

4. Sustainable Environment

4.1. Climate Change Management

GRI 305 Emissions 2016

Item	Description	Content
Material Topics and its Boundaries	Reason for the materiality of this topic	ESG encompasses Environmental, Social and Governance (ESG), with the environmental aspect of climate change having the most significant impact on the Company.
	Boundary for this topic	Government Agencies (indirect impact), Group (indirect impact), Customers/Clients (business conduct impact)
	Limitations of disclosure within this boundary	There is no information disclosed by the organization's overseas operations.
Management Approach and Its Components	Management objectives for this topic	In light of international development trends, regulatory trends, and stakeholder expectations, and with reference to the management framework under the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD), the Company analyzes and discloses the transformational and physical risks and opportunities that may be faced by climate change, and develops short-, medium-, and long-term carbon reduction targets and demonstrates appropriate measures to achieve them. We also set short-, medium-, and long-term carbon reduction targets, and demonstrate our responsibilities and strategies to gradually strengthen our ability to manage and enhance our competitiveness in response to climate-related risks and opportunities.
	Policy	<ol style="list-style-type: none"> 1. Identify climate-related risks and opportunities through cross-departmental discussions and assessments. 2. Evaluate the potential operational and financial impacts of significant climate risks and opportunities on the company.
	Commitments	<ol style="list-style-type: none"> 1. Engage third-party verification organization to verify and obtain a verification statement. 2. Based on greenhouse gas inventory results, explore potential reduction opportunities. 3. Establish short, medium, and long-term goals for energy management, water resources, and resource cycling management.
	Goals and Targets	<ol style="list-style-type: none"> 1. Greenhouse gas emissions: Reduce Category 1 and Category 2 emissions by 1% annually compared to the 2021 baseline year. Achieve a 10% reduction in Category 1 and Category 2 emissions by 2030 compared to 2021. 2. Energy management: Achieve an annual energy savings of 1% compared to the 2015 baseline year. 3. Achieve an annual reduction of 1% in water intensity compared to the 2021 baseline year. 4. Achieve an annual reduction of 1% in waste intensity compared to the 2021 baseline year.
	Responsibility	<ol style="list-style-type: none"> 1. Conduct regular TCFD team discussions annually. Identify and prioritize climate-related risks and opportunities through cross-departmental discussions. 2. Develop response plans based on the results of climate risk identification.

Item	Description	Content
	Resources	<ol style="list-style-type: none"> 1. Establish a TCFD implementation committee, convene regular meetings, and be responsible for promoting in-house energy conservation and carbon reduction efforts. 2. Utilize ISO 14001 Environmental Management System, ISO 50001 Energy Management System, ISO 14051 Material Flow Cost Accounting, as well as TPS & TPM improvement activity task forces to promote cross-functional energy conservation and waste reduction initiatives. Implement an improvement proposal incentive system to involve all personnel.
	Grievance Mechanism	<p>If any stakeholders discover any suspected violations of environmental protection, they can report it through the following channels: External Complaint Unit: Wu Gao-chuan, Department of Auditing External Complaint Phone: 04-7990118 ext. 106 External Complaint Email: gmo12@fineblanking.com.tw Internal Complaint Phone: 04-7990118 ext. 120 Internal Complaint Email: adm20@fineblanking.com.tw</p>
	Specific Actions	<ol style="list-style-type: none"> 1. Continuously conduct greenhouse gas inventories and obtain a certification statement. 2. Continuously promote TPS & TPM improvement activities. 3. Continuously promote improvement proposals.
Evaluation of the Management Approach	Management Assessment Mechanism	<ol style="list-style-type: none"> 1. Monthly regular management meetings are held by executives at level 1 and above to conduct performance reviews for the current month. 2. Annually report to the Board of Directors in May on the achievement status of climate change-related financial disclosure goals.
	Results of Management Policy Evaluation	<ol style="list-style-type: none"> 1. Since 2015, greenhouse gas inventory has been conducted based on ISO 14064-1:2006. Third-party verification organizations have been engaged annually to verify and obtain verification statements. Starting from 2020, estimates for Category 3 and Category 4 emissions were made. Third-party verification organizations were engaged since 2016 to verify and obtain verification statements. 2. Reset the baseline year for greenhouse gas inventory to 2021. The greenhouse gas emission intensity was 4.64 (kg CO₂e/turnover of NT\$1,457,622,000). The intensity of greenhouse gas emissions in 2024 was 3.63 (kg CO₂e/turnover of NT\$1,213,613,000). 3. The target for energy-saving and waste reduction improvement benefits in 2024 was NT\$7.2 million, with actual achievements of NT\$8.08 million, achieving a rate of 100%.
	Management Policy Adjustments	<p>The TCFD Implementation Committee continues to conduct climate scenario simulations annually to identify short-, medium-, and long-term climate risks and opportunities, as well as their potential operational and financial impacts on the company. The committee revises the climate scenario strategy accordingly.</p> <p>The company continues to publish the TCFD report annually, presenting it to the board of directors for review of medium- and long-term goals and progress. The report is also verified by a third party to demonstrate the resilience of climate change management.</p> <p>Continue to promote improvement projects such as ISO 14001 Environmental Management System and ISO 50001 Energy Management System, establishing management performance indicators for control, to achieve energy conservation and carbon reduction measures.</p>

2024 Climate Change Management Framework (TCFD)

Category	Company Management Strategies and Actions	2024 Implementation Status Abstract
Governance	<ul style="list-style-type: none"> ● The Board of Directors regularly reviews climate change-related risks and opportunities. ● Sustainability Committee: The highest organization for climate change management in the Company. The Board of Directors authorizes Mr. Wu Zong-ming, a director and concurrently the President of the Company, to serve as the chairperson of the implementing organization. The committee reviews the implementation effectiveness of FBT’s sustainability management (including climate change strategy and goals) annually and reports to the Board of Directors. ● TCFD Implementation Committee: ● The Sustainability Committee established the Energy Conservation and Carbon Reduction Team, an organization responsible for implementing and managing actions related to climate change risks and opportunities. The team is divided into Risk Adaptation Task Force, Carbon Emission Inventory Task Force, and Carbon Emission Reduction Task Force. The TCFD Implementation Committee operates under the PDCA system. 	<ul style="list-style-type: none"> ■ The Sustainability Committee is composed of high-level managers from various departments within the Company, who serve as implementing committee members and key members. The committee sets targets to reduce carbon emission intensity by 20% by 2030 compared to the baseline year of 2021 and by 50% by 2050. Refer to 4.1.1. Governance for details. ■ The TCFD Implementation Committee’s Carbon Emission Reduction Team proposes detailed plans for strategic actions. In 2024, the focus was on process improvement, improvement activity teams, ISO 50001 Energy Management System, energy conservation, and waste reduction. The team reviews monthly implementation status and future plans. Refer to 4.1.4. Strategies for Risk/Opportunity.
Strategy	<ul style="list-style-type: none"> ● Cross-department discussions to identify short, medium, and long-term climate risks and opportunities. ● Evaluate the potential operational and financial impacts of significant climate risks and opportunities on the company ● Conduct scenario analysis and net-zero emission targets and pathways 	<ul style="list-style-type: none"> ■ Through climate scenario simulation, identify short, medium, and long-term climate risks and opportunities, as well as potential operational and financial impacts on the company. Refer to 4.1.2. Sustainable Development Strategy and 4.1.3. Climate Scenario Strategy.

