

SOCIAL



華城電機股份有限公司
FORTUNE ELECTRIC CO., LTD.

ENVIRONMENTAL

GOVERNANCE

2023 ESG Sustainability Report

華城電機永續報告書
FORTUNE ELECTRIC CO., LTD.



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Over the past 55 years, Fortune Electric has undergone a transformative journey from an EHV equipment manufacturer to an advanced high-tech manufacturing business. Today, we are known for our green energy turnkey projects, and are a member of the international offshore wind power supply chain. Through close collaboration with developers, we have become the top operator of energy demonstration projects and have started transmission ahead of schedule through successful grid interconnection. Our experience further secured partnerships with renewable energy developers, including local and global power companies, key industrial users, offshore wind power and solar power providers, and operators of renewable energy sites, energy storage projects, and e-vehicle power. We also partner systems engineering and equipment with the best customer experience. We are the only manufacturer in Taiwan of the 500kV Extra High Voltage transformer, leading the EHV exportation market. In response to the common goal of net zero by governments across the globe, we are scaling up green energy development to explore and present solutions for a better, cleaner environment.

EHV development has been the foundation of industrialism, and our key products and services comprise the majority of the sector. A “Transformer”, not only a worldwide blockbuster, but also an electric product. We see ourselves as a transformer; agile, finding solutions to impossibilities, and reacting to novel trends and innovating with the times. During these past years, our operations team have conquered challenges and delivered services before and after transactions, exceeding expectations and turning crises into opportunities. By winning customers’ trust and recognition, we can navigate a strong and steady business in the long run.

Fortune Electric remains committed to the development of smart, energy-efficient products, inclusive green solutions, and smart factories that run on less energy and explore greater intelligent automation. Our current carbon measures and inventory are in practice and earned us an ISO 14064-1 certificate in May 2023 for the Company and Fortune Electric Extra High Voltage, one of our subsidiaries. In 2024, our operations include maximizing government support to boost the ongoing 1+N Carbon Management Program among suppliers, extending the effort from larger corporates all the way down to smaller businesses to ensure net zero optimization. Our operations also observe strict transparency and corporate governance, and value employee rights, welfare, and a healthy, friendly workplace where the health and safety of employees, customers, shareholders, and the community are considered. Our corporate sustainable development strategies are implemented well, contributing to a green, sustainable future.

Chairman
Hsu, Bang-Fu





“Grid Reinforcement Project” with TaiPower to upgrade stability and flexibility

To stabilize and enhance the contingency ability of power grids in Taiwan, TaiPower initiated the “Grid Reinforcement Project”, anticipating a total of NT\$564.5 billion investment across the period of 10 years. The project is to enhance the construction and the mechanism of the power grid by replacing concentrated with distributed generation, which is expected to reduce the local power outage rate. Being one of the top operators of power transmission and distribution in Taiwan, Fortune Electric engages in the supply chain to provide 345kV EHV and 161kV transformers, the core components of the TaiPower feeder transformation system. The demands from TaiPower of transformers surged and persisted. The TaiPower Project includes short, mid, and long-term stages. For the first 2 years, the ongoing resilience work will accelerate together with the improvement of protection and defense. Pushing forward, the work will focus on distribution and reinforcement. The three hubs distribution placement and other long-term construction are set to be completed by the end of the third stage.

By possessing top-notch skills and working actively with central policies, Fortune Electric intends to go long and deep on Taiwan's energy supply project, ensuring a solid foundation for the sustainable development and transition of energy in Taiwan.



▲ Operation site for Taichung region, TaiPower



▲ Hsin Tao operation site, TaiPower



▲ Jianan operation site, TaiPower



Energy Storage Plan to lead future sustainability

Along with the footsteps of the technology and central policies, as well government's preference and application supported by subsidies and investment, the energy storage technology has become crucial to the study of energy transition for Taiwan. Well-constructed storage is beneficial to energy efficiency, consistency, and reliability, alleviates costs on production and use, and fixes the issues of volatility and low transformation rate. The application is critical to the realization of Net Zero.

Fortune Electric is making strides on the path toward Net Zero. Our active participation in energy storage projects across the country propels us closer to a greener Taiwan. Today, massive storage construction works are underway in Changhua, Yunlin, and Hualien, with the highest capacities reaching 50MW and 203.632 MWh. Moreover, our storage system at the Guanyin Site boasts 2MW and has been online since March 2023, contributing to ancillary services on the TaiPower Energy Trading Platform. See Green Project Rollout for further details on energy storage projects by Fortune Electric.

In the upcoming years, we plan to further our endeavors in energy storage equipment, exploring approaches to transition and sustain green power with minimum undulation. This involves reducing the use of solar power stations by directly connecting generation to the grid, improving feeder utilization and renewable energy to grid connection, and paving a smooth transition for Taiwan into Decarbonization.

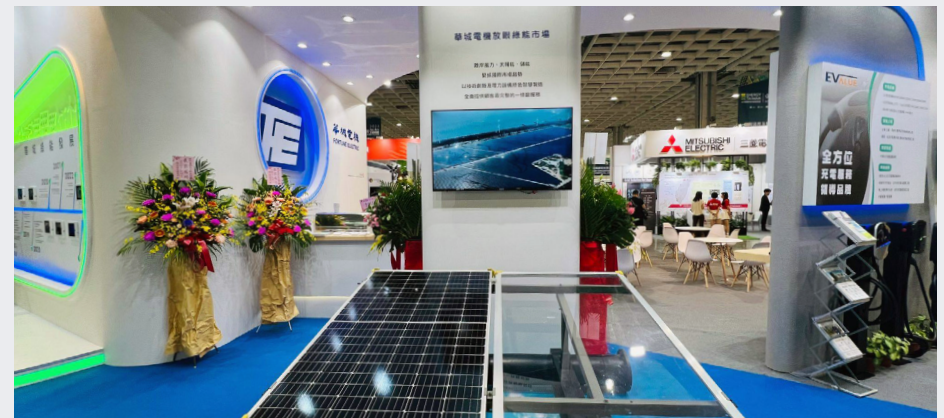




Taiwan Int'l Smart Energy Week showcasing Green Energy Solutions

At Energy Taiwan and Net-Zero Taiwan 2023, Fortune Electric presented a collection of green energy innovations. Fortune Electric is a well-experienced key EHV operator in Taiwan with cutting-edge green technologies. EVALUE, one of FE's subsidiaries, possesses the capabilities to develop, manufacture, manage, and maintain charging posts. Today, we are one of the largest charging post operators in Taiwan, with 700+ posts across the country.

On the Show floor, we demonstrated a variety of upgrades that include PnC (Plug-and-Charge), inductive charging, and smart ground locks, which facilitate safer and more convenient charging experiences. Additionally, EVALUE presented a brand design for a maintenance-free breather and remote monitoring system that greatly improves energy efficiency and carbon emissions. The EVALUE prospect involves green energy development and innovation that cater to all customer demands.





Boosting recharge solutions for e-automobile at Taipei Building Show 2023

Following the central policy on carbon cutdown and the industrial movement toward Net Zero, infrastructure planning and regulatory requirements for e-automobiles are being perfected. As per IEA stats, global sales of e-vehicles have boosted numbers to 20 times more since 2010. This booming market is leading to a chain effect in the demand for related products and services, including charging at home and away, which is one of the main considerations for users.

EVALUE offers a one-stop solution from equipment to EMS, operation management, and installation work, applicable to companies and residences seeking charging options. In recent years, we have focused on the home charging market and have been active in new building projects. At the Taipei Building Show 2023, our technologies featured the Gen 4 commercial charging post, which includes the most compatible charging meter, RFID charger sensor, remote OTA wireless firmware upgrade, and the addition of Wi-Fi IoT for configuring settings on self-adaptable pages on screen/smartphone. EVALUE continues to enhance charging services and development as part of the Net Zero City vision, to be realized hand in hand with the broader industry.



▲EVALUE introduces e-vehicle charging technology, a one-stop solution applicable to homes, communities, new housing projects, and enterprises.



Participating in the 2023 Taipei Asia-Pacific Smart Transportation Exhibition and continuing to deepen infrastructure construction

To boost overall economy, the government has been actively in promoting five forward-looking infrastructure construction plans since 2017, including "green energy construction" to promote environmental sustainability, "digital construction" to create a smart country, "water environment construction" to respond to climate change, "railway construction" to construct convenient transportation system and strengthening regional balance "urban and rural development". In terms of railway construction, we actively support major construction plans including link high speed and conventional rail systems into an integrated network, upgrade conventional railways or speed up commuter services, promote urban mass rapid transit and build tourism-oriented rail systems for central and southern Taiwan.





Since 2006, Fortune Electric has been supporting the MRT power supply systems for many years. We have established technology partnerships with overseas manufacturers and has been involved in the planning and design, equipment manufacturing, installation, and integration testing for MRT power supply system projects of Taipei MRT Xinlu Line and Nangang East Extension Project, Xinyi Songshan Line Project, Xinyi East Extension Project and Taichung Express, and Wuri Wenxin Beitun Project. At the 2023 Taipei Asia-Pacific Smart Transportation Exhibition, we displayed DC traction power equipments, protection and control units, stray current monitoring systems and DC feeder circuit breaker panels to exchange views with industry, government, academia and research professionals. It was aimed to allow more people to understand the latest design concepts and developments of the MRT power supply system.

Improving the stability of the power supply system, perfecting the control and protection logic, building real-time monitoring system management, implementing early warning of rail stray current detection, and adopting train braking kinetic energy conversion, energy storage, recycling and reuse are the major development directions of Fortune Electric. We are committed in creating a convenient and safe rail power system, while effectively improving energy efficiency, providing customers with comprehensive solutions, laying a stronger foundation for the national railway team, and contributing and growing in the direction of sustainable operations and transportation safety.



The UN has proposed the 17 SDGs to improve the global status and move towards sustainable development, outlining long-term advancement in the environment, economy, and society from 2015 to 2030, guiding nations, local governments, private sectors, and public groups in formulating policies and beginning initiatives. The resemblance between our operational philosophy and the SDGs seeks sustainable development as a societal mission. While pursuing economic goals, we value a balance between that and the conservation of natural resources such as water, air, and land, as much as social justice. Our policies and actions have been aligned with the SDGs, and our results are listed in the chart below.

United Nations SDGs indicators	Our company responds to SDGs target action performance list	Page
	<ul style="list-style-type: none"> Adoption of four children as emergency assistance; emergency funds were arranged to support their continued learning and life/study assistance 	P.133
	<ul style="list-style-type: none"> A long-time supporter of Jen Ji Shiang Social Service Institute Joining the Huashan Foundation in delivering CNY meals to the elders Donations to Dong Sing Junior High School Food Bank, Taoyuan City 	P.126 P.127 P.129
	<ul style="list-style-type: none"> Participation in social activities in support of Osteogenesis Imperfecta (OI) affected group Participation in the charity sale by Genesis Social Welfare Foundation 	P.126 P.127
	<ul style="list-style-type: none"> Improving remote education by supporting Grass Book House with donations Member of Taoyuan City Government "Taoyuan Internship Project" Speech tours across campuses with co-host Power Grid Manpower Development Alliance 	P.128 P.131 P.132
	<ul style="list-style-type: none"> Adoption of Mother's Health Improvement Project Together with the Hsian-Liang Hsu Foundation, we donated NT\$30,000 to the Garden of Hope Foundation. 	P.99 P.129
	<ul style="list-style-type: none"> Industrial zone wastewater discharge compliance at Chung Li Plant and Guan Yin Plant II 	P.83

United Nations SDGs indicators	Our company responds to SDGs target action performance list	Page
	<ul style="list-style-type: none"> Continues to expand domestic power storage works Demonstration of cutting-edge technology at Energy Taiwan, International Smart Energy Week. Wansheng 50MW Power Storage construction work at Hualien 	P.3 P.4 P.75
	<ul style="list-style-type: none"> Winner of HR Asia 2023 Best Companies to Work for in Asia Internship programs with Chung Yuan Christian University, Yuan Ze University and Chien Hsin University Science and Technology to increase employability 	P.20 P.131
	<ul style="list-style-type: none"> Part of TaiPower “Grid Reinforcement Project” Showcasing the e-vehicle charging technology on Taipei Building Show Participated in Mobility 2023 Asia-Pacific Smart Transportation Exhibition to showcase DC traction power system technology Bronze Medal winner of 2023 Taiwan Innovation Technology Expo Invention Competition Our Smart Grid Project received support from MOE energy project funds Sponsoring Power Grid Manpower Development Alliance 	P.2 P.5 P.6 P.19 P.40 P.132
	<ul style="list-style-type: none"> Voluntary street cleaning in Guanyin Village, Guanyin Dist., Taoyuan City Collaborated with Greenbox to assist farm activities 	P.126 P.130
	<ul style="list-style-type: none"> Winner of Taoyuan City “Green Procurement Excellence” award in Private Enterprises and Groups 21.1% energy intensity reduced from last year, showing a prominent result Adoption of energy technology project 	P.21 P.77 P.81
	<ul style="list-style-type: none"> Adopt a hectare of bamboo forest in Nantou Zhushan Afforestation project with Taoyuan City Government 	P.132 P.135
	<ul style="list-style-type: none"> Coworking with Chenya Energy to design a highly efficient solar-power-distributed transformer GE “Outstanding Contribution and Strategic Partnership Award” winner 	P.21 P.80

Report Overview & Publication Frequency

This Sustainability Report is published in August 2024 as part of a routine disclosure of financial and operational achievement. The publication will continue alongside our practices to fulfill sustainable operations. The next publication is scheduled for August 2025. Any rearrangement of information, if applicable, has been footnoted in the paragraph under each topic throughout this Report.

Reporting Boundaries and Scopes

The information provided in this report dates from January 1 to December 31 2023 and includes Fortune Electric HQ/Zhongli 1st factory, Guanyin 2nd & 3rd factory, Taipei Office, Kaohsiung Office, Fortune Electric Extra High Voltage and EVALUE. Not included overseas subsidiaries (office)

The economic stats and data in the Report are derived from the 2023 consolidated financial statements, covering the HQ and subsidiaries as the disclosure scope; the environmental disclosure included Zhongli 1st factory, Guanyin 2nd & 3rd factory, and Fortune Electric Extra High Voltage (with the production projects consistent with FE, hence included in this year); we have excluded Taipei Office and Kaohsiung Site from the Report scope as the two locations contributed a relatively small influence and impact; the information boundary of the society aspect is represented by Taipei Office, Zhongli 1st factory, Guanyin 2nd & 3rd factory, Fortune Electric Extra High Voltage and Kaohsiung Site. The disclosure has excluded EVALUE due to the size of its employees, level of influence, and incomplete information. Please see the FE Annual Report 2023 for details of affiliated companies. No Significant change was made during the reporting period regarding the scale, structure, ownership, and supply chain of the organization.

Compilation Guidelines

This Report is compiled based on GRI Standards 2021, FSB declared TCFD, Sustainability Reports by TWSE Listed Companies, and SDGs. The GRI index is provided in the appendix of the Report.



Department in Charge and Quality Management Methods

To ensure the integrity and creditability of our report, we follow the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies. We have established procedures for sustainability report compilation and internal audits and/or external assurance. These procedures are then reported to the Board of Directors for inspection and approval regarding suitability.

Procedure	Method	Responsible Unit (Position)
Compilation	The ESG Committee is responsible for the overall planning of this report. Data and information, strategic objectives, and performance indicators disclosed in the report are provided by relevant departments and are then edited and reviewed by the Corporate Governance Department Office.	Admin Div./SDC, applicable departments
Internal Review	This report must be confirmed by each department and authenticated by the director of each department.	Applicable departments and dept. heads
External Assurance	<p>To further support the accuracy and credibility of this report,</p> <ul style="list-style-type: none"> • AFNOR Asia Ltd, as an independent party, assures compliance with GRI Standards and AA1000AP (2018) based on Type 1 and the Moderate Assurance, and accountability as specified in AA1000AS v3. • Part of the report is provided with limited assurance (or reasonable assurance) by Deloitte Taiwan in line with TWSAE No. 1 "Assurance Engagements other than Audits or Reviews of Historical Financial Information". • The financial data is in compliance with IFRS by Deloitte Taiwan. The calculation currency is the Taiwan dollar. 	Afnor Asia Ltd Deloitte Taiwan
Finalization	The publication is by the ESG Committee in compliance with the FE Sustainability Report Compilation Procedure.	Board of Directors/Chairman

Contact Information

Should any suggestions and/or inquiries arise regarding the Fortune Electric Sustainability Report 2023, please feel free to contact us using the following contact information. The report will also be featured on our [website](#) in the interest of full disclosure.

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Stakeholder Identification and Selection

Based on the nature of the industry, we adopted the five principles of the Stakeholder Engagement Standard, AA1000 SES 2015, to identify the six stakeholders of the year that are linked to and have an influence on the operation. Measured against Dependency, Responsibility, Tension, Influence, and Diverse Perspectives, the stakeholders are identified as a) Employee, b) Investor/ shareholder, c) Customer, d) Supplier/contractor, e) Foundation/welfare group/ public organization, and f) Local community/the public.

To understand the topics of stakeholders' concerns and their impact range and levels, we issued a "stakeholder topics of concern survey" and a "survey on the impact level of topics of concern on ESG" to our stakeholders. We sorted the results and forwarded them to SDC, who then verified the impact level of these topics of concern on the economy, environment, and society based on the company, the status of the industry, industry chain practice, and independent consultation and advice. The finalized material topics are included in this report for stakeholders to review and make decisions with. In addition, to ensure proper implementation of SDC policy and the resolution, each year the committee reports to the Board of Directors regarding the E.S.G. performance of the year and the goals for the following year.

Responses to stakeholders' concerns

- 1. GATHERING TOPICS OF CONCERN FROM STAKEHOLDERS:** To ensure that all aspects of stakeholders' concerns about our company are considered, we gathered, processed and responded to information from meetings, talks, telephone interview and opinion inbox during daily operations. We also learned about stakeholders' points of focus through business interactions and exchanges.

Meanwhile, we followed the guidance of GRI standards to meet expectation for the disclosure of specific topics by the organization. We then categorized the contents into three aspects - economy, environment, and society - for the identification of material topics.

- 2. DISCRETE RESOLUTION FOR MATERIAL TOPICS:** We have verified 9 material topics in 2023 and disclosed in the Report, detailing the importance and range of impact of the topics on company operation, as well our policies, goals, evaluation, and performances for each topic.







In addition to the above SOP, we have a dedicated area on our [website](#) for stakeholders to contact us through messages. Inquiries, suggestions, and complaints related to material topics are welcomed via this inbox to ensure clear communication and good interaction.

The image shows a web form for stakeholder engagement. It has a light purple header and a light yellow body. The form fields are:

- Name:** A single-line text input with placeholder text "Please input your name".
- Email:** A single-line text input with placeholder text "Please input your Email".
- TEL:** A single-line text input with placeholder text "Please input your TEL".
- Subject:** A single-line text input with placeholder text "Please input your Subject".
- Content:** A large multi-line text area with placeholder text "Please input your Content".
- Verification Code:** A small box displaying the code "53724" next to a text input with placeholder text "Please input the Verific".

 At the bottom right, there are two buttons: "Send" (blue) and "Clear" (blue).

Approaches, frequency, procedures to communicate stakeholder concerns

Stakeholder	Topics of concern	Engagement method and frequency	Communication performance
Employees 	<div> <input checked="" type="checkbox"/> Financial performance <input checked="" type="checkbox"/> Talent incubation and recruitment </div> <div> <input checked="" type="checkbox"/> Integrity operations <input checked="" type="checkbox"/> Social welfare </div> <div> <input checked="" type="checkbox"/> Occupational safety and health <input checked="" type="checkbox"/> Customer service </div>	<ul style="list-style-type: none"> Employee Feedback Area/Exchange of Opinion-voice inbox Routine employee interviews and responses to feedback Interviews with leaders as often as needed Senior management/HR head inbox 	To employee surveys every six months
Investor / shareholder 	<div> <input checked="" type="checkbox"/> Financial performance <input checked="" type="checkbox"/> Occupational safety and health </div> <div> <input checked="" type="checkbox"/> Response to climate change <input checked="" type="checkbox"/> Talent incubation and recruitment </div> <div> <input checked="" type="checkbox"/> Energy and GHG management <input checked="" type="checkbox"/> Customer service </div>	<ul style="list-style-type: none"> Spokesperson system (for shareholders meeting and communications when required) Annual shareholders' meeting Company website- investor feedback Key information Foundation briefing session 	<ul style="list-style-type: none"> One earnings call and 32 communications (telephone/email) 33 releases of key information (including regular announcement of regulatory requirements) One shareholders' meeting
Customer 	<div> <input checked="" type="checkbox"/> Customer service <input checked="" type="checkbox"/> Integrity operations </div> <div> <input checked="" type="checkbox"/> Supply chain management <input checked="" type="checkbox"/> Human rights </div> <div> <input checked="" type="checkbox"/> Response to climate change </div>	<ul style="list-style-type: none"> Regular hosting of electricity technology seminars Participate in exhibitions irregularly Global service locations on our Website Routine survey; visits as often as needed Toll-free line +886-800-211-569 	<ul style="list-style-type: none"> Participation in 3 shows as exhibitor in 2023 Q3 routine survey 4 customer e-newsletters
Supplier / contractor 	<div> <input checked="" type="checkbox"/> Information security <input checked="" type="checkbox"/> Occupational safety and health </div> <div> <input checked="" type="checkbox"/> Integrity operations <input checked="" type="checkbox"/> Talent incubation and recruitment </div> <div> <input checked="" type="checkbox"/> Supply chain management </div>	<ul style="list-style-type: none"> Yan-qing Chang, Procurement Team (03)483-6155 Ext269 Vendor Feedback, Company webpage Exchanges and communications as often as needed 	<ul style="list-style-type: none"> 1 Suppliers meeting 38 spot checks; 712 evaluations
Foundation/ public welfare group/ public organization 	<div> <input checked="" type="checkbox"/> Information security <input checked="" type="checkbox"/> Incubation and recruitment </div> <div> <input checked="" type="checkbox"/> Supply chain management <input checked="" type="checkbox"/> Workplace equality and diversity </div> <div> <input checked="" type="checkbox"/> Procurement practice and management <input checked="" type="checkbox"/> Human right </div> <div> <input checked="" type="checkbox"/> Occupational safety and health <input checked="" type="checkbox"/> Social welfare </div> <div> <input checked="" type="checkbox"/> Customer service </div>	<ul style="list-style-type: none"> Activities and events were hosted to communicate with groups and organizations in addition to annual projects. Annual ESG surveys and/or exchanges as often as needed 	<ul style="list-style-type: none"> 11 projects in 2023 were organized
Local community/ public 	<div> <input checked="" type="checkbox"/> Information security <input checked="" type="checkbox"/> Incubation and recruitment </div> <div> <input checked="" type="checkbox"/> Integrity operations <input checked="" type="checkbox"/> Social welfare </div> <div> <input checked="" type="checkbox"/> Occupational safety and Health </div>	<ul style="list-style-type: none"> Communications and exchanges are organized by site security and health teams as well as volunteer committees as often as necessary. 	<ul style="list-style-type: none"> Active engagement in 2023 vendor social gatherings Director to convene Guanyin Dist. vendor social gatherings Two beach cleanings every year in Guanyin Dist. by Volunteer Committee

Topic Materiality Analysis

Taking into consideration the GRI standards, we identified the material topics as specified in the AA 1000 accountability principle, 2018, focusing on over-inclusiveness, materiality, responsiveness, and impact. From there, we prioritized the topics as per GRI universal standards 2021, disclosing the impact, management strategies, and current practices. Through this process, we were able to recalibrate our sustainable development, goals and strategies and reinforce the effectiveness of external communication.

STAKEHOLDER ENGAGEMENT

- Six stakeholders were identified
- Survey of the level of concerns regarding the 15 sustainability topics to assess positive, negative, and present and potential impact. 168 questionnaires were returned.

ASSESSMENT FOR OPERATIONAL IMPACT AND COLLECTION OF SUSTAINABILITY TOPICS

- Senior management team conducted level of impact assessment with regards to the key topics. 15 sustainability topics that applicable to FE operation have been verified and made into a material topic questionnaire of the year after careful examination through operational activities, commercial relations, sustainability structure, and stakeholders' topics of concern.

IDENTIFICATION OF MATERIAL TOPICS

- The survey result on levels of concern and impact are analyzed and prioritized
- 9 material topics were identified in 2023

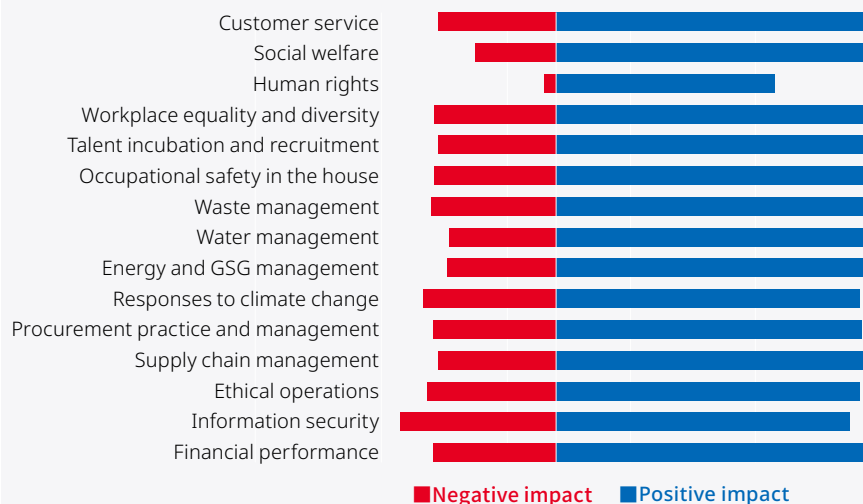
EXAMINATION OF MATERIAL TOPICS

- Internal and external consultation were included to examine the adaptability of procedures and standards
- Verification is made to ensure the integrity and inclusiveness of material topics

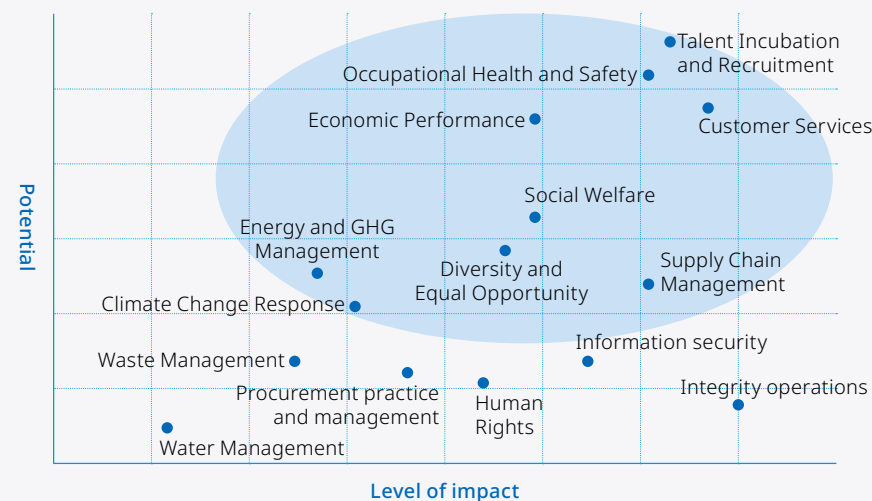
VALIDATION OF MATERIAL TOPICS

- The nine material topics are established upon the approval by the board through SDC




Assessment of positive and negative impact of the topics the year



Material topic matrix



Material topics

Aspect	Material topic	Impact to Fortune Electric	Impact to value chain			Chapter
			Upper stream	Fortune Electric	Lower stream	
 Economy	Financial performance	Positive actual impact: Healthy financial sheets and numbers promote a positive effect on the company and stakeholder level.		○	○	Economic performance
	Supply chain management	Positive actual impact: Verifying and validating suppliers' efforts on ecology and labor safety can bring substantial effect on supply chain.	○	○	○	Supply chain management and assessment
	Customer service	Positive actual impact: We have a well-established system and procedure that caters to ongoing customer needs with technology-enhanced support, bringing positive effects to customer relations.		○	○	Satisfactory service
 Environment	response to climate change	Negative actual impact: Without effective countermeasures to address climate change issues, there could be negative consequences.	○	○	○	Risks and opportunities of climate change
	Energy and GHG management	Positive actual impact: Ongoing cutdown curbs emission and energy consumption, ensuring maximal compliance, positive brand image, and impact on overall operation.		○	○	Energy management
 Society	Talent incubation and recruitment	Positive actual impact: Resources are provided for employee self-learning, benefiting company operation and career development in a positive way.		○		Talent training channels
	Occupational safety and health	Positive actual impact: A well-established management system, a favorable workplace with adequate protective equipment, as well as legal reporting and compliance, all contribute positively to company operations and employee health		○		Occupational safety and health
	Public welfare	Positive actual impact: Active involvement in public welfare activities can significantly enhance the company's image		○	○	Social care
	Workplace equality and diversity	Positive actual impact: We engage both upper and lower supply chains to emphasize workplace equality. Through the implementation of whistle-blower protection, we guided the chain efforts to ensure workplace equality.		○		Workplace equality and diversity

Changes of material topics in 2023

In 2023, we evaluated the scope of the material topics. Concerning GRI sustainability topics, we decided to merge topics and adjust the titles.

Changes of Fortune Electric material topics in 2023

2022 Material Topic	2023 Material Topic	Description
Customer service	Talent, incubation, and recruitment	↑
Operational performance	Occupational safety and health	Add new topic
Talent incubation and recruitment	Customer service	↓
Supply chain management	Financial performance	↓
Procurement practice and management	Social welfare	Add new topic
Response to climate change	Supply chain management	↓
Human rights	Workplace equality and diversity	↑
Workplace equality and diversity	Energy and GHG management	Add new topic
	Response to climate change	↓

CHAPTER



Global Leading Heavy Electrical Equipment Brand

About Fortune Electric
Business Items
Global Service Sites

Smart Factory
Technological R&D
Economic Performance

Quality Policy

Caring about Customers and Adhering to 6σ

Customer Priority

Customer Satisfaction as the Priority

Full Participation

Full Participation Regardless of Class

Process Orientation

PDCA Efficiency Improvement

Continual Improvement

Operating within 6σ Targets

Profit Creation for Benefits

Co-prosperity with Corporate
Synergy Development Center
and Sustainable Welfare

Mission of Fortune

Reassuring Employees, Reassuring
Customers, Reassuring Shareholders,
and Reassuring Society

Four Tests

Is it realistic.

Are all parties are treated fairly.

Can it promote friendship and trust?

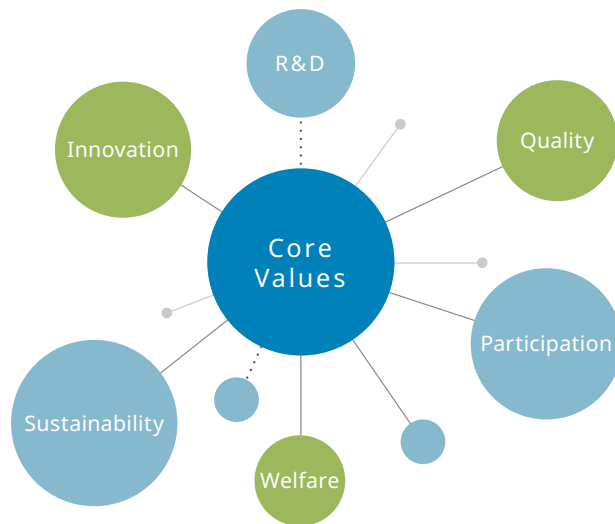
Can mutual interests be equally considered?

Material Topics	Financial performance
Related Chapter	Economic performance
GRI Principle	GRI 201-1, GRI 201-3, GRI 201-4
Commitments and Policies	The Company will focus on “Equipment Manufacturing, System Engineering, and Service Operations” as its main service offerings. The Company will continually develop and innovate new products and technology, transforming the traditional heavy electrical equipment industry into a high-tech manufacturing service industry. Additionally, the company will actively implement international operational strategies.
Metrics and Targets	<p>Short-term goal (1~2 years):</p> <p>Improve the competitiveness of the core business, expand into international markets, provide innovative services, adhere to high quality standards, and strive for stable growth and increased profits.</p> <p>Medium-term goal (2~5 years):</p> <p>Develop significant strengths to seize business opportunities in green energy, integrate resources for professional services, and expand the business layout to achieve substantial growth. Strive to become a leader in Taiwan's green energy sector.</p> <p>Long-term goal (over 5 years):</p> <p>Optimize the management structure, establish high-performance teams, implement ESG-friendly workplaces, enhance the corporate image, and strive for sustainable development to create a happy and thriving enterprise.</p>
Effectiveness Tracking Mechanism	<ul style="list-style-type: none"> • Annual report and financial statements • Investor conferences
Actions and Measures	The total operating revenue of the Company reached NT\$13,899,740,000 in 2023. For detailed information on financial performance, please see <i>Economic Performance</i> in this report.

ABOUT FORTUNE ELECTRIC

Since its establishment in 1969, Fortune Electric Co., Ltd. has consistently adhered to the management philosophy of "Quality, Participation, Welfare, and Sustainability." The company shoulders the mission of reassuring employees, customers, shareholders, and society, implementing its core principles and aspirations in the spirit of Fortune. Currently, we operate sites in Taipei, Kaohsiung, Taichung, and North America, as well as four factories: Chung Li Plant, Guan Yin Plant II, Guan Yin Plant III, and Taichung Factory (Fortune Electric Extra High Voltage Co., Ltd.). Fortune Electric manufactures power distribution equipment, power transformers, switchgears, distribution board, and related devices for power distribution facilities. We are not only the largest professional heavy electrical equipment manufacturer in Taiwan, with the most complete product lines, the highest transformer capacity and voltage, and the most certifications from Taipower but we are also the gold prize winner for having the highest export volume and export ratio of power transmission and distribution equipment in Taiwan. In response to evolving market demands and technological advancements, Fortune Electric continually integrates advanced intelligent manufacturing technologies, successfully transforming into a leading enterprise in the industry.

We are dedicated to corporate governance and ethical corporate management. We support our core businesses, expand into green energy, actively perform corporate social responsibility, and focus on environmental sustainability and co-existence. Simultaneously, we work to profoundly develop and improve the competitiveness of our core business, emphasize product quality, and continually innovate to enhance profits. Additionally, we optimize monitoring



indicators and control mechanisms to maintain high-quality decision-making and reduce information gaps through effective policy communication.

We are also committed to deeply cultivating employees' technical strengths, ensuring proper assignment of responsibilities, encouraging full participation of employees, and emphasizing functionality. We continually improve the competitiveness of our personnel in terms of both quality and quantity, and we strengthen the ongoing development of exceptional talents. We promote the unique concept of ESG (Environmental, Social, and Governance) adopted by Fortune to enhance our employer brand, prioritize our customers, pursue profits and welfare, and actively participate in social public welfare initiatives.

In the traditional heavy electrical equipment industry, Fortune Electric is a leader in the application of advanced intelligent manufacturing technologies and actively participates in external developments. We have consistently been at the forefront, from the Grid Resilience Strengthening Construction Plan to

the global new energy revolution. The company is dedicated to providing more reliable and greener energy solutions to Taiwan and the world. Through continuous innovation and development, Fortune Electric has successfully transformed into a leading enterprise in the industry and has become a renowned leader in the heavy electrical equipment sector both domestically and internationally.

In the future, we will continually uphold Fortune's commitment and rely on diversified service features to develop and innovate new products and technologies. Our objective is to transform the traditional heavy electrical equipment industry into a high-tech manufacturing service industry. We actively implement international operational strategies and strive to realize our vision of becoming the number one heavy electrical equipment manufacturer in Taiwan and a renowned manufacturer worldwide. Fortune Electric will enhance its corporate competitiveness through various management activities and achieve the dual goals of "increasing corporate profits" and "fulfilling social responsibility."



Special Awards

Fortune Electric won the special honor of **18th place in the first "Little Giant" Group** of 2015 "Commonwealth Magazine CSR Corporate Citizen Award".

Fortune Electric won the **10th Service Quality Excellence Award** in Taoyuan City.

In 2015-2018, Fortune Electric won consecutive Commonwealth Magazine **CSR Corporate Citizen Award**, further demonstrating the Company's operating results in "four aspects of corporate governance / corporate commitment / social participation / environmental protection".

Fortune Electric was awarded the **"Platinum Award and Silver Medal at the 2018 Taiwan Innotech Expo by the Ministry of Economic Affairs"**.

Fortune Electric won the **"Taiwan Excellence Award"** in 2018 and 2019.

Fortune Electric won the **"2020 Excellent Enterprise Award in Taoyuan City-Star of Intelligence Award"**. Relying on innovation and R&D as well modernizing the industry, the Company contributed to the industrial creativity and common prosperity and development of Taoyuan City.

Fortune Electric won the **"2021 Gold Medal at the Taiwan Innotech Expo from the Ministry of Economic Affairs"**.

President Hsu I-Te won the special honor of **"Super MVP"** at the 4th 100 MVP Managers of 2021 by the monthly magazine of Manager Today.

In June 2022, the Company participated in the 2022 APAC & China Partners Summit hosted by GE Gas Power in Kuala Lumpur and won the special honor of **"GE Excellent Supplier Award"**. The company has become an important power equipment partner for GE in Asia.

In 2022, Fortune Electric Extra High Voltage Co., Ltd. won the bronze medal in the appraisal of the **"Talent Quality-management System (TTQS)"**, to further align with its corporate development goals and the benefits of course implementation and create the final operating results. The Company continually strengthens its talent development mechanism, which is another result of ESG sustainable management revealed by the Company.

The Company has established smart factories and received Digital Transformation **"Dingge Awards"** from the global traditional Chinese edition of the "Harvard Business Review" in 2023. These model awards recognize large enterprises for their intelligent manufacturing transformation, intelligent manufacturing innovations, and digital supply chain integration.

Promoting green consumption is one of our key sustainable development goals. In 2022, the Company received the prestigious honor of being named an **"Outstanding Green Procurement Unit for Private Enterprises and Groups"**.

Fortune Electric Value Company Limited's "Smart Electric Vehicle AC Charging Pile" product received the prestigious 2023 **Taiwan Excellence Silver Award**.

The Company was named as one of **"2023's Best Companies to Work for in Asia"** by HR Asia.

In 2023, the Company received the **"Outstanding Green Procurement Unit"** award for Private Enterprises and Groups from the Taoyuan City Government.

President Hsu I-Te of Fortune Electric unveiled the 11th General Assembly of Taiwan Wind Industry Association in 2023 as the president of the Taiwan Wind Industry Association.

Fortune Electric was invited to attend GE Gas Power's 2023 APAC & China Partners Summit in Malaysia and received the **"Outstanding Contribution and Strategic Partnership Award."** This recognition established Fortune Electric as an important power equipment supplier for GE in the Asia region.

Fortune Electric won the **bronze medal in the invention competition of 2023 Taiwan Innotech Expo**.





Winning “2023 Best Companies to Work for in Asia” by HR Asia

The success of Fortune Electric originates from four major pillars, i.e., reassuring employees, reassuring customers, reassuring shareholders, and reassuring society. Among them, “reassuring employees” is the most important part and also the key to winning this award. We will continue to give efforts in the future.

Fortune Electric CEO's acceptance speech

On July 20, 2023, Fortune Electric made a remarkable debut at the 2023 HR Asia Awards in Taiwan, standing out by winning the prestigious "Best Companies to Work for in Asia" award. Among the mostly foreign-owned manufacturing companies recognized, Fortune Electric was proudly represented as the sole heavy electrical equipment enterprise and one of only 12 traditional industrial companies to receive this honor. This achievement showcases Fortune Electric's persistent efforts and accomplishments in human resources management, employee care, and ESG principles, embodied by their motto "Entering Electric Fortune for a Better Future." We firmly believe that the hard work and dedication of each colleague form the foundation of Fortune Electric's success. Moving forward, we will continually strive to create a safe, comfortable work environment filled with opportunities, ensuring that every employee can find value and growth within our company.

We are honored to have received this award. However, we are not complacent and are committed to furthering our efforts in the ESG field to create a more inclusive, welcoming, and sustainable work environment for our colleagues. We are dedicated to establishing a workplace that prioritizes diversity, equity, and inclusion (DEI). Our goal is for Fortune Electric to be recognized not only as the best enterprise but also as the best workplace. Moving forward, we will continue to uphold our corporate mission of "Reassuring Employees, Reassuring Customers, Reassuring Shareholders, and Reassuring Society," and strive to make Fortune Electric a sustainable enterprise that brings pride to its employees, reassurance to its customers, satisfaction to its shareholders, and contributes to society. It is our hope that our successful experiences and best practices in human resources can serve as a model for other enterprises, and that together we can elevate the standards of human resources management in Asia.

WHAT ARE THE “HR ASIA AWARDS”?

The HR Asia Awards, organized by HR Asia, is highly regarded as one of the most prestigious human resources awards in Asia. It covers 15 major Asian markets including China, India, Japan, South Korea, and Singapore. The awards aim to recognize top human resources management practices and outstanding corporate culture in Asia. This annual event has become an important indicator in Asian business circles. The awards cover various fields such as corporate leadership, work environment, HR strategies, and employee satisfaction. In 2023, 266 enterprises were nominated for the HR Asia Awards, and 94 of them won, resulting in a winning probability of approximately 25%.



◀ CEO received the award of "Best Companies to Work for in Asia" by HR Asia on behalf of Fortune Electric.

▼ Mr Hsu I-Yang, CEO and Head of Management, took a group photo with the Management Division who attended the evening party.



Winning Outstanding Contribution and Strategic Partner Award at APAC & China Partners Summit of GE Gas Power Again

As an important power equipment supplier to GE Gas Power in Asia, Fortune Electric provides customers with the best power supply solutions, builds good relationships with partners, and continually partners with GE to expand into domestic and foreign markets and grow its product range with consistent quality, short delivery periods, and competitive and high-quality pre-sale and after sales services, thus giving full play to the synergies of 1+1>2.



Winning the “Outstanding Green Procurement Unit” award for Private Enterprises and Groups

To promote environmental protection efforts among enterprises, the Taoyuan City Government has created the "Outstanding Green Procurement Units" award. The goal is to enhance awareness of environmental protection, encourage businesses to embrace sustainable development, and urge them to consider eco-friendly factors in product procurement and supply chain management.

Fortune Electric has stayed true to the concept of contributing to the environmental protection of the Earth. It has steadily moved forward in the green revolution and has won an award for two consecutive years. This represents the company's long-term contributions to green consumption, environmental education, and sustainable environmental development. The company has achieved satisfactory results in promoting energy-saving and carbon reduction measures in its operations, actively facilitating environmental protection measures in product procurement and supply chain management, as well as selecting environmentally-friendly raw materials.



▲ Fortune Electric won the "Outstanding Green Procurement Unit" award for two consecutive years. Section Chief Lai Chiu-Ling (first from the left) from the Health & Safety Department received the award, and Chang Shan-Cheng, the mayor of Taoyuan City (first from the right), presented the trophy for encouragement.



▲ Vice President Hsu I-Min (second from the left) and Section Chief Lin Hsiao-Ting (second from the right) represented the company at the award ceremony at the APAC & China Partners Summit of GE Gas Power in Malaysia.



Governor of Virginia, USA met with the electrical engineering team of Fortune Electric: Creating a better future together through cohesion and cooperation.

In April 2023, Glenn Youngkin, the Governor of Virginia, USA, made a special trip to Taiwan and met with the Fortune Electric electrical engineering team. This meeting was introduced and arranged by an important customer of Fortune Electric. Chairman Hsu Bang-Fu, President Hsu I-Te, Vice President Hsu I-Min and business supervisors from the American subsidiary of Fortune Electric attended the meeting and extended their gratitude to the customers for their trust in Fortune Electric. This meeting not only improved Fortune Electric's image in international business circles, but also showcased the recognition of the governor. Through the meeting with the governor, Fortune Electric successfully consolidated its cooperative relations with the customers and the state government. Additionally, we promised to continually provide high-quality products and professional services, and join hands with customers to make contributions to the stability of the local power demand.



