

### 3.3 Supplier Sustainability Management

#### GRI 204: Procurement Practices 2016 — Management Approach

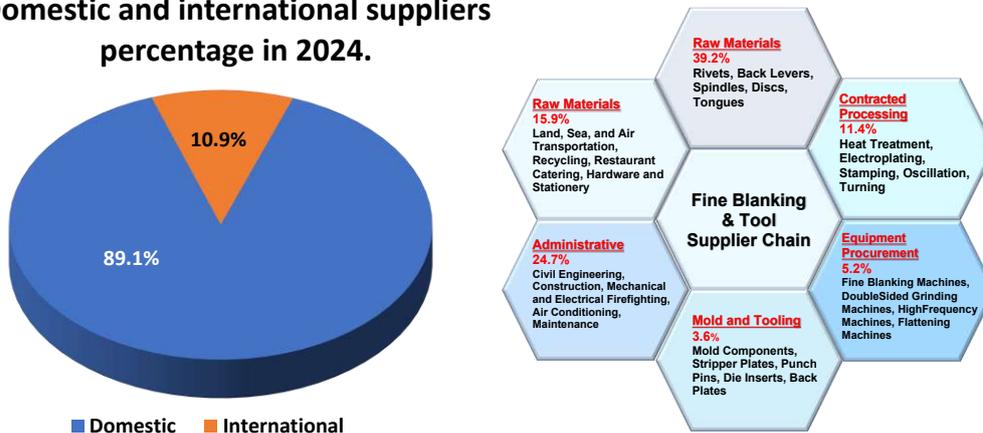
Item	Description	Content
<b>Material Topics and its Boundaries</b>	Reason for the materiality of this topic	<ol style="list-style-type: none"> <li>1. As a member of the automotive and motorcycle supply chain, the Company bases its product manufacturing processes on the IATF 16949 global automotive quality management system. The Company's suppliers have a significant impact of nearly 50% on overall product quality and cost.</li> <li>2. Customers throughout the automotive and motorcycle supply chain demand the signing of declarations banning hazardous substances, extending the requirement to involve suppliers in this activity to reduce the impact on the environment.</li> <li>3. In response to the operation of ISO 14001 environmental management system and ISO 45001 occupational health and safety management system, the Company extends management of environmental and occupational safety aspects to its suppliers.</li> </ol>
	Boundary for this topic	Customers, Suppliers, Employees
	Limitations of disclosure within this boundary	This annual report will disclose information related to the full scope of the procurement practices from Taiwan headquarters and overseas operating locations.
<b>Management Approach and Its Components</b>	Management objectives for this topic	To effectively manage the Company's procurement policy and assess new suppliers in terms of operations, environment, and social aspects during their initial stages. Regular assessments of supplier product quality, delivery times, and environmental factors are conducted to comply with IATF 16949, ISO 14001, and ISO 45001, as well as the requirements of stakeholders including customers.
	Policy	<ol style="list-style-type: none"> <li>1. Following the quality policy of the IATF 16949 global automotive industry quality management quality management system: Do it right the first time, satisfying both internal and external customers.</li> <li>2. Environmental Health and Safety (EHS) Policy: The Company is committed to ensuring the safety and health of all employees, establishing a positive working environment, complying with regulations, preventing pollution and accidents, reducing environmental, safety, and health 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.</li> </ol>
	Commitments	<ol style="list-style-type: none"> <li>1. The company implements the IATF 16949 global automotive industry quality management system requirements, upholding the commitment of 'not accepting, not producing, and not passing on defects' in pursuit of providing customers with satisfactory products and services.</li> <li>2. Committed to reducing pollution and environmental impacts, achieving pollution prevention. Comply with product environmental hazardous substance control requirements.</li> </ol>