Category	Company Management Strategies and Actions	2024 Implementation Status Abstract
Risk Management	<ul style="list-style-type: none"> ● Utilize the TCFD framework to establish a climate risk identification process ● Based on climate risk identification and prioritization results, establish and execute relevant response plans ● Incorporate climate risk identification and assessment into the corporate risk management process 	<ul style="list-style-type: none"> ■ Use the TCFD framework to establish a climate risk identification process, a climate change risk and opportunity matrix, and to set and execute relevant response plans. Refer to Section 4.1.5 Risk Management.
Indicators and Objectives	<ul style="list-style-type: none"> ● Set climate change-related management indicators ● Annually conduct greenhouse gas emission inventory and disclosure based on ISO 14064-1, assess the impacts on the Company’s operations, and evaluate the risks and mitigation strategies of Scope 1, 2, and 3 emissions ● Formulate climate change management goals, review goal achievement and performance 	<ul style="list-style-type: none"> ■ Set climate change-related management indicators, review goal achievement and performance. Refer to Section 4.1.6 Indicators and Objectives.

4.1.1. Governance

According to the *Global Risks Report* published annually by the World Economic Forum (WEF), climate change-related issues continue to be recognized as among the most severe long-term global risks. The 2024 report highlights that climate risks remain significantly high. In the short term, extreme weather was identified by respondents as the most likely risk to trigger a global crisis. Over the long term, four of the top five global risks are closely related to climate change, including extreme weather events, major disruptions to Earth systems, biodiversity loss and ecosystem collapse, and natural resource shortages.

The Company has long been proactive in promoting ESG sustainable development. On December 21, 2021, the Board of Directors revised the “Corporate Social Responsibility Committee” to the “Sustainability Committee.” To address the Task Force on Climate-related Financial Disclosures (TCFD), an Energy Conservation and Carbon Reduction Team was added to the governance structure. The Sustainability Committee is composed of high-level managers from various departments within the company, who serve as implementing committee members and key members. The committee sets targets to reduce carbon emission intensity by 20% by 2030 compared to the baseline year of 2021 and by 50% by 2050. In addition, a “TCFD Implementation Committee” for climate change governance was established under the Sustainability Committee, which comprises Risk Adaptation Task Force, Carbon Emission Inventory Task Force, and Carbon Emission Reduction Task Force. They are responsible for evaluating and managing climate change-related issues. Future progress regarding TCFD goals will be included in the annual sustainability report’s implementation effectiveness report in May. The climate change issues of 2024 were reported to the Board of

Directors on May 27, 2025, by the TCFD Implementation Committee regarding the financial impacts, goal setting, and achievement status of climate-related risks and opportunities.

The Company holds two energy and environmental management system review meetings each year, hosted by the President, to comprehensively discuss energy conservation and carbon reduction issues.

The ISO 50001 Energy Management System is integrated with FMS projects in various units each year to promote internal energy-saving projects. Regular meetings are held to continuously track progress and effectiveness.

4.1.2.Sustainable Development Strategy

With the support of senior executives, the Company executes climate-related risk and opportunity identification based on the TCFD framework across departments, evaluates the potential operational and financial impacts of significant climate risks and opportunities, and actively develops solutions. Risk mitigation and adaptation, as well as carbon emission reduction, are the two main management strategies adopted in response.

4.1.3.Climate Scenario Strategy

The Company's TCFD Implementation Committee operates **according to** the guidelines recommended by the TCFD, the Company evaluates the most severe scenarios faced by transformation and physical risks, assessing the impact of different greenhouse gas emission controls on the Company's operations, and incorporating assessment results into strategic resilience considerations. By referring to the IPCC's scientific assessment reports for SSP1-1.9 and RCP 8.5 emission scenarios, the Company evaluates the maximum impact of transformation and physical risks, incorporating potential increases in carbon emissions from future business growth and ongoing carbon reduction actions, and analyzing the financial impacts of climate risks.

The largest impacts of physical and transformation risks under SSP5- 8.5 and SSP1-1.9 scenarios are as follows:

Climate Issues	Climate Scenarios	Estimation Methods	Assumptions	Risk Financial Quantification Results	Decision Impact
Physical Risks Drought	IPCC AR6 Report SSP5-8.5 Scenario	Estimate the future occurrence frequency of droughts, the cost of maintaining backup water sources, and potential business losses to the company.	Estimate that future temperature rise will be controlled below 3.5° C.	Estimate a loss of 2 days of operation due to shutdown.	1.Continuously Review water resource utilization efficiency. 2.Enhance process wastewater recycling and reuse.
Transition Risks Net Zero Emissions	IPCC AR6 Report SSP1-1.9 Scenario	Estimate the Company's move towards achieving net-zero emissions by 2050, internal decarbonization costs per year, and carbon credit purchasing needs.	Actively control greenhouse gas emissions, estimating that end-ofcentury temperature rise can be limited to below 1.5°C, achieving net-zero emissions by 2050.	The increased cost by 2050 is approximately 1-2% of annual revenue.	1.Implement energy-saving measures internally. 2.Purchase renewable energy certificates. 3. Purchase domestic and international carbon credits or develop carbon capture technologies.

4.1.4.Risk/Opportunity Strategy

● Risk Mitigation and Adaptation

■ Risk Mitigation

Annually, the Company's Taiwan operational site review overall decarbonization effectiveness through third-party verified greenhouse gas inventory results. Given that the main source of greenhouse gas emissions is indirect emissions caused by electricity use, in 2024, we executed 8 energy-saving projects under the ISO 50001 Energy Management System, replacing and procuring low-energy-consuming equipment, such as 3 chillers and 2 air compressors. These initiatives enhanced energy efficiency and contributed to a reduction in greenhouse gas emissions. In 2024, the greenhouse gas emission intensity was reduced to 3.63 kg CO₂e per thousand NTD, compared to 4.64 kg CO₂e per thousand NTD in 2021, resulting in a reduction of 1.01 kg CO₂e per thousand NTD. Looking ahead, the Company will implement another 8 energy-saving projects in 2025 under the ISO 50001 Energy Management System to achieve the 2025 goals.

■ Risk Adaptation

In the face of increasingly extreme climate phenomena and events, having resilience to cope with climate-related disasters is crucial for effective business management.

Flood

The Company regularly inspects public facilities, strengthens disaster prevention measures, develops emergency response plans, and conducts drills. During flood incidents, guidelines are established for employee work or suspension, alert communication, and other necessary assistance to achieve the goal of uninterrupted production.

Drought

The Company implements water conservation measures internally, continuously reviews water resource utilization efficiency, and enhances the use of process wastewater recycling. These actions aim to reduce the impact of climate risks.

■ Carbon Emission Reduction

- Continue to promote ISO 50001, set energy-saving goals and action plans, and implement significant energy equipment's electricity monitoring and adjustments along with energy-saving projects to achieve a 1% annual electricity reduction goal, thereby reducing energy costs and carbon emissions.
- Continue to promote Material Flow Cost Accounting (MFCA). In 2020, verified MFCA was implemented for "motorcycle brake discs" as the targeted product. In 2021, MFCA analysis suggested the establishment of a designated unit for wider material design in the brake disc to reduce material usage and subsequent indirect greenhouse gas emissions, thus lowering product costs.
- Continue to improve FMS, TPS, and TPM activities, enhance process defect rates, and increase production efficiency, thereby reducing energy usage and carbon emissions.

4.1.5.Risk Management

In the period of October to December 2024, TCFD working group discussions were held, involving cross-departmental discussions to identify and prioritize climate-related risks and opportunities. Based on climate risk identification, strategies for adaptation are developed.

● Identification of Major Climate Change Risks and Opportunities

Working committee members and designated individuals categorize identified climate-related risks and opportunities into the organizational environmental issue and risk and opportunity management action tables. Analyzing results based on “impact” and “likelihood.” If the product of “impact” and “likelihood” is 15 or above, or if “impact” ≥ 4 and “likelihood” ≥ 3 , it falls under significant physical climate change risk, transition risk, or opportunity, necessitating countermeasures and plans.