▲ Governor Glenn Youngkin (fourth from the left), Chairman Hsu Bang-Fu (fourth from the right), President Hsu I-Te (second from the right), and Vice President Hsu I-Min (first from the right)

Sustainability Commitments and Strategies

Fortune Electric established a dedicated sustainability unit, the "Sustainable Development Committee," in 2022 and deems sustainable development as part of its corporate operation decision-making. The Company reviews its management behaviors through an ESG framework and develops sustainable strategies to achieve its sustainable management goals. Additionally, the Company fulfills its corporate social responsibility. With a profound understanding of the importance of sustainable development, Fortune Electric has established a series of sustainability strategies to ensure its long-term sustainability in economic, social, and environmental aspects. Based on the responsibilities of the Sustainable Development Committee, these strategies aim to realize the Company's sustainability goals and commitments.

Firstly, Fortune Electric prioritizes the environment and actively promotes the implementation of carbon reduction and energy efficiency improvement plans.

We will adopt green energy and reduce reliance on fossil fuels. We strive to reduce carbon emissions by improving energy utilization efficiency. At the same time, we are dedicated to reducing the emission and discharge of waste and pollutants, seeking innovative solutions for waste disposal, thus minimizing the adverse environmental impact.

Secondly, Fortune Electric emphasizes social responsibility, targeting social fairness and inclusiveness. We actively participate in community development projects and support education, health, and infrastructure construction in local communities. Meanwhile, we guarantee favorable working conditions and a safe and healthy work environment for workers, respecting their rights and welfare.

Thirdly, Fortune Electric emphasizes favorable corporate governance to ensure transparency and responsibility.

We will establish an effective governance mechanism to supervise management behaviors and ensure that decisions comply with the highest moral and legal standards. Additionally, we will strengthen internal control and risk management to protect the Company's and shareholders' interests to the maximum extent.

Finally, Fortune Electric focuses on innovation and continual improvement to cope with increasingly complex and changing challenges. We encourage employees to come up with new ideas and solutions, providing them with training and support to promote a culture of innovation. At the same time, we will continually monitor and evaluate our sustainability strategies, making adjustments and improvements as needed to ensure the effective implementation of these strategies and the realization of expected outcomes. As a result, the Company's long-term success and the maximization of social value will be realized.

Fortune Electric

Founded in 1969, Fortune Electric is a renowned comprehensive heavy electrical equipment manufacturer in Taiwan, boasting a history of more than 50 years. The Company focuses on manufacturing and sales of power system equipment, with product lines covering power generation, power transmission, and power distribution. Fortune Electric's products and services play an important role in Taiwan's power systems. The Company is the heavy electrical equipment manufacturer with the most certificates obtained from Taipower and the only manufacturer capable of producing 500kV EHV power transformers. Additionally, it possesses professional technology for ultra-low noise transformers and MRT AC equipment in Taiwan. Furthermore, Fortune Electric is the first heavy electrical equipment manufacturer to pass 230kV and 500kV short-circuit tests by KEMA of the Netherlands.

The power distribution equipment, power transformers, switchgears, distribution board, and related devices for power distribution facilities produced by the Company are widely applied in power plants, transformer substations, power transmission and distribution lines, and industrial and commercial users in Taiwan. We have a professional design team providing pre-sale services and professional and objective solutions in transformer design to achieve energy-saving effects, help customers save costs, and effectively resolve their requirements and pain points.

In recent years, Fortune Electric has actively invested in renewable energy and electric vehicle charging fields. It has built several solar power plants and accumulated abundant experience in land and offshore wind power generation, energy storage systems, etc. As a result, it has become the best system engineering and equipment partner for major wind power and solar power developers. Additionally, the Company provides charging equipment installation services for



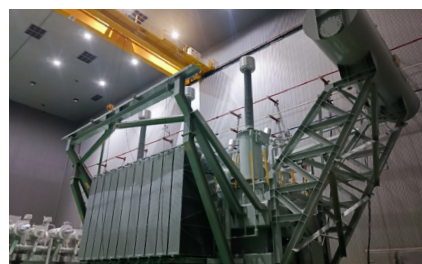
major international electric vehicle manufacturers in Taiwan, as well as management of charging stations and comprehensive charging solution services.

Fortune Electric has not only flourished in the domestic market but also achieved positive results in overseas markets. It has established subsidiaries in the United States and Australia and partnered with a Japanese company to found a joint venture in Japan. These moves enable us to quickly enter local power equipment markets and reveal our spirit of fast service, including assisting customers in transporting large transformers and providing complete installation and site test services to resolve equipment problems. Besides, we actively promote our products globally and successfully sell power equipment to power companies and important industrial users in the United States, Australia, Japan, Southeast Asia, etc. In 2023, the Company successfully sold EHV transformers to the Philippines with a specification of 3P-60HZ-500kV-450MVA.

We regularly report on our performance in shipments and installations domestically and internationally on social media platforms and actively participate in important exhibitions and activities of relevant industry associations to enhance Fortune Electric's corporate image. At the same time, we attach great importance to corporate governance and sustainable management, winning multiple honors including the National Sustainable Development Award, Industrial Excellence Award, International Trade Awards, Evergreen Enterprise Excellence Award, Service Quality Excellence Award, Excellent Enterprise Award in Taoyuan City-Star of Intelligence Award, Commonwealth Magazine CSR Corporate Citizen Award, Taiwan Excellence Award, Technical R&D Contribution Award, Innovative Invention Platinum Award, and Digital Transformation Model Award.



▲ Batches of Distribution Transformers Exported to the United States



▲ 530kV 775MVA Ultra-large Capacity Power Transformers Exported to the United States



▲ Sedan Chair Type Transportation of 345kV 700MVA Transformer



▲ Japanese Solar Power Plant PV BOX



▲ Japanese Power Company



▲ Used for the Power Plant of the Taipower and Solar Fishery-Electricity Symbiosis Project Site



▲ 500kV 450MVA EHV Power Transformers Exported to Southeast Asia



▲ Fortune Electric's Chung Li Plant



▲ Fortune Electric's Guan Yin Plant II



▲ Guan Yin Plant III of Fortune Electric

Fortune Electric Extra High Voltage

Fortune Electric Extra High Voltage Co., Ltd. is a subsidiary of the Fortune Group. As the only 500kV transformer manufacturer in Taiwan, this company is also one of the largest voltage transformer manufacturing bases in Southeast Asia. Formerly known as Hitachi Fortune Transformer, Inc., a joint venture established by Fortune Electric and Hitachi, Fortune Electric Extra High Voltage Co., Ltd. has maintained a long-term favorable technical partnership with Hitachi. In the past, the two partners manufactured power transformers with a capacity below 345kV through cooperation. To date, the company has accumulated significant experience in the manufacturing of 345kV transformers both domestically and internationally.

In the process of keeping pace with Fortune Electric, Fortune Electric Extra High Voltage Co., Ltd. has realized continual growth in operating revenue. In recent years, it has actively engaged in promoting energy transformation to provide green energy solutions that comply with environmental protection requirements, offering high-quality products and services to customers. In 2022, the company became a member of the Grid Resilience and Innovation Partnerships of the United States. Following this, it quickly became a rising star in the EHV transformer market and advanced in that direction.

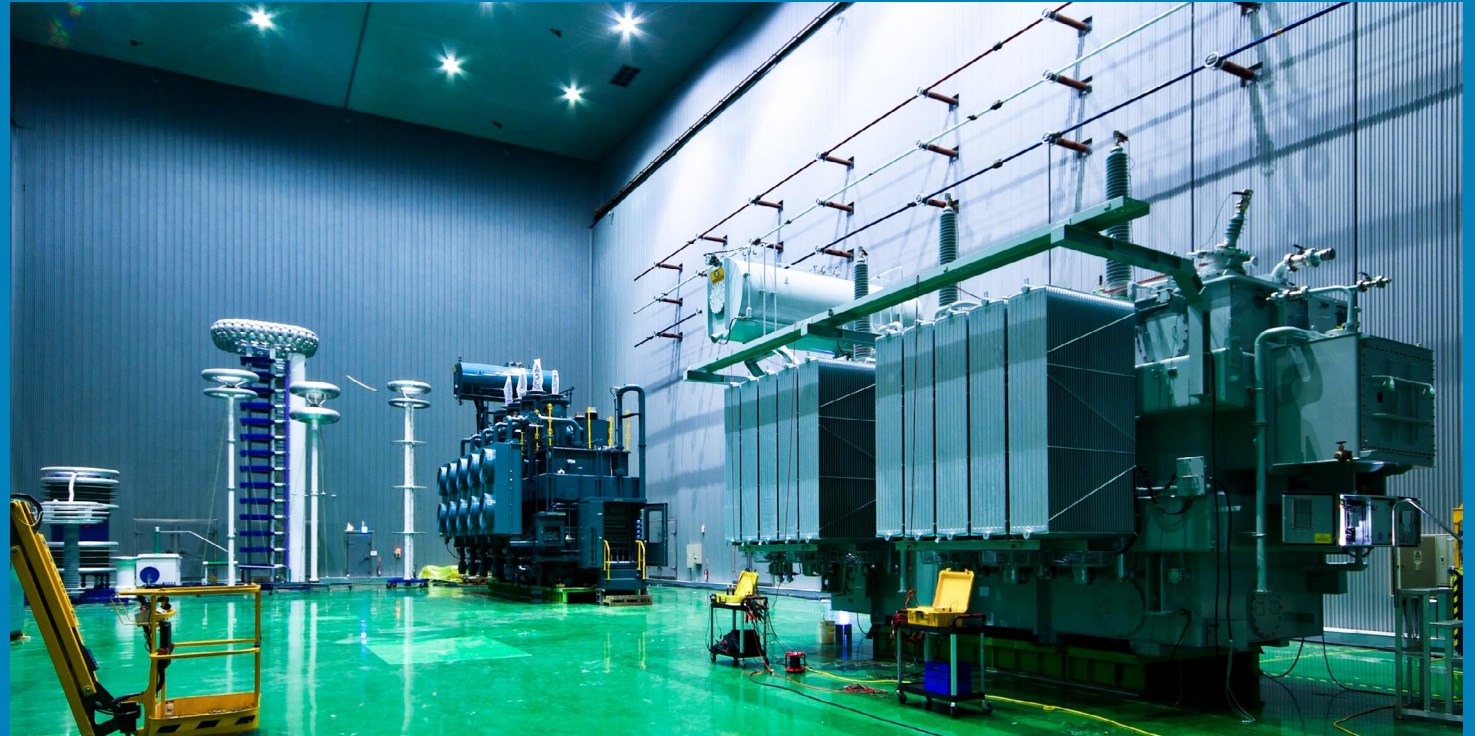
Historical Events of Fortune Electric Extra High Voltage Co., Ltd.

2015	Formal enabling of production facilities The company- owned favorable and unimpeded one-stop production line, independent isolated testing hall, indoor cranes capable of holding 400 tons, floating air cushion-type mobile equipment, etc.
2018	Marching towards the international market The company became the only company that passed the 500kV KEMA short-circuit test. In the same year, it successfully exported a transformer with the highest voltage of 530kV and a capacity of 775MVA in Taiwan to an American power company.
2019	Formally included into Fortune Electric Fortune Electric formally obtained 100% equity in the company, and renamed Hitachi Fortune Transformer, Inc. to Fortune Electric Extra High Voltage Co., Ltd.
2022	Engagement in renewable energy industry Fortune Electric Extra High Voltage Co., Ltd. manufactured large power transformers with the highest voltage of 345kV and a capacity of 540MVA for Hsinta and Taichung Power Stations. The company also supplied power transformers for offshore wind power plants and land transformer substations.
2023	Continual development of large transformer market The company manufactured 12 EHV transformers with a voltage class of 345kV or above and received orders for 27 EHV transformers with a voltage class of 345kV or above. In May, the accumulated losses were compensated, and the accumulated surplus became positive in the annual financial statements.



▲Fortune Electric Extra High Voltage Co., Ltd. (Taichung Factory)

EHV Power Transformer and Testing Hall

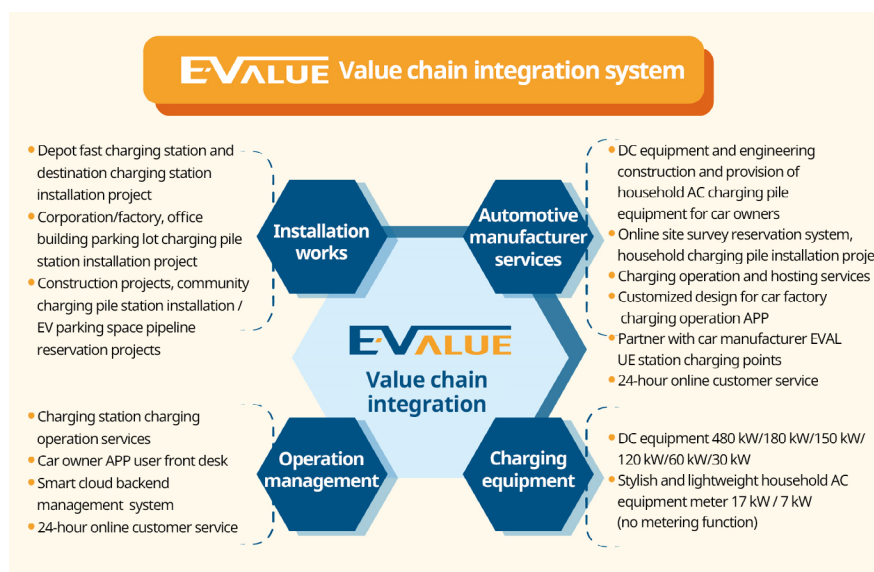


Fortune Electric Value Company Limited

Fortune Electric Value Company Limited's EVALUE provides comprehensive electric vehicle charging solutions, including construction planning of charging piles and charging stations, site survey and installation services of DC and AC charging equipment, EMS intelligent remote charging station management system, and home charging piles, etc., to satisfy the growing demand of the electric vehicle market for charging facilities and make significant contributions to the popularization of electric vehicles and the development of sustainable energy.

Fortune Electric Value Company Limited is dedicated to the provision and operation management of electric vehicle charging facilities, and is one of a few charging pile enterprises in Taiwan that are capable of providing one-stop services. The business of the company covers charging pile equipment, electromechanical engineering, and charging station operation management, etc. After entering the electric vehicle charging equipment supply chain in 2015, Fortune Electric Value Company Limited has cooperated with the electric vehicle brands of several famous automotive manufacturers including Mercedes-Benz, Toyota, Audi, LEXUS, PEUGEOT, KIA, BMW, MG, Opel, LUXGEN, etc. By providing customers with comprehensive charging solutions, we have established an extensive network of charging stations and enhanced our reputation in Taiwan.

Adhering to the brand spirit of delivering electric energy and connecting the world, Fortune Electric Value Company Limited has continually launched a variety of new products and innovative services, dedicated to providing the most comprehensive and convenient charging environment for Taiwan's electric vehicle market. Simultaneously, it aims to lead Taiwan toward a low-carbon future and embrace the new era of electric vehicles.



▲ The self-operated and self-constructed electric vehicle charging stations of EVALUE, a subsidiary of Fortune Electric Value Company Limited, are spread across Taiwan. The Neihu Flagship Charging Station is the first exclusive electric vehicle charging parking lot in Taiwan, featuring both DC fast charging and AC slow charging functions, meeting the growing demand of the electric vehicle market in Taiwan.

◀ Fortune Electric Value Company Limited's EVALUE promotes the concept of an integrated electric vehicle value chain system encompassing equipment manufacturing, installation, automotive partnerships, and operation management, aiming to become the most trusted brand in electric vehicle charging equipment

Product Introduction

AC Charging Equipment

Fortune Electric Value Company Limited provides AC charging pile (slow charging) services with specifications including a single-phase 220V voltage and output power of 7kW/17.6kW. These charging piles are equipped with Type 2 charging guns that comply with the SAE J1772 connector standard and feature a safety protection device with an automatic power disconnection system in case of improper operation, meeting the needs of community construction projects and individual users. The company places great importance on product quality, ensuring that all its products comply with the requirements of CNS15511, voluntary product certification (VPC), and certification of weights and measures.

In 2023, Fortune Electric Value Company Limited comprehensively upgraded its products with advanced technology. This included the launch of a brand-new commercial fourth-generation AC charging pile, equipped with user identification functions such as charging by RFID card-swiping and APP linkage, and a built-in digital electricity meter to record the electricity charged. Furthermore, communication modules ensure seamless network connections to various management systems, enabling remote monitoring and management. Additionally, wireless firmware can be painlessly upgraded and quickly maintained through USB and remote OTA. Future product expansions will support the TaiSEIA smart home protocol. Moreover, to meet the varied requirements of vehicle owners and different charging scenarios, the company has independently developed wall- and -pillar-mounted second-generation home AC charging piles. These products are lighter than similar products on the market and feature a delayed automatic charging function. They also support an EMS energy management system, regulating load balance and contract capacity of the charging piles, maximizing the efficient use of electrical energy.



DC Charging Equipment

Fortune Electric Value Company Limited is committed to providing reliable and highly efficient charging solutions. It offers DC charging pile (fast charging) services for large customers, such as automotive sellers and enterprises. The product specifications include three-phase 200V-530V voltage classes, with output power options of 30kW, 60kW, 120kW, 180kW, and 480kW. These products are equipped with double charging guns compatible with CCS2 and CCS1 (CHAdeMO) specifications, meeting the charging demands of various vehicle types.

Our DC charging pile equipment has received praise from customers for its diversified functions and thoughtful designs. It features an intelligent automatic power disconnection system in case of improper operation, ensuring safety during the charging process. Additionally, multiple startup modes, including charging by RFID card-swiping, APP linkage, and "Plug and Charge," provide a highly convenient charging experience. High-precision digital electricity meters are built-in for users to query the electricity charged. Advanced communication modules ensure easy network access and connection to various management systems, enabling remote monitoring and management.



Service Items

Leveraging its professional knowledge in electric power, Fortune Electric Value Company Limited is dedicated to integrating resources related to electric vehicles. Its main service items include the installation of public charging piles, planning and setting up home charging piles, and charging pile hosting services. By providing these professional services, the company has indirectly promoted the growth and success of Taiwan's renewable energy market, realizing its vision of becoming a social practitioner that provides comprehensive energy services.

1

Installation of public charging piles

In addition to the home charging market, Fortune Electric Value Company Limited's EVALUE also expands its business to more diversified public spaces. Currently, our charging facilities have already covered important medical institutions, government administrative agencies, public transport facilities like high-speed rail stations, as well as various entertainment venues and consumer areas throughout Taiwan (Note 1). By the end of 2023, EVALUE's cooperative charging stations were distributed all over Taiwan, with a total of 413 AC charging piles and 72 DC charging stations.

2

Site survey, planning, and installation of home charging piles

Fortune Electric Value Company Limited's EVALUE is dedicated to meeting vehicle owners' home charging needs by providing the most professional onsite survey and installation services. With abundant experience and professional knowledge, we have established partnerships with major automotive manufacturers to ensure precise equipment calibration and stable power allocation. We supply general home charging equipment, assist with installation, and complete the planning and setup of home charging environments. Additionally, we address power demands, site safety considerations, and other relevant issues related to electric vehicle charging.

3

Charging pile hosting services

EVALUE, a division of Fortune Electric Value Company Limited, focuses on establishing a comprehensive electric vehicle charging ecosystem by providing both public and home charging pile hosting services. Through real-time equipment monitoring, fee rate adjustments, and backend querying of charging records, we strive to optimize the use of electric power. Additionally, we have developed an APP to enhance user convenience. This APP supports credit card payments and allows users to select charging gun specifications, thereby improving the overall charging experience.

Note 1: Installation performance: TK3C, President Chain Store, Taipei 101, The Lin Hotel Taichung, Dècor Houise, Hotel Royal Hsinchu, Hotel Indigo Alishan (Chiayi), Southern Branch of the National Palace Museum South (Chiayi), Hanshin Arena Shopping Plaza (Kaohsiung), and Starbucks Shalu Beishi Store (Taichung).



▲ Led by its CEO, Fortune Electric Value Company Limited's EVALUE has experienced recent explosive growth and has become one of the leading electric vehicle charging equipment brands in Taiwan.

Simple 3 steps to activate the charging pile



Step-1
Scan the QR code with the APP or camera and get ready to charge.



Step-2
Enter the confirmation page to confirm the information such as charging piles and rates.



Step-3
Follow the APP instructions to start charging.

Charging



Charging,
displays charging power, charged capacity, estimated cost, and remaining power (if provided by the vehicle)

Payment



Charging is completed,
the checkout page will display information such as charging records and fee details.

▲ Fortune Electric Value Company Limited's charging pile equipment has been equipped with a convenient APP charging function, so that customers can start the charging process easily and hit the road quickly.

GLOBAL SERVICE SITES



Related investments/
Wuhan Tianyou Fortune Electric Co., Ltd.



Fortune Electric
America CA office



Fortune Electric
America PA office



Taipei office
Taoyuan office
Chung Li Plant
Guan Yin Plant II
Guan Yin Plant III
Kaohsiung office
Related investments/
Fortune Electric Extra High Voltage Co., Ltd.
Related investments/
Fortune Electric Value Company Limited

Currently, Taiwan and the United States are the main sales regions (provision) of products and services of the Company. Regions where each subsidiary provides services are as follows:

Operating sites of Fortune Electric in 2023

Headquarter/Factories	Address	Tel.
Headquarter / Chung Li Plant	No.10, Jilin Rd., Zhongli Dist., Taoyuan City 32063, Taiwan (R.O.C.)	+886-3-4526-111
Taipei office	10F., No. 370, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	+886-2-2704-7001
Taoyuan office	No.10, Jilin Rd., Zhongli Dist., Taoyuan City 32063, Taiwan (R.O.C.)	+886-3-4510-711
Kaohsiung office	Kaohsiung Section: No.8, Jiaoren Rd., Sanmin Dist., Kaohsiung City 80764, Taiwan (R.O.C.)	+886-7-3847-001
	Taichung Section: 1#, 2F, No. 767, Section 4, Taiwan Avenue, Xitun Dist., Taichung City	+886-4-23582-681
Guan Yin Plant II	No. 33, Jingjian 2nd Rd., Guanyin Dist., Taoyuan City 32853, Taiwan (R.O.C.)	+886-3-4836-155
Guan Yin Plant III	No. 55, Zhongzheng Rd., Guanyin Dist., Taoyuan City 32843, Taiwan (R.O.C.)	+886-3-4736-957

Investee	Address	Tel
Wuhan Tianyou Fortune Electric Co., Ltd.	No. 2832, Dongxihu Avenue, Xihu Dist., Wuhan, Hubei Province	+86-27-83240089
Fortune Electric Extra High Voltage Co., Ltd.	No. 500, Nanheng 1st Rd., Wuqi Dist., Taichung City 435, Taiwan (R.O.C.)	+886-4-26578118
Fortune Electric Value Company Limited	14F, No. 191, Fuxing North Road, Songshan Dist., Taipei City	+886-2-2325-3320
Fortune Electric America Inc.	North America Office: Shenango Valley Freeway, Hermitage, PA. 16148, U.S.A California Office: Lomita Blvd, Suite 100 Torrance, CA. 90505, U.S.A	+1-888-283-3777

Since 2016, Fortune Electric has introduced the concept of a smart factory and initiated IoT (Internet of Things) projects within the Power Division to assist managers using Kanban and alarms. After successfully launching these projects, the Company applied for technological project plans from 2017 to 2019, expanding the application throughout the Power Transformer Division. This included the electronization of self-check forms, IoT-connected equipment monitoring, and visualized Kanban. Simultaneously, the Company strengthened its internal management based on the electronic drawing system of the Technical Division. Since 2020, these concepts have gradually expanded company-wide, launching a CPS (Cyber-Physical Systems) project plan, with relevant contents introduced and executed at each factory. Several subplans were completed in 2022 and 2023.

In 2021, with the comprehensive introduction of smart factories, Fortune Electric established an Intelligent Manufacturing Development Center at the G.M. Office. This center assists each factory in executing intelligent projects, planning and communicating information flow, and implementing data analysis and integrated applications.

In addition to these projects, Fortune Electric has completed multiple IoT projects and introduced them to the factories for practical use. Daily reports have been electronized and integrated with EMS, while process status reports are automatically generated and sent to relevant management personnel to expedite production status checks. In-process product control and visualization reports are established to monitor the quantity of articles being processed, facilitating effective control of work in progress (WIP). Measures adopted for each equipment include: installing tension sensors on winding machines to digitalize tension values during the winding process, ensuring standardized production quality; installing counters on welding workstations to automatically calculate welding quantities and upload data to the database for real-time progress updates; and adding a load cell and data capture system on oil injection machines to automatically measure transformer weights before and after oil injection for a more accurate process.

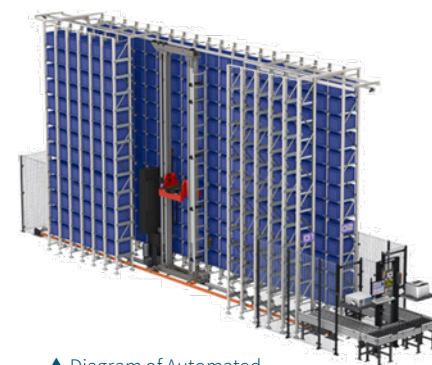
Additionally, Fortune Electric actively engages in industry-university cooperation to strengthen links and communication between academia and industry, expanding our strength in smart factory implementation. Thanks to the optimization of production lines and inventory management improvements, we have significantly increased production space by 17.85m² and reduced working hours spent locating required materials.

To lower carbon emissions and fulfill our corporate commitment to energy conservation, we have made substantial progress in energy management. We completed the construction of Guanyin Factory II and Taichung Factory (Fortune Electric Extra High Voltage Co., Ltd.), visualizing power consumption across the entire plant area. The energy management system optimizes contract capacity, controls major abnormal energy consumption, analyzes production output value, sets and notifies abnormality alarms, and performs other relevant functions. Future plans include completing the construction of Guanyin Factory III and Chung Li Plant.

In pursuit of intelligent and automated manufacturing, we planned the “Automated Tridimensional Storage and Retrieval” and “Automated Guided Vehicle Equipment System” in 2023. Detailed planning included automated guided vehicles (AGV), charging devices, connected automatic conveyor belts, tridimensional warehouses, stackers, and relevant auxiliary facilities. The automated tridimensional storage and retrieval system comprises WMS (Warehouse Management System), ASRS (Automated Storage and Retrieval System), and WCS (Warehouse Control System). Each executive module can monitor and operate WMS serial connections, equipment PLC integration, and equipment within the administrative scope, providing stable and clear operations and sending warnings in case of equipment or station abnormalities, thereby improving overall warehouse management efficiency. The AGV equipment system assists material handling in production equipment rooms, reducing manpower demand, improving material operation efficiency, and minimizing occupational safety and health risks.



▲Diagram of AGV



▲Diagram of Automated Storage and Retrieval

Coating & Assembly of Conveyor Belt Equipment



Distribution Division

The Distribution Division is primarily responsible for producing power distribution transformers and Devices for power distribution. Despite Taiwan Power Company (Taipower) used to be our major customers, over 40% of our businesses came from external sales considering the importance of exploring overseas and private markets. To realize intelligent development, the Distribution Division has adopted QR code scanning to establish production history of products, which helps accurately control elements like processes, materials, raw materials, and oil injection valves. At the same time, relevant data can be collected and exhibited in the visualized Kanban for control and monitoring purposes. This data will also go through artificial intelligent (AI) analysis based on design and practice to realize better product designs.

By establishing a production history of products and implementing data collection and analysis, the Distribution Division is able to realize accurate process control and improve product quality and efficiency. At the same time, the use of visualized Kanban enables the relevant personnel to learn about the production status and data in real time, and then implement the relevant management and decision-making. AI analysis has further provided opportunities for design optimization, which can improve product performance and functions in combination with knowledge on design and practice. These intelligent measures will facilitate the improvement of the competitiveness of the Distribution Division and satisfy continually-changing market demand.

▼The general manager leads the team in carrying out the chairman's development strategies, keeping pace with the times pragmatically and innovatively, which is making business achievements repeatedly, being continuously responsive of external challenges, and becoming the bellwether in the field of heavy electrical industry.



Power Transformer Division

The Power Transformer Division primarily focuses on the production of power transformers and their supply to power companies both domestically and internationally. This division boasts a certified laboratory dedicated to the R&D and production of large boosting transformers. In response to the increasing demand for energy conservation, the Power Transformer Division has allocated resources to the development of highly energy-efficient products, aiming to provide customers with superior energy-saving solutions. These efforts, coupled with continuous market expansion and marketing initiatives, are already yielding positive results.

In addition to product development, the Power Transformer Division is committed to improving process energy efficiency to reduce energy consumption and uphold corporate social responsibility. Below are some cases of smart factory improvements:

Automatic Determination and Discharge System for Core Drying

During the drying of transformer cores, we determine the number of drying days based on product specifications. Traditionally, professionals assess quality data to determine completion dates and then notify the engineering department to arrange manpower and equipment. To streamline this process, we have introduced a built-in scheduling and data capture program that utilizes coordinate positioning techniques to capture data. Additionally, remote monitoring of drying progress and quality via mobile phones has been implemented. Once quality is confirmed, temperature can be reduced remotely to save energy.

Tangible benefits

Drying time is shortened, and electricity costs reduced, saving a total of NT\$ 250,746 in 2023.

Intangible benefits

The equipment status can be controlled in real time, and rolling readjustment of drying standards can be realized through big data analysis to ensure the compliance of product quality with requirements and the realization of energy conservation.

Baking Furnace Temperature Monitoring System

To address the issue of uneven coil temperatures in gas-phase drying furnaces, Fortune Electric has implemented several improvements. A multi-point temperature recorder has been installed to directly monitor the temperature of each coil, adjusting air volume and furnace door tightness to ensure even distribution. Additionally, a monitoring and surveillance system has been established to oversee the drying process via LINE notifications and computer, enabling remote control of the equipment to save energy.

Tangible benefits

Drying time is shortened, and electricity costs reduced, saving a total of NT\$ 392,005 of electricity fee was saved in 2023.

Intangible benefits

The equipment status can be controlled in real time, and rolling readjustment of drying standards can be realized through big data analysis to ensure the compliance of product quality with requirements and the realization of energy conservation.

Switchgear Division

The Switchgear Division produces distribution board, gas-insulated switchgears, and other related products. Notably, the medium-voltage gas-insulated switchgear cabinet is a primary protection device in power substations, ensuring the safety of power supply. In response to the government's green energy development policy, the Switchgear Division has developed a container-type booster station exclusively for solar power generation. This innovative station significantly reduces the construction time of large solar fields, contributing substantially to green energy development.

In addition to solar energy projects, the Switchgear Division actively participates in marine and sea energy projects, successfully completing installations for offshore wind power and sea energy projects. The division also engages in the development of energy storage projects, further contributing to the growth of green energy. Fortune Electric is dedicated to promoting the application of renewable energy technology, continually striving to build a more environmentally friendly and sustainable energy system.



Product Introduction PV BOX

To coordinate the development of green energy power generation advocated by the government, we have launched container-type equipment PV BOX specifically for power equipment. This product is particularly suited for the Changhua Coastal Industrial Park 100M Solar Power Generation Project, Qigu 150M Solar Power Generation Project, etc. PV BOX presents multiple benefits:

1. It can be installed simultaneously with construction site works to shorten the construction time of the entire green energy project.
2. It provides favorable protection for equipment and protects the equipment from the elements, thus extending its service life and improving its efficiency.
3. It provides personnel access control, which helps prevent the unauthorized entry of irrelevant personnel and improve the safety and management efficiency.
4. Placing power equipment in the containers can reduce the disputes arising from invisibility of equipment.

Through the application of PV BOX, we can implement green energy power generation projects more effectively, protect the equipment, and reduce the adverse effects on society.



Fortune Electric Extra High Voltage Co., Ltd.

In 2017, Fortune Electric Extra High Voltage Co., Ltd. successfully trial-manufactured a 500kV single-phase autotransformer, which passed the short-circuit test conducted by KEMA in the Netherlands. The product obtained certification in 2018, marking a stringent validation of its transformer design and manufacturing. This achievement highlighted the company's internationally-recognized R&D strength and positioned it as the only enterprise in Taiwan capable of manufacturing 500kV transformers.

During the development of the 500kV short-circuit tested transformer, Fortune Electric Extra High Voltage Co., Ltd. invited technicians from Taiwan and Hitachi to collaborate on the design, production, testing, and overseas installation. In each production stage, personnel from various departments participated in site evaluation meetings to review the details and quality of the product. In the process, Fortune Electric Extra High Voltage Co., Ltd. held seven site evaluation meetings which exceeded the standard, to ensure that the product quality met the highest standards.

Passing the KEMA certification not only earned Fortune Electric Extra High Voltage Co., Ltd. the trust and approval of customers but also resulted in continuous orders and increased operating revenue. The company continues to uphold the spirit of manufacturing short-circuit tested transformers for super-large transformers with a voltage class of 345kV or above, implementing site evaluation meetings to ensure high product quality.



▲Completion of winding



▲In-house assembly and lifting



▲Completion of core assembly



▲Disassembly work



▲Completion of KEMA short-circuit test



▲Barreling



▲Overseas installation



▲Returning of a transformer to the factory after a short-circuit test and visual inspection of the core by a KEMA technician

Smart Transformer Accessories

Fortune Electric has also innovated and independently developed a series of smart accessory products to add value for customers. These products include a self-dehydrating breather, cored-current detector, smart remote real-time monitoring equipment, and a smart transformer IoT system. These innovations have garnered invention patents and recognition from the Taiwan Excellence Award.

Smart Transformer IoT System, SIOT

Fortune Electric has developed an intelligent monitoring solution called the transformer remote terminal unit (RTU), which is installed alongside transformers for long-term monitoring. Combining IoT and big data techniques, this system is capable of transmitting data information to the SIOT for data collection, analysis, and transmission, and features a real-time alarm function. Once a transformer fault is monitored, or the established standard range is surpassed, this system will immediately send an alarm to notify the relevant personnel to quickly respond to the problem. As a result, the impact of the fault on the power supply can be reduced, while operating efficiency and reliability can be improved.

Fortune Electric's RTU has been widely recognized and praised by its customers. The product has already been successfully exported to Singapore and the Chinese mainland. Therefore, high-quality transformer monitoring solutions are provided to international customers, which substantially supports the Company's business expansion and its competitiveness in the international market.



Self-Dehydrating Breather, SDB

To solve the problem of desiccants used in traditional breathers that contain a toxic ingredient of cobaltous chloride, Fortune Electric has developed a self-dehydrating breather (SDB) that includes an extra sensor to automatically detect internal humidity and temperature, and implement automatic dehumidification to lower the water content to 20%. Due to the avoidance of the use of toxic desiccants, this product can also reduce the generation of waste, and lower environmental impact. The SDB developed by Fortune Electric also features a display screen, communication function, and IoT technology, allowing users to remotely monitor breather status via mobile app and web interface.

To enhance the relevant research and external cooperation on the breather, Fortune Electric began an industry-university cooperative development plan with Takming University of Science and Technology in July 2016 to analyze and gather statistics regarding the intake and exhaust rules of transformers and thus determine exhaust patterns to optimize dehumidification timing. Fortune Electric has also partnered with Ghitrn Technology to develop intelligent detection modules and breather mechanisms. This cooperation with an external vendor to conduct integration testing further contributes to developments in this field.

This product series has already obtained two new utility model patents and three invention patents from Taiwan, and two invention patents from the United States. Furthermore, it was awarded the Taiwan Excellence Award in both 2018 and 2019. The product also won special honors and the Gold Medal at the Taiwan Innotech Expo in 2020, and Silver Medal in 2018.



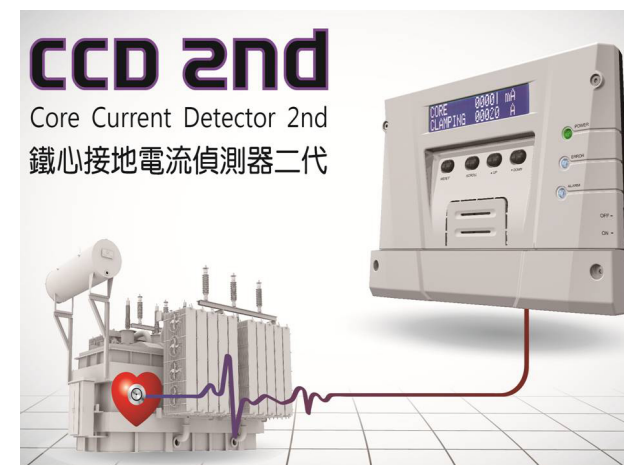
▲Other Awarded Projects



▲Patent Certificate of Self-Dehydrating Breather

Cored-Current Detector

CDII (Cored-Current Detector 2nd) is a green power accessory designed to detect and store fault current signals in transformers and motors for long-term analysis. It provides immediate warnings and remote monitoring capabilities, enabling customers to save on manpower and costs. The product's low power consumption (approximately 10W) contributes to energy conservation and carbon reduction. In 2020, the CCD won a Silver Medal at the Taiwan Excellence Award for its innovation and quality.



Innovative R&D

Relying on its highly professional knowledge and R&D spirit, Fortune Electric is committed to providing all its customers with innovative energy, assisting them in expanding their business and closely cooperating with its customers. The Company focuses on satisfying customer requirements and assists them in improving their R&D and production processes, while also actively applying an innovative model based on mutual collaboration with customers and industrial partners. These partnerships aim to develop materials suitable for specific requirements, strengthen the performance and durability of the products, seek aesthetic breakthroughs, improve production efficiency, and assist the Company's partners to reduce the impact of their products on the environment. In 2023, Fortune Electric's R&D spending reached as much as NT\$ 214,461,000, accounting for 1.54% of its operating revenue.

Investments of Fortune Electric in R&D in the Last 3 Years (Unit: NTS 1,000)

Year	2021	2022	2023
Investment amount	127,873	148,317	214,461
Ratio in the operating revenue	1.42%	1.91%	1.54%

Smart Grid Plan Subsidized by the Industrial Energy Technology Program of Energy Administration, Ministry of Economic Affairs

Fortune Electric spares no effort in promoting the construction of smart grid. The Company's Smart Transformer Regulation & AMI Communication Integrated Application Development Plan was subsidized and supported by the Energy Administration. This plan aims to develop a smart regulation device that can be integrated into existing transformers to reduce the impact of voltage fluctuation on the system and maintain the stable quality of regional electric power through automatic voltage regulation.

Through integration with communication applications, an operation monitoring database of distributing transformers is established to monitor the long-term operating status of the transformers. With reference to the communication programs for smart electricity meter systems, this plan intends to improve the operation and maintenance efficiency of transformer systems and promote and expand the benefits of smart meters and communication infrastructure. This plan will become a reference scheme for the intelligent communication of other accessory power distribution systems, including advanced sensing transformers, an active voltage compensator, AMI communication system integration, screening of the testing site, arrangement of verification, and other relevant items.

With a solid financial foundation, Fortune Electric is committed to establishing stable operation plans and capital management, and achieving favorable financial performance to continually create long-term, stable economic value and pay back to all stakeholders. It has established a long-term goal of becoming a sustainable enterprise. Due to changes in the market environment and increased demand, the company's operating revenue grew substantially in 2023, up nearly 80% compared with 2022. Earnings per share increased from NT\$ 3.21 to NT\$ 9.87, reflecting our strengths in product innovation and market expansion.

When highlighting stable financial performance, Fortune Electric is also dedicated to improving investors' interests. It shared the earnings in the current year with its shareholders by means of a distribution of stock dividends and bonuses. In 2024, the Board of Directors approved an increase in the cash dividend per share NT\$6 and stock dividend NT\$1, thus offering more reward to investors.

Consolidated Financial Statements of Fortune Electric and Subsidiaries in the Last Three Years

(Unit: NT\$)

Year/item	Unit	2021	2022	2023
Capital	Thousand dollar	2,610,585	2,610,585	2,610,585
Operating revenue	Thousand dollar	9,020,094	7,750,727	13,899,740
Gross profit	Thousand dollar	1,406,906	1,587,608	4,334,019
Profit from operations	Thousand dollar	391,966	429,227	2,853,582
Income tax	Thousand dollar	78,395	127,476	510,295
Net profit for the year	Thousand dollar	287,518	822,304	2,561,785
Net profit attributable to owners of parent company	Thousand dollar	289,883	838,249	2,577,260
Earnings per share	NT\$	1.11	3.21	9.87
R&D expenses	Thousand dollar	127,873	148,317	214,461
Employee compensation and welfare expenses	Thousand dollar	916,653	1,108,748	1,778,389
Community investment	Thousand dollar	179	118	791
Cash dividends distributed to shareholders	NT\$/share	1	2.5	6
Stock dividends distributed to shareholders	NT\$/share	0	0	1

Note: The entities included in the consolidated financial statements include headquarter of Fortune Electric and its subsidiaries.

Direct Economic Value Generated and Distributed by the Organization

Item (Unit: Thousand dollar)		2021	2022	2023
Direct economic value generated	Operating revenue	9,020,094	7,750,727	13,899,740
	Non-operating revenue	4,533	567,464	267,783
Economic value distributed	Operating cost	7,613,188	6,163,119	9,565,721
	Employee compensation and welfare	916,653	1,108,748	1,778,389
	Payments to the contributors	369,962	307,970	701,931
	Payments to the government	67,852	125,609	20,060
	Community investment	179	118	791
Economic value retained		56,793	612,627	2,100,631

Note: Economic value retained = Direct economic value generated - Economic value distributed

Financial Subsidies from the Government

In 2023, Fortune Electric successfully obtained multiple subsidies from the Taiwanese government, including rewards for hiring disabled employees, youth employment incentives, and subsidies for stable employment. Additionally, the company received an energy-saving equipment subsidy from the Industrial Development Administration, Ministry of Economic Affairs, an energy project program subsidy from the Energy Administration, Ministry of Economic Affairs, an energy storage equipment subsidy from the Taoyuan City Government, and a subsidy from the 2023 Charging Development Program from the Workforce Development Agency. Other relevant subsidies were also received for promoting the replacement of energy-saving electrical appliances. The total amount of subsidies reached NT\$ 12,513,000.

Tax Policy, Governance, and Risk Management

The Company adheres to tax regulations and fulfills its corporate social responsibility goals, aiming to create corporate value and improve tax risk management. It has developed tax governance and transfer pricing policies and established a comprehensive tax management system and culture, along with real-time and prompt handling procedures. The following taxation governance policies have been established to enhance corporate value, fulfill corporate social responsibility and civic duty, and promote sustainable development. In 2023, the Company did not receive any penalties for violations of taxation-related regulations.

Tax Governance Related Organization and Authorities & Responsibilities

The tax governance related organization and authorities and responsibilities are as follows:



1. The Responsible Supervisor for Financial Governance

The chief officer responsible for financial governance is currently the Director of the Administration Division, who concurrently serves as the responsible supervisor of the corporate governance unit and Finance Department. The supervisor is responsible for verifying and approving the overall tax governance policy according to the overall operating strategy and operating environment, to ensure the effective operation of the tax management mechanism.



2. Tax Management Unit

The tax management unit is the Accounting Department which is responsible for regularly reporting tax-related management status to the Head of Management.

Tax Governance Policy, Control, and Risk Management

The tax governance policy of the Company is founded on transparency, openness, and regulatory compliance. The Company adheres to the following tax policy and code of conduct:

1 Regulatory Compliance

- Commit to adhering to local tax regulations and legislative principles at every operational location, along with complying with international tax standards. Ensure accurate tax calculation, declaration, and timely payment within statutory deadlines to fulfill tax obligations.
- The tax compliance audit of the Company is solely entrusted to local accounting firms of a certain scale. The annual financial data of the Company is submitted to Deloitte Taiwan for the declaration of tax compliance audit.

