company attaches great importance to the labor-management relationship, and takes care of its employees in the form of benefits during their employment and a pension after retirement. The Company has formulated the "Employees Retirement Regulations" in accordance with the Labor Standards Act and the Labor Pension Act, and commissions a consulting company every year to provide an actuarial report that complies with the requirements of IAS 19, and estimates the required pension fund allocations at the beginning of each year according to the old pension scheme. The Company also appropriates the full pension amount on a monthly basis into a pension reserve account under the old scheme of the Bank of Taiwan of Sheh Kai Precision Co., Ltd.. Employees who joined the Company on or before June 30, 2005 are entitled to the old pension plan; employees are entitled to the new pension plan if they wish to be eligible for it. The Company contributes 6% of the employee's monthly salary to the their personal pension account. The retirement benefit system established in accordance with the Labor Standards Act and the Labor Pension Act is as follows:

1. The Company has established the Labor Retirement Reserve Supervisory Committee. The Company has formulated the "Regulations Governing Retirement Operations" to define the retirement requirements and related regulations of employees.
2. The years of service at an affiliated company before transferring to the same position at another affiliated company shall be counted toward their total seniority. Employees may apply for voluntary retirement if they meet any of the following circumstances:
 - A. Those who have worked for more than 15 years and are at least 55 years
 - B. Those who have worked for more than 25 years
 - C. Those who have worked for ten years or more and are at least 60 years
3. The Company reviews and adjusts the insurance coverage level of employees every year, and allocates 6% of the pension under the new system to the Labor Insurance Bureau every month.
4. The Company's employees who have retired and are transferred to consultant positions can continue to enjoy the Company's various benefits.
5. As of the end of 2024, there are 3 employees at Sheh Kai who have reached the mandatory retirement age but continue to serve in the Company. The company values employee feelings and allows them to decide whether to continue working.

This approach meets employee needs.
6. For rehired retirees, supervisors assess their importance to the organization, and the Company doctor evaluates their physical fitness.

Implementation of Sheh Kai Pension System
✓ Those eligible for the old scheme pension: The pension fund will be contributed on a monthly basis to Sheh Kai Precision Co., Ltd.'s old scheme pension reserve account at the Bank of Taiwan.
✓ For those eligible for the pension under the new scheme: No less than 6% of the monthly salary will be appropriated to the employee's personal pension account on a monthly basis.

5-4 Occupational Health and Safety Management

403-1	Occupational health and safety management system
403-2	Hazard identification, risk assessment and accident investigation
403-3	Occupational health services
403-4	Worker participation, consultation, and communication on occupational health and safety
403-5	Worker training on occupational health and safety
403-6	Promotion of worker health
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
403-8	Workers covered by an occupational health and safety management system
403-9	Occupational injury
403-10	Work-related ill health

Occupational Health and Safety Management

With the belief that employees are the most important asset of the Company, Sheh Kai actively builds a safe and healthy operating environment and continues to promote the concept of environmental safety and health among employees. The identification, analysis, and measurement, continuous improvement of the operating environment are conducted on a regular basis with the engagement of professional personnel, in order to prevent occupational hazards and environmental pollution, and enhance the safety culture of the Company through safe operating habits.

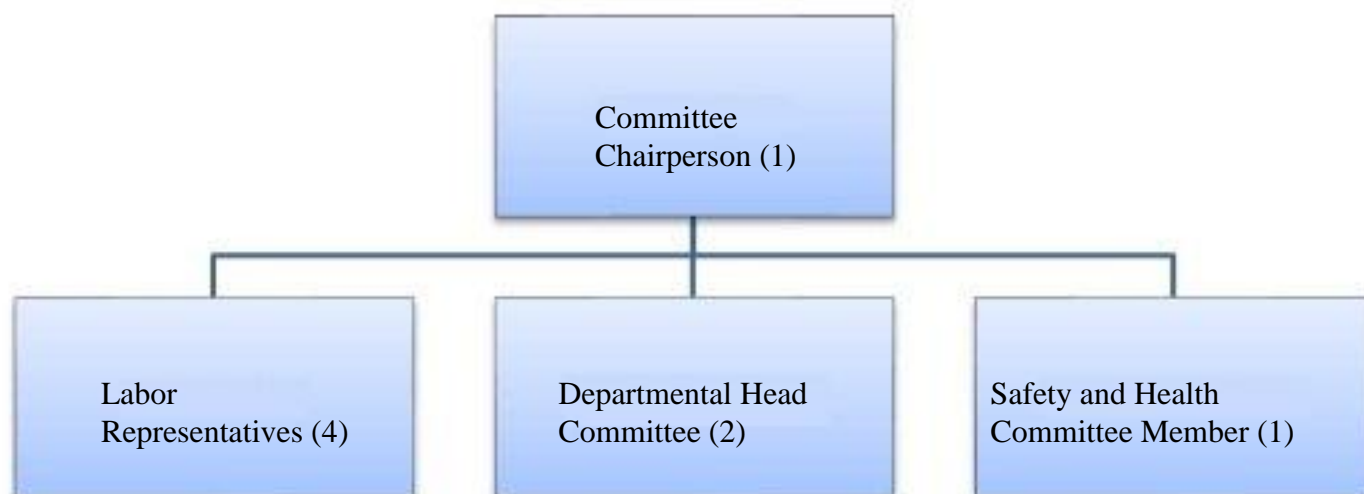
Although the Company has not yet established an occupational safety and health management system, Sheh Kai Precision has a "Safety and Health Committee" and a dedicated unit for labor safety and health. The unit is responsible for the formulation, planning, and promotion of safety and health management matters and to guide relevant departments on the implementation. The safety and health committee meets once every three months. Its duty is to make recommendations to the safety and health policies formulated by the employer, and to review, coordinate, and recommend safety and health-related matters, and implement disaster prevention, communication, and management. In addition, the occupational safety and health unit communicates with employees and contractors on the concept of disaster prevention from time to time, and organizes various occupational safety education and training, and promotes relevant information on disaster prevention to strengthen the disaster awareness of employees.

The following table shows the scope of safety and health management of Sheh Kai Precision:

Covered Personnel	Number of People	Percentage (%)
Total number of employees	288	100
Total number of non-employees	41	100

Note: Including the contractors who enter the area managed by the Company to engage in operational activities (including security, cleaning personnel, professional consultants, outsourcers etc.).

Organizational structure of the Safety and Health Committee



Sheh Kai Precision has established the "Gang Shan Plant Emergency Response Management Regulations," "Investigation, Handling, and Statistical Analysis of Occupational Accidents, False Alarms, and Events Affecting Physical and Mental Health" and related procedures in accordance with the Occupational Safety and Health Administration's technical guidelines for implementing work environment and operation hazard identification, assessment and control. Identify the hazards that exist around the workplace due to operational activities under the control of the Company, and revise safety and health assessments. The Safety and Health Office values the safety and health of each employee and has set a goal of "zero accidents." Through the implementation of risk assessment, hazard identification, and safety and health education and promotion, employee risk awareness and safety knowledge are improved. To achieve the goal of zero disasters and in accordance with relevant laws and regulations, the Company has formulated the "Safety and Health Work Code" and submitted it to the occupational safety and health authority for review.

A consulting company is commissioned to conduct factory inspections and conduct safety and health assessments every quarter to identify workplace hazards and risks, assess on-site safety and health facilities, and propose improvements to make the operating environment and procedures safer. Unacceptable medium-to-high risks will be included in the management plan for improvement to reduce the level of risk, implement risk control, and ensure the effectiveness of the management system.