● Results of Identifying Climate-Related Risks and Opportunities in 2024, along with Financial Impacts and Response Measures:

Type		Climate Change Risk	Financial Impact	Response Measures
Physical Risk	Short-term	Flood	Decrease or disruption in production capacity (such as transportation difficulties or supply chain interruptions) and its impact on labor management and planning (such as environmental hygiene, safety, absenteeism).	<ol style="list-style-type: none"> 1. Strengthen disaster prevention measures to minimize the impact. 2. Understand the regulations for employee work or suspension, emergency alert communication, and any other necessary assistance.
		Drought	Paralyze production line and cause supply chain disruption.	<ol style="list-style-type: none"> 1. Continuously review water resource utilization efficiency. 2. Enhance process wastewater recycling and reuse.
	Long-term	Extreme Weather	Extreme weather may cause natural disasters, increasing business operational risks and costs.	<ol style="list-style-type: none"> 1. Greenhouse gas reduction actions led by senior executives. 2. Expand energy-saving and carbon reduction efforts and ISO 50001 systems to subsidiaries in China and Vietnam.
		Global Warming/ Temperature Rise	<ol style="list-style-type: none"> 1. Reduced production capacity, affecting revenue from shipments. 2. Increased electricity consumption, higher expenditure costs. 	<ol style="list-style-type: none"> 1. Continue to promote ISO 50001, set energy-saving goals and action plans. 2. Develop and implement low-carbon procurement policies and objectives for products and services.
		Rising Sea Levels	<ol style="list-style-type: none"> 1. Reduced land use area, potential increase in land taxes. 2. Potential need for relocation, additional costs. 	<ol style="list-style-type: none"> 1. Strengthen emergency response training and facilities. 2. Continuously collect information on rising sea levels for assessing facility expansion and maintenance. 3. Long-term plan for relocating the factory

Type		Climate Change Risk	Financial Impact	Response Measures
Transition Risk	Policies and Regulations	Corporate Carbon Accounting	Increased corporate carbon accounting activities in subsidiary companies.	<ol style="list-style-type: none"> 1. Drive energy-saving and carbon reduction action plans. 2. Seek carbon offset through tree planting programs. 3. Purchase green energy to offset carbon emissions. 4. Develop plans for carbon accounting in subsidiary companies.
		Trend Toward Net Zero Emissions	<ol style="list-style-type: none"> 1. Increased expenses related to carbon credits. 2. Higher costs for investing in carbon-negative facilities or purchasing green electricity. 	<ol style="list-style-type: none"> 1. Extend energy-saving and carbon-reduction initiatives, as well as ISO 50001 system implementation, to subsidiaries in Mainland China and Vietnam. 2. Formulate and implement low-carbon procurement policies and targets for products and services. 3. Promote the design, development, and planning of low-carbon products and raw materials. 4. Install rooftop solar power systems and purchase green electricity to reduce carbon emissions. 5. Purchase carbon credits.
		Reduce energy consumption by 1%	<ol style="list-style-type: none"> 1. Increased equipment investment costs. 2. Reduced electricity consumption. 	Energy management initiatives are promoted through ISO 50001 to achieve a reduction in energy intensity.
	Market Reaction	Rising Raw Material Costs	Increased operational costs.	<ol style="list-style-type: none"> 1. Develop and implement low-carbon procurement policies and objectives for products and services. 2. Promote low-carbon product and raw material design, development, and plans.
		Rising Energy Prices (Natural Gas, Electricity, Water)	Increased energy costs.	<ol style="list-style-type: none"> 1. Continue to promote ISO 50001, set energysaving goals and action plans. 2. Design energy-saving equipment procurement.
	Opportunities	Green energy, green process products/ services	Green steel raw materials	Enter new markets regulated by border carbon taxes, meet customer requirements, and drive revenue growth.
Promotion of Green Low-Carbon Production Processes			Reduced process and product carbon emissions, decreased carbon costs.	<ol style="list-style-type: none"> 1. Replace high-energy-consuming equipment with energy-saving equipment. 2. Promote ISO 50001 initiatives. 3. Drive improvement activities to enhance process efficiency. 4. Develop and implement low-carbon procurement policies and objectives for products and services. 5. Promote low-carbon product and raw material design, development, and plans.

Type		Climate Change Risk	Financial Impact	Response Measures
	More efficient resource utilization	Promote ISO 50001 initiatives.	Decrease energy costs and carbon emissions	Continue to promote ISO 50001, set energy-saving goals and action plans.
		Promote material flow cost accounting	Reduce negative product costs and carbon emissions	Expand material flow cost analysis and improvement to other product processes
		Promote improvement activities	1. Increase production capacity, reduce operational costs. 2. Energy-saving and carbon reduction.	Continue to implement FMS small group activities, as well as TPS and TPM improvement initiatives.
	Don't be defeated by climate risks — change is an opportunity.	Enhance the company's reputation	Enhance investors' intention to invest for the long term	1. Continue to implement action plans for various systems. 2. Publish the ESG sustainability report annually.

Note: 1.The Company has relevant management measures in place for all identified risks.

2.The TCFD Implementation Committee has identified goodwill risk as not a material risk.

4.1.6.Indicators and Objectives

Since 2015, the greenhouse gas inventory of Taiwan operational sites has been conducted based on ISO 14064-1:2006. Third-party verification organizations have been engaged annually to verify and obtain verification statements.

Starting from 2020, the Taiwan operational sites have expanded the scope of estimation for emissions under ISO 14064-1:2018, including Category 3 and Category 4 emissions. Third-party verification organizations have verified these emissions, and verification statements have been obtained.

The emissions of the Taiwan operational sites fall under Category 1 and Category 2 (formerly Scope 1 and Scope 2) greenhouse gas inventories, with approximately 85% of emissions from Category 2 being purchased external electricity. Our greenhouse gas reduction efforts are integrated with energy management systems, and various measures for energy savings and carbon reduction are continuously promoted. Therefore, the intensity targets for the Taiwan operational sites have been reset as shown in the table below:

Comparison Table of Intensity Targets (Intensity Objectives)

Year	2021 (base year)	2022 (Target)	2022 (Achievement)	2023 (Target)	2023 (Achievement)	2024 (Target)	2024 (Achievement)	2025 (Target)	2026 (Target)	2027 (Target)	2030 (Target)
Greenhouse Gas Emission Intensity (kg CO ₂ e)/ (thousand NTD)	4.64	4.50	4.43	4.36	4.01	4.27	3.63	4.18	4.08	3.99	3.71
Compared with the base year (%)		-3%	-5%	-6%	14%	-8%	-22%	-10%	-12%	-14%	-20%

Note: 1.The base year is 2021. The midterm target aims for a 20% reduction in carbon intensity by 2030. The short-term target spans from 2022 to 2024, with a reduction of 3% per year in 2022 and 2023, from 2024 to 2030, a 2% annual reduction is planned, aiming for a total 20% decrease in carbon emission intensity over 9 years compared to the base year.

2.In 2024, with a 7% growth in revenue and the effects of energy-saving and carbon-reduction projects, the intensity reduction for Category 1 and Category 2 emissions relative to the base year is 22%.

Other objectives include the disclosure of energy-saving and waste reduction amounts, recycled water, wastewater, and energy usage related to climate management indicators in Taiwan's operational sites within the relevant environmental sections of this Report.

To drive low-carbon investment, enhance energy efficiency, and strengthen internal decarbonization efforts, internal carbon pricing will be piloted at the Taiwan operational sites in 2025. A carbon price of NT\$300 per metric ton will be applied using the shadow pricing method as a reference for capital investment strategies and major decision-making.