2 Information Transparency

- Ensure information transparency in tax reports by submitting the country-by-country report, the Group master file report, and the transfer pricing reports to the relevant tax authorities as stipulated.
- Ensure that the tax assessment related to decision-making involves the joint participation of the professional internal tax team with the appropriate qualifications and experience, as well as external experts.
- Regularly disclose tax information to stakeholders through public pipelines (e.g., official website and annual report), thus ensuring information transparency.
- Use legal and transparent tax reward policies, and avoid benefiting from tax reductions or exemptions in a way that violates the spirit of law.

3 Commercial Essence

- Ensure that the corporate structure and transactions reflect their true commercial essence; avoid using tax structures designed to avoid taxes, or transfer profits to regions with lower tax rates for tax avoidance.
- Ensure that related party transactions comply with the arm's length principle, and commit to adhering to the transfer pricing regulations in each region of business operation. Perform tax obligations in the regions where value is created.
- Interact with the tax authority in an honest, upright, respectful, and fair manner based on mutual trust, information transparency, and regulatory compliance, proactively come up with material tax topics, and assist with the improvement of the tax environment and system.

4 Honest Communication

- Ensure that transactions between affiliated enterprises comply with the transfer pricing principle published by the Organization for Economic Cooperation and Development (OECD) and relevant regulations covering Base Erosion and Profit Shifting (BEPS).
- Establish a relationship featuring mutual trust and honest communication with the tax authorities in the regions of business operations provide practical industry insights and professional opinions, and assist with the improvement of the tax environment and system.

5 Risk Management

- Establish a solid tax risk control structure as well as organizational culture, give due consideration to the impact of the optimization of overall taxes of the Company, risk control, and sustainable value, and prudently evaluate tax risks and response measures.

Policy for Communication with Stakeholders of Tax-related Issues

The main stakeholders of the Company are the tax authorities of the government. The tax declaration and payment of the Company have been handled according to the provisions of the relevant laws and regulations of each country. In case of any ambiguity regarding applicable laws and regulations in the daily operation process, the Company will contact the relevant government authorities directly or through Deloitte Taiwan and inquire about appropriate handling methods. If tax audit work is conducted, relevant data shall be immediately prepared after the relevant notice is received, and the Company will coordinate tax authorities to verify the data.

To demonstrate the Company's transparency in its tax governance policy, tax information concerning other stakeholders like shareholders and investors will be responded to in the dedicated section for stakeholders on the official website of the Company, the annual report of the current year, and during shareholders' meetings.

External Initiatives

In addition to publishing sustainability reports following GRI sustainability principles, Fortune Electric has additionally advocated 17 Sustainable Development Goals (SDGs) of the United Nations, and introduced the following ISO systems to benefit the promotion of sustainable corporate management.

- In 1998, the Company obtained the ISO 14001 Environmental Management Systems certification.
- In 2019, the Company completed the conversion of ISO 45001 Occupational Health and Safety management systems.
- In 2014, the Company became the first company in the heavy electrical equipment industry to pass the ISO 50001 Energy Management System verification.
- In 2020, the Company established an information security management system according to ISO 27001:2013 guidelines.



Membership to associations

Item No.	Associations participated	Membership
1	Taiwan Electrical and Electronic Manufacturer's Association	Group member
2	Taiwan Listed Companies Association	Group member
3	The Third Wednesday Club-Young Entrepreneur Group	Group member
4	Taiwan Japan Association for Business Communication	Group member
5	Taiwan Wind Industry Association	Group member
6	The European Chamber of Commerce Taiwan, ECCT	Group member
7	Taiwan Smart Grid Industry Association	Group member
8	PV Generation System Association (PVGSA)	Group member
9	SEMI (Semiconductor Equipment and Materials International)	Group member
10	Taiwan Cogeneration Association	Group member
11	Taiwan Power and Energy Engineering Association	Group member
12	Taiwan Water Pipe Engineering Industry Association	Group member
13	Taiwan Refrigeration & Conditioning Engineering Association of ROC	Group member
14	Taiwan Building Equipment Engineering Technical Association	Group member
15	Taiwan Electric Vehicle Power Supplement Industry Technology Promotion Alliance	Group member
16	Mobility In Harmony (MIH Open EV Alliance)	Group member
17	Taiwan Professional Electrical Engineers Association R.O.C	Group member
18	Chung-Hwa Railway Industry Development Association	Group member
19	Taiwan Hydrogen & Fuel Cell Partnership	Group member
20	Taiwan Photovoltaic Industry Association	Group member
21	Taiwan Advanced Automotive Technology Development Association, TADA	Start-up member
22	Green Impact Academy	Corporate member



CHAPTER

Corporate Governance and Operation

Corporate Governance Policy and Guidelines

Risk Management

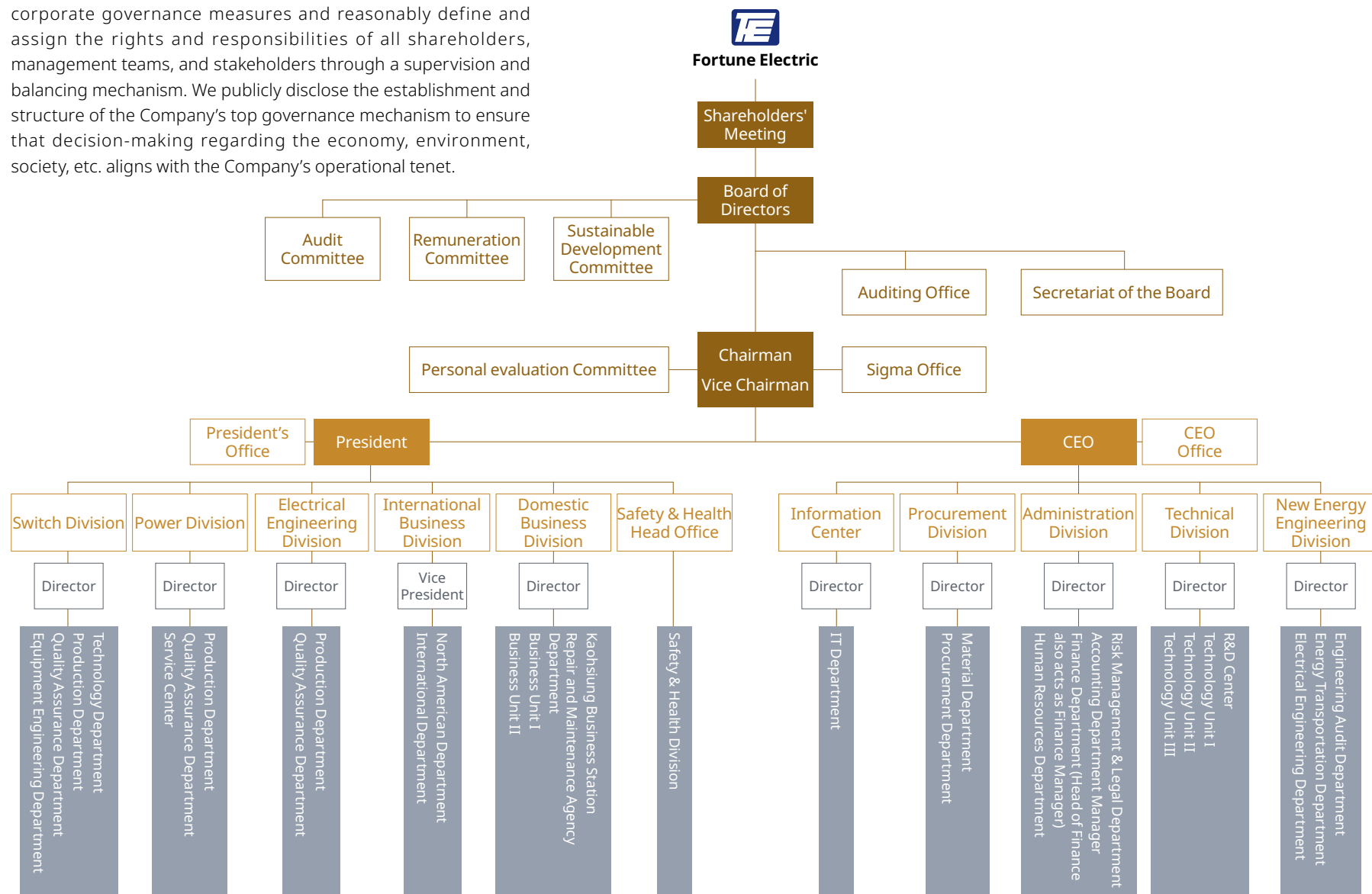
Regulatory Compliance

CORPORATE GOVERNANCE POLICY AND GUIDELINES

Values, Principles, Standards, and Code of Conduct

Fortune Electric is dedicated to maximizing its shareholders' and stakeholders' interests. To ensure the transparency of corporate governance and organizational structure, we strictly implement corporate governance measures and reasonably define and assign the rights and responsibilities of all shareholders, management teams, and stakeholders through a supervision and balancing mechanism. We publicly disclose the establishment and structure of the Company's top governance mechanism to ensure that decision-making regarding the economy, environment, society, etc. aligns with the Company's operational tenet.

Fortune Electric's Organization Chart



Diversified Members of the Board of Directors

The company's Board of Directors consists of 10 directors who are elected and appointed at the Shareholders' Meeting from those with the capacity for conduct. The tenure of each director lasts three years and they may be reelected and reappointed. Of the Board members, four are independent directors, accounting for 40% of the total directors; of the Board members, two are employees, accounting for 20% of the total directors. A candidate nomination system is adopted for the election of directors. The Shareholders' Meeting elects independent directors from the list of candidates of independent directors in accordance with the provisions of Article 192-1 of the Company Act. In 2023, the Board of Directors convened a total of five meetings. The Board of Directors was reelected on June 15, 2023, with a tenure of three years. The tenure will expire in June 2026.

The Company attaches importance to the diversified industrial experience, professional backgrounds, and capabilities of its Board members, and continually and extensively adopts the voices of different genders, age groups, and disadvantaged groups. This Board of Directors contains one female director and two directors aged 41~50, in the hope that the Board of Directors can be continually promoted to become younger and more gender-diversified in its composition. As a result, the thinking of the Board of Directors can become diversified and the enterprise's overall operating risks reduced.

It is stipulated in the Company's "Corporate Governance Best Practice Principles" that the composition of the Board of Directors shall be diversified, and the Board members shall have different professional backgrounds from various industries as well as possess the required knowledge, skills, and qualities needed to execute their duties. The Board of Directors is primarily responsible for supervising the Company's legal compliance, financial transparency, and immediate disclosure of important information, as well as making objective and independent judgments on the Company's finance and business operations. Therefore, each Board Member has already complied with the statutory requirements upon election. For further information related to the Board of Directors, please read Chapter ["III. Corporate Governance Report"](#) of the annual report for the current year.

Diversified members of Fortune Electric's Board of Directors

Identity	Diversified item	Name	Basic composition								Professional background			Professional competency									
			Country	Gender	Employee identity	Age				CPA or lawyer	Industry	Finance	Lecturer at a university or college	Operational judgment capabilities	Accounting and financial analysis capabilities	Operations management capabilities	Crisis handling capabilities	Industrial knowledge	Awareness of international markets	Leadership	Decision-making capabilities		
Directors		Hsu, Bang-Fu	Male						V		V	V		V	V	V	V	V	V	V	V		
		Hsu, Shou-Hsiung	Male						V		V	V	V	V	V	V	V	V	V	V	V		
		Shu, Yi-Cheun	Male			V				V	V		V	V	V	V	V	V	V	V	V		
		Hsu, I-Te	Male	V		V				V	V		V	V	V	V	V	V	V	V	V		
		Hsu, I-Sheng	Male	V	V						V			V	V	V	V	V	V	V	V		
		Weng, Jen-Pei	Male						V		V			V	V	V	V	V	V	V	V		
Independent directors		Hu, Len-Kuo	Male				V			V	V	V	V	V	V	V		V	V	V	V		
		Lei, Whey-Min	Male					V		V	V	V	V	V	V	V		V	V	V	V		
		Liao, Chih-Hsiang	Male		V					V	V		V	V	V	V		V	V	V	V		
		Yeh, Yun-Ching	Female			V				V	V	V	V	V			V	V	V	V	V		

Recusal for Conflict of Interest

The chairperson of Fortune Electric's top governance unit is Chairman B. F. Hsu, who also concurrently serves as the chairman of Fortune Electric Co., Ltd., Fortune Electric Extra High Voltage Co., Ltd., and Fortune Energy Technology Co., Ltd. Chairman B. F. Hsu assumes this position due to having more than the five years corporate business experience required and his expertise in leadership, operational judgment, operations management, crisis handling, industrial knowledge, and awareness of international markets. A candidate nomination system is adopted for the election of directors. The Shareholders' Meeting elects independent directors from the list of candidates of independent directors in accordance with the provisions of Article 192-1 of the *Company Act*. The Board of Directors is primarily responsible for improving the supervisory functions and strengthening the management functionality. Functional committees including the "Remuneration Committee", "Audit Committee", and "Sustainable Development Committee" have been established to enhance the functionality of the Board of Directors. The company has established comprehensive principles regarding recusal for conflicts of interest. Board members are required to fulfill moral obligations, and execute business and authorities with self-discipline and a prudent attitude. If there is a risk of harming the Company's interests, the relevant members shall not participate in any discussion and shall excuse themselves during voting. Additionally, they shall not serve as proxies for other directors and exercise their voting rights. For detailed information on the recusal policy for conflict of interest, please refer to the *Ethical Corporate Management Best Practice Principles of Fortune Electric Co., Ltd.*



Progressive Governance Team

To assess the operational efficiency and functionality of the Board of Directors, the Company established the "Performance Evaluation Measures for the Board of Directors" during a meeting on May 11, 2020. The evaluation of the Board of Directors has been conducted annually since 2020, with performance results announced before the end of the first quarter of the following year. In 2023, the evaluation results of the Board of Directors and individual directors were excellent, and the results were submitted and reported to the Board of Directors on March 8, 2024. The members of this Board of Directors specialize in leadership, operational judgment, operations management, and crisis handling with industrial knowledge and an awareness of international markets, and includes six general directors, namely B. F. Hsu, S. H. Hsu, I. C. Hsu, I. S. Hsu, I. T. Hsu, and J. P. Weng; four independent directors elected in this Board of Directors include H. M. Lei, L. K. Hu, C. H. Liao, and Y. C. Yeh. Among them, Mr. H. M. Lei and Mr. L. K. Hu, who were former lecturers at the Department of International Trade, National Chengchi University, specialize in international trade, corporate management, etc.; as an accountant at Chainye Accounting Firm, Mr. C. H. Liao contributes significantly in terms of management and corporate governance practice; Y. C. Yeh is currently a full-time university professor with a Ph.D degree in law, and thus capable of supervising the Company to lower the relevant legal risks. A diversity policy has already been established in Article 20 of the Company's [Corporate Governance Best Practice Principles] and disclosed on the Company's website. For detailed information, please refer to the "the state of the company's implementation of corporate governance" section in the annual report for the current year.

Implementation Status of the Evaluation of the Board of Directors of Fortune Electric in 2023



2023 Continuing Education Courses attended by the Fortune Electric Board of Directors and their Total Duration

Title/Trainee	Environmental courses		Economic courses		Governance courses	
	Course name	Training duration (h)	Course name	Training duration (h)	Course name	Training duration (h)
Chairman Hsu, Bang-Fu	Global Trends and Business Opportunities for Low-carbon Economy and Low-carbon Innovation in 2023	3	Identifying Information Security Threats in Supply Chain-Opportunities for Startups in Taiwan	3	How directors supervise the corporation in establishing good corporate governance and risk management?	-
Vice Chairman Hsu, Shou-Hsiung		3		3		-
Director & General Manager Hsu, I-Te		3		3		-
Director & CEO Hsu, I-Sheng		3		3		-
Director Shu, Yi-Cheun		-		3		3
Director Weng, Jen-Pei		3		3		-
Independent Director Lei, Whey-Min		3		3		-
Independent Director Hu, Len-Kuo		3		3		-
Independent Director Liao, Chih-Hsiang		3		3		-
Independent Director Yeh, Yun-Ching		3		3		-
Total duration (h)	27		30		3	

Correlation between Board of Director remuneration and Sustainable Performance

The performance of the Board of Directors and individual directors is evaluated regularly once a year. It is primarily implemented in the form of a self-evaluation questionnaire. The performance evaluation indicators for the Board of Directors contain five aspects, including "Participation in the operation of the company", "Improvement of the quality of the board of directors' decision making", "Composition and structure of the board of directors", etc. Based on the results of this evaluation, the Remuneration Committee reviews and makes suggestions on remuneration payment standards and specific amounts.

In response to sustainability trends and regulatory requirements, Fortune Electric actively participates in ESG-related work, involving topics like an emphasis on human rights, environmental conservation, safety and health, community engagement, etc. Last year, the Board of Directors began cooperation with Leadership Management Consulting Co., Ltd., to provide employees with the relevant training courses. And each business division has established a weekly reporting system to regularly share information on sustainability with employees. Our annual operation plan includes the establishment of a corporate social responsibility policy and is linked with a KPI performance assessment and remuneration of departments and individual employees.

Bonus refund policy against Illegitimate benefits

The Company and its directors, managers, employees, fiduciaries, or substantial controller(s) shall not directly or indirectly provide or accept any unreasonable gifts, treatment, or other unlawful interests to establish business relations or affect business trading behaviors. The dedicated unit of the Company shall make suggestions on refunds, paid acceptance, public possession, transfer to charitable organizations, or other appropriate measures in consideration of the nature and value of the benefits, and then report to the superior for approval before implementation. Since 2021, to improve the willingness to report unlawful behavior inside the Company, a whistleblower reporting platform was established as a means for employees to conveniently seek assistance, or report unlawful behavior that goes against the Company's requirements.

Functional Committee

Governance structure and authorities & responsibilities granted

Fortune Electric has established an Audit Committee, a Remuneration Committee, and a Sustainable Development Committee, and had the Board of Directors pass a risk management commitment and risk management policy in 2010. Each management unit is responsible for regularly evaluating and reviewing risk matters, and reporting the implementation status of risk management work of the previous year at the beginning of each year. In the process of operations management, possible risks will be mitigated and controlled, and relevant early-warning measures established.

Remuneration Committee

To strengthen corporate governance and sustainable management and improve the remuneration system established for its directors and managers, the Company has established a "Remuneration Committee". The operation method of this committee is handled according to the Company's "Rules of Procedure of the Remuneration Committee". The Company's Remuneration Committee is comprised of four members who are served by all independent directors, with one of them appointed as the convener. This committee evaluates the remuneration policy and system established for directors and managers of the Company professionally and objectively and makes suggestions to the Board of Directors as a reference for its decision-making. The responsibilities of the committee are handled according to the rules established by the Company regarding the scope of independent directors.

Tenure of members of this (the fifth) Board of Directors: June 15, 2023-June 14, 2026. In 2023, the Remuneration Committee convened 2 meetings. The qualifications and attendance of the committee members are as follows:

Title	Name	Actual attendance	Attendance via proxy	Actual attendance
Convener	Hu, Len-Kuo	2	0	100%
Member	Lei, Whey-Min	2	0	100%
Member	Liao, Chih-Hsiang	2	0	100%
Member	Yeh, Yun-Ching	2	0	100%

Audit Committee

The Company has established an Audit Committee to replace the functions and powers of supervisors according to the provisions of Article 14-4 of the Securities and Exchange Act, to strengthen the structure and operation of the Board of Directors. The Audit Committee is comprised of four independent directors and is responsible for assisting the Board of Directors in supervising the quality and integrity of the Company to execute the relevant accounting, audit, and financial reporting processes and financial control. With consent from more than half the number of its total members, the Audit Committee may submit the relevant matters to the Board of Directors for resolution based on its authority. The Audit Committee convenes a meeting at least once every quarter and may convene meetings at any time. In 2023, the work of this committee included reviews of the financial reports of each quarter and proposals for endorsement guarantees, annual surplus distribution, derivatives trading, and major asset transactions, the establishment of general principles for the pre-approval of a non-assurance service policy, an amendment to the "Operating Procedures for Lending Funds to Others", an assessment of the effectiveness of the internal control system, etc. Later, the deliberation results were approved as proposed and submitted to the Board of Directors for discussion.

Sustainable Development Committee

In March 2022, the Board of Directors established a sustainable development committee to assist the Board in continuing to promote sustainable development and practice sustainable operation and management, so as to strengthen corporate governance, actual environmental protection and fulfill social responsibilities. In May 2024, in accordance with "Sustainable Development Committee Organizational Rules" amends this organizational rule. The Sustainable Development Committee is affiliated to the Board and is a functional committee composed of a Chief Sustainability Officer, Director, Deputy Director, Executive Secretary and the execution team. The Chairman of the Board serves as the Chief Sustainability Officer, the Vice Chairman of the Board serves as the Director, the General Manager and the CEO serve as Deputy Directors, the Corporate Governance Director serves as the Executive Secretary, and the committee members are managers appointed by the company, forming a cross-department group. Carry out sustainable development affairs. The term of office of the committee shall be in accordance with the term of the Board, which shall be eligible for re-election. If the members of this committee are dismissed for any reason and the number of members is less than three, they shall be re-appointed at the latest board meeting.

The Sustainability Committee, authorized by the Board of Directors, should pay attention to good management and focus on the five major areas of "Corporate Governance", "Green Sustainability", "Social Care", "Happy Workplace" and "Partnership". The Executive Secretary faithfully performs the following duties and powers and reports them to the board of directors:

1. Formulate, promote and strengthen the company's sustainable development policies, annual plans and strategies, etc.
2. Review, track and revise the implementation and effectiveness of sustainable development.
3. Supervise sustainability information disclosure matters and review sustainability reports.
4. Supervise the implementation of the company's sustainable development code of business or other sustainable development-related work approved by the board of directors.

Additionally, the Board of Directors has authorized the Administration Division to establish a "Volunteer Committee Organization" to promote activities for good neighborliness and public charity. The Volunteer Committee reports to the Board of Directors every quarter and regularly updates the website, as well as publishes the relevant information on various periodicals of the Company.

The full-time and part-time unit of sustainable development and the Executive Secretary assist the Sustainable Development Committee in implementing various plans, covering the following organizational tasks and reporting the implementation status of sustainable development to the sustainable development committee:

Corporate Governance Group	Responsible for compliance with corporate governance laws, formulating reasonable remuneration policies and employee performance appraisal systems, education and training, and stakeholder communication mechanisms to achieve the company's sustainable development goals.
Sustainable Environment Group	Responsible for the environmental management system, compliance with environmental laws and international standards, evaluation of sustainable transformation, improvement of resource utilization, climate change response mechanism, and establishment of dedicated environmental management units or personnel to achieve environmental sustainability goals.
Social Welfare Group	Responsible for human rights management policies and procedures, compliance with human rights-related laws and international standards, etc., establishing internal and external communication with all members of the organization such as employees, subsidiaries, joint ventures, etc. and important members of the value chain, assessing relevant risks and management mechanisms, and promoting community development and Cultural development to achieve the goal of sustainable management.
Sustainable Information Disclosure Team	Responsible for sustainable information management policies, complying with relevant laws and international standards on sustainable information disclosure, etc., and fully disclosing relevant and reliable sustainable information to enhance the transparency of sustainable information. The cross-departmental team executes the business organized in the preceding paragraph, compiles execution plans or other sustainability-related matters, and reports the execution results to the full-time and part-time sustainable development units or this committee.

▼Organizational Chart of the Sustainable Development Committee



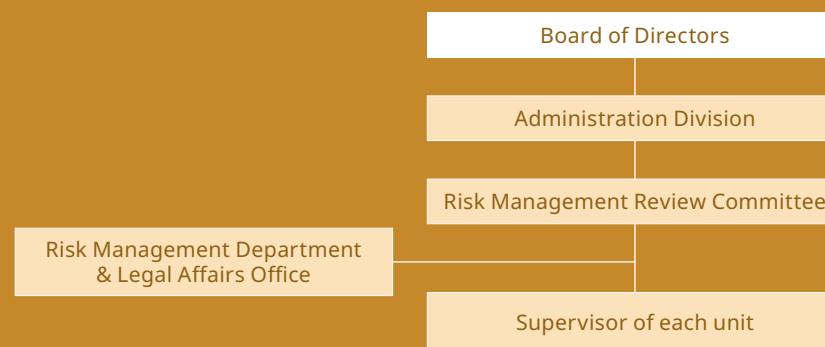
Risk Management Policy

Creation of corporate value	Strive to maximize customer and investor interests, adhere to company policy, manage risks, and achieve profits while balancing risk and reward.
Pursuit for corporate sustainability	Establish and promote a risk management system able to identify, analyze, assess, and manage risks related to each business activity within the company, and oversee and review the operational impact of this system; the risks should be aligned with the risk tolerance level accepted by the relevant stakeholders in order to accomplish the goal of sustainable corporate management.
All-staff risk management	Develop a strong risk awareness among employees at all levels through the company's commitment and establishment of a risk management mechanism; enhance employees' risk management capability through education and training, to shape the Company's risk management culture, and effectively implement risk management in the corporate systems as well in the daily work and personal lives of each employee.

In 2010, Fortune Electric established a risk management organization and system to fulfill its long-term sustainable management responsibilities of “Reassuring Employees”, “Reassuring Customers”, “Reassuring Shareholders”, and “Reassuring Society”. The organization and system are based on cost-effectiveness and aim to integrate and manage all risks that could impact its operation and profitability. This includes risks related to strategies, operations, finance, potential hazards, and other relevant aspects. This system intends to provide comprehensive risk management measures for the Company's stakeholders, shareholders, and other associated groups.

Fortune Electric has followed the risk management structure principle outlined in ISO 31000 and used the PDCA (Plan-Do-Check-Act) management cycle as the basis for establishing its risk management system. This system has standardized the requirements for products, processes, and activities throughout the Company and assured compliance with risk management standards. We have established, implemented, and continually improved an effective risk management mechanism, to establish a high-quality corporate constitution and assist in the realization of our operating goals.

As authorized by the Company's Board of Directors, the director of the Administration Division is designated as the head manager for the company's risk management. They are responsible for overseeing the operations of the risk management organization, driving the execution of relevant plans, and reporting on the previous year's risk management activities to the Board of Directors at the start of each year. This is to ensure transparency and accountability. The structure of the risk management organization is shown as follows:



Risk Management Review Committee

Fortune Electric has established a Risk Management Review Committee comprised of experts from each department of the Company. This committee is assigned to regularly convene risk review meetings to ensure that all staff members participate in and implement the risk management policy, the benefits of the risk management system are further expanded, and the risk of information asymmetry is lowered. At the same time, we have established a risk information collection system so that the Company can stay up to date with the relevant internal and external risk information to improve the effect of risk prevention. By taking these measures, we can better manage risks and ensure the Company's sustainable development and sound operation.

Risk Management Department & Legal Affairs Office

After the Administration Division formulates the relevant policies, the Risk Management Department & Legal Affairs Office (hereinafter referred to as Risk Management Legal Affairs Office) is responsible for the execution of the Company's risk management policy. The Risk Management Legal Affairs Office is responsible for assisting each department in drawing up risk management objectives, promoting each department's risk management activities, and supervising and prioritizing operations that lower legal risks. They regularly monitor each department's risks and submit evaluation reports to the upper management of the Company's business divisions and Risk Management Review Committee. The Risk Management Legal Affairs Office plays an important role in the entire risk management process and guarantees that each department can effectively manage and minimize legal risk.

The status of the implementation of the 2023 risk management policy was reported to the Board of Directors on March 8, 2024:

- Implementation of risk management work as scheduled: In 2023, a total of 129 incidents with a high-risk level or above were identified in relation to operations, the environment, and climate. Plans for addressing and improving items with a significant impact or requiring timely improvement were proposed. Besides, incidents with a high-risk level or above but not provided with the relevant handling plans would be tracked and controlled. Other medium- and low-level risk events were controlled by each unit and summarized and reported to the Risk Management Department & Legal Affairs Office.
- Implementation of risk management education and training: By the end of 2023, the relevant education and training for new employees in the current year as well as the course of "Risk Perception and Control" were implemented, with a total of 182 trainees. The accumulated class hours reached 302 hours.
- As for risk handling performance in 2023, a total of 84 risk handling countermeasures were completed. It was evaluated that 88% of risk events could be minimized and effectively controlled. For risk events that were not immediately dealt with, the relevant improvement measures should be changed in the coming year, and such incidents handled according to the PDCA cycle in the Company's risk management structure.

Fortune Electric's 2023 Risk Assessment and Response Strategies

Significant identified risks and assessments	Competent unit for risk management	Risk response strategy	Risk deliberation and control	Decision-making and supervision mechanism
Strategy risks: Industry peers, strategies, annual objectives, commercial environment, goodwill, human resources, etc.	G.M. Office, CEO Office, Domestic Business Division, International Business Division, New Energy Engineering & Construction Division, and Administration Division	Assess the possibility and degree of the impact of risk events, and propose relevant handling countermeasures to address risks at different levels for control. After implementation, assess whether the residual risks comply with the Company's risk appetite; continue planning, implementation, monitoring, auditing, and improvement per PDCA management cycle.	Section-level supervisor, G.M. Office, CEO Office, and risk Management Review Committee	Board of Directors: Serve as the top authority to determine the handling of countermeasures and make decisions on each risk event. Auditing Office: Confirm whether the Company's risk management mechanism is sufficient.
Operational risks: Work processes, work safety, product quality, production and sales, suppliers, etc.	G.M. Office, CEO Office, Distribution Division, Power Transformer Division, Switchgear Division, New Energy Engineering & Construction Division, Safety & Health Division, Purchase Division, Domestic Business Division, International Business Division, Technical Division, and Administration Division			
Financial risks: Capital financing limit, inventories, bad debts, etc.	G.M. Office, CEO Office, Domestic Business Division, International Business Division, New Energy Engineering & Construction Division, Purchase Division, Administration Division, Distribution Division, Power Transformer Division, and Switchgear Division			
Information risks: R&D technical capability, information security, internal and external information communication, knowledge inheritance, legal relevance, etc.	G.M.'s Office, CEO's Office, Technical Division, Domestic Business Division, International Business Division, Administration Division, IT Center, and Switchgear Division			

Moral Value and Professional Behavior

To further improve ethical operations, the Company has assigned the Human Resources and Risk Management Departments and the Legal Affairs Office of the Administration Division to establish Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct, which have already been approved by the Board of Directors. The policy and practices for ethical operation are explicitly outlined in the internal rules and regulations, as well as in outgoing documents, demonstrating the commitment and compliance of the Board of Directors and management.

The ethical operational policy of the Company clearly and thoroughly defines specific ethical operational practices and the prevention of unethical conduct, including operating procedures, behavioral guidelines, education, and training, etc., through which the risks of unethical conduct possibly resulting from a conflict of interest can be identified, overseen, and managed. When a conflict of interest occurs, priority shall be given to the interests of the Company. Discussion and decision-making shall be conducted, and appropriate pipelines provided for stakeholders to indicate whether they have potential conflicts of interest with the Company. The Company also operates within the laws, regulations, and rules according to the Operating Procedure and Behavioral Guidelines for Ethical Operation, and the auditing unit is assigned to implement the audit plan.

To avoid violations of ethical operations, Fortune Electric has utilized various meetings, events, and periodicals to increase the publicity of its relevant policies. Additionally, we regularly hold internal education and training, and set up “Manufacturer Cooperation Meetings” to invite counterparties engaged in business behaviors with the Company, so that they can have a full understanding of the Company’s determination in ethical operations as well as the relevant policies and prevention programs; internal and external personnel are encouraged to report unethical conduct or improper behaviors. Furthermore, the Company has established “Operating Procedures for Whistleblower Protection and Whistleblowing” to enforce the relevant punishment and appeal system. Internal personnel who make false claims or accuse others maliciously will be punished based on the severity of the situation in accordance with the provisions of the Company’s management rules; an opinion feedback channel and mailbox are set up on the corporate website and internal website for internal personnel of the Company and external personnel to use. In 2021, Deloitte Taiwan was tasked with developing a whistleblower reporting platform to encourage employees to report any unethical behaviors within the company. This platform aims to make it easier for colleagues to seek assistance or report behaviors that do not align with the Company’s standards.

In 2023, Fortune Electric actively organized character education reinforcement sessions and four major testing activities. The goal was to enhance employee performance, ignite their passion and positivity at work, promote good working habits, and continuously improve the quality of the workforce by instilling positive values. These activities not only helped create a happy work environment but also contributed to building a corporate culture of integrity, thus supporting the sustainable development of Fortune Electric.

Communication and Training of Anti-corruption Policy and Procedures

As per the amended Regulations Governing Internal Control System, the Company has implemented operational control measures for the "Management of Insider Trading Prevention." This includes defining the scope of significant internal information that can affect stock prices, ensuring confidentiality before the disclosure of such information, prohibiting sales and purchases, and establishing operating procedures for the content, timing, methods, and personnel involved in the external disclosure of significant information that can affect stock prices. These measures are in place to prevent insider trading. In 2023, the implementation performance of anti-corruption and integrity policies are as follows:

- **Implementation of the concept of ethical operation:** In addition to the standardization of provisions related to professional ethics in its organizational rules and regulations, the Company also requires colleagues to implement four major workplace tests, i.e., authenticity, fairness, reputation & friendship, and mutual benefit. The Company continually spreads this concept to its customers and suppliers, to implement ethical operation.
- **Regulatory compliance:** The Company scrupulously abides by the Company Act, the Securities and Exchange Act, the relevant rules and regulations governing TWSE-listed companies, or other laws and regulations related to commercial practices. Additionally, the Company regularly discloses its corporate information on MOPS as stipulated, to achieve information openness and transparency. The Company has consistently been rated as Grade A regarding information transparency evaluation of TWSE/TPEX listed companies for many years.
- **Advocacy of internal periodicals:** Fortune Electric regularly publishes relevant content related to character advocacy, manpower quality projects, and advocacy of teaching materials in its internally published periodical "Fortune Weekly". In the period from March 2023 to December 2023, a total of 44 articles were published. From March 2023 to December 2024, a total of 5 articles were published regarding the advocacy of cases of code of integrity.
- **Manufacturer engagement meeting:** Various meetings and events are regularly utilized to conduct internal education and training as well as to advocate the Company. Additionally, the company has established a "Manufacturer Engagement Meeting" to invite business partners to gain a full understanding of the company's commitment to ethical practices, relevant policies, and prevention programs.



- **Education, training, advocacy, and assessment of new employees:** Each new employee is arranged to receive advocacy of our ethical operation policy after reporting for duty. In 2023, six advocacy activities were held and all participants successfully passed the assessment.
- **Whistleblower reporting platform:** In 2023, three letters of accusations were received by the whistleblower reporting platform, and all of these three cases were later closed; besides, only the number of the cases was disclosed to protect whistleblowers' information and ensure the confidentiality of these cases.
- **Ethical contract performance clause:** The Company has included a clause for ethical contract performance in its standard contract. This clause explicitly states that disqualified suppliers will be removed, and a list of excellent manufacturers will be provided to the design unit and the factory. This is to avoid engaging in business with manufacturers who have unethical records.

Effect of Education on Regulatory Compliance

In order to ensure that all employees understand the various aspects of regulatory compliance, such as the relevant business operations of the company, the regulations to be followed as per the requirements of the administrative authority, compliance with the company's internal control mechanism, and the requirements of the competent authority, and the implementation of the management philosophy focusing on "Quality, Participation, Welfare, and Sustainability," the company consistently provides relevant resources. These resources include the collection of laws and regulations, tracking and evaluation, policies and measures, education and training, and legal advocacy. This is done to enhance employee awareness of the law, maintain the company's image, and reduce legal risks in its operations. We also pay close attention to any domestic and foreign policies and regulations that may affect the Company's finance and business operations, establish operating procedures for regulatory compliance, and assign the legal affairs unit to summarize and inspect the compliance status.

In 2023, Fortune Electric did not incur any major monetary or other non-monetary penalties due to its failure to abide by the laws and regulations governing economic, environmental, and social categories. In 2023, Fortune Electric implemented the internal control and audit of 42 cases. Of these cases, deficiencies were found in three, and improvements were made in all of them, with an improvement completion rate of 100%.

Regulatory compliance regarding the environment	As for regulations related to environmental conservation, the Company did not incur any monetary penalties or experience any incidents due to the violation of environmental laws and regulations, or receive any appeals regarding the environmental impact as filed, processed, and resolved through a formal appeal mechanism in 2023.
Regulatory compliance regarding society	As for regulations related to workplace discrimination or corruption, the Company did not receive any fines or penalties in 2023 due to the violation of these regulations, or receive any appeals regarding human rights issues as filed, processed, and resolved through a formal appeal mechanism.
Regulatory compliance regarding the economy	<ul style="list-style-type: none"> • In 2023, the Company did not incur a large penalty for any violation of laws and regulations in the sale of its products and services. It followed the Fair Trade Act and was not involved in any legal disputes related to anti-competition, antitrust, or monopoly practices. • In 2023, the Company did not incur any penalties or warnings regarding its violation of the regulations and voluntary stipulations governing Safety and Health related to its products and services. • In 2023, the Company did not receive any penalties or warnings regarding its violation of regulations governing information and labeling of its products and services. • In 2023, the Company did not incur any penalties or warnings regarding its violation of regulations governing marketing communication (including advertising, promotion, and sponsorship). • In 2023, the Company did not receive any complaints regarding its infringement upon customers' privacy or loss of customer data.

Information Security Risks

Fortune Electric has a complete internal audit and internal control system. In addition to the continual replacement of old equipment and system upgrades performed in recent years, the Company has established a Cybersecurity Management Committee in accordance with ISO 27001, and assigned responsive information security management representatives and dedicated personnel. It is expected that a Chief Information Security Officer will be formally appointed in the future. Additionally, we regularly execute vulnerability scanning of key host computers, social engineering drills, and information security education and training, to determine any system loopholes in our personnel's behaviors and software/hardware. Internally, antivirus software is utilized to protect the security of our terminal systems. Furthermore, the Company has activated the relevant maintenance contracts with our information security vendors to assist in the analysis of the relevant measures to address various terminal information security incidents.

Information Security Policy

To facilitate the implementation and effective operation of each information security management system, the Company has established information security management policies and objectives based on its business activities and related risks. This comprehensive information security management system standardizes establishment and development, operation implementation, monitoring and review, and continual maintenance and improvement. We also rely on continuous supervision and management to ensure that all employees are explicitly instructed to execute the relevant measures during their daily work, to sustain the confidentiality, integrity, and availability of the Company's important information systems. The information security policies include:

Implementation of information security and improvement of service quality

All employees effectively implement the information security management system and all information-related operations and measures. The confidentiality, integrity, and availability of business data shall be ensured, and the data shall not be subject to risks like leaks, damage, or loss due to external threats or improper management by the internal personnel, to strengthen service quality and improve the service level.

Strengthening of risk management and assurance of continuous operation

Supervise and guide all colleagues to implement information security management work, continually carry out information security education and training, establish a concept of "Everyone is responsible for information security", and urge the colleagues to understand the importance of information security, to realize the goal of continuous operation of the information security policies.

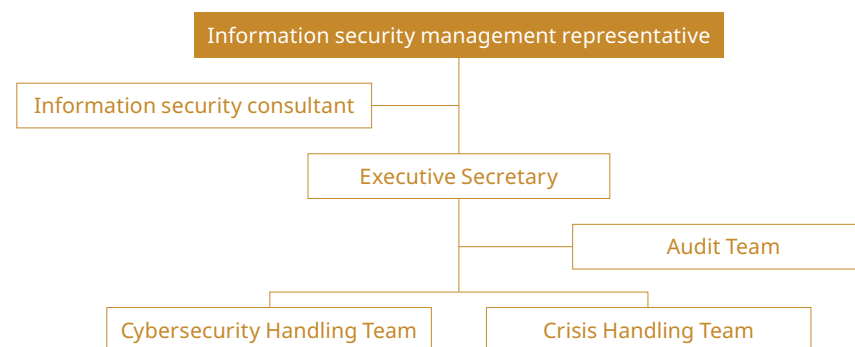
Information Security Management System

The Company passed the ISMI ISO 27001 "Information Security Management System" certificate by AFNOR Asia in 2014, and has established an institutional, documented, and systematic information security management system according to the steps specified in ISO 27001: 2013. The certificate is valid from April 19, 2023 to August 31, 2025. By continually supervising and reviewing management performance, the Company implements the concepts of information security management and continual business operation and improves its information security intelligence and emergency response capability. As a result, information security risks are lowered, and the confidentiality, integrity, and availability of information assets of the Company, and their compliance with the requirements of the relevant laws and regulations, are ensured. Additionally, such information assets are protected from intentional or accidental threats internally and externally, to secure the rights and interests of the Company's employees or customers. It is expected that version conversion tasks will be initiated after 2024, and the new versions of these procedures will be used in 2025. The following objectives will be implemented in the Company's information security management system:

1. Implement a cybersecurity management policy.
2. Comprehensively introduce an information security management system (ISMS).
3. Train professionals in cybersecurity to enhance their information security skills.
4. Strengthen the cybersecurity environment and information security risk capacity.
5. Achieve the measurement indicators of the information security management policy.

The Company has established a Cybersecurity Management Committee, which holds meetings at least once a year to review its current information security management system. The purpose of these meetings is to ensure that the procedures related to the information security management system are applicable, appropriate, and effective. Moreover, the Committee evaluates the timing for improving the relevant policies, objectives, and other change requirements. In the event of a major change in this policy, an immediate review will be conducted, and the documents and records related to the review results will be retained for future reference. Additionally, the relevant units and cooperative manufacturers will be notified as necessary to ensure joint compliance and the appropriateness and effectiveness of the policy.

▼Organizational Structure of Fortune Electric's Information Security Team



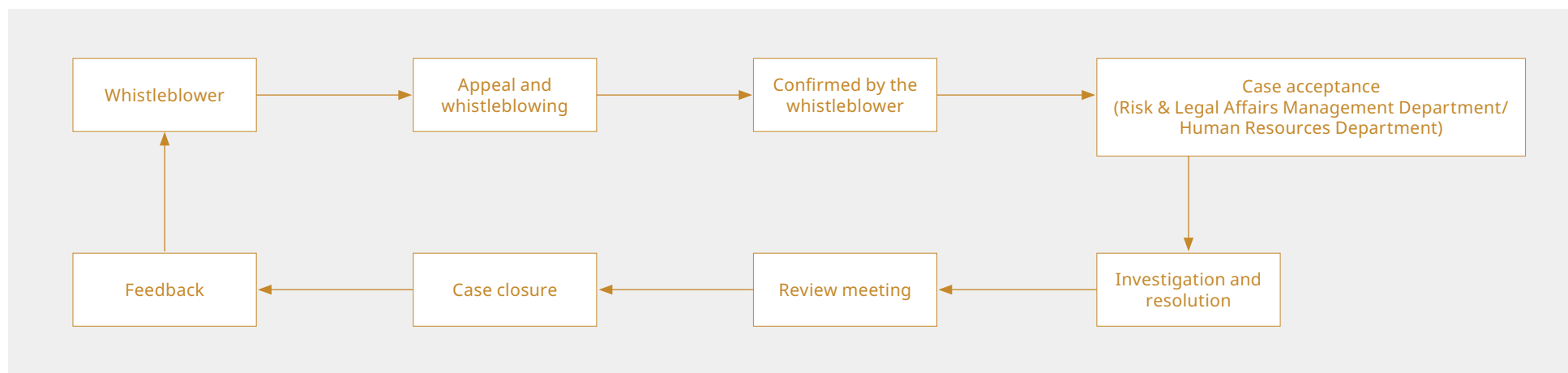
Appeal and Suggestion Pipelines

Ethical and responsible business practices are the foundation of corporate sustainable management. Therefore, we have established a variety of appeal, whistleblowing, and suggestion pipelines, and announced such pipelines on our official website. Stakeholders and internal and external personnel of the Company are encouraged to report or appeal against unethical and immoral behavior or the impact caused by any operating activities on the environment, economy, society, and human rights, or provide relevant suggestions through the public whistleblowing webpages. We also provide an option for anonymous reporting. The acceptance units must ensure the confidentiality of the whistleblowers' identity and incidents, and shall not provide the relevant information to any third parties not concerned with the investigation, unless otherwise necessary for the investigation, to avoid the whistleblowers from being treated unfairly and unfavorably. Furthermore, we have explicitly defined the relevant protection system, case acceptance process, and violation disposal standards in our Operating Procedures for Whistleblower Protection and Whistleblowing. In 2023, Fortune Electric received a total of seven complaints, including four appeal cases and three whistleblowing cases. Most of these were vital to issues related to labor rights and interests, with a case closure rate of 100%.