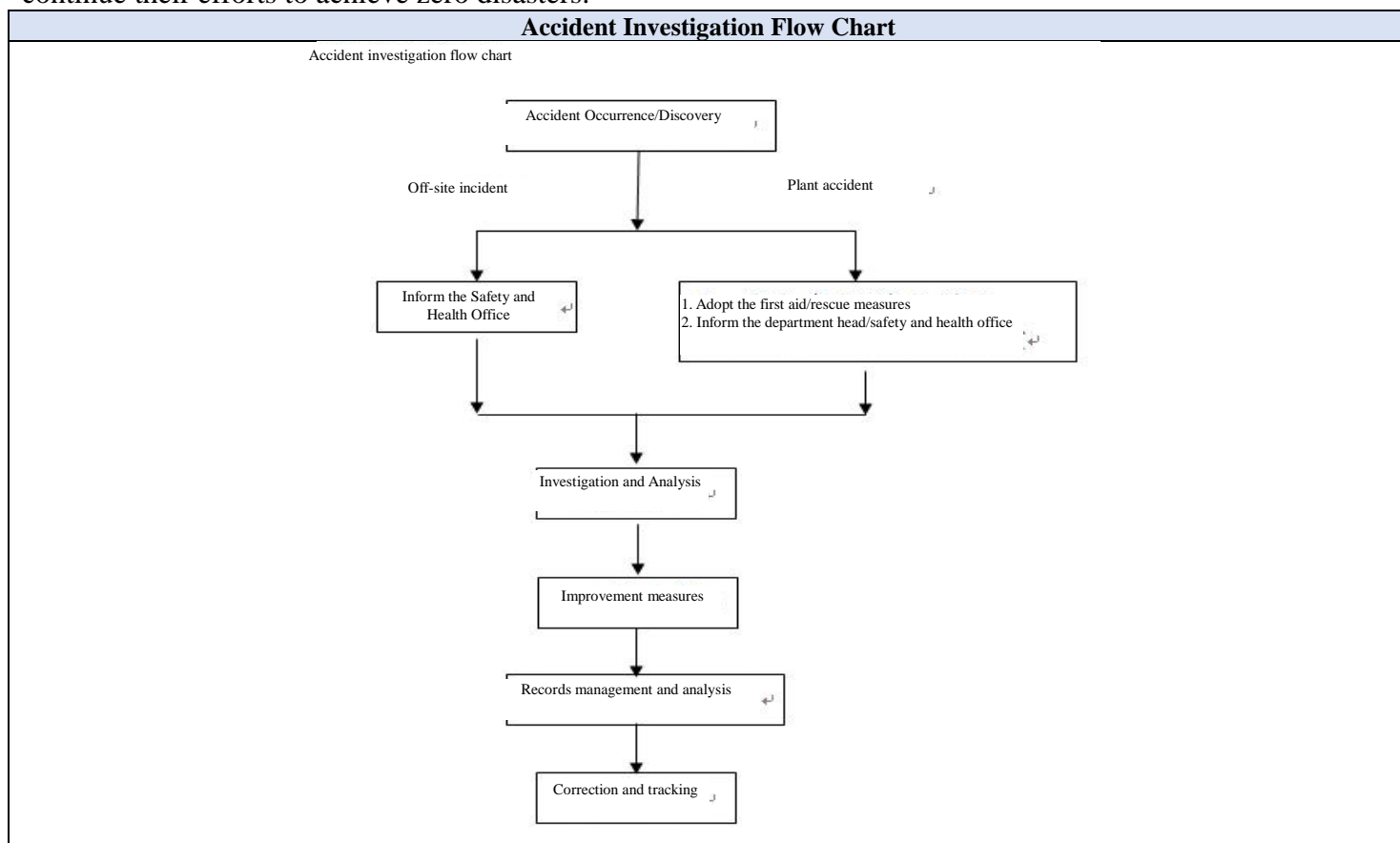
According to the audit results at the end of 2024, our company still has issues that require improvement. Moving forward, we will continue to identify risks and implement improvements to ensure safety within the plant. In addition, the Company conducts fire drills and chemical drills in the third quarter of each year to strengthen the emergency response capabilities of employees.

The Safety and Health Office values the safety and health of each employee and has set a goal of "zero accidents." Through the implementation of risk assessment, hazard identification, and safety and health education and promotion, employee risk awareness and safety knowledge are improved. The Company, in accordance with legal requirements and aiming to achieve a zero-accident goal, has established the 'Safety and Health Work Guidelines' and submitted them to the occupational safety authorities for approval.

In addition, the department will conduct monthly statistics and analysis based on FR and SR, and submit a report to the quarterly Occupational Health and Safety Committee meeting.

In 2024, there were a total of 3 employee injury incidents, with the primary cause being accidental injuries

during machine operation. The FSI was 0.44. Looking forward to 2025, all employees of the Company will continue their efforts to achieve zero disasters.



In addition, according to the Company's regulations, employees can stop and leave their position when facing immediate hazards while performing work. They should immediately report the hazard to the supervisor or the safety and health department; at the same time, contractors may also submit hazard notices, improvement matters, and other safety and health management matters. In order to encourage whistleblowers to disclose illegal cases and contractors to put forward relevant suggestions, the following table shows the relevant protection mechanisms and contact channels of the Company.

<p>Contact points for contractors to give advices and whistleblower protection mechanism</p>	<ul style="list-style-type: none"> ✓ Regarding confidentiality of the whistleblowers' identity and information, we shall not disclose identifiable information. ✓ Dismissal, demotion, salary reduction, damage to legal, contractual, or customary rights, or any other unfavorable disciplinary actions shall not be imposed on the whistleblower because of their reporting. ✓ "Suggestion and complaint channel" <ul style="list-style-type: none"> ● Contact: Safety and Health Office ● Complaint hotline: (07)6225669 ext 217 ● Complaint mailbox: cynthia@shehkai.com.tw
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Since most accidents are caused by lack of safety awareness, how to train employees on safe work habits and enhance their awareness of the hazards of the workplace is the focus of safety and health education and training. We organize education and training every year based requirements. In addition to the essential safety and health courses, we also provide job-specific expertise training and emergency response training. By communicating with each other during the education and training process to reach a consensus, we can help workers avoid the habit of negligence, improve the hazard identification ability of workers, and reduce potential occupational hazard risks.

Statistics of Occupational Health and Safety Training Items		
Name of Training Item	No. of Trainees	Training Fee (NTD)
Safety and health education and training for supervisors of Type A, Type B, and Type III occupational safety and health operations	1	1000.000
Safety and health education and training for fixed crane operators with a load of over 0.5 metric tons and less than 3 metric tons	17	87270.000
Hazardous operations supervisor safety and health on-the-job training course	1	1200.000
Special safety and health education and training for personnel using crane tools for hanging operations	18	89292.000
Safety and health on-the-job training course for fixed crane operators	1	500.000
On-the-job training for supervisors of specific chemical operations	1	700.000
Safety and health education and training for high-pressure gas container operators	1	8000.000
Safety and health on-the-job training for operators of specific high-pressure gas equipment	2	1000.000
Special safety and health education and training for forklift operators with a load of over one metric ton	1	6320.000
On-the-job education and training for radiation protection personnel	2	2400.000
Note: 1. Including employees and non-employees whose work and/or workplace is controlled by the organization. 2. Workers who are not employees but whose work and/or workplace is controlled by the organization, such as security, cleaning personnel, construction personnel, and other contractors and contractors. 3. The occupational safety and health related education and training herein includes general training or training for specific occupational hazards and dangerous situations.		