The Vietnam operational sites are scheduled to complete greenhouse gas inventory and verification for 2025 in 2026, and to achieve ISO 50001 Energy Management System certification by 2028.

The China operational sites are scheduled to complete greenhouse gas inventory and verification for 2026 in 2027.

Starting from 2025, continuous tracking and management will be implemented to gradually achieve the net-zero target.

4.2. Greenhouse Gas and Energy Management

As a responsible participant in the global community, the Company acknowledges its duty towards environmental protection. We strive to mitigate the environmental and climate impacts resulting from our greenhouse gas emissions, including carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride. In 2015, we introduced the ISO 14064-1 greenhouse gas inventory system. The base year for our greenhouse gas inventory was initially set as 2021. The reason for changing the base year was in response to significant revisions in ISO 14064-1, including updates to guidelines for significant indirect greenhouse gas emissions and comprehensive inventorying of machinery equipment and control panel cooling systems. This decision was also influenced by the release of the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (2021). Hence, we determined 2021 as the new base year.

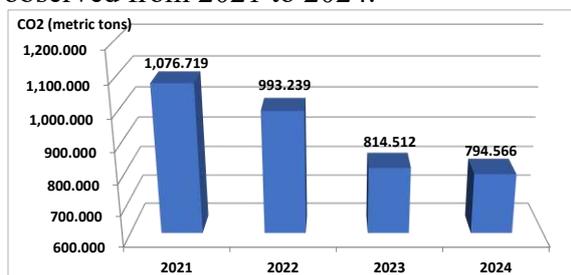
For 2021 to 2024, the results of greenhouse gas inventory calculations conducted by the Greenhouse Gas Inventory Team are as follows:

ISO 140641:2006		ISO 14064-1:2018				Unit: tonnes of CO ₂ e/year		Remarks
Category		Type/Year		2021	2022	2023	2024	
Scope 1	Direct Greenhouse Gas Emissions	Category 1	Direct greenhouse gas emissions and	1,076.719	993.239	814.512	794.566	Burning of natural gas, diesel, etc.
Scope 2	Indirect EnergyRelated Greenhouse Gas Emissions	Category 2	Indirect greenhouse gas emissions from energy inputs	5,685.080	5,637.342	4,142.986	3,614.834	Purchased electricity
Scope 3	Other Indirect Greenhouse Gas Emissions	Category 3	Indirect greenhouse gas emissions from transport	555.292	491.500	131.027	183.297	Transportation of steel coils
		Category 4	Indirect greenhouse gas emissions from use of organization's products	14,373.294	13,220.071	9,284.957	8,119.616	Upstream products - steel coils Upstream electricity Upstream natural gas Upstream diesel Upstream gasoline
		Category 5	Indirect greenhouse gas emissions associated with use of organization's	Not inventoried	Not inventoried	Not inventoried	Not inventoried	
		Category 6	Other Indirect Greenhouse Gas Emissions from Other Sources	Not inventoried	Not inventoried	Not inventoried	Not inventoried	
Total Greenhouse Gas Emissions from Scope 1 + Scope 2				6,761.799	6,630.581	4,957.498	4,409.400	
Total Greenhouse Gas Emissions from Scope 3				14,928.586	13,711.571	9,415.984	8,302.913	
Revenue (in millions of NTD)				1,457.6	1,497.7	1,240.8	1,213.6	
Scope 1 + Scope 2 Greenhouse Gas Emission Intensity (tonnes of CO ₂ e / revenue in millions of NTD)				4.64	4.43	4.00	3.63	
<p>The Scope 1 + Scope 2 greenhouse gas emission intensity for 2024 was 3.63 (kg CO₂e / revenue in thousand NTD), a decrease of 22% compared to the baseline year of 2021 (4.64), which surpassed the target reduction of 8%. It also decreased by 9% compared to 2023 (4.00), achieving the annual target.</p>								
<p>Verification Information Explanation: Verification Scope: Taiwan operational site of Ta Hsing Precision Machinery Co., Ltd. Verification Body: BSI (British Standards Institution) Taiwan Branch. Verification Standard: ISO 14064-1:2018 standard. Verification Result: The verification of direct and indirect energy-related emissions (ISO 14064-1:2018 Category 1 and Category 2) has a reasonable assurance level. Other indirect greenhouse gas emissions were verified with a limited assurance level. Verification Opinion: The results of the BSI greenhouse gas inventory report are unqualified, fully complying with the relevant standards, and the greenhouse gas information has been properly and accurately disclosed.</p>								

Note: The Scope 2 electricity emission factor for 2024 is calculated using the latest value of 0.474 kg CO₂e/kWh announced by the Energy Bureau, Ministry of Economic Affairs.

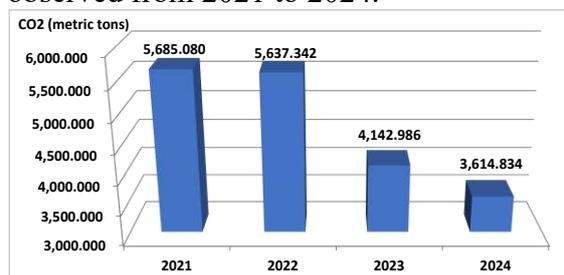
Direct Greenhouse Gas Emissions.

A reduction of 281.153 metric tons was observed from 2021 to 2024.

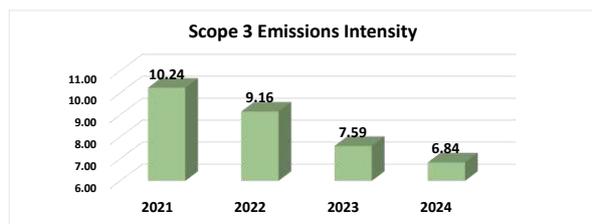


Indirect Greenhouse Gas Emissions from Purchased Energy.

A reduction of 2,070.246 metric tons was observed from 2021 to 2024.



As electricity constitutes the primary energy source for the Company, greenhouse gas reduction efforts are integrated with the energy management system. Continuous measures to promote energy conservation and carbon reduction have been implemented since 2016, including collaboration with the Industrial Technology Research Institute (ITRI) to introduce an energy management system. This effort has enhanced energy monitoring and management, facilitating the policy for energy conservation and carbon reduction. In 2024, direct greenhouse gas emissions combined with indirect greenhouse gas emissions from energy (Category 2) were reduced by 34.8% compared to 2021.



Intensity of other indirect greenhouse gas emissions (Scope 3) In 2024, the greenhouse gas emission intensity for Scope 3 was 6.84 kg CO₂e/thousand NTD, a decrease of 33.2% from 10.24 kg CO₂e/thousand NTD in 2021.

Note: Greenhouse gas emission intensity: Total greenhouse gas emissions (kg CO₂e)/Annual revenue (thousand NTD)

The primary source of carbon emissions in Scope 3 for the Company’s Category 4 finished products upstream - steel coils. In April 2020, we introduced the ISO 14051 material flow cost accounting technique for this aspect. Details of these operations are described in Section 4.2.2 Material Flow Cost Accounting Explanation.

The Company does not have emissions related to ozone-depleting substances (ODS).

4.2.2. Material Flow Cost Accounting (MFCA) and Circular Economy

In April 2020, the Company received technical guidance in ISO 14051 Material Flow Cost Accounting from the Industrial Technology Research Institute (ITRI). The Company conducted material flow cost accounting for motorcycle brake discs as the target product. This involved analyzing the relationship between inputs (materials, energy) and outputs (products and waste) in relevant processes to understand the cost data associated with product material flows. The goal was to reduce environmental impacts and enhance operational profits. On November 16, 2020, the Company received BSI certification for ISO 14051:2011 Environmental Management - Material Flow Cost Accounting.