Handling Status of Fortune Electric's Prosecution, Appeal and Whistleblowing Cases in 2023

No.	Appeal/ Whistleblowing	Content	Disposal method and improvement measures	Status
1	Appeal	Standards of the Welfare Committee for the selection of the manufacturers of gift boxes	Standards for the selection of manufacturers were proposed and adjusted in the relevant meeting of the Welfare Committee.	Case already closed
2	Appeal	<ul style="list-style-type: none"> Improvement of Chinese cuisine Insufficient parking spaces 	<ul style="list-style-type: none"> The cuisine was continually included in the daily requirements for manufacturers' supervision and management. Parking spaces were already added. 	Case already closed
3	Appeal	Insufficient parking spaces, and parking management	Parking spaces were already added, and the relevant audit improvement mechanism was established for parking violations.	Case already closed
4	Appeal	Insufficient parking spaces	Parking spaces were already added.	Case already closed
5	Whistleblowing	Conflict of interest	Not available for disclosure due to the whistleblower protection mechanism	Case already closed
6	Whistleblowing	Occupational Safety and Health issues	Not available for disclosure due to the whistleblower protection mechanism	Case already closed
7	Whistleblowing	<ul style="list-style-type: none"> Improper entertainment, gifts, or kickback Intentionally false expenditure 	Not available for disclosure due to the whistleblower protection mechanism	Case already closed

Acceptance Process of Whistleblowing and Appeal Cases



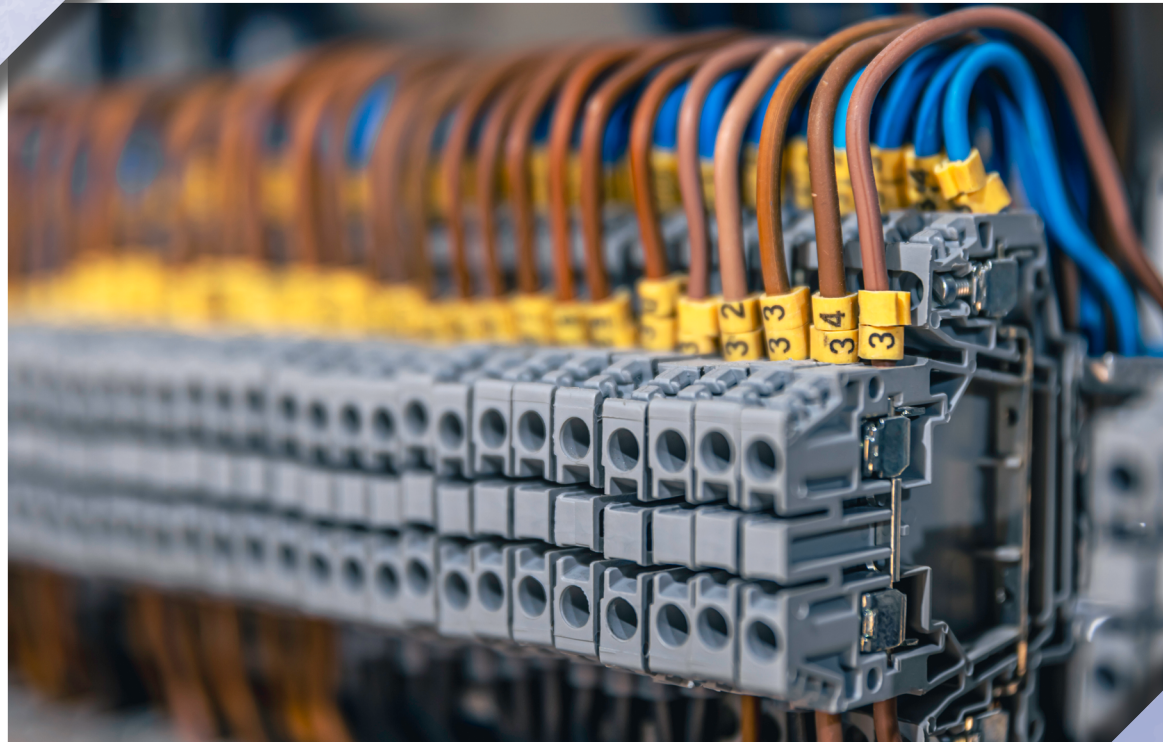
Statistics of Fortune Electric's Appeal and Whistleblowing Cases in the Last 3 Years

Year	2021		2022		2023	
Type of case	Number of cases	Case closure rate	Number of cases	Case closure rate	Number of cases	Case closure rate
Business practice	0	0	1	100%	2	100%
Environmental issue	0	0	0	0	0	0
Labor rights and interests	2	100%	1	100%	5	100%
Related to human rights (e.g., discrimination and inequality)	0	0	2	100%	0	0
Total	2	100%	4	100%	7	100%

CHAPTER

Supply Chain Common Good

Sustainable Supply Chain
Supplier Management and Evaluation
Services Satisfying Customers



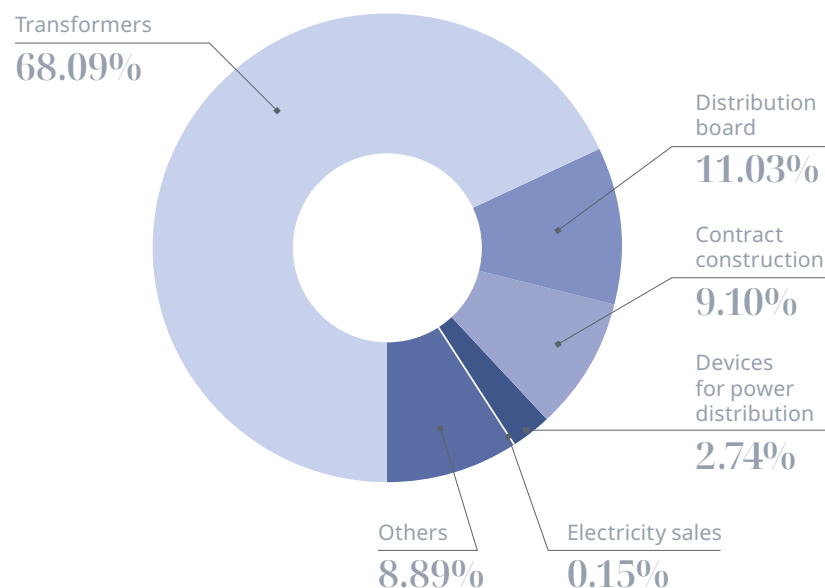
Material Topics	Supply Chain Management	Customer Service
Related Chapter	Sustainable Supply Chain	Self-determined
GRI Principle	GRI 308-1, GRI 308-2, GRI 414-1, GRI 414-2, GRI 308-1, GRI 308-2, GRI 414-1 and GRI 414-2	Services Satisfying Customers
Commitments and Policies	We are dedicated to cooperating with high-quality, reliable suppliers that perform favorable corporate social responsibility. Besides, we continually provide products and services complying with standards for quality, work safety, and environment, in order to ensure the sustainable development of our supply chain.	Fortune Electric adheres to customer priority, values their customers' feelings and comments, maintains a policy of "Caring about Customers and Adhering to 6σ", and is dedicated to continuous innovation and technological breakthroughs, to produce the best-quality and most technologically advanced products and services at the most reasonable prices, and thus satisfy all customer and social requirements. We firmly believe that our continuous efforts and innovation will bring higher-quality products and services to our customers and therefore make a greater contribution to society.
Metrics and Targets	Short-term goals (1-5 years) Engage in the promotion of sustainable supply chain (fire safety, energy conservation, and carbon reduction), which shall be attended by manufacturers with a main raw materials ratio accounting for 75%. Long-term goals (over 5 years): 1. Engage in the promotion of a sustainable supply chain (fire safety, energy conservation, and carbon reduction), which shall be achieved by engaging with manufacturers with a main raw materials ratio accounting for 85%. 2. Consideration is given to greenhouse gas emissions when selecting transport suppliers.	Short-term goals (1-2 years): 1. Improvement in customer satisfaction by 1% 2. Number of customer feedback events: Fewer than 10 events/year Medium-term goals (2-5 years): 1. Improvement of customer satisfaction by 3% 2. Number of customer feedback events: Fewer than 5 events/year Long-term goals (over 5 years): 1. Improvement of customer satisfaction by 4% 2. Number of customer feedback events: Fewer than 3 events/year
Effectiveness Tracking Mechanism	Operating Standard for Manufacturer Development Evaluation and Assessment	Customer Satisfaction Questionnaire
Actions and Measures	<ul style="list-style-type: none"> Evaluate suppliers and contracts annually, and perform audits on them irregularly. In 2023, it was estimated that an on-site audit/ counseling would be conducted for 34 suppliers. 38 suppliers received an on-site audit and counseling, with an achievement rate of 111.8%. 	<ul style="list-style-type: none"> In 2023, the Domestic Business Division received 191 customer satisfaction questionnaires with a recovery rate of 91%. The average customer satisfaction score reached 92 points. In 2023, the International Business Division received 19 customer satisfaction questionnaires with a recovery rate of 100%. The average customer satisfaction score reached 94.01 points. In the satisfaction surveys in the last three years, the customer satisfaction scores were higher than 90% for both domestic and international business.

EHV industry plays an important role in the industrial sector. It is called the mother of the industry. The main products of the Company include transformers and distribution board, making it an indispensable part of the EHV industry. Despite the impact of COVID-19 since 2020, the international community placed more emphasis on Taiwan's all-around capabilities. With the gradual recovery of various industries in relevant countries, the demand for EHV products in Taiwan and overseas is expected to grow. Taiwan's power demand has increased year by year, and it is also required to give equal consideration to economic growth and respond to climate change at the same time. Therefore, the Company's sustainable development has significant meanings and contributions to society. In particular, since the government promotes the goal of "2025 Non-Nuclear

Homeland", and actively advances the construction of new energy systems such as solar energy, offshore wind power generation, and energy storage systems, the Company is capable of providing M&E equipment and projects as well as operation and maintenance services. In 2023, the government promoted the implementation of the Grid Resilience Strengthening Construction Plan of Taipower and replaced the centralized grids with decentralized grids, to avoid power failures and drive the development of the relevant businesses including electric wires and cables, transformers, switchgears, distribution board, and transformer substations. Fortune Electric also benefited from this plan and took part in it as a constructor of the relevant equipment, thus becoming an important part of Taiwan's Net-Zero goal.

From the perspective of the industrial value chain, the Company's products belong to the public construction field as equipment capital goods in factory construction. Our products should be used in the construction of basic works and new factories, to increase production capacity or renew equipment. Therefore, the Company is a basic equipment supplier for public construction and the upper reaches of the industry. The bulk materials we use, for example silicon steel sheeting, copper wire, copper sheeting, insulating oil, etc., are upstream materials in the industrial value chain, while other control and protection facilities are midstream and downstream value-added components. Therefore, no risk exists regarding the supply of each material used in these products.

Product Items and Business Ratios of Fortune Electric Co., Ltd. in 2023



Supply of main upstream raw materials status

Main raw materials	Usage	Source of supply
Silicon steel sheet	Manufacturing of transformer core	Taiwan, Asia, Europe, America and Middle East
Copper wire	Manufacturing of transformer core	Manufacturers in Taiwan and Asia
Insulating oil	Transformer insulation	Taiwan, America, Europe, Australia, and Asia
Switchbox	Armored switchboards and varied switches	Taiwan and overseas manufacturers
Metal materials (casing)	Transformer and distribution board casing	Taiwan and Asia manufacturers

Green Procurement and Local Procurement

The Company emphasizes the principle of energy conservation and emission reduction in each operating activity. This principle has already been integrated into our design and manufacturing stages. For example, in the transportation of the silicon steel sheets, transformer cases, and accessories, we have comprehensively adopted recyclable pallets to reduce the packaging materials needed for transportation. At the same time, we also strive to implement local procurement, in order to mitigate our carbon footprint. Additionally, we are also committed to lowering the overuse of packaging materials in product packaging design, to reduce waste.

Furthermore, Fortune Electric also attaches great importance to local and green procurement. In 2023, the Company made 4 green procurements, rental cars with environmental conservation labels as well as electric vehicles, photocopiers, and paper with environmental conservation labels. Beyond that, electricity-saving lighting was adopted in all the operating sites of the Company, to reduce power consumption. The Company continually won the award of "Outstanding Green Procurement Units of Private Enterprises and Groups" issued by Taoyuan City Government for two consecutive years, which recognized the efforts driven by Fortune Electric in green consumption and sustainable environmental development. Besides, local procurement can also support local industries, and more effectively reduce the carbon footprint of products resulting from transport, so as to achieve the carbon emission goals set by the enterprise. At the same time, it is also an important consideration in our procurement. The expenditure of Fortune Electric's local procurement improved slightly and reached 82% this year.

Ratio of Fortune Electric's Expenditure in Local Procurement in the Last Three Years

Year	Amount of raw materials procured locally	Total amount of raw materials procured	Ratio of amount of raw materials locally procured
2021	NT\$ 6.813 billion	NT\$ 7.958 billion	86%
2022	NT\$ 6.987 billion	NT\$ 8.71 billion	80%
2023	NT\$ 11.389 billion	NT\$ 13.902 billion	82%

Supplier/ Contractor Management Policy

To strengthen the sustainable management of supply chain, the Company has already established an Operating Standard for Manufacturer Development Evaluation and Assessment to evaluate suppliers. According to this standard, our evaluation team evaluates the suppliers and contractors annually and performs audits irregularly. The evaluation results are obtained through a written evaluation or an on-site evaluation. The audit team comprising members from relevant departments will conduct an on-site evaluation of these suppliers, while the purchasing department will conduct an on-site or written audit of the other suppliers.

Four major indicators for suppliers included in the on-site evaluation.

1. Cooperative manufacturers rated as grade C for 3 consecutive years;
2. Manufacturers involved in major quality abnormality events;
3. Manufacturers suspended due to occurrence of work safety incidents and requiring reevaluation;
4. Manufacturers with an annual evaluation score lower than grade E and requiring improvement and reevaluation after being eliminated.

For suppliers with a total annual assessment result as grade D, we will send an improvement notification, requiring them to respond on improvement countermeasures by fax or e-mail. If no response is received, or no improvement is seen, transactions with these suppliers will be discontinued (unless otherwise designated by specific customers).

For suppliers with a total annual assessment result as grade E, we will reduce orders or simply eliminate them. If an eliminated supplier hopes to restart transactions, there must be at least a one quarter interval. Otherwise, they should propose their improvement countermeasures and receive reevaluation. We will conduct transactions only with those who have passed the reevaluation.

In this report year, we expected to conduct an on-site audit and offer counseling for 34 suppliers. 38 suppliers received an on-site audit and counseling, with an achievement rate of 111.8%. No major deficiencies and risks were found based on the results of the audit and evaluation. If a manufacturer fails to standardize the upper and lower limits of process operating data, or fails to define the return control of finished products, or other deficiencies are found, the supplier shall give a reply on corrective and improvement measures within one month after the audit, according to the provisions of the Company.

By taking these evaluation and audit measures, we guarantee that suppliers meet our requirements and continually provide products and services complying with standards for quality, industrial safety, and the environment. We are dedicated to cooperating with high-quality and reliable suppliers that demonstrate a favorable corporate social responsibility, to assure the sustainable development of the supply chain.

Environmental

- All suppliers have signed a health and safety letter of guarantee to abide by Fortune Electric's ISO 14001 and ISO 45001 occupational health and safety management policies. It is strictly prohibited to dump wastewater and waste, generate noise and air pollution, or execute operations that violate work safety regulations.
 1. Educate our employees on the fact that the Earth's resources are limited and it is important to respond to green and environment conservation movements and prevent the occurrence of occupational disasters.
 2. Jointly save water resources and electricity, and recycle waste, to reduce the consumption of energy resources.
 3. Learn about the potential hazards of each activity, implement measures to lower risks, continually implement improvement activities, and improve performance in environmental conservation, occupational health and safety, and energy.
- All suppliers have signed a letter of commitment to coordinate their environment and occupational health and safety policies with Fortune Electric's ISO 50001 energy policy. They have promised to cooperate with Fortune Electric to promote the ISO 50001 Energy management system. Each factory of the Company achieved verification and obtained the relevant certificate in 2014. The Company has passed third-party tracking and verification every year.

Social

- By signing the ethics clause, suppliers promise and agree to the following:
 1. Not to undertake irregular business practices.
 2. Not be suspected of being involved in offering bribes to Company employees.
 3. Not to participate in unlawful behavior that causes the Company and its employees to suffer reputational damage, and asset injuries and losses.
 4. If any suppliers are involved in unlawful behavior, the Company will require compensation and will have the right of legal recourse.
- Actively assist the suppliers in implementing a continuous improvement plan to satisfy the relevant requirements for quality, environmental conservation, and product safety. Additionally, guarantee scheduled deliveries on schedule. At the same time, they are required to improve employee health and safety, human rights, and corporate social responsibility, and continually enhance their risk management capabilities.
- Additionally, the Company prohibits the employment of child labor (below the age of 16), forced labor, or any improper employment discrimination. We also require our suppliers to follow the same international standards as well as laws related to labor employment at our operating sites. In 2023, neither the Company nor its suppliers was involved in any major risk or situations regarding the use of child or forced labor.

Supplier Risk Assessment

To mitigate risk and continually improve the quality of the overall supply chain, the Company has maintained stable and favorable partnerships with its existing suppliers. In 2023, the Company added a total of 11 suppliers. All of them signed the supplier ethics clause, letter of commitment to coordinating the environment and occupational safety and health policies, and letter of guarantee for safety.

Non-use of Conflict Minerals

We attach great importance to the source and quality of materials used, to ensure our products comply with our high-standard requirements. The materials primarily used by the Company include silicon steel sheeting, steel plates, and copper wires and sheeting. These raw materials are purchased from major first-class manufacturers in Taiwan and abroad. Besides, our regulations explicitly point out that high-purity copper wire and copper sheeting products should be used. In consideration of the particularity of the industry, and regarding the requirements of product specifications, we require that the main materials provided by the aforesaid manufacturers do not involve the use of conflict minerals.

Responsive Strategies Addressing Suppliers' Risk of Chain Breakage

1. Collaborate with the R&D and design departments before bidding on new cases and filter out parts with a long lead time.
2. Optimize a war preparedness inventory mechanism.
3. Establish a supply and demand platform, track the manufacturing progress of materials, and implement risk control.
4. Lower the risk of chain breakage and improve quotation and order taking based on the above principles.

Responsive Strategies Addressing the Longer Early Manufacturing Stage of Parts in Important Cases

1. Start the Company's internal operation process in advance when it is deployed to 60%.
2. Adopt a production-sales-research collaboration model, activate the war preparedness inventory mechanism, and increase the inventories of Tashui warehouse.
3. Select suppliers before bid preparation and sign agreements with suppliers.
4. Add supply sources and avoid exclusive suppliers according to customer regulation.
5. Recommend first-class suppliers of parts with long delivery period in Taiwan to customers.
6. Request the purchase personnel to go out, and communicate with main suppliers in a face-to-face manner, to obtain suppliers with priority.

Supplier/Contractor Evaluation

Through regular interviews and open communication with our suppliers and contractors, we strive to learn about our partners' statuses in regulatory execution and guarantee that they are able to abide by the relevant laws and regulations. Additionally, the Company also regularly evaluates suppliers and contractors, with evaluation results classified as grade A, grade B, grade C, grade D, and grade E. For grade D manufacturers throughout the year, we require them to propose countermeasures for improvement within a set time frame. Grade E manufacturers throughout the year are disqualified and we will eliminate these suppliers. If these suppliers need cooperation again, the cooperation shall be discontinued for at least one quarter, and the suppliers shall further propose countermeasures to improve. Transactions with these suppliers may be resumed only after the suppliers pass the re-evaluation procedures. For evaluation items (e.g., quality, delivery, etc.) in which grade E suppliers present unfavorable performance, we will provide tracking and entrust the SQE or Quality Department with assistance and counseling. If no improvement is seen after two consecutive quarters of evaluation, we will reduce orders, or discontinue transactions.

We adjust the ratio of supplier evaluation items by balancing the significance of their operating impact. In 2023, our supplier evaluation items and ratios were as follows: 40% for quality, 30% for delivery time, 20% for price, and 10% for coordination. These evaluation items reflect the areas specifically linked to supplier performance, ensuring that our products comply with high-quality standards and can be delivered as scheduled. The supplier evaluation results of the Company for the last three years are as follows:

Evaluation Results of Fortune Electric's Suppliers and Contractors for the Last Three Years

Manufacturer	Grade	2021	2022	2023
Supplier	Grade A	1	0	0
	Grade B	828	781	712
	Grade C	19	5	6
	Grade D	2	2	3
	Grade E	0	0	1

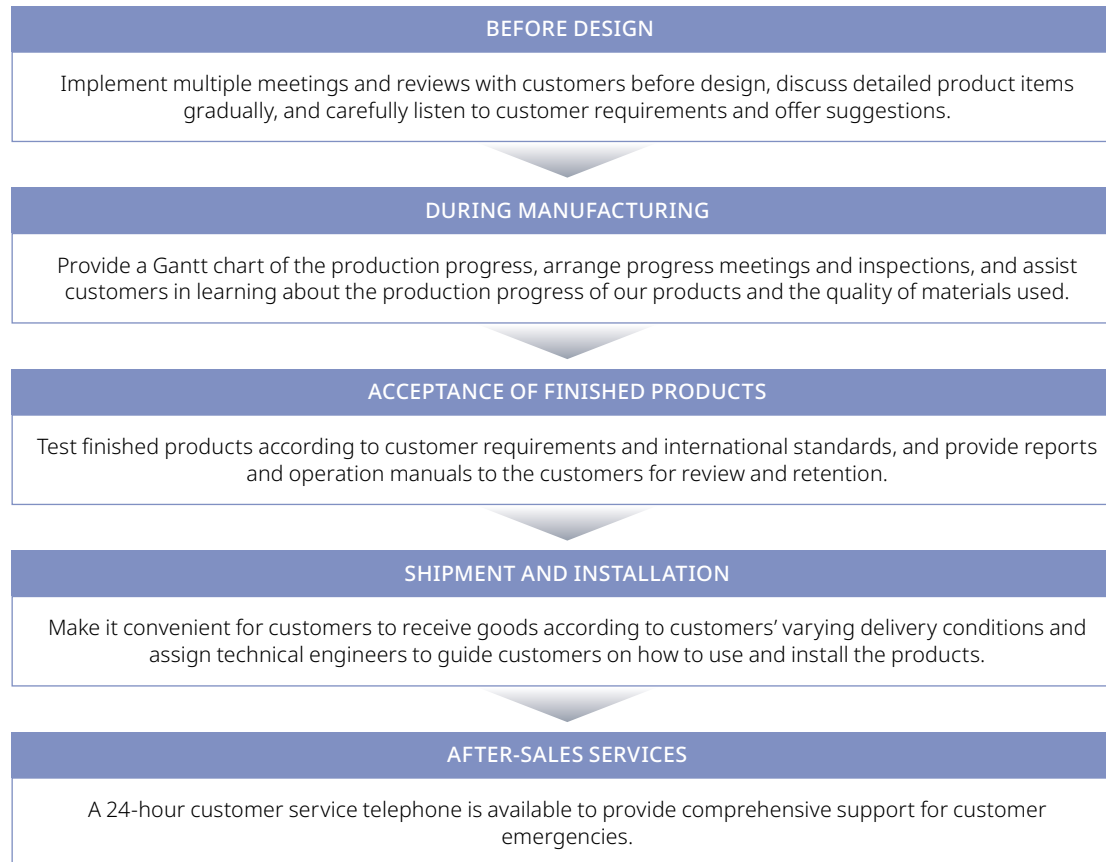
Supplier/Contractor Audit

Implementation Status of Fortune Electric's Supplier Audit for the Last Three Years

Auditing method		2021	2022	2023
On-site audit	Number of suppliers expected to receive an on-site audit	30	30	34
	Number of suppliers actually receiving an on-site audit	36	31	38
	Achievement rate	120%	103.3%	111.8%



“Production is only the process, while service is the end.” With fifty years’ experience in domestic and export sales, Fortune Electric is proficient in international and local regulations of each country and provides diversified services for customers under different scenarios. In Taiwan, we fully communicated with stakeholders and rely on the adjustment of the quotation period in response to force majeure factors. Currently, no breach of contract has occurred; in foreign countries, when facing the problem of insufficient incoming materials due to the international situation or port blockages, we re-negotiated the delivery period with our customers. Although some extra freight might be incurred, we obtained supported from customers, and thus didn’t suffer any major losses.



Customer Satisfaction Survey

Fortune Electric attaches great importance to customer satisfaction with our products and services. After completing project plans in Taiwan and abroad, we proactively send questionnaires to customers and ask them to fill in their comments. Through these questionnaires, customers can give their honest opinions and offer suggestions to Fortune Electric, allowing us to understand our shortcomings and make corrections in a timely manner. It helps us improve our product and service quality and further satisfy our customers’ needs and expectations. We value this feedback and use it as basis for improvement and to continually improve customers’ comments on and satisfaction with Fortune Electric.

Questionnaire Contents

The questionnaires for domestic customers are divided into three categories: product use, business activities, and after-sales services. We focus on product appearance, performance, and delivery satisfaction in the product use category; before-sales, after-sales, professionalism, service efficiency, and document integrity in the business activities category; and maintenance requirements and information related to expected electrical machinery in the after-sales services category.

For foreign customers, the questionnaires are divided into three categories: inquiry stage, transportation stage, and service stage. These questionnaires are issued each quarter.

Survey Results

Fortune Electric prioritizes customer satisfaction and aims to achieve a satisfaction goal of over 85%. We attach great importance to customers' feelings and comments. Our satisfaction rate has exceeded 90% in Taiwan and abroad over the last three years, demonstrating high customer recognition of our services and professionalism. We are committed to continuous efforts to provide high-quality products and services to ensure further improvement in customer satisfaction.

Results of Fortune Electric's Customer Satisfaction Survey in the Last Three Years

Domestic Business Division: Target: Average score of customer satisfaction: >85 points			
Year	2021	2022	2023
Replied quantity	196	194	191
Recovery rate	91.65%	93.78%	91%
Average score of customer satisfaction	91.5 points	93.6 points	92.3 points

International Business Division: Target: Average score of customer satisfaction: >85 points			
Year	2021	2022	2023
Replied quantity	42	40	19
Recovery rate	100%	100%	100%
Average score of customer satisfaction	92.03 points	96.54 points	94.01 points

Note: In 2023, the replied quantity was much lower than that in the previous years, and the reason primarily lied in centralized customers, but higher degree of concentration of orders.

Improvement Process and Plan

To continually improve service quality and produce better products, Fortune Electric's Domestic Business Division and International Business Division have jointly planned a questionnaire. We ask for the names, telephone numbers, and addresses of survey units from our customers, and our business personnel or colleagues from Quality Center visit customers in person or mail through the questionnaires. Respondents are invited to directly fill out product questionnaires. Customers are asked to check the corresponding options. The number of questionnaires sent and the recovery rate will be arranged according to the contents of the investigation plan.

Scoring Method of Questionnaire

1 point	Very dissatisfied
2 point	Dissatisfied
3 point	General
3.5 point	Slightly satisfied
4 point	Satisfied
5 point	Very satisfied

The survey results will be summarized by the Business Division and fed back to the Quality Center for further action. At the same time, items failing to satisfy customers are provided to the Quality Assurance Section of each department as a reference, so that each department may propose ways to improve. We will continually optimize our products and services in line with customer requirements and expectations.

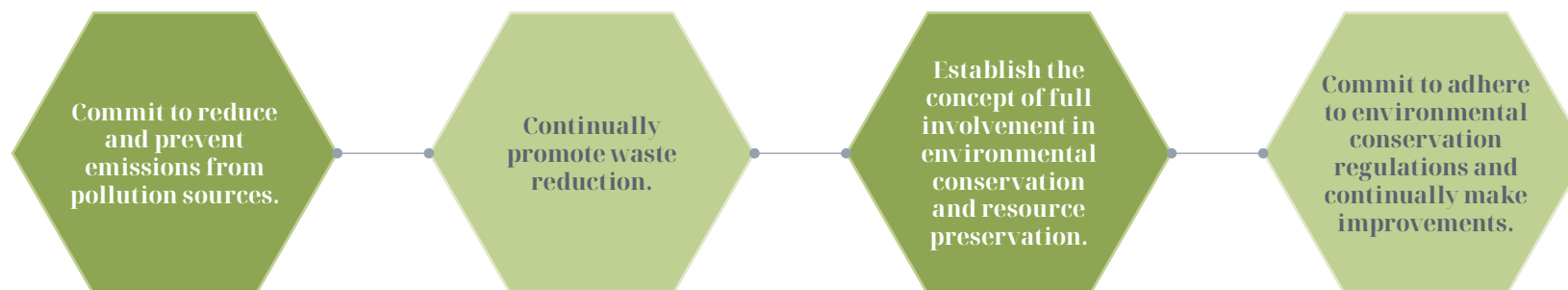
Environmental Conservation

Risks and Opportunities of Climate Change
Promotion of Green Energy Projects
Energy Management
Water Management
Waste Management

CHAPTER



Environmental Policy



Material Topics	Energy and Greenhouse Gas Management	Responses to climate change
GRI Principle	GRI 302 GRI 305	GRI 201-2
Related Chapter	Energy Management	Risks and Opportunities of Climate Change
Commitments and Policies	Based on a comprehensive internal management system, the Company executes each energy management project and carbon footprint reduction initiative annually in a rolling manner, to practice energy conservation and carbon reduction and become a sustainable enterprise that takes responsibility for the overall environment.	The Company responds and makes improvements by establishing environmental management systems (ISO 14001 and ISO 50001) and identifying potential risks and opportunities to effectively enhance the Company's organizational reliance in the face of climate change.
Metrics and Targets	<p>Short-term goals (1-2 years):</p> <ol style="list-style-type: none"> 1. Reduce power consumption per NT\$ 1 million of output value by 8% compared to the same period. 2. Reduce SF6 fugitive emission and high-pressure gas leakage from air compressors by 50% compared to 2022. 3. Adopt air conditioners with Level-1 and Level-2 efficiency labels to reduce energy and power consumption. <p>Medium-term goals (2- 5 years):</p> <ol style="list-style-type: none"> 1. Reduce power consumption per NT\$ 1 million of output value by 8% compared to the same period. 2. Reduce SF6 fugitive emission and high-pressure gas leakage from air compressors by 50% compared to 2022. 3. Adopt air conditioners with Level-1 efficiency labels, to reduce energy and power consumption. <p>Long-term goals (over 5 years):</p> <ol style="list-style-type: none"> 1. Reduce power consumption per NT\$ 1 million of output value by 10% compared to the same period. 2. Reduce SF6 fugitive emission and high-pressure gas leakage from air compressors by 70% compared to 2022 levels. 3. Comprehensively replace raw material SF6 with clean gas in GIS products. 4. Further integrate advanced science and technology with energy conservation and carbon reduction efforts. Utilize AI learning algorithms to effectively forecast power consumption conditions, issue early warnings for any out-of-limits conditions, offer suggestions for energy conservation and allocate power-consuming equipment. 	<p>Short-term goals (1-2 years):</p> <ol style="list-style-type: none"> 1. Strive to establish paperless offices and reduce paper consumption by 3%. 2. Recycle 80% of waste wood. 3. Replace the Company's existing vehicles with hybrid models. <p>Medium-term goals (2- 5 years):</p> <ol style="list-style-type: none"> 1. Strive to establish paperless offices and reduce paper consumption by 3%. 2. Reduce process wastewater by 90% and recycle 20% of the effluent from the sewage treatment plant. 3. Promote the circular economy and reduce general industrial waste generated by NT\$ 1 million by 15%. 4. Replace the Company's existing vehicles with hybrid models. <p>Long-term goals (over 5 years):</p> <ol style="list-style-type: none"> 1. Strive to establish paperless offices and reduce paper consumption by 3%. 2. Recycle 50% of the effluent from the sewage treatment plant. 3. Promote the circular economy and reduce general industrial waste generated by NT\$ 1 million by 20%. 4. Recycle 100% of waste wood.
Effectiveness Tracking Mechanism	ISO 14001 ISO 50001	Task Force on Climate-related Financial Disclosures (TCFD) Methodology
Actions and Measures	Based on ISO 14001 and ISO 50001 systems, the Company has established systematic management methods and is dedicated to environmental conservation, energy conservation, and carbon reduction. We deeply understand corporate social responsibility and are committed to contributing to an environment-friendly Earth.	Effectively manage the risks and opportunities presented by climate change to the Company through the TCDF methodology. Estimate the relevant financial cost and establish responsive measures, to enhance Fortune Electric's resilience in the face of climate change.

RISKS AND OPPORTUNITIES OF CLIMATE CHANGE

In response to the operational risks posed by climate change to the industry, the Sustainable Development Committee is tasked with convening relevant units to identify potential climate change risks and opportunities. They will then assess their impacts and influences on Fortune Electric's operation within the framework of the Task Force on Climate-related Financial Disclosures (TCFD), based on four core elements: "Governance", "Strategy", "Risk Management", and "Metrics and Targets". Furthermore, we have established the relevant responsive strategies and measures in advance, to mitigate risks and minimize damages caused by climate change.

TCFD Core Elements and Financial Disclosures

Core Elements	Action Plan
Governance	The Sustainable Development Committee is responsible for convening relevant units to annually assess and confirm the potential impacts of each risk topic on the organization, both internally and externally. This includes identifying and assessing the causes of climate change risks and formulating responses to climate impacts. Additionally, annual meetings are held to prioritize initiatives for corporate sustainable development, including issues related to climate change, to fulfill corporate social responsibility through tangible actions. At the beginning of each year, the committee reports the implementation status of the previous year's risk management work to the Board of Directors.
Strategy	Identify physical and transition risks and opportunities based on business types and operating status, and actively promote green energy and environmental conservation policies. Identify physical and transition risks and opportunities tailored to specific business types and operational statuses, and actively promote green energy and environmental conservation policies.
Risk Management	Fortune Electric has already established a risk management organization and system. The Company has established its risk management system as per the ISO 31000 risk management framework and based on the PDCA management cycle, to comprehensively manage various strategies, operations, finances, hazards, and other potential risks (including risk events like operation and environmental climate) that may impact its operations and profits, to provide sufficient risk management for the Company's stakeholders, shareholders, and other relevant groups.
Metrics and Targets	<p>In response to mitigating the impacts and risks arising from climate change and to achieve targets concerning green energy and carbon reduction, metrics have been employed to manage climate change-related risks and opportunities:</p> <ul style="list-style-type: none"> • The Company has established an energy management system compliant with ISO 50001, prioritizing solutions and responses to issues raised by stakeholders, identifying, responding to, and improving potential risks and opportunities. Relevant projects have been established based on the statistics of electricity, oil, and water consumption to implement energy conservation and carbon reduction measures. Additionally, the Company demonstrates its responsible corporate performance through energy management, water recycling, waste resource recovery, and carbon footprint reduction. • Power consumption: The Company has established an energy management system and relied on third-party verification to develop relevant plans through systematic management. This promotes the implementation of the energy conservation and carbon reduction goal, aiming to save approximately 1% of electricity consumption within the Company. • Water resources: Publicize water-saving practices, implement rainwater recycling initiatives in each plant area, and establish a drainage and recycling system for water dispensers. • Waste: The Company has implemented an environmental management system per ISO 14001, tailored to the industrial characteristics, to systematically manage process waste management, waste reduction, resource recovery, and other relevant tasks. In 2017, the Company obtained certification for the latest edition of ISO 14001 Environmental Management Systems. • Greenhouse gas: The following conclusions are drawn from the internal inventory of greenhouse gases emitted in 2023. The carbon emissions in Scope 1 and Scope 2 reached 713.98tCO₂e and 8,534.8245tCO₂e, respectively. For the greenhouse gas SF₆, the Company has developed recycling equipment and established a recycling mechanism for processes, detection, maintenance, and renovation, thus minimizing the environmental impact. As for the use of insulating oil, the Company may opt for biodegradable insulating oil, e.g., vegetable oil, for manufacturing some transformers, to make transformers more environmentally friendly. Regarding the supply chain, some manufacturers have coordinated a recycling mechanism for some of the Company's products to minimize the environmental impact.

Climate-related Risks and Financial Impacts

Type	Climate-related Risk	Potential Financial Impact	Responsive Actions
Transition Risks	Risk of Policies and Regulations	<ul style="list-style-type: none"> In response to Taiwan's regulations concerning climate change, there is a requirement to enhance the energy efficiency of the operating sites. Therefore, the installation capacity of renewable energy devices, subscription to green power certificates, and other related costs will increase. The relevant costs increase or the demand for products and services decreases due to changes in environmental regulations or policies. 	<ul style="list-style-type: none"> Promote two major systems (ISO 14001 and ISO 50001), establish targets through systematic management, and promote environmental maintenance, energy conservation, and carbon reduction, to fulfill social responsibility for a more environmentally friendly planet. Promote ISO 14064-1 Greenhouse gas inventory. The Company obtained ISO 14064-1 verification in May 2023. The Company will continue to monitor relevant regulations and adjust relevant risk response strategies as necessary in the future.
	Technology Risk	<ul style="list-style-type: none"> The R&D of new and alternative technologies, as well as the replacement of existing products or services, may lead to a decline in demand for current products and services. Consequently, the operating revenue may decline substantially. Costs for adopting new and alternative technologies for researching and developing practical operations and processes 	<ul style="list-style-type: none"> Due to the years of accumulated manufacturing technologies in power transformers, distribution board, high-pressure gas-insulated switches, and Devices for power distribution, it has been difficult for new competitors to enter the market. There has been zero growth in the number of manufacturers in the same industry over the past decade. It is estimated that the future market share could experience significant growth. Actively launch automation and talent training programs, vigorously expand production capacity, develop new products and technologies, and ensure stable quality. Simultaneously, coordinate with important customers to synchronously promote 6σ quality management activities, aiming to master competitive advantages and establish the goal of sustainable operation.
	Market Risk	<ul style="list-style-type: none"> With improved awareness of sustainability, customers may purchase more low-carbon products or services in the market, which can affect operating revenue. 	<ul style="list-style-type: none"> While actively pursuing orders from the American market, the Company is also making arrangements for business opportunities stemming from the government's New Southbound Policy, the Japanese market, and the maritime green energy supply chain and value chain. Actively investing in the development of the relevant smart grid technologies, considering the development trends of smart grids, and coordinating with the policy. Strengthening existing technical energy and further developing advanced technologies, to maintain competitiveness in the market.
	Goodwill Risks	<ul style="list-style-type: none"> Cooperating with suppliers that generate high carbon emissions may affect customers' trust in the Company. Low climate resilience may affect the trust of investors and stakeholders in the Company. 	<ul style="list-style-type: none"> The Company initiated energy conservation and carbon reduction activities in 2014, thereby contributing to a greener Earth. Additionally, the Company has established a supplier energy conservation and carbon reduction promotion and counseling system, to implement each improvement. Regularly implement organizational climate investigation, statistics gathering, and analysis as a basis for review and improvement.
Physical Risks	Acute Risk	<ul style="list-style-type: none"> Climatic disasters, such as wind damage, may lead to power outages and the replacement of damaged modules in Aqua Solar Farm projects, resulting in a one-time loss of approximately NT\$ 51,700. The machinery and tools in the plant houses of operating sites are damaged due to climatic disasters. Employees are unable to report for duty, and productivity is affected, leading to decreased income, and increased occupational safety and health costs. 	<ul style="list-style-type: none"> As wastewater from adjacent factories flows over to our factory, we have created new drainage ditches and drains to prevent overflow. The temporary allocation of machinery and equipment in each factory should support each other. Implement flexible shift system or provide support for other departments.
	Long-term Risk	<ul style="list-style-type: none"> The rising average temperatures increase cooling air consumption at the operating sites, leading to annual increases in electricity fees. There is a chance of flooding of housing buildings located in low-lying places due to rainstorm or typhoons, thus resulting in increased maintenance and renovation costs. 	<ul style="list-style-type: none"> We are going to introduce energy storage system to better allocate electricity and establish a solar power generation system for self-use. The low-lying factory building is going to introduce new pumping motors, overflow dikes and flooding alarm systems.

Climate-related Opportunities and Financial Impacts

Type	Climate-related Opportunity	Potential Financial Impact	Responsive Actions
Market	Promotion of energy-saving products	<ul style="list-style-type: none"> Comply with the trends and improve corporate image, sales volume, and profits. 	<ul style="list-style-type: none"> In the comprehensive planning and promotion of new energy policies of the “2025 Non-Nuclear Homeland” advocated by the government, which includes energy conservation, energy creation, energy storage, and smart system integration, the Company is capable of providing M&E equipment and projects, as well as operation and maintenance services, to align with the relevant business opportunities. The government vigorously promotes energy conservation, carbon reduction policy, and green energy policy, which can create unlimited business opportunities for the EHV industry.
Energy Source	<ol style="list-style-type: none"> Promotion of products related to green energy Install solar power generation equipment in the offices. 	<ul style="list-style-type: none"> Launch products powered by solar energy to enhance selling points and increase profits from sales. Install solar panels on the building to supply electric power to some electric lights, reducing the cost of power procurement. 	<ul style="list-style-type: none"> Actively expand cooperation with solar cell module manufacturers, seek appropriate solar power plant projects, and jointly develop overseas markets. After obtaining the qualification as a solar power plant builder in the “Aqua Solar Farm” program of the Pingtung County Government, the Company completed the project by the end of 2011, with a project site capacity of 1.3MW. The Company has been officially reselling renewable energy to Taipower since 2012.
Products and Services	R&D of New and Alternative Technologies	<ul style="list-style-type: none"> Despite the additional development costs, new technologies can become the Company’s intellectual property and attract interested companies for cooperation. 	<ul style="list-style-type: none"> The Company actively researches and develops new products and new technologies that comply with market demand, and vertically integrates and develops key parts to lower costs through the Group’s labor division. At the same time, the Company can maintain its competitive advantages in the industry through energy-saving and smart peripheral products around power grids, to create high-quality operating results.
Resilience	Summarize the climate change risks and disposal methods to improve the Company’s strain capacity.	<ul style="list-style-type: none"> Strengthen corporate resilience, lower the losses caused by climate change, and reduce the losses of the supply chain simultaneously. 	<ul style="list-style-type: none"> With the relevant countries promoting the target of “Zero Carbon Emissions”, electric vehicles have already become a global development trend. Fortune Electric has made multiple trials and arrangements in the electric vehicle charging field and expanded the market share to address the business opportunities brought by the development trend of electric vehicles.
Resource Efficiency	<ol style="list-style-type: none"> Recycle waste. Instead, use electrical equipment with higher efficiency. Reduce water usage and consumption. 	<ul style="list-style-type: none"> Reduce the purchasing amount of consumables. Reduce power consumption and carbon emissions. Reduce water consumption costs. 	<ul style="list-style-type: none"> The Company is dedicated to improving energy efficiency and reducing equipment energy consumption every year through the energy management system. The Company was selected by the Industrial Development Bureau as an outstanding manufacturer of energy conservation and carbon reduction. In 2012, the Company also became the first company in the EHV industry to pass the verification of product carbon footprints and began to establish its energy management system in 2013. In January 2014, the Company also became the first company in the EHV industry to pass the verification of ISO 50001 Energy Management Systems.