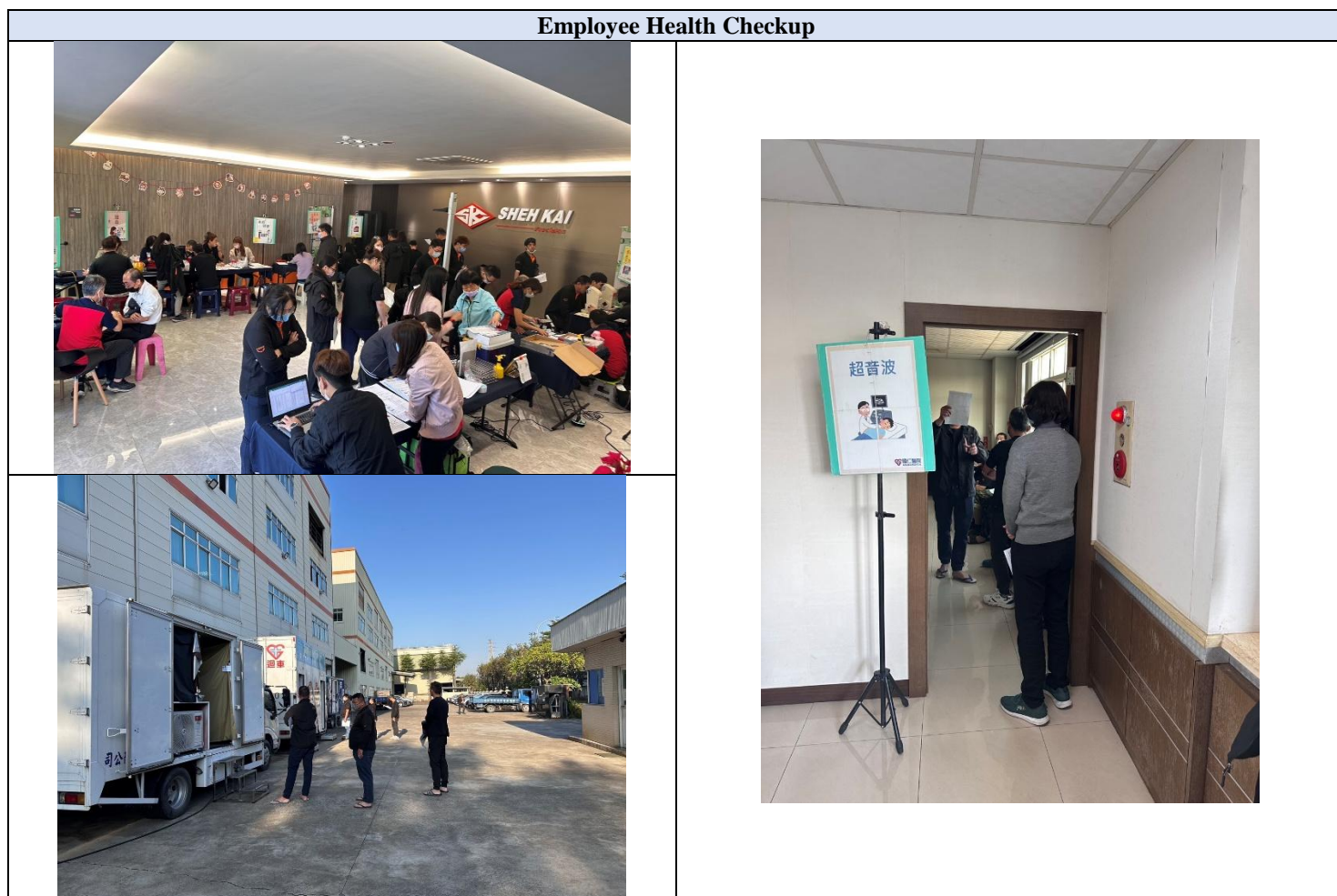
Health Promotion and Service

To ensure the safety and health of the working environment, Sheh Kai Precision makes improvements to the working environment based on the characteristics of the job site and endeavours to provide a safe and comfortable working environment. The Company conducts employee health checkups every year in accordance with laws and regulations. The Company conducts health checkups and management for employees engaged in general operations, and conducts special health checkups for employees engaged in special operations—noise, dust, and n-hexane—in order to control personnel health.

Pursuant to the Occupational Safety and Health Act, the Labor Health Protection Regulations, and the related medical laws and regulations, Sheh Kai Precision assigns on-site nurses six times a month and clinical physicians once every two months. They are responsible for employee health checkup abnormalities consultation, maternal worker labor care, infectious disease prevention and other health education services; annual factory inspections are conducted to ensure personal health and safety. There were no occurrences of occupational disease in the Company in 2024.

Total Number of Employee Health Checkups and Expenses	
General Health Checkup	
Inspection Item	1. Investigation of work experience, past medical history, lifestyle habits, and subjective symptoms. 2. Height, weight, waist circumference, vision, color vision, hearing, blood pressure, and physical examination of each system or body part. 3. Chest X-ray examination.

	4. Examination of urine protein and urine occult blood. 5. Examination of hemoglobin and white blood cell count. 6. Testing of blood sugar, ALT or SGPT, creatinine, cholesterol, triglycerides, high-density lipoprotein cholesterol, and low-density lipoprotein cholesterol.
Number of Persons Examined (persons)	238
Inspection Fee (NTD thousand)	334.2
Special Health Checkup	
Inspection Item	Noise, n-Hexane, ionizing radiation
Number of Persons Examined (persons)	104
Inspection Fee (NTD thousand)	0



Occupational Injury and Disease Statistics

In the past three years, the types of occupational injuries at the Company were as follows: in 2022, there were 3 cases caused by careless finger pinching and cuts; in 2023, 3 cases resulted from inadvertent injuries during work. In 2024, recorded occupational injuries included 2 cases of finger injuries and 1 case of foot injury due to careless actions during work. Over the past three years, in addition to strengthening the education of employees to prioritize their own safety, any unsafe locations or behaviors observed were to be immediately reported to supervisors. This enables risk identification and reduces the likelihood of occupational accidents. The Company has strengthened the education of employees, and the department supervisors are responsible for

disseminating information relating to maintaining a safe working environment and following the SOP operation procedures to ensure personal safety.

According to the employee occupational accident statistics table below, there were no major occupational accidents, work-related fatalities, and industrial disease among the employees of Sheh Kai in the past three years, and no occupational injuries and industrial disease to non-employee workers. This shows our efforts in employee occupational safety.

Statistics table of employee occupational injuries in the past three years				
Category	Item	2022	2023	2024
Total working hours	Total working hours of women	192,024	154,368	194,752
	Total working hours of men	375,312	297,856	345,472
	Total working hours	567,336	452,224	540,224
Number of fatalities due to occupational injuries	Female fatalities	0	0	0
	Male fatalities	0	0	0
	Total number of deaths	0	0	0
Total number of serious occupational injuries (excluding deaths)	Total number of serious occupational injuries among females	0	0	0
	Total number of serious occupational injuries among men	0	0	0
	Total number of serious occupational injuries	0	0	0
Documented number of occupational injuries (including fatalities and serious work-related injuries)	Total number of female occupational injuries	0	1	0
	Total number of work-related injuries among men	3	2	3
	Total number of work-related injuries	3	3	3
Death rate due to occupational injuries		0	0	0
Serious occupational injury rate		0	0	0
Documented occupational injury rate		1.05	1.32	1.11

Remarks:

1. Fatality rate due to occupational injuries = (Number of fatalities due to occupational injuries/work hours) x 200,000.
2. Serious occupational injury rate = (Number of serious occupational injuries (excluding fatalities)/Working hours) x 200,000.
3. Recordable occupational injury rate = "Number of recordable occupational injuries (including number of deaths and number of serious occupational injuries)/work hours" x 200,000.
4. Serious occupational injury refers to the occupational injury that cannot be restored to a healthy state within 6 months.
5. Recordable occupational injuries do not include occupational injuries caused by commuting to and from work.

Statistics table of occupational injuries for non-employee workers in the past three years				
Category	Item	2022	2023	2024
Total working hours	Total working hours of women	192024	35712	48672
	Total working hours of men	375312	17856	20592
	Total working hours	567336	53568	69264
Number of fatalities due to occupational injuries	Female fatalities	0	0	0
	Male fatalities	0	0	0
	Total number of deaths	0	0	0
Total number of serious occupational injuries (excluding deaths)	Total number of serious occupational injuries among females	0	0	0
	Total number of serious occupational injuries among men	0	0	0
	Total number of serious occupational injuries	0	0	0
Documented number of occupational injuries (including fatalities and serious	Total number of female occupational injuries	3	0	0
	Total number of work-related	0	0	0

work-related injuries)	injuries among men			
	Total number of work-related injuries	3	0	0
Death rate due to occupational injuries		0.000	0.000	0.000
Serious occupational injury rate		0.000	0.000	0.000
Documented occupational injury rate		1.05	0.000	0.000
Remarks: 1. Fatality rate due to occupational injuries = (Number of fatalities due to occupational injuries/work hours) x 200,000. 2. Serious occupational injury rate = (Number of serious occupational injuries (excluding fatalities)/Working hours) x 200,000. 3. Recordable occupational injury rate = "Number of recordable occupational injuries (including number of deaths and number of serious occupational injuries)/work hours" x 200,000. 4. Serious occupational injury refers to the occupational injury that cannot be restored to a healthy state within 6 months. 5. Recordable occupational injuries do not include occupational injuries caused by commuting to and from work. 6. Revised the information on occupational hazards of non-employees in 2021 and 2022.				