Based on material flow cost accounting recommendations, a designated unit was established to design a multi-cavity mold for the brake discs. This design reduced material costs, creating a competitive advantage for the company. From 2021 to 2024, the production volume of brake discs with multi-cavity mold increased, material utilization rates and material savings are as shown in the table:

Project \ Year	2021	2022	2023	2024
Unloading Production Volume (PCS)	34,726	154,262	146,388	84,508
Improvement in Material Utilization Rate (%)	7	5	6.5	5.86
Material Saving (KGS)	2,451.08	8,098.85	9,475.90	4,949.51

4.2.3. Energy Management

Energy Conservation

Energy Consumption and Usage

In 2024, the Company's energy sources consisted of electricity, natural gas, and diesel fuel, with electricity being the primary energy source, accounting for 69.7% of all energy consumption. Other energy sources accounted for 30.3%, and energy consumption decreased by 7.01% from 2023 to 2024. The base year for energy intensity was set as 2015. This choice was due to the fact that 2015 was the year when the company passed the ISO 50001:2011 verification, and data for energy usage in that year were readily available for calculation. However, due to adjustments in the heat value of electricity consumption in 2018, resulting in changes in conversion coefficients, the base year was reset to 2020.

The consumption and usage of various energy sources are shown in the table below:

2020(Base Year)					
Item	Consumption	Unit	Conversion Factor	kWh	Megajoules
Natural Gas	309.26	1,000 m3	10,460	3,234,860	11,645,494.56
Gasoline	1.36	Kl	9,066	12,359	44,494.19
Diesel	21.12	Kl	9,762	206,126	742,052.18
Purchased electricity	10,206.28	Thousand kWh	1,000	10,206,284	36,742,622.40
Total				13,659,629	49,174,663.33
2022					
Item	Consumption	Unit	Conversion Factor	kWh	Megajoules
Natural Gas	384.11	1,000 m3	10,460	4,017,812	14,464,121.47
Gasoline	1.22	Kl	9,066	11,053	39,789.80
Diesel	22.92	Kl	9,762	223,710	805,357.03
Purchased electricity	11,075.33	Thousand kWh	1,000	11,075,328	39,871,180.80
Total				15,327,903	55,180,449.11
2023					
Item	Consumption	Unit	Conversion Factor	kWh	Megajoules
Natural Gas	303.97	1,000 m3	10,460	3,179,505	11,446,219.01
Gasoline	0.96	Kl	9,066	8,712	31,361.99
Diesel	19.72	Kl	9,762	192,494	692,979.27
Purchased electricity	8,386.61	Thousand kWh	1,000	8,386,612	30,191,803.20
Total				11,767,323	42,362,363.47
2024					
Item	Consumption	Unit	Conversion Factor	kWh	Megajoules
Natural Gas	300.25	1,000 m3	10,460	3,140,563	11,306,025.72
Gasoline	0.98	Kl	9,066	8,855	31,879.10
Diesel	17.03	Kl	9,762	166,245	598,483.74
Purchased electricity	7,626.23	Thousand kWh	1,000	7,626,232	27,454,435.20
Total				10,941,895	39,390,823.76

Description: 1. Energy unit conversions are based on information from the website of the Bureau of Energy, Ministry of Economic Affairs. Any changes will follow the standards announced by the Bureau of Energy.

2. The Company has installed solar energy generation facilities in rented areas, resulting in 0% renewable energy usage (Renewable Energy Ratio = Self-installed solar energy/Total energy consumption).

3. The Company's total energy consumption in 2024 was 39,390.82 GJ (gigajoules), a 19.9% decrease compared to the base year of 2020, a decrease of 7.58% compared to the year 2023.

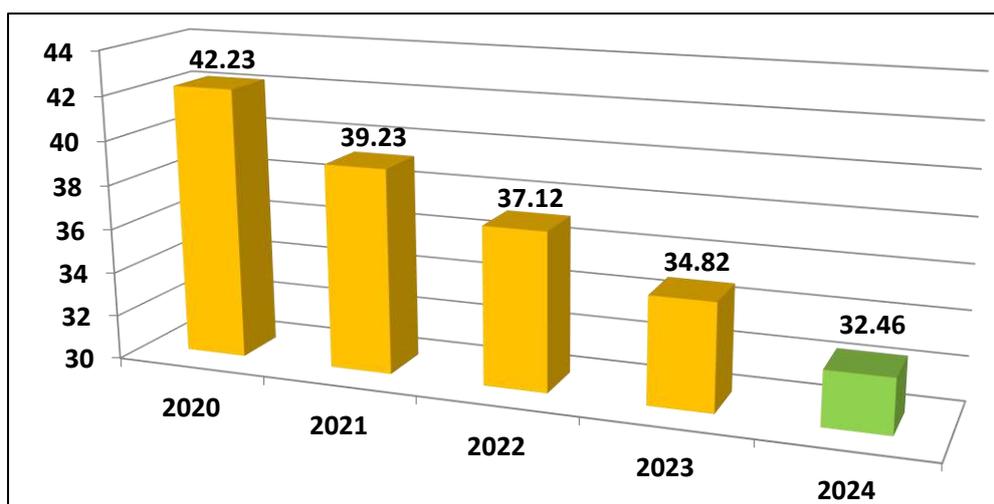
● Energy Performance

The ISO 50001 2024 organizational environmental issues and risk/opportunity management action plan has been assessed. To mitigate the environmental and climate impacts of greenhouse gas emissions, the Company has implemented an energy management system since 2015 and established an Energy Promotion Committee. Throughout the implementation process, multiple energy management action plans have been executed with a goal of achieving at least 1% energy savings annually. In 2024, an energy-saving investment of 26.967 million NTD was made, implementing eight energy-saving projects that resulted in a total energy savings of 2,413,228 MWh, a reduction of 317.74 metric tons of CO_{2e} emissions, and energy cost savings of 3.69 million NTD. The average annual electricity saving rate from 2015 to 2024 was 2.24%.

The results of the eight energy-saving projects executed in 2024 are shown in the table below:

NO.	Project Name	Improvement Description.	Energy-saving Aspect	Annual Electricity Savings
1	Improvement of Press Allocation in Plant 1.	Energy Control, Maintenance, and Improvement Reporting for Press Machines.	Energy Management	-
2	Reduction of Energy Consumption in Chilled Water Machine in Plant 1.	Replacement and Optimization of Chilled Water System.	Efficiency Improvement	128,388 kWh (kilowatt-hours)
3	Improvement of Electroplating Machine Allocation in Plant 1.	Personnel, process, and work hour allocation; motor installation with a variable frequency drive (VFD).	Energy Management	32,094 kWh (kilowatt-hours)-
4	Reduction of Energy Consumption in Air Compressors in Plant 1.	Replacement of Old Air Compressors and Leak Improvement Reporting.	Efficiency Improvement	244,824 kWh (kilowatt-hours)
5	Reduction of Energy Consumption in Air Compressors in Plant 2.	Energy Control, Maintenance, and Leak Improvement Reporting.	Efficiency Improvement	42,840 kWh (kilowatt-hours)
6	Reduction of Energy Consumption in Air Compressors in Plant 3.	Replacement of Old Air Compressors and Leak Improvement Reporting.	Efficiency Improvement	216,096 kWh (kilowatt-hours)
7	Energy Consumption Improvement in the ED Coating Process at Plant 3.	Personnel, Process, and Work Hour Allocation Methods, TPM Maintenance Plan and Improvement Reporting.	Energy Management	-
8	Energy Consumption Improvement in High-Frequency Heat Treatment at Plant 3	Establishment of Standardized Energy Control for High-Frequency Heat Treatment and Training.	Energy Management	6,099 kWh (kilowatt-hours)
Total				670,341 kWh (kilowatt-hours)

In 2024, the energy intensity decreased by 6.78% compared to 2023. The Company will continue promoting energy conservation through active participation and plans to pass the BSI ISO 50001:2018 verification review.