Item	Description	Content
	Goals and Targets	Targets in 2024: 1. Achieve 100% on-time delivery rate for procurement. 2. Achieve procurement allowances and negotiation benefits of NT\$12,700,000. 3. The audit completion rate for selected suppliers in the project is 100%.
	Responsibility	1. The Procurement Division of the Department of Business Management follows the requirements of the IATF 16949 Quality Management System, as well as the ISO 14001, ISO 45001, and ISO 50001 environmental health and safety management systems for various procurement procedures. 2. The Procurement and Quality Assurance units form a supplier evaluation team to conduct initial and scheduled periodic supplier assessments.
	Resources	1. Major customers appoint managers as customer representatives. Cross-functional teams are formed for product development, production, and quality assurance based on demand. Representatives from the Department of Business Management participate in cross-functional teams' collaborative operations. 2. The Procurement and Quality Assurance units form a supplier evaluation team.
	Grievance Mechanism	If any stakeholders discover any suspected violations of ethics and integrity, 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
	Specific Actions	1. Require suppliers to sign green declarations to reduce environmental impact. 2. Starting in 2024, host a supplier conference at the end of the year to enhance connections with various suppliers and convey the Company's business philosophy, sustainability management, and future market trends.
	<b>Evaluation of the Management Approach</b>	Management Assessment Mechanism
Results of Management Policy Evaluation		Key Performance Indicators (KPIs) or performance metrics for each management system are reviewed in the monthly operational meeting report for achievement status, root cause analysis, and improvement strategies. Achievement Results for 2024 Targets: 1. Procurement on-time delivery rate: 99.89% 2. Procurement allowances and negotiation benefits of NT\$12,690,000, achievement rate 99.92%
Management Policy Adjustments		1. Continue to procure machinery, equipment, materials, products, and personnel protective gear that comply with the requirements of various management systems such as IATF 16949, ISO 14001, ISO 45001, and ISO 50001. 2. In the future, suppliers will be requested to sign the Supplier Sustainability Declaration and Green Declaration to fulfill their responsibilities as global citizens.