5-5 Participation in Social Practices

203-1	Infrastructure investments and services supported
203-2	Significant indirect economic impacts

Social Welfare

Apart from developing and manufacturing high-quality, high-value screws and bolts, Sheh Kai Precision also makes positive commitments to the environment, nature, and society by loving the earth, cherishing life, and protecting the countryside. We uphold the belief that what is taken from society must be returned to society. We also recognize that true corporate sustainability is not solely about continued profitability, but also about fulfilling our social responsibilities. Over the years, we have embraced our responsibility to give back to society by engaging in a wide range of charitable activities, including donations and sponsorship of youth golf programs. Looking ahead, we plan to organize employee-led initiatives such as mountain or beach cleanups, taking concrete actions to protect the environment.

Social welfare participation of Sheh Kai Precision in 2024		
Name of public welfare activity	Amount (\$)	Description
Visit to Taiwan His Hands Christian Home	200,000	On May 11, 2024, our company, together with group affiliates Sheh Fung Screws Co.,Ltd. and Hye Technology Co.,Ltd., visited Taiwan His Hands Christian Home, a welfare institution for children and youth. Taiwan His Hands Christian Home provides care for infants and children aged 0-6 who have lost parental care. In recent years, to protect the rights of migrant women working and giving birth in Taiwan, Taiwan His Hands Christian Home has also added counseling and accommodation services for pregnant migrant women. The Company participated in this initiative with 8 people, including the Chairman, Independent Directors, President, and several department employees, donating NT\$200,000.
Sponsorship of the Kaohsiung Junior Golf Tournament (KJGT)	300,000	In January 2024, the company sponsored the Kaohsiung National Junior Golf Tournament (KJGT). This event mainly aims to encourage young people to participate in golf, providing a platform for skill exchange and mutual learning, helping participants improve their technical level through competition. The Company invested three personnel in this project, including the Chairman and employees from the Chairman's office, with a donation amounting to NT\$300,000.
Total		\$ 500,000

Visit to Taiwan His Hands Christian Home



Sponsorship of the Kaohsiung Junior Golf Tournament (KJGT)



Building a Sustainable Environment Together

Sheh Kai Precision is headquartered in the Ben Chou Industrial Park, Gangshan District, Kaohsiung City. It mainly produces screws and bolts. Its other factories include the Youluzhu Plant (Luzhu District, Kaohsiung City) that produces stainless steel wires, and the Zhunan Plant and composite plant (both in Zhunan Town, Miaoli) which produce automatic screw joints and cement bits. Sheh Kai Precision recognizes that environmental protection is an important issue that all mankind must work on together. Regarding waste, scraps, wastewater, and other substances generated in the production process, Sheh Kai is committed to adhering to the concept of cleaner production, frugal use, resource recycling, and pollution prevention. In addition, we make use of engineering improvements, education, training, literature promotion, meetings, and other means, to make all employees understand the importance of implementing environmental protection measures, in order to achieve the goal of sustainable corporate management. Through the introduction of the environmental management system, the Company is committed to the following:

1. Efforts to prevent pollution: Identify the pollutants generated during the manufacturing process, reduce or prevent environmental pollution through the improvement of the production schedule, engineering technology, and production processes.
2. Fully comply with the requirements of laws and regulations: The government's orders, regulations and the environmental protection requirements of other stakeholders with which the Company has agreed to comply are indeed followed. For each process operation, the standard operating procedures are followed, and process waste reduction and pollution prevention are properly carried out.
3. Committed to achieving continuous improvement: further improve process equipment, strengthen audits, and continuously improve through the use of the PDCA cycle to achieve the goal of sustainable operation.

We reviewed whether the Company's environmental protection commitments were fulfilled in 2024. During the reporting period, the Company has not received any letters from the local government denoting fines or deadlines for improvement, which shows that the Company is working hard not to protect local communities and the environment during its operations, and that we adhere to the concept of sustainable management and environmental protection.

Community development: The Company values active participation and interaction with the community. Over the past three years, the total amount of our social involvement and contributions, along with the proportion of our annual donations, are as follows:

2022 community engagement: Friends of the Police NT\$25,000; Kaohsiung TWSE/TPEX Listed Companies Entrepreneurs Association NT\$40,000; Kaohsiung University EMBA Alumni Association NT\$30,000.

2023 community engagement: Sponsorship for the Benjhou Industrial Park Manufacturers Association's official duties NT\$20,000; Friends of the Police NT\$25,000; Kaohsiung TWSE/TPEX Listed Companies Entrepreneurs Association NT\$40,000; Kaohsiung University EMBA Alumni Association NT\$20,000.

2024 community engagement: Friends of the Police NT\$30,000, Kaohsiung TWSE/TPEX Listed Companies Entrepreneurs Association NT\$40,000, Checheng Fuan Temple 16,800,

Customer year-end fundraising dinner (DT) NT\$27,900, and the Holy Emperor Guan incense money NT\$30,000.

Item/year	2022		2023		2024	
	Amount (thousand \$)	Percentage	Amount (thousand \$)	Percentage	Amount (thousand \$)	Percentage
Social welfare	172	64%	860	89%	200	31%
Sports promotion	—	—	—	—	300	47%
Community engagement	95	36%	105	11%	145	22%
Total	267	100%	965	100%	645	100%

Appendix

Appendix 1 | GRI Sustainability Reporting Standards (GRI Standards) Comparison Table

Statement of Use	Sheh Kai Precision Co., Ltd. has reported the information as quoted in the GRI Content Index for the period from 2024/01/01 to 2024/12/31 with reference to the GRI Standards.
GRI 1 Use	GRI 1: Foundations 2021
Applicability of GRI Industry Standards	N/A

GRI Standards Category/Topic	No.	Disclosures under the GRI Standards	Corresponding Chapter	Page number	Omitted/remark
1. Organization and reporting practices					
GRI 2 General Disclosure 2021	2-1	Organizational details.	2-1 About Sheh Kai	P.16	
	2-2	Entities included in the organization’s sustainability reporting	About the Report	P.6	
	2-3	Reporting period, frequency and contact point.	About the Report	P.6	
	2-4	Restatements of information.	About the Report	P.6	
	2-5	External assurance.	About the Report	P.6	
2. Activities and workers					
GRI 2 General Disclosure 2021	2-6	Activities, value chains, and other business relationships	2-1 About Sheh Kai	P.22	
	2-7	Employees	5-1 Employee Relations and Overview	P.85	
	2-8	Workers who are not employees	5-1 Employee Relations and Overview	P.85	
3. Governance					
GRI 2 General Disclosure 2021	2-9	Governance structure and composition	2-2 Governance strategy		
	2-10	Nomination and selection of the highest governance team	2-2 Governance strategy		
	2-11	Chair of the highest governance body	2-2 Governance strategy		
	2-12	Role of the highest governance body in overseeing impact management	1-1 Stakeholder engagement 2-2 Governance strategy		
	2-13	Person in charge of impact management	2-2 Governance strategy		
	2-14	Highest governance body's role in sustainability reporting	2-2 Governance strategy		
	2-15	Conflict of Interests	2-2 Governance strategy		
	2-16	Communication of critical concerns	2-2 Governance strategy		
	2-17	Collective knowledge of the highest governance body	2-2 Governance strategy		
	2-18	Performance evaluations of the highest governance body	2-2 Governance strategy		
	2-19	Remuneration policies	2-2 Governance strategy 5-3 Care and Welfare		
	2-20	Process to determine remuneration	2-2 Governance strategy		
2-21	Annual total compensation ratio	5-1 Employee Relations and Overview			
4. Strategy, policy and practice					
GRI 2 General Disclosure 2021	2-22	Statement on sustainable development strategy	Core Philosophy and Prospects of Sheh Kai		
	2-23	Policy commitments	2-2 Governance strategy		
	2-24	Embedding policy commitments	1-1 Stakeholder engagement 2-2 Governance strategy		
	2-25	Processes to remediate negative impacts	1-1 Stakeholder engagement 2-2 Governance strategy		
	2-26	Mechanisms for seeking advice and raising concerns	2-4 Legal Compliance		
	2-27	Legal Compliance	2-4 Legal Compliance		
	2-28	Membership associations	2-1 About Sheh Kai		
5. Stakeholder engagement					
GRI 2 General Disclosure 2021	2-29	Approach to stakeholder engagement	1-1 Stakeholder engagement		
	2-30	Collective bargaining agreements	5-1 Employee Relations and Overview		