Note: Energy Intensity = Total Energy Consumption (megajoules)/Revenue (thousand NTD)

● Green Energy Procurement

As electricity is the main energy source for the Company, efforts have been made to reduce the burden on the environment and support the government's renewable energy policies. In 2016 and 2017, the Company subscribed to 240,000 kWh of green electricity from Taiwan Power Company (Taipower). In 2019, the Company collaborated with World Harmony Co., Ltd. to install solar energy facilities on the rooftop, generating green energy for sale to Taipower. The electricity generated is used within the company, and from December 2019 to December 2023, a total of 10,458,817 kWh of electricity was generated across various plants, reducing CO₂e emissions by 5,269.492 metric tons. These efforts align with national policies promoting renewable energy development.

Power generated (kWh)	Period	2019/12-2022/12	2023/01-2023/12	2024/01-2024/12
	Plant NO.1	4,596,210	1,514,006	1,507,425
	Plant NO.2	773,556	243,770	243,329
	Plant NO.3	2,526,162	805,113	823,023
	Total	7,895,928	2,562,888	2,573,777

Carbon Emission Redution (kg)	Period	2019/12-2022/12	2023/01-2023/12	2024/01-2024/12
	Plant NO.1	2,328,752	749,433	714,520
	Plant NO.2	392,033	120,666	115,338
	Plant NO.3	1,280,077	398,531	390,113
	Total	4,000,862	1,268,630	1,219,970

4.3.Environmental Management Policy

4.3.1.Environmental Management System

● Environmental Health and Safety (EHS) Policy

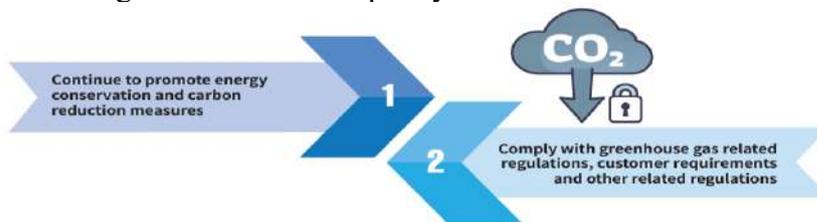
The Company has achieved ISO 14001 and ISO 45001 certifications in Taiwan and has established the environmental, safety, and health policy as follows:

The Company is committed to establishing a positive working environment, complying with regulations, preventing pollution and accidents, reducing environmental impacts and unacceptable risks arising from products, materials, personnel, machinery, procedures, activities, and services, continuously promoting EHS improvements, promoting the concept of environmental safety and health, and fulfilling corporate social responsibility. We commit to the following policy:



● FBT Greenhouse Gas Policy in Taiwan

In response to the 2018 revision of ISO 14064-1, the Company reset the base year to 2021 and established the greenhouse gas policy for 2024, including the inventory of greenhouse gas emissions. The policy is as follows:



● FBT Energy Policy in Taiwan

The Company obtained ISO 50001 Energy Management System certification in August 2015 and established the energy policy as follows:



● Environmental Management Policy



● FBT Environmental Performance in Taiwan

Over the years, the Company has consistently promoted improvement proposals. In 2024, the benefits of improvement proposals in energy conservation and waste reduction and pollution prevention reached NT\$8,083,927 (calculated according to internal improvement proposal management methods). Improvements included resource waste reduction (recycling waste materials, shared materials and molds, reducing obsolete materials, mold development for reduced material usage), replacement of energy-consuming equipment, energy usage improvements, and equipment pollution prevention. In terms of environmental improvements, we continued to purchase oil mist recovery machines for on-site machinery equipment oil mist recovery and reuse, creating a more comfortable working environment. The Company has not incurred environmental liability insurance expenses.

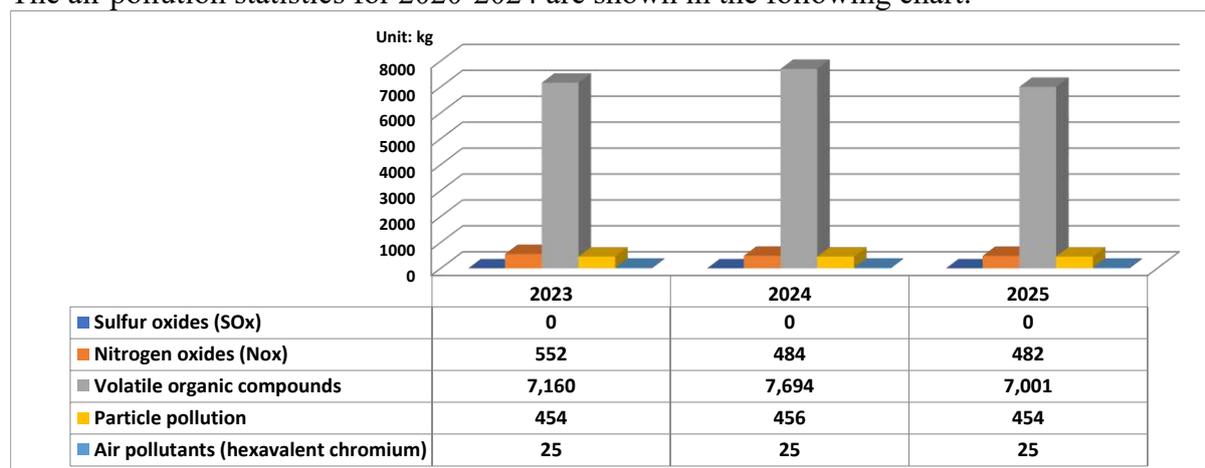
4.4 Mitigating Environmental Impact

4.4.1. Air Pollution Control

At our Taiwan operational site, we formulated the “Waste Gas Management Regulations” according to the “Standards for Air Pollutant Emission from Stationary Pollution Sources” of the Environmental Protection Administration and the “Standards of Permissible Exposure Limits at Job Site” of the Ministry of Labor. These regulations specify control items and emission standards for various operations. The Safety Management Office commissions qualified testing organizations to conduct annual testing of control items. In 2024, external testing was conducted, all test results were below regulatory limits, and the chemical classification management complied with Level 1 standards.

Mechanical ventilation and exhaust systems or dust collection devices are installed in sandblasting, welding, electroplating, painting, and other process equipment throughout the plant. In Plant No.1, a wash tower was added to address zinc plating, treating acid gases and volatile organic compounds from the electroplating process. Plant No. 3 installed water curtain adsorption for paint spraying and acid gas treatment in the painting process, achieving air pollution control. These measures provide a clean, comfortable, bright, and safe working environment.

Every quarter, Taiwan operational site submits declarations through the Air Pollution Network Declaration System in accordance with Article 16 of the Air Pollution Control Act. The air pollution statistics for 2020-2024 are shown in the following chart:



Description: 1. In May 2018, natural gas boilers replaced heavy oil boilers, resulting in no sulfur oxide emissions.