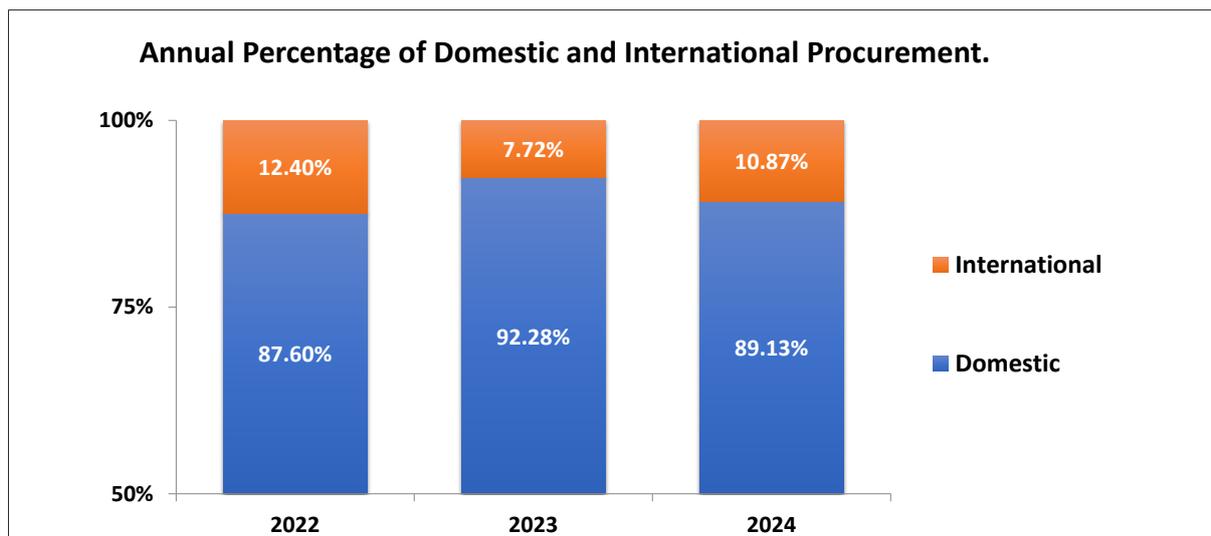
### 3.3.1 Procurement Policy

Taiwan operational sites' main products are OEM blanking components for automobiles and motorcycles. The primary supply chain involves metal-related products, with around 600 domestic and international suppliers. These suppliers are categorized into raw material suppliers, outsourced processing suppliers, equipment purchasing suppliers, tool and fixture suppliers, contract manufacturers, administrative suppliers, and others. There has been no significant change in the collaboration with these suppliers between 2023 and 2024.

#### Domestic and international suppliers percentage in 2024.



The Company's procurement strategy prioritizes selecting domestic Taiwanese suppliers to reduce transportation costs, carbon emissions, and risks, while also aiming to support local industries, create employment opportunities, and stimulate the domestic economy. However, some raw materials and equipment with specific characteristics cannot be sourced from domestic suppliers and must be procured from foreign manufacturers. According to the system's inventory entry date, the domestic procurement amount in 2024 accounted for approximately 89.13% of the total procurement amount, while the procurement amount from foreign suppliers accounted for about 10.87%. Additionally, the proportion of domestic procurement has remained above 85% each year from 2022 to 2024.



The procurement of machinery, equipment, materials, products, and personnel protective gear by the Company follows the “Fixed Asset Management Regulations,” “Supplier Selection and Assessment Management Regulations,” “Material and Component Procurement Management Guidelines,” and references the Ministry of Labor’s “Procurement Management Technical Guidelines,” and customer requirements on “Substances of Concern Management Specifications.”. This ensures compliance with regulations related to machinery and equipment safety protection, Restriction of Hazardous Substances (RoHS) & REACH Regulation, Safety Data Sheets (SDS), energy consumption standards announced by the Ministry of Economic Affairs, qualifications of environmental safety and health testing companies, and other professional technical service requirements, all aligned with the needs of various environmental and safety management systems.

As a member of the automotive and motorcycle supply chain, the Company uses the IATF 16949 global automotive quality management system as the basis for its product manufacturing processes. Additionally, due to customer requirements within the entire automotive and motorcycle supply chain to sign declarations against the use of hazardous substances, suppliers are also encouraged to emphasize and promote this activity. In 2024, 16 suppliers signed the “Green Declaration Statement,” and this initiative will continue to be promoted to reduce environmental impact.

### 3.3.2. Supplier Evaluation and Management

The Company has established the “Supplier Selection and Assessment Management Regulations” and “Supplier Initial and Periodic Audit Management Regulations” to assess products, environmental and social responsibility, and human rights. The selection and assessment process for suppliers is as follows:



**Supplier Qualification:** If the assessment results of the supplier and the sample test report provided by quality assurance are both qualified, and the qualified third-party auditors complete the “Supplier Initial Assessment Form” during the audit, with the conclusion being qualified, then procurement can list the supplier as an approved supplier for the desired product. New suppliers need to sign the “Supplier Sustainability Declaration,” formulated by the Company as part of its sustainable supply chain initiative. The Statement covers the following points:

## Supplier Sustainability Declaration

<b>Compliance with Regulations</b>	Adhere to international and government regulations related to labor, environment, safety, and health.
<b>Employment Freedom</b>	Ensure all work is voluntary and refrain from employing staff through coercion or mandatory conditions.
<b>Labor Rights</b>	No child labor, no physical punishment, abuse, or coercive treatment of employees. Equal treatment and opportunities for employment, compensation, training, promotions, dismissal, and retirement, irrespective of race, nationality, social origin, social status, lineage, religion, physical disabilities, gender, sexual orientation, family responsibilities, marital status, union membership, political views, age, or other forms of discrimination.
<b>Compensation and Benefits</b>	Strictly comply with international and government wage laws, and transparently disclose various company management aspects to employees.
<b>Health and Safety</b>	Promote a healthy, safe, and clean working environment for employees.
<b>Environmental Protection</b>	Promote waste reduction, garbage sorting, and contribute to international efforts and promotion of the protection of the earth's environment.
<b>Communication Mechanism</b>	Establish internal and external communication channels. Encourage communication and direct participation between employees and management. Display company policies regularly through the company website or bulletin messages.
<b>Ethical Standards</b>	Conduct business operations and employee behavior according to the highest ethical standards. Prohibit any form of bribery, corruption, deception, and other improper behavior. Respect and protect customer information, ensuring the confidentiality and security of information.
<b>Intellectual Property</b>	Respect and protect any technology, expertise, documents, and data belonging to international clients. Employees and suppliers should sign relevant confidentiality agreements to ensure the confidentiality and security of company and customer information.
<b>Promotion and Participation</b>	The Company actively participates in government and community activities, encouraging relevant partners to jointly promote corporate social responsibility through audits or advocacy.

Additionally, all suppliers of the Company contribute positively to the environment, human rights, and society. At the end of each year, a “Supplier Questionnaire Survey” is issued, requiring suppliers to complete the survey.

In 2024, the Company’s organizational size, structure, ownership, and supply chain did not undergo any significant changes. There were 30 new suppliers that complied with environmental, human rights, and social standards and completed the initial supplier assessment, corporate social responsibility statement, and supplier questionnaire survey. The Company will continue to promote sustainable supply chain practices among its suppliers.

Among the 30 new suppliers in 2024, all 30(100%) confirmed compliance with environmental and social standards through the “Supplier Sustainability Declaration” and the “Supplier Questionnaire Survey.”

Existing suppliers sign a corporate social responsibility declaration and undergo an annual supplier questionnaire survey, which includes issues related to potential violations or significant threats to freedom of association and collective bargaining, child labor, and forced or compulsory labor. During regular supplier audits, the items in the supplier questionnaire survey are reviewed on-site. In 2024, no suppliers were found to violate human rights norms. According to the “Supplier Selection and Assessment Management Regulations,” the frequency of the supplier questionnaire survey is determined based on transaction amounts and the impact of sustainability. In 2024, a total of 64 suppliers were eligible for the survey, and the response rate to the supplier questionnaire survey was 100%.

## Completion Rate Table for the 2024 Supplier Sustainability Declaration and Survey

Year	Item	Content	New Suppliers	Status	Suppliers	Response Rate
2024	Number of new transactional suppliers added by Fine Blanking & Tool Co., Ltd.	Supplier Corporate Social Responsibility Statements	30 suppliers	Responded	30 suppliers	100%

Year	Item	Content	Total Suppliers	Status	Suppliers	Response Rate
2024	Number of suppliers involved in transactions by Fine Blanking & Tool Co., Ltd.	Supplier Questionnaire Survey Form	64 suppliers	Responded	64 suppliers	100%

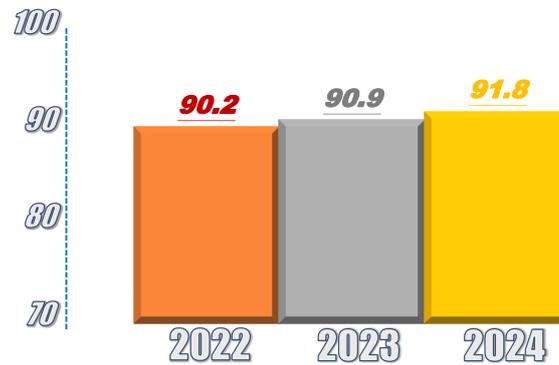
Regular audits and evaluations are conducted for suppliers, using the audit items in the “Supplier Daily Audit Form” to conduct the evaluation and review the evaluation grade. In accordance with the “Supplier Initial and Periodic Audit Management Regulations,” if a supplier is evaluated to be an E-grade supplier, members of the Company’s cross-functional teams will request the supplier to continue to strengthen its management. The supplier will be re-audited after three months to address the audit deficiencies and the supplier must be improved to an acceptable level to achieve the standard of a qualified supplier, and then the supplier will be allowed to continue to undertake manufacturing and outsourcing. In 2024, there were 5 suppliers in Grade A, 11 suppliers in Grade B, 0 supplier in Grade C, 0 suppliers in Grade D, and 0 suppliers in Grade E.