Material Topic Disclosure

GRI Number	Issues	Industry code no.	No.	Disclosures under the GRI Standards	Corresponding Chapter	Page number	Omitted/remark
GRI 3: Material Topics 2021	Management Approach	-	3-1	Process for determining material topics	1-2 Identification and analysis of material topics		
GRI 3: Material Topics 2021	Management Approach	-	3-2	List of Material Topics	1-2 Identification and analysis of material topics		
Material Topic: Economic Performance (GRI 201)							
GRI 3: Material Topics 2021	Management Approach	-	3-3	Material topic management	II, Corporate Governance		
GRI 201	Economic Performance Topic disclosure 2016	-	201-1	Direct economic value generated and distributed	2-1 About Sheh Kai		
		-	201-2	Financial implications and other risks and opportunities resulting from climate change	4-1 Climate change risks		
		-	201-3	Defined benefit plan obligations and other retirement plans	5-3 Care and Welfare		
		-	201-4	Financial assistance received from government agencies	-		The Company has not received financial subsidies from any government agencies
Material topic: energy (GRI 302)							
GRI 3: Material Topics 2021	Management Approach	-	3-3	Material topic management	IV. Green Environment		
GRI 302	Energy Topic disclosure 2016	-	302-1	Energy consumption within the organization	4-3 Energy and Water Resources		
			302-2	Energy consumption outside of the organization	-		Scope 3 emissions have not yet been audited this year; therefore, the data is unavailable.
		-	302-3	Energy intensity	4-3 Energy and Water Resources		
		-	302-4	Reduction of energy consumption	4-3 Energy and Water Resources		
		-	302-5	Reductions in energy requirements of products and services	4-3 Energy and Water Resources		
Material topic: labor relations (GRI 401)							
GRI 3: Material Topics 2021	Management Approach	-	3-3	Material topic management	V. Welfare and care		
GRI 401	Labor/Management Relations Topic disclosure 2016	-	401-1	Employee turnover & Number of new hires	5-1 Employee Relations and Overview		
		-	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5-3 Care and Welfare		
		-	401-3	Parental leave	5-3 Care and Welfare		
Material topic: occupational health and safety (GRI 403)							
GRI 3: Material Topics 2021	Management Approach	-	3-3	Material topic management	V. Welfare and care		
GRI 403	Occupational safety and health Topic Management Disclosure 2018	-	403-1	Occupational health and safety management system	5-4 Occupational health and safety management		
		-	403-2	Hazard identification, risk assessment and accident investigation	5-4 Occupational health and safety management		
		-	403-3	Occupational health services	5-4 Occupational health and safety management		
		-	403-4	Worker participation, consultation, and communication on occupational health and safety	5-4 Occupational health and safety management		
		-	403-5	Worker training on occupational health and safety	5-4 Occupational health and safety management		
		-	403-6	Promotion of worker health	5-4 Occupational health and safety		

					management		
		-	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5-4 Occupational health and safety management		
		-	403-8	Workers covered by an occupational health and safety management system	5-4 Occupational health and safety management		
		-	403-9	Occupational injury	5-4 Occupational health and safety management		
		-	403-10	Work-related ill health	5-4 Occupational health and safety management		
(custom theme)	No.	Disclosures under the GRI Standards			Corresponding Chapter	Page number	Omitted/remark
Customer service management							
GRI 3 Customer service management Management Approach	3-3	Material topic management			3. Precision research and development		

Other Topic Disclosure

GRI Standards Category/Topic	No.	Disclosures under the GRI Standards	Corresponding Chapter	Page number	Omitted/remark
Topic-specific guidelines: 200 series (economic topics)					
Market position					
GRI 202 Market position topic disclosure 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5-1 Employee Relations and Overview		
	202-2	Proportion of senior management hired from the local community	5-1 Employee Relations and Overview		
Indirect economic impact					
GRI 203 Indirect economic impact topic disclosure 2016	203-1	Infrastructure investments and services supported	5-5 Participation in social practices		
	203-2	Significant indirect economic impacts	5-5 Participation in social practices		
Procurement Practices					
GRI 204 Procurement practices topic disclosure 2016	204-1	Proportion of spending on local suppliers	3-1 Supply Evaluation and Management and Control		
Anti-corruption					
GRI 205 Anti-corruption topic disclosure 2016	205-1	Operations assessed for risks related to corruption	2-4 Legal Compliance		
	205-2	Communication and training about anti-corruption policies and procedures	2-4 Legal Compliance		
	205-3	Confirmed incidents of corruption and actions taken	2-4 Legal Compliance		
Anti-competitive Behavior					
GRI 206 Anti-competitive behavior disclosure 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopolistic practices.	2-4 Legal Compliance		
Taxation					
GRI 207 Taxation management disclosure 2019	207-1	Tax policy	2-1 About Sheh Kai		
	207-3	Stakeholder engagement and management of concerns related to tax	1-1 Stakeholder engagement		
GRI 207 Taxation disclosure 2019	207-4	Country-by-country reporting	-	-	The Company does not use country-by-country reporting
Topic-specific guidelines: 300 series (environmental topics)					
Materials					
GRI 301 Materials disclosure 2016	301-1	Materials used by weight or volume	4-2 Materials and waste		
	301-2	Recycled input materials used	-	-	The Company does not use scraps from the manufacturing process
	301-3	Reclaimed products and their packaging materials	4-2 Materials and waste		

GRI Standards Category/Topic	No.	Disclosures under the GRI Standards	Corresponding Chapter	Page number	Omitted/remark
Water and Effluents					
GRI 303 Water and effluents management disclosure 2018	303-1	Mutual impact of shared water	4-3 Energy and water resources		
	303-2	Management of water discharge-related impacts	4-3 Energy and water resources		
GRI 303 Water and effluents disclosure 2018	303-3	Water withdrawal	4-3 Energy and water resources		
	303-4	Water discharge	4-3 Energy and water resources		
	303-5	Water consumption	4-3 Energy and water resources		
Biodiversity					
GRI 304 Biodiversity disclosure 2016	304-1	Operational sites owned, leased, managed in or around protected areas and areas of high biodiversity value outside protected areas.	-	-	Not applicable
	304-2	Significant impacts of activities, products, and services on biodiversity.	-	-	Not applicable
	304-3	Habitats protected or restored.	-	-	Not applicable
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations.	-	-	Not applicable
Emissions					
GRI 305 Emissions disclosure 2016	305-1	Direct (Scope 1) GHG emissions	4-1 Climate change risks 4-4 Greenhouse gas emissions		
	305-2	Energy indirect (scope 2) GHG emissions	4-1 Climate change risks 4-4 Greenhouse Gas Emissions		
	305-3	Other indirect (scope 3) GHG emissions	-	-	None
	305-4	Greenhouse gas emission intensity	4-4 Greenhouse Gas Emissions		
	305-5	Reduction of GHG emissions	4-3 Energy and water resources 4-4 Greenhouse Gas Emissions		
	305-6	Emissions of ozone-depleting substances (ODS)	-	-	None
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4-4 Greenhouse Gas Emissions		
Waste					
GRI 306 Waste management disclosure 2020	306-1	Waste generation and significant waste-related impacts	4-2 Materials and waste		
	306-2	Management of significant waste-related impacts	4-2 Materials and waste		
GRI 306 Waste disclosure 2020	306-3	Waste generation	4-2 Materials and waste		
	306-4	Waste diverted from disposal	4-2 Materials and waste		
	306-5	Direct disposal of waste	4-2 Materials and waste		
GRI 306 Waste management disclosure 2016	306-3	Major spills	4-2 Materials and waste		
Supplier Environmental Assessment					
GRI 308 Supplier environmental assessment disclosure 2016	308-1	New suppliers that were screened using environmental criteria	3-1 Supply Evaluation and Management and Control		
	308-2	Negative environmental impacts in the supply chain and actions taken	3-1 Supply Evaluation and Management and Control		
Topic-specific standards: 400 series (social topics)					
Labor/Management Relations					
GRI 402 Labor/management relations disclosure 2016	402-1	Minimum notice periods regarding operational changes	5-1 Employee Relations and Overview		
Training and education					
GRI 404 Training and education disclosure 2016	404-1	Average hours of training per year per employee	5-2 Talent cultivation and training		
	404-2	Programs for upgrading employee skills and transition assistance programs	5-2 Talent cultivation and training		
	404-3	Percentage of employees receiving regular performance and career development reviews	5-2 Talent cultivation and training		
Employee diversity and equal opportunity					