PROMOTION OF GREEN ENERGY PROJECTS

As an enterprise focusing on electric power and energy, Fortune Electric is dedicated to lowering energy consumption and reducing carbon emissions through comprehensive support for green energy and energy conservation. Additionally, the Company joins hands with the government to promote the development of green energy and actively participates in the cause of environmental conservation. In 2023, the Company obtained the “Green Energy” label, involving a total amount of NT\$ 1.168 billion.

Changhua Coastal Industrial Park 4.9MWdReg Regulation Reserve and the Energy Storage Installation Project

As a member of the OKGO Green Energy Storage Alliance, Fortune Electric has actively been seizing business opportunities for green energy in recent years. The Company constructed a 4.9MW grid-connected energy storage site in Changhua Coastal Industrial Park covering a total construction area of 500M². The rated maximum power reached 4.9MW, the rated battery capacity reached 5.952MWh, and the system's grid-connected voltage was 22.8kV.

To reduce the negative impact of equipment installation on the environment, the Company has also strengthened reforestation efforts for windbreaks. Additionally, bicycle lanes and two observation platforms have been set up in the surrounding scenic areas, and part of the land has been reserved to achieve the goal of a “Friendly Environment”. In the future, Changhua Coastal Industrial Solar Park is projected to annually generate approximately 140,000,000kWh of green electricity on average, which would provide electricity for 40,000 households for an entire year. This project contributes significantly to green electricity. Fortune Electric expects to continue leveraging the advantages of the green energy alliance in alignment with the goals of the state and other enterprises to achieve carbon reduction and Net-Zero carbon emissions. As a result, the Company will make greater contributions to energy transition and climate issues.

Hualien Wancheng 50MW Energy Storage Equipment Installation Project

The first large energy storage project at power transmission grade was formally launched in June 2023. Fortune Electric served as an EPC manufacturer, with the engineering scope covering multiple projects including civil engineering, M&E, and fire protection. The engineering scope of this project covers 60KV GIS and 69KV transformers, 22KV power equipment, civil engineering and M&E works, external pipeline and line works, power fire protection design and planning, etc. Units to be coordinated and communicated with include the local county government, fire protection bureau, fire brigade, industrial park administration, local neighborhood office, environmental conservation agency, Taipower Hualien district office, system planning division, dispatching division, etc.

In terms of civil engineering, the Company has already completed the grounding grid and firewall works. Currently, equipment foundation and external pipeline works have been conducted. In terms of M&E engineering, the contract awarding for the procurement of equipment including 69kV transformers, 69kV GIS, high-voltage and low-voltage distribution board, and loop switches was completed in July 2023. It is scheduled that site installation and construction will be successively launched in the last ten days of March 2024. It is expected that this project will be completed in December 2024. Then, the energy storage capacity of 100MW/250MWh can be provided, which benefits the improvement of stability and dispatching flexibility of the power systems in Hualien.

The construction of the first large energy storage project at power transmission grade in Hualien is an important milestone in the development of power systems in Hualien. The completion of this project will help improve the stability and dispatching flexibility of the power systems in Hualien. Fortune Electric provides vigorous support for the economic and social development of Hualien.

Energy Policy

Based on the goals of corporate social responsibility and sustainable operation, all colleagues at Fortune Electric Co., Ltd. are jointly promoting the implementation of ISO 50001:2018 Energy Management Systems.

OUR ENERGY POLICY COMMITMENT:

Improve energy utilization efficiency, and continuously improve energy performance.

Abide by energy-related regulations and prioritize purchasing energy-saving products.

Review energy targets and ensure the acquisition of information resources.

Implement the energy management system, and include all staff members in energy conservation and carbon reduction.

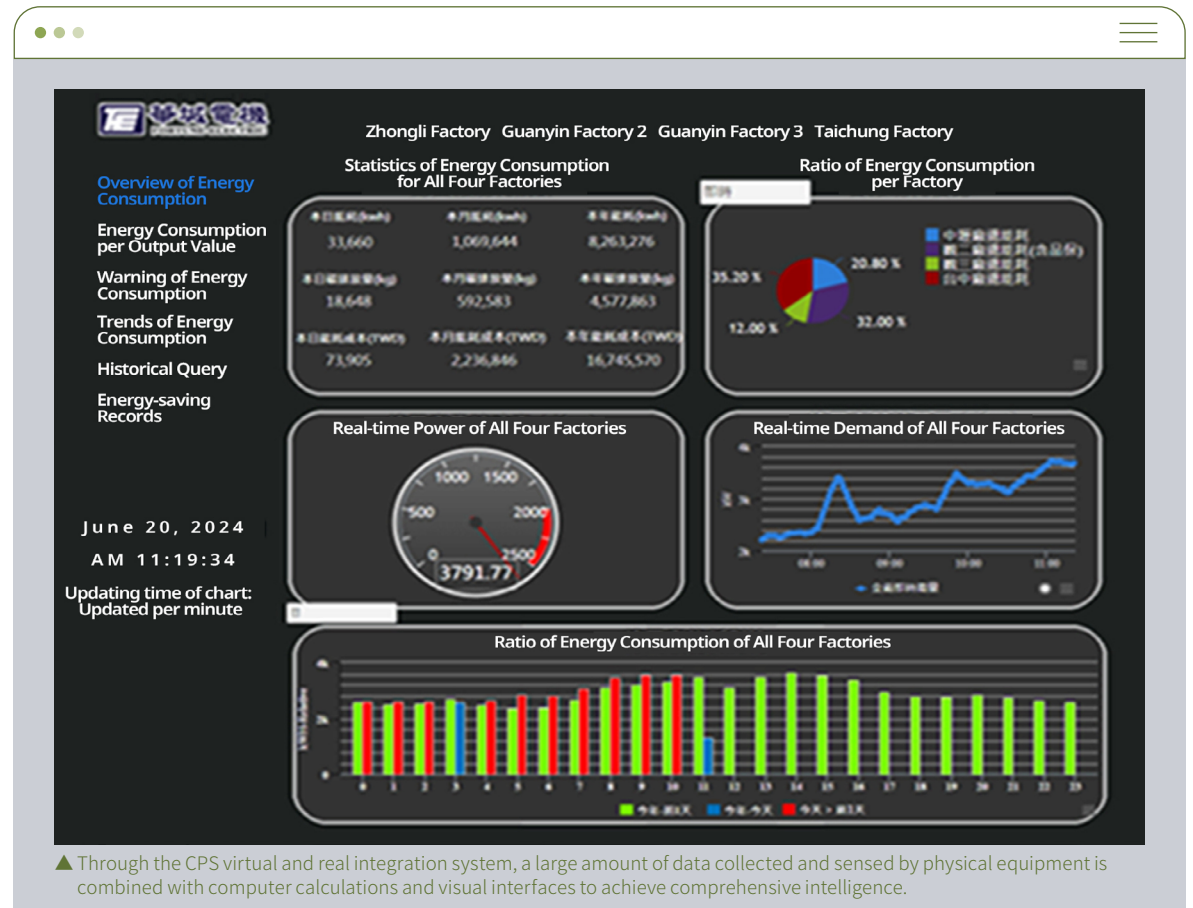
Create a corporate energy value, and establish a sustainable corporate culture.

Fortune Electric has always been dedicated to environmental conservation and greenhouse gas emission reduction. In addition to producing energy-saving amorphous iron cord transformers to substantially reduce customers' power consumption, the Company also proactively obtained the carbon label certificate for these transformers in 2024 and acquired approval from the Industrial Development Bureau. Additionally, Chung Li Plant, Guan Yin Plant II, and Guan Yin Plant III have also prioritized passing the verification of ISO 50001:2018 Energy Management Systems. Additionally, the Company aims to save electricity by 1% every year and actively promotes energy conservation and carbon reduction. In recent years, through our energy management plan, greenhouse gas emissions have continually and gradually decreased year by year, showcasing the excellent results we have obtained in energy conservation and carbon reduction.

Staged Goals of Fortune Electric's Energy Visualization



Fortune Electric monitors its process equipment by developing a CPS (Cyber-Physical System) project, which visualizes the specific amount of energy or working hours saved. Additionally, the system can be connected to the supervisors' computers and mobile phones for real-time monitoring.



Energy Consumption inside the Organization

Fortune Electric uses Scope 1 and Scope 2 energy sources. Scope 1 includes gasoline, diesel, and LPG (Liquefied Petroleum Gas); Scope 2 primarily includes electric power purchased from the Taiwan Power Company. Additionally, the total output value of all four factories is adopted as the denominator to calculate the intensity of energy consumption and observe the energy changes consumed in multiple years. However, each factory adopted different calculation methods to calculate Scope 3 energy sources, resulting in only the relevant data of Scope 1 and Scope 2 being disclosed.

Fortune Electric's Energy Consumption

Unit: MJ

Factory	Type	2021	2022	2023
Chung Li Plant	Scope 1	263,165.45	264,294.72	375,548.31
	Scope 2	9,175,680	9,631,440	1,146,600
Guan Yin Plant II	Scope 1	166,519.08	372,322.096	382,233.50
	Scope 2	20,793,600	21,854,880	23,670,720
Guan Yin Plant III	Scope 1	17,013,362.44	2,167,455.430	2,421,502.20
	Scope 2	3,339,360	2,988,000	3,123,360
Fortune Electric Extra High Voltage Co., Ltd.	Scope 1	-	-	48,245.12
	Scope 2	-	-	23,182,560
Total		50,751,686.970	37,278,392.246	54,350,769.13

Notes: 1. The Greenhouse Gas Emission Coefficient Management Table (Version 6.0.4) announced by the Environmental Protection Administration on June 27, 2019, was adopted as the source of the conversion coefficient used as the main basis for the calculation of emission sources inside the organization.

2. The source of energy data in Scope 2 was purchased electricity. Calculation formula of purchased electricity: 1kWh = 3.6MJ.

Fortune Electric's Energy Intensity

	2021	2022	2023
Energy consumption (MJ)	50,751,686.970	37,278,392.246	54,350,769.13
Total output value of all four factories, i.e., Chung Li Plant, Guan Yin Plant II, Guan Yin Plant III, and Fortune Electric Extra High Voltage Co., Ltd. (NT\$ 1 million)	6,285.207	8,167.979	15,096.945
Energy intensity	8,074.784	4,563.968	3,600.117

Notes: 1. Calculation formula of energy intensity: Energy consumption (MJ)/Total output value of all four factories (NT\$ 1 million)

2. The data in 2021 and 2022 didn't include Fortune Electric Extra High Voltage Co., Ltd. The total output value reached NT\$ 6,285,207,000 and NT\$ 8,167,979,000 in 2021 and 2022, respectively.

Greenhouse Gas Emissions

To fulfill the responsibilities as an Earth citizen, Fortune Electric actively discloses information on greenhouse gas emissions and calculates the total greenhouse gas emissions. The types of emissions include Scope 1, Scope 2, and Scope 3. The carbon emissions generated from Scope 1 include gasoline, diesel, and LPG (Liquefied Petroleum Gas), while the carbon emissions generated from Scope 2 primarily include electric power purchased from the Taiwan Power Company. Additionally, the greenhouse gas emission intensity is calculated, and “operating revenue” is adopted as the denominator to calculate the measurement standard of this intensity ratio. In 2023, the greenhouse gas emission intensity was 0.61.

Fortune Electric's Greenhouse Gas Emissions

Unit: tCO₂e

Factory	Type	2021	2022	2023
Chung Li Plant	Scope 1	64.63	97.307	72.70
	Scope 2	1,587.9	1,324.32	1,576.33
Guan Yin Plant II	Scope 1	11.55	398.61	267.10
	Scope 2	2,899.55	2,493.01	3,258.92
Guan Yin Plant III	Scope 1	85.19	165.10	156.82
	Scope 2	465.66	411.84	421.82
Fortune Electric Extra High Voltage Co., Ltd.	Scope 1	-	-	217.36
	Scope 2	-	-	3,277.76
Total		5,114.48	4,890.19	9,248.81

Notes: 1. The Greenhouse Gas Emission Coefficient Management Table (Version 6.0.4) announced by the Environmental Protection Administration on June 27, 2019, was adopted as the source of the conversion coefficient used as the main basis for the calculation of emission sources inside the organization.

2. Carbon emission coefficient of electric power announced by Energy Administration, Ministry of Economic Affairs: 0.509kg CO₂e/kWh in 2021, and 0.495kg CO₂e/kWh in 2022. The carbon emission coefficient of electric power in 2023 has not been announced. Therefore, the carbon emission coefficient of electric power in 2022, i.e., 0.495kg CO₂e/kWh, was adopted for calculation.

Fortune Electric's Greenhouse Gas Emission Intensity

	2021	2022	2023
Greenhouse gas emissions (tCO ₂ e)	5,114.48	4,890.19	9,248.81
Total output value of all four factories, i.e., Chung Li Plant, Guan Yin Plant II, Guan Yin Plant III, and Fortune Electric Extra High Voltage Co., Ltd. (NT\$ 1 million)	6,285.207	8,167.979	15,096.945
Greenhouse gas emissions intensity	0.81	0.60	0.61

Notes: 1. Calculation formula of greenhouse gas emission intensity: Greenhouse gas emissions (tCO₂e)/Total output value of all four factories (NT\$ 1 million)

2. The data in 2021 and 2022 didn't include Fortune Electric Extra High Voltage Co., Ltd. The total output value reached NT\$ 6,285,207,000 and NT\$ 8,167,979,000 in 2021 and 2022, respectively.

Reduction of Energy Consumption

The Company is dedicated to improving energy efficiency and reducing equipment energy consumption. It manages the real-time energy consumption of the plant area through the energy management system. On January 23, 2024, the Company acquired an award for factory greening counseling plan achievements from the Taoyuan City Government and obtained a subsidy of NT\$ 122,000 for the promotion of replacement of the original water heaters with energy-saving heat pump water heaters in employees' dormitories.

Additionally, Fortune Electric improves energy consumption and saves resources by relying on the benefits brought by intelligent projects. The relevant expenditure reduced due to electricity savings became tangible assets; additionally, the Company improves its operating processes and quality (e.g., vacuum automatic determination system) and other relevant intangible benefits. Fortune Electric includes its annual energy consumption reduction plans in the following table, to clearly present the practical actions taken by Fortune Electric to continually care about the environment and reduce pollution.

Fortune Electric's Energy-saving Action Plans and Energy-saving Performance in 2023

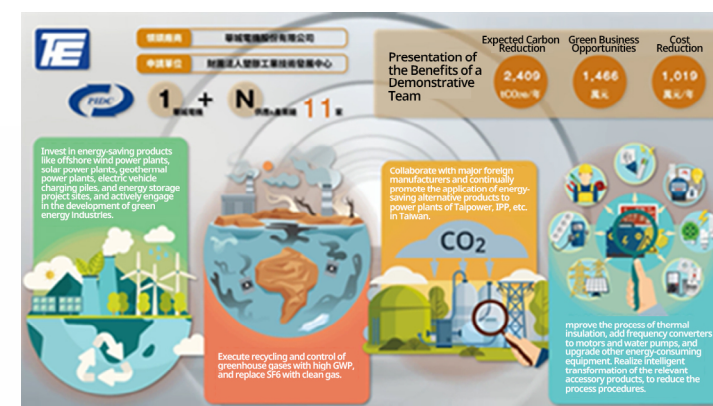
Action Plan	Electricity saved (Unit: kWh)	Energy consumption reduced (Unit: MJ)	Carbon emission reduced (Unit: tCO ₂ e)
New water chillers (100 refrigerating tons) were added to the Taichung Factory of Fortune Electric Extra High Voltage Co., Ltd. for dispatching and the adjustment of air-conditioning.	72,982.133	262,735.67	36.13
The startup/shutdown time of the 150t air-conditioning system was controlled at Plant II.	133,942	482,191.2	66.30
The electric water heaters used in the foreign employees' dormitory were replaced with heat pump water heaters at Plant II.	19,517	70,261.2	9.66
Energy-saving improvements were implemented for air compressors at Plant II, including pipeline diversion and replacement with absorption-type dryers.	9,944	35,798.4	4.92
A timing switch was set up as an energy-saving improvement measure for the air-conditioning in the restaurants of each factory.	1,756	6,321.6	0.87
Total	238,141.13	857,308.08	117.88

Notes: 1. Purchased electricity: 1kWh=3.6MJ

2. Carbon emission coefficient of electric power announced by Energy Administration, Ministry of Economic Affairs: The carbon emission coefficient of electric power in 2023 has not been announced. Therefore, the carbon emission coefficient of electric power in 2022, i.e., 0.495kg CO₂e/kWh, was adopted for calculation.

★ 1+N CARBON MANAGEMENT DEMONSTRATION TEAM ★

The Company participated in the 2023 Manufacturing Sector Promotion Plan for Net-Zero Transformation (1+N Carbon Management Demonstration Team) organized by the Industrial Development Bureau, the Ministry of Economic Affairs. With guidance from the government, we conducted energy-saving diagnosis, carbon footprint, and carbon inventory, and collaborated with suppliers to implement carbon reduction. The main execution strategies included the active layout of green energy industries, recycling, and controlling greenhouse gases with high GWP, replacing SF6 with clean gas, popularizing energy-saving products, improving energy application efficiency, and reducing procedures through process intelligence. These measures are expected to realize carbon reduction benefits of 2,409tCO₂e every year.



Reduction of Energy Demand for Products and Services

Innovative Product	Electricity Saved (Unit: kWh/year)	Carbon Emissions Reduced (Unit: tCO ₂ e)
Amorphous Iron Cord Transformer (1,000kVA)	14,892	7.4

Notes: 1. The calculation method compares the standby electricity saving of crystalline transformers and amorphous transformers over a year (365 days).
2. The capacity of 1,000kVA of transformers used in general factories was adopted as an example, with(the load rate calculated at 50%:
A. Energy-saving effect: 2,200W for silicon steel sheet transformers and 500W for amorphous transformers. The total energy saved in 365 days (24 hours a day) reached 14,892kW.
B. Reduction of CO2 emissions: 9.5t/year for silicon steel sheet transformers and 2.1t/year for amorphous transformers. The CO₂ emission reduction benefit was 7.4t/year (the carbon emission coefficient of electric power announced by the Energy Administration, Ministry of Economic Affairs in 2022, i.e., 0.495kg CO₂e/kWh, was adopted for calculation).

Fortune Electric Cooperating with Chenya Energy to Build a High-efficiency Energy-saving Solar Distribution Transformer

Fortune Electric cooperated with Chenya Energy to jointly develop a distribution transformer used in solar energy projects, to substantially improve the operating efficiency of the transformer and realize the positive effect of energy conservation and carbon reduction. The launch of the amorphous iron cord transformer by Fortune Electric will help improve the power generation efficiency of solar energy projects, reduce carbon emissions, and contribute to environmental conservation.

As an energy-saving product recognized by the Energy Administration, Ministry of Economic Affairs, this transformer boasts an operating efficiency of 99% or above. An amorphous iron cord has been adopted. Compared with a general silicon steel sheet cord, this amorphous iron code features lower no-load loss and energy consumption, low-temperature rise, longer service life, etc. which can effectively reduce power losses. As per the preliminary estimates, the adoption of this transformer can annually save approximately NT\$ 66,951 in electricity fees and reduce 18,156kg of CO2 emissions.



Energy-saving Scientific and Technological Project Plan

Fortune Electric is dedicated to improving the maximization of operating efficiency of the plant area regarding energy utilization. By using the resources from the scientific and technological project, the Company executed an experiment shortening the drying process, which not only solved the problem of redundant drying process time in the batch production lines but also improved the production capacity to a certain extent and made a great contribution to energy conservation and carbon reduction.

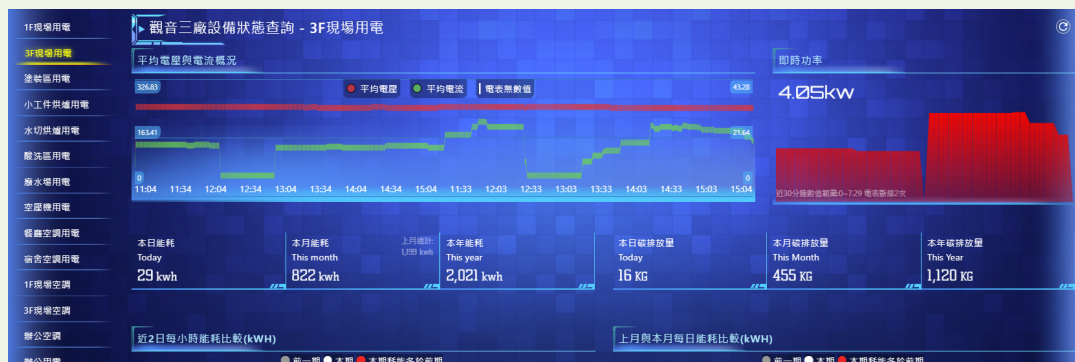
Additionally, we have installed an energy management system in the factory to control major energy consumption in the plant area and assist the Safety & Health Division in conducting energy management, formulating the best contract capacity, and reducing unnecessary energy waste. At the Guanyin Factory in Taoyuan, the energy management system was

utilized to monitor major energy consumption in the plant area, allowing relevant data to be downloaded for further analysis of power consumption. As a result, the contract capacity suitable for the plant area could be established. In this system, an abnormality alarm for each monitoring point location can be established. When conditions like abnormal power consumption, failure to shut down the power supply, or overdue reminders occur, abnormality notifications can be implemented.

Finally, we have also conducted precision control over the insulating oil, to reduce the rework resulting from inaccurate precision of the subsequent processes. This move avoids the storage of excessive oil barrels in the plant area and substantially improves the work safety environment in the entire plant area.



▲Interface of Overview of Real-time Energy Consumption of the Entire Factory



▲Interface of Detailed Energy Consumption of Monitored Items



▲Interface of Energy Consumption Data Downloading

設備監測警報設定					
<div> <div>新增設備監測項目</div> <div>查看警報紀錄</div> <div>查看系統資訊</div> </div> <div> <div>搜尋監測項目</div> <div>項目名稱或點位</div> <div>選擇所屬人員</div> <div>搜尋</div> </div>					
項目名稱	監測時間	警報通知條件	建立與修改時間	異常通知人員	最近警報紀錄
觀音二廠-乾膜空氣機被關閉(kw) 2259 監測項目識別編號:35	00:00~23:59 一週7天都監測	警報值:0 警報值觸發等於	編輯 最後修改:2772.0天前 查看編輯紀錄	選擇 已設定9名	檢視警報紀錄 12天前
觀音二廠-乾膜空氣機被關閉(kw) 2259 監測項目識別編號:34	00:00~23:59 一週7天都監測	警報值:0 警報值觸發等於 警報超過10次	編輯 最後修改:2772.0天前 查看編輯紀錄	選擇 已設定2名	檢視警報紀錄 11天前
觀音二廠-辦公用電(A) 2572 監測項目識別編號:33	00:00~23:59 一週7天都監測	警報值:32 警報值觸發大於等於	編輯 最後修改:343.0天前 查看編輯紀錄	選擇 已設定2名	檢視警報紀錄 53天前
觀音二廠-辦公空調(kw) 2517 監測項目識別編號:32	00:00~23:59 一週7天都監測	警報值:20 警報值觸發大於等於	編輯 最後修改:343.0天前 查看編輯紀錄	選擇 已設定2名	檢視警報紀錄 146天前
觀音二廠-辦公照明(A)	00:00~23:59	警報值:20	編輯	選擇	檢視警報紀錄

▲Interface of Alarm Settings

Air Quality Management

The concentration of CO₂ in the indoor operating environment of each factory of Fortune Electric is tested twice a year, and the results comply with statutory standards.

As for fixed pollution sources of coating processes of Plant II, Plant III, and Taichung Factory of Fortune Electric Extra High Voltage Co., Ltd., the processes are operated as stipulated, and the air pollution prevention and control facilities are regularly maintained. Additionally, the emission concentration of air pollutants discharged is regularly tested as stipulated. The test results in this year complied with the relevant statutory standards.

Plant III of Fortune Electric has also been promoting the reduction of air pollutant emissions, and replacing the liquid coating processes (containing volatile pollutants) with powder coating processes (with lower pollution) in recent years, to reduce environmental and atmospheric pollution.

Fortune Electric's Major Gas Emissions

Unit: ton

Type of gas	2021	2022	2023	Increase or decrease compared with the previous year
Nitrogen oxides (NO _x)	0.0955	0.1098	0.120	9%
Sulfur oxides (SO _x)	0.0068	0.0087	0.01	14.9%
Persistent Organic Pollutant (POP)	0	0	0	0
Volatile Organic Compounds (VOCs)	8.8993	9.7913	3.315	-66.14%
Hazardous Air Pollutant (HAP)	0	0	0	0
Particulate Matter (PM)	0.0260	0.0466	0.009	-80.7%

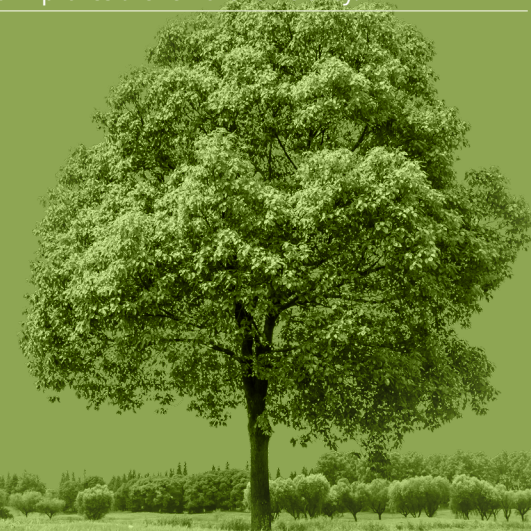
Note: The increase of major gases is included in the relevant statistical data of Fortune Electric Extra High Voltage Co., Ltd.

Air Pollution Prevention and Control

In terms of prevention and control of air pollution, Fortune Electric continually engages resources in research and development, to reduce waste gas and fugitive pollutants directly emitted from the processes. Additionally, the Company improves the efficiency of air pollution prevention equipment used for the treatment of waste gas to a level that is superior to the statutory standard.

Improving measures actively adopted by Fortune Electric in recent years include:

- Replace the liquid coating processes containing volatile pollutants with powder coating processes featuring relatively lower overall pollution degree, to reduce environmental and atmospheric pollution.
- “Air Pollution Improvement Team” continually strengthens the collection effect of process VOCs and improves the removal efficiency.



Fortune Electric actively participates in environmental conservation activities and safeguards the environment through practical actions. It regularly holds creek cleaning activities to remove waste from the river and conducts ecosystem conservation work to safeguard the health and sustainability of the river environment. Fortune Electric has also participated in the “Love for All Season” activity held in Taoyuan and assumed the responsibility for adopting Guanyin Creek, thus protecting the local ecology with practical actions and maintaining the due biodiversity alongside the ecological corridor of Guanyin Creek. Additionally, Fortune Electric is especially cautious about the wastewater discharge quality of the plant area. Chung Li Plant and Guan Yin Plant II treat wastewater by following the sewage treatment and pipeline inclusion standards of the industrial park. For Guan Yin Plant III, as it is necessary to remove dust from the plates during the processes, neutralization of acidity and alkalinity and sludge treatment must be conducted before the water is discharged, to ensure that the quality of the water finally discharged into Guanyin Creek complies with statutory provisions.

In addition to emphasizing the impact of wastewater discharge on the environment, the greenhouse effect has caused widespread droughts and water resource shortages around the world in recent years. The government has listed “Water-saving Education and Advocacy” as an important task. Fortune Electric calls upon everyone to comprehensively participate in water-saving actions and leads by example by implementing rainwater recycling works and water dispenser drainage recycling systems in each plant area. In 2023, Fortune Electric recycled 451t of rainwater in total (8t from Chung Li Plant, 19t from Guan Yin Plant II, and 315t from Guan Yin Plant III. No rainwater recycling system has been set up in the Taichung Factory of Fortune Electric Extra High Voltage Co., Ltd.). However, recycled water is used to flush toilets. In the future, the Company also plans to improve the collection efficiency and expand the scope of use of recycled water. Fortune Electric is dedicated to caring about the environment and contributing to the protection and sustainable utilization of water resources through practical actions.

Water Withdrawal

Fortune Electric's Total Water Withdrawal in All Regions in the Last Three Years

Unit: 1,000,000L

	2021		2022		2023	
	Tap water	Rainwater	Tap water	Rainwater	Tap water	Rainwater
Chung Li Plant	8.782	0	6.925	0.005	12.660	0.008
Guan Yin Plant II	16.764	0.065	22.454	0.025	27.612	0.019
Guan Yin Plant III	5.920	0.250	6.187	0.300	6.879	0.315
Fortune Electric Extra High Voltage Co., Ltd.	-	-	-	-	11.090	0
Total	31.466	0.315	35.566	0.330	58.241	0.342

Note: The information for 2021 and 2022 was recompiled due to data errata.

Environmental Impact Assessment of Effluent

Plant and Plant II of Fortune Electric do not generate process wastewater. The domestic wastewater is discharged to the sewage treatment plant of the industrial park for treatment. Currently, Plant III of Fortune Electric generates wastewater in the processes, and the wastewater is treated by a dedicated sewage treatment plant. The wastewater may be discharged only after it reaches the standards stipulated in the regulations. To guarantee the water quality of the water bodies in Guanyin Creek, Fortune Electric conducts regular monitoring. If any abnormality is found, it will be immediately reported to the relevant environmental conservation agency. Fortune Electric Extra High Voltage Co., Ltd. does not generate any process wastewater, and there is no sewage treatment plant in this region. The water quality is tested twice a year, and the test results are provided to the port office for future reference.

Water Discharge

In the process of product manufacturing, Fortune Electric may generate a small quantity of process wastewater in certain processes. The Company's process wastewater is treated before discharge.

Monitoring Results of Fortune Electric's Water Discharge and Water Quality in the Last Three Years

Unit: 1,000,000L

Plant area	Local pipeline inclusion standard		2021	2022	2023	Destination of discharge
Chung Li Plant	Sewage	1,000,000L	8.782	6.925	12.660	Sewage treatment plant of industrial park
	Rainwater	1,000,000L	0	0.005	0.008	Sewage treatment plant of industrial park
	COD	480mg/L	352	453	427	Sewage treatment plant of industrial park
	SS	320mg/L	51.3	39.3	78.5	Sewage treatment plant of industrial park
Guan Yin Plant II	Water discharge	1,000,000L	12.942	17.312	21.746	Sewage treatment plant of industrial park
	Rainwater	1,000,000L	0.032	0.013	0.010	Partially included in water pipeline
	COD	480 mg/L	201.5	348	189	Sewage treatment plant of industrial park
	SS	320mg/L	29.08	55.10	26.5	Sewage treatment plant of industrial park
Guan Yin Plant III	Water discharge	1,000,000L	3.976	5.793	3.972	Guanyin Creek
	Rainwater	1,000,000L	-	-	-	Included in sewage treatment plant
	COD	100 mg/L	15.9	10.7	10.4	Guanyin Creek
	SS	30mg/L	19.4	8.0	7.85	Guanyin Creek
Fortune Electric Extra High Voltage Co., Ltd.	Water discharge	1,000,000L	-	-	11.090	Port of Taichung
	Rainwater	1,000,000L	-	-	0	Port of Taichung
	COD	100 mg/L	-	-	24.3	Port of Taichung
	SS	80mg/L	-	-	54	Port of Taichung
Total water discharge		1,000,000L	25.732	30.048	49.486	

Note: The information for 2021 and 2022 was recompiled due to data errata.

Water Consumption

Fortune Electric's Total Water Consumption in All Regions in the Last 3 Years

(Unit: 1,000,000L)

Year	Annual water consumption (1,000,000L)
2021	6.049
2022	5.848
2023	9.097

Note: The information for 2021 and 2022 was recompiled due to data errata.



Fortune Electric deeply understands that an enterprise is responsible for protecting the environment. Therefore, it has taken multiple measures in terms of environmental conservation to build a circular economy of resources. The Company actively promotes waste management to reduce environmental impact. For domestic waste, the Company cooperates with the government and primarily disposes of the waste through incineration to reduce waste and minimize environmental impact. Additionally, the Company also actively promotes “Resource Recycling and Classification” to collect recyclable waste and general waste separately. Additionally, the Company entrusts a legal waste recycling, clearing, and treatment agency to clear and recycle the waste, thus improving the resource recovery rate.

In the production process, Fortune Electric is dedicated to promoting “Sustainable Material Management”, and emphasizes material life cycle management. For transformer products manufactured, the Company will prioritize resource reutilization, such as adopting recyclable materials and reducing waste generated in the production process, etc., to achieve the goal of green products. When facing the challenges and risks brought by climate change, Fortune Electric focuses on the effective application of existing resource materials in the right places. In the future, the Company will continue to pursue the goal of “Zero Waste” and strive to collaborate with other stakeholders, such as suppliers, customers, and government entities, to produce more environmentally friendly green products and contribute to the sustainable development of the Earth.

Management of The relevant Significant Impact from Waste

Fortune Electric deeply understands that an enterprise is responsible for protecting the environment. Therefore, it integrates environmental and safety considerations into its corporate operations. The Company has introduced ISO 14001 Environmental management systems and ISO 45001 Occupational safety and health management systems and integrated them into the production process. The Company is committed to providing all employees with a favorable and safe work environment, reducing environmental and work safety risks, improving production efficiency, complying with standards for green products, minimizing waste generation, increasing resource reutilization, reducing resource waste in pollution discharge, advancing towards green design, contributing to an environmentally friendly Earth, and achieving the goal of corporate sustainable development.

To minimize our environmental impact, we are dedicated to waste management. Colleagues from each unit are required to participate in waste classification daily. At the same time, special personnel are assigned to supervise, ensuring the effective practice of resource recycling. The main waste generated in the factories primarily includes recyclable metals, plastics, and paper. General waste is handed over to the combined heat and power incineration plant for treatment. As for waste wood, our recycling rate is 11%, and 89% of the wastewater is handed over to the combined heat and power treatment plant for reuse. The waste insulating oil generated in the transformer process and the waste powder generated from the coating processes of Plant II and Plant III are handed over to a re-utilization treatment manufacturer for processing. The sludge generated from the sewage treatment plant of Plant III is transported to a specific treatment plant and then reused in the brick-making process.

To minimize waste generation in our processes, we've implemented measures such as waste reduction, recycling, and re-utilization. Currently, our goal is to reduce waste by 10%, calculated per weight and NT\$ 1,000,000 of output value. In 2023, the goal of waste reduction by 20% was already achieved.

Additionally, Fortune Electric explicitly establishes relevant regulations and requirements for suppliers to follow, governing environmental sanitation and safety maintenance. In the spirit of corporate social responsibility, suppliers are expected to reduce the impact of their operations on ecological benefits, community environments, and human society. They should promote and advocate the concept of sustainable consumption, and engage in operating activities, including R&D, procurement, production, operation, and services, following the principles outlined below:

1. Reduce the resource and energy consumption associated with products and services.
2. Reduce the discharge of pollutants, toxic substances, and waste, and ensure proper waste disposal.
3. Enhance the recoverability and reutilization of raw materials or products.
4. Maximize the sustainable utilization of renewable resources.
5. Extend the durability of products.
6. Enhance the efficiency of products and services.

CHAPTER



Workplace Happiness

Human Rights Prioritized in the Workplace
Remuneration and Welfare
Employee-Management Relationship
Talent Training Pipelines
Occupational Health and Safety

Material Topics	Talent Incubation and Recruitment
GRI Principle	GRI 404-1 GRI 404-2 GRI 404-3
Related Chapter	Talent Training Pipelines
Policies or Commitments	Integrate the resources of the Group, continually improve employees' skills and technical capabilities, establish holistic education and training quality management systems, including induction training and pre-employment training for new employees and various functional development and gap training mechanisms for in-service employees and link these mechanisms with the promotion system to strengthen the competitive advantages of the Company. The Company will continually strengthen work-life balance, improve supervisors' capabilities, and provide employees with career development opportunities, thus retaining talent and realizing Fortune Electric's sustainable operations.
Metrics and Targets	<p>Short-term goals (1~2 years):</p> <ol style="list-style-type: none"> 1. Organize a soft skills course once every quarter (e.g., psychological suggestion lecture). 2. Ensure that the number of trainees participating in courses organized by the Incubation Center reaches at least 1,000 people. <p>Mid-long-term goals (2~5 years):</p> <p>Continually improve the human resources management system, promote the implementation of human resources related projects, and actively participate in external award reviews related to human resources to enhance Fortune Electric's positive image.</p>
Effectiveness Tracking Mechanism	TTQS Talent Quality-management System
Annual Action Plan and Measure	<ul style="list-style-type: none"> • Establish an Education and Training Committee: Promote the implementation of the TTQS (Talent Quality-management System), connect it to the corporate vision and targets, and practically implement the operation plan and training policies of the Company to improve training and develop talent. • Establish an Incubation Center: Promote the connection between functional development and promotion under the dual-track promotion system, and execute talent training systems for employees with core professional skills, those who specialize in operation management and international languages, and those with master's degrees and doctorates. • Implement a top-level talent incubation mechanism: Promote Fortune Enterprise University's strategic human resources policy of "Building Nests to Attract Phoenixes". • Participate in the government's human resources improvement and training plan: Make good use of government resources to arrange training programs and talent development schemes, including introducing R&D substitute services, and participating in enterprise human resources improvement and training plans and government reward schemes. • Execute annual training plans: Execute annual training plans. In 2023, the total amount spent on training for all employees (including internal and external training programs) reached NT\$ 4,905,000, with approximately 1,262 people participating. The total training duration reached approximately 6,541 hours. • Rotation training of new employees and in-service employees: New employees will receive induction and pre-employment training after starting with the Company, and in-service employees will receive pre-employment training when they transfer roles. • On-the-job training: Professional job-specific training needed to execute official duties, training to develop additional expertise or professional licenses, and continuous professional development. • Talent development: Training designed to improve each level's management and technical capabilities as well as continuing education and language classes. • Health and safety training: Implement training according to the Rules for Occupational Health and Safety Training.

Material Topics	Occupational Health and Safety
GRI Principle	GRI 403
Related Chapter	Occupational Health and Safety
Policies or Commitments	While complying with the relevant regulatory requirements, the Company has established a holistic management system and responsive measures, and regularly organizes employee training to improve awareness of occupational health and safety risks, minimize occupational hazards in the workplace, and build a reassuring environment in which talent wants to work.
Metrics and Targets	<p>Short-term goals (1~2 years): Abide by relevant regulatory requirements and orders from superiors regarding environmental conservation, occupational health and safety, and fire protection, and regularly implement drills to ensure health and safety compliance with statutory standards in plant areas.</p> <p>Mid-long-term goals (2~5 years): Implement environmental monitoring and equipment maintenance in a targeted way, establish an occupational health and safety information platform, and continually promote the implementation of ISO 45001, ISO 14001, and ISO 50001 management systems from a health and safety perspective.</p>
Effectiveness Tracking Mechanism	<ul style="list-style-type: none"> The Company purchases Employer Compensatory Contract Liability Insurance & Group Accident Insurance, and medical insurance for employees. It also purchases employer liability insurance for primary/secondary contractors. Promote monthly work safety improvement reporting meetings, and urge each unit to submit work safety self-improvement cases. The Health & Safety Division is responsible for assessing the health and safety performance of each department on a quarterly basis. If the score reaches 90 points, a health and safety performance reward is granted where a direct unit may receive NT\$ 3,000, and indirect unit may receive NT\$ 2,000.
Annual Action Plan and Measure	<ul style="list-style-type: none"> The Company did not receive any penalties due to violation of occupational health and safety regulations. The Company continually holds health lectures and invites external professional nutritionists to share knowledge. The Company successfully passed the healthy workplace certification of the Health Promotion Administration of the Ministry of Health and Welfare. The Company continually provides training courses for different departments to improve employee's awareness of occupational health and safety risks. The Company convenes an annual contractor agreement organization conference with 60 collaborative manufacturers participating. Zero occupational diseases.

Material Topics	Workplace Equality and Diversity
GRI Principle	GRI 405-1 GRI 405-2
Related Chapter	Workplace Equality and Diversity
Policies or Commitments	<p>Fortune Group deems regulatory compliance and corporate governance as core primary values. Fortune Electric not only places importance on its operating interests, but also adheres to the mission of "Reassuring Employees", "Reassuring Customers", "Reassuring Shareholders", and "Reassuring Society". We are committed to building a happy work environment, ensuring diversity of board members, and safeguarding shareholders' interests. We also adhere to the Gender Equality in Employment Act, and guarantee that employees and job seekers are protected from sexual harassment in the workplace by taking appropriate preventive, corrective, punitive, and disposing measures to safeguard the interests and privacy of parties concerned.</p>
Metrics and Targets	<p>Short-term goals (1~2 years):</p> <ol style="list-style-type: none"> 1. Support the employment of at least 10 middle-aged and older people every year. 2. Actively employ at least 10 fresh graduates every year. 3. Employ disabled or indigenous people as a priority. The number of disabled or indigenous people annually hired shall account for at least 1% of the workforce. 4. Organize reviews for foreign model employees every year. The annual quota of foreign model employees shall account for at least 10% (one model representative selected for every 10 foreign employees) of the total number of foreign employees in the plant area. 5. Promote at least 10 foreign blue-collar workers to mid-level technical roles in 2024. <p>Mid-long-term goals (2~5 years):</p> <ol style="list-style-type: none"> 1. Pay active attention to the work interests of disadvantaged groups and provide complete benefits. 2. Strengthen the energy of industry-university cooperation and emphasize the development of EHV talent in Taiwan. 3. Improve the relevant interests of foreign workers. 4. Support a work-life balance, and promote the implementation of measures related to flexible working, e.g., teleworking, flexible working hours, etc. 5. Improve the family care policy, and provide favorable conditions for male and female employees to take care of their family members on leave. 6. Build a friendly workplace environment, abide by the Gender Equality in Employment Act, and implement sexual harassment prevention and control measures.
Effectiveness Tracking Mechanism	Workplace sexual harassment prevention and control measures adopted by Fortune Electric Co., Ltd. as well as regulations governing appeal and punishment.
Annual Action Plan and Measure	<ul style="list-style-type: none"> • The Company abides by the Gender Equality in Employment Act and implements sexual harassment prevention and control measures. • The Company supported the employment of 19 middle-aged and older people. • The Company employed 11 new graduates. • The Company employed six disabled and indigenous people, accounting for 0.6% of the total number of employees.

HUMAN RIGHTS PRIORITIZED IN THE WORKPLACE

Shouldering the mission of "Reassuring Employees", "Reassuring Customers", "Reassuring Shareholders", and "Reassuring Society" and considering regulatory compliance and corporate governance as its core values, Fortune Group is committed to creating workplace happiness, implementing diversity of the board of directors, safeguarding shareholders' interests, and actively engaging in ESG-related work to ensure sustainable operations and stable growth. Fortune Group recognizes and voluntarily follows the UN Universal Declaration of Human Rights, UN Global Compact, the United Nations Guiding Principles on Business and Human Rights, and the UN International Labor Organization, and has established an employee human rights policy to safeguard basic human rights and related interests. In the future, the Company aims to enhance employees' awareness of human rights and effectively lower the risk of violations by establishing a declaration of human rights and continually providing corresponding training.