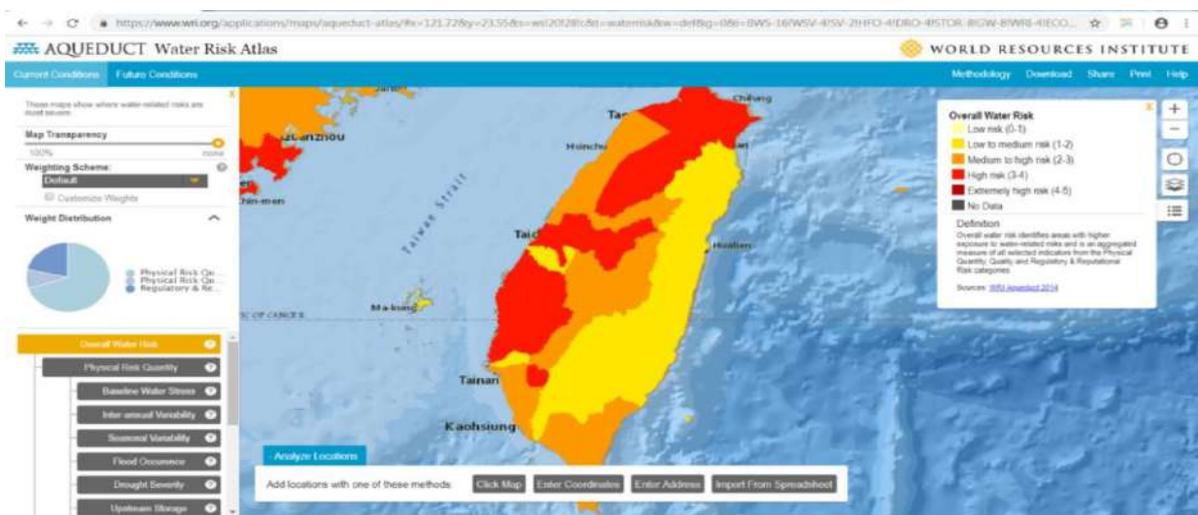
2. By continuously implementing the FMS project management system and controlling the use of raw materials, natural gas, and solvents in the production process, emissions of nitrogen oxides (NOx) and volatile organic compounds (VOCs) have decreased since 2022.

4.4.2. Water Management

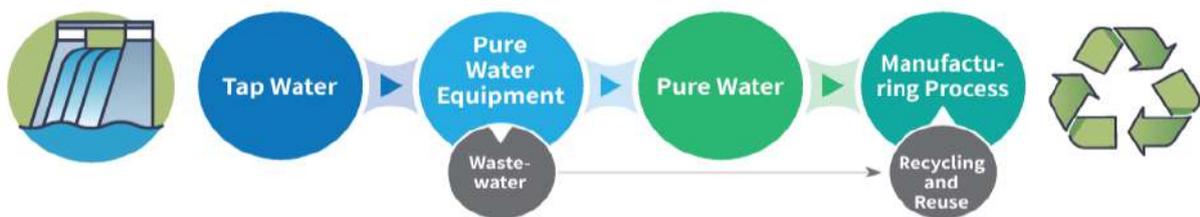
● Water Resource Reutilization

Location of the Taiwan operational site –Although Taiwan receives abundant rainfall, due to its small size, dense population, steep terrain, concentrated rainfall, and short rivers, most of the rainwater flows directly into the ocean. Taiwan has consistently been ranked as one of the countries with water scarcity issues. According to the analysis from the World Resources Institute website, the overall water risk for the location of the Company is classified as high risk level 3-4 (as shown in the diagram below). All of our operational sites in Taiwan rely on tap water for 100% of their process water needs. Additionally, the production process includes water-intensive electroplating and painting operations, making the water resource issue closely related to our operations. Therefore, guided by the principle of cherishing water resources, we have been actively promoting water conservation within our facility. For example: Various

equipment in the process, such as spot welding machines, heat treatment equipment, chillers, ultrasonic cleaning machines, etc., and air conditioning units in office areas, all use recycled water. This practice of recycling wastewater has had significant positive effects on water quality improvement in the environment. In the grinding operation area, we have introduced cutting fluid recycling devices and installed recycling pipelines to filter out iron scraps from the recycled cutting fluid. The filtered cutting fluid is then directly supplied to the grinding equipment through pipelines for reuse. Additionally, we recycle pure water wastewater. Out of the pure water wastewater recycling and reuse (see the flow chart of pure water manufacturing machine for electroplating and coating production line), an estimated 13.663 million liters of pure water wastewater was recycled in 2024 (calculated by recycling water meter), and the total amount of water withdrawn is 109.588 million liters (calculated by water bill), with a recycling rate of 12.47%. The water intensity in 2024 was 90.3 (total water intake 109,588 cubic meters / revenue NT\$1,213.6 million), which decreased by 13.71% compared to 104.65 in 2023. The water consumption in 2024 was 2.238 million cubic meters (water consumption = total water intake - total wastewater discharge).



Data Source: World Resources Institute website



● Water Pollution Control

Taiwan operational sites have formulated the “Wastewater Management Regulations” in accordance with the relevant regulations of the Environmental Protection Administration for water pollution control. This involves controlling industrial wastewater and following the wastewater detection and reporting forms for industrial or sewage drainage systems. Every six months, we submit reports through the Environmental Management System (EMS) for environmental protection permits. Wastewater from Plant No.2 is directly discharged to the sewage treatment plant in Chuansing Industrial Park Service Center. Plants 1 and 3 have their own wastewater treatment facilities and dedicated personnel for wastewater treatment. Through regular in-house wastewater testing operations, we ensure that the treated wastewater meets the standards before being discharged to the sewage treatment plant in Chuansing Industrial Park Service Center.

- Regulations for the use of the Chuansing Industrial Park Service Center sewage system (applicable in 2024):

Test Item	Unit	Sewage Quality Standard
Temperature	°C	Temperature Below 42°C
Hydrogen Ion Concentration Index (pH)	-	5~9
Suspended Solids (SS)	mg/L	480
Chemical Oxygen Demand (COD)	mg/L	560
Chloride Ion Paper Estimation Method	mg/L	0-2000
Zinc (Zn)	mg/L	3.5
Nickel (Ni)	mg/L	0.7
Total Chromium (Cr ^T)	mg/L	1.5
Fluoride (F)	mg/L	15
Grease	mg/L	50
Ammonium nitrogen (NH ₄ -N)	mg/L	75

- Wastewater discharge volumes from each plant in 2024 are shown in the table below:

Plant	Plant Wastewater Discharge Volume (million liters)	By Wastewater Quality Classification Discharges (million liters)		By Discharge Destination Area Wastewater Discharges Volume (million liters)	
		Wastewater is treated at the plant and then connected to the mains		Sewage treatment plant in Chuansing Industrial Park Service Center	
Plant No.1	69.024	Wastewater is treated at the plant and then connected to the mains	106.314	Sewage treatment plant in Chuansing Industrial Park Service Center	107.35
Plant No.3	37.290				
Plant No.2	1.036	Raw water discharge	1.036		

Description : Discharged water from Plants 1 and 3 is calculated by flow meter at the outfall, while discharged water from Plant No.2 is calculated by tap water intake.

Process Flowchart for Wastewater Treatment at Plant No.1



Process Flowchart for Wastewater Treatment at Plant No.3



In 2024, the sampling values of wastewater from each plant are shown in the table below. Plant No.2 and Plant No.3 met the standards of the Chuansing Industrial Park Service Center sewage treatment plant, only Plant No.1 experienced a slight exceedance of the wastewater nickel concentration above the standard due to a leak in the filtration system piping and abnormal sensor readings from the pH meter. An Environmental Health and Safety (EHS) issue report was issued, outlining both corrective and permanent improvement measures, which have been successfully closed out.