GRI Standards Category/Topic	No.	Disclosures under the GRI Standards	Corresponding Chapter	Page number	Omitted/remark
GRI 405 Employee diversity and equal opportunity Topic disclosure 2016	405-1	Diversity of governing bodies and employees	5-1 Employee Relations and Overview		
	405-2	Ratio of basic salary and remuneration of women to men	5-1 Employee Relations and Overview		
Non-discrimination					
GRI 406 Non-discrimination disclosure 2016	406-1	Incidents of discrimination and corrective actions taken	5-1 Employee Relations and Overview		
Freedom of association and collective bargaining					
GRI 407 Freedom of association and collective bargaining Topic disclosure 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	5-1 Employee Relations and Overview		
Child labor					
GRI 408 Child labor disclosure 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	5-1 Employee Relations and Overview		
Forced or compulsory labor					
GRI 409 Forced or compulsory labor topic disclosure 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	5-1 Employee Relations and Overview		
Security practices					
GRI 410 Security practices disclosure 2016	410-1	Security personnel trained in human rights policies or procedures	5-2 Talent cultivation and training		
Rights of indigenous peoples					
GRI 411 Rights of indigenous peoples disclosure 2016	411-1	Incidents of violations involving rights of indigenous peoples	5-1 Employee Relations and Overview		
Supplier Social Assessment					
GRI 414 Supplier social assessment disclosure 2016	414-1	New suppliers that were screened using social criteria	3-1 Supply Evaluation and Management and Control		
	414-2	Negative social impacts in the supply chain and actions taken	3-1 Supply Evaluation and Management and Control		
Public policy					
GRI 415 Public policy disclosure 2016	415-1	Political contributions	-	-	None
Customer health and safety					
GRI 416 Customer health and safety disclosure 2016	416-1	Assessment of the health and safety impacts of product and service categories	3-2 Product quality and management		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3-2 Product quality and management		
Marketing and labeling					
GRI 417 Marketing and labeling disclosure 2016	417-1	Requirements for product and service information and labeling	3-2 Product quality and management		
	417-2	Incidents of non-compliance concerning product and service information and labeling	3-2 Product quality and management		
	417-3	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	3-2 Product quality and management		
Customer privacy					
GRI 418 Customer privacy disclosure 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3-3 Customer service communication		

Appendix 2 | Sustainability Accounting Standards Board (SASB) Reference Table

By industry: Resource conversion_machinery and products						
Disclosure topics	Indicator number	Unit	Disclosure Indicator	Disclosure in 2024	Corresponding Chapter	Page number
Energy management	RT-IG-130 a.1	Gigajoules (GJ) Percentage (%)	(1) Total energy consumption (2) Ratio of electricity consumption from the grid (3) Percentage of renewable energy use in total energy use	(1) 35,102.86 GJ (2) 88.67 % (3) 0 %	4-3 Energy and water resources	
Employee health and safety	RT-IG-320 a.1	Ratio	(1) Total recordable incident rate (TRIR) (2) Death rate (3) Near miss frequency rate (NMFR)	(1) 1.11 (2) 0 (3) 0	5-4 Occupational health and safety management	
Fuel economy and emissions use phase	RT-IG-410 a.1	Fuel consumption per thousand ton-miles (gallons/thousand ton-miles)	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Not applicable	-	-
	RT-IG-410 a.2	Fuel consumption per hour (gallons/hour)	Sales-weighted fuel efficiency for non-road equipment			
	RT-IG-410 a.3	Power generation per gallon (W/G)	Sales-weighted fuel efficiency for stationary generators			
	RT-IG-410 a.4	Air pollution per kWh (g/kWh)	Sales weighted average emission rates of (1) nitrogen oxides (NOx) and (2) particulate matters (PM) from (a) marine diesel engines, (b) train diesel engines, (c) medium- and heavy-duty road vehicles and (d) non-road diesel engines.			
Raw material procurement	RT-IG-440 a.1	None	Describing the risk management practices for the use of critical controversial raw materials	In 2024, the Company did not use conflict minerals	-	-
Remanufacturing design and service	RT-IG-440 b.1	Amount	Revenue from remanufactured products and remanufacturing services	Not applicable	-	-

Activity indicator	Indicator number	Unit	Disclosure in 2024		
Production quantity of each product category	RT-IG-000.A	Quantity	Product category	Production volume	Unit
			Screws and bolts	151,245.66	1,000pcs
			Cables and wires	5,299.51	Metric ton
			Cement drill bits	200.19	1,000pcs
Number of employees	RT-IG-000.B	Quantity	288 people		

Appendix 3 | Sustainability Disclosure Indicators: Steel Industry

No.	Indicator	Unit	2024 disclosure			Corresponding Chapter	Page number
I	Total energy consumption, percentage of purchased electricity, utilization rate (renewable energy/total energy), and total self-generated and self-use energy Note 1	Gigajoules (GJ), percentage (%)	Total energy consumption 35,102.86 GJ Percentage of purchased electricity 88.67 % Renewable energy utilization rate 0 % Total self-generated and self-use energy 0 GJ			4-3 Energy and water resources	
II	Total fuel consumption, percentage of coal, percentage of natural gas, and percentage of renewable fuels	Gigajoules (GJ), percentage (%)	Total fuel consumption 3,978.51 GJ Percentage of coal 0 % Percentage of natural gas 74.76 % Percentage of renewable fuels 0 %			4-3 Energy and water resources	
III	Total water withdrawn and total water consumption	Thousand cubic meters	Total water withdrawal: 19.82 thousand cubic meters Total water consumption: 10.23 thousand cubic meters			4-3 Energy and water resources	
IV	Total waste generated, percentage of hazardous waste, and percentage recycled	Metric tons, percentage (%)	Total waste generated: 194.020 metric tons Percentage of hazardous waste: 20.66 % Percentage recycled: 55.54%			4-2 Materials and Waste	
V	Number of employees in and rate of occupational accidents	Percentage (%), quantity	Number of employees in occupational accidents: 3 persons Total recordable incident rate (TRIR) : 1.11 Disabling injury frequency rate (FR): 5.55 Disabling injury severity rate (SR): 35			5-4 Occupational health and safety management	
VI	Production by product category	Varies by product category	Product category	Production volume	Unit	-	-
			Screws and bolts	151,245.66	1,000pcs		
			Cables and wires	5,299.51	Metric tons		
			Cement drill bits	200.19	1,000pcs		

Note 1: The total self-generated and self-use energy are as defined by the “Renewable Energy Development Act”, “Implementation Regulations Governing Renewable Energy Certificates”, or related laws.