Fortune Group has successively promoted relevant measures, including establishing a complete internal control system governing regulatory compliance and corporate governance, establishing an independent board of directors, regularly convening shareholders' meetings, providing complete a remuneration, benefits, and career development package, creating a safe and healthy workplace, and respecting employees' rights and interests. The management of the Company also implements a diversity policy for the board of directors, and actively includes female directors, foreign nationals, and independent directors on the board, thus enhancing the professionalism and independence of the board. The Company annually identifies possible impacts of business practices with each stakeholder by means of due diligence and takes annual responsive performance actions as follows:

Due Diligence of Risks Related to Human Rights

Human rights issues and impact	Annual performance actions
Employees	
Employee-management Relationship	
Employee-management negotiation and appeal	Regularly hold employee-management meetings, discuss employees' work interests and benefits every quarter, and keep meeting minutes to continually track and improve problems. Provide multiple pipelines, such as an appeal line, complaint box, and complaint email, etc., so employees can express their opinions. In 2023, the Company was not involved in any case that violated the Labor Standards Act.
Remuneration complying with regulations	Fortune Group strictly abides by labor laws and regulations in places where each operating site is located, and prohibits any form of discrimination against employees based on gender, race, nationality, age, religion, or political affiliation, etc. The Company is dedicated to creating a fair and equal work environment where employees can enjoy fair remuneration and benefits. The Company has also established an institutionalized performance assessment system to assess various factors including employees' performance, market remuneration level, and future development potential to make corresponding salary adjustments, thus inspiring employees and retaining excellent talent. The Company additionally promotes innovative development to improve corporate competitiveness.
Diversity and Equal Rights	
Anti-discrimination	Adhering to the principle of equal opportunity, we guarantee that no discrimination occur in the processes of recruiting, hiring, promoting, and managing employees. We are committed to establishing an open, diverse, and inclusive work environment where all employees can reach their full potential. Meanwhile, to protect employees from unlawful infringements when executing their corporate duties, we also provide complete training and responsive measures. Through the EAP, we provide professional psychological counseling and living resources for employees, take care of their physical and mental health, enhance their self-esteem, and improve their work satisfaction.
Gender equality	Fortune Group places great importance on the value of female employees in the workplace. While strictly following relevant labor laws and regulations, the Company also adjusts its service items and environmental equipment in response to the specific physiological needs of female employees, specifically implementing a comprehensive Maternal Health Protection Program, which covers female employees who are pregnant, within one year of giving birth, or are breastfeeding so they are protected and supported. The Company also invests efforts to improving employees' working efficiency and morale, and attracts excellent female talent. We are dedicated to fostering a truly gender-equal corporate culture.

Human rights issues and impact	Annual performance actions
Employees	
Good Work Environment	
Safe work environment and training	<p>The Company executes protective measures by regularly and irregularly inspecting workplaces, vehicles, equipment, facilities, and firefighting equipment. We also keep health and safety training records for employees, conduct inspections before, during, and after use of machines, tools, and equipment, and conduct safety audits of operations using organic solvents, ionizing radiation, and infrared inspection to ensure the safety of the operating environment.</p> <p>To enhance employees' awareness of health and safety and guarantee compliance with regulatory requirements, we also provide basic training on general health and safety and the use of dangerous and hazardous items; specialist training is provided for employees who operate dangerous machines and tools or engage in hazardous or special operations.</p>
Employee healthcare	To provide all employees with a comfortable and healthy work environment, the Company is committed to caring for employees' health, promoting club activities, and holding health-related lectures, etc., so that everyone can maintain their physical and mental health and achieve a life-work balance.
No forced labor	Fortune Group strictly prohibits any form of forced labor and guarantees that employees have the freedom to terminate their employment contract. As of 2023, no operating sites were not involved in any form of forced labor.
No child labor or illegal labor	The Company strictly prohibits all operating sites and global suppliers from illegally hiring children or engaging in illegal labor practices, and requires each operating site to abide by local labor laws and regulations. The Company also requires proof of age when hiring employees, and guarantees that students receiving cooperative education also comply with statutory provisions to protect employees' rights and interests.
Freedom of association	Fortune Electric respects employees' right to freedom of association, and is committed to providing pipelines and environments for employees' free expression of their opinions. We encourage employees to effectively express their opinions and ideas through diverse employee-management negotiation and appeal pipelines, e.g., employee-management meetings, FE Family suggestion areas, organizational environment questionnaires, and external reporting pipelines, etc.
Accessible facilities	Fortune Group has installed accessibility facilities in buildings, including elevators and ramps to ensure a friendly work environment for those with physical and mental disabilities.
Suppliers/Contractors	
Conflict Minerals	
Non-use of conflict minerals	In response to the particularity of the industry and requirements of product specifications, the Company guarantees that no conflict minerals are used in the main materials provided by suppliers. In 2023, no products contained conflict minerals.
Corporate Customers	
Personal Information Security and Privacy	
Information security measures	The Company has adopted multiple strict management measures and introduced a personal data management system and information security management system to ensure the security of personal data and information. In 2023, no personal data or information leaks occurred.

Diverse and Abundant Job Opportunities

Acknowledging that employees are the most important assets of a company, we are dedicated to creating a friendly workplace where all our employees can work and live happily, reach their full potential, continually develop their skills, and find passion and balance between work and life. As of the end of 2023, Fortune Electric had a total of 1,088 employees, including two senior executives (chairperson and vice chairperson), two managers, and 1,083 general employees. Male employees and female employees accounted for 78% and 22% respectively. Fortune Electric is also committed to providing job opportunities to people with physical and mental disabilities. In 2023, the Company hired 12 employees with physical and mental disabilities in compliance with statutory requirements.

Employees Hired by Fortune Electric in Each Region in 2023

Employee classification (Unit: Number of persons)		Chung Li Plant		Guan Yin Plant II		Guan Yin Plant III		Fortune Electric Extra High Voltage Co., Ltd.		Taipei Office		Kaohsiung Office		Total		
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Total number
Per contract	Permanent employees (permanent contract)	231	104	165	38	86	18	87	29	50	35	7	5	626	229	855
	Contracted employees (fixed-term contract)	59	5	106	1	19	2	38	1	2	0	0	0	224	9	233
Per working hours	Full-time employees	288	107	271	39	104	20	125	30	52	35	7	5	847	236	1083
	Part-time employees	2	2	0	0	1	0	0	0	0	0	0	0	3	2	5
Per nationality	Taiwan	244	108	173	38	93	19	87	30	49	34	7	5	653	234	887
	Thailand	45	1	12	1	11	1	0	0	0	0	0	0	68	3	71
	Indonesia	0	0	85	0	1	0	38	0	1	0	0	0	125	0	125
	India	0	0	1	0	0	0	0	0	0	0	0	0	1	0	1
	The People's Republic of China	1	0	0	0	0	0	0	0	0	0	0	0	1	0	1
	Malaysia	0	0	0	0	0	0	0	0	0	1	0	0	0	1	1
	France	0	0	0	0	0	0	0	0	1	0	0	0	1	0	1
	Poland	0	0	0	0	0	0	0	0	1	0	0	0	1	0	1
Gender statistics in each region		290	109	271	39	105	20	125	30	52	35	7	5	850	238	1088

Notes: 1. Full-time employees: Refers to regular employees with salaries calculated on a monthly basis according to the definition in the Labor Standards Act.
2. Part-time employees: Refers to non-regular employees with salaries calculated by daily or hourly rates.

Changes in the Number of Fortune Electric's Workers in the Last Three Years

Type of worker	2021	2022	2023
Employees	750	776	1088
Workers who are not employees (security guards)	9	9	12
Workers who are not employees (manufacturers)	78	80	101
Workers who are not employees (cooks)	3	3	5
Total	840	868	1206

Notes: 1. The number of workers as of December 31 of each year was used in the calculations.

2. Workers who are not employees: Refers to workers not directly hired by the Company, but included in the total number of workers under the Company's management. The main types of work undertaken by workers who are not employees include cleaning staff, cooks, and security guards, etc. The number of workers who are not employees (manufacturers) is the daily average number of persons.



Workplace Equality and Diversity

In 2023, the Company hired a total of 321 new employees (not including students and interns hired short-term), with a total new employment rate of approximately 30%. From among all new employees, 271 are male, accounting for 84%, and 50 are female, accounting for 16%. With respect to the retention of employees, a total of 67 employees resigned in 2023 (not including students and interns hired short-term), including 59 male employees (accounting for 88%) and eight female employees (accounting for 12%). The total resignation rate was 6%. The Company will continually strengthen the work-life balance, develop supervisors' skills, and provide employees with career development opportunities to encourage retention.

Statistics of the Total Number and Ratios of New Employees and Employees Who Have Left Divided per Age and Gender

(Unit: Person; %)

Primary category	Secondary category	Male		Female		Age subtotal	
		Number	Ratio	Number	Ratio	Number	Ratio
New employees	21-30	153	47%	29	9%	182	57%
	31-40	76	24%	16	5%	92	29%
	41-50	36	11%	5	2%	41	13%
	Over 51	6	2%	0	0%	6	2%
Subtotal of new employees		271	84%	50	16%	321	100%
Employees who have left (including retirees)	21-30	21	31%	2	3%	23	34%
	31-40	26	39%	4	6%	30	45%
	41-50	10	15%	2	3%	12	18%
	Over 51	2	3%	0	0%	2	3%
Subtotal of employees who have left the Company		59	88%	8	12%	67	100%

Notes: 1. Ratio of new employees of each category = Number of new employees of each category/Total number of new employees at the end of the period × 100%, calculated to integers, rounded off to the first decimal point.

2. Ratio of separated employees of each category/Total number of separated employees at the end of the period × 100%, calculated to integers, rounded off to the first decimal point.

3. New employment rate = Number of new employees/Total number of employees at the end of the period × 100%, calculated to integers, rounded off to the first decimal point.

4. Separation rate = Number of separated employees/Total number of employees at the end of the period × 100%, calculated to integers, rounded off to the first decimal point.

5. In 2023, there were 23 new employees aged below 20 (not including students and interns hired short-term), including 22 male employees (accounting for 96%) and one female employee (accounting for 4%).

6. In 2023, four employees aged below 20 left the Company (not including students and interns hired short-term), including four male employees (accounting for 100%) and zero female employees (accounting for 0%).

Fortune Electric is committed to establishing a work environment that features fair competition. By providing competitive salaries, the Company attracts and retains top talent. We strongly believe in the value of equal pay for equal work, and firmly oppose wage disparity. We treat every employee fairly regardless of gender.

The salary structure of the Company includes fixed compensation and variable pay. Fixed compensation is paid consistently every month. We duly adjust employees' fixed compensation as required with reference to compensation levels in the same industry and statistics of the labor market, and considering factors like position, work nature, professional skills, and market supply and demand to ensure the competitiveness and reasonableness of employee compensation; variable pay, including year-end bonuses, employee rewards, and performance bonuses, etc., are intended to motivate employees. Furthermore, part of the variable pay is closely associated with the Company's operation performance promote collective effort of the team and the Company's long-term development.

The Company has established the Measures for Salary Management and Measures for Performance Bonuses and communicated them to employees via announcements and the internal mail system so they have a full understanding of the Company's remuneration system. The Company has also established relevant measures governing performance objectives and the remuneration policy, system, standards, and structure. The remuneration and benefits of personnel at manager level or above is reported to the Remuneration Committee and the board to improve the transparency of corporate governance and remuneration. In 2023, the mean value and median of the annual pay of Fortune Electric's full-time employees who do not serve as supervisors were approximately NT\$ 1.545 million and NT\$ 1.112 million respectively. The total annual pay of personnel with the highest salaries in the Company was 9.63 times the median of other personnel's salaries, and the annual salary adjustment ratio was 1.2 times.

Mean Value and Median of Annual Pay of Fortune Electric's Full-time Employees Who Didn't Serve as Supervisors (Unit: NT\$ 10,000)

Year	Mean salary	Median salary
2021	82.6	70.8
2022	101.6	81.6
2023	154.5	111.2

Notes: 1. The salaries listed in this table comprise annual pay.
 2. Fortune Electric Extra High Voltage Co., Ltd. has been included in the statistics since 2023.
 3. Supervisory position: Managers defined per the scope of "managers" stipulated in Letter Tai-Tsai-Cheng-San-Tzu No. 920001301 issued by the competent authority on March 27, 2003, consistent with the scope of managers disclosed in the Company's annual report.

Salary Standards of Basic-level Personnel in Fortune Electric's Important Operating Sites in the Last Three Years

Year	Average standard salary of basic-level personnel		Average standard salary/ local minimum wage of basic-level personnel	
	Male	Female	Male	Female
2021	40,110	36,296	1.67:1	1.51:1
2022	40,372	37,418	1.60:1	1.48:1
2023	40,660	38,100	1.54:1	1.44:1

Notes: 1. "Important operating sites" defined by the Company are sites in Taiwan.
 2. The Company sets employees and other workers' salaries with reference to the basic salary announcement of the Ministry of Labor in the current year to ensure salaries are not lower than the basic salary.
 3. Basic-level personnel: Includes technicians/managers, assistant engineers/assistant managers, and engineers/managers.
 4. Standard salary: Refers to recurring salaries, such as basic salary and duty allowance, etc.
 5. The local minimum wage was NT\$ 24,000, NT\$ 25,250, and NT\$ 26,400 in 2021, 2022, and 2023 respectively.
 6. Fortune Electric Extra High Voltage Co., Ltd. has been included in the statistics since 2023.

Ratios of Basic Salary and Compensation of Fortune Electric's Female Employees Compared to Male Employees in 2023

(Unit: %)

Operating site	Chung Li Plant		Guan Yin Plant II		Guan Yin Plant III		Fortune Electric Extra High Voltage Co., Ltd.	
Category of employee	Male	Female	Male	Female	Male	Female	Male	Female
Indirect personnel	1.00	0.74	1.00	0.80	1.00	0.70	1.00	0.83
Direct personnel	1.00	1.05	1.00	1.24	1.00	0.80	1.00	1.19

Notes: 1. The salaries used for the calculations in this table are the average monthly salaries of personnel as of December 2023.

2. The average monthly salaries of indirect/direct male employees per category of employee is adopted as the denominator. In other words, the value of male employees is "1", and the ratio of salaries of female employees compared to male employees is then calculated (rounded off to two decimal points).

3. Among indirect personnel who serve as supervisors, male employees outnumber female employees. Therefore, the salaries of male employees per capita are higher than those of female employees; as for direct personnel, although there are fewer female employees in Chung Li Plant and Guan Yin Plant II, most are senior employees, and therefore their salaries per capita are higher than those of male employees.

Welfare System

To safeguard employees' interests regarding occupational health and safety and improve their solidarity, the Company purchases employer compensatory contract liability insurance, group accident insurance, group medical insurance, and comprehensive notifiable disease security insurance for employees. The Company has also established an Employee Welfare Committee to promote benefits so that employees can benefit economically and spiritually. The Company has adopted various benefits, including scholarships for employees and their children, birthday celebrations, subsidies for employees' travel, condolence compensation in the event of injury, subsidies for weddings and funerals, maternity benefits, childcare subsidies, subsidies for pregnancy aid, and childcare leave, and organizes family day events, annual dinner parties, and lucky draws. In 2023, the total expenditure of the Company on employee benefits amounted to NT\$ 12,906,023. Detailed information about employee benefits is as follows:

Employee Benefits Provided by the Company

	Benefit	Description of benefit and performance
Leave	General leave	The Company abides by the Labor Standards Act and provides a flexible commuting system. Employees may also apply to work from home to take care of their families (without salary being affected).
	Special annual leave	The Company provides new employees with the benefit of three days' special leave that can be used in advance upon entry into the Company, superior to the stipulations of the Labor Standards Act.
	School accompanying leave	Employees are provided with one additional day off when their children start kindergarten or first grade within seven days of enrollment.
	Early dismissal system	Employees are entitled to get off duty one hour early on either the Lantern Festival or Ghost Festival.
	Flexible commuting system	To provide a work-life balance, a flexible commuting system has been established for R&D personnel, commuting reasons, or individual family situations.

	Benefit	Description of benefit and performance
Rewards and benefits	Mission allowance and insurance	In addition to additional allowances and health checkup subsidies, employees on business trips will be provided with warfare subsidy, travel insurance, overseas medical accident insurance, etc. when they travel to high-risk countries.
	Year-end bonus and employee reward	The year-end bonus is paid according to the 2004 Operating Procedure for Year-end Bonuses and Salary Adjustments in the Management Handbook; the employee reward is paid according to the 5016 Operating Procedure for the Distribution and Payment of Employee Rewards in the Management Handbook.
	Various performance bonuses and department performance bonuses	Each unit handles performance bonus payments according to the relevant standard operating procedure.
	Bonuses for developing new technologies/products	Bonuses are paid according to the 1W1714 Operating Standard for Payments of New Product Development Bonuses.
	Rewards for top talent	Rewards are handled and given to top talent according to the 2015 Operating Procedures for Talent Evaluation and 2045 Operating Procedures for Talent Management and Incentives in the Management Handbook.
	Reward for model employees	A medal and bonus of NT\$ 12,000 are provided for model employees according to the 2042 Operating Procedure for Selecting Model Employees in the Management Handbook; representatives of model employees from each division who do not win the reward are provided with a meal coupon worth NT\$ 5,000.
	Reward for outstanding newcomers	According to "Management Manual 2040 Operating Procedures for Selecting Outstanding Newcomers", employees of Fortune Electric will receive medals and bonuses of NTD10,000.00 from the parent company, and will be given an honorary leave of 2 days, with the leave of absence being limited to one year from the month following the announcement date.
	Extraordinary charges for supervisors	Handled according to the 2066 Payment Standards of Other Physical Objects and Extraordinary Charges for Managers in the Management Handbook. The number of supervisors entitled to this benefit reached 95 in 2023.
	Employee proposal bonus	This bonus is paid according to the 6007 Procedure for the Implementation of the Proposal Improvement System in the Management Handbook.
	Promotion of the expert evaluation and license reward system	Experts are verified according to the 2043 Operating Procedure for Expert Evaluations in the Management Handbook; professional skills are verified according to the standard operating procedure of the 1W1649 Standards for the Verification of Professional Skills and Recognition of Qualifications. Rewards are provided to qualified personnel.
	Provision of summer and winter uniforms and underwear	Three sets of summer and winter uniforms are provided to new employees when they start working at the Company. Old uniforms are replaced with new ones as needed.
	Monetary gifts (coupons) for Labor Day and three festivals	Cash vouchers of NT\$ 3,000 per person are provided on the Dragon Boat Festival/Mid-Autumn Festival/year-end dinner to employees. On Labor Day, the Company presents a gift certificate of NT\$ 2,000 per person.
	Birthday cash gift and birthday cake	In addition to a birthday cash gift of NT\$ 1,200 and a birthday cake provided by the Welfare Committee, people whose birthdays fall in a given month get a free dessert from the restaurant.
	Marriage cash gift	A cash gift of NT\$ 15,000 is provided for each employee who gets married. The total amount of cash gift provided to a couple who are both employees of the Company is NT\$ 30,000.

	Benefit	Description of benefit and performance
Rewards and benefits	Maternity subsidy	NT\$ 3,600 is subsidized per birth. Employees may apply for NT\$ 7,200 for twins and NT\$ 10,800 for triplets.
	Growth fund for "Little Fortunes"	Each child of employees can receive a subsidy of NT\$ 2,000 each year from their first to their fifth birthday.
	Scholarships and education grants for employees and their children	<ul style="list-style-type: none"> Employees who engage in continuing education at university level or above can receive scholarships of NT\$ 4,000 ~ NT\$ 12,000. Employees' children who attend schools from junior high to doctoral programs can receive a subsidy of NT\$ 1,500~NT\$ 7,000 each semester.
	Gifts for Mother's Day and Father's Day	Gifts like carnations, desserts, anti-epidemic masks, or soap are given to share warmth among parents.
	Internal referral system	<ul style="list-style-type: none"> Employees are encouraged to introduce friends and family to join the Company for mutual care and growth. Group medical insurance is also extended to employees' dependents.
	Annual dinner party and lucky draw on a workday	The annual year-end dinner (annual dinner party) is held on a Friday at noon. Employees may head home early if the event finishes before the end of the working day. The winning percentage of lucky draws is as high as 48%. Additionally, unsuccessful participants may receive a consolation prize of NT\$ 2,000.
	Flexible self-service welfare fund	This benefit was increased in 2023. Each employee may receive an annual subsidy of NT\$ 5,000 for family travel, group travel, and health checkups.
	Subsidies for pregnancy aid	In response to low birth rates, the Company provides subsidies for employees experiencing fertility issues to lower their economic burden. NT\$ 10,000 is subsidized for the first round of treatment. Employees requiring further rounds of treatment may apply for a subsidy of NT\$ 6,000 each round up to a maximum of five times (including the first time).
Giving back to employees	Commemorative gold coin for senior employees	Gold coins are awarded to employees who have served in the Company for 10 years and 20 years upon the Company's anniversary celebrations.
	Rewards for employees who have served in the Company for five and 15 years	A new "High-5 Fun Day and Low-5 Glory Day" reward scheme has been established for employees who have worked for 5 and 15 years respectively at the Company, specifically offering benefits like dinner vouchers and air travel coupons for employees' families, to foster a sense of belonging for both Fortune people and their family members. This scheme will last for one year from September 2023 to August 2024.
Health promotion	Health and safety promotion activities include smoking cessation, weight loss, etc.	The Company holds health and safety promotion activities, and encourages employees to participate by providing them with competition bonuses.
	Various club activities	An annual budget up to NT\$ 40,000 is subsidized for each club's annual activities.
	Annual employee health checkups	The Company arranges new employees to participate in health checkups, and provides employees with health checkups once every year.

	Benefit	Description of benefit and performance
Complete facilities	Free employee restaurants are set up at factories, and meal allowances are provided at each operating site.	The Company has set up employee restaurants in each factory offering meals priced at NT\$ 85 (before tax). The restaurants supplied bento-style meals during the pandemic instead. The restaurants also supply snacks like salty/sweet soup and fruit on occasion. During the winter solstice, salty/sweet glutinous rice balls are also provided at employee restaurants.
	Free employee dormitories	Dormitories with 2-3 persons per room are provided, inclusive of services like Wi-Fi.
	Shuttle buses for employees working at Guan Yin Plant II and Guan Yin Plant III	A free shuttle bus service is provided for employees when commuting.
	Fitness center at Guan Yin Plant II and Karaoke room at Guan Yin Plant III	The Company provides employees with places to relax and alleviate physical and mental stress. Colleagues may use these facilities when off duty.
Retirement system	Old pension system	Fortune Electric has established a complete retirement system. For employees subject to the old pension system, in addition to the increase of the appropriation rate year by year, the Company also appropriates employees' retirement reserves and deposits them at Taiwan Bank to generate interest every month, thus guaranteeing that employee retirement reserves are sufficient.
	New pension system	To safeguard employees' rights, the Company assists employees subject to the new pension system in withdrawing 6% of their salaries as the basis for purchasing of employee and health insurance to employees' personal pension accounts, and handle relevant operations for employees to withdraw their pensions.
Benefits for foreign employees	Increased meal subsidies	Three meals a day are provided for foreign employees free of charge.
	Planning employee travel activities	All foreign employees of the Company are provided with a one-day tour activity every year, and each receive a subsidy of NT\$ 2,500.
	Establishment of a bonus system for foreign model employees	The Company commends foreign employees with excellent performance every year and provides them with a model employee bonus. In 2023, 12 foreign employees received a bonus of NT\$ 2,000.
	Promotion of excellent foreign employees	In 2023, nine foreign employees applied for a promotion to mid-level technical positions.



Maternal Health Protection Program

The Company legally implements the Gender Equality in Employment Act and supports employees' rights to raise the next generation. Additionally, we advocate for gender equality and guarantee employees' right to enjoy parental leave. Employees who have worked for the Company for six months or longer may apply for unpaid parental leave before each child reaches the age of three, however the duration of such leave shall not exceed two years. During unpaid parental leave, employees may continually benefit from social insurance.

Statistics of the Number of Fortune Electric's Employees on Unpaid Parental Leave in 2023

Unit: Person

	Male	Female	Total
(a) Number of employees who qualified to apply for parental leave in 2023	11	22	33
(b) Number of employees who applied for parental leave in 2023	3	8	11
Application rate of parental leave b/a	27%	36%	33%
(c) Number of employees on parental leave expected to be reinstated in 2023	3	5	8
(d) Number of employees on parental leave actually reinstated in 2023	3	5	8
Reinstatement rate of employees on parental leave d/c	100%	100%	100%
(e) Number of employees who applied for parental leave and reinstated in 2022	1	2	3
(f) Number of employees who applied for parental leave and worked continuously for one year after reinstatement in 2022	1	2	3
Retention rate of employees on parental leave f/e	100%	100%	100%

- Notes: (a) Estimated number of employees who applied for maternity leave or paternity leave in the last three years (2021-2023)
 (b) The actual date of unpaid parental leave was in 2023.
 (c) The expected date of reinstatement was in 2023.
 (d) Number of employees reinstated with the expected date of reinstatement in 2023
 (e) The actual date of reinstatement was in 2022.
 (f) The actual date of reinstatement was in 2022, and the employees worked for one year after reinstatement (still in-service in 2023).

EMPLOYEE-MANAGEMENT RELATIONSHIP

The Company has not established a trade union organization, however, it regularly holds employee-management meetings according to Article 83 of the Labor Standards Act. Interim meetings may be convened as necessary to promote employee-management cooperation, coordinate employee-management relationships, improve working conditions, and conduct two-way communication and negotiation of issues involving employees' benefits. Employee-management meetings comprise an equal number of employee representatives and management representatives. The representatives of employee-management meetings serve tenure of four years. Labor representatives may be reelected and reappointed. If the number of employees of a factory is above 100, there shall be at least five employee representatives and five management representatives; if the number of employees of a factory is less than 100, there shall be at least two labor representatives and two management representatives.

When a major operating change is about to occur, Fortune Electric fully abides by Article 16 of the Labor Standards Act and legally exercises the shortest notice period for terminating employment contracts, thus safeguarding employment rights and working conditions to minimize the impact of such changes. During the reporting period, no major operating change occurred in the Company.

Unimpeded Communication Pipelines

In order to promote the harmonious and sustainable development of labor relations and effective communication between staff and management, the company has established a transparent, open and effective multi-directional communication channel to solicit the valuable opinions of all employees. By organizing climate surveys every six months, we will hold at least one labor-management meeting every three months (March, June, September, and December each year), and convene temporary meetings when necessary; establish FE Family recommendation areas and install safety and Confidential reporting channels:

- Employees can leave messages in the FE BPM Fortune Process Management System\System Link->Human Resources->FE Family Suggestion Box
- Official website: https://www.fortune.com.tw/tw/contact_whistle.html
- Email: fe1969@reportnow.com.tw
- Fax: 02-2964-3919
- Physical mailbox: Taipei Post Mailbox 112-113

Additionally, the Company irregularly implements the mechanisms like employee interviews to learn about their needs and expectations, and actively responds to issues raised.

The Company spares no effort in creating an employee-management relationship without communication barriers to effectively achieve the goal of protecting employees' human rights.

(1) No discrimination or related complaints

(2) No violation of rights to freedom of association or collective bargaining

(3) No child labor

(4) No forced or compulsory labor

(5) No labor disputes

(6) No delay or accumulation of employees' opinions or complaints

To improve Fortune Electric's product quality, we continually enhance employees' quality, establish a holistic training quality management system, including induction training and pre-employment training for new employees and various functional development and gap training mechanisms for in-service employees, and link these mechanisms with the promotion system. In 2023, the average training duration of each employee of the Company was 6.01 hours. The average training duration of male employees reached 5.8 hours, while that of female employees reached 6.76 hours.

Relevant measures adopted by Fortune Electric to implement talent training in 2023

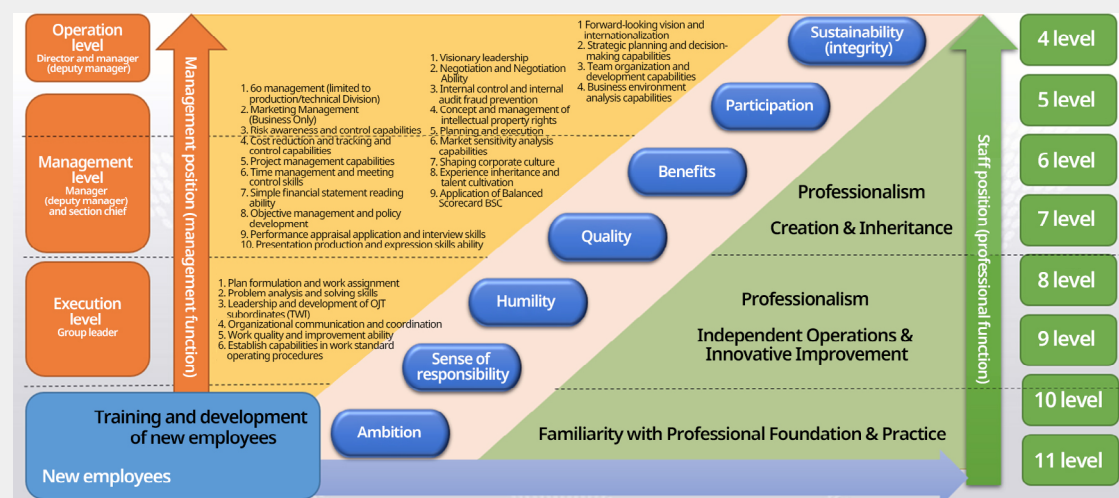
- **Establishment of an Education and Training Committee:** Promote the implementation of the TTQS (TalenT Quality-management System), link it with the corporate vision and targets, and practically implement the operation plan and training policies of the Company to improve training performance and skills development.
- **Establishment of an Incubation Center:** Promote the connection of functional development with promotion under the dual-track promotion system, and execute talent training systems for talent with core professional skills, those who specialize

in operation management and international languages, and those with master's degrees and doctorates.

- **Implementation of top-level talent development mechanism:** Promote the Fortune Enterprise University's strategic human resources policy of "Building Nests to Attract Phoenixes".
- **Participation in the government's human resources improvement and training plan:** Leverage government resources to handle training and talent development schemes, including the introduction of R&D substitute services and

participation in human resources improvement, training, and reward schemes offered by the government.

- **Execution of annual training plan:** The Company executed training according to the annual training plan. In 2023, 1,262 people participated in training reaching a total duration of approximately 6,541 hours. In 2023, training expenditure reached NT\$ 4,905,000.
- **Rotation training of new employees and in-service employees:** New employees receive induction and pre-employment training after starting work at the Company; in-service employees receive pre-employment training when transferring roles.
- **On-the-job training:** Professional job-specific training needed to execute official duties, training to develop secondary expertise or professional licenses, and continual professional development.
- **Talent development:** Training designed to improve each level's management and technical capabilities as well as continuing education and language training, etc.
- **Health and safety education training:** Implement training according the Rules for Occupational Health and Safety Education and Training.



Average Training Duration of Each Employee of Fortune Electric per Gender and Type of Position in 2023

Category of employee	Calculation method	Male	Female	Subtotal
Indirect personnel	(a1) Actual number of employees trained in the reporting period	405	212	617
	(b1) Training duration in the reporting period	2,863	1,568	4,431
	(b1/a1) Average training duration in the reporting period	7.06	7.39	7.18
Direct personnel	(a2) Actual number of employees trained in the reporting period	445	26	471
	(b2) Training duration in the reporting period	2,067	43	2,110
	(b2/a2) Average training duration in the reporting period	4.64	1.65	4.47
Total	(Q) Training hours	4,930	1,611	6,541
Total number of employees at the end of the reporting period	(R) Number of employees	850	238	1,088
Average training duration of each employee	(Q/R) Training hours	5.8	6.76	6.01

Percentage of Fortune Electric's Employees Undergoing a Performance and Career Development Evaluation in 2023

Category of employee	Calculation method	Male	Female	Subtotal
Indirect personnel	(A1) Total number of employees at the end of the reporting period	405	212	617
	(B1) Number of employees regularly accepting performance and career development review	397	205	602
	(B1/A1) Percentage	98%	97%	98%
Direct personnel	(A2) Total number of employees at the end of the reporting period	445	26	471
	(B2) Number of employees regularly accepting performance and career development review	405	25	430
	(B2/A2) Percentage	91%	96%	91%
Total	(A1+A2) Total number of employees at the end of the reporting period	850	238	1088
	(B1+B2) Total number of employees regularly accepting performance and career development review	802	230	1032
	(B1+B2)/(A1+A2) Percentage	94%	97%	95%

Notes: 1. The total number of employees at the end of the reporting period was calculated as the number of persons receiving salaries from the Company in December 2023 (including five executives and managers).
2. The number of employees regularly undergoing performance and career development evaluations did not include the four executives and managers, nor new employees who joined the Company less than two months before the end of the current year, employees who resigned in December, and those not subject to performance evaluations, such as contract workers.

Talent Incubation Highlights

Talent Incubation Center

To ensure more efficient corporate operations, perfectly integrate the management system, enhance technology and experience, and cultivate excellent management talent, the Company established a Talent Incubation Center in 2005 to provide training courses. Talent development is primarily divided into three aspects, core (basic skills), specialties (annual specialist training), and management (talent development and training plans).

The primary purpose of the talent development and training plan is to cultivate next-generation management talent and internal personnel for the Company. Training methods are adopted per different classes and different levels of professional skills. Department supervisors are also required to provide personnel replacement charts. The supervisors of these departments are included in the development plan based on the functional requirements of each level (management and professional levels). At the end of courses, supervisors may be promoted only after passing evaluation. The Incubation Center is responsible for integrating the annual plan to reduce conflict and waste of learning resources. In 2023, the Company checked the professional functions of a total of 506 staff members. The weighted fit of the Company was 126.96%.

Fortune Enterprise University

Founded on September 28, 2010 (Teachers' Day), Fortune Enterprise University is committed to practicing "Building Nests to Attract Phoenixes". Colleagues in the Company are encouraged to engage in on-the-job continuing education in different fields. The Management College and College of Electromechanical Engineering were set up for the purpose of developing technology and management skills, giving consideration to academic and theoretical foundations, managing the operational concept of corporate culture, ensuring the practical application of knowledge, and developing excellent talent. With the stable growth and expansion of the Company, the College of Science and Technology is cooperating with the Industrial Academy of the Industrial Technology Research Institute for the fourth session based on short- and medium-term plans of the Company. With the

Green-collar Energy Engineers and Electricity Operation Managers as the main training focus, the Management College has synchronously invited renowned lecturers in the industry to hold courses and generate more energy into developing management talent.

Fortune Enterprise University adopts a credit-based system over two years. Students are required to obtain at least 12 credits (four courses) each academic year. The total credits required for graduation are at least 24 credits (eight courses). The performance assessment contains two main categories: 1. Operations (including attendance/absence rate and learning attitude); 2. Academic achievements: (mid-term examination and final exam/special exam).

Schools/organizations cooperating with Fortune Enterprise University for the first session: Chung Yuan Christian University, with a total of 28 trainees graduating.

Schools/organizations cooperating with Fortune Enterprise University for the second session: Chung Yuan Christian University, with a total of 10 trainees graduating.

Schools/organizations cooperating with Fortune Enterprise University for the third session: Teachers from National Tsing Hua University, Chung Yuan Christian University, and Yuan Ze University were invited to give lectures, with a total of 27 trainees graduating.

Schools/organizations cooperating with Fortune Enterprise University for the fourth session: Fortune Electric cooperated with the Industrial Academy of the Industrial Technology Research Institute and focused mainly on Green-collar Energy Engineers and Electricity Operation Managers. A total of 40 trainees participated in the training.

TTQS Talent Quality-management System

Since its establishment, Fortune Electric has consistently adhered to the concept of being "people-orientated" and firmly believes that human capital leads to good corporate performance. The Company has been promoting Total Quality Management (TQM) and the Quality Control Circle (QCC) since 1986. It also places great importance on education, training, and talent development, recognizes the importance of knowledge management and institutional establishment, and actively formulates procedures for management and manufacturing processes. In recent years, the Company has also been dedicated to the promotion of the Talent Quality-management System (TTQS). TTQS is a management system launched by the Workforce Development Agency, Ministry of Labor, to ensure that the implementation of training plans and courses is well-controlled. Under this framework, Fortune Electric has enhanced its learning-oriented organization and promoted the systematization of employees' training passports and functional management and skills development. In 2022, the Company passed the evaluation and earned a bronze medal. In 2023, the Company continued to optimize training quality and will participate in the next evaluation.



Top Talent Evaluation System

To encourage Fortune Electric's employees to take pride in the Company, we have specifically established a "Top Talent" evaluation system. Each item is scored and evaluated per position, contribution, potential, etc. Those who meet the criteria are recognized as top-level talent, and earn extra rewards.

In 2021, there were 60 top-level talents
In 2022, there were 69 top-level talents
In 2023, there were 64 top-level talents

Outstanding Newcomer Award

The Company presents a medal and a bonus of NT\$ 10,000 to a new employee who has worked for the Company for less than one year but demonstrated excellent work performance and passed their core skills evaluation. The employee also receives an extra two days of annual leave. Newcomers are encouraged to engage in continual professional development to improve performance.

In 2021, six employees won the Outstanding Newcomer Award.
In 2022, eight employees won the Outstanding Newcomer Award.
In 2023, seven employees won the Outstanding Newcomer Award.

Instructor System

The Company has established an instructor system to assist new employees in adapting to the corporate culture and work environment. Before new employees are recruited, instructors are designated to carry out induction training and pre-employment training within six months. New employees may not work independently in work areas within the first six months; they must be accompanied by instructors. In 2023, the Incubation Center organized training and certification

for the first batch of instructors with a total of 17 instructors passing the certification.

Digitalization of Professional Production Knowledge

Since the initiation of the digital transformation, Fortune Electric has achieved substantial results in multiple areas. Fortune Electric acknowledges the labor shortage resulting from low birth rates and gaps in knowledge inheritance potentially due to the gradual retirement of older employees. Therefore, we prioritize the digitalization of senior workers' rich experience and skills in the process of digital transformation to ensure continuity of talent. By inviting an experienced retired worker to share their knowledge, we built a communication bridge between past and present employees and information.

In the midst of the digital transformation, we expect our new employees to quickly integrate into the work environment and improve service quality through the use of technology. In the past, employees needed to manually copy 50-60 pages of self-check forms in the manufacturing process, which was very burdensome. However, through the use of digital tools, this task can be completed with just the click of several buttons. Therefore, operational convenience has been enormously improved and employees are directly feeling the positive impact of the digital transformation.



Fortune Electric has adopted the electronic Kanban, independently designed and produced by employees in the IT Center, to customize production based on actual production demand. Additionally, key data from units in charge of raw materials, processes, and quality assurance, etc. can be integrated, as can integration with upstream and downstream suppliers through serial connection with the application programming interfaces.

Encouraging Employees' Entrepreneurship

Fortune Electric actively encourages employees to unleash their creativity. Businesses involving existing technology and resource support inside the Company, e.g., electric power, electrical engineering, switchgear, new energy, etc., or new businesses not operated by the Company at present may be realized through internal entrepreneurship plans. Employees may submit proposals individually or as teams. After a proposal is reviewed and approved, the Company takes responsibility for 100% investment. Capital can be invested by means of shareholding and technology investment, or an independent business division can be established to allocate capital. For proposers lacking self-owned capital but having operational capabilities, the Company is also willing to provide relevant resource support, e.g., assistance in the early-stage establishment or provision of key technologies. The Company also distributes shares (shareholding ratio: approximately 5-30%) of the new business based on the proposers' contribution. For other proposals with medium- and long-term strategic reference value, the Company will also provide rewards to proposers to show support even if no complete entrepreneurial planning is provided. The Company also assigns dedicated personnel or units to execute creative ideas regarding the agency of components other than those related to domestic and foreign electrical engineering after review and evaluation. In 2021, Fortune Electric established a subsidiary called "Fortune Electric Value Company Limited". In 2022, the new business development organization inside Fortune Group established three units in total.

OCCUPATIONAL HEALTH AND SAFETY

To maintain employees' safety and prevent the occurrence of occupational disasters, the Company does not only implement well-planned environmental monitoring and equipment maintenance, but has also established an occupational health and safety information platform website, promoted three sets of management systems (ISO 45001, ISO 14001, and ISO 50001), and formulated management schemes for occupational health and safety to comply with occupational health and safety policy. The scope of the occupational health and safety management system primarily focuses on factories. When the Health & Safety Division promotes the application of ISO 45001 and executes occupational health and safety training, the Taipei Office and Kaohsiung Office are required to fill out training assessment forms and teaching materials, and submit the relevant materials to the Health & Safety Division. The Health & Safety Division also assists the Taipei Office with checking fire risks, and establishing fire emergency response teams to organize fire drills annually.

Occupational health and safety policy: Legality, prevention, continuity, and common protection

1

Legality (regulatory compliance)

Abide by the relevant regulatory requirements and orders from superiors regarding environmental conservation, employee labor health and safety, and fire protection, and regularly implement tests to ensure the compliance of health and safety conditions around plant areas with statutory standards. Regulations on occupational health and safety include employee regulations, fire protection regulations, traffic regulations, environmental conservation regulations, and water conservancy regulations. The Company consistently observes laws and regulations and fulfills its corporate social responsibility. In 2023, the Company did not receive any penalties due to violation of the relevant regulations.

2

Prevention (hazard prevention)

In accordance with the annual work-related injury report, the risks of crane operations and high-altitude operations of the factory as well as commuter traffic accidents are listed as management highlights of the factory. The Company starts from hazard prevention and process improvement, rigorously selects materials at R&D stage, actively researches alternative materials, and executes automatic inspections to improve working efficiency and to lower the impact on health and safety possibly arising from our products, activities, and services.

3

Continuity (continual improvement)

Apply the PDCA cycle and a proposal improvement system and continually implement auditing activities and management review to comply with health and safety policy, objectives, and management programs, and improve health and safety self-management capabilities.

4

Common protection (self-protection and protection for others)

Actively participate in health and safety activities, cultivate employees' awareness of health and safety matters, organize relevant training, establish internal consensus, and maintain favorable communication pipelines so that stakeholders can make a collective effort to improve health and safety.

Number of Penalties Resulting from Violation of Occupational Health and Safety Regulations in 2021~2023

Year	2021	2022	2023
Chung Li Plant	0	0	0
Guan Yin Plant II	0	0	0
Guan Yin Plant III	0	0	0
Fortune Electric Extra High Voltage Co., Ltd.	0	0	0
Total	0	0	0

Occupational Health and Safety Management System

It is the Company's primary occupational health and safety management policy and commitment to establish a complete occupational health and safety management system, with the objective of ensuring that all Fortune Electric's employees can work in a safe and risk-free environment. We arrange four-hour emergency response drills in the first half and the second half of each year respectively, covering fire protection, articles of public hazard, and chemical leaks. To ensure that all employees are appropriately trained, we hire lecturers from the fire brigade and external professional training agencies to guide our employees. Training covers the practical operation of firefighting equipment, drills and evacuations and of all employees, and training on the use of first-aid facilities (CPR+AED), thus greatly improving all employees' autonomous disaster prevention and relief abilities.

Simultaneously, to assure the safety of all employees, we formulate a schedule for training for work in hazardous operations every year. This practice aims to enhance each department's capability to identify hazards and respond in emergencies to ensure that employees can respond calmly in dangerous situations and lowering overall occupational health and safety risk.



Fortune Electric's occupational health and safety policy complies with the following four guidelines and aims to improve the safety of the work environment and work processes.

1 Regulatory compliance

Abide by the relevant regulatory requirements and orders from superiors regarding environmental conservation, occupational health and safety, and fire protection, and regularly implement tests to ensure the compliance of health and safety conditions around plant areas with statutory standards.

2 Hazard prevention

There may be risks and potential hazards in factory activities, products, and services, which could cause injury or ill health to personnel. To avoid hazards, hazard identification, risk assessment, and risk control is comprehensively implemented in the factory, and necessary control methods executed. We start from process improvement and execute automatic inspections. The Company is dedicated to improving the work environment and preventing ill health and injury to safeguard the health and safety of all employees of the factory.

3 Continual improvement

We use the PDCA cycle and proposal improvement system to continually implement auditing activities and management review to comply with health and safety policy, objectives, and management programs, and improve health and safety self-management capabilities.