Test Item	Unit	Plant No.1 Test Value	Plant No.2 Test Value	Plant No.3 Test Value	Sewage Quality Standard
Temperature	°C	21~31.3	25.7	22.3~33.5	Temperature Below 42°C
Hydrogen Ion Concentration Index (pH)	-	7.2~8.7	8	6.5~7.4	5~9
Suspended Solids (SS)	mg/L	6.9~28.7	61	3~34	480
Chemical Oxygen Demand (COD)	mg/L	12~112	237	17.1~354	560
Chloride Ion Paper Estimation Method	mg/L	500	/	500~1000	0-2000
Zinc (Zn)	mg/L	ND~0.38	/	0.02	3.5
Nickel (Ni)	mg/L	0.04~1.14	/	0.01~0.62	0.7
Total Chromium (Cr ^T)	mg/L	0.03~1.36	/	0.01~0.07	1.5
Fluoride (F)	mg/L	/	/	/	15
Grease	mg/L	/	/	/	50
Ammonium nitrogen (NH ₄ -N)	mg/L	ND~13.9	/	ND~19.1	75

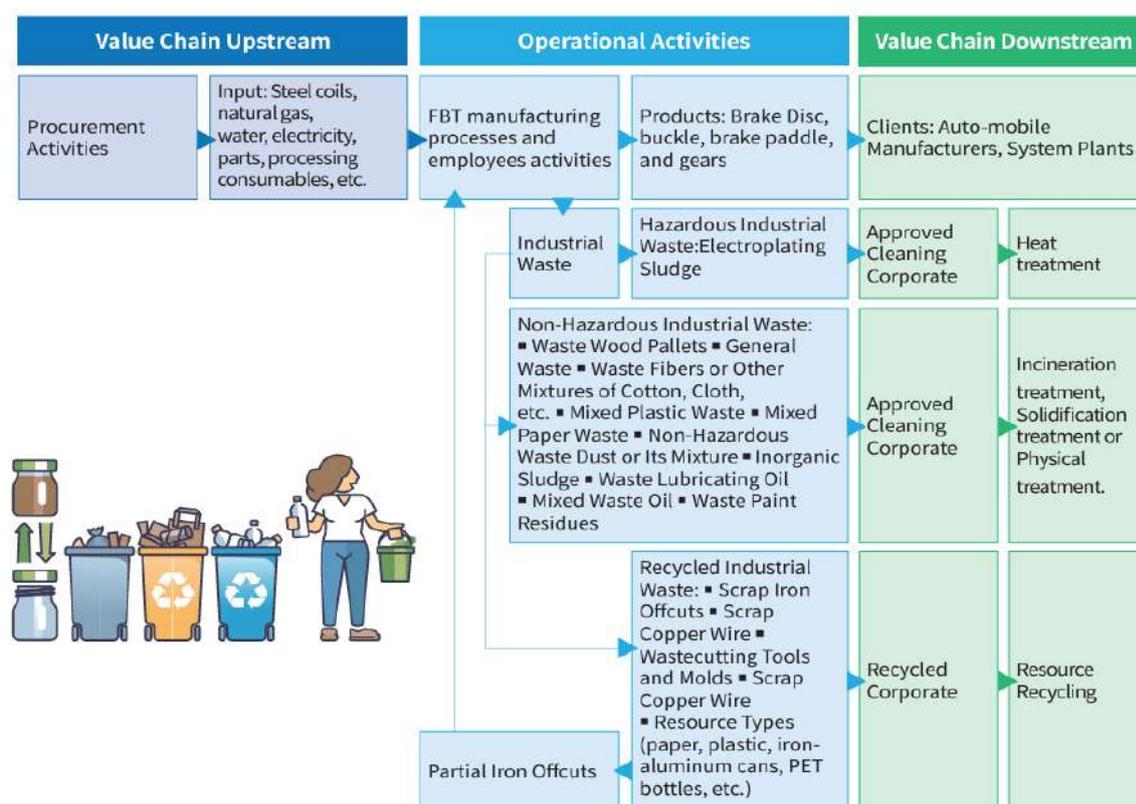
Description:1 .In August 2024, ammonium nitrogen (NH₄-N) testing began, while fluoride and oil & grease testing were not conducted in 2024.

2.For Plant No.2, annual testing is conducted, and only domestic wastewater is generated. Items marked with a slash do not require testing.

4.4.3. Waste Management

Taiwan operational sites have established the “Waste Management Measures” in accordance with the “Waste Disposal” regulations of the Environmental Protection Administration. It controls industrial waste and follows the industrial waste declaration and management information system to report monthly waste production, temporary storage, and transportation quantities for Plants 1 and 3. In 2024, the Company continued its household waste reduction plan and created waste sorting labels in Chinese, Thai, and Vietnamese, and conducted weekly inspections of sorting conditions in various units and safety management rooms. External waste collection was reduced from twice a week to once a week. In March 2019, a sludge dryer was introduced to significantly reduce the moisture content and weight of hazardous industrial waste.

The Company’s waste value chain process is illustrated in the following diagram:



■ Industrial Waste Statistics Table

Item/Year	2022	2023	2024
A Hazardous Industrial Waste (metric tons)	37.470	37.570	39.310
D Non-Hazardous Industrial Waste (metric tons)	140.357	109.503	139.653
Total Weight of Waste (A+D)	177.827	147.073	178.963
Operating Revenue (NT\$ million)	1,497.7	1,240.8	1,213.6
Waste Intensity (Total Weight of Waste/Operating Revenue)	0.118	0.118	0.147
The waste density in 2024 increased by 24.58% compared to 2023 (Note).			

Note: In the year 2024, grinding iron filings had no recycling value and were thus turned into waste, resulting in an increase in inorganic sludge.

The Company's waste categories, names, production weights, and disposal methods for 2024 are shown in the table below:

Category	Waste Name	Waste generated (metric tons)	Waste diverted from disposal (metric tons)	Waste directed to disposal (metric tons)	Disposal Method
Hazardous Industrial Waste (Total Weight)	Electroplating Sludge	39.310	0	39.310	Heat treatment
NonHazardous Industrial Waste	Waste Wood Pallets	5.760	0	5.760	Incineration treatment.
	General Waste	47.500	0	47.500	
	Waste Fibers or Other Mixtures of Cotton, Cloth, etc.	0.013	0	0.013	
	Waste plastic mixture	2.400	0	2.400	
	Mixed Paper Waste	2.880	0	2.880	
	Non-Hazardous Waste Dust or Its Mixture	2.260	0	2.260	Solidification treatment.
	Inorganic Sludge	71.220	0	71.220	Solidification treatment, Heat treatment, Physical treatment.
	Waste Lubricating Oil	2.160	0	2.160	Physical treatment.
	Waste Lubricating Oil	0.960	0	0.960	
Waste Paint Residues	4.500	0	4.500	Incineration treatment.	
Total Weight of Non-Hazardous Industrial Waste		139.653	0	139.653	
Total Weight of Hazardous + NonHazardous Industrial Waste		178.963	0	178.963	

Description: 1. Taiwan operational sites have industrial waste is handled by approved domestic cleaning and processing plants under contracts. Waste disposal operators weigh the waste at the Plant No.3 weigh station before transportation. The responsible personnel create a triplicate form in the Industrial Waste Management System and deliver it to the operator. After processing, the operator provides proper disposal documentation to the Company for record-keeping. No hazardous industrial waste is exported abroad.

2. Plant No.2 is not subject to the industrial waste cleanup plan and is not included in the calculation.

3. Both hazardous and non-hazardous industrial waste are treated off-site.

4. Hazardous industrial waste accounts for 25.54%, and non-hazardous industrial waste accounts for 74.46%.

5. In 2024, due to the lack of recycling value for grinding iron filings, they were turned into waste, resulting in an increase in inorganic sludge.