Appendix 4 | Climate-related Information Implementation of TPEX Listed Companies

Item	Corresponding Chapter
1. Describe the board's and management's supervision and governance over climate-related risks and opportunities.	4-1 Climate change risks
2. Describe how the identified climate risks and opportunities affect the business, strategy and finance of the Company (short-, medium-, and long-term).	4-1 Climate change risks
3. Describe the financial impacts of extreme climate events and transformational actions.	4-1 Climate change risks
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	4-1 Climate change risks
5. If scenario analysis is used to assess resilience in the face of climate change risks, specify the scenarios, parameters, assumptions, analysis factors, and major financial impacts.	-
6. If there is a transformation plan in response to the management of climate-related risks, describe the content of the plan, and the indicators and goals used to identify and manage physical risks and transformation risks.	-
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be explained.	-
8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress of each year should be explained; if carbon offsets or renewable energy certificates (RECs) are used to achieve the goals, it should be explained of the source and volume of carbon reduction credits or the number of renewable energy certificates (RECs).	-
9. Greenhouse gas inventory and assurance, as well as reduction targets, strategies, and specific action plans (indicated separately in 1-1 and 1-2).	1-1. Greenhouse Gas Inventory and Assurance in the Last Two Years 1-2 GHG Reduction targets, strategies and specific action plans

1-1. Greenhouse Gas Inventory and Assurance in the Last Two Years

1-1-1 Greenhouse Gas Inventory Information

Describe the amount of greenhouse gas emissions (tCO₂e), intensity (tCO₂e/NTD 1 million), and data coverage for the most recent two years.

- The scope of the inventory includes Category 1 direct emissions and Category 2 indirect emissions from imported energy.
 - Company organizational boundary: In 2024, it includes the parent company and subsidiaries; in 2023, only the parent company.
- Comparing the parent company's 2024 and 2023 inventory results, the total greenhouse gas emissions in 2024 were 4,370.294 metric tons CO₂e, with an intensity of 3.902 metric tons CO₂e per million NTD, which is basically steady compared to 2023's total emissions of 5,556.934 metric tons CO₂e and intensity of 3.896 metric tons CO₂e per million NTD.
- Moving forward, the Company will optimize related manufacturing processes and implement concrete energy-saving and carbon reduction measures to ensure continuous emission reductions.

Year Category			GHG emissions equivalent (tCO 2 e)			
			2023_parent company		2024_parent company	
1	Scope 1: Direct greenhouse gas emissions (tCO 2 e)	Direct emissions from stationary combustion	181.6012	Subtotal 316.8099	167.1312	Subtotal 272.2550
		Direct emissions from mobile combustion	82.3647		73.1537	
		Direct emissions from industrial processes	0.1284		0.1196	
		Direct fugitive emissions of GHG from anthropogenic systems	52.7156		31.8505	
2	Scope 2: Indirect greenhouse gas emissions (tCO 2 e)	Indirect emissions from purchased energy (electricity)	5240.1244		4098.0390	
Total emissions (tCO2e)			5556.934		4370.294	
Revenue (NT\$ million)			1426.185		1119.899	
Intensity (tCO2e per NT\$ million)			3.896		3.902	

Note 1: Direct emissions (Scope 1, i.e., emissions directly from sources owned or controlled by the Company) and energy indirect emissions (Scope 2, i.e., indirect GHG emissions from inputs of electricity, heat, or steam).

Note 2: The scope of information on direct emissions and indirect emissions from energy sources shall be handled in accordance with the timetable set forth in the second paragraph of Article 4-1 of the "Procedures for the Preparation and Reporting of Sustainability Reports by TPEX Listed Companies" (hereinafter referred to as "the Procedures") of the Taipei Exchange, and information on other indirect emissions may be disclosed on a voluntary basis.

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

Note 4: The intensity of greenhouse gas emissions is calculated based on the turnover (NTD million) listed in the parent company only financial statements.

1-1-2 Greenhouse Gas Assurance Information

Explain the assurance status for the most recent two years as of the annual report printing date, including the scope of assurance, assurance institution, assurance standards, and assurance opinions.

In 2024, the Company commissioned Afnor Asia Ltd. to perform the 2023 external GHG audit in accordance with ISO 14064-3:2019. The scope of assurance includes direct emissions from Category 1 and indirect emissions from Category 2 energy inputs of the parent company (Gangshan Plant, Luzhu Plant, Packaging Plant, Bi-Metal Material Plant, and Zhunan Plant). Based on the audit, the assurance level for Category 1 and Category 2 was determined to be a reasonable level.

In Q1 2025, the parent company and the consolidated subsidiary Sheh Kai (Shanghai) completed the 2024 greenhouse gas inventory and internal verification. Third-party assurance is expected to be completed by Q2.

1-2 GHG Reduction Targets, Strategies and Specific Action Plans

Describe the GHG reduction base year and data, reduction targets, strategies, and specific action plans, as well as the status of achievement of the reduction targets.

Greenhouse Gas Reduction Strategy																				
Structure Items	Content summary																			
Governance	Senior management is responsible for climate strategy decision-making and oversight. The sustainability department takes charge of execution and cross-departmental coordination. Carbon reduction results are regularly reported to the Board of Directors and included in the sustainability report.																			
Strategy	<p>Transition planning and risk assessment based on TCFD scenario analysis (1.5°C / 2°C)</p> <ul style="list-style-type: none">Scenario settings:<ul style="list-style-type: none">1.5°C Scenario<ul style="list-style-type: none">Mandatory carbon pricing, with projected carbon fees rising above USD 100 per ton.High electrification and compulsory adoption of renewable energy.Standardization of carbon disclosure across global supply chains.2.2°C Scenario<ul style="list-style-type: none">Gradual increase in carbon pricing (e.g., USD 50–70 per ton).Government gradually promotes decarbonization regulations and subsidies.Increased customer demand for carbon emissions data and environmental certifications.Transition strategies:<table><tr><th>Item</th><th>Specific actions</th><th>Expected benefits</th></tr><tr><td>Energy transition</td><td>Install solar energy and energy storage systems; gradually phase out outdated equipment (e.g., industrial fans, cooling towers)</td><td>Reduce electricity costs; increase use of renewable energy</td></tr><tr><td>Process optimization</td><td>Introduce high-efficiency heat treatment equipment; improve production efficiency; implement smart monitoring systems to analyze energy usage data</td><td>Optimize energy efficiency; reduce energy use and carbon intensity</td></tr><tr><td>Carbon inventory & reduction roadmap</td><td>Establish a carbon audit system and cultivate a carbon-reduction culture through employee training and engagement</td><td>Enhance credibility; meet customer audit requirements</td></tr><tr><td>Supply chain management</td><td>Evaluate carbon emissions of raw material suppliers and integrate into procurement criteria</td><td>Lower Scope 3 risks</td></tr><tr><td>Product design & material innovation</td><td>Develop low-carbon steel applications</td><td>Increase product added value</td></tr></table>		Item	Specific actions	Expected benefits	Energy transition	Install solar energy and energy storage systems; gradually phase out outdated equipment (e.g., industrial fans, cooling towers)	Reduce electricity costs; increase use of renewable energy	Process optimization	Introduce high-efficiency heat treatment equipment; improve production efficiency; implement smart monitoring systems to analyze energy usage data	Optimize energy efficiency; reduce energy use and carbon intensity	Carbon inventory & reduction roadmap	Establish a carbon audit system and cultivate a carbon-reduction culture through employee training and engagement	Enhance credibility; meet customer audit requirements	Supply chain management	Evaluate carbon emissions of raw material suppliers and integrate into procurement criteria	Lower Scope 3 risks	Product design & material innovation	Develop low-carbon steel applications	Increase product added value
Item	Specific actions	Expected benefits																		
Energy transition	Install solar energy and energy storage systems; gradually phase out outdated equipment (e.g., industrial fans, cooling towers)	Reduce electricity costs; increase use of renewable energy																		
Process optimization	Introduce high-efficiency heat treatment equipment; improve production efficiency; implement smart monitoring systems to analyze energy usage data	Optimize energy efficiency; reduce energy use and carbon intensity																		
Carbon inventory & reduction roadmap	Establish a carbon audit system and cultivate a carbon-reduction culture through employee training and engagement	Enhance credibility; meet customer audit requirements																		
Supply chain management	Evaluate carbon emissions of raw material suppliers and integrate into procurement criteria	Lower Scope 3 risks																		
Product design & material innovation	Develop low-carbon steel applications	Increase product added value																		
Risk Management	Implement intelligent energy management and data analysis to identify high carbon emission hotspots. Establish a carbon inventory system for the supply chain and prioritize procurement of eco-certified raw materials and products to ensure joint decarbonization across the entire supply chain.																			
Metrics & Targets	<table><tr><th>Metrics</th><th>targets</th></tr><tr><td>Total emissions (scope 1 + 2) Baseline Year: 2024</td><td><ul style="list-style-type: none">Short-term target (1–3 years): Reduce carbon intensity by 3% compared to the baseline year.Mid-term Target (3–5 years): Reduce carbon intensity by 5% compared to the baseline year.Long-term Target (5–10 years): Reduce carbon intensity by 10% compared to the baseline year.</td></tr></table> <p>Achieve at least a 1% annual reduction in total carbon emissions, moving toward net zero.</p>		Metrics	targets	Total emissions (scope 1 + 2) Baseline Year: 2024	<ul style="list-style-type: none">Short-term target (1–3 years): Reduce carbon intensity by 3% compared to the baseline year.Mid-term Target (3–5 years): Reduce carbon intensity by 5% compared to the baseline year.Long-term Target (5–10 years): Reduce carbon intensity by 10% compared to the baseline year.														
Metrics	targets																			
Total emissions (scope 1 + 2) Baseline Year: 2024	<ul style="list-style-type: none">Short-term target (1–3 years): Reduce carbon intensity by 3% compared to the baseline year.Mid-term Target (3–5 years): Reduce carbon intensity by 5% compared to the baseline year.Long-term Target (5–10 years): Reduce carbon intensity by 10% compared to the baseline year.																			
Greenhouse Gas Reduction Targets																				
<p>Scopes 1 and 2 are based on the 2024 baseline year.</p> <ul style="list-style-type: none">Short-term target (1–3 years): Reduce carbon intensity by 3% compared to the baseline year.Mid-term target (3–5 years): Reduce carbon intensity by 5% compared to the baseline year.Long-term target (5–10 years): Reduce carbon intensity by 10% compared to the baseline year.																				
<p>Note 1: It shall be handled in accordance with the schedule specified in Paragraph 4, Article 4-1 of these Procedures.</p> <p>Note 2: The base year shall be the year in which the inventory is completed within the boundaries of the consolidated financial statements. For</p>																				