4 Self-protection and protection for others

Common protection (self-protection and protection for others): Actively participate in health and safety activities, cultivate employees' and contractors' basic awareness of health and safety matters, organize relevant training, establish internal consensus, and maintain favorable communication pipelines so that stakeholders can exert efforts to improve health and safety.

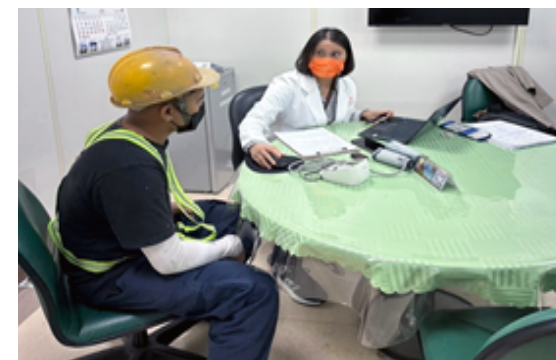
Workers Included in the Occupational Health and Safety Management System

Workplace	Employees		Workers who are not employees	
	Number	Ratio	Number	Ratio
Chung Li Plant	334	92%	30	8%
Guan Yin Plant II	291	90%	33	10%
Guan Yin Plant III	126	81%	30	19%
Fortune Electric Extra High Voltage Co., Ltd.	160	94%	11	6%
Total	911	90%	104	10%

Note: Workers who are not employees are defined as workers working for the Company and/or with their workplaces organized by the organization.

Onsite Services – Number of Health Education Cases of Occupational Physicians

Year	2021		2022		2023	
Average number of employees	655		633		909	
Number and ratio of health education cases of physicians and nurse practitioners	339 cases	51.75%	384 cases	60.66%	503 cases	55.33%



Occupational Health Services

To protect workers' physical and mental health, Fortune Electric divides its workplaces to general workplaces and high-risk workplaces. Specially appointed physicians or nurse practitioners are employed to promote health education twice a month and conduct interviews and management.

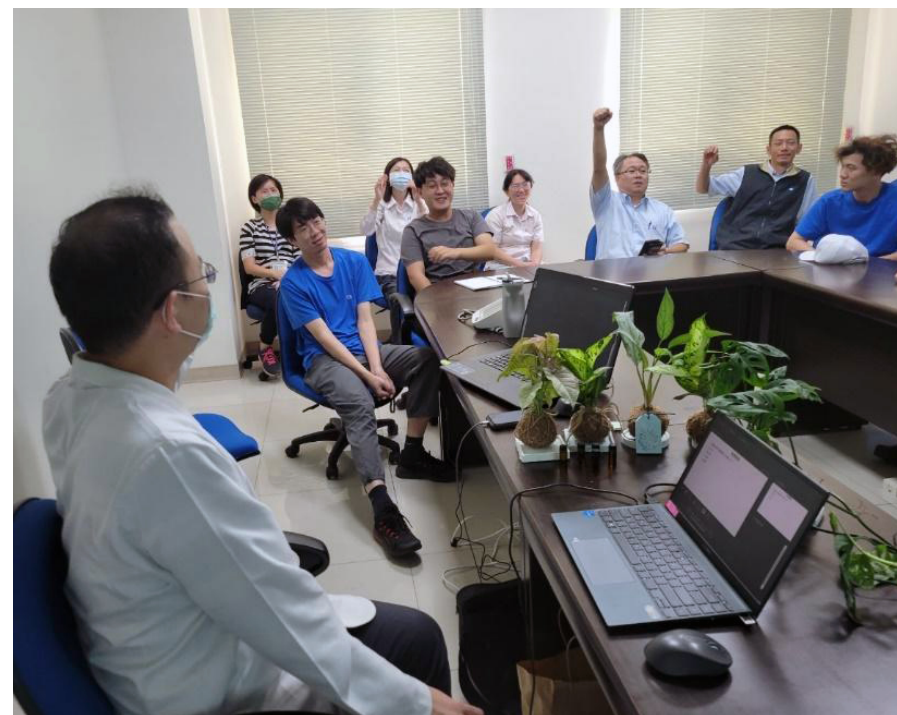
The common types of occupational hazards of Fortune Electric include noise, dust, and organic solvent operations. Therefore, the Company arranges for new employees to receive health checkups. In 2023, a total of 202 employees in Guan Yin Plant II received health checkups, and 94 employees are undergoing care and subsequent monitoring. Since health checkups were conducted around the end of 2023, the tracking completion rate was only 78.7%. As of the first quarter of 2024, the tracking completion rate was 100%; six employees engaged in special operations underwent monitoring, a tracking completion rate of 100%. In the Taichung Factory of Fortune Electric Extra High Voltage Co., Ltd., 76 employees received health checkups, and 34 are due subsequent care and monitoring. Eleven employees engaged in special operations received health checkups (five employees engaged in noisy operations, three employees engaged in dusty operations, and three employees engaged in manganese operations). Two employees underwent subsequent monitoring, a tracking completion rate of 100%.

We require all employees who have worked at the Company for at least a year to undergo a health checkup every July. Health checkups are conducted by onsite service physicians and nurse practitioners. Health reports are classified into four levels: physicians or nurse practitioners are arranged to execute health education for employees with health reports at level 2 or above; employees with level-3 health reports will be requested to seek further consultations; and physicians will determine whether employees should be dispatched to other units to avoid long-term occupational injury for level-4 health reports. In 2023, Far Eastern Memorial Hospital was entrusted to implement health checkups in the factories. The following tasks were handled according to Schedule 8 and Schedule 10 of the Rules for the Protection of Employee Health:

1. Investigation into work experience, medical history, lifestyle habits, and subjective symptoms
2. General physical examinations (height, weight, waist circumference, vision, color vision, hearing, blood pressure, and each system or part of body)
3. Chest X-ray (full image) examination
4. Urine protein and occult blood tests
5. Hemoglobin and white blood cell count tests
6. Blood sugar, serum alanine aminotransferase (ALT or SGPT), creatinine, cholesterol, high-density lipoprotein cholesterol, and triglycerides tests

Fortune Electric's Health Management Classification in the Last Three Years

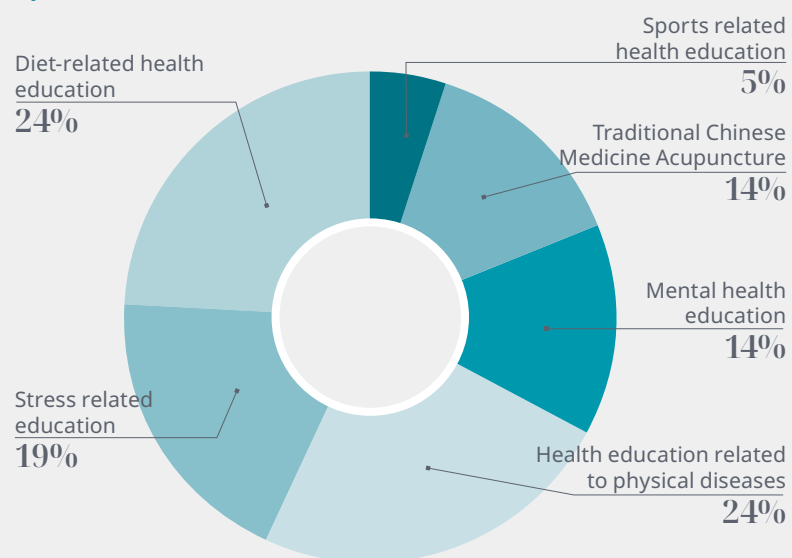
Year	2021	2022	2023
Number of examined employees	566	547	618
Those requiring level-1 health management	38	25	28
Those requiring level-2 health management	10	106	142
Those requiring level-3 health management	2	84	102
Those requiring level-4 health management	0	27	33



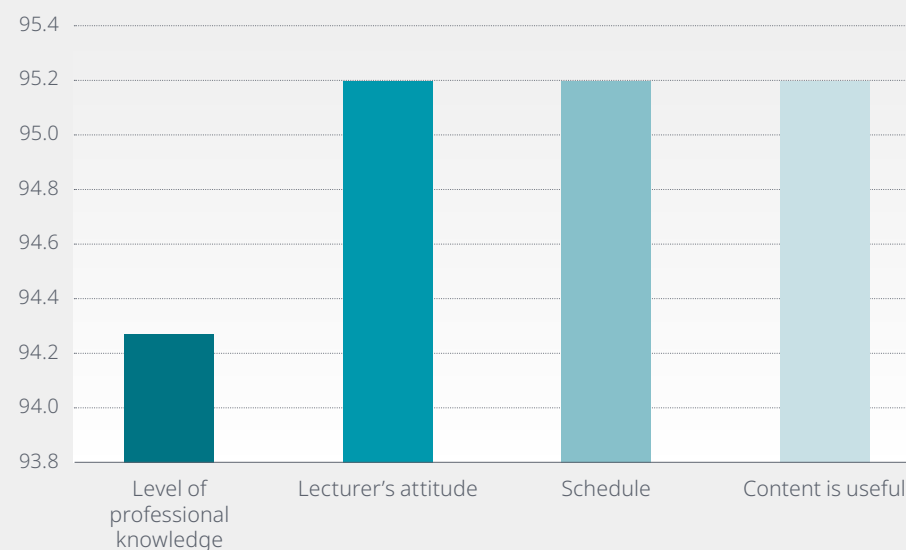
In addition to regular health checkups, Fortune Electric also provides onsite medical services. Physicians gave health lectures covering the 10 major abnormality items in the given year's health checkup, and measure employees' body composition, body fat, and age. These lectures reminded people that exercise is the best medicine so it is advisable to do aerobic exercise and resistance training or even go for a brisk walk to get at least 10,000 steps in a day to improve their health.



Analysis chart of future related health education activities



2023/11/29 Satisfaction analysis table for understanding metabolic health education activity



Chung Li Plant – Eating Out Smart External Lecture

To improve employees' health awareness, the Company regularly holds health lectures and invites external professional nutritionists. Lectures cover diet and nutrition, disease prevention, sports and fitness, and other relevant health topics to enhance employees' understanding and improve their health.

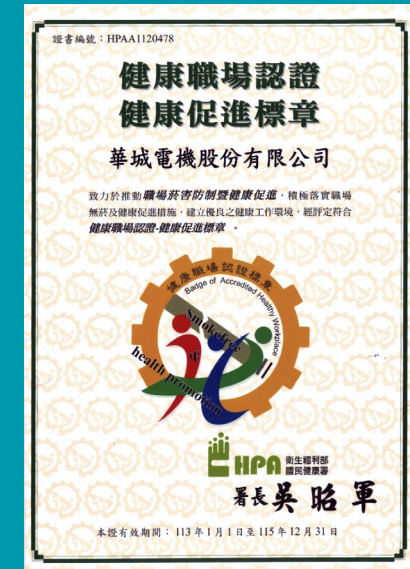
We invite nutritionists with abundant lecturing and practical experience to give lectures, thus ensuring the professionalism and practicability of the topics. Employees are also encouraged to ask questions, communicate and interact with lecturers, and discuss health-related issues. In the future, we will continue to organize health lectures in different forms and covering a variety of topics to improve employees' health awareness and dietary habits.



Employee Health Promotion

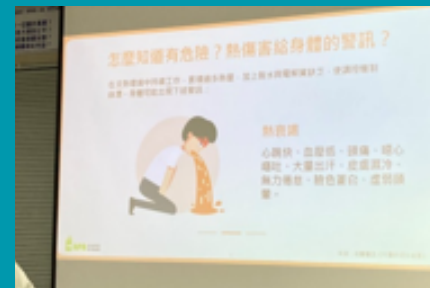
Fortune Electric knows very well the importance of employees' physical and mental health for a work-life balance. Therefore, we have actively pooled our resources and established a sports center to launch health promotion plans, including smoking cessation and weight loss. Additionally, in combination with onsite medical services, the Company promotes guidelines, health guidance, and other relevant activities. We offer lectures on mental stress in all three factories of Fortune Electric. Professional nurse practitioners have been hired to provide coaching and support, thus assisting employees in relieving their stress. We also hold many other activities related to health to improve employees' health overall, aiming to provide a work-life balance and comprehensive development.

We actively implement a non-smoking workplace policy. By establishing an independent management system, we carry out health promotion measures in a systematic way, focus on providing employees with a healthy work environment, and thus enhancing work efficiency. In December 2023, the Company passed the healthy workplace certification of the Health Promotion Administration, Ministry of Health and Welfare, and obtained the Health Promotion Label certification, in recognition of our progress in providing a healthy work environment.



Thermal Hazard Prevention Training in Plant Areas

The onsite service team is responsible for providing thermal hazard prevention training for employees with cardiovascular diseases and units exposed to higher working environment temperatures, e.g., Manufacturing Section 3 and the Quality Department. In the process of training, the onsite service team remind employees how to prevent thermal hazards and provide relevant first-aid measures, including ways to identify the symptoms of heatstroke, avoiding long-term exposure to high-temperature environments, and appropriate response to emergencies. Through these training programs, employees are expected to improve their understanding of and response to thermal hazards, assuring health and safety in the workplace.



Emergency Response, Cardiopulmonary Resuscitation, and AED Training

To improve employees' emergency response capabilities and ensure workplace safety, Fortune Electric provides cardiopulmonary resuscitation (CPR) and automated external defibrillator (AED) training in Guan Yin Plant II to teach employees to remain calm, respond quickly, and provide necessary first-aid measures in the event of an emergency.

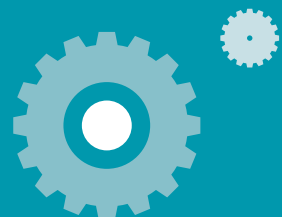
This training is intended to equip employees with the skills to effectively respond to situations like cardiac or respiratory arrest. They learn how to execute CPR correctly, including the techniques required for artificial respiration and external chest compression, and ways to operate AEDs for cardiac defibrillation. Employees also learn risk assessment and prevention strategies to identify potential safety risks, and how to take preventive measures to reduce the occurrence of accidents and injuries.

Through emergency response education and training, employees can improve their emergency response capabilities, feel more prepared to handle emergencies, and help protect the enterprise's operation and other employees' safety.



Respirator Measurement in All Four Factories

To ensure that employees' wear respirators correctly, we cooperate with nurse practitioners to measure respirators and observe how employees wear respirators and provide relevant guidance and efficiency testing to help improve understanding of the correct use of respirators and protect respiratory health.





Smoking Cessation/Weight Loss of Employees in All Four Factories

We have executed a series of health promotion activities, including those covering smoking cessation and weight loss, with the primary objective of improving employees' overall health. We have established an exclusive LINE group, and assigned professional nurse practitioners to provide professional health guidance and support. We also provide attractive bonuses and lucky draw activities to motivate participants to start their health journey. By taking such health promotion measures, we aim to inspire participants to take actions to protect their health and change poor lifestyle habits to realize healthy life goals.

Employee Sports Center

To create a more harmonious and healthy work environment, Fortune Electric has established an employee sports center where employees can relax and socialize with each other, injecting vitality and motivation into the enterprise. The Health & Safety Division of the Taichung Factory of Fortune Electric Extra High Voltage Co., Ltd. collaborated with the Welfare Committee to establish the center. The sports center is equipped with various facilities, including balls and fitness equipment. It also features massage chairs and gaming machines. In addition to very attractive sports and leisure options for employees, we also encourage them to exercise and enjoy a healthy lifestyle. In Guan Yin Plant II, a sports center has also been established at the restaurant and on the third floor of the office building. This ideal sports environment enables employees to exercise when off duty or on their break to improve their overall health.



Contractor Occupational Health and Safety Management

The Company places great importance on the work safety of contractors. We have explicitly stipulated the relevant requirements in 1P2036 Contractor Health and Safety Management. In accordance with these provisions, all contractors must complete general health and safety training for three hours and obtain the relevant work permits before entering our plant areas for construction work. Additionally, they need to participate in a consultative organization meeting every December. To ensure contractors' safety, we carry out work safety observations, patrols, and supervision on a daily basis, and provide contractors with relevant guidance and supervision. Violations are recorded and violating contractors are added to the differential management list and restricted for a period of three months.

We also provide safety training to contractors and our employees by issuing education publicity sheets, and counsel contractors who have accumulated three violations as a priority. Under this counseling system, we are committed to improving contractors' knowledge of health and safety matters and achieving a consensus, not only helping to reduce occupational health and safety incidents, but also lowering environmental impact, thus maintaining the safety of the operating environment of our plant areas and the workplace.



Our occupational health and safety policies are also extended to contractors. We have established relevant policies for hazard prevention, self-protection, and protection of others, teach about the potential hazards of each activity, adopted operations that lower risks, and consider the Company's environment policy (per ISO 14001), occupational health and safety policy (per ISO 45001), and energy policy (per ISO 50001) as key factors when selecting eligible suppliers. We explicitly indicate the regulations to follow as well as requirements and specifications regarding environmental sanitation and safety maintenance in contracts with collaborative manufacturers; manufacturers are required to adhere to the spirit of corporate social responsibility, lower the impact of operations on the environment and society, promote and advocate sustainable consumption, and engage in operating activities, including R&D, procurement, production, operation, and services per the following principles:

1. Reduce the resource and energy consumption of products and services.
2. Reduce the discharge of pollutants, toxic substances, and waste, and properly dispose of waste.
3. Enhance the recoverability and reutilization of raw materials and products.
4. Maximize the sustainable use of renewable resources.
5. Extend the durability of products.
6. Enhance the efficiency of products and services.

Number of Contractor Counseling Cases

Year		2021	2022	2023
Number of contractors trained in the annual consultative organization meeting	Chung Li Plant	42	41	19
	Guan Yin Plant II	35	36	24
	Guan Yin Plant III	39	22	20
	Fortune Electric Extra High Voltage Co., Ltd.	34	35	9
	Total	150	134	72

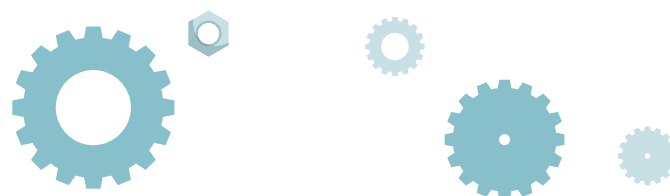
Year		2021	2022	2023
Number of people participating in contractor training annually	Chung Li Plant	132	116	113
	Guan Yin Plant II	95	78	120
	Guan Yin Plant III	101	78	65
	Fortune Electric Extra High Voltage Co., Ltd.	116	72	25
	Total	444	344	323

Contractor Training

The Company convenes annual contractor consultative organization meetings attended by 60 collaborative manufacturers and six representatives. Relevant professionals are invited to introduce personal protective equipment and its importance, the legal responsibilities of foremen, and occupational disasters, as well as violations in plant areas, the provisions of plant areas, and occupational disasters in plant areas to enhance awareness of hazard identification and safety.



▲Contractor Consultative Organization Meeting in 2023



Employee Occupational Health and Safety Training

To enable employees to work in a healthy and safe environment, Fortune Electric regularly organizes work safety training for new employees so that they can learn necessary safety knowledge, reduce safety incidents, and protect employees' health and safety.

Employee Occupational Health and Safety Training of Fortune Electric in 2023

Training received by workers	Training courses in 2023	Number of trainees	Total training time
General training (New employees)	Chung Li Plant	147	441
	Guan Yin Plant II	122	366
	Guan Yin Plant III	33	99
	Fortune Electric Extra High Voltage Co., Ltd.	43	129
Specific training	Retraining for forklift operators	23	69
	Retaining for fixed crane operators	23	69
	On-the-job retraining for first-aid personnel	13	27
	Retraining for health and safety business supervisors	10	24
	Retraining for fire management personnel	1	6
	Retraining for occupational health and safety administrators	6	24
	Health and safety training (retraining) for operators of acetylene welding equipment	1	6
	On-the-job health and safety training (retraining) for supervisors of hazardous operations (supervisors of organic solvent, dust, special chemical, and oxygen-deficient operations)	11	27
	On-the-job health and safety training (retraining) for supervisors of overhead and construction equipment assembly operations	2	9
	Retraining for fire security supervision personnel	1	8
	General education and training on environment, occupational health and safety, and energy management systems	135	135
	Emergency response drills	339	1356
	Training for greenhouse gas inventory management specialists	1	24
	Class-B indoor wiring	1	100
	Dedicated personnel for class-A air pollution control	1	44

Active Prevention of Occupational Disasters

Fortune Electric has already introduced the ISO 45001 Occupational Health and Safety Management System and integrated safety concepts in every aspect of corporate operations through environmental monitoring and the equipment maintenance plan. In 2019, we successfully converted the OHSAS 18001 Occupational Health and Safety Management System of three factories to ISO 45001 and obtained corresponding verification, showing our commitment to systematic management and continual improvement. Additionally, Fortune Electric is dedicated to guaranteeing employees' safety. By providing personal protective equipment such as protective clothing and masks, and regularly holding training and promotion activities, we aim to lower the risks of occupational disasters and ensure employees' physical and mental health.

Safety Counseling for Foreign Migrant Workers

To demonstrate Fortune Electric's emphasis on employee safety and training and highlight our commitment to establishing a culture of safety, the Health & Safety Division of Fortune Electric applied to the Occupational Health and Safety Administration for migrant worker counseling plans in June and September 2023 respectively. Excellent lecturers from the Industrial Health and Safety Association were asked to preside over relevant meetings and provide safety counseling for 14 foreign employees from Indonesia and Thailand. Through counseling, employees not only acquired various kinds of related knowledge, including hazards in equipment operations and introduction to occupational disasters, but also improved their understanding and awareness of hazards. We also held a quiz to inspire employees' active participation, which was well-received by participants.



Annual risk assessment and identification of each factory area

Each unit of each factory in each plant area conducts risk assessments and identifies hazards every November, and convenes a risk level meeting every December to determine risk levels (A/B/C/D). If the risk levels are A/B, an occupational health and safety management scheme will be formulated and a major environmental consideration control chart built.

High Risks (Risk Level A) after Hazard Identification and Number of Management Programs

Year	2021	2022	2023
Number of assessment cases	2,561	2,580	3644
Risk level A	18	22	30
Ratio (%)	0.70%	0.85%	0.82%
Number of programs	17	16	21
Completion rate (%)	100%	100%	100%

Through in-depth occupational health and safety hazard management, identification, assessment, and analysis, Fortune Electric determines specific high-risk items, thus establishing practical and effective control and prevention measures. Regular hazard identification and improvement projects currently implemented by Fortune Electric are as follows:

Annual Infrared Detection in Plant Areas

In July and August, manufacturers visit each factory and conduct infrared measurements of distribution board of each unit in the entire plant area to ensure electrical safety.



▲Chung Li Plant



▲Guan Yin Plant II



▲Guan Yin Plant III

Annual Safety Checks of Buildings in Plant Areas

In July and August, architects visit each factory to conduct annual safety checks of buildings and application work. The inspection results of each factory must comply with building regulations and standards.



▲Chung Li Plant



▲Guan Yin Plant II



▲Guan Yin Plant III

Improvement Projects

In 2023, six improvement plans were executed at Chung Li Plant:

No.	Improvement plan	Annual results or performance
1	Improvement of traffic safety and workplace operation safety	<ul style="list-style-type: none"> Promote adherence to traffic rules, do not speed on motorcycles, reduce speed in case of poor vision, and only park in permitted areas. Strengthen defensive driving every month, and organize education and training through traffic safety videos. Promote comprehensive vehicle inspection activities, including inspections of vehicle tire pressure, noise checks, and light tests.
2	Promotion of employee health in plant areas and construction of the sports center	To maintain the health of personnel in plant areas and assure unimpeded production lines, employees and contractors are required to undergo temperature checks and disinfect their hands when they enter the premises. Additionally, after the end of each holiday, each unit is required to provide testing data for confirmation.
3	Establishment of segregated barriers in waste pallet recycling areas	To prevent personnel from stacking pallets at a height of over 2m in case of falling, waste pallet recycling areas and usable temporary placement areas have been established, and segregated barriers set between different areas to segregate waste. The barriers are clearly marked and placed as required to ensure employees' safety.
4	Improvement and control of safety protection of drying oven equipment	To reduce any abnormal incidents of heating devices of drying oven equipment during operations, personnel must wear personal protective equipment, and new sensing components and emergency overheating switches installed. Furthermore, regular over temperature abnormality testing is conducted to reduce the risks of employees coming into direct contact and burning themselves or damaging equipment.
5	Acquisition of operator licenses of vehicle-mounted mobile elevating work platforms, and replacing and updating vehicles	To comply with regulatory requirements, operators of vehicle-mounted mobile elevating work platforms are required to receive training, obtain relevant licenses, and enhance their awareness of safe operations. Vehicles are also replaced and updated as required to comply with requirements.
6	Connection with the conveyor platform in the oil injection area	To avoid crushing injuries potentially resulting from personnel pushing excessive loads, an automatic connection platform has been installed on the conveyor at the entry of the oil injection area.

In 2023, eight improvement plans were implemented at Guan Yin Plant II:

No.	Improvement plan	Annual results or performance
1	Safety management of coil pressurization	<ul style="list-style-type: none"> The square plate has been changed to an integrated form, and then welded and fixed on the square plate. This method solves the problem of fatigued weld beads, and eliminates the risk of personnel being crushed by hand-held tools. Employees are required to execute pointing and calling before pressure is imposed on the coil. The operation can be conducted only after it is confirmed that personnel have left the coil pressurization area.
2	Safety management of high-altitude operations	<ul style="list-style-type: none"> When using vehicle-mounted mobile elevating work platforms, all personnel (including outsourcers) must obtain operation certificates to ensure operational safety. In addition to warning signs posted on vehicles, a list of personnel holding certificates is posted, and qualification labels are posted on personnel's safety helmets. Contractors shall apply for review and pass relevant examinations for high-altitude operations. Relevant training regarding high-altitude operations is provided for personnel from each section and outsourced internal manufacturers each quarter.

No.	Improvement plan	Annual results or performance
3	Crane safety management	<ul style="list-style-type: none"> Unauthorized personnel are prohibited from operating cranes. The power supply of vehicles A and B must be checked. The team leader shall check the emergency stop function of overhead crane remotes and normality of motion operations on a daily basis. Before use, safety instructions shall be confirmed. When a crane is started, any sound of inhalation or exhaust must be checked. In case of any abnormal sound, smoke, or peculiar smell, the use of cranes must be stopped immediately. The tracks of overhead cranes shall be cleaned annually in the dustproof room. The maintenance platform above the overhead crane at the dustproof room shall be equipped with small environment-friendly Halon fire extinguishers. In addition to quick fire extinguishing, personnel are not required to carry heavy fire extinguishers upstairs, resulting in safety concerns in case of a fire. The hooks shall be placed in the truss after use. The steel wire rope of 200t vehicle A shall be regularly replaced. The general power supply shall be turned off when operators are off duty to prevent automatic short circuit during unmanned operations.
4	Safety management of high-altitude operations	<ul style="list-style-type: none"> Before high-altitude operations, environmental inspection and checks shall be implemented, and any gaps filled. Personnel are also required to fasten safety belts before commencing operations. Enhance the safety functions of the lifting platforms. Irregularly inspect the lifting platform equipment in operation areas to ensure environmental safety. Provide safety education and training for personnel regarding operation methods of lifting platforms every quarter.
5	Dormitory safety management plans	<ul style="list-style-type: none"> Establish a Letter of Guarantee for Residential Requirements; those who check into dormitories must abide by the relevant rules (posted at the bulletin board). Employees who violate these rules will be punished accordingly. To improve dormitory safety, the Company has not only set up monitors, but also strengthened security control and weekly patrols. The use of unsafe extension cords and open flames for dormitory residents is strictly prohibited; violators will be warned or punished as stipulated. Monitors have been set up at the electric vehicle charging area and regular inspections are conducted to check for overcharging to prevent fire.
6	Safety management of vehicle-mounted mobile elevating work platforms	<ul style="list-style-type: none"> Implement pointing and calling for confirmation and check the safety operations of vehicle-mounted mobile elevating work platforms before operation to ensure that driving lines and each operating system are normal. During operation, personnel in the area shall be evacuated, and operators shall wear protective equipment (safety belt, safety harness hook, live wire sensor). All personnel of vehicle-mounted mobile elevating work platforms shall be trained and obtain operation certificates. Education and training are implemented once every quarter. Through the analysis of a great number of cases, employees are able to understand the importance of safety of vehicle-mounted mobile elevating work platforms to reduce and mitigate potential hazards in the operation process. Carry out equipment maintenance once every half a year and entrust the maintenance manufacturer to conduct in-house maintenance. If parts exceed their service life, the maintenance manufacturer will be requested to replace these parts.
7	Commuting traffic safety	<ul style="list-style-type: none"> Conduct active advocacy to cultivate employees' concept of good driving habits: be patient, drive slowly, obey traffic rules, and leave 10 minutes early. Strengthen the concept of defensive driving through education, training, and advocacy of traffic safety videos.
8	Health promotion plans	<ul style="list-style-type: none"> Hold two health lectures each lasting two hours to reduce employees' work pressure and help them properly manage their personal emotions, thus establishing favorable interpersonal relations and alleviating stress. Establish sports centers in the factories to encourage employees to develop good lifestyle habits, provide them with participation awards, and improve motivation. Inspire employees to maintain good health and a healthy lifestyle, including maintaining a healthy weight and stopping smoking via weight loss and smoking cessation clubs and rewards. Cooperate with medical staff to promote four major healthcare guidelines, improve ergonomics, and reduce the risk of musculoskeletal injury.

In 2023, seven improvement plans were implemented at Guan Yin Plant III:

No.	Improvement plan	Annual results or performance
1	Safety management of insulating oil	<ul style="list-style-type: none"> Strengthen warning circle measures in the storage area of insulating oil. Submit a fire prevention plan and declare automatic inspection results prior to the 10th day of each month. Organize emergency leakage response drills twice a year. Set up a batch of emergency response facilities to improve the safety of storage area of insulating oil. Control the quantity of insulating oil stored to comply with regulatory requirements.
2	Planning of safety pathways	<ul style="list-style-type: none"> Set up driving safety pathways in plant areas. Promote the implementation of pointing and calling with priority. Improve employees safety when walking around plant areas.
3	Updating of fire pipelines	<ul style="list-style-type: none"> Replace old pipelines. Update electric sockets. Renew corroded fire pipelines. Improve the performance of firefighting equipment. Regularly maintain smoke exhaust pipelines and ensure normal equipment functions.
4	Improvement of corrosion of corrugated boards	<ul style="list-style-type: none"> Update corrugated boards at the northeast side of building A during repairs. Update protruding corrugated boards for safety ladders at two places during repairs. Regularly maintain safety facilities in plant areas, including regular painting and maintenance, to extend the service life of equipment.
5	Safety maintenance of air pollution control equipment	<ul style="list-style-type: none"> Regularly maintain the functional normality of emission pipelines. Improve the effect of equipment treatment. Comply with the emission standards stated in regulations.
6	Safety improvement of process equipment	<ul style="list-style-type: none"> Install safety protective covers for pressure welding machines used in processes. Collaborate with manufacturers to create a safe and friendly workplace environment.
7	Safety improvement of fire signs	<ul style="list-style-type: none"> Enhance the visibility of escape signs and raise setting positions to a height of 3.2 m to improve hazard management capabilities in plant areas. Improve nighttime visibility and check emergency response functions. Prevent damage of equipment due to misuse of electrical sockets.

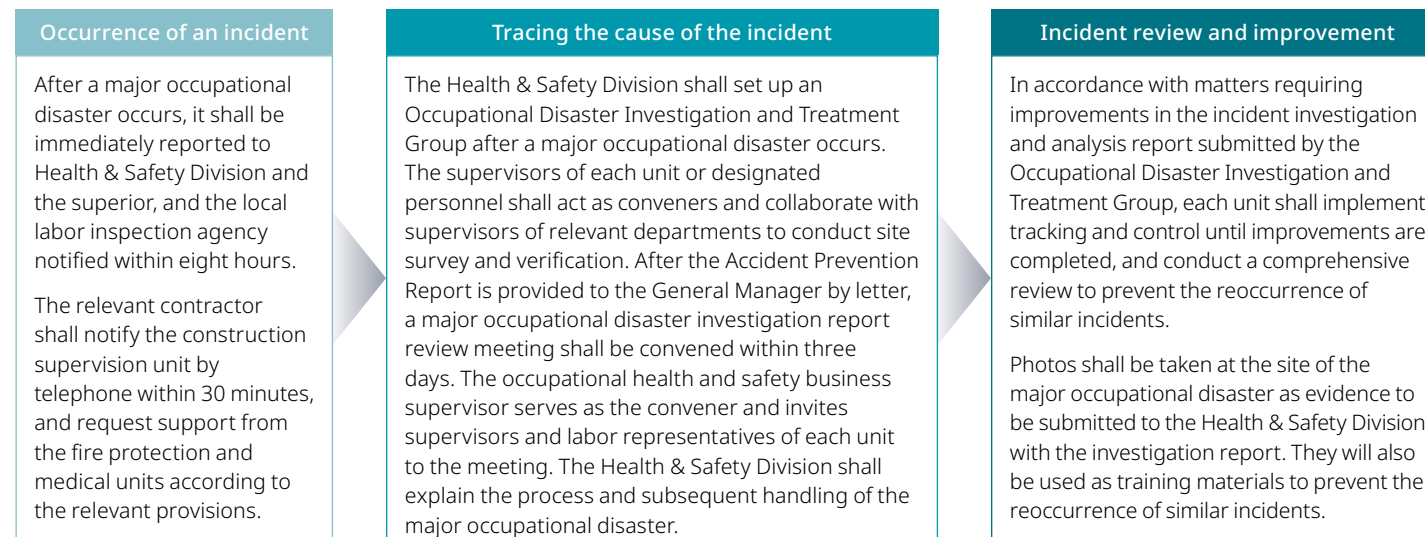
In 2023, five improvement plans were implemented at Fortune Electric Extra High Voltage Co., Ltd.:

No.	Improvement plan	Annual results or performance
1	Employees from the relevant departments obtain professional licenses	Employees from relevant departments are encouraged to obtain professional licenses to improve the human capital of the Company and safety management of the work environment.
2	Ensure the safety of lifting operations	<ul style="list-style-type: none"> Overhead crane manufacturers shall maintain equipment each month. No failure records of overhead cranes in the current year.
3	Comply with environmental conservation regulations	The relevant departments (Manufacturing Section 2 and Material Group of the Production Management Section) entrust relevant manufacturers to test effluent and fixed pollution sources to ensure that the statutory values are not surpassed.
4	Regularly clean the cooling water columns and conduct chemical treatment	Relevant manufacturers are entrusted to add chemicals to the cooling water column every week to prevent the generation of bacteria, and lower the risk of hazards.
5	Advocacy of traffic safety	<ul style="list-style-type: none"> Advocate the importance of confirmation by pointing and calling during road-crossing. Discourage the use of mobile phones during road-crossing and when parking motor vehicles.

Occupational Injuries

Occupational hazards primarily faced by Fortune Electric include nips and pinches, and noise, dust, and organic solvent operations. Nips and pinches can cause serious occupational injury if strict management is not implemented. Once an occupational injury occurs in the plant area, machinery is immediately stopped and necessary emergency troubleshooting measures adopted. We also emphasize that all operators pay close attention to the interior conditions of machinery to minimize risks. The statistics in the table below applies to all workers.

Fortune Electric's Accident Investigation Processes



Recordable Occupational Injuries and Serious Occupational Injuries of Fortune Electric's Employees and Workers Who are Not Employees in the Last Three Years

Year	Object	Total Experienced Working Hours	Number of Minor Occupational Injuries	Rate of Minor Occupational Injuries	Number of Serious Occupational Injuries	FR	Death Toll	Death Rate	Number of Recordable Occupational Injuries	TRIFR
2021	Employees	1,344,768	3	2.23	0	0	0	0	3	2.23
	Workers who are not employees	163,584	0	0	0	0	0	0	0	0
2022	Employees	1,267,850	7	5.52	0	0	0	0	7	5.52
	Workers who are not employees	13,5440	0	0	0	0	0	0	0	0
2023	Employees	1,739,790	7	4.02	0	0	0	0	7	4.02
	Workers who are not employees	181,264	0	0	0	0	0	0	0	0

Notes: 1. The statistical benchmark of occupational disasters does not include "commuting disasters" during commuting hours.

2. Total experienced working hours: Total annual working hours of all workers calculated; total working hours and overtime of employees calculated; for those who are not employees (contractors), the annual data is estimated per 8 hours a day on average \times (Number of personnel entering the site each month \times Number of working days per month).

3. The rate of minor occupational injuries refers to the number of times a minor occupational injuries took places every 1,000,000 working hours. Calculation formula: Number of minor occupational injuries \times 1,000,000/Total working hours. The data is calculated to 2 decimal places and not rounded off.

4. Disabling Frequency Rate (FR): Refers to the number of times serious occupational injuries (not including death) took place every 1,000,000 working hours; calculation formula: Number of serious occupational injuries \times 1,000,000/Total working hours; a serious occupational injury refers to an injury causing disability or resulting in the victim's inability to return to his/her pre-injury state of health.

5. Total Recordable Injury Frequency Rate (TRIFR) refers to the number of times recordable occupational injuries took place every 1,000,000 working hours. Calculation formula: Number of recordable occupational injuries (including number of minor occupational injuries, number of serious occupational injuries, and death toll) \times 1,000,000/Total working hours. The data is calculated to 2 decimal places and not rounded off.

6. Rate per 1,000,000 working hours refers to the number of occupational injuries caused to every 500 full-time workers within a year, assuming 2,000 working hours by a full-time worker in one year (suitable for an organization with more than 500 members).

Frequency of Disabling Injuries and Severity Statistics of Fortune Electric' Employees and Workers who are not Employees in the Last Three Years

Year	Object	Number of Working Days Lost due to Disabling Injury	Disabling Frequency Rate (FR)	Disabling Severity Rate (SR)	Frequency-Severity Indicator (FSI)	Category of Injury
2021	Employees	44.5	2.23	33	0.27	Missing one's step and hurting the knee, contracting an infection on an overseas business trip, head injury from collision, and head injury due to falling
	Workers who are not employees	0	0	0	0	N/A
2022	Employees	39	6.68	18	0.22	Hand injury from lifting, falling and injuring while missing one's step, and injury from clamping equipment Falling of personnel due to abnormality of weld beads of coil tightening device and fingers being clamped when lifting equipment
	Workers who are not employees	0	0	0	0	N/A
2023	Employees	15	4.02	8.62	0.19	Foot sprain caused during crossing a conveyer belt, leg bruise due to falling of a lifted object, wrist abrasion from slipping on a slope, fingers crushed when lifting an object, and finger crushed by a vehicle-mounted mobile elevating work platform
	Workers who are not employees	0	0	0	0	N/A

Notes: 1. Number of working days lost: Number of days of absence from work (number of rest days); the calculation benchmark includes work-related injury leave due to occupational incident, but does not include sick leave or menstrual leave).

2. Disabling Frequency Rate (FR) = Number of person-times with disabling injury \times 1,000,000/Total experienced working hours (calculated to 2 decimal points and not rounded off).

3. Disabling Severity Rate (SR) = (Number of days lost due to disabling injury \times 1,000,000)/Total experienced working hours (not rounded off)

4. Frequency-Severity Indicator (FSI) = $\sqrt{[(FR \times SR) \div 1,000]}$ (calculated to 2 decimal points and rounded off to 3 decimal points).

5. Rate per 1,000,000 working hours refers to the number of occupational injuries caused to every 500 full-time workers within a year, assuming 2,000 working hours by a full-time worker in one year (suitable for an organization with more than 500 members).

Occupational Diseases (Health & Safety Division)

Type of occupational disease	Employee			Workers who are not employees (contractors)		
	Number of cases	Death toll	Death rate	Number of cases	Death toll	Death rate
None	0	0	0	0	0	0

Note: The total number of employees is calculated per total number of employees as of December 31, 2023.

CHAPTER



Social Care

Highlighted Public Welfare Activities in 2023
Taipei H. L. Hsu Social Welfare Foundation
Fortune Electric's Volunteer Committee

Taken from the community, giving back to society.

Fortune Electric attaches great importance to social responsibility and deeply believes that corporate development is closely related to social progress. In 1997, Ms. Y. P. Hsu, the wife of founder H. L. Hsu, established the H. L. Hsu Social Welfare Foundation. In the spirit of Fortune's social responsibility emphasized by founder Mr. H. L. Hsu, this foundation focuses on meeting the needs of disadvantaged groups and providing them with the necessary support and assistance.

Adhering to social care and welfare, the H. L. Hsu Social Welfare Foundation collaborates with the Volunteer Committee established by Fortune Electric. Additionally, the foundation is responsible for assessing the allocation of funds and is committed to promoting social welfare. Through the collaboration of the foundation's knowledge, experience, and guidance with the enthusiastic involvement of Fortune Electric's Volunteer Committee, we collectively design and implement each social welfare project. In 2023, the Company engaged 877 persons in charitable activities for 1,746.5 hours.

Material Topics	Social Welfare
GRI Principle	GRI 203-1
Related Chapter	Chapter 6 Social Care
Policies or Commitments	The Company is committed to supporting disadvantaged social groups. It has taken practical actions to assist those in need, leveraging the enterprise's strength and contributing to a sustainable future within society through the Taipei H. L. Hsu Social Welfare Foundation and by establishing a Volunteer Committee.
Metrics and Targets	<p>Short-term goals (1-2 years):</p> <ol style="list-style-type: none"> 1. Plan emergency assistance for vulnerable children (e.g., orphanages). 2. Encourage employees to take the initiative and participate in providing financial aid for disadvantaged groups. 3. Each employee must participate in at least one public welfare activity held annually by the Volunteer Committee. <p>Medium-term goals (2-5 years):</p> <ol style="list-style-type: none"> 1. Donate materials once every year. 2. Encourage employees to participate in providing financial aid to disadvantaged groups, with an aid amount of NT\$ 100,000. 3. Join hands with third-party manufacturers or customers to jointly implement social charitable activities at least once annually. <p>Long-term goals (over 5 years):</p> <ol style="list-style-type: none"> 1. Donate materials once every year. 2. Encourage employees to participate in providing financial aid to disadvantaged groups, with an aid amount of NT\$ 200,000. 3. Continually implement the social welfare plans of the Taipei H. L. Hsu Social Welfare Foundation and contribute to society through the Volunteer Committee's charitable activities.
Effectiveness Tracking Mechanism	<ul style="list-style-type: none"> • H. L. Hsu Social Welfare Foundation • Volunteer Committee
Annual Action Plan and Measure	In 2023, the Company engaged 877 persons in charitable activities for 1,746.5 hours.

HIGHLIGHTED PUBLIC WELFARE ACTIVITIES IN 2023



Facing the Challenges of Patients with Osteogenesis Imperfecta (OI) and Supporting Activities that Care about Patients with Rare Diseases

Osteoporosis is a rare genetic disease that leads to decreased bone strength and increased susceptibility to fractures due to brittle bones. The incidence rate is approximately 1 per 20,000 or 30,000 persons. Since 2003, the H. L. Hsu Social Welfare Foundation of Fortune Electric has been dedicated to supporting the "Taiwan Osteogenesis Imperfecta Association (Glass Doll Association)" for the long term and caring about patients with osteoporosis.

In 2023, Fortune Electric supported the "Your one vote decides the power of love" activity jointly held by the Taiwan Osteogenesis Imperfecta Association and the Taishin Charity Foundation, to become one of the top 12 shortlisted units in terms of the number of votes and then acquire the sponsorship execution program provided by Taishin Charity Foundation (the association applied for NT\$ 500,000) to help more patients. We hope to encourage everyone to engage in public welfare through online publicity and sharing and encourage people to support the association and actively participate in voting activities so that patients with OI can receive fair treatment and resource assistance from more people in Taiwan.