Below 59 points	Below 60-69 points	Below 70-84 points	Below 85-94 points	Below 95-100 points
<b>0 suppliers</b>	<b>0 suppliers</b>	<b>0 suppliers</b>	<b>11 suppliers</b>	<b>5 suppliers</b>
Suppliers are required to continue the strengthening of management, and are required to review their performance in 3 months. If not upgraded to Grade D, the supplier will be disqualified.	There are major deficiencies and many areas for improvement. Review and guidance are needed for improvement.	Non-major deficiencies that can be improved immediately, but need review and guidance again for improvement.	Continuing with current operations, listed as important vendors included in follow-up guidance to become Grade A.	Listed as highperformance suppliers and prioritized for new developments.

Note:Supplier audit categories: Quality results (60%), Customer-specific requirements (10%), Safety/Environmental results (30%).

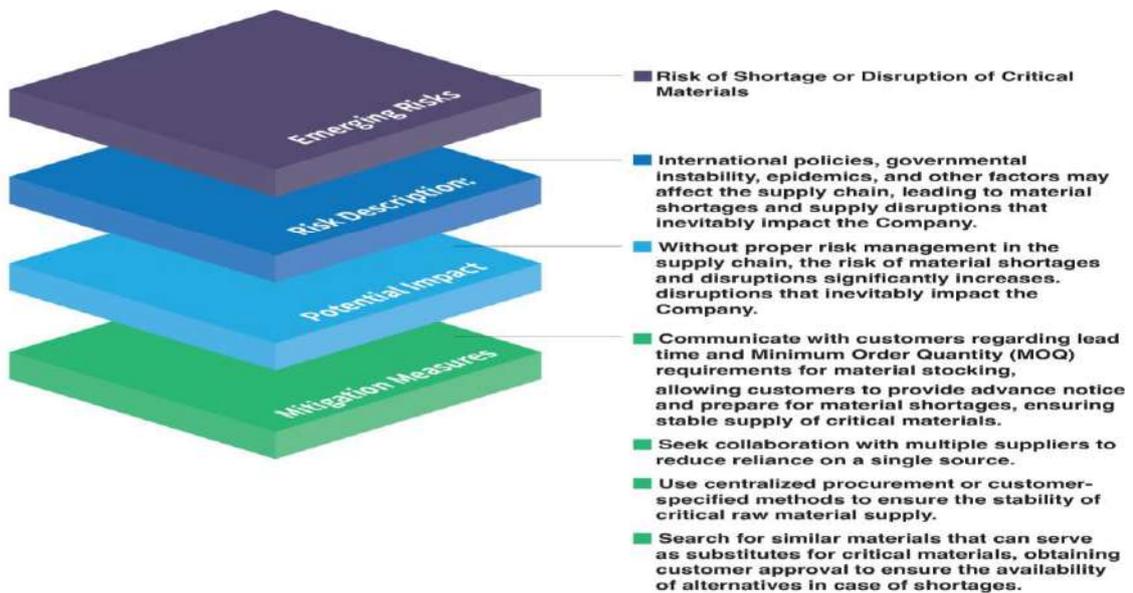
Supplier annual routine evaluation procurement at the end of each year will focus on safety/regulatory requirements (10%), supplier performance (50%), quality management system certification level (10%) and customer designation (30%) to determine the form and frequency of the annual audit plan, to take place at the supplier site to re-evaluate and review whether to continue to work with or wait for the opportunity to phase out the supplier. The total number of suppliers audited under the annual supplier audit plan from 2022 to 2024 was 15, 16, and 16, respectively with audit scores above 85, and their average assessment scores from 2022 to 2024 were 90.2, 90.9, and 91.8, respectively, with the contents of the reevaluation to be revised to include the environment and social; aspects from 2020 onwards. The Company’s auditing and guidance of suppliers is ongoing, and the Company will continue to improve its performance year after year through continuous supplier guidance.

### 2022-2024 Average Assessment Score for Suppliers



### 3.3.3. Risk Management of Critical Materials

In order to address the risks associated with critical materials and their management, FBT has implemented mechanisms for authorized material stocking and alternative supply chains to avoid the impact of material shortages and interruptions caused by political factors, epidemics, and other external influences. Additionally, efforts are made to strengthen the dependency relationships with suppliers to enhance the stability and reliability of the supply chain.



### 3.3.4 Contractor Management

The company's Taiwan operations site manages contractors in accordance with the “Material and Component Procurement Management Guidelines” and regularly conducts

evaluations and assessments of contractors according to the relevant regulations. The procurement process also considers the “Contractor Management Guidelines” and compliance with the Company’s requirements.

For major projects undertaken by contractors, an agreement is organized and regulated in consultation with relevant departments within the company before commencing work. Temporary or repair projects must adhere to guidelines, and contractors must fill out the “Contractor Plant Site Operation Safety Promotion Record” and “Hazard Factor Notification Form,” along with the contractor’s “Work Safety Commitment.” For workers contracted by contractors, if welding work needs to be performed outside the designated safe welding area of the plant site, a “Welding Permit” must be obtained before implementing welding work. The facilities safety management division or contractor fills out a “Special Hazardous Operation Permit” based on the nature of the contractor’s operation, and after review by the Safety Management Office, it is provided to the contractor for inspection at their work site.

Contractors (including raw material suppliers and subcontractors) who need to operate plant forklifts or overhead cranes must provide the operator’s qualification certificate or a copy of their technician’s certificate. The Safety Management Office issues the permit for operating plant forklifts and the permit for operating overhead cranes to the contractor only after these requirements are met.

If a contractor is found to violate regulations or the Company’s safety and health management regulations during their operation, the non-compliant matters should be recorded in the “Contractor Violation Statistics Table” as a basis for evaluating the contractor’s qualification. In 2024, no violations by contractors occurred.

### ● **Establishment of “FBT Safety and Health Family”**

In December 2020, our company’s Taiwan operational site was honored to establish the “FBT Safety and Health Family” upon the invitation of the Department of Labor Affairs, Changhua County Government. The primary members of this family are the suppliers of FBT in Changhua County and the Chuansing Industrial Park Service Center. Occupational safety knowledge is provided through platforms of communication with the Changhua County Government's Department of Labor Affairs, Chuansing Industrial Park Service Center, and the Company, in order to enhance the safety and health management standards of family members and improve the working environment. In 2021, FBT received a certificate of commendation from the Changhua County Government. In 2022, FBT joined the Safety Alliance established by the Changhua County Government to create a workplace with zero occupational accidents. In 2023, FBT was honored with the "Core Enterprise Award" by the Occupational Safety and Health Administration, recognizing the " FBT Precision Machinery Safety and Health Family."

On September 20, 2024, the FBT Safety and Health Family and Supplier Exchange Meeting was held, focusing on the performance of the Safety and Health Family's operations and the promotion of a healthy workforce, as well as occupational safety and health management exchanges. A total of 14 suppliers participated, with 17 responses to the QR-Code survey. The course satisfaction rate reached 98.1%, and the exchange was highly effective.



FBT Precision Machinery Safety and Health Family  
Operations Performance and Healthy Workforce  
Promotion



Occupational Safety and Health Management Exchange