example, in accordance with the second paragraph of Article 4-1 of the Regulations, companies with a capital of NT\$10 billion or more should complete an inventory of their consolidated financial statements for the year 2024 in 2025. Therefore, the base year is 2024. If the Company has completed the inventory of the consolidated financial statements in advance, it may use the earlier year as the base year, and the data of the base year may be calculated as a single year or the average of several years.



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INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

SHEH KAI PRECISION CO., LTD.,

We have undertaken a limited assurance engagement on the selected performance indicators in the Sustainability Report (“the Report”) of SHEH KAI PRECISION CO., LTD., (“the Company”) for the year ended December 31, 2024.

Subject Matter Information and Applicable Criteria

See Appendix 1 for the Company’s selected performance indicators (“the Subject Matter Information”) and applicable criteria.

Responsibilities of Management

The management of the Company is responsible for the preparation of the Subject Matter Information in accordance with Taipei Exchange Rules Governing the Preparation and Filing of Sustainability Reports by TPEx Listed Companies, Universal Standards, Sector Standards and Topic Standards published by the Global Reporting Initiative (GRI), SASB Standards published by the Sustainability Accounting Standards Board (SASB), and for such internal control as management determines is necessary to enable the preparation of the Subject Matter Information that are free from material misstatement resulted from fraud or error.

Auditors' Responsibilities

Our responsibility is to plan and conduct our limited assurance engagement in accordance with Standard on Assurance Engagement 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” issued by the Accounting Research and Development Foundation of the Republic of China to issue a limited assurance report on whether the Subject Matter Information (see Appendix 1) is free from material misstatement. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We based on our professional judgment in the planning and conducting of our work to obtain evidence supporting the limited assurance. Because of the inherent limitations of any internal control, there is an unavoidable risk that even some material misstatements may remain undetected. The procedures we performed include, but not limited to:

- Inquiring of management and the personnel responsible for the Subject Matter Information to obtain an understanding of the policies, procedures, internal control, and information system relevant to the Subject Matter Information to identify areas where a material misstatement of the subject matter information is likely to arise.
- Selecting sample items from the Subject Matter Information and performing procedures such as inspection, re-calculation, and observation to obtain evidence supporting limited assurance.

Inherent Limitations

The Subject Matter Information involved non-financial information, which was subject to more inherent limitations than financial information. The information may involve significant judgment, assumptions and interpretations by the management, and the different stakeholders may have different interpretations of such information.

Independence and Quality Control

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Standard on Quality Management 1 “Quality Management for Public Accounting Firms” issued by the Accounting Research and Development Foundation of the Republic of China, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information is not prepared, in all material respects, in accordance with the applicable criteria.

Other Matters

We shall not be responsible for conducting any further assurance work for any change of the Subject Matter Information or the applicable criteria after the issuance date of this report.

The engagement partner on the limited assurance report is Kai-Ning Hsu.

Deloitte & Touche
Taipei, Taiwan
Republic of China
August 7, 2025

Notice to Readers

For the convenience of readers, the independent auditors’ limited assurance report and the accompanying summary of subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ limited assurance report and summary of subject matter information shall prevail.

SUMMARY OF SUBJECT MATTER INFORMATION

#	Subject Matter Information	Corresponding Chapter	Applicable Criteria	Industry-specific disclosures of the sustainability metrics describe in the Rules Governing the Preparation and Filing of Sustainability Reports												
1	Taiwan operational sites in 2024: Total energy consumption 35,102.86 GJ Percentage of purchased electricity 88.67% Renewable energy utilization rate 0% Total self-generated and self-use energy 0 GJ	Appendix 3 Sustainability Disclosure Indicators: Steel Industry	Total energy consumption, percentage of purchased electricity, utilization rate (renewable energy/total energy), and total self-generated and self-use energy	Appendix 1-6, No. 1												
2	Taiwan operational sites in 2024: Total fuel consumption 3,978.51 GJ Percentage of coal 0% Percentage of natural gas 74.76% Percentage of renewable fuels 0%	Appendix 3 Sustainability Disclosure Indicators: Steel Industry	Total fuel consumption, percentage of coal, percentage of natural gas, and percentage of renewable fuels	Appendix 1-6, No. 2												
3	Taiwan operational sites in 2024: Total water withdrawal: 19.82 thousand cubic meters Total water consumption: 10.23 thousand cubic meters	Appendix 3 Sustainability Disclosure Indicators: Steel Industry	Total water withdrawn and total water consumption	Appendix 1-6, No. 3												
4	Gangshan Plant, Luzhu Plant, and Packaging Plant in 2024: Total waste generated: 194.020 metric tons Percentage of hazardous waste: 20.66% Percentage recycled: 55.54%	Appendix 3 Sustainability Disclosure Indicators: Steel Industry	Total waste generated, percentage of hazardous waste and percentage recycled	Appendix 1-6, No. 4												
5	Taiwan operational sites in 2024: Number of employees in occupational accidents: 3 persons Total recordable incident rate (TRIR): 1.11 Disabling injury frequency rate (FR): 5.55 Disabling injury severity rate (SR): 35	Appendix 3 Sustainability Disclosure Indicators: Steel Industry	Number of employees in and rate of occupational accidents	Appendix 1-6, No. 5												
6	Taiwan operational sites in 2024: <table><tr><th>Product category</th><th>Production volume</th><th>Unit</th></tr><tr><td>Screws and bolts</td><td>151,245.66</td><td>1,000 pcs</td></tr><tr><td>Cables and wires</td><td>5,299.51</td><td>Metric tons</td></tr><tr><td>Cement drill bits</td><td>200.19</td><td>1,000 pcs</td></tr></table>	Product category	Production volume	Unit	Screws and bolts	151,245.66	1,000 pcs	Cables and wires	5,299.51	Metric tons	Cement drill bits	200.19	1,000 pcs	Appendix 3 Sustainability Disclosure Indicators: Steel Industry	Production by product category	Appendix 1-6, No. 6
Product category	Production volume	Unit														
Screws and bolts	151,245.66	1,000 pcs														
Cables and wires	5,299.51	Metric tons														
Cement drill bits	200.19	1,000 pcs														

Note: Taiwan operational sites include Gangshan Plant, Luzhu Plant, Packaging Plant, Zhunan Plant, and composite plant.