Engagement in Street Sweeping Volunteering Activity and Creating Sustainable Townership

In the wave of global sustainable development, corporate social responsibility has been increasingly emphasized. As an enterprise with a high sense of social responsibility, Fortune Electric has consistently been actively participating in social welfare activities and is dedicated to the promotion of sustainable urban and rural development. The Volunteer Committee participated in a street-sweeping voluntary event in Guanyin Village, Guanyin District, and Taoyuan City. This event emphasized the importance of teamwork and aimed to create a better living environment for the communities. During the street-sweeping voluntary event, our colleagues deeply understood the importance of volunteering and learned that even small gestures can have a significant positive impact on improving communities and enhancing residents' quality of life.

Despite the wind and rain, Fortune Electric's employees removed fallen leaves and garbage along the way and cleaned up inconspicuous corners of environmental mess. During this process, residents came out to rally their support and greeted each other enthusiastically. With the colleagues' efforts, the streets were revitalized, and villagers smiled joyfully. We hope that the concept of sustainable development can be integrated into the daily operation of the enterprise through the efforts made by the Volunteer Committee and that more colleagues will be encouraged to actively participate in voluntary services, thus improving the communities and contributing to society. This activity reflected Fortune Electric's responsibility and efforts at the level of corporate social responsibility.



Sponsoring Taipei Jen Ji Shiang Social Service Institute to Share Food and Promote Community Well-being

Fortune Electric actively participates in social welfare activities. The Volunteer Committee has sponsored the Taipei Jen Ji Shiang Social Service Institute for many years. In 2023, by donating materials and providing funds, the Company continually supported the operation of the institution and ensured that it was able to provide necessary resources and support. The Taipei Jen Ji Shiang Social Service Institute provides the elderly with communal dining and meal delivery and supplies, as well as various exercise activities. Communal dining activities have been annually held since 2001. In addition to providing delicious dishes, opportunities for social interaction have been created to positively impact the elderly's mental and physical health, improving their quality of life.

Additionally, the Taipei Jen Ji Shiang Social Service Institute has set up a food bank to provide non-perishable food items for middle and low-income households in Zhongqin Village. They also offer equivalent points each month, which residents in need can exchange for food such as canned goods, milk, rice, biscuits, and more. Furthermore, they provide tutorials and coffee classes for children, enabling them to have the opportunity to learn. Additionally, they also provide care to every person in need in the communities through regular home visits. These measures demonstrate the emphasis placed by Fortune Electric on social responsibility, and its dedication to eliminate poverty, provide quality education, and make positive contributions to the realization of sustainable development goals.

Engaging in the Charity Sales of Genesis Social Welfare Foundation to Plant a Seed for a Better Future

Fortune Electric's Volunteer Committee upholds the core values of safeguarding humanity and respecting life. The committee collaborates with social charitable groups to fulfill corporate social responsibility in the spirit of "many a little makes a mickle". We have had a long-term partnership with the Genesis Social Welfare Foundation and also paid profound attention to the residents of the nursing home. Among the multiple residents in the Genesis Nursing Home, 27% of them are in a vegetative state due to "car accidents". The consequences of such car accidents are the source of great regret in the lives of the victims' family members, with many families often unable to reunite. The Volunteer Committee at Fortune Electric has been actively supporting a foundation in two stages: first, at the Zhongli head office, and second, at Fortune Electric Value Company Limited. They have also been promoting charitable sales activities to raise support from the public. The funds raised will be used to cover the long-term care expenses of vegetative patients.

During the charitable sales process, participants experienced the warmth of human kindness. Our volunteering colleagues and their family members carried charitable products, such as popcorn and coffee gift boxes, and sold them enthusiastically while moving through the crowds, catching the attention of both adults and children. People stopped to inquire and purchase products, and some even offered cash to support the activity. Furthermore, after purchasing products, some people even bought drinks for our hardworking volunteers. Additionally, an on-site invoice collection activity was conducted to encourage people to donate their invoices to create greater opportunities and provide more economic resources to help vegetative patients.



Participating in the Donation of Chinese New Year's Dishes with the Theme "Love the Elderly, and Cherish the Reunion" to Deliver Care and Hope

With the pandemic gradually mitigated, and the borders of many countries reopened in succession, people's lives are gradually returning to normal. In this joyful festival atmosphere, Fortune Electric's Volunteer Committee still adheres to the spirit of "Love the Elderly, and Cherish the Reunion" and has joined hands with Huashan Social Welfare Foundation to deliver warmth and care to the elderly people who are disabled or mentally retarded, or have lost their only children.

In the last two years, due to the impact of the pandemic, members of the Volunteer Committee were unable to participate in the delivery of Chinese New Year's dishes personally, but their compassion remained unchanged. They entrusted volunteers at Huashan Social Welfare Foundation to deliver the dishes to all the elderly people who were disabled or mentally retarded, or had lost their only children. In 2023, with the easing of the pandemic, the members of the Volunteer Committee were finally able to participate in this heartwarming activity and deliver the dishes to the elderly in person, aiming to bring joy and festivity to the Spring Festival.

Upon witnessing the smiles of happiness on the faces of the elderly, the committee members felt content. We believe that the NT\$ 700 Chinese New Year dishes represented more than just money, but also warmth and happiness for the elderly. However, the care and compassion between individuals in society will not vanish despite any challenges. We believe that we can create a warmer and better society and make our contributions to the vision of a sustainable society as long as we are willing to make continual efforts.





Supporting Grass Book House and Accompanying the Children to Immerse the Seed of Education for the Disadvantaged

Fortune Electricity supports local education through concrete actions and allocates resources for children from disadvantaged families, in the hope that relatively complete learning and development opportunities can be provided for them. In 2023, Fortune Electric's Volunteer Committee added "the Grass Book House" of Taiwan Corp. Sustainable Urban and Rural Care Association to its donations.

Fortune Electric has combined with Taipei H. L. Hsu Social Welfare Foundation to jointly support Grass Book House, to ensure that it can provide timely accompaniment and learning guidance with sufficient funds. Therefore, children can feel the love and explore the positive energy and sunshine in their lives. We hope to provide these children with the necessary assistance by accompanying them, to create dreams and change the future together. Just like grass, it will bloom with colorful flowers and become a beautiful scenic spot in the city one day as long as it is nourished by dreams.



▲Donating NT\$ 20,000 to After-class Counselling for Disadvantaged Children (Charity Organization of Grass Book House) in 2023

Introduction to Grass Book House:

Grass Book House targets children from highly-cared families in the local elementary schools in Sanxia and Daxi District. These children often lack good family interaction and education environment from childhood due to various family issues such as domestic violence, parental drug abuse, low income, single-parent households, or grand parenting.

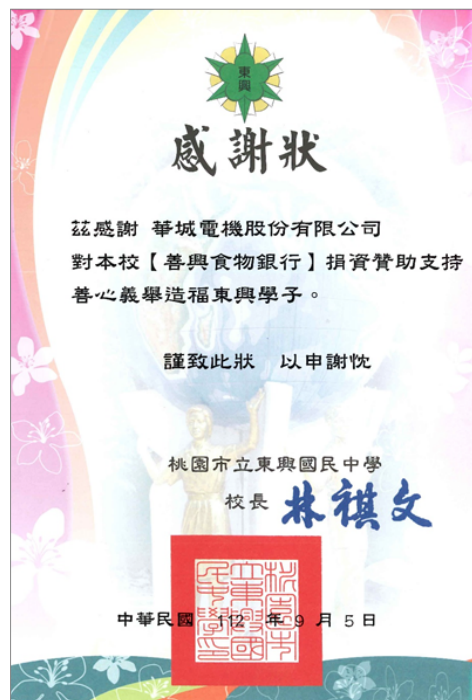
Through a counseling referral system, Grass Book House provides after-class homework counseling, communal meals, and diversified courses. For children with relatively poor academic performance, vocational exploration courses are offered at Grass Book House, lectured by local professionals, giving these children the chance to discover their expertise and develop self-care skills. Additionally, we anticipate that these children will eventually give back to society and help more people in need. This kind of assistance cannot only reduce the risk of these children wandering aimlessly and heading down the wrong path but also help lower the probability of involvement in crimes in the future.



Joining Hands with Food Bank to Help Disadvantaged Families and Realize Equal Opportunities in Education

Fortune Electric has partnered with Shan Hsing Food Bank to work towards the goal of "No Waste, No Hunger," thereby supporting SDG2 Zero Hunger. We hope to support the charitable efforts of the Food Bank and also help more children attend school with peace of mind, realize equal opportunities in education, and generate a positive cycle of love and kindness in society through continuous acts of kindness.

Shan Hsing Food Bank was established by the relevant public welfare group in Dong Xing Junior High School in Zhongli District, Taoyuan City, to guarantee that children from disadvantaged families can have three meals a day and focus on their studies without worries. After learning about the actual operation model and management method of "Shan Hsing Food Bank", the Volunteer Committee donated a batch of materials needed by the food bank, hoping that such materials could practically help children in need so that they can study securely and grow happily.



Joining Hands with The Garden of Hope Foundation to Terminate Sexual Violence and Create Gender Justice

Fortune Electric is committed to promoting gender equality in the long term. The company focuses on shaping a society with diverse values through donations and advocacy of relevant issues. It strives to create a friendly and supportive environment to assist gender victims in starting a new life. The Volunteer Committee actively responds to the United Nations SDG5 and joins hands with Taipei H. L. Hsu Social Welfare Foundation to donate to The Garden of Hope Foundation, to terminate gender-based violence and realize gender equality.

The Garden of Hope Foundation serves approximately 25,000 people annually and has provided services for over 310,000 people in total. It provides all-around support for victims of sexual/gender-based violence, including intimate relationship/domestic violence, sexual abuse and sexual harassment control, accompanying children and teenagers, prevention and control of multiple discriminatory gender-based violence, and other relevant services, to satisfy the needs of different help seekers. We hope to terminate gender-based violence, realize gender equality, make efforts to achieve social reform featuring gender justice and assist women and children victims in starting a new life.

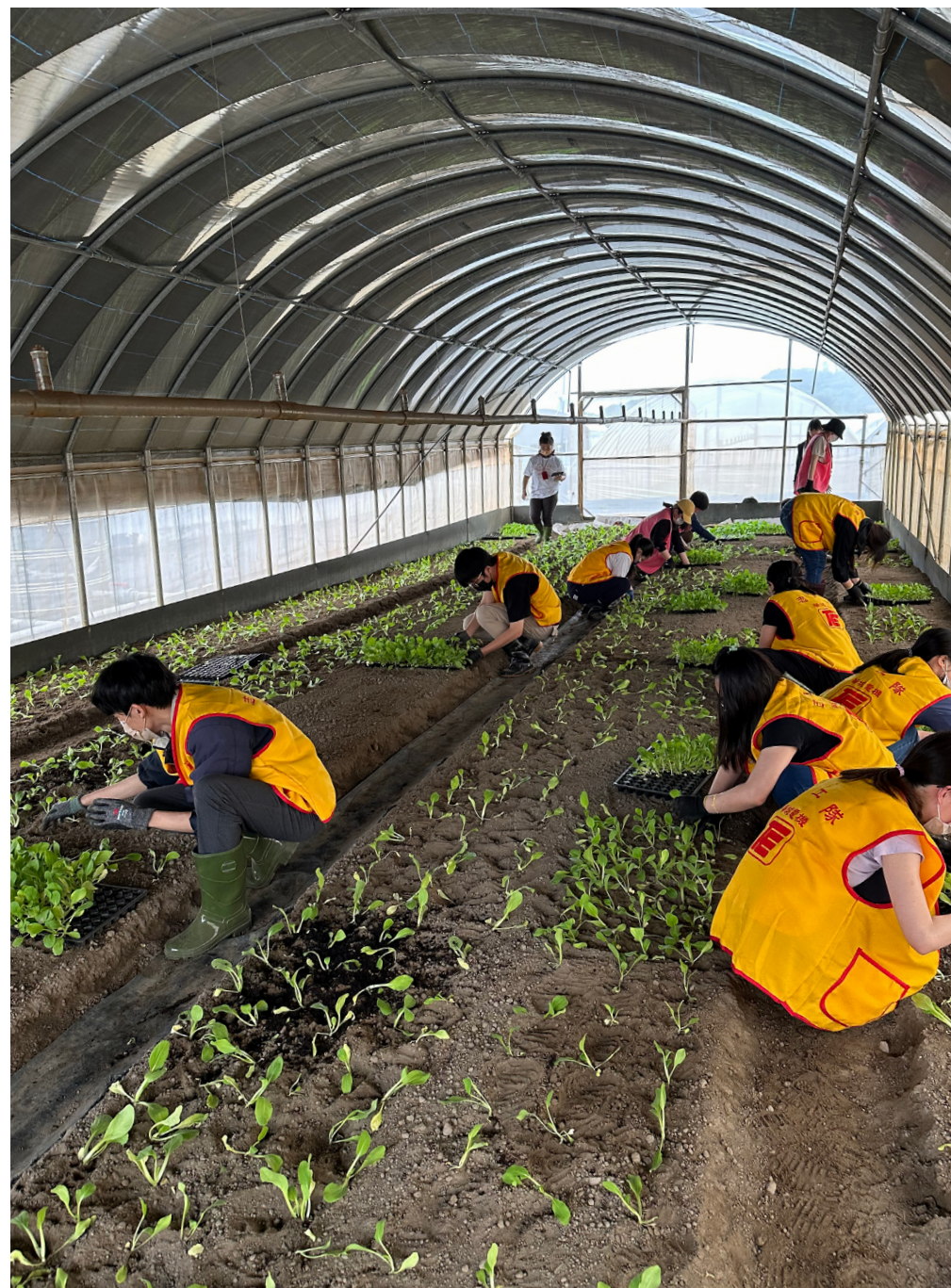


Participating in an Organic Farm Maintenance Activity and Creating a Green Home Together

22 members of the Fortune Electric's Volunteer Committee and the Home-Waiting Children Social Welfare Association held an agricultural maintenance activity at the Xiaonanwan Organic Farm. The goal was to ensure that the vegetables and fruits supplied to the nursing home were safe and reliable and to provide a safe and healthy environment for the children.

After replacing the equipment and receiving guidance from the farmer owner regarding the plantation, the participants were divided into two groups and went to a greenhouse where the key task for the day, i.e., vegetable planting, was conducted. We planted Chinese cabbage and baby bok choy. Each member meticulously transplanted small vegetable seedlings that had grown for about two weeks in the seedling-growing plates to the soil. Although everyone occasionally needed to stand up and move around to ease the discomfort after squatting for a long time, they worked hard to complete the predetermined work progress within just an hour and a half.

This activity provided fresh and healthy vegetables for children in the nursing home. Moreover, such care and support not only solidified the cohesion of communities but also reflected our commitment to sustainable development. As a result, we can create a greener, healthier environment for future generations.





Cultivating Young People's Soft Power through Industry-University Cooperation

Fortune Electric is committed to strategically planning for future human resources and has consistently participated in the "Taoyuan 'Deer' Youth Workplace Internship Plan" organized by the Taoyuan City Government in 2023. This plan encouraged students to take internships in the workplace by utilizing the summer vacation, thus closing the industry-university relationship and assisting young students in establishing the correct working habits and values in work. Hopefully, these students will be fully prepared for entering the workplace, and the strength of the enterprise will be effectively leveraged to make contributions to the sustainable goals of quality education for the entire society.

With assistance from Fortune Electric, 8 interns from various departments and schools were nurtured in this plan. During the "2023 Results Sharing Competition of Youth Workplace Internship and Public Sector Summer Work-Study Plan", the top three works and other excellent works in the youth workplace internship plan were evaluated and selected by judges. This plan has not only enabled students specialized in different fields to communicate their workplace experience, but also created an all-win situation for the government, schools, enterprises, and students.

Highlighted Industry-University Cooperation Projects in 2023:

1. The summer internships organized by Chung Yuan Christian University/Yuan Ze University/Chien Hsin University of Science and Technology were combined with the youth workplace internship plan. In 2023, 2 interns participated in the results-sharing competition, with the shortlisted students accounting for 100%. Additionally, the internship results of 2 interns were published and won the relevant award.
2. Semester/school year internship of Chung Yuan Christian University/Chien Hsin University of Science and Technology: After the end of the internship, 2 interns were transferred to regular employees who entered the workplace immediately after graduation.
3. New South-bound International Program of Chien Hsin University of Science and Technology: 4 students were registered in 2023 in total.
4. Industry-Academia Collaboration Program of Chien Hsin University of Science and Technology: 13 students in total were registered in 2023.

Lecture Cooperation in 2023:

1. Cooperation with the Youth Affairs Bureau of Taoyuan City Government: The Youth Affairs Bureau of Taoyuan City Government held a workplace experience activity through cooperation with Fortune Electric and enabled students to gain a deeper understanding of the intelligent manufacturing field and get prepared for their future careers.
2. Yuan Ze University: The company showcased its journey of transformation from a traditional EHV enterprise to a technologically leading enterprise by sharing experiences in intelligent manufacturing.





Joining Hands with the Power Grid School and the Talent Development Alliance to Cultivate New-generation Power Talents

Fortune Electric has prioritized talent development and incubation for many years. Through profound cooperation with institutions of higher learning, the Company not only has an actual understanding of the learning conditions of the students but also advocates its corporate culture, values, career development, and job opportunities through a series of touring lectures. As a result, the most effective cooperation can be achieved between the enterprise and the campus. Fortune Electric has participated in the "Power Grid School and Talent Development Alliance" established by the Industrial Technology Research Institute (ITRI), to respond to the challenges arising from renewable energy development and enhances the demand for talent in the fields of electric power and power grid. In 2023, the Human Resources Department visited Chung Yuan Christian University and participated in the "Campus Touring Lecture of the Power Grid School and Talent Development Alliance in the Second Half of the Year" on behalf of the Company. By sharing professional knowledge, industrial trends, and practical skills, we hope to help students gain a deeper understanding of the practical application of knowledge and broaden their academic vision. Li, Shao-Li, director of the Technology Division, acted as the presenter for the outstanding project proposal award and encouraged all young generations to be continually engaged in the power industry.

Professor Li, Chuan-Yao, secretary general of the Taiwan Power and Energy Engineering Association and the inaugural lecturer of Fortune Enterprise University, inaugurated this activity. Many positive benefits were gained in this activity given the enriched content and students' enthusiastic participation. Firstly, the Human Resources Department gave a brief introduction to the Company and shared the industrial trends; following the activity, we also arranged for students to communicate with representatives from the Grid Management and Modernization Strategy Office, ITRI, which left a deep impression on the students. We anticipate that we can deepen the academia-industry cooperation and attract more excellent students to the power industry through these campus touring lectures, thus jointly injecting new vitality and hope into the development of this industry.



Fortune Electric x Fortune Electric Value Adopting Formosan Black Bear

Fortune Electric has consistently committed itself to sustainable development, and advocated and supported the "Animal Adoption Program" with the Formosan black bear as the main target, thus supporting ecological conservation with practical actions and unveiling Fortune Electric's journey of biodiversity. This animal adoption program is not just about the protection of the Formosan black bear. It is also our practice of sustainable development goals. By protecting wildlife, we have contributed to the goal of "Biodiversity Protection" among the United Nations SDGs. Meanwhile, our actions

have also revealed our commitment to "Responsible Consumption and Production" as part of the SDGs. By supporting ecology-friendly initiatives, we can promote a more sustainable lifestyle. We deeply believe that the success of an enterprise is closely associated with the health of society and the environment. Through participation in the animal adoption program, we promise to continually dedicate ourselves to ecological protection and contribute to a better future. Additionally, we will join hands with each party to create a more harmonious and sustainable world together.



Adoption of 1 Hectare of Bamboo Forest in Zhushan Town, Nantou County

The topic of environmental sustainability has become a critical concern in the international community due to the climatic abnormalities resulting from global warming. According to the goal of achieving Net-Zero by 2050, the Taiwan government and major enterprises have actively allocated resources to take relevant actions. Fortune Electric has also joined hands with other enterprises to achieve the goal of Net-Zero carbon emissions. To be specific, the Company cooperated with Taishin Securities, Coretronic Corporation, Taiwan-Asia Semiconductor Corporation, Qisda, and Inventec to establish the "Bamboo Forest Contract" initiative, allocating resources and sparing no effort to promote ESGs and users in a new era of sustainable development.

The "Bamboo Forest Contract" initiative was primarily focused on executing contracts in Zhushan Town through collaboration with the Nantou County Government. The reason why the bamboo forest was selected lay in the excellent carbon sequestration capabilities of the bamboo forest, which could mitigate the greenhouse effect and contribute to environmental conservation; furthermore, it could increase jobs and income for local farmers and indigenous people; simultaneously, this initiative has also revealed the active response of the corporate governance level to the stakeholders' expectations for environmental sustainability.

The bamboo forests in Taiwan cover a total area of approximately 200,000 hectares, and the exceptionally advantageous local climatic conditions provide them with superior carbon sequestration capability. To be specific, the carbon sequestration capability of these bamboo forests is 3-6 times higher than that of typical forests. For example, if 8,000 Moso bamboo shoots are planted per hectare, the annual carbon sequestration capability can reach approximately 47.36t, surpassing that of typical forests which are only 7.45~14.9t. Additionally, the "Bamboo Forest Contract" initiative has not only prevented natural carbon emissions but also demonstrated the potential to transform bamboo into natural fiber composite (NFC) material through innovative processing technologies. This material can be used to replace plastics and other materials with high carbon emissions and applied in the manufacturing of packaging materials or enclosures of 3C information communication products, thus helping reduce the carbon footprints of products. Particularly, in consideration of Taiwan's important position in the global information communication industrial chain, we believe that the rational usage of bamboo forest resources will benefit the improvement of the competitiveness of the relevant industries in Taiwan for exporting green products when facing the carbon border tax scheduled by the EU in 2026.

TAIPEI H. L. HSU SOCIAL WELFARE FOUNDATION

"When upholding the spirit of our founder, Mr. H. L. Hsu's emphasis on social responsibility, Fortune Electric aims to develop high-quality products that benefit human life, supply them to society in sufficient quantity and at reasonable prices to improve human society and create profits. We also strive to benefit our employees, pursue happiness, work in harmony, and share prosperity and peace." Besides, all employees at Fortune are encouraged to "do well in their own affairs, which is to do good and accumulate virtue", and the concept of "taking from society, and paying back to society" has been integrated into corporate operations.

In 1997, Ms. Y. P. Hsu, the wife of founder H. L. Hsu, established the H. L. Hsu Social Welfare Foundation, not only to commemorate the founder but also to implement social charity activities and continue the spirit of Fortune Electric. Furthermore, this foundation enables Fortune Electric to provide excellent products, pay back to society, and create a sustainable environment and a caring and positive atmosphere. Sticking to the tenet of caring about society and providing emergency assistance, the foundation cooperates with external foundations to implement social welfare activities together. In addition to the promotion of each public charity activity and the provision of scholarships and grants to underprivileged students, the foundation also irregularly donates magazines and periodicals to improve social civilizing and encourage employees to participate in its social care activities. To initiate a discussion, Fortune Electric occasionally organizes the "Proportional Donation" charitable donation initiative, where the company matches the employees' donations. The funds used by the foundation to execute these activities amount to NT\$ 300,000-NT\$ 400,000 annually.

Public Charity Activities of Taipei H. L. Hsu Social Welfare Foundation Implemented in 2023

- Donating \$20,000 to the "Reassuring Fruit Adoption Project" launched by the Home-Waiting Children Social Welfare Association in 2023
- In 2023, a sponsorship of \$34,800 was provided to the Eden Social Welfare Foundation.
 - (1) One Mile of Life, Cared by Shin Kong Life
 - (2) Mail Love for a Better Future for School Children
 - (3) Set Sail and Pass Love with Soonyi Tuna
- Donating \$30,000 to the charitable Chinese New Year's dishes of the Huashan Social Welfare Foundation
- Donating \$10,000 to the "Extra Mile Program" of The Garden of Hope Foundation in 2023



▲ In 2023, \$20,000 of scholarships and grants were granted to 1 student (benefiting 95 students to date).



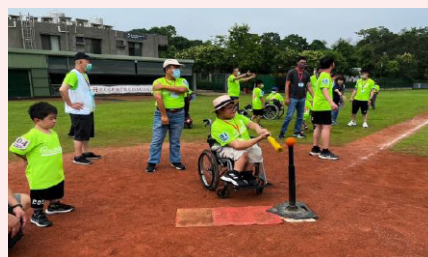
▲ In 2023, the TFCF adopted 4 children, spending a total of \$48,000.



▲ The student winning the award participated in the monthly meeting at Chung Li Plant's headquarters and shared her expectations and understanding of Fortune Electric.

In 2023, the Company donated \$20,000 to an activity organized by the Taiwan Osteogenesis Imperfecta Association with the name "2023 <Walking out of Corner, Embracing the Sunshine> Leisure and Baseball Experience Journey for Patients with OI and Their Parents".

A total of 48 patients and 64 family members participated in this activity. Through two days of leisure experience, temporary relief and energy replenishment were provided for them. During the activity, parents shared their caregiving experience, to continue their care and love. To speak of, the special activity for this year was to lead the patients to play baseball, which had been an unreachable dream for them. The Association organized a journey of baseball experience, which not only deepened the emotional ties between children and parents but also helped the patients realize their baseball dreams. Guided by professional coaches, 32 patients received basic training and participated in a competition with their companions, indulging them to enjoy a fulfilling and joyful baseball moment.








▲ In November 2023, the Company sponsored \$100,000 for the Sunshine Social Welfare Foundation to produce the desk calendars for the year 2024.



▲ In 2023, the Company sponsored \$20,000 for the TFCF Caring Garden Party.

Adhering to “Achieving Self with Service; Making Society Healthy with Love; Serving People with Patience; Beautifying Towns with Enthusiasm” as its tenet, Fortune Electric has established a Volunteer Committee that primarily aims to help the disadvantaged groups in Taoyuan. The committee convenes meetings to schedule activities and projects for the coming year at the end of each year. Then, the Taipei H. L. Hsu Social Welfare Foundation will implement an evaluation and provide funds. Sometimes, the committee cooperates with the relevant manufacturers to jointly attend the relevant activities. To ensure that the funds can be fully utilized, we conduct interviews before implementing activities and make comprehensive planning after learning the needs, to further social welfare and fulfill corporate responsibility.

Annual Plan of Fortune Electric's Volunteer Committee for the Year 2023

JANUARY <ul style="list-style-type: none"> Participating in the adoption of children organized by TFCF Donating Chinese New Year's dishes to elderly people living alone at the Huashan Social Welfare Foundation 	FEBRUARY <ul style="list-style-type: none"> Conducting a “Proportional Donation” charitable donation event for employees across the entire group 	MARCH <ul style="list-style-type: none"> Participating in the afforestation activity of the Taoyuan City Government Assisting the Genesis Social Welfare Foundation's handmade crafts (in Taichung and Kaohsiung) Holding a blood donation event in Taipei Donating after-class tutoring activities for disadvantaged children (Charity Organization of Grass Book House) 	APRIL <ul style="list-style-type: none"> Donating back support boards for vegetative patients to the Genesis Social Welfare Foundation Announcing the Group's first beach cleaning event Calling upon the Group to participate in the marine ecological beach cleaning activity at Caota Sand Dunes Donating and assisting a non-toxic fruit event organized by the Home-Waiting Children Social Welfare Association Holding the tree planting initiative of the Fortune Electric Value Company Limited at Jiushe Park
MAY <ul style="list-style-type: none"> Donating equipment to the volleyball team of San Min Primary School 	JUNE <ul style="list-style-type: none"> Calling upon an invoice donation activity 	JULY <ul style="list-style-type: none"> Assisting Genesis Social Welfare Foundation's production of handmade crafts (in Taoyuan and Taipei) Donating to prevent domestic violence and avoid sexual abuse (The Garden of Hope Foundation) 	AUGUST <ul style="list-style-type: none"> Donating nutritious lunches or a food bank to disadvantaged children in Taoyuan Participating in the material donation and warehouse sorting activity in Taipei Announcing the Group's second beach cleaning activity 
SEPTEMBER <ul style="list-style-type: none"> Promoting life-saving activities with used shoes 	OCTOBER <p>None</p> 	NOVEMBER <ul style="list-style-type: none"> Donating to the TFCF Caring Garden Party and assisting charitable sales Participating in making poinsettias and holding street sales for charities (Genesis) 	DECEMBER <ul style="list-style-type: none"> Promoting the donation of second-hand clothing Holding street sweeping activities in Guanyin District

GRI Standard Index

Use Statement	The content of the report period of 1/1/2023 to 31/12/2023 followed the GRI Standards
GRI 1 Application	GRI 1: Foundation 2021
Applicable GRI Industry Code	None

General Disclosure

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GRI 2-2	Entities included in the organization's sustainability reporting ^{Note}	Reporting Boundaries and Scopes	P. 9
GRI 2-3	Reporting period, frequency and contact ^{Note}	Report Overview & Publication Frequency Reporting Boundaries and Scopes Contact Information	P. 9 P. 9 P. 10
GRI 2-4	Restatements of information ^{Note}	Water Management	P. 83
GRI 2-5	External guarantee / Confirmation ^{Note}	Department in Charge and Quality Management Method	P. 10
GRI 2-6	Activities, value chain and other business relationships	Sustainable Supply Chain	P. 63
GRI 2-7	Employee	Diverse and Abundant Job Opportunities	P. 92
GRI 2-8	Non-employees workers	Diverse and Abundant Job Opportunities	P. 92
GRI 2-9	Governance structure and composition	Corporate Governance Policy and Guidelines	P. 48
GRI 2-10	Nomination and selection of the highest governance unit	Diversified Members of the Board of Directors	P. 49
GRI 2-11	Chair of the highest governance unit	Conflict of Interest	P. 50
GRI 2-12	Role of the highest governance unit in overseeing the management of impacts	Risk Management	P. 54
GRI 2-13	Delegation of responsibility for managing impact	Risk Management	P. 54

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GRI 2-16	Communication of material concerns	Risk Management Dept. & Legal Affairs Office	P. 55
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GRI 2-18	Evaluation of the performance of the highest governance unit	Progressive Governance Team	P. 50
GRI 2-19	Remuneration policies	Correlation between Board of Director remuneration and Sustainable Performance Bonus Refund Policy against Illegitimate Benefits	P. 52
GRI 2-20	Process to determine remuneration	Remuneration Committee	P. 52
GRI 2-21	Annual total compensation ratio	Remuneration and Welfare	P. 94
GRI 2-22	Statement on the sustainable development strategy	About Fortune Electric Sustainability Commitments and Strategies	P. 18 P. 22
GRI 2-23	Policy commitments	Corporate Governance Policy and Guidelines Energy Management Human Rights Prioritized in the Workplace	P. 48 P. 76 P. 90
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GRI 2-25	Processes to remediate negative impacts	Risk Management	P. 54
GRI 2-26	Mechanisms for seeking advice and raising concerns	Moral Value and Professional Behavior	P. 56
GRI 2-27	Regulatory compliance	Effect of Education on Regulatory Compliance	P. 58
GRI 2-28	Membership to associations	Membership to associations	P. 46
GRI 2-29	Approach to stakeholder engagement	Stakeholder Engagement	P. 11
GRI 2-30	Collective bargaining agreements	Although Fortune Electric does not have a labor union, it is committed to promoting labor-management communication and mutual respect.	-

Note: Nothing may be omitted.

Material Topic Disclosure

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GRI 3-2	Material topic list ^{Note}	Material topic list Material topic changes in 2023	P. 14 P. 15
GRI 3-3	Material topic management	Analysis of material topic	P. 13

Note: Nothing may be omitted.

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GRI 3-3	Material topic management	Sustainable Supply Chain	-
GRI 308-1	New suppliers that were screened using environmental criteria	Supplier Risk Assessment	P. 66
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GRI 414-1	New suppliers that were screened using environmental criteria	Supplier Risk Assessment	P. 66
GRI 414-2	Negative social impacts in the supply chain and actions taken	No related matters.	-

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GRI 404-3	Percentage of employees receiving regular performances and career development reviews	Talent Training Pipelines	P. 101
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GRI 3-3	Material topic management	Occupational Health and Safety	-
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GRI 403-5	Worker training on occupational health and safety	Employee Occupational Health and Safety Training	P. 115
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GRI 405-1	Diversity of governance bodies and employees	Diversified Members of the Board of Directors Diverse and Abundant Job Opportunities	P. 49 P. 92
GRI 405-2	Ratio of basic salary and remuneration of women to men	Remuneration and Welfare	P. 94
Energy and GHG Management			
GRI 3-3	Material topic management	Energy Management	-
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GRI 302-3	Energy intensity	Energy consumption inside the organization	P. 77
GRI 302-4	Reduction of energy consumption	Reduction of energy consumption	P. 79
GRI 302-5	Reductions in energy requirements of products and services	Reduction of energy consumption	P. 79
GRI 305-1	Direct (Scope 1) GHG emissions	Greenhouse gas emission	P. 78
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse gas emission	P. 78
GRI 305-4	GHG emissions intensity	Greenhouse gas emission	P. 78
GRI 305-5	Reduction of GHG emissions	Air Quality Management	P. 82
GRI 305-6	Emissions of ozone-depleting substances (ODS)	No ODS gas is produced during the production process	-
GRI 305-7	Nitrogen oxides (Nox), sulfur oxides (SOx), and other significant air emissions	Air Quality Management Air Pollution Prevention and Control	P. 82 P. 82

Disclosure Item No.	Disclosure Item Topics	Chapter	Page
Climate Change Response			
GRI 3-3	Material topic management		-
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Climate-Related Risks, Opportunities	P. 72
Customer Services			
GRI 3-3	Material topic management	Services Satisfying Customers	-
Custom theme	-	Services Satisfying Customers	P. 68

General Topic Disclosure

GRI No.	Disclosure Item	Chapter	Page
GRI 202: Market Presence 2016			
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Remuneration and Welfare	P. 94
GRI 204: Procurement Practices 2016			
GRI 204-1	Proportion of spending on local suppliers	Green Procurement and Local Procurement	P. 64
GRI 207: Tax 2016			
GRI 207-1	Approach to tax	Tax Policy, Governance, and Risk Management	P. 43
GRI 207-2	Tax governance, control, and risk management	Tax Policy, Governance, and Risk Management	P. 43
GRI 207-3	Stakeholder engagement and management of concerns related to tax	Communication policy with stakeholders on tax-related issues	P. 45
GRI 406: Non-Discrimination			
GRI 406-1	Incidents of discrimination and corrective actions taken	No related matter	-
GRI 408: Child Labor 2016			
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	No related matters.	-
GRI 409: Forced or Compulsory Labor 2016			
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	No related matters.	-

Climate-Related Information of TWSE/TPEX Listed Company

Risks and opportunities posed by climate change to the Company and the relevant measures taken by and relevant countermeasures taken by the company

No.	Items	Execution situation
1	Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	Disclosed, please refer to the " Risks and Opportunities of Climate Change " section of this report.
2	Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term)	
3	Describe the financial impact of extreme weather events and transformative actions.	
4	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	
5	If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	No scenario analysis is applied.
6	If there is a transition plan for managing climate-related risks, describe the content of the plan, and the metric and target used to identify and manage physical risks and transition risks.	No transformation plan to manage climate-related risks.
7	If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	No internal carbon pricing is in place.
8	If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	Disclosed, please refer to the " Risks and Opportunities of Climate Change " section of this report.
9	Greenhouse gas inventory and assurance status.	Please refer to the table below "Greenhouse Gas Inventory and Assurance Status"

Greenhouse gas inventory and assurance status

Basic information of the company Companies with a capital of less than 5 billion dollar must complete individual company inspections before 2026 in accordance with the sustainable development roadmap for listed companies. This year, it will be a voluntary inspection and disclosure.	Scope I	Total emissions (tCO ₂ e)	Density (tCO ₂ e/million dollar)	Assurance organization	Statement
	FORTUNE ELECTRIC CO.,LTD	713.98	0.04729	SGS Taiwan Inspection Technology Co., Ltd.	This data is an internal calculation and is expected to obtain ISO 14064-1 verification in 2025.
	Scope II	Total emissions (tCO ₂ e)	Density (tCO ₂ e/million dollar)	Assurance organization	Statement
	FORTUNE ELECTRIC CO.,LTD	8534.83	0.56533	SGS Taiwan Inspection Technology Co., Ltd.	This data is an internal calculation and is expected to obtain ISO 14064-1 verification in 2025.

Sustainability Disclosure Topics & Metrics - Electrical & Electronic Equipment

Topic	Code	Accounting Metric	Category	Unit of Measure	Data Response
Energy Management	RT-EE-130a.1	(1) Total energy consumed as an aggregate figure (2) Percentage of energy consumed from grid energy (3) Percentage of renewable energy	Quantitative	Gigajoules(GJ)/ Percentage(%)	(1) 54,350.76913GJ (2) 94% (3) 0
Hazardous Waste Management	RT-EE-150a.1	Amount of hazardous waste generated and percentage of hazardous waste recycle	Quantitative	Ton (t)/ Percentage(%)	Not disclosed this year
	RT-EE-150a.2	Number and aggregate quantity of reportable spills and quantity recovered	Quantitative	Number /Kilograms(kg)	No waste leakage incidents reported 0 kg
Product Safety	RT-EE-250a.1	Total units recalled and number of recalls issued	Quantitative	Number	0 time
	RT-EE-250a.2	Total amount of monetary losses as a result of legal proceedings associated with product safety	Quantitative	Financial Statements	NTD 0
Product Lifecycle Management	RT-EE-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	Percentage of revenue (%)	not applicable
	RT-EE-410a.2	Percentage of eligible products, by revenue, that meet ENERGY STAR criteria	Quantitative	Percentage of revenue (%)	not applicable
	RT-EE-410a.3	Revenue from renewable energy-related and energy efficiency-related products	Quantitative	Financial Statements	No statistics obtained
purchase	RT-EE-440a.1	Description of the management of risk associated with the use of critical materials	Discussion and analysis	N/A	For details, please refer to Responsive Strategies Addressing Suppliers' Risk of Chain Breakage .
Business Ethics	RT-EE-510a.1	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	Discussion and analysis	N/A	No related events in 2023
	RT-EE-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Quantitative	Financial Statements	NTD 0
	RT-EE-510a.3	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Quantitative	Financial Statements	NTD 0

Independent Assurance Statement



Independent Assurance Statement

FORTUNE ELECTRIC CO., LTD.'s 2023 SUSTAINABILITY REPORT

AFNOR GROUP was established in 1926. We are the National Standardization Body of France, a permanent council member in ISO and one of the leading certification bodies in the world. This verification work was carried out by AFNOR ASIA LTD., a subsidiary of AFNOR GROUP. All the members of the verification team have professional backgrounds and have accepted AA1000 AS, AFAQ 26000, ISO 9001, ISO 14001, ISO 14064, ISO 45001, ISO 50001, and other sustainability-related international standard trainings. All assigned verifiers have been approved as the lead auditors or verifiers. AFNOR Group hereby provides a summary of FORTUNE ELECTRIC CO., LTD.'s Sustainability Report of 2023 (hereinafter referred to as "the Report") but was not involved in any way in its preparation.

AFNOR Group and FORTUNE ELECTRIC CO., LTD. (hereinafter referred to as "FE") are independent entities. AFNOR ASIA LTD., was commissioned by FE to conduct the assessment and assure the Sustainability Report of 2023 was in accordance with AA1000 Assurance Standard (v3) and the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).

SCOPE

FORTUNE ELECTRIC CO., LTD. is responsible for reporting fairly on the economic, environmental and social aspects of operating activities and performance of Taiwan operating sites in sustainability reports in accordance with the declared sustainability reporting standards.

AFNOR Asia is responsible for:

1. Evaluating the accordance of the Report with the Type 1 of AA1000 Assurance Standard (v3) based on the AA1000 Accountability Principles (2018). The reliability verification of the revealed sustainability performance information and data was not included. The verification scopes include sustainability issues, response mechanism, performance information, management systems of information, and the processes of materiality evaluation and stakeholder participation.
2. In accordance with the GRI Standards, we verified the statement options and material topics disclosed in the report compiled by FE.

REFERENCES

The scope of the assurance includes an assessment of the source adequacy of specific performance information and an assessment of adherence to the following reporting criteria :

- AA1000 Accountability Principles (2018)
- GRI Standards



METHODOLOGY

- The inclusivity, materiality, responsiveness, and impact in the Report were assessed according to the principles of management process against AA1000 Assurance Standard (v3).
- The report is reported in accordance with the GRI Standards, and the content of the report is reviewed for general disclosures and specific topic disclosures that comply with the GRI Standards.
- The mechanism of communication and response to the interest of stakeholders was verified through discussion and interview with the management team, however, the assessment team did not make any direct contact with external stakeholders.
- The qualitative and quantitative information produced, collected, and disclosed by the Report was reviewed through a validated sampling plan.
- The documents, materials and information related to the report were examined and reviewed by interviewing the responsible persons of each group of FE.
- Interviews with members of the organization related to sustainable development management and report writing, including representatives of all levels and departments.
- All documents, data and information related to the preparation of this report were checked by the verification team through interviews with relevant personnel.
- Check the sufficiency and completeness of supporting materials and evidence for the content of the report.

CONCLUSION

◆ AA1000 Accountability Principles

Inclusivity

FE has discussed issues of concern through stakeholders, confirmed the impact of these issues on the economy, environment and society, and finally incorporated the identified materiality themes into this report for information disclosure for all stakeholders to evaluation and decision-making. The report has fairly reported and disclosed environmental, social, economic and corporate governance information to support the achievement of appropriate strategies, goals, standards and performance. In the future, the organization will continue to improve its stakeholder identification mechanism to collect and understand their reasonable expectations and interests.





Materiality

FE has published relevant information so that stakeholders can judge the company's governance and performance, and plan to develop and implement a decision-making mechanism for materiality issues to focus on materiality issues related to the company's sustainable development. In the future, the organization will continue to improve the identification mechanism of materiality issues to facilitate the disclosure of materiality sustainable information.

Responsiveness

FE has developed and implements a stakeholder response mechanism through communication channels, clearly announces various relevant policies, norms, codes, evaluation objectives, etc., and regularly communicates and discusses with stakeholders, and strives to implement and monitor compliance with stakeholder requirements. Expected management policies and performance goals. In the future, the organization will continue to improve the depth and breadth of disclosure information and provide sufficient and comparative reporting content.

Impact

FE has adopted the monitoring and measurement of risks and opportunities in response to the materiality impacts of various sustainable development actions taken; identified various risks and opportunities to formulate action plans to effectively manage, continuously improve, and communicate with the current situation. Responsible and demonstrate sustainable performance. In the future, the organization will continue to present the impact of its operations on the overall environment through quantitative or monetized measurement information.

◆ Global Reporting Initiative Sustainability Reporting Standards

Based on the results of the review, we confirmed that the general disclosure and specific disclosure content of the report and the necessary management policy disclosure of major topics have complied with the requirements of GRI Standards. In the future, the organization will continue to disclose information about each location to fully presenting the organization's operations and its sustainability context.

ASSURANCE OPINION

Afnor Group has developed a complete sustainability reporting assurance standard based on the verification guidelines of the AA1000 Assurance Standard (v3) and the GRI Standards. Based on the sufficient evidence provided by FE and the facts seen during on-site verification, we adhere to the principle of fairness and issue a statement on the global sustainability reporting standards followed by the organization.

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In our opinion, the information and data presented in the Report by FE provides a fair and balanced representation. We believe the focuses on economic, social, and environmental matters in FE in 2023 are well represented.

ASSURANCE LEVEL

In accordance with the AA1000 Assurance Standard (v3), we verified this assurance statement corresponding to a moderate level. The scope and methods are as described in this statement.

LIABILITY

This assurance statement is intended for the use of FORTUNE ELECTRIC CO., LTD. only. AFNOR is not responsible for any other uses. Our responsibility is only based on the scope and methodology described, and to provide stakeholders an independent assurance statement.

For and on behalf of AFNOR :

Patrick Ni

Patrick Ni

The Director for Certification and Assessment
May.22.2